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Directors and Management

BOARD OF DIRECTORS

R. Beri

Chairman-cum-Managing Director

G. C. Chaturvedi, IAS

R. K. Joshi

Dr. A. K. Khandelwal

A. V. Purushothaman, up to 31.05.2005

Kumar Bakhru

GENERAL MANAGER & FINANCIAL ADVISOR

V. K. Gupta, IRS

GENERAL MANAGERS

A. V. Purushothaman,
up to 31.05.2005

Kumar Bakhru

M. K. Garg,
up to 3.12.2004

M. Ramadoss,
up to 10.02.2005

A. V. Muralidharan

J. K. Gupta

APPOINTED ACTUARY

A. R. Prabhu

AGM & COMPANY SECRETARY

A. R. Sekar

ASSISTANT GENERAL MANAGERS

S. K. Mutneja

P. Manokaran

M. A. Kharat

N. K. Singh

K. G. Arora

R. C. Grover

R. Sengupta

Dr. B. Sundar Raman

P. J. Joseph

N. Toppo

P. Senthilkumar

H. P. Singh

Dr. A. P. Mittal

Dr. A. K. Saxena

A. V. Girjakumar

S. Yugandhar Rao

M. Selvakumar

Mrs. Asha Nair

B. K. Samant

AGM & CHIEF VIGILANCE OFFICER

Mrs. Gopa Ray

INVESTMENT COMMITTEE

R. Beri

G. C. Chaturvedi, IAS

Dr. A. K. Khandelwal

M. K. Garg, up to 3.12.2004

V. K. Gupta, IRS

A. R. Prabhu

A. V. Muralidharan, w.e.f. 12.02.2005

AUDIT COMMITTEE

G. C. Chaturvedi, IAS

A. V. Purushothaman,
up to 31.05.2005

R. K. Joshi

Dr. A. K. Khandelwal

AUDITORS

Khandelwal Jain & Co.
Chartered Accountants

Contractor Nayak & Kishnadwala
Chartered Accountants

Sharp & Tannan
Chartered Accountants

REGISTERED OFFICE

New India Assurance Building, 87, M. G. Road, Fort, Mumbai 400 001.

Website : www.niacl.com

Board of Directors and Management

CMD



R. Beri
Chairman-cum-Managing Director

Directors



G. C. Chaturvedi
IAS



R. K. Joshi



Dr. A. K.
Khandelwal

Director & GM



Kumar Bakhru

GM & FA



V. K. Gupta
IRS

General Manager



A. V.
Muralidharan

General Manager



J. K. Gupta

CVO



Mrs. Gopa Ray



Estd. 1919

FROM THE CMD'S DESK

The 2004-05 was a remarkable year in India's economic history. The year witnessed several glorious achievements on the macroeconomic front. The economy recorded an impressive growth of 6.9%, continuing its uptrend on the backdrop of a robust 8.2% growth last year. The fact that the growth rate was impressive in spite of a larger base of the previous year lends credence to the widely held belief that the surging growth of the Indian economy is here to stay. The economy witnessed a boom on all fronts- surging manufacturing growth, soaring stock markets, ballooning services exports etc. While the manufacturing sector posted an impressive performance once again, the services sector grew sharply especially the software and BPO segments. India Inc. reported healthy bottomline and top-line growth rates. Consumerist spirits are at an all time high. The stock markets are zooming and the sensex is on its way to touch the magic figure of 8000. FIIs are pouring their money into the Indian market like never before. It's boom time for the Indian economy.

The Indian economy is poised for a major leap in the years to come. The strong fundamentals of the economy, coupled with an all-round reforms initiatives could usher in a sustained high growth in the years to come. Experts are forecasting a healthy growth of 6.5%-7% for the coming year. Overall, the outlook is positive and the mood is upbeat. However, there is a note of caution. The spiraling oil prices may prove to be a hindrance to the economic growth. So far, we have been insulated from the oil crisis. How we manage the omnipresent "oil factor" of the Indian economy in the short term and the long term is going to determine the future prospects of the Indian economy. With Western Europe maintaining its stable growth rate and the US economy chugging along defying the twin deficits so far and Japan posting healthy growth rates for the first time in a decade, the Indian economy has also ample opportunities to keep growing.

GENERAL INSURANCE:

The Indian general insurance market moved in tandem with the Indian economy. The sector, riding on the crest of a strong economic growth, posted an impressive growth of 13% for the current financial year. The most impressive spectacle has been the foray of the private players. This has led to the demolition of capitalism's bete-noire "monopoly". In only their fifth year of operations, the private players have garnered a market share of 19.7%, up from about 14% a year ago. The Gross premium procured by the general insurers amounted to Rs.18,000 cr. as compared to Rs.16,118 cr. in the previous financial year.

The public sector general insurance companies are in the process of restructuring their operations to cope up with the competitive pressures unleashed by the private players. The companies are restructuring their business portfolios and are planning innovative products.

The global insurance market has shown a better record on the underwriting front in 2004 than in the previous years. The property/casualty market recorded the best underwriting year in the last 26 years. The combined ratio(a measure of loss and expenses as a % of net premium written) of the US insurance market amounted to 98.1%, the first time it has come down in the last 26 years. The US property / casualty industry grew 29%, recording a robust increase in premiums over the previous year. The net underwriting profit of the US property/casualty insurers stood at \$5.04 bn. The present trend of soft premium rates is expected to continue. The steady growth rate of the global economy portends to a stable scenario for the global insurance market in the coming financial year.

REINSURANCE:

The price increases in the reinsurance market, which started in the year 2000 and dramatically increased after the 11th September 2001 events had peaked in 2002/2003, had softened to a degree in 2004. Property

classes having better loss experience fared better in getting competitive terms both in risk and catastrophe excess of loss programs.

The year 2004 saw many major catastrophe events worldwide, which was never experienced before. Four major tropical hurricanes hit south east coast of USA and the Caribbean. The insured losses could be reaching US\$ 30bn. In Japan, ten typhoons made landfall of which typhoon Songda is expected to cause an insured loss of US \$ 2.5 bn. Then there was at the end of the year the devastating Tsunami in the Indian Ocean, which caused huge loss of life and homes. But here were very few insured losses other than the coastal holiday resorts. The year also had events like earthquake, winter storms, floods and landslides in many parts of the world including our sub-continent.

Despite the catastrophic events, there was ample capacity for property class of business. It is expected that most of the re-insurers will make profits in 2004. This can be attributed to many ceding companies having higher retentions following the hard market years.

Modeling of catastrophic perils continued to be of importance in reinsurance pricing. Prices based on modeling is getting worldwide acceptance and is less impacted by price volatility. However, the frequent catastrophe in one territory within a short period of time has made some 'cat models' to have a re-look in the system.

Liability classes had sufficient capacity with the rates appearing to have reached a peak and in some cases it had declined.

The proportional (surplus) treaty market remains hard with the continued pressure for having event limits, cession limits, cat aggregates and improvement in commission etc. The lead insurers, which are limited, want greater control in the treaties. However, the Indian market is yet to follow the international practice of having event limits/cession limits in their surplus treaties.

The 2005 renewals showed that property rates continued its slow southwards movement notwithstanding the catastrophe events of 2004. There was sufficient capacity for almost all classes and capital providers expected better returns than from any other source.

The Indian general insurance industry is on the threshold of a paradigm change. A momentous transformation pervading various aspects like the regulatory framework, the intermediaries, equity and ownership structures is on the anvil.

The policy of liberalization may sooner or later bring about changes in the limits of FDI permissible, paving way for increased foreign ownership. The advent of the brokers and the banks as intermediaries will radically transform the distribution network of the insurance industry. Plans are afoot for the phased de-tariffing of the general insurance industry. The above aspects pose daunting challenges and at the same time create lucrative opportunities. The general insurance industry should prepare to brace the challenges ahead through prudent underwriting and sound management practices. The galloping services sector presents many opportunities for insurance, which are yet to be tapped. The global business trends and the increasing exposure of the Indian businesses to the international legal environment present tremendous opportunities for liability insurance, which are yet to be explored. Personal line insurance business is another branch of insurance with tremendous potential. The insurance penetration achieved so far is just the tip of the iceberg. A journey to the zenith of the iceberg will need a concerted and a dedicated effort from the industry players, the regulator and the intermediaries. New India, as the torchbearer of the industry and with a rich legacy to live with, has to lead the next General Insurance revolution. Surely, the 'leader is on the prowl' with a view to contribute to the industry as well as to the nation.

DIRECTORS' REPORT : 2004-05

Report of the Board of Directors of The New India Assurance Company Limited under Section 217 of the Companies Act 1956.

To the Members :

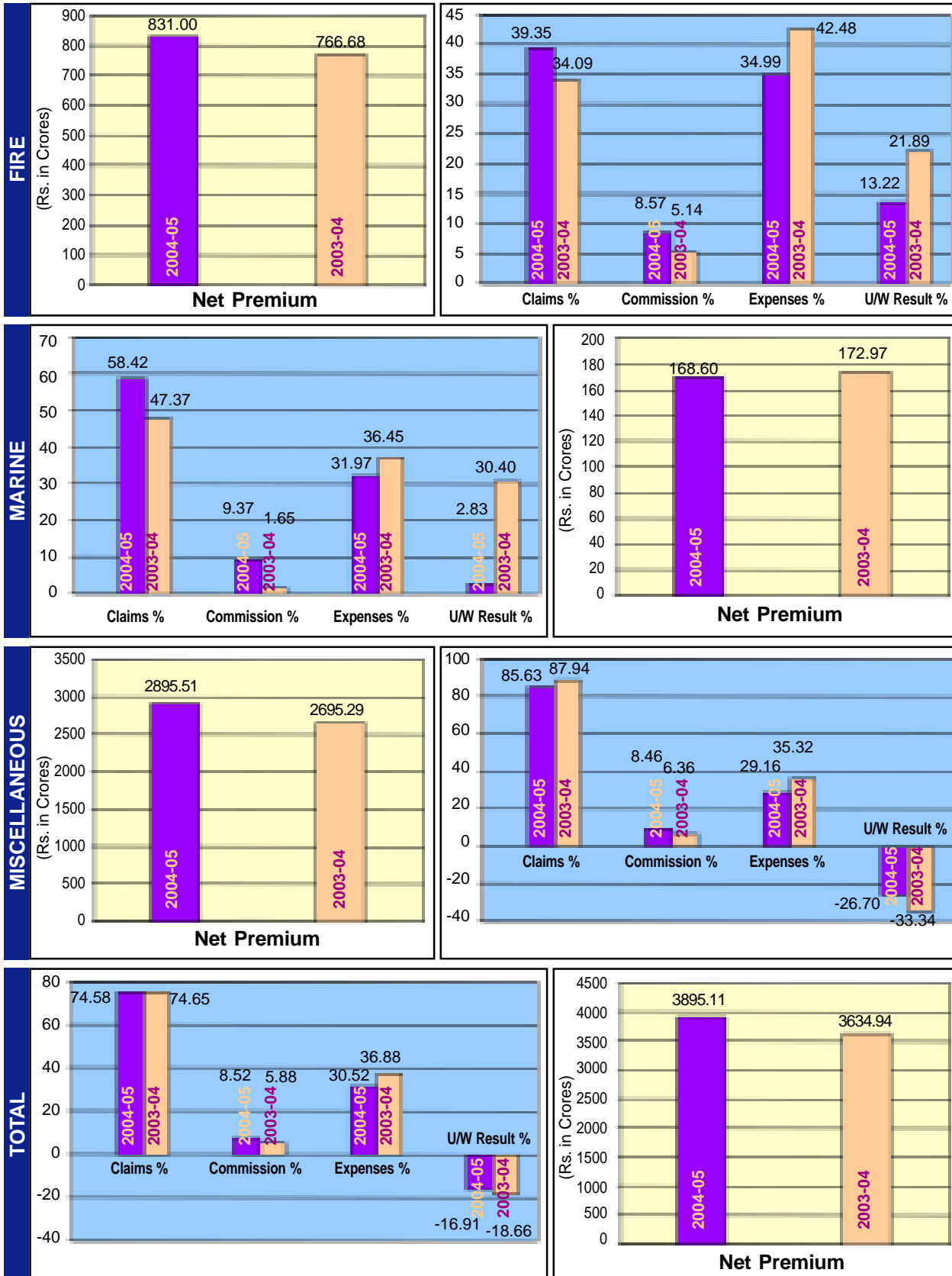
The Directors are pleased to present the 86th Annual Report together with the Audited Statement of Accounts and Balance Sheet of the Company for the year ended 31st March, 2005.

