

# ICICI LOMBARD GENERAL INSURANCE COMPANY LIMITED

## 5TH ANNUAL REPORT AND ACCOUNTS 2004-2005

**Directors**  
K. V Kamath, *Chairman*  
R. Athappan  
B. V Bhargava  
Dileep Choksi  
James Dowd  
Lalita D. Gupte  
Kalpana Morparia  
S. Mukherji  
Chandran Ratnaswami  
H.N. Sinor  
Sandeep Bakhshi, Managing Director & CEO

**Auditors**  
BSR & Co.  
(formerly Bharat S. Raut & Co.)  
Chartered Accountants

Lodha & Co.  
Chartered Accountants

**Registered Office**  
ICICI Bank Towers  
Bandra-Kurla Complex  
Mumbai – 400 051

## directors' report

### to the members

Your Directors have pleasure in presenting the Fifth Annual Report of ICICI Lombard General Insurance Company Limited ("ICICI Lombard") with the audited statement of accounts for the financial year ended March 31, 2005.

#### INDUSTRY OVERVIEW

The Gross premium of the industry for the eleven months ended February 28, 2005, was Rs. 163.75 billion compared to Rs. 143.06 billion in the corresponding period of the previous year, showing a growth of 14.5%. The market share of private sector insurance companies has grown by 38% to 19.7% compared to 14.2% in fiscal 2004. Among private sector players, ICICI Lombard is the leader with a market share of 25.5% in the private sector and an overall market share of 5.02%.

#### FINANCIAL HIGHLIGHTS

	Fiscal 2004	Fiscal 2005
Number of policies sold	249,531	607,926
		(Rs. in million)
Gross written premium	4,912.2	8,851.7
Earned premium	790.8	2,156.1
Profit before tax	422.4	538.7
Profit after tax	317.8	483.5

#### APPROPRIATIONS

The profit after tax for the year ended March 31, 2005 was Rs. 483.5 million. After taking into account the balance of brought forward profit of Rs. 59.3 million, the profit available for appropriation is Rs. 542.8 million. Reflecting the sound financial performance, the Board declared two interim dividends of 5% each in the months of September 2004 and March 2005 and have appropriated the disposable profit as follows:

	Fiscal 2004	(Rs. in million) Fiscal 2005
Dividend for the year (interim)		
- On equity shares	176.1	220.0
Dividend Distribution tax	22.6	28.8
Leaving balance to be carried forward to the next year	59.3	294.0

Your Directors have not recommended any final dividend for the year.

#### OPERATIONAL REVIEW

##### Company Performance

The gross written premium of ICICI Lombard increased by 80% to Rs. 8,851.7 million in fiscal 2005. The profit after tax has grown by 52% to Rs. 483.5 million, as against Rs. 317.8 million during fiscal 2004. ICICI Lombard sold 607,926 policies during fiscal 2005, registering a growth of 143% over the 249,531 policies sold during fiscal 2004.

##### Information Technology

Technology forms the backbone of ICICI Lombard's business and its investment in this area has helped it respond in the shortest possible time to any situation from a simple insurance query to on-the-spot policy issuance. ICICI Lombard is selling insurance policies online. ICICI Lombard offers the facility of Online Manager, a web-based interface that enables its customers and intermediaries to independently process insurance transactions. Significant investments in front-end as well as back-end systems have provided ICICI Lombard with a sharp edge over its competitors.

##### Customer Service

Customer satisfaction is the key to long-term organisational success. ICICI Lombard is committed to offer best and prompt service to its valued customers. ICICI Lombard has settled 84,970 claims during the fiscal 2005 with a claim disposal ratio of about 94% as against 89% during the fiscal 2004. The average claim settlement time has reduced to 25 days from 26 days in previous fiscal.

##### Reinsurance

The reinsurance programme of ICICI Lombard is formulated in line with the guidelines laid down by Insurance Regulatory and Development Authority (IRDA), which aims at optimum retention of premium within the country and adequate risk coverage. ICICI Lombard has successfully completed its reinsurance

placements for the year 2005-06. In order to mitigate the risk of single large loss and/or catastrophe, affecting its retentions, ICICI Lombard has also taken excess of loss and catastrophe protection.

##### Employees

Employees are the most valuable assets of ICICI Lombard. The number of employees of ICICI Lombard has increased from 560 in fiscal 2004 to 1,249 in fiscal 2005. Over 95% of the employees of ICICI Lombard are professionally qualified. Special emphasis has been laid on training and development in order to update the knowledge and skills of staff.

##### Outlook

The industry has started moving towards complete de-tariffed regime. To begin with, IRDA has de-tariffed marine hull insurance business effective April 01, 2005. This move should help establish a robust risk based underwriting mechanism. With further de-tariffing, there will be intense competition in all the business segments. Brokers and Agency channel will play an important role in further penetration of insurance business.

##### Capital

The paid-up capital of ICICI Lombard as on March 31, 2005 was Rs. 2,200.0 million, the highest amongst private sector general insurance companies. The solvency ratio of ICICI Lombard is within the limits prescribed.

##### PUBLIC DEPOSITS

During the year under review, ICICI Lombard has not accepted any deposit from the public.

##### DIRECTORS

In terms of the provisions of the Articles of Association of ICICI Lombard, Kalpana Morparia, S. Mukherji and Dileep Choksi, would retire at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment.

##### AUDITORS

The Joint Auditors, BSR & Co. (formerly Bharat S. Raut & Co.) and Lodha & Co., Chartered Accountants, will retire at the ensuing Annual General Meeting. As recommended by the Audit Committee, the Board, at its Meeting held on April 26, 2005, has proposed the appointment of BSR & Co., and Lodha & Co., Chartered Accountants, as Joint Auditors to audit the accounts of ICICI Lombard for the financial year ending March 31, 2006. You are requested to consider their appointment.

##### FOREIGN EXCHANGE EARNING AND EXPENDITURE

During fiscal 2005, expenditure in foreign currencies amounted to Rs. 1,345.6 million and earnings in foreign currencies amounted to Rs. 788.0 million.

##### PERSONNEL AND OTHER MATTERS

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.

Since ICICI Lombard does not own any manufacturing facility, the disclosure of information on other matters required to be disclosed in terms of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are not applicable and hence not given.

##### AUDIT COMMITTEE

The Audit Committee consists of three Directors - S. Mukherji, James Dowd and Dileep Choksi and is chaired by S. Mukherji.

##### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they 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 ICICI Lombard at the end of the financial year and of the profit or loss of ICICI Lombard for that period;

# directors' report



Continued

3. they 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 ICICI Lombard and for preventing and detecting fraud and other irregularities; and
4. they have prepared the annual accounts on a going concern basis.

## ACKNOWLEDGEMENTS

ICICI Lombard is grateful to the Insurance Regulatory and Development Authority, Tariff Advisory Committee, Reserve Bank of India and other regulatory authorities for their support and advice.

ICICI Lombard would like to express its gratitude for the unstinted support and guidance received from ICICI Bank and its group companies and Fairfax Financial Holdings Limited.

The Directors would also like to place on record their appreciation for the commitment and team effort shown by the employees of ICICI Lombard.

For and on behalf of the Board

K. V. KAMATH

Chairman

Mumbai, April 26, 2005

## management report

In accordance with the provisions of the Insurance Regulatory & Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 the following Management Report is submitted:

1. The Certificate of Registration under Section 3 of the Insurance Act, 1938 was granted by IRDA on August 03, 2001. The Company has obtained renewal of registration certificate from IRDA for the financial year 2004-05 as required under Section 3A of the Insurance Act, 1938.
2. We certify that all the dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern is in accordance with statutory and regulatory requirements. We further confirm that there was no transfer of shares during the year.
4. The management has not invested any funds of holders of policies in India, directly or indirectly as required by IRDA, outside India.
5. We confirm that the required solvency margins have been maintained.
6. We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and that in our belief the assets set forth in the Balance Sheet under the several presented headings except debt securities, which are stated at amortised cost, are shown in the aggregate at amounts not exceeding their realizable or market value.
7. Gross risk exposure for the financial year 2004-05 is Rs. 20,248.65 billion (Previous year: Rs. 3,022.62 billion). The entire portfolio is a balanced one consisting of Fire, Engineering, Hull, Aviation, Personal and Casualty lines of business. The exposure is spread over various sectors like Power, Textiles, Heavy and Light Engineering, Paper, Services, Fast Moving Consumer Goods, Auto components to name the major ones. The business underwritten pertains to the various products filed by us with IRDA, as per the File and Use Procedure. While the net retention has not exceeded Rs. 60 million (Previous year: Rs. 60 million) in any single risk, this has in fact been graded down to between Rs. 5 million to Rs. 60 million (Previous year: between Rs. 5 million to Rs. 60 million) in most cases, on a case-to-case basis. The Excess of Loss Treaties adequately protects the accumulation of the net retentions. The strategy has been to assess and analyze each risk from all aspects and then underwrite them charging appropriate premium. Further, before underwriting any major risks, a risk inspection is carried out, and only on being satisfied about the acceptability of risk, the same is accepted. Also, various loss prevention / risk-mitigating measures are suggested to the clients.
8. We confirm that there are no operations of the Company outside India.
9. a) Ageing analysis for claims outstanding as on

(Rs. in million)

	March 31, 2002	March 31, 2003	March 31, 2004	March 31, 2005
More than six months	—	29.8	433.9	555.2
Others	12.3	241.0	572.7	1,068.3

b) Average Claims settlement time

Period	No. of Days
2001-02	2 days
2002-03	25 days
2003-04	26 days
2004-05	25 days

The above ageing does not include Motor Third party claims which have to be settled through MACT and other judicial bodies.