I. CLASS-WISE PERFORMANCE SUMMARY

(Rupees in crores)

		Year	Fire	Marine	Misc.	Total
Gross Direct Premium In India		2004-05	788.88	252.49	3169.44	4210.81
	Percentage growth		1.76	-2.60	5.25	4.08
		2003-04	775.20	259.22	3011.26	4045.68
			-10.64	-24.73	11.14	3.17
Gross Direct Premium Outside India		2004-05	274.83	48.73	568.79	892.35
	Percentage growth		-6.04	4.95	5.95	1.89
		2003-04	292.49	46.43	536.87	875.79
			-3.91	35.76	-2.90	-1.77
Gross Direct Premium Total		2004-05	1063.71	301.22	3738.23	5103.16
	Percentage growth		-0.37	-1.45	5.36	3.69
		2003-04	1067.69	305.65	3548.13	4921.47
			-8.89	-19.27	8.76	2.26
Re-Insurance Premium Accepted In India		2004-05	62.82	11.16	25.68	99.66
		2003-04	62.06	6.86	28.16	97.08
Outside India		2004-05	178.70	10.38	25.84	214.92
		2003-04	101.07	5.49	20.72	127.28
Total		2004-05	241.52	21.54	51.52	314.58
		2003-04	163.13	12.35	48.88	224.36
Re-Insurance Premium Ceded In India		2004-05	346.24	134.40	825.81	1306.45
		2003-04	342.87	127.08	829.39	1299.34
Outside India		2004-05	127.99	19.76	68.43	216.18
		2003-04	121.27	17.95	72.33	211.55
Total		2004-05	474.23	154.16	894.24	1522.63
		2003-04	464.14	145.03	901.72	1510.89

Current Year against Previous Year



(Rupees in crores)

	Year	Fire	Marine	Misc.	Total
Net Premium In India	2004-05	505.46	129.25	2369.31	3004.02
Percentage increase over previous year		2.24	-7.01	7.21	5.65
Percentage to gross premium		64.07	51.19	74.75	71.34
	2003-04	494.39	139.00	2210.03	2843.42
		-0.51	-16.63	10.76	6.93
		63.78	53.62	73.39	70.28
Net Premium Outside India	2004-05	325.54	39.35	526.20	891.09
Percentage increase over previous year		19.56	15.84	8.44	12.58
Percentage to gross premium		118.45	80.75	92.51	99.86
	2003-04	272.29	33.97	485.26	791.52
		-16.17	0.80	-2.74	-7.68
		93.09	73.16	90.39	90.38
Net Premium Total	2004-05	831.00	168.60	2895.51	3895.11
Percentage increase over previous year		8.39	-2.53	7.43	7.16
Percentage to gross premium		78.12	55.97	77.46	76.33
	2003-04	766.68	172.97	2695.29	3634.94
		-6.70	-13.70	8.06	3.37
		71.81	56.59	75.96	73.86
Increase in Un-expired Risks Reserves	2004-05	32.16	-4.37	100.15	127.94
Percentage to net premium		3.87	-2.59	3.46	3.28
	2003-04	-27.51	-27.46	100.46	45.49
		-3.58	-15.88	3.73	1.25
Net Premium Earned	2004-05	798.84	172.97	2795.36	3767.17
	2003-04	794.19	200.43	2594.83	3589.45
Net Incurred Claims	2004-05	327.02	98.50	2479.46	2904.98
Percentage to net premium		39.35	58.42	85.63	74.58
	2003-04	261.34	81.94	2370.30	2713.58
		34.09	47.37	87.94	74.65
Net Commission	2004-05	71.19	15.79	244.90	331.88
Percentage to net premium		8.57	9.37	8.46	8.52
	2003-04	39.37	2.86	171.39	213.62
		5.14	1.65	6.36	5.88
Operating Expenses related to Insurance business including Foreign Taxes & Exchange Gain/Loss	2004-05	290.76	53.90	844.22	1188.88
Percentage to net premium		34.99	31.97	29.16	30.52
	2003-04	325.67	63.04	951.85	1340.56
		42.48	36.45	35.32	36.88

(Rupees in crores)

	Year	Fire	Marine	Misc.	Total
Underwriting Results	2004-05	109.87	4.78	-773.22	-658.57
Percentage to net premium		13.22	2.83	-26.70	-16.91
	2003-04	167.81	52.59	-898.71	-678.31
		21.89	30.40	-33.34	-18.66
Investment Income apportioned, including profit on realisation of investments (net of provision for NPAs)	2004-05	120.96	50.23	720.16	891.35
Percentage to net premium		14.56	29.79	24.87	22.88
	2003-04	126.96	57.10	602.79	786.85
		16.56	33.01	22.36	21.65
Surplus / Deficit (-) in Policyholders' Account	2004-05	230.83	55.01	-53.06	232.78
Percentage to net premium		27.78	32.63	-1.83	5.98
	2003-04	294.77	109.69	-295.92	108.54
		38.45	63.42	-10.98	2.99

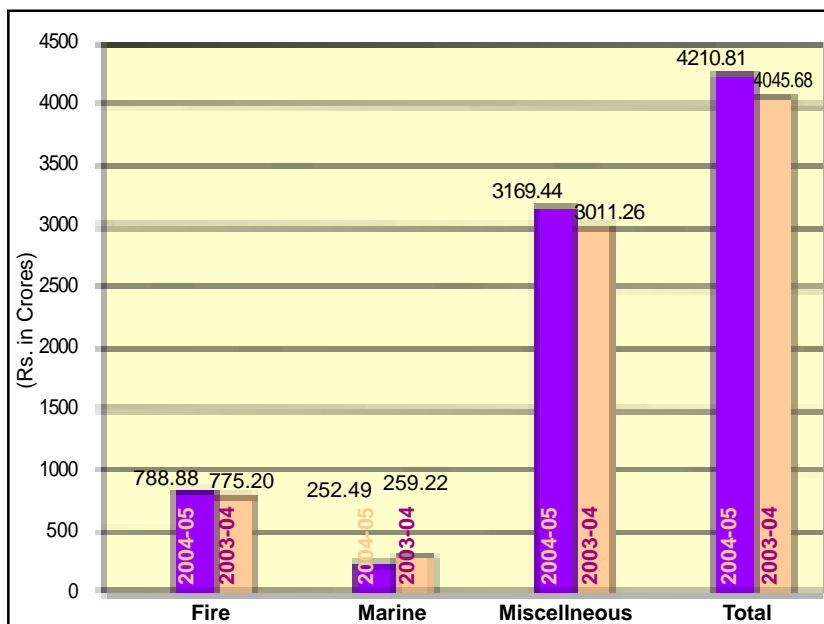
II. PERFORMANCE REVIEW FOR THE YEAR 2004-05

(Rs. in crores)

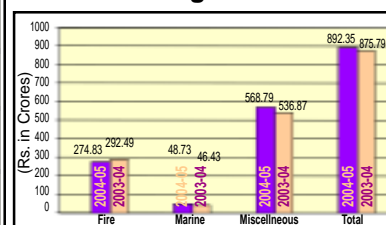
A. Gross Direct Premium

	2004-05	2003-04
In India	4210.81	4045.68
Percentage change over previous year	4.08	3.17
Outside India	892.35	875.79
Percentage change over previous year	1.89	-1.77
Total	5103.16	4921.47
Percentage change over previous year	3.69	2.26

Indian Gross



Foreign Gross



II. PERFORMANCE REVIEW FOR THE YEAR 2004-05 (Contd.)

(Rs. in crores)

2004-05 2003-04

The performance of the Company during 2004-05 on GDP (Gross Direct Premium) front has shown significant improvement over the previous year in domestic as well as in foreign markets. The domestic market showed a growth rate of 4.08 % against previous year's growth rate of 3.17%. The foreign operations have shown a growth of 1.89% against previous years negative growth of 1.77%. Global growth rate has shown an improvement from 2.26% to 3.69%. During the year the Company achieved another landmark by crossing Rs.5000 crores Gross Direct Premium, and is the first Indian company to achieve this landmark.

Like earlier year Miscellaneous portfolio continues to contribute substantially to the company's overall growth, Marine business has shown a fall. However in the prevailing market conditions the growth of the Indian fire business 1.76% against (-) 10.64% of previous year and its contribution (18.73%) to the Indian gross is worth noting. This shows that the company has been successful in resisting the inroads of private players in this class of business.

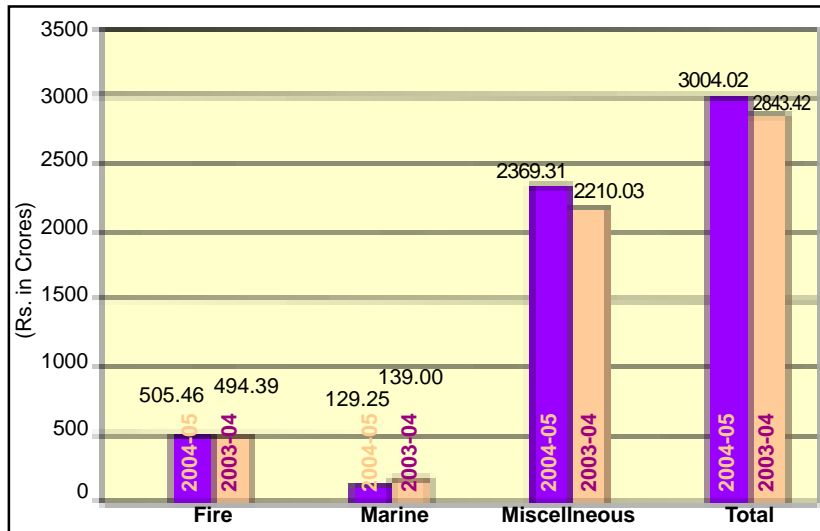
B. Net Premium

3895.11 3634.94

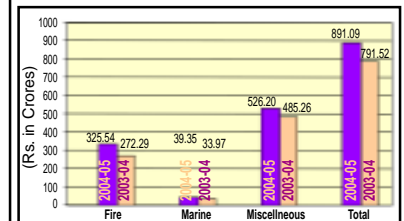
Percentage change over previous year

7.16 3.37

Indian Net



Foreign Net



During the current year Net Premium grew by Rs.251.17 crores though the growth of Gross Direct Premium was Rs 181.69 crores. This indicates increased retention on net account which is also reflected in the increased retention ratio of 76.33% against 73.86% of the previous year.

C. Additional Un-Expired Risks Reserves

127.94 45.49

Percentage to net premium

3.28 1.25

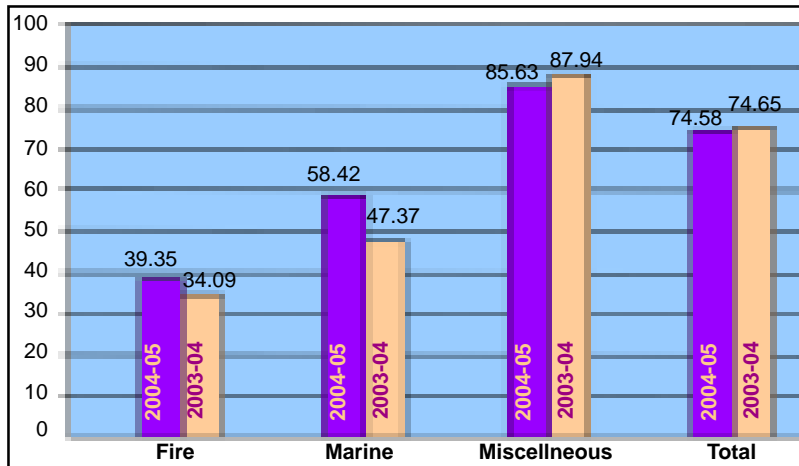
Better business performance of the company has naturally led to the increased provision for un-expired risks reserves. Rs 127.94 crores is provided in the current year for un-expired risks reserves as against Rs 45.49 crores in the previous year. The un-expired risks reserves of the Company on 31.03.2005 stand at Rs.2031.85 crores against corresponding amount of Rs.1903.91 crores on 31.03.2004.

II. PERFORMANCE REVIEW FOR THE YEAR 2004-05 (Contd.)

(Rs. in crores)

	2004-05	2003-04
D. Incurred Claims	2904.98	2713.58
Percentage to net premium	74.58	74.65

Incurred Claims (%)



During the year overall incurred claims ratio has marginally come down from 74.65% to 74.58% showing a decline of 0.07% (basis point). Though the claims ratio has gone up in fire and marine portfolio, the marginal improvement in the overall claims ratio can be attributed to a significant reduction in the claims ratio of motor portfolio due to sustained efforts in controlling claims in this portfolio. The improvement in the net claims ratio, even when the gross claims ratio had gone up by 6% (from 70% to 76%) shows the efficacy of the company's reinsurance programme. The gross claims ratios continue to be above 90% in Motor, Rural Non Traditional Business, Urban Non Traditional Business portfolio.

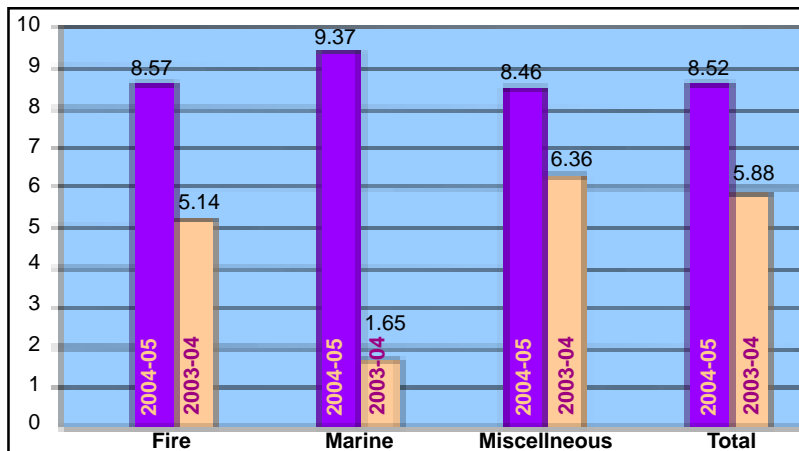
As stipulated by Insurance Regulatory & Development Authority, the Appointed Actuary has valued the outstanding claims reserves. The provisions made for Incurred But Not Reported and Incurred But Not Enough Reported Claims during the year was Rs 636 crores as against Rs 554 crores provided in the previous year.

E. Commission

331.88 213.62

Percentage to net premium	8.52	5.88
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Commission (%)



II. PERFORMANCE REVIEW FOR THE YEAR 2004-05 (Contd.)

(Rs. in crores)

2004-05 2003-04

The burden of commission bill continues to swell, obviously due to the changes in the remuneration of market intermediaries in the last two to three years brought about by the privatisation of the industry. The additional burden on the company on account of commission was Rs. 118.26 crores. The percentage of commission to the net premium significantly went up from 5.88% in the previous year to 8.52% in the current year, thereby adversely affecting the profitability.

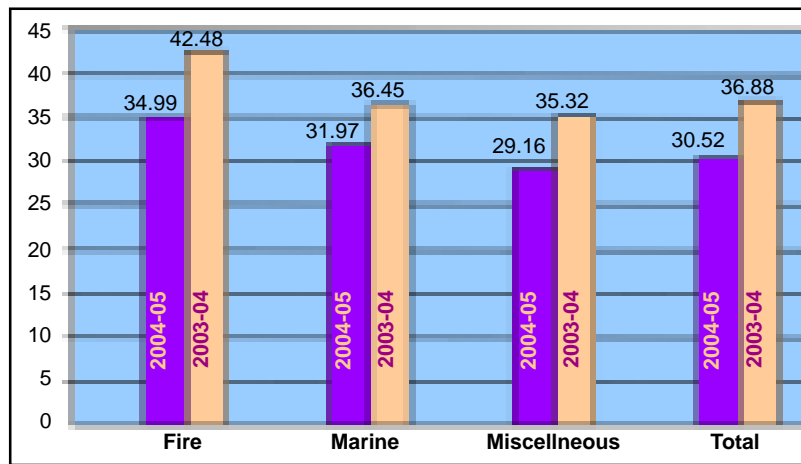
F. Operating Expenses related to Insurance Business including Foreign Taxes

1188.88 1340.56

Percentage to net premium

30.52 36.88

Expenses (%)



Operating expenses have declined from Rs 1340.56 crores to Rs 1188.88 crores, thus showing a decline of 6.36 percentage points i.e from 36.88% to 30.52% of net premium. The reduction would have been much higher but for the provision of Rs 110 crores made for impending wage revision and Rs 54 crores towards amortisation of SVRS payments.

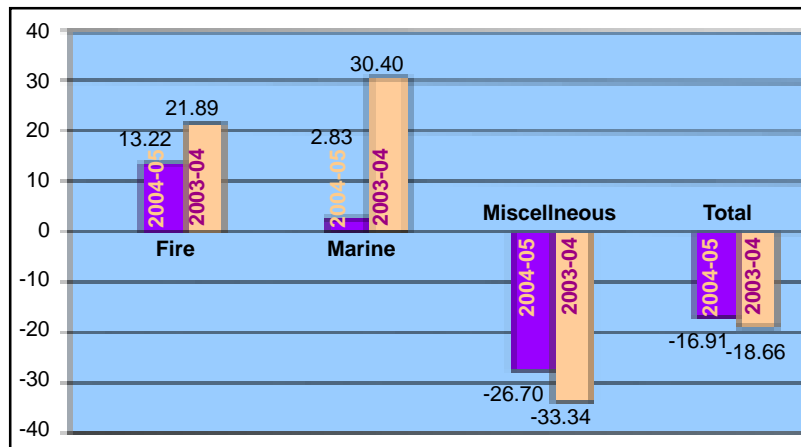
G. Underwriting Result

-658.57 -678.31

Percentage to net premium

-16.91 -18.66

Underwriting Result (%)



II. PERFORMANCE REVIEW FOR THE YEAR 2004-05 (Contd.)

(Rs. in crores)

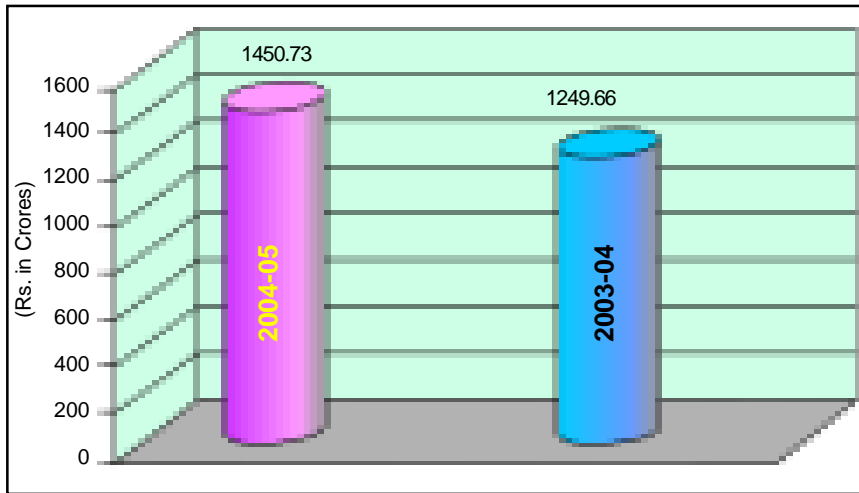
2004-05 2003-04

In view of stable claims ratio and expenses ratio the underwriting result for the current year remained stable. The underwriting loss in absolute terms has shown an improvement of Rs 19.74 crores, an improvement of 1.75 percentage points in relative terms. The reduction in operating expenses was to a great extent offset by the increase in commission cost.

H. Investment Income (less provisions)

(a) Apportioned to Policyholders	891.35	786.85
(b) Apportioned to Shareholders	559.38	462.81
Total	1450.73	1249.66

Investment Income



The continuing low interest rate regime is a constraint on the investment income of the company. The growth in the investment income during the year was again contributed by the growth in profits on sale or redemption of investments. The net NPA percentage has come down from 8.50% during 2003-04 to 3.70% during the current year. The mean yield on funds (yield including profit on sale of investment) has improved from 18.92% during 2003-04 to 20.86% during 2004-05. The yield calculations are based on Insurance Regulatory & Development Authority guidelines.

I. Revenue Account Result after crediting of Investment

Income (less provisions) apportioned to Policyholders Account as detailed above in H(a)	232.78	108.54
Percentage to net premium	5.98	2.99

Fire portfolio made the major contribution to the revenue account results, with 230.83 crores out of total of Rs. 232.78 crores. While Marine Department contributed Rs. 55.01 crores the Miscellaneous Department made a negative contribution of Rs. (-)53.06 crores.

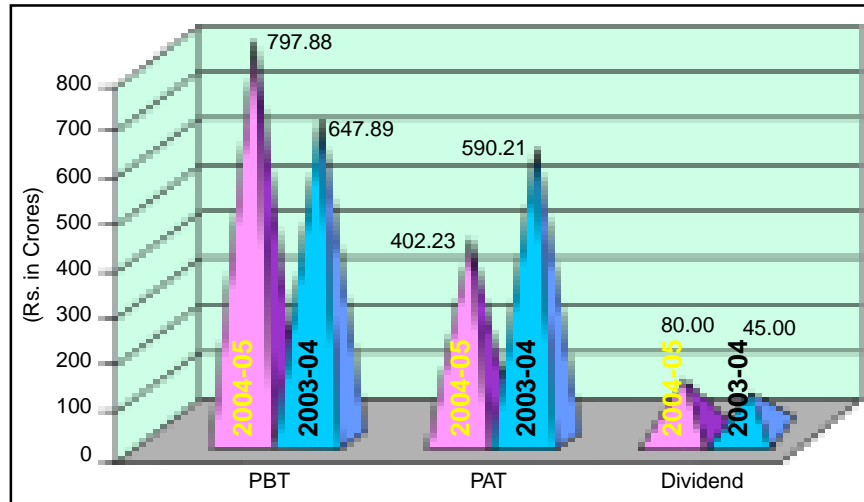
J. Other Incomes (Outgo)

5.72 76.54

Income other than premium and investment income has come down from Rs 76.54 crores (Credit) to 5.72 crores. Other income consists of net of sundry balances written back, profit/loss on sale of assets interest on tax etc.