10. We certify that the Investments made in debt securities have been valued at historical cost subject to amortisation of premium / discount. The same is in accordance with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

For the purpose of comparison, the fair value of debt securities have been arrived on a Yield to maturity (YTM) basis by using the appropriate discount rates derived from the yield curve data provided by the Fixed Income and Money Market Dealers Association (FIMMDA) in respect of Government Securities and Crisil Bond Valuer in respect of other debt instruments.

Listed equity shares as at the balance sheet date are stated at fair value, being the lowest of last quoted closing price on the National Stock Exchange or The Stock Exchange, Mumbai.

Mutual fund investments are stated at fair value, being the closing net asset value as at balance sheet date.

In accordance with the Regulations, unrealized gain/loss arising due to changes in fair value of listed equity shares and mutual fund investments are not taken to profit and loss account but are taken to the Fair value change account. This balance in the fair value change account is not available for distribution, pending realization.

11. Investments as on March 31, 2005 amount to Rs. 4,640.92 million (Previous year: Rs. 3,328.67 million). Income from Investments amounted to Rs. 513.68 million (Previous year: Rs. 254.53 million). Unrealised gains on the balance sheet date amounted to Rs. 128.23 million (Previous year: Rs. 74.31 million).

Investments other than deposits with the banks, loans and units of mutual fund are only in regularly traded instruments in the secondary markets. Of the investments held in other than government securities, Rs. 673.05 million (Previous year: Rs. 454.57 million) is secured additionally by central government guarantees, 65.65% (Previous year 58.64%) is in AAA and equivalent rated securities and 1.67% (Previous year 6.39%) is in AA+/P1 rated security and the balance in equity, deposits and mutual funds.

All are performing investments with no arrears of any payments due. Investments are managed in consonance with the investment policy framed from time to time by the board, a conservative approach is adopted having regards to low risk tolerance level at the initial stage.

12. We also confirm :

- a) in the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures, if any;
- b) the management has adopted accounting policies and applied them consistently (except changes disclosed in notes to accounts) and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit and of the profit of the company for the year;
- c) the management has taken proper and sufficient care for the maintenance of adequate accounts records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) / Companies Act, 1956 (1 of 1956), for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the management has prepared the financial statements on a going concern basis;
- e) the management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

13. For payments towards claims, commission paid, expenses and dividend paid, which have been made to individuals, firms, companies and organizations in which Directors of the insurer are interested, please refer to Annexure 1

For and on behalf of the Board

K.V. KAMATH  
Chairman

LALITA D. GUPTA  
Director

KALPANA MORPARIA  
Director

S. MUKHERJI  
Director

SANDEEP BAKHSHI  
Managing Director & CEO

RAKESH JAIN  
Head Finance & Accounts

RAJESH SAXENA  
Company Secretary

Mumbai, April 26, 2005

## Annexure 1

List of payments towards claims, commission paid, expenses and dividend paid to parties in which Directors are interested

The schedule of payments made to parties in which Directors are interested is shown as under: -

(Rs. in '000s)

Name of the Company	March 31, 2004	March 31, 2005
ICICI Bank Limited	320,824	622,774
ICICI Ventures Funds Management Company Limited	480	1,156
ICICI Securities Limited	1,366	1,316
ICICI Prudential Life Insurance Company Limited	609	18,278
ICICI Home Finance Limited	—	5,454
ICICI Brokerage Services Limited	608	1,079

# auditors' report

## to the Members of ICICI Lombard General Insurance Company Limited

We have audited the attached Balance Sheet of ICICI Lombard General Insurance Company Limited ('the Company') as at March 31, 2005, the Revenue accounts of Fire, Marine and Miscellaneous Insurance (collectively known as the 'Revenue accounts'), the Profit and Loss account and the Receipts and Payments account, for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. 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 Revenue accounts, the Profit and Loss account and Receipts and Payments account, have been drawn up in accordance with the Insurance Act, 1938, Insurance Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') read with Section 211 of the Companies Act, 1956 ('the Act').

We report that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory;
- As the Company's accounting system is centralized, no returns for the purposes of our audit are prepared at the branches and other offices of the Company;
- The Balance Sheet, the Revenue accounts, Profit and Loss account and the Receipts and Payments account referred to in this report are in agreement with the books of account;
- The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR) and those Incurred But Not Enough Reported (IBNER) at March 31, 2005 has been duly certified by the Appointed Actuary of the Company and relied upon by us. The Appointed Actuary has also certified that the assumptions considered by him for such valuation are in accordance with the guidelines and norms issued by the IRDA and the Actuarial Society of India in concurrence with the IRDA; and
- On the basis of the written representations received from the Directors of the Company, as on March 31, 2005 and taken on record by the Board of Directors, no Director of the Company is disqualified as on March 31, 2005 from being appointed as Director under clause (g) of sub-section (1) of Section 274 of the Act.

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

- Investments have been valued in accordance with the provisions of the Insurance Act, 1938, the Regulations and orders/directions issued by IRDA in this behalf;
- The accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards referred to under sub section 3C of Section 211 of the Act and with the accounting principles prescribed by the Regulations and orders/directions issued by IRDA in this behalf;
- The Balance Sheet, the Revenue accounts, the Profit and Loss account and the Receipts and Payment account referred to in this report comply with the accounting standards referred to under subsection 3C of Section 211 of the Act, to the extent applicable;
- Proper books of accounts as required by law have been maintained by the Company so far as appears from our examination of those books; and
- The Balance Sheet, Revenue accounts, Profit and Loss account and Receipts and Payments account read together with the notes thereon are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Act, 1999 and the Act to the extent applicable, and

in a manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2005;
- in the case of the Revenue Accounts, of the surplus for the year ended on that date;
- in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- in the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

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

- We have reviewed the management report attached to the financial statements for the year ended March 31, 2005 and there are no apparent mistakes or material inconsistencies with the financial statements; and
- Based on the information and explanations received during the normal course of our audit and management representation by officers of the Company charged with compliance, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration.

For BSR & CO.  
(Formerly Bharat S Raut & Co.)  
Chartered Accountants

AKEEL MASTER  
Partner  
Membership Number: 46768

Mumbai, April 26, 2005

For LODHA & CO.  
Chartered Accountants

N.KISHORE BAFNA  
Partner  
Membership Number: 7642

### Auditors' certificate

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of accounts and records maintained by ICICI Lombard General Insurance Company Limited ('the Company') for the year ended March 31, 2005, we certify that:

- At year end no cash balance has been maintained by the Company. As regards the securities relating to the Company's investments, the same have been verified with the dematerialised statement/confirmation received from the custodian;
- The Company is not the trustee of any trust; and
- No part of the assets of the policyholders' fund has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938 relating to the application and investment of the policyholders' funds.