II. PERFORMANCE REVIEW FOR THE YEAR 2004-05 (Contd.)		(Rs. in crores)	
		2004-05	2003-04
K.	Profit before Tax	797.88	647.89
L.	Profit after Tax	402.23	590.21
M.	Interim Dividend	20.00	-
	Proposed Final Dividend	60.00	45.00
	Dividend Tax	11.03	5.77

Profits & Dividend



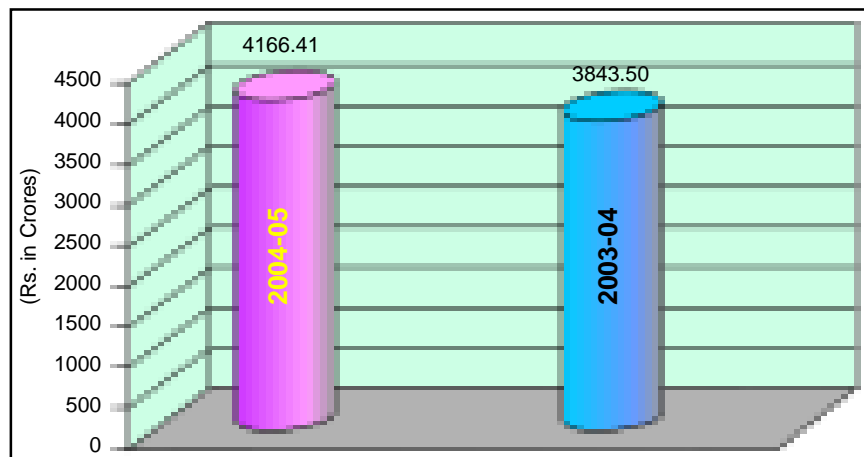
While the profits before tax for the current year grew by 23.15% over previous year, the profits after tax fell down by 31.85%. This is due to the additional tax liability, which has arisen because of the Income Tax Departments' policy of taxing the profits on sale of investments, which was not taxable all these years. The Directors recommend a final dividend of Rs 60 crores at Rs. 4 per share as against previous year's 45 crores. This is in addition to interim dividend of Rs. 20 crores.

N.	Paid-up Capital	150.00	100.00
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During the year 5,00,00,000 fully paid up equity shares of Rs. 10 each amounting to Rs. 50 crores were issued as bonus shares by capitalisation of reserves.

O.	General Reserves	4166.41	3843.50
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General Reserves



II. PERFORMANCE REVIEW FOR THE YEAR 2004-05 (Contd.)

(Rs. in crores)

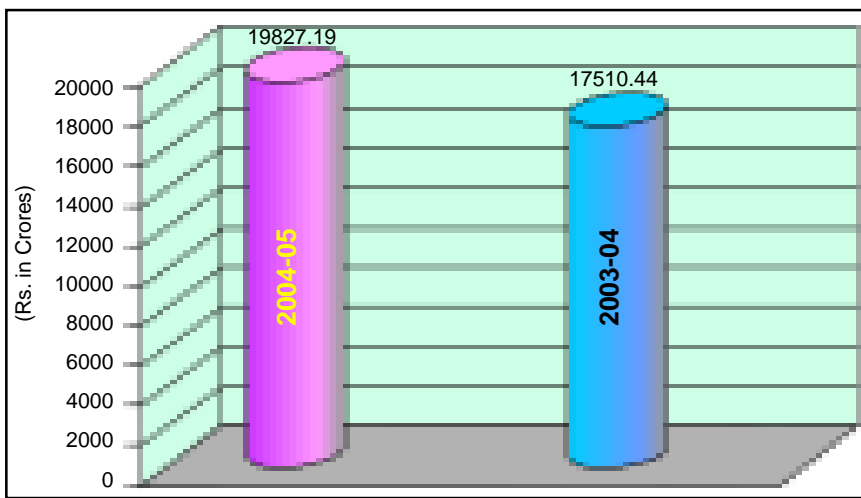
2004-05 2003-04

An amount of Rs 311.20 crores representing 77.37% of the net profit after tax has been transferred to General Reserves against a minimum of 10% required under Rule 2 of the Companies (Transfer of Profit to Reserves) Rules 1975. During the year reserves of Rs 50 crores were utilised for issue of bonus shares. In view of the changes in Accounting Standard 11 the accounting of foreign exchange transactions was changed during the year and Foreign Currency Translation Reserve amounting to Rs 61.71 crores was created. This amount is included as part of shareholders funds.

P. Total Assets

19827.19 17510.44

Assets

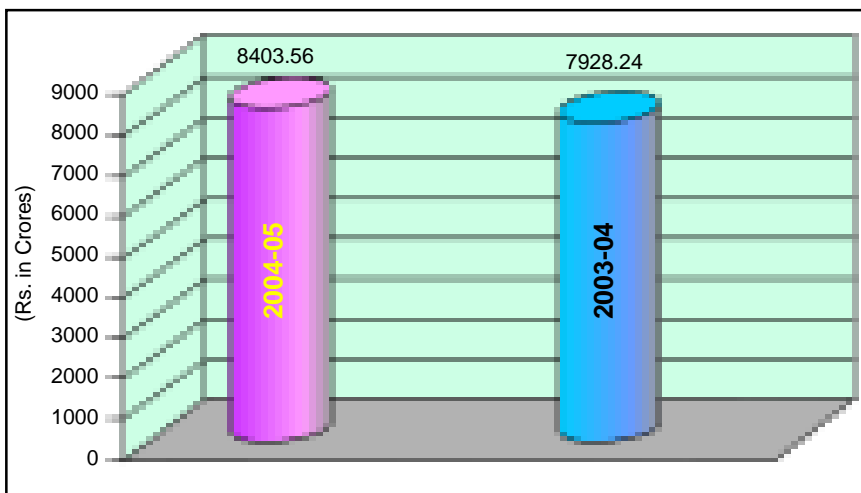


The total assets of the Company have grown by Rs 2316.75 crores. An increase of Rs 1009.07 crores in fair value change account from Rs 5837.89 crores to Rs. 6846.96 crores, changes in deferred tax assets of Rs 48.82 crores and miscellaneous unappropriated expenses of Rs (-)53.56 crores towards voluntary retirement scheme of employees, have contributed to the changes in assets. Balance Rs 1312.42 crores are net additions to the assets of the Company.

Q. Investments

8403.56 7928.24

Investments



II. PERFORMANCE REVIEW FOR THE YEAR 2004-05 (Contd.)

(Rs. in crores)

2004-05 2003-04

The investment portfolio in India stood at Rs.8403.56 crores against Rs.7928.24 crores of the previous year, showing an increase of Rs.475.32 crores representing 6% growth over previous year. Foreign Investments grew by Rs. 28.17 crores i.e. from Rs. 308.22 crores as on 31.03.2004 to Rs. 336.39 crores on 31.03.2005. Investments in directed sectors comprising of Central and State Government Securities, Government Guaranteed Bonds, Infrastructure Investments and loans to State Governments for Housing/Fire Fighting Equipment amounted to Rs 5202.52 crores as against Rs 4410.69 crores as at the end of the previous year. Approved investments other than in directed sectors stood at Rs 2430.46 crores as at 31st March 2005 representing 28.92% of the investment portfolio as against Rs 2684.34 crores as at 31st March 2004 representing 33.8% of investment portfolio. The unapproved investments as on 31.03.2005 stand reduced to Rs 770.57 crores, from Rs. 833.16 crores as on 31.03.2004, representing 9.17% of the portfolio against 10.51% of the previous year. During the year Corporate Debts/Loans worth Rs 243.81 crores were restructured under CDR Mechanism as against Rs 118.66 crores of restructuring done in the previous year.

R. Solvency Margin

❖ Required Solvency Margin under IRDA Regulations (Global)	985.43	981.79
❖ Available Solvency Margin (Global)	3177.60	3403.15
❖ Required Solvency Margin under IRDA Regulations (Indian)	820.58	826.89
❖ Available Solvency Margin (Indian)	3670.94	3298.19

The increase in Indian solvency ratio from 3.99 to 4.47, despite the growth in business and the increase in outstanding liabilities of the company, reflects the sound fundamentals on which the Company is working.

S. Compliance with Section 40 (C)

❖ Percentage of expenses prescribed under the Act	19.70%	19.68%
❖ Company's actual percentage of expenses	24.95%	29.29%
❖ Percentage of expenses including commission prescribed under the Act	27.57%	26.13%
❖ Company's actual percentage of expenses including commission.	32.93%	35.74%

The limits of expenses prescribed under section 40 C of the Insurance Act 1938 have been exceeded during 2004-05. This is due to the additional cost on account of provision made for arrears of wages.

III. PERFORMANCE OF FOREIGN OPERATIONS

The Gross Premium of Rs. 1077.55 crores in 2004-05 as against Total Premium Rs. 994.34 crores in 2003-04 represents an accretion of 8.4%. The Net Premium was Rs. 867.74 crores in 2004-05 as against Rs. 794.22 crores in 2003-04 showing an accretion of 9.3%.

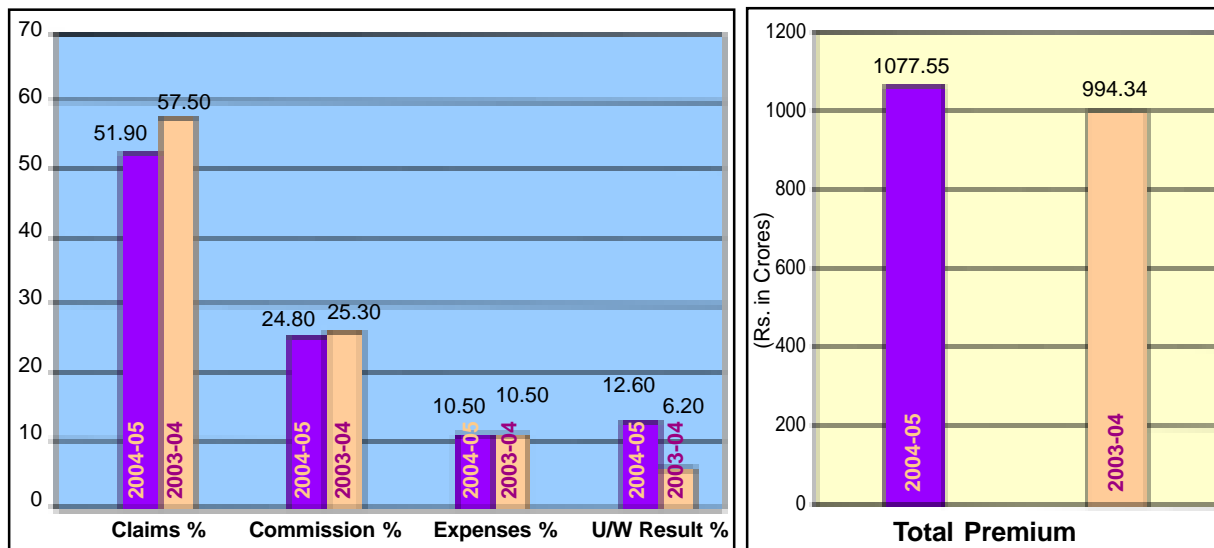
The Company's overseas operations during the year were affected by typhoon claims and some major losses in Motor and Miscellaneous businesses in Japan, Hurricane Ivan losses in Aruba, tsunami losses in Bangkok and a major fire claim in Riyadh.

Despite the above claims foreign operations earned underwriting profit of Rs. 72.15 crores in 2004-05 as against Rs. 56.14 crores in 2003-04.

Overseas operational results for the year ended 31.03.2005 are given below:

Sl. No.	Particulars	2004-05		2003-04	
		Rs. In Crores	Percentage to Net Premium	Rs. In Crores	Percentage to Net Premium
1.	Gross Premium (Gross Direct plus Accepted) (Percentage growth over P.Y.)	1077.55 8.4%		994.34 0.5%	
2.	Branch Net Premium (Percentage growth over P.Y.)	867.74 9.3%		794.22 (-) 2.4%	
3.	Incurred Claims	450.49	51.9	456.37	57.5
4.	Commission	215.11	24.8	201.02	25.3
5.	Expenses of Management	90.98	10.5	83.74	10.5
6.	Exchange Gain/Loss Other Income/Outgo	(-) 1.87	(-) 0.2	(-) 4.14	(-) 0.5
7.	Underwriting Profit/Loss before Reserve Strain	109.29	12.6	48.95	6.2
8.	Reserve Strain/Release	37.14	4.3	(-) 7.19	(-) 0.9
9.	Underwriting Profit/Loss after Reserve Strain	72.15	8.3	56.14	7.1
10.	Investment Income	48.42	5.6	42.69	5.4
11.	Net Profit / Loss	120.57	13.9	98.83	12.5

Overseas Operations - U/W Performance



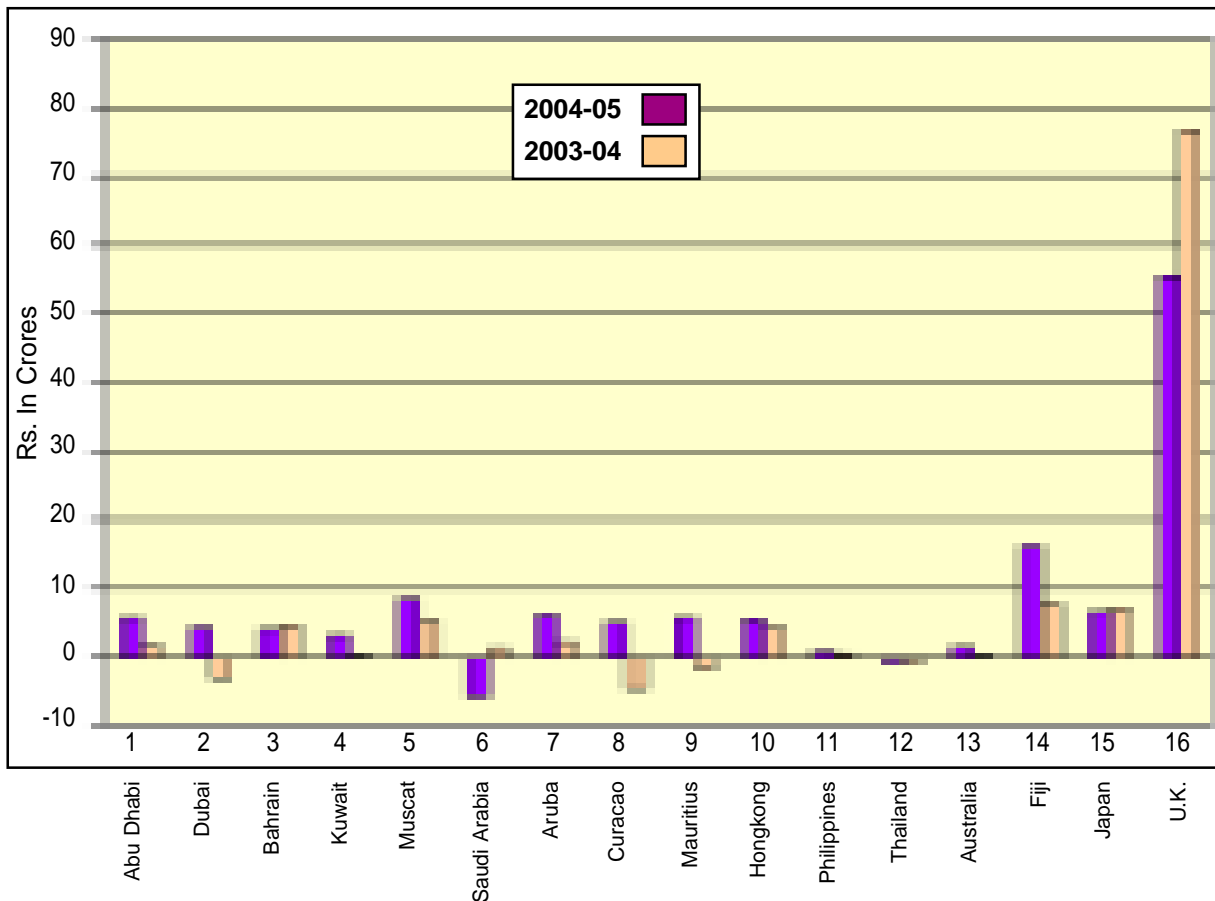
An analysis of overseas performance, branch wise, is shown in the table below:

Branch / Unit Wise Performance - Overseas Operations

(RS. IN CRORES)
(C.Y. : Current Year, P.Y. : Pervious Year)

COUNTRY		GROSS PREM-IUM		NET PREM-IUM		CLAIMS		COMMISSION		MGT. EXP.		RES. STR.		INCOME		U/W PROFIT		INVTMENT INCOME		NET PROFIT	
		Rs.	Rs.	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
ABU DHABI	C.Y.	21.39	19.13	12.48	65.2	4.67	24.4	0.31	1.6	-3.77	-19.7	0	0.0	5.44	28.4	0.12	0.6	5.56	29.1		
	P.Y.	31.20	26.85	24.09	89.7	7.78	29.0	0.32	1.2	-8.34	-31.1	-1.42	-5.3	1.58	5.9	0.11	0.4	1.69	6.3		
DUBAI	C.Y.	54.32	36.29	18.46	50.9	10.90	30.0	0.64	1.8	2.51	6.9	0.05	0.1	3.83	10.6	0.39	1.1	4.22	11.6		
	P.Y.	44.76	30.89	18.08	58.5	8.97	29.0	0.71	2.3	4.17	13.5	-2.43	-7.9	-3.47	-11.2	0.29	0.9	-3.18	-10.3		
BAHRAIN	C.Y.	33.18	27.74	15.09	54.4	7.47	26.9	0.56	2.0	0.81	2.9	0	0.0	3.81	13.7	0.26	0.9	4.07	14.7		
	P.Y.	32.41	26.17	10.11	38.6	6.85	26.2	0.59	2.3	1.81	6.9	-2.40	-9.2	4.41	16.9	0.11	0.4	4.52	17.3		
KUWAIT	C.Y.	26.19	23.04	11.75	51.0	7.81	33.9	0.65	2.8	-0.15	-0.7	-0.08	-0.3	2.90	12.6	0.12	0.5	3.02	13.1		
	P.Y.	26.37	22.96	11.75	51.2	7.9	34.4	0.71	3.1	1.91	8.3	-0.64	-2.8	0.05	0.2	0.11	0.5	0.16	0.7		
MUSCAT	C.Y.	63.73	53.26	28.47	53.5	13.65	25.6	0.43	0.8	4.27	8.0	0	0.0	6.44	12.1	2.09	3.9	8.53	16.0		
	P.Y.	54.34	45.88	27.3	59.5	12.32	26.9	0.42	0.9	-2.29	-5.0	-4.64	-10.1	3.49	7.6	1.69	3.7	5.18	11.3		
SAUDI ARABIA	C.Y.	23.46	12.33	13.77	111.7	3.55	28.8	0.87	7.1	-0.70	-5.7	-0.69	-5.6	-5.85	-47.4	0.02	0.2	-5.83	-47.3		
	P.Y.	23.55	12.89	5.5	42.7	3.76	29.2	0.97	7.5	-0.03	-0.2	-1.44	-11.2	1.25	9.7	0.00	0.0	1.25	9.7		
ARUBA	C.Y.	44.27	41.49	20.04	48.3	14.72	35.5	1.08	2.6	0.95	2.3	-0.33	-0.8	4.37	10.5	1.69	4.1	6.06	14.6		
	P.Y.	43.62	39.57	16.2	40.9	14.49	36.6	0.66	1.7	1.38	3.5	-6.30	-15.9	0.54	1.4	1.65	4.2	2.19	5.5		
CURACAO	C.Y.	14.10	12.89	5.32	41.3	3.65	28.3	0.88	6.8	-0.73	-5.7	0.14	1.1	3.91	30.3	1.03	8.0	4.94	38.3		
	P.Y.	16.06	14.33	12.55	87.6	4.79	33.4	0.75	5.2	0.16	1.1	-1.74	-12.1	-5.66	-39.5	0.97	6.8	-4.69	-32.7		
MAURITIUS	C.Y.	28.78	18.79	11.07	58.9	2.54	13.5	1.49	7.9	1.21	6.4	0.11	0.6	2.59	13.8	3.12	16.6	5.71	30.4		
	P.Y.	23.75	16.27	15.06	92.6	1.98	12.2	1.91	11.7	0.93	5.7	-1.18	-7.3	-4.79	-29.4	3.04	18.7	-1.75	-10.8		
HONGKONG	C.Y.	21.00	19.73	8.18	41.5	5.90	29.9	2.23	11.3	-1.15	-5.8	-0.01	-0.1	4.56	23.1	0.98	5.0	5.54	28.1		
	P.Y.	23.29	21.94	5.06	23.1	6.41	29.2	2.3	10.5	0.49	2.2	-4.16	-19.0	3.52	16.0	0.71	3.2	4.23	19.3		
PHILIPPINES	C.Y.	2.31	2.08	0.52	25.0	0.48	23.1	0.92	44.2	0.30	14.4	0	0.0	-0.14	-6.7	0.94	45.2	0.80	38.5		
	P.Y.	2.22	1.50	0.25	16.7	0.36	24.0	1.00	66.7	-0.19	-12.7	-0.52	-34.7	-0.44	-29.3	0.74	49.3	0.30	20.0		
THAILAND	C.Y.	5.38	2.49	1.75	70.3	0.36	14.5	1.53	61.4	0.01	0.4	0.02	0.8	-1.14	-45.8	0.45	18.1	-0.69	-27.7		
	P.Y.	6.12	2.54	1.63	64.2	0.15	5.9	1.35	53.1	0.20	7.9	-0.50	-19.7	-1.29	-50.8	0.52	20.5	-0.77	-30.3		
AUSTRALIA	C.Y.	12.42	6.67	4.38	65.7	2.58	38.7	1.75	26.2	-0.04	-0.6	-0.1	-1.5	-2.10	-31.5	3.66	54.9	1.56	23.4		
	P.Y.	10.44	6.59	5.67	86.0	2.91	44.2	1.90	28.8	-0.71	-10.8	0.32	4.9	-2.86	-43.4	3.08	46.7	0.22	3.3		
FIJI	C.Y.	52.26	46.21	16.40	35.5	3.96	8.6	3.34	7.2	7.41	16.0	0.04	0.1	15.14	32.8	1.07	2.3	16.21	35.1		
	P.Y.	38.30	31.88	18.93	59.4	2.57	8.1	2.98	9.3	6.11	19.2	4.90	15.4	6.19	19.4	1.47	4.6	7.66	24.0		
JAPAN	C.Y.	182.65	150.36	73.18	48.7	27.41	18.2	41.77	27.8	2.56	1.7	-0.04	0.0	5.40	3.6	1.19	0.8	6.59	4.4		
	P.Y.	176.94	145.55	67.33	46.3	26.96	18.5	40.65	27.9	12.10	8.3	7.72	5.3	6.23	4.3	0.89	0.6	7.12	4.9		
UNITED KINGDOM	C.Y.	492.11	395.24	209.62	53.0	104.92	26.5	31.65	8.0	23.65	6.0	-0.96	-0.2	24.44	6.2	30.97	7.8	55.41	14.0		
	P.Y.	440.97	348.41	213.81	61.4	92.63	26.6	26.94	7.7	-24.89	-7.1	9.38	2.7	49.30	14.1	27.33	7.8	76.63	22.0		
RUN-OFF & OTHERS	C.Y.			0.01		0.54		0.88		0		-0.02		-1.45		0.32		-1.13			
	P.Y.			3.05		0.19		-0.42		0.00		0.91		-1.91		-0.02		-1.93			
TOTAL (RS).	C.Y.	1077.55	867.74	450.49	51.9	215.11	24.8	90.98	10.5	37.14	4.3	-1.87	-0.2	72.15	8.3	48.42	5.6	120.57	13.9		
	P.Y.	994.34	794.22	456.37	57.5	201.02	25.3	83.74	10.5	-7.19	-0.9	-4.14	-0.5	56.14	7.1	42.69	5.4	98.83	12.4		

Profitability-Foreign Offices



Directors' Report (contd.)