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

For BSR & CO.  
(Formerly Bharat S Raut & Co.)  
Chartered Accountants

AKEEL MASTER  
Partner  
Membership Number: 46768

Mumbai, April 26, 2005

For LODHA & CO.  
Chartered Accountants

N.KISHORE BAFNA  
Partner  
Membership Number: 7642

# balance sheet profit and loss account



as at March 31, 2005

for the year ended March 31, 2005

Registration No. 115 dated August 03, 2001

Registration No. 115 dated August 03, 2001

Schedule	(Rs in '000s)	March 31, 2004	Schedule	(Rs in '000s)	March 31, 2004
<b>SOURCES OF FUNDS</b>					
Share capital	5	2,200,000	2,200,000	1. Operating profit/(loss)	
Reserves and Surplus	6	294,041	59,324	(a) Fire Insurance	523,534 383,129
Fair value change account		66,537	33,171	(b) Marine Insurance	(81,873) (70,244)
Borrowings	7	—	—	(c) Miscellaneous Insurance	(177,344) (43,007)
<b>Total</b>		<b>2,560,578</b>	<b>2,292,495</b>	2. Income from investments	
<b>APPLICATION OF FUNDS</b>					
Investments	8	4,640,919	3,328,671	(a) Interest, Dividend & Rent – Gross	116,568 119,904
Loans	9	—	—	(b) Profit on sale/redemption of investments	169,429 46,420
Fixed assets	10	336,631	106,598	Less: loss on sale/redemption of investments	(9,846) (169)
Deferred Tax Asset (Refer note 17.1.21)		34,250	35,000	3. Other income	
Current assets				(a) Interest income on tax refund	767 404
Cash and Bank Balances	11	500,058	648,073	(b) Gain on sale of fixed assets	— 4
Advances and Other Assets	12	2,177,364	1,373,142	<b>Total (A)</b>	<b>541,235 436,441</b>
<b>Sub-Total (A)</b>		<b>2,677,422</b>	<b>2,021,215</b>	4. Provisions (Other than taxation)	
Current liabilities	13	3,277,556	2,301,617	(a) For diminution in the value of investments	— —
Provisions	14	1,851,088	897,372	(b) For doubtful debts	— —
<b>Sub-Total (B)</b>		<b>5,128,644</b>	<b>3,198,989</b>	(c) Others	— —
Net current assets (C) = (A - B)		(2,451,222)	(1,177,774)	5. Other expenses	
Miscellaneous expenditure (to the extent not written off or adjusted)	15	—	—	(a) Expenses other than those related to Insurance Business	
Debit balance in profit and loss account		—	—	(i) Employees' remunerations and welfare benefits	1,915 2,193
<b>Total</b>		<b>2,560,578</b>	<b>2,292,495</b>	(ii) Directors' fees	340 90
				(iii) Share issue expenses	— 7,700
				(iv) Preliminary expenses written off	— 4,020
				(b) Bad debts written off	— —
				(c) Others - loss on sale of fixed assets	262 —
				<b>Total (B)</b>	<b>2,517 14,003</b>
				Profit Before Tax	538,718 422,438
				Provision for Taxation:	
				(a) Current tax	54,500 — 111,000
				(b) Deferred tax	750 55,250 (6,400)
				<b>Profit After Tax</b>	<b>483,468 317,838</b>
				Appropriations	
				(a) Interim dividends paid during the year	220,000 176,120
				(b) Proposed final dividend	— —
				(c) Dividend distribution tax	28,751 22,565
				(d) Transfer of any reserves or other accounts	— 248,751 —
				Balance of Profit/(loss) brought forward from last year	59,324 (59,829)
				Balance carried forward to Balance Sheet	294,041 59,324
				Significant accounting policies & notes to accounts	16

As per our report attached of even date

For BSR & CO.  
(Formerly Bharat S Raut & Co.)  
Chartered Accountants

AKEEL MASTER  
Partner

Mumbai, April 26, 2005

For LODHA & CO.  
Chartered Accountants

N. KISHORE BAFNA  
Partner

For and on behalf of the Board

K.V. KAMATH  
Chairman

KALPANA MORPARIA  
Director

SANDEEP BAKHSHI  
Managing Director & CEO

RAJESH SAXENA  
Company Secretary

LALITA D. GUPTA  
Director

S. MUKHERJI  
Director

RAKESH JAIN  
Head Finance & Accounts

# revenue accounts

for the year ended March 31, 2005

Registration No. 115 dated August 03, 2001

(Rs. in '000s)

Particulars	Schedule	Fire		Marine		Miscellaneous		Total	
		2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
1. Premiums earned (net)	1	361,648	238,789	159,068	64,869	1,635,347	487,174	2,156,063	790,832
2. Profit on sale/redemption of investments		28,537	7,024	12,548	3,031	104,689	14,635	145,774	24,690
Less : loss on sale/redemption of investments		(1,658)	(26)	(729)	(11)	(6,084)	(53)	(8,471)	(90)
3. Others - Foreign exchange gain/(loss)		(23)	427	—	(2)	(200)	679	(223)	1,104
4. Interest, Dividend & Rent - Gross		19,633	18,142	8,633	7,829	72,027	37,803	100,293	63,774
Total (A)		408,137	264,356	179,520	75,716	1,805,779	540,238	2,393,436	880,310
1. Claims Incurred (net)	2	144,460	93,568	210,682	127,451	1,192,480	479,530	1,547,622	700,549
2. Commission (net)	3	(739,494)	(716,253)	(80,310)	(57,716)	(72,912)	(242,468)	(892,716)	(1,016,437)
3. Operating Expenses related to Insurance Business	4	479,637	503,912	141,990	68,256	887,771	321,968	1,509,398	894,136
4. Others – Premium Deficiency		—	—	(10,969)	7,969	(24,216)	24,215	(35,185)	32,184
Total (B)		(115,397)	(118,773)	261,393	145,960	1,983,123	583,245	2,129,119	610,432
Operating Profit/(Loss) C = (A - B)		523,534	383,129	(81,873)	(70,244)	(177,344)	(43,007)	264,317	269,878
APPROPRIATIONS									
Transfer to Shareholders' Account		523,534	383,129	(81,873)	(70,244)	(177,344)	(43,007)	264,317	269,878
Transfer to Catastrophe Reserve		—	—	—	—	—	—	—	—
Transfer to Other Reserves		—	—	—	—	—	—	—	—
Total (C)		523,534	383,129	(81,873)	(70,244)	(177,344)	(43,007)	264,317	269,878

Significant accounting policies and notes to accounts

16

As required by Section 40C(2) of the Insurance Act, 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far as appears from our examination of the Company's books of accounts, all expenses of management, wherever incurred, whether directly or indirectly, have been fully debited in the Revenue Accounts as expense.

Schedules referred to herein form an integral part of the Revenue Accounts.

As per our report attached of even date

For BSR & CO.  
(Formerly Bharat S Raut & Co.)  
Chartered Accountants

AKEEL MASTER  
Partner

For LODHA & CO.  
Chartered Accountants

N. KISHORE BAFNA  
Partner

Mumbai, April 26, 2005

For and on behalf of the Board

K.V. KAMATH  
Chairman

KALPANA MORPARIA  
Director

SANDEEP BAKHSHI  
Managing Director & CEO

RAJESH SAXENA  
Company Secretary

LALITA D. GUPTA  
Director

S. MUKHERJI  
Director

RAKESH JAIN  
Head Finance & Accounts



SCHEDULE - 1  
Premium earned (net)

Particulars	Fire			Marine		Miscellaneous									
	Marine- Cargo	Marine- Others	Marine- Total	Motor	Engineering	Worksmen Compensation	Product Liability	Public/	Personal Accident	Health Insurance	Aviation	Others	Total Miscellaneous	Total	
	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	2004-05	
Premium from direct business written	2,774,518	433,599	825,254	1,288,920	933,156	32,291		219,162	502,264	875,731	78,963	1,208,389	5,138,876	8,738,648	
Add Premium on reinsurance accepted	69,739	—	—	—	32,037	—		—	11,247	—	—	—	43,284	113,023	
Less Premium on reinsurance ceded	2,417,008	412,205	658,956	288,796	759,098	7,495		209,489	331,957	175,095	80,256		714,930	5,642,779	
Net premium	427,249	14,394	166,298	1,000,125	206,095	24,996		9,773	181,554	700,636	(1,293)	493,459	2,615,345	3,208,892	
Adjustment for change in reserve for unexpired risks	65,601	4,536	7,230	537,589	19,592	2,814		5,085	51,620	241,785	(2,751)	124,264	979,998	1,052,829	
Total premium earned (Net)	361,648	18,700	159,068	462,516	186,533	22,182		4,688	129,934	488,851		1,458	369,195	2,156,063	

Particulars	Fire		Marine		Miscellaneous									Total
	Marine-Cargo	Marine- Others	Marine- Total	Motor	Engineering	Workmen Compensation	Public/ Product Liability	Personal Accident	Health Insurance	Aviation	Others	Miscellaneous		
2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04
Premium from direct business written	218,047	217,832	435,879	177,988	491,524	22,473	187,628	104,392	312,718	75,927	—	23	15,282	4,867,315
Add Premium on reinsurance accepted	23	1,595	1,618	—	1,899	—	38	11,332	—	—	—	—	—	44,923
Less Premium on reinsurance ceded	123,836	208,043	331,879	41,884	346,467	5,280	181,542	54,702	62,037	71,658	47,412	188,756	3,614,072	
Net premium	94,234	11,384	105,618	136,104	146,956	17,193	6,114	61,022	250,681	4,269	189,993	812,328	166	
Adjustment for change in reserve for unexpired risks	30,359	10,390	40,749	84,815	49,252	6,237	2,499	15,872	70,379	1,807	94,297	325,158		
Total premium earned (Net)	63,875	994	64,869	51,289	97,704	10,956	3,415	45,150	180,302	2,462	95,696	487,174		

(Rs. in '000s)

SCHEDULE - 2  
Claims Incurred (net)