IV. PLANS FOR 2005-06

Domestic

The premium target for the year 2005-2006 is set at Rs. 4700 Crores against completion of Rs. 4211 Crores during 2004-05, with a targeted accretion of 11.61%.

With the sole objective of attaining better viability, the Company has started restructuring of its network in India. 58 offices out of 93 sanctioned so far have already been restructured. At the same time, the Company has also set up 26 extension counters to maintain the quality of services offered to the insuring public.

The Company has issued licenses to 106 corporate agents as on 31st March 2005. Training programmes for chief insurance executives and specified persons of corporate agencies, have been arranged at 51 of the Company's Agents' Training Centres. Various product familiarisation programmes were also conducted for officers and executives of corporate agencies and the bancassurance partners at different centers. In the year 2004-05, 6403 agents were successfully trained at various training centers to generate premia from rural sector and also to provide coverage to the insureds from social sectors. The Company's total agency force as on 31.03.2005 is 52,189. It has empanelled 195 brokers duly licensed by Insurance Regulatory & Development Authority as on 31st March 2005.



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दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड - The New India Assurance Co. Ltd.

भारत सरकार का उपक्रम \ A Government of India Undertaking

Directors' Report (contd.)

Foreign

The premium objective for 2005-06 is aimed at Rs.1175 Crores (Gross) and Rs. 946 Crores (Net) against completion of Rs. 1077.55 Crores (Gross) and Rs. 867.74 Crores (Net) during 2004-05, with a targeted accretion of 9%.

V. ORGANISATION - STRUCTURE

A. Domestic

During the year under review, the Company operated in domestic market through a network of 26 Regional Offices, 393 Divisional Offices, 614 Branch Offices, 34 Direct Agents Branches and produced a premium of Rs. 4210.81 Crores as against Rs. 4045.68 Crores of 2003-04, registering an increase of 4.08%.

B. Foreign

New India operates through a network of 19 branches, 12 agencies, 2 associate companies and 2 subsidiary companies including one fully owned subsidiary.

A new overseas branch office was opened at Auckland, New Zealand extending the company's operations to 24 countries. The certificate for registration was received in March 2004 and branch commenced its operations in May 2005.

New India is opening a joint venture company in Saudi Arabia along with Life Insurance Corporation of India, Mumbai, LIC International, Bahrain and a local partner. The application for license to operate as a joint venture company was submitted to SAMA, the Regulatory Authority and the application is in advanced stage of processing. The license is expected in September 2005.

VI. MOTOR LOSS CONTROL MEASURES

Motor Insurance is the Company's largest business portfolio. The high Incurred Claims Ratio of this portfolio and consequent drain have always been a cause for concern. Over the years, sustained efforts have been made to contain the deteriorating trend and reverse it. The Company has achieved discernable success in turning around the situation in 2004-05, by reducing the overall Incurred Claims Ratio to 92.82% from 103.64% in 2003-04. The Own Damage Loss Ratio has been reduced from 56.22% to 45.13% and the Third Party Loss Ratio from 191.07% to 180.48% (after taking into account IBNR). The sustained measures which have brought about the comforting change are:

1. Good underwriting control on motor insurance acceptances enlarged the percentage of profitable private car segment in overall motor insurance business.
2. Regular monitoring of the performances of surveyors and advocates.
3. Emphasis on settlement of Third Party losses through Lok Adalats.
4. Review of systems and procedure of offices with high claims ratio (both Own Damage and Third Party) to take corrective steps.
5. Effective steps to ensure elimination of fraudulent Third Party claims. Offices have effectively pursued cases of fraudulent Third Party claims with police and judicial authorities, resulting in several hundred cases being withdrawn.

VII. CLAIMS SETTLEMENT AND AGEWISE ANALYSIS

The Company puts in constant efforts in speeding up claims settlements. Its claim settlement ratio has been above 75% for the last three years as is evident below:

2002-03	77.87%
2003-04	78.06%
2004-05	79.23%

The performance of the Company with regard to claims settlement during 2004-05 is:

Number of Claims outstanding as on 01.04.2004	Number of claims intimated during 2004-05	Number of claims settled during 2004-05	Number of claims outstanding as on 31.03.2005	Claims Settlement Ratio	Corresponding % for 2003-04
387339	1450229	1455845	381723	79.23%	78.06%

Total number of claims outstanding as on 31.03.2005 was

Claims outstanding for more than 6 months (Gross Indian)	242475
Claims outstanding for less than 6 months (Gross Indian)	139248
Total	381723

VIII. RURAL INSURANCE, SOCIAL SECTOR INSURANCE AND SPECIAL SCHEMES

New India has been offering wide range of rural insurance products to meet the needs of the rural sector. The Company continued its efforts in providing benefits of general insurance through a number of products which have been developed over the years to cater to the needs of rural masses. Various new schemes were also introduced for farmers. With a view to enhance awareness of rural insurance covers, publicity campaigns were undertaken in various parts of the country through mass contact programs, cattle fairs, cattle health camps etc. The Company participated in several exhibitions conducted in rural areas. Leaflets and pamphlets in vernacular language containing information about rural insurance products were distributed in various fairs, camps and local festivals.

A. Bore well insurance

Keeping in view the hardships faced by farmers, the Company implemented a scheme for insurance of 15,000 bore wells to be drilled for agricultural purpose in the state of Andhra Pradesh, against failure to yield sufficient water. The group policy was issued in consultation with Ground Water Department of Andhra Pradesh Government which will be involved in scientific site selection, survey and yield testing. In the event of partial or total failure of bore well, the farmers will be compensated by payment of drilling cost upto Rs. 10,000/-.

B. Devi Rakshak

This personal accident insurance scheme was implemented in the State of Haryana for covering the



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earning head of 24 lakhs families, in the age group of 18 to 80 years. The scheme provides for payment of compensation of Rs. One lakh in the event of accident resulting in death/permanent total disablement of the earning head of the family. A premium of Rs. 6 Crores was collected under this Scheme during the year.

C. Personal Accident Insurance for Kisan Credit Card Holders

The agreement with National Bank for Agricultural Reconstruction & Development (NABARD) for Personal Accident Insurance Scheme for Kisan Credit Card holders was renewed and the Company continued the scheme in the Western Zone. The scheme provides for compensation to the Kisan Credit Card holder in the event of death or permanent disablement as a result of an accident. In the year 2004-05, about 21.19 lakh members have been covered under the scheme and a premium amount of Rs. 380.55 lakhs was collected. Under this scheme, 520 affected families were benefited by a payout of Rs. 134.87 lakh.

D. Universal Health Insurance Scheme

The Scheme was implemented in the year 2003 as per the directive of the Government of India for providing hospitalisation benefits to economically weaker sections of the society. The people living below poverty line were unable to pay the premium and the policy could not be marketed to the targeted population. As such the government enhanced the subsidy and directed to sell this policy exclusively to the families living below poverty line.

The Scheme provides for hospitalisation benefits upto Rs.30,000/- per person/family along with personal accident benefit of Rs.25,000/- for the earning head of the family during the period of insurance. There is a provision for cashless service through Third Party Administrators. During the year, 5311 policies were issued covering 15,641 persons and a premium of Rs. 21.82 lakhs was procured. 58 families were benefited by a pay out of Rs. 2,50,000/-.

E. Pandit Deendayal Upadhyay Jan Swasthya Bima Yojana

This is a Group Medclaim policy issued to provide Health insurance cover to 15,000 senior citizens in the age group of 60 to 80 years residing in Indore Municipal Corporation area. The policy provides for reimbursement of hospitalisation expenses upto Rs. 20,000/- per person. There is a provision for cashless service through Third Party Administrators. The Scheme fetched a total premium of Rs. 72.75 lakhs during the year.

F. Swasthya Bima Policy

This policy was introduced during the current year to provide hospitalisation benefit for the members of Self Help Groups and other credit-linked groups. The policy provides for reimbursement of hospitalisation expenses up to Rs. 10,000/- (including transportation and meals) during the policy period on payment of annual premium of Rs. 120/-. There is a provision of cash less service through Third Party Administrators in this Scheme also.

Claims settlement in the sector during the year 2004-05 is as follows:

Number of Claims outstanding as on 01.04.2004	Number of claims intimated during 2004-05	Number of claims settled during 2004-05	Number of claims outstanding as on 31.03.2005	Claims Settlement Ratio $(3)/[(1)+(2)]*100$	Corresponding % for 2003-04
(1)	(2)	(3)	(4)	(5)	(6)
13,353	43,612	45,907	11,058	80.59	82.72

Given below is age-wise analysis of pending claims as on 31.03.2005 in the sector:

Pending for	Number of Claims (All are non-suit claims)
Less than 3 months	4,439
3 to 6 months	1,581
6 months to one year	1,444
One year to 3 years	2,143
More than 3 years	1,451
Total	11,058

The performance details of socially relevant schemes of the Company for the last five years are furnished along with this Report.

IX. CUSTOMER SERVICE

Customer Service Cell is functioning at Head Office and established in all Regional Offices. "May I help You" Counters have been provided in all Regional Offices and Operating Offices.

Printed brochures for all the popular insurance covers have been provided to the customers through operating offices.

Online information of the Company's products is made available on the website, for the benefit of the customers. About 75 seminars have been organised at various centers to educate the customers.

X. CITIZENS' CHARTER

The Board modified the citizens' charter during the year 2003. Citizens' charter is displayed in prominent places in all Regional Offices, Divisional Offices and in the Head Office. Utmost attention is given to adhere to the assurances given in the Charter.

XI. GRIEVANCE REDRESSAL

The Company has a full-fledged Grievance Department at its Corporate Office headed by a Manager and supervised by General Manager. An officer not below the rank of Deputy Manager heads the Grievance Departments at Regional Offices. In Divisional Offices, the department is headed by an officer not below the rank of an Administrative Officer.

Grievance Cell at Head Office and Regional Offices provides information to customers on the status of the claim lodged by them within the shortest possible time. A new software, known as PGRAMS (Public Grievance Redressal and Monitoring Information System) software, is being implemented for efficient handling of grievances. It is an internet online programme facilitating accessibility to various authorities.

A Grievance Claim Review Committee has been set up at Regional Office level. One external judiciary member is present on the Committee. While reviewing the grievances this committee will also examine the legal issues involved, so that litigations are minimised.

The grievance settlement made during the year is shown below:

	General	IRDA*	DPG**	Total
Outstanding as on 31.03.2004	570	441	21	1032
Number of cases received during the year	1316	433	64	1813
Number of cases resolved during the year	1455	749	65	2269
Outstanding as on 31.03.2005	431	125	20	576

* Insurance Regulatory & Development Authority. ** Directorate of Public Grievances

The outstanding balance has been reduced by 50% during the year.

XII. TECHNO MARKETING

Techno Marketing Department offers Risk Transfer Programmes (RTPs) to all major corporate clients, be it in the operational phase or in the construction phase. Large investors or asset owners demand customised solutions of international standard. Techno Marketing facilitates the process by providing such Bespoke Programmes by interfacing with the Reinsurance Markets. Currently, out of the 18 operational risks which are outside the tariff regime in India, 13 are in the books of New India. In the current year, Techno Marketing Department facilitated procurement of premium of Rs. 334.95 crores (100%) and Rs. 162.18 crores for New India's share. Apart from this, the department provides business intelligence to various operating offices, both online and offline. Post sales, the department also aids in customer facilitation through interactive seminars.