Particulars	Fire			Marine			Miscellaneous								(Rs. in '000s)	
	2004-05	Marine-Cargo	Marine-Others	Marine-Total	Motor	Engineering	Worksmen Compensation	Public/Product Liability	Personal Accident	Health Insurance	Aviation	Others	Miscellaneous	Total	2004-05	2005-06
Claims paid- Direct	619,450	394,462	33,007	427,469	208,202	286,332	8,135	1,280	170,412	615,527	—	4,501	279,520	1,574,209	2,621,128	
Add Re-insurance accepted	—	—	—	—	—	—	—	—	15,958	—	—	—	—	15,958	15,958	
Less Re-insurance Ceded	458,561	229,771	23,457	253,228	41,471	179,832	1,709	1,230	108,559	125,945	—	4,501	129,585	592,830	641	
Net Claims paid	160,889	164,691	9,550	174,241	166,731	106,500	6,726	50	77,811	489,582	—	—	149,935	997,353	2,445	
Add Claims Outstanding at the end of the year	45,233	69,551	12,520	82,071	145,363	61,532	925	1,214	31,759	67,593	—	208	51,036	359,630	486,939	
Less Claims Outstanding at the beginning of the year	61,662	42,936	2,694	45,630	32,944	42,665	424	598	9,888	34,950	—	308	42,987	164,464	271,757	
Total claims Incurred	144,460	191,306	19,376	210,682	279,150	125,366	7,227	666	99,682	522,205	—	(100)	157,984	1,192,480	1,547,622	

Particulars	Fire			Marine			Miscellaneous								(Rs. in '000s)	
	2003-04	Marine-Cargo	Marine-Others	Marine-Total	Motor	Engineering	Worksmen Compensation	Public/Product Liability	Personal Accident	Health Insurance	Aviation	Others	Miscellaneous	Total	2003-04	2004-05
Claims paid- Direct	497,114	171,668	3,034	174,642	20,681	106,324	1,893	19	55,708	308,660	—	1,700	40,718	5,521	5,521	
Add Re-insurance accepted	—	—	—	—	—	—	—	—	5,521	—	—	—	—	5,521	5,521	
Less Re-insurance Ceded	454,197	81,950	2,362	84,312	4,159	68,680	379	17	25,796	61,652	—	1,666	18,448	180,797	719,306	
Net Claims paid	42,917	89,688	672	90,330	16,522	37,644	1,514	2	34,833	247,008	—	34	22,270	359,827	493,074	
Add Claims Outstanding at the end of the year	61,663	42,936	2,694	45,630	32,944	42,665	424	598	9,588	34,950	—	308	42,987	164,464	271,757	
Less Claims Outstanding at the beginning of the year	11,012	8,407	102	8,509	18,061	8,499	112	391	680	13,526	—	214	2,878	44,761	64,282	
Total claims Incurred	93,568	124,187	3,264	127,451	31,405	71,410	1,826	209	43,741	268,432	—	128	62,379	479,530	700,549	

# schedules

(Rs. in '000s)

Particulars	Fire	Marine		Miscellaneous										Total	
	Marine-Cargo 2004-05	Marine- Others 2004-05	Marine- Total 2004-05	Motor 2004-05	Engineering 2004-05	Worksmen Compensation 2004-05	Public/ Product Liability 2004-05	Personal Accident 2004-05	Health Insurance 2004-05	Aviation 2004-05	Others 2004-05	Miscellaneous 2004-05	Total 2004-05		
Commission paid															
-Direct	31,621	15,105	18,406	33,511	102,718	16,793	1,725	27,160	45,906	45,934	402	159,301	400,539		
Total (A)	31,621	15,105	18,406	33,511	102,718	16,793	1,725	27,160	45,906	45,934	402	159,301	400,539		
Add Commission on Re-insurance Accepted	278	—	—	—	2,014	—	—	1,009	—	—	—	3,023	3,301		
Less Commission on Re-insurance Ceded	771,393	59,359	54,462	113,821	51,554	153,176	1,392	23,152	89,796	45,527	8,815	103,162	476,476		
Net Commission	(739,494)	(44,254)	(36,056)	(80,310)	51,164	(134,369)	433	4,608	(42,881)	407	(8,413)	56,139	(892,716)		

(Rs. in '000s)

Particulars	Fire	Marine		Miscellaneous										Total	
		Marine- Cargo	Marine- Others	Marine- Total	Motor	Engineering	Worksmen Compensation	Public/ Product Liability	Personal Accident	Health Insurance	Aviation	Others	Miscellaneous	Total	
2003-04		2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	2003-04	
Commission paid															
Direct	33,655	29	—	29	15	48	—	151	38	18	—	283	553	34,237	
Total (A)	33,655	29	—	29	15	48	—	151	38	18	—	283	553	34,237	
Add Commission on Re-insurance Accepted	1,417	3	324	327	—	—	—	5	1,248	—	—	4	1,257	3,001	
Less Commission on Re-insurance Ceded	751,325	30,137	27,935	58,072	9,220	103,040	1,250	21,621	21,762	19,157	4,064	64,164	204,285	751,325	
Net Commission	(716,253)	(30,105)	(27,611)	(57,716)	(9,205)	(102,992)	(1,250)	(21,465)	(20,476)	(19,139)	(4,064)	(63,877)	(242,468)	(1,016,451)	

(Rs. in '000s)

Particulars	2004-05	2003-04
Commission paid Direct:-		
Agents	83,518	678
Brokers	157,778	33,559
Corporate Agency Referrals	58,343	—
	166,032	—
<b>Total (B)</b>	<b>465,671</b>	<b>34,237</b>





# schedules



forming part of the financial statements

Continued

## SCHEDULE – 5

### Share capital

Particulars	(Rs in '000s)	
	As at March 31, 2005	As at March 31, 2004
Authorised Capital		
220,000,000 Equity Shares of Rs 10 each	2,200,000	2,200,000
Issued Capital		
220,000,000 Equity Shares of Rs 10 each	2,200,000	2,200,000
Subscribed Capital		
220,000,000 Equity Shares of Rs 10 each	2,200,000	2,200,000
Called up Capital		
220,000,000 Equity Shares of Rs 10 each	2,200,000	2,200,000
Less: Calls unpaid	—	—
Add: Equity Shares forfeited (Amount originally paid up)	—	—
Less: Par value of Equity Shares bought back	—	—
Less: (i) Preliminary Expenses to the extent not written off	—	—
(ii) Expenses including commission or brokerage on underwriting or subscription of shares	—	—
<b>Total</b>	<b>2,200,000</b>	<b>2,200,000</b>

Note:

**Of the above, 1,62,800,000 shares are held by the holding company ICICI Bank Limited and its nominees.**

## SCHEDULE – 5A

### Share Capital

#### Pattern of shareholding

[As certified by the management]

Shareholder	As at March 31, 2005		As at March 31, 2004	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	162,800,000	74%	162,800,000	74%
- Foreign	57,200,000	26%	57,200,000	26%
Others	—	—	—	—
<b>Total</b>	<b>220,000,000</b>	<b>100%</b>	<b>220,000,000</b>	<b>100%</b>

## SCHEDULE – 6

### Reserves and Surplus

Particulars	(Rs in '000s)	
	As at March 31, 2005	As at March 31, 2004
Capital Reserve	—	—
Capital Redemption Reserve	—	—
Share Premium	—	—
General Reserves	—	—
Less: Debit balance in Profit and Loss Account	—	—
Less: Amount utilized for Buy-back	—	—
Catastrophe Reserve	—	—
Other Reserves	—	—
Balance of Profit in Profit and Loss Account	294,041	59,324
<b>Total</b>	<b>294,041</b>	<b>59,324</b>

## SCHEDULE – 7

### Borrowings

Particulars	(Rs in '000s)	
	As at March 31, 2005	As at March 31, 2004
Debentures/ Bonds	—	—
Banks	—	—
Financial Institutions	—	—
Others	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

## SCHEDULE – 8

### Investments

Particulars	(Rs in '000s)	
	As at March 31, 2005	As at March 31, 2004
Long term investments		
Government securities and Government guaranteed bonds including Treasury Bills (note 3 below)	1,186,646	1,102,079
Other Approved Securities	—	—
Other Investments		
(a) Shares	—	—
(aa) Equity	—	—
(bb) Preference	—	—
(b) Mutual Funds	—	—
(c) Derivative Instruments	—	—
(d) Debentures/ Bonds	436,414	534,660
(f) Other Securities	—	—
(g) Subsidiaries	—	—
(h) Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector	619,313	475,114
Other than Approved Investments	40,489	60,659
Short term investments		
Government securities and Government guaranteed bonds including Treasury Bills	1,105,186	389,271
Other Approved Securities	—	—
Other Investments		
(a) Shares	—	—
(aa) Equity	644,990	441,768
(bb) Preference	—	—
(c) Mutual Funds	—	—
(c) Derivative Instruments	—	—
(d) Debentures/ Bonds (note 4 below)	499,259	206,703
(e) Other Securities	—	—
(f) Subsidiaries	—	—
(g) Investment Properties-Real Estate	—	—
Investments in Infrastructure and Social Sector	64,033	—
Other than Approved Investments	44,589	118,417
<b>Total investments</b>	<b>4,640,919</b>	<b>3,328,671</b>

- Notes:
- Aggregate book value of investments (other than listed equities) is Rs. 3,978,844 thousand (Previous year: Rs. 2,808,496 thousand).
  - Aggregate market value of investments (other than listed equities) is Rs. 4,040,539 thousand (Previous year: Rs. 2,848,030 thousand).
  - Includes investment of FRB GOI 2014 of Rs. 100,000 thousand and 7.4% GOI 2012 of Rs. 10,000 thousand pursuant to Section 7 of Insurance Act, 1938 (Previous year: FRB GOI 2014 of Rs. 100,000 thousand and 7.4% GOI 2012 of Rs. 10,000 thousand).
  - Includes investment at cost in ICICI Bank Limited, the holding company of Rs. NIL (Previous year : Rs. 15,666 thousand).