XIII. PUBLICITY ACTIVITIES

During the year 2004-05, the following publicity activities were undertaken by the Company in rural, semi-urban and urban areas.

- a. **Electronic Media** : The Company released commercial spots on Doordarshan, CNBC, BBC and NDTV channels to reach urban, semi-urban and rural areas.
- b. **Outdoor Media** : The Company's hoardings and glowsigns have been put up at main road junctions, railway stations and at airports. Advertisements are also displayed on transit media like buses and trains. Wall paintings in rural areas and banner displays at local events are also done regularly to publicize the Company's name and its policies.
- c. **Print Media** : Advertisements are being released in various national, regional and local publications. Literature on various personal insurances is being disseminated to a targeted segment of population.

- d. **Fairs and Exhibitions** : Offices participate in fairs, exhibitions and cattle melas being held in various regions by setting up stalls and giving information on the different insurance schemes of the Company.
- e. **Sponsorships** : The Company sponsors various events related to sports, culture, health and also seminars to gain publicity benefits associated therewith.
- f. **Customer service seminars** : During the financial year 2004-05, a total of 75 customer seminars were held by the Regional Offices for executives of the valued clients to apprise them of the various insurance schemes.

XIV. REINSURANCE

For the financial year under review, the Company had its own reinsurance programme for the fourth consecutive year. Retentions, which were based on the Company's net worth continued to be the same as these were last year. However, to enable the Company to retain more from profitable risk, the net retention was increased in Fire and Miscellaneous portfolios. In respect of mega/package policies, net retention was increased from Rs. 50 Crores to Rs. 75 Crores in line with the fire retention. An additional second net retention of Rs. 75 Crores was also provided for Mega/Package risks and major fire risks which were protected under the Property Excess of Loss Cover. The profitable Public & Product Liability and Directors & Officers Liability retentions were increased to Rs. 10 Crores from Rs. 2 Crores which were to the Company's absolute net. All the treaties were placed with good securities.

In spite of the worst global catastrophic events in 2004 which included the disastrous tsunami that hit the Indian Coast on 26th December 2004, there was ample capacity in the international reinsurance market and the rates had softened. Our new reinsurance programme effective from 1st April 2005 has been finalised. Retentions in property have been increased to Rs. 100 Crores Probable Maximum Loss (PML) for Fire Risks and Rs. 200 Crores PML for Mega/Package risks. For major fire risk the Company's maximum retention can be scaled upto Rs. 200 Crores PML. The capacity of the Property Surplus Treaty has also been increased to Rs. 100 Crores.

XV. INFORMATION TECHNOLOGY

A. Genisys

The Company's front line computerisation drive powered by the customised software 'Genisys' has increased the efficiency at the operating office level. It has simplified the regular operation of the front offices and helped the insured in getting the policy on time, thereby developing Information Technology awareness among user community. With the opening of General Insurance Industry to private players, the focus is on identification, codification, and profiling of the customers and analysing their specific needs.

B. Genisys Enterprise

The Company has procured the consolidation software by entering into a development and supply agreement with CMC Ltd. Implementation of this software will organise data at regional and corporate level allowing business analysis and providing information needed for reporting to the Regulatory Authority. It will also facilitate transactions over the Internet that will allow 'anywhere services' for the customers and other stakeholders. After the successful implementation of Phase I of the Enterprise in pilot Regional Offices, it is proposed to be implemented in the remaining Regional Offices and Head Office without



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delay. The software enables operating office data exchange, data integration with lateral and higher office and enterprise wide data consolidation thus providing business intelligence and multidimensional analysis of data.

In the second phase, the software will be web-enabled to carry out transactions over the Internet. It will also enable anywhere operations for the customer like online payment of premium, settlement of claims and information about Company's products and services. It will also provide connectivity to intermediaries like brokers, corporate agents and other parties who are expected to enter the market for distribution of various insurance products.

The data center for housing the hardware for implementing the enterprise wide consolidation software has been set up. To meet the growing requirement of mail messaging, the Internet bandwidth is also expanded.

C. Payroll Software & Reinsurance Accounts Management Software

After the successful implementation of the payroll software in the Head Office & Regional Offices, other softwares for provident fund, pension and leave modules were successfully implemented at the Head Office. The reinsurance software, developed by TCS, has also been implemented at the Head Office.

D. Corporate Website

The corporate website is completely revamped with a simple user interface and interactive new look, enriched with lots of product information and general information relating to the Company. It is planned to host the website from the Company's data center on a new domain 'newindia.co.in'.

E. Intranet

The Company has its own intranet serving as a central information source for its employees. It has other facilities such as corporate e-mail, chat and bulletin board for rapid exchange of information among the employees. Along with the essential infrastructure, the Information Technology Department is introducing a new look intranet called Postnuke. It is a Community, Content, Collaborative Management System (C3MS). It will include features like News Calendar, Downloads, Administration Menus, Frequently Asked Questions (FAQs), Polls, Surveys, Users' Contributions, Advertising Management, Themes/Skins, Web Statistics, Contents, and Light Weight Directory Access Protocol (LDAP) Authentication.

XVI. VIGILANCE ACTIVITIES

The Company has a vigilance set up headed by Chief Vigilance Officer at Head Office, who is in the rank of Asst. General Manager and is on deputation from Life Insurance Corporation of India. The Chief Vigilance Officer is appointed by Central Vigilance Commission/Ministry of Finance. Besides, Vigilance Officers are also posted in the Regional Offices. They conduct investigations into complaints of corruption and malpractice and submit their reports to the Chief Vigilance Officer for further action.

Vigilance activities of the Department are directed at preventive, detective as well as punitive aspects of vigilance. By way of preventive vigilance, regular and surprise inspections of offices are carried out by the Department in a systematic manner. Whenever any serious irregularities having vigilance overtone are observed, necessary disciplinary actions are initiated against the staff concerned. System

studies on various matters such as issue of covernotes, disposal of salvage, delivery/dispatch of claim cheques, etc. have been carried out and suitable remedial actions have been recommended to the authorities concerned.

As per the directive of the Central Vigilance Commission, Vigilance Awareness Week was observed from 1st November to 6th November 2004 in all the offices of the Company with a view to sensitising the staff about vigilance. Steps are taken to implement the instructions and guidelines issued by the Central Vigilance Commission and to complete the activities connected with the vigilance within the time-frame prescribed by the Central Vigilance Commission.

XVII. INTERNAL AUDIT

The Internal Audit Department of the Company in addition to laying emphasis on adherence to various systems (particularly, Genisys systems) and procedures, also directed its efforts towards systems improvement.

The department has endeavoured to discharge functions commensurate with the changing scenario in the industry, like conducting concurrent audits of Large Risks Policies, auditing of high loss making Divisional Offices by external auditors and second-time audit of premium accounting transactions. As per the Board directives, internal audit of all foreign branches are being carried out. It is also proposed to conduct Information Systems Audit through an external agency.

Newly evolved Audit Compliance Cell at each Regional Office conducted Audit Workshops in the presence and guidance of Head Office executives.

XVIII. HUMAN RESOURCE DEVELOPMENT

A. Particulars of Employees and Recruitment

The number of employees recruited during the year and the employee strength as on 31 March, 2005 is shown below:

Category	Number of Employees recruited	Total Number of Employees
Class I	26	4913
Class II (Development)	-	2412
Class II (Administration)	-	661
Class III	99	10050
Class IV (excluding PTS)	1	2238
Total	126	20274
Part Time Sweepers	-	412
Grand Total	126	20686

Information as per Section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, is appended to this report.

B. Training

Training of human resources plays an important role for success of an organisation in a competitive



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business environment. The Company believes in continuous upgradation of knowledge and skills of its employees. Towards this endeavour, training is imparted to the employees not only in the Company's own training centers but also in external institutions, both in India and abroad.

During the year 2004-05, Corporate Training College conducted 91 programmes and imparted training to 1589 employees. In addition, 550 employees were deputed to programmes organised by National Insurance Academy, Pune. National Insurance Academy organised some training programmes exclusively for the employees of New India. In order to equip them to meet the challenges posed by the opening up of the industry, 128 employees were deputed for programmes organised by selected external institutions. Fourteen officers were deputed for programmes/conferences organised by institutions abroad. Special care was taken to depute employees belonging to Scheduled Caste/Scheduled Tribe categories also for training.

With the up gradation of technology in the Company, a significant number of employees were trained in Information Technology. The Company, also imparted training for agents and for bank officials and bancassurance agencies in its training centers.

C. Scheduled Castes, Scheduled Tribes, other Backward Classes, Physically Handicapped and Ex-servicemen

The Government guidelines regarding reservations, concessions and safeguards to employees belonging to SC/ST/OBC/PHP & Ex-Servicemen are followed. Due care continues to be maintained in the matter of assigning development functions, foreign postings and training to employees belonging to SC/ST, OBC/PHP & Ex-servicemen category.

The SC/ST & OBC Cells are functioning under the guidance of Chief Liaison Officer. The Liaison Officer for SC/ST/PHP & OBC is posted at Head Office and are assisted by Assistant Liaison Officers at Regional Offices.

The Liaison Officer from the Head Office visits Regional Offices annually to inspect the rosters pertaining to all the recruitments and promotions. The inspection reports with the observations of Liaison Officer are put up to the General Manager (Personnel) and Chief Liaison Officer for their directions and sent to the respective Regional Offices. Based on the inspection report, efforts are taken by the concerned Regional Offices in coordination with the Head Office, to clear the backlog and rectify the shortcomings in the procedure, if any, observed by the Liaison Officer.

Workshops on reservation policy were held for Assistant Liaison Officers. Training on reservation policy, personality development, communication skills, time management, motivation and behavioural science was held for office bearers of SC/ST welfare organisations as well as for SC/ST Officers. The workshops trained people to effectively implement the Government guidelines.

Special recruitment drive has been initiated as per the Government of India guidelines for clearance of backlog as on 1st July 2005 in the clerical cadre for SC/ST.

D. Industrial Relations

The employer-employee relations continued to be very cordial and smooth. Due to the introduction of check-off and resultant publication of the names of unions having representative strength in the Company, the problem of dealing with multiple unions has been reduced to a great extent.

The discussions with the unions were very positive and created an environment of better understanding.

E. Staff Welfare Schemes

The Company continued with its employee benefit schemes such as Mediclaim, Group Term Insurance for pension optees, Group Savings Linked Insurance Scheme, Group Personal Accident Policy, Group Baggage Policy, benefits to employees meeting with accident while on duty, ex-gratia reimbursement of uncovered hospitalisation expenses, Housing Loan, Lump sum benefit for domiciliary medical treatment, incentives for family planning, assistance to employees for study courses in Management and Group Insurance Scheme (EDLI), etc.

F. Gender Issues and Empowerment of Women

The Company believes in giving equal opportunity to women in different spheres of operations. Presently, women represent approximately 19% of the workforce. One Regional Office and thirty five Divisional/Branch Offices are headed by women. The Company had posted three lady officers for foreign operations during 2004-05. 5 lady officers have been sent abroad for training during the year.

In accordance with the guidelines given by the Supreme Court in 1997 for prevention of sexual harassment of women at work place, a Women's Complaints Committee has been constituted at Head Office. Similar Committees are being set up by all Regional Offices.

G. Sports Activities

The Company has always professed a policy of encouraging sports activities of its employees through the aegis of New India Sports Club. New India has its team for Football, Table Tennis, Cricket and Kabbadi. All the teams have earned laurels by winning coveted trophies in various sporting activities.

H. Special Voluntary Retirement Scheme (Svrs) for Class I, III & IV Employees

SVRS was introduced by the Government of India vide Gazette Notification dated 1st January, 2004. Applications were received from 1237 class I officers and 1092 class III and IV supervisory, clerical and sub-ordinate staff under the scheme, of which 70 applications in class I category and 55 applications in class III and IV categories were withdrawn subsequently.