## SCHEDULE – 9

### Loans

Particulars	(Rs in '000s)	
	As at March 31, 2005	As at March 31, 2004
Security-wise Classification		
Secured		
(a) On mortgage of property	—	—
(aa) In India	—	—
(bb) Outside India	—	—
(b) On Shares, Bonds, Govt. Securities	—	—
(c) Others	—	—
Unsecured	—	—
<b>Total</b>	<b>—</b>	<b>—</b>
Borrower wise classification		
(a) Central and State Governments	—	—
(b) Banks and Financial Institutions	—	—
(c) Subsidiaries	—	—
(d) Industrial Undertakings	—	—
(e) Others	—	—
<b>Total</b>	<b>—</b>	<b>—</b>
Performance wise classification		
(a) Loans classified as standard	—	—
(aa) In India	—	—
(bb) Outside India	—	—
(b) Non-performing loans less provisions	—	—
(aa) In India	—	—
(bb) Outside India	—	—
<b>Total</b>	<b>—</b>	<b>—</b>
Maturity wise classification		
(a) Short Term	—	—
(b) Long Term	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

Note:- There are no loans subject to restructuring (Previous year : Nil).

# schedules

forming part of the financial statements

Continued

## SCHEDULE - 10

### Fixed Assets

(Rs in '000s)

Particulars	Cost/ Gross Block				Depreciation				Net Block	
	April 1, 2004	Additions	Deductions	March 31, 2005	April 1, 2004	For the Year Ended	On Sales/ Adjustments	March 31, 2005	March 31, 2005	March 31, 2004
Goodwill	—	—	—	—	—	—	—	—	—	—
Intangibles - Computer Software	45,376	54,908	—	100,284	16,994	14,740	—	31,734	68,550	28,382
Land-Freehold	—	—	—	—	—	—	—	—	—	—
Leasehold Property	—	—	—	—	—	—	—	—	—	—
Buildings	4,271	—	—	4,271	99	70	—	169	4,102	4,172
Furniture & Fittings	28,495	92,872	—	121,367	1,914	13,302	—	15,216	106,151	26,581
Information Technology Equipment	38,026	103,345	—	141,371	11,476	27,095	—	38,571	102,800	26,550
Vehicles	992	1,763	799	1,956	65	184	41	208	1,748	927
Office Equipment	12,963	39,830	—	52,793	1,791	5,285	—	7,076	45,717	11,172
Others	—	—	—	—	—	—	—	—	—	—
<b>Total</b>	<b>130,123</b>	<b>292,718</b>	<b>799</b>	<b>422,042</b>	<b>32,339</b>	<b>60,676</b>	<b>41</b>	<b>92,974</b>	<b>329,068</b>	<b>97,784</b>
Work in Progress	—	—	—	—	—	—	—	—	7,563	8,814
<b>Grand Total</b>	<b>130,123</b>	<b>292,718</b>	<b>799</b>	<b>422,042</b>	<b>32,339</b>	<b>60,676</b>	<b>41</b>	<b>92,974</b>	<b>336,631</b>	<b>106,598</b>
Previous year	55,198	75,390	465	130,123	12,198	20,190	49	32,339	106,598	—

## SCHEDULE - 11

### Cash and Bank Balances

Particulars	As at March 31, 2005	(Rs in '000s) As at March 31, 2004
Cash (including cheques in hand, drafts and stamps)	86,738	237,777
Balances with scheduled banks :	—	—
(a) Deposit Accounts	—	—
(aa) Short-term (due within 12 months)	300,000	70,000
(bb) Others	—	—
(b) Current Accounts	113,320	340,296
(c) Others	—	—
Money at Call and Short Notice	—	—
(a) With Banks	—	—
(b) With other institutions	—	—
Others	—	—
<b>Total</b>	<b>500,058</b>	<b>648,073</b>

## SCHEDULE - 12

### Advances and other assets

Particulars	As at March 31, 2005	(Rs in '000s) As at March 31, 2004
Advances	—	—
Reserve deposits with ceding companies	2,266	—
Application money for investments	—	9,743
Prepayments	25,062	2,229
Advances to Directors / Officers	—	—
Advance tax paid and taxes deducted at source (net of provisions for tax)	25,781	—
Others	—	—
- Sundry Deposits	53,557	21,471
- Advance to Employees	3,481	1,664
	57,038	23,135
<b>Total (A)</b>	<b>110,147</b>	<b>35,107</b>
Other assets	—	—
Income accrued on investments/deposits	81,817	59,769
Outstanding Premiums	228,137	—
Agents' Balances	—	—
Foreign Agencies' Balances	—	—
Due from other Entities carrying on Insurance business (net) (including reinsurers)	1,727,015	1,182,848
Due from subsidiaries/ holding	—	—
Deposit with Reserve Bank of India	—	1,000
[Pursuant to Section 7 of Insurance Act, 1938]	—	—
Others	—	—
- Inter Corporate Deposits	21,000	90,000
- Deposit with IRDA	131	48
- Service Tax unutilized credit	8,246	3,423
- Other receivables	871	947
	30,248	94,418
<b>Total (B)</b>	<b>2,067,217</b>	<b>1,338,035</b>
<b>Total (A+B)</b>	<b>2,177,364</b>	<b>1,373,142</b>

## SCHEDULE - 13

### Current Liabilities

Particulars	As at March 31, 2005	(Rs in '000s) As at March 31, 2004
Agents' Balances	—	45
Balances due to other insurance companies (net)	426,116	475,321
Deposits held on re-insurance ceded	66,479	—
Premiums received in advance	386,794	493,392
Unallocated Premium	246,473	114,878
Sundry Creditors	329,173	118,603
Due to holding company	32,033	23,318
Claims Outstanding	1,623,529	1,006,635
Due to Officers/ Directors	—	—
Others-	—	—
a. Statutory Dues	24,695	12,377
b. Salary Payable	284	243
c. Collections- Environment Relief fund	16,822	8,674
d. Unearned commission	2,940	8,018
e. Book Overdraft	117,464	18,802
f. Service Tax Liability	4,609	21,234
g. Miscellaneous	145	77
	166,959	69,425
<b>Total</b>	<b>3,277,556</b>	<b>2,301,617</b>

## SCHEDULE - 14

### Provisions

Particulars	As at March 31, 2005	(Rs in '000s) As at March 31, 2004
Reserve for unexpired risk	1,828,629	775,800
Reserve for premium deficiency	—	35,185
For taxation (less advance tax paid and taxes deducted at source)	—	52,694
For proposed dividends	—	—
For dividend distribution tax	14,376	22,565
Others	—	—
(a) Leave Encashment	—	6,704
(b) Gratuity	8,083	4,424
	8,083	11,128
<b>Total</b>	<b>1,851,088</b>	<b>897,372</b>

## SCHEDULE - 15

### Miscellaneous Expenditure (To the extent not written off or adjusted)

Particulars	As at March 31, 2005	(Rs in '000s) As at March 31, 2004
Discount Allowed in issue of shares/ debentures	—	—
Others	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

## SCHEDULE: 16

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2005

- 1 **Background**  
ICICI Lombard General Insurance Company Limited ('the Company') was incorporated on October 30, 2000. The Company obtained regulatory approval to undertake General Insurance business on August 3, 2001 from the Insurance Regulatory and Development Authority ('IRDA').
- 2 **Basis of preparation of financial statements**  
The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting, and comply with the applicable accounting standards issued by the Institute of Chartered Accountants of India ('ICAI'), and in accordance with the provisions of the Insurance Act, 1938, Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders/directions issued by the IRDA in this behalf, the Companies Act, 1956 to the extent applicable in the manner so required and current practices prevailing within the insurance industry in India.
- 3 **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 on the date of the financial statements. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.
- 4 **Revenue recognition**  
**Premium income**  
Premium earned is recognised as income over the period of risk or the contract period based on 1/365 method, whichever is appropriate on a gross basis net of service tax. Any subsequent revision to premium is recognised over the remaining period of risk or contract period.  
  
Adjustments to premium income arising on cancellation of policies are recognized in the year in which it is cancelled.  
  
**Income from reinsurance business**  
Commission on reinsurance business is recognized as income in the year of ceding the risk.  
  
**Profit commission under re-insurance treaties** is recognized as income in the year of determination of profits.  
  
**Income earned on investments**  
Interest income on investments is recognized on an accrual basis. Accretion of discount and amortisation 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 securities, which is the difference between the sale consideration and the carrying value in the books of the Company is recognised on the trade date. In determining the realised gain/loss, cost of securities is arrived at on 'Weighted average cost' basis. However in case of listed equity shares and mutual fund units the profit or loss also includes the accumulated changes in the fair value previously recognised in the Fair Value Change Account in respect of the particular security, which is transferred to the profit and loss account on the trade date.
- 5 **Premium received in Advance**  
This represents premium received during the year, where the risk commences subsequent to the Balance Sheet date.
- 6 **Reinsurance premium**  
Insurance premium on ceding of the risk is recognised in the year in which the risk commences. Any subsequent revision to premium ceded

is recognised in the year of such revision. Adjustment to reinsurance premium arising on cancellation of policies is recognised in the year in which it is cancelled.

- 7 **Reserve for unexpired risk**  
Reserve for unexpired risk is recognised net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Company under contractual obligations on a contract period basis or risk period basis, whichever is appropriate. It is calculated on a daily pro-rata basis subject to a minimum of 50% of the premium, written during the twelve months preceding the balance sheet date for fire, marine cargo and miscellaneous business and 100% for marine hull business, in accordance with Section 64 V (1) (ii) (b) of the Insurance Act, 1938.
- 8 **Claims**  
Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.  
  
Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation of the loss.  
  
Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realization. Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on past experience. These estimates are progressively revalidated on availability of further information.  
  
IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. IBNR/ER liabilities are based on an actuarial estimate duly certified by the Appointed Actuary of the Company. Basis used by the Appointed Actuary is disclosed in Note 17.1.16.
- 9 **Acquisition Costs**  
Acquisition costs are those costs that vary with, and are primarily costs related to the acquisition of new and renewal insurance contracts viz. commission, policy issue expenses, etc. These costs are expensed in the year in which they are incurred.
- 10 **Premium deficiency**  
Premium deficiency is recognised when the sum of expected claim costs and related expenses exceed the reserve for unexpired risks and is computed at a business segment level.
- 11 **Investments**  
Investments are recorded at cost on trade date and include brokerage, transfer charges, stamps etc, if any and excludes interest accrued up to the date of purchase.  
  
**Classification**  
Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose of within twelve months are classified as 'short term investments'.  
  
Investments other than 'short term investments' are classified as 'long term investments'.  
  
**Valuation**  
In accordance with the Regulations, investments are valued as follows:  
  
**Debt securities**  
All debt securities including government securities are considered as 'held to maturity' and accordingly stated at historical cost subject to amortization of premium or accretion of discount on a straight line basis over the holding/maturity period.

### Equity shares

Listed equity shares as at the balance sheet date are stated at fair value, being the lowest of last quoted closing price on the National Stock Exchange or The Stock Exchange, Mumbai.

### Mutual fund units

Mutual fund investments are stated at fair value, being the closing net asset value as at balance sheet date.

In accordance with the Regulations, unrealized gain/loss arising due to changes in fair value of listed equity shares and mutual fund investments are not taken to profit and loss account but are taken to the fair value change account. This balance in the fair value change account is not available for distribution, pending realization.

### 12 Fixed assets and Intangibles

#### 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.

Depreciation on assets added/disposed of during the year is provided on pro rata basis with reference to the month of additions/deductions.

Depreciation is provided on a straight-line basis, pro-rata for the period of use at the rates prescribed in Schedule XIV to the Companies Act, 1956 except in the case set out below where depreciation is provided at a rate higher than those prescribed under Schedule XIV to the Companies Act, 1956.

Depreciation on information technology equipment is provided @ 25 per cent.

#### Intangibles

Intangible assets comprising computer software are stated at cost less amortisation. Computer software including improvements are amortised over a period of 5 years, being the management's estimate of the useful life of such intangibles.

Hitherto, software costing less than Rs. 500,000 was fully written off in the year of acquisition. However, software acquired on or after April 1, 2004 and costing less than Rs. 500,000 are also now being amortised over a period of 5 years. Had the company continued to follow the amortisation method followed in previous year, the amount transferred to shareholder's account, operating profit, profit before tax and net block of fixed assets would have been lower by Rs. 20,030 thousand and accumulated depreciation would have been higher by Rs. 20,030 thousand.

All assets including intangibles individually costing less than Rs. 5,000 are fully depreciated/amortised in the year in which acquired.

#### Impairment of assets

The Company assesses at each Balance Sheet date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is charged to profit and loss account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that effect.

### 13 Retirement benefits

#### Provident fund

This is a defined contribution scheme and contributions payable to the Regional Provident Fund Authority is provided on the basis of specified percentage of salary and is charged to Profit and Loss account and Revenue account(s).

#### Gratuity

Gratuity, which is a defined benefit scheme is provided on the basis of actuarial valuation at year end and is charged to Profit and Loss account and Revenue account(s).

#### Basis of allocation

Retirement benefit expense are allocated to profit and loss account and revenue account(s) on the basis as explained in paragraph 17.1.10.

### 14 Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the

rates prevailing on the date of the transaction. Foreign exchange denominated current assets and liabilities, are translated at the rates prevalent at the date of the Balance Sheet. The resultant gains/losses are recognized in the Profit and Loss Account and Revenue Account(s).

15

#### Taxation

##### Current tax

The Company provides for income tax on the basis of estimated taxable income for the current accounting period in accordance with the provisions of the Income Tax Act, 1961.

##### Deferred tax

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the accounting income as per the Company's financial statements and the taxable income for the year.

Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is virtual certainty of realisation of such assets.

Deferred tax assets are reviewed as at each balance sheet date and appropriately adjusted to reflect the amount that is reasonably/virtually certain to be realised.

16

#### 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.

A disclosure for a contingent liability other than those under policies is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

17

#### Notes to accounts

Statutory disclosures as required by IRDA

17.1.1

#### Contingent liabilities

(Rs. in '000s)

Particulars	As at March 31, 2005	As at March 31, 2004
Partly-paid up investments	Nil	Nil
Claims, other than those under policies, not acknowledged as debts	Nil	Nil
Underwriting commitments outstanding	Nil	Nil
Guarantees given by or on behalf of the company	Nil	Nil
Statutory demands/liabilities in dispute, not provided for	Nil	Nil
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
Others	Nil	Nil



# schedules



forming part of the financial statements

Continued

17.1.2 The assets of the Company are free from all encumbrances.

17.1.3 Commitments in respect of loans and investments is Rs. Nil (Previous year Rs. Nil).

17.1.4 Estimated amount of commitments pertaining to contracts remaining to be executed in respect of fixed assets (net of advances) is Rs. 24,296 thousand (Previous year Rs. 5,332 thousand).

17.1.5 Claims

Claims, less reinsurance, paid to claimants in/outside India are as under:

(Rs. in '000s)		
Particulars	For the year ended March 31, 2005	For the year ended March 31, 2004
In India	1,332,446	493,074
Outside India	Nil	Nil

The Company does not have any liability relating to claims, where the claim payment period exceeds four years.

Ageing of claims is set out in the table below:

(Rs. in '000s)		
Particulars	As at March 31, 2005	As at March 31, 2004
More than six months	555,212	433,941
Others	1,068,317	572,694

Claims settled and remaining unpaid for more than six months is Rs. Nil (Previous year: Rs. Nil).

17.1.6 Premium

Premium, less reinsurance, written from business in/outside India is given below:

(Rs. in '000s)		
Particulars	For the year ended March 31, 2005	For the year ended March 31, 2004
In India	3,208,892	1,298,166
Outside India	Nil	Nil

The Company has recognised 0.2 percent (previous year 0.2 percent) of the total premium earned from Miscellaneous - Engineering class of business based on varying risk pattern. The risk pattern is determined based on underwriting estimates, which are in turn based on project related information received from the customers, and these are relied upon by the Company.

Sector wise details of the policies are given below:

Sector	For the year ended March 31, 2005				For the year ended March 31, 2004			
	GWP Rs. 000's	No. of policies	No. of lives	% of GWP	GWP Rs. 000's	No. of policies	No. of lives	% of GWP
Rural	495,614	91,719	-	5.60	267,129	58,603	-	5.44
Social	1,993	3	140,063	0.02	1,173	7	119,724	0.02
Urban	8,354,063	516,204	-	94.38	4,643,938	190,921	-	94.54
Total	8,851,671	607,926	140,063	100.00	4,912,240	249,531	119,724	100.00

17.1.7 Extent of risks retained and reinsured is set out below:

Particulars	Basis	As at March 31, 2005		As at March 31, 2004	
		Retention	Ceded	Retention	Ceded
Fire	Total sum insured	16%	84%	16%	84%
Marine - Cargo	Value at risk	40%	60%	47%	53%
Marine - Hull	Value at risk	5%	95%	6%	94%
Miscellaneous - Engineering	Total sum insured	23%	77%	32%	68%
- Motor	Total sum insured	80%	20%	80%	20%
- Workmen Compensation	Value at risk	80%	20%	80%	20%
- Public Liability	Value at risk	4%	96%	3%	97%
- Personal Accident	Value at risk	37%	63%	58%	42%
- Health	Value at risk	80%	20%	80%	20%
- Others	Value at risk	42%	58%	30%	70%

17.1.8 In accordance with regulatory guidelines, there is no premium deficiency on an overall basis in the miscellaneous segment, although there is a premium deficiency of Rs. 30,000 thousand under the Health sub segment within the miscellaneous segment.

17.1.9 Investments

Value of contracts in relation to investments for:

- Purchases where deliveries are pending Rs. 62,251 thousand (Previous year Rs. Nil); and
- Sales where payments are overdue Rs. Nil (Previous year Rs. Nil).

Historical cost of investments that are valued on fair value basis is Rs. 623,041 thousand (Previous year Rs. 527,014 thousand).

All investments are made in accordance with the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Investment) Regulations, 2000 and are performing investments.

The investments as at the year end have not been allocated into policy holders and share holders as the same are not earmarked separately.

The Company does not have any investment property as at March 31, 2005 (Previous year: Rs. Nil).

17.1.10 Allocation of income and expenses

*Allocation of investment income*

Investment income has been allocated between revenue account(s) and profit and loss account on the basis of the ratio of average policyholders funds to average shareholders funds respectively, average being the balance at the beginning of the year and that at the end of the year.

Further, investment income across segments within the revenue account(s) has also been allocated on the basis of segment-wise policyholders funds.

*Allocation of expenses*

Operating expenses relating to insurance business are allocated to specific classes of business on the following basis:

- Expenses that are directly identifiable to a business class are allocated on actuals.
- Other expenses, that are not directly identifiable, are broadly allocated on the basis of gross written premium earned in each business class.
- Depreciation expenditure has been allocated on the assessment that the use of assets is proportionate to gross written premium of the respective segments.



## forming part of the financial statements

Continued

17.1.11 Details of managerial remuneration paid as per the terms of appointment approved by the IRDA are as under:

Particulars	(Rs. in '000s)	
	For the year ended March 31, 2005	For the year ended March 31, 2004
Salaries and allowances	7,922	6,271
Contribution to provident and other funds	331	273
Perquisites	1,001	803

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

17.1.12 Summary of Financial Statements for the last four years:

Particulars	2004-05	2003-04	2002-03	2001-02
<b>Operating Result</b>				
Gross premium written	8,851,671	4,912,240	2,070,357	271,112
Net premium income #	3,208,892	1,298,166	445,286	109,673
Income from Investments (net) @	237,597	88,374	32,842	4,203
Other income	(223)	1,104	1,519	-
Total income	3,446,266	1,387,644	479,647	113,876
Commissions (net of reinsurance commission)	(892,716)	(1,016,437)	(172,108)	(40,376)
Brokerage	-	-	-	-
Operating expenses	1,509,398	894,136	419,490	120,040
Claims, increase in Unexpired Risk Reserve & other outgoes	2,565,266	1,240,067	302,680	164,906
Operating Profit/loss	264,318	269,878	(70,415)	(130,694)
<b>Non-operating result</b>				
Total income under shareholder's account (net of expenses)	274,401	152,560	112,268	19,423
Profit/(loss) before tax	538,719	422,438	41,853	(111,271)
Provision for tax	55,250	104,600	8,873	(26,450)
Profit/(loss) after tax	483,469	317,838	32,980	(84,821)
<b>Miscellaneous</b>				
Policy holder's account:				
Total funds	2,405,407	1,242,299	375,130	159,354
Total investments	Not applicable as investments are not earmarked			
Yield on Investments				
Shareholder's account:				
Total funds	1,980,292	2,004,793	887,244	944,771
Total investments	Not applicable as investments are not earmarked			
Yield on Investments				
Paid up equity capital	2,200,000	2,200,000	1,100,000	1,100,000
Net worth	2,494,041	2,259,324	1,036,160	1,001,611
Total assets	7,689,222	5,491,484	2,797,007	1,559,980
Yield on total Investments	13%	9%	13%	10%
Earnings per share (Rs)	2.20	1.82	0.30	-
Book value per share	11.34	10.27	9.42	9.11
Total dividend	220,000	176,120	-	-
Dividend per share (Rs)	1.0	1.0	-	-
# Net of Reinsurance				
@ Net of Losses				

17.1.13 Ratio Analysis:

Performance Ratio	Ratios as at March 31, 2005				Ratios as at March 31, 2004			
	Total	Fire	Marine	Misc	Total	Fire	Marine	Misc
Gross Premium Growth Rate	80%	17%	89%	153%	137%	91%	391%	188%
Gross Premium to average Shareholders Fund ratio	372%				298%			
Growth rate of Shareholders Funds	10%				118%			
Net Retention Ratio	36%	15%	20%	50%	26%	16%	24%	40%
Net Commission Ratio	28%	173%	48%	3%	78%	188%	55%	30%
Expense ratio to GWP	17%				18%			
Combined ratio	47%				43%			
Technical ratio	108%				139%			
Underwriting balance ratio	1%	112%	(62%)	(13%)	14%	95%	(78%)	(12%)
Operating profit ratio	17%				34%			
Liquid asset to liability ratio	21%				51%			
Net earning ratio	15%				24%			
Return on Net worth	20%				19%			
Reinsurance Ratio	64%				74%			

### Other Disclosures

17.1.14 Contribution to terrorism pool

The Company in accordance with the requirements of IRDA has participated in contributing to the Terrorism Pool. This pool is managed by the General Insurance Corporation of India ('GIC'). Amounts collected as terrorism premium in accordance with the requirements of the Tariff Advisory Committee ('TAC') are ceded at 100% of the terrorism premium collected to the Terrorism Pool, subject to conditions and an overall limit of Rs. 3 billion.

In accordance with the terms of the agreement, GIC retrocedes, to the Company, terrorism premium to the extent of the Company's share in the risk, which is recorded as reinsurance accepted. Such reinsurance accepted is recorded based on quarterly intimation/confirmation received from GIC. Accordingly, reinsurance accepted on account of the Terrorism Pool has been recorded only upto December 31, 2004 as per the last confirmation received and which has been carried forward to the subsequent accounting period as Unexpired Risk Reserve for subsequent risks, if any.

17.1.15 An amount of Rs. 16,822 thousand (Previous year Rs. 8,674 thousand) collected towards Environment Relief Fund under Public Liability policies has been disclosed under current liabilities and the same is invested in Government Securities.

17.1.16 Basis used by the Actuary for determining provision required for IBNR/IBNR

The Appointed Actuary has certified that the requirements of Guidance Note 21 of the Actuarial Society of India have been complied with to the extent applicable in respect of determination of IBNR including IBNR and to the extent that IBNR has been arrived at following Mukherji Committee recommendations, no assumptions with regard to future scenario are required to be made.

17.1.17 Leases

In respect of premises taken on operating lease, the lease agreements are generally mutually renewable/cancellable by the lessor/lessee.

17.1.18 Leave encashment

The Company has discontinued the policy relating to leave encashment and no carry forward of leave is permitted. Leave balances outstanding as on March 31, 2004 have been appropriately adjusted/paid out.

17.1.19 Segmental reporting

### Primary reportable segments

The Company's primary reportable segments are business segments, which have been identified in accordance with AS 17 - Segment Reporting read with the Regulations. The income and expenses attributable to the business segments are allocated as mentioned in paragraph 17.1.10 above.

# schedules



forming part of the financial statements

Continued

## Segmental Assets & Liabilities

Segment	Year	Current Liabilities			Current Assets
		Unearned Commission	Claims Outstanding	Unallocated Premium	Outstanding Premium
Fire	2004-05	1,231	732,115	-	23
	2003-04	1,757	566,038	5,000	-
Engineering	2004-05	1,695	240,734	-	176,784
	2003-04	5,932	104,363	-	-
Marine Cargo	2004-05	13	140,106	-	9,176
	2003-04	34	111,192	-	-
Marine Hull	2004-05	-	73,928	-	42,147
	2003-04	-	21,489	-	-
Motor	2004-05	-	188,894	-	-
	2003-04	-	38,833	-	-
Workmen Compensation	2004-05	-	990	-	-
	2003-04	-	-	-	-
Liabilities	2004-05	-	2,589	-	-
	2003-04	-	-	-	-
Personal Accident	2004-05	-	72,566	-	1
	2003-04	-	31,862	-	-
Aviation	2004-05	-	1,658	-	-
	2003-04	296	246	-	-
Health	2004-05	-	68,108	-	-
	2003-04	-	41,494	-	-
Others	2004-05	-	101,841	-	6
	2003-04	-	91,118	-	-
Total Amount	2004-05	2,939	1,623,529	-	228,137
	2003-04	8,019	1,006,635	5,000	-

Fixed assets, investments & other current assets & liabilities to the extent identifiable have been allocated to business segments. Unallocated premium is not identifiable to any business segment.

### 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.

### 17.1.20 Related party

Related parties, nature of relationship and description of transactions

Name of the related Party	Nature of relationship
ICICI Bank Limited	Holding Company
ICICI Venture Funds Management Company Limited	Fellow Subsidiary
ICICI Securities and Finance Company Limited	Fellow Subsidiary
ICICI Prudential Life Insurance Company Limited	Fellow Subsidiary
ICICI Home Finance Company Limited	Fellow Subsidiary
ICICI Brokerage Services Limited	Fellow Subsidiary
Key Management Personnel (with whom transactions have taken place)	K.V Kamath, Chairman Lalita D. Gupte, Director S. Mukherji, Director Sandeep Bakhshi, Managing Director & CEO
Relatives of Key Managerial Personnel (with whom transactions have taken place)	Mona Bakhshi, wife of Sandeep Bakhshi, Managing Director & CEO Esha Bakhshi, daughter of Sandeep Bakhshi, Managing Director & CEO Shivam Bakhshi, son of Sandeep Bakhshi, Managing Director & CEO Minal Bakhshi, daughter of Sandeep Bakhshi, Managing Director & CEO

Details of transactions with related parties for the year ended March 31, 2005 are given below.

Particulars	(Rs. in '000s)			
	With Holding Company	With Fellow subsidiaries	With Key Management Personnel	Relatives of Management Personnel
Premium income	491,255 (156,570)	50,899 (62,428)	1,143 (159)	8 (0.6)
Income from interest & dividend	5,675 (16,414)	- (-)	- (-)	- (-)
Purchase of fixed assets	1,741 (-)	- (-)	- (-)	- (-)
Claim payments	200,623 (85,563)	20,005 (9,855)	- (-)	- (-)
Commission payouts	113,752 (-)	- (-)	- (-)	- (-)
Salary to deputed staff	7,085 (13,727)	- (-)	- (-)	- (-)
Establishment & other expenditure	168,805 (91,205)	- (-)	9,254 (7,347)	- (-)
Brokerages	- (-)	868 (608)	- (-)	- (-)
Dividend paid	162,800 (130,329)	- (-)	- (-)	- (-)

Figures in brackets represent previous year figures.

Balances with related parties at March 31, 2005, are as under:

Particulars	(Rs. in '000s)			
	With Holding Company	With Fellow subsidiaries	With Key Management Personnel	Relatives of Management Personnel
Assets				
Fixed assets	1,741 (-)	- (-)	- (-)	- (-)
Investments	- (15,666)	- (-)	- (-)	- (-)
Cash & Bank Balances	295,011 (387,733)	- (-)	- (-)	- (-)
Income accrued on investments	850 (3,535)	- (-)	- (-)	- (-)
Liabilities				
Capital	1,628,000 (1,628,000)	- (-)	- (-)	- (-)
Advance Premium	22,220 (138,373)	2,189 (338)	- (-)	- (-)
Others liabilities/ Payables	32,033 (23,318)	- (-)	- (-)	- (-)

Figures in brackets represent previous year figures

## 17.1.21 Deferred taxes

The major components of temporary differences that account for deferred tax assets are as under:

(Rs. in '000s)

	Deferred tax asset as at March 31, 2005	Deferred tax asset as at March 31, 2004
Timing differences on account of:		
Reserve for Unexpired Risks	34,250	34,599
Preliminary Expenditure	–	401
Total	34,250	35,000
Net deferred tax asset/(liability)	34,250	35,000
Deferred tax expense/(income) recognised in the Profit and Loss Account	750	(6,400)

17.1.22 Prior year figures have been regrouped, reclassified wherever necessary, to conform to current year classifications

For and on behalf of the Board

K.V. KAMATH  
Chairman

LALITA D. GUPTA  
Director

KALPANA MORPARIA  
Director

S. MUKHERJI  
Director

SANDEEP BAKHSHI  
Managing Director & CEO

RAKESH JAIN  
Head Finance & Accounts

RAJESH SAXENA  
Company Secretary

Mumbai, April 26, 2005

# receipts & payment account



for the year ended March 31, 2005

		Year ended March 31, 2005	(Rs. in '000) Year ended March 31, 2004
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash received from operating activities			
- Premium received from policyholders, including advance receipt	8,661,612		4,878,814
- Premium received from coinsurer	1,711,663		1,152,021
- Other receipts	767		404
- Payment to Reinsurance net of commissions & claims	(3,069,495)		(1,935,829)
- Payment to Coinsurance net of claims recovery	(758,457)		(729,311)
- Payments of Claims	(2,997,318)		(1,404,985)
- Payments of Commission and brokerage	(485,401)		(34,808)
- Payments of other operating expenses	(1,223,494)		(1,014,156)
- Preliminary and pre-operative expenses	—		—
- Deposits, advances & staff loans	119,743		(104,545)
- Income tax paid (Net)	(133,292)		(45,042)
- Service Taxes Paid	(706,752)		(299,882)
- Other payments	—		—
- Cash flows before extraordinary items		1,119,576	462,681
- Cash flows from extraordinary items		—	—
Net cash from operating activities		1,119,576	462,681
Cash flow from investing activities			
- Purchase of fixed assets (including Capital Advances)	(291,467)		(82,343)
- Proceeds from sale of fixed assets	496	(290,971)	419
- Purchases of investments	(1,964,647)		(8,293,636)
- Loans disbursed	—		—
- Sales of investments	1,707,793		6,748,322
- Repayments received	—		25,000
- Rent/Interest/Dividends received	194,814		205,166
- Investments in money mkt instruments and liquid Mutual fund (Net)	(636,923)		315,226
- Expenses related to Investments	(1,915)	(700,878)	(2,193)
Net cash from investing activities		(991,849)	(1,084,039)
Cash flow from financing activities			
- Proceeds from Issuance of Share Capital	—		1,100,000
- Proceeds from Borrowing	—		—
- Interim Dividends Paid (including Dividend Tax)	(256,941)		(176,120)
Net cash from financing activities		(256,941)	923,880
Effect of foreign exchange rates on cash and cash equivalents, net		—	—
Net increase/(decrease) in cash and cash equivalents		(129,214)	302,522
Cash and cash equivalents at the beginning of the period		629,271	326,748
Cash and cash equivalents at end of the period*		500,057	629,270

\* Cash and cash equivalents at end of the period March 31, 2005 includes short term deposits of Rs. 300,000 thousand (Previous year Rs. 70,000 thousand), balances with banks in current account Rs. 113,320 thousand (Previous Year Rs. 321,494 thousand) and cheques in hand Rs. 86,738 thousand (Previous year Rs. 237,777 thousand)

As per our report attached of even date

For BSR & CO.  
(Formerly Bharat S Raut & Co.)  
Chartered Accountants

AKEEL MASTER  
Partner

For LODHA & CO.  
Chartered Accountants

N. KISHORE BAFNA  
Partner

For and on behalf of the Board

K.V. KAMATH  
Chairman

KALPANA MORPARIA  
Director

SANDEEP BAKHSHI  
Managing Director & CEO

RAJESH SAXENA  
Company Secretary

LALITA D. GUPTA  
Director

S. MUKHERJI  
Director

RAKESH JAIN  
Head Finance & Accounts

Mumbai, April 26, 2005

# schedules

## Statement Pursuant to Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile

### I. Registration Details

Registration Number

1 1 - 1 2 9 4 0 8

State Code

1 1

Balance Sheet Date

3 1

Date

0 3

Month

2 0 0 5

Year

### II. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue

N I L

Bonus Issue

N I L

Rights Issue

N I L

Private Placement

N I L

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities

Sources of Funds

Paid-up Capital

2 2 0 0 0 0 0

Secured Loans

Application of Funds

Net Fixed Assets & WIP

Net Current Assets

Accumulated Losses

Total Assets

Reserves and Surplus

Unsecured Loans

Investments

Miscellaneous Expenditure

### IV. Performance of Company (Amount in Rs. Thousand)

Turnover

Profit/Loss Before Tax

Earning Per Share in Rs.

Total Expenditure

Profit/Loss After Tax

Dividend Rate %

### V. Generic Names of Principal Products/Services of the Company (as per monetary terms)

Product Description

G E N E R A L I N S U R A N C E

Item Code No.

N . A

Note:

The Company being a general insurance company, the accounts of the company are not required to be made in accordance with Schedule VI. Further, the Insurance Act, 1938, requires the accounts of the company to be split between policyholders' & shareholders' funds. In view of the above it is not possible to give the information required in Para III and Para IV of the above statement.