The company accepted the SVRS applications of 1110 class I officers. 911 class I officers were relieved by 31 March, 2004 and balance 199 were relieved by 31 March, 2005. 48 applications were rejected due to pending vigilance and IDD cases against the concerned employees.

In respect of class III and IV employees, 1019 applications were accepted and 984 employees were relieved by 31 March, 2004. The remaining 35 employees were relieved by May/June 2004, since, their services were required for closing of Company's accounts. 18 applications in class III and IV categories could not be accepted due to pending vigilance and IDD cases against the concerned employees.

XIX. OFFICIAL LANGUAGE IMPLEMENTATION

New India puts great emphasis on use of Hindi in day-to-day operations. Steps taken by the Company in this regard during the year are:

1. Highest number of Hindi workshops: 180 Hindi workshops were organized at various locations as



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against 81 in the previous year. Employees of all classes were trained in use of Hindi and motivated to work effectively in Hindi.

2. Training in Hindi: Our training centers located in Regions A & B impart training in the use of Hindi at work. Reference literature required for Agents' Training are supplied in Hindi. An inhouse training programme has been started to impart training in Hindi stenography at Head Office.
3. All India Conference: The Hindi Officers' All India Conference was held in Chennai during the first week of October 2004. Action Plan for official language implementation for the coming year was devised at the Conference.
4. Publication in Hindi : In order to create original literature in Hindi the Hind department at Head Office has introduced a scheme to encourage the employees to write original books in Hindi. Accordingly, a cash prize of Rs. 5,000/- was awarded for a book in Hindi during the year under the scheme. The Hindi Cell at Head Office publishes an Insurance Journal in Hindi called "Arjan", which is first of its kind. Four issues of the journal were brought out during the year.
5. Inspection Programme: 394 offices were visited for inspection regarding Hindi implementation. This includes inspections carried out by Third Sub Committee on Parliamentary Committee on Official Language at Kollam, Kottayam, Ooty and Baroda.
6. Use of Regional Language: A scheme was launched to provide proposal forms, policy documents etc. to public in regional language. Accordingly, documents of public use are being translated into regional languages like Kannada, Urdu, Punjabi, Telugu, Marathi etc.
7. Development of Technical Terminology: The Hindi Cell at Head Office is in the process of up dating the glossary on technical insurance.
8. Work force strengthened: The Company deployed seven more Hindi Officers at various locations including Head Office.
9. Prizes won: The Company's offices at Jaipur, Kolkata, Patna, Delhi, Bangalore, Hyderabad and Nagpur excelled in Hindi implementation efforts and were rewarded by the Government and other bodies for their performance.

Activities like celebrating Hindi Day, organising competitions and attending Town Official Language Implementation Committee (TOLIC) were carried out, as usual.

XX. DONATIONS AND CERTAIN EXPENSES OF MANAGEMENT

The Company joined hands with the Government in its tsunami rehabilitation efforts by contributing Rs. 50 lakhs to Prime Minister's National Relief Fund, Rs. 20 lakhs to Chief Minister's Relief Fund of Tamil Nadu, Rs. 10 lakhs each to the Chief Minister's Relief Funds of Andhra Pradesh and Kerala and Rs. 5 lakhs to the Chief Minister's Relief Fund of Pondicherry.

In addition, the Company contributed Rs. 5 lakhs for educational purposes to Shri Abhinava Vidya Theertha Seva Trust, Tamil Nadu.

The expenses of management for the year also include:

- (a) Entertainment (Indian & Foreign) : Rs. 1,20,35,910/-

- (b) Foreign Tours undertaken by the Executives : 68,00,018/-, and
 (c) Publicity and Advertisement : Rs. 14,70,01,769/-

XXI. FOREIGN EXCHANGE EARNINGS & OUTGO

The foreign exchange earnings into India during 2004-05 amounted to Rs. 1,20,86,93,165.73 and outgo is Rs. 4,31,08,80,134.00.

XXII. FINANCIAL RATING

For the sixth consecutive year, the Company has been rated as 'A' Excellent by M/s. A.M. Best Europe Ltd. The rating reflects Company's excellent risk adjusted capitalisation, prospective improvement in underwriting performance and its leading business profile in the direct insurance market in India. A partially off-setting factor is the Company's reliance on investment income which counter balances underwriting losses. But the outlook is stable. A.M. Best believes the Company's risk adjusted capitalisation is excellent and anticipates that it will remain sufficient to absorb the likely growth in the net premium. Further it also expects that there will be a reduction in the combined ratio in the years to come. The Company is likely to maintain its leading business position as the largest direct insurer in India, despite increased competition from private players.

XXIII. BOARD OF DIRECTORS

Currently, the Board of Directors of the Company consists of Mr. R Beri, Chairman-cum-Managing Director, Mr. G C Chaturvedi, Joint Secretary (Banking & Insurance), Ministry of Finance, Mr. R K Joshi, Chairman-cum-Managing Director, General Insurance Corporation of India, Dr. Anil K Khandelwal, Chairman & Managing Director, Bank of Baroda A. V. Muralidharan (w.e.f. 3rd August 2005) and J. K. Gupta (w.e.f. 24th August 2005).

General Managers, Mr. A V Purushothaman and Mr. Kumar Bakhru ceased to be directors w.e.f. 1st June 2005 and 1st July 2005 respectively, consequent to their retirement on attaining the age of superannuation. The Board places on record its deep gratitude and appreciation for the valuable contributions made by them during their tenure as Directors.

During the financial year 2004-05, five meetings of the Board of Directors were held. Number of Meetings attended by the Directors is as under:

Name/Category of Director	Number of meetings attended by the Director during the year
Mr. R. Beri, Chairman-cum-Managing Director	5
Mr. G C Chaturvedi, Government Director	4
Dr. Anil K Khandelwal, Non-Executive Director	2
Mr. R.K. Joshi, Non-Executive Director	5
Mr. A.V. Purushothaman, Functional Director	5
Mr. Kumar Bakhru, Functional Director	4



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XXIV. AUDIT COMMITTEE

Presently, the Audit Committee comprises of three directors Mr. G C Chaturvedi, Dr. Anil K Khandelwal and Mr. R K Joshi (appointed w.e.f. 21.05.2004). General Manager & Financial Advisor, Mr. V K Gupta (upto 29th July 2005) and Appointed Actuary, Mr. A R Prabhu attend the meetings of the Committee as invitees. Mr. A V Purushothaman, Director & General Manager, who was appointed as a member of Audit Committee w.e.f 21.05.2004 ceased to be a member w.e.f. 1st June 2005 consequent to his retirement on attaining the age of superannuation.

Three Meetings of the Committee were held during the year. Number of Meetings attended by the members of the Committee is as under:

Name of the Member	Number of meetings attended by the Member
Mr. G C Chaturvedi	3
Dr. Anil K Khandelwal	1
Mr. R K Joshi	3
Mr. A V Purushothaman	3

The Audit Committee regularly reviews the audit exercise carried out in all the offices of the Company throughout the year and makes suggestions and directions as to the conduct of the audit as well as the action to be taken to correct the irregularities. It considered the Annual Accounts of the Company for the year 2004-05, had discussions with Statutory Auditors and recommended its adoption to the Board.

XXV. INVESTMENT COMMITTEE

The Investment Committee presently comprises of Chairman-cum-Managing Director, Mr. R Beri, Directors Mr. G C Chaturvedi and Dr. Anil K Khandelwal, General Manager (Investments) Mr. A V Muralidharan, (appointed w.e.f 12.02.2005) and Appointed Actuary, Mr. A.R. Prabhu. Mr. M K Garg ceased to be a member of the Committee w.e.f. 04.12.2004 consequent to his appointment as Chairman-cum-Managing Director of United India Insurance Company Ltd., Chennai.

The Committee met four times during the year. Number of Meetings attended by the members is as under:

Name of the Member	Number of meetings attended by the Member
Mr. R. Beri	4
Mr. G C Chaturvedi	4
Dr. Anil K Khandelwal	2
Mr. V K Gupta, (upto 29th July 2005)	4
Mr. M K Garg	2
Mr. A R Prabhu	4
Mr. A V Muralidharan	- (He was appointed as a member of the Committee on 12.02.2005. Therefore, the number of meetings attended by him during the year is nil)

XXVI. AUDITORS

The Comptroller and Auditor General of India, under Section 619 of the Companies Act, 1956 appointed Khandelwal Jain & Co., Contractor, Nayak & Kishnadwala and Sharp & Tannan as central statutory auditors for the year 2004-05. Branch auditors for the various regional offices and divisional offices in India and for the foreign branch offices were also appointed for the year. The Board of Directors expresses its gratitude to all the Statutory Auditors for their valuable guidance and assistance.

XXVII. SUBSIDIARY COMPANIES

A. The New India Assurance Company (Sierra Leone) Limited

Pursuant to Section 212 of the Companies Act, 1956, the Report and Accounts of The New India Assurance Company (Sierra Leone) Limited for the year ended 31st December, 2004 are appended hereto.

The business operations of the Company had to be closed down with effect from 1st January 2003, due to severe civil disturbances which continue. The Subsidiary has not declared any dividend for the year 2004.

B. The New India Assurance Company (Trinidad & Tobago) Limited

Pursuant to Section 212 of the Companies Act, 1956, the Report and Accounts of the New India Assurance Company (Trinidad & Tobago) Limited for the year ended 31st December, 2004 are appended hereto.

83.9% of the capital of The New India Assurance Company (Trinidad & Tobago) Limited is held by the Company. The Authorised Capital of The New India Assurance Company (Trinidad & Tobago) Ltd. consists of 2,20,00,000 shares of no par value. The Issued and fully Paid-up Capital of the subsidiary consists of 1,74,18,945 shares of no par value i.e. TT\$ 1,74,18,000. The subsidiary follows calendar year of accounting.

During the year the Company has made an underwriting profit of TT\$ 30,77,000 as against a profit of TT\$ 17,97,000 last year. Investment Income is TT\$ 37,05,000 while Other Losses are TT\$ 2,10,000. The Company has a Net Income of TT\$ 88,72,000 before taxation. It has transferred an amount of TT\$ 2,00,000 to a special Catastrophe Reserve Fund and has earned profit on revaluation of property to the extent of TT\$ 25,00,000.

The subsidiary has declared a dividend at the rate of 5%.

XXVIII. SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Company for the year 2003-04 along with the Directors' Report were placed before Rajya Sabha on 21st December 2004 and before Lok Sabha on 23rd December 2004 under Section 619(A) read with 619(B) of the Companies Act, 1956.

XXIX. REVIEW OF ACCOUNTS

Information as required by the Comptroller and Auditor General for review of accounts of Insurance Companies are attached here with.

XXX. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that :



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- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- the Directors have selected accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the Profit of the Company for the year under review.
- 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.
- the Directors have arranged preparation of the accounts for the financial year ended 31st March, 2005 on 'going concern' basis.

XXXI. ADDITIONAL INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

The Company is not engaged in any manufacturing activity and as such no particulars are required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as regards Conservation of Energy or Technology Absorption.

XXXII. ACKNOWLEDGEMENT

Directors express deep gratitude to the valued customers and the large body of insuring public for reposing their confidence in the Company by extending steadfast support throughout.

Board places on record its deep appreciation for the agents (individual and corporate), surveyors, intermediaries, reinsurance brokers and also to all the employees of the Company working in India as well as abroad, whose dedication and commitment help the Company glide smoothly on the current transitional dynamics of the insurance industry.

The Directors convey their gratitude to the Ministry of Finance (Insurance Division), Insurance Regulatory and Development Authority (IRDA), General Insurers' (Public Sector) Association of India (GIPSA), General Insurance Corporation of India (GIC), and the Principal Director of Commercial Audit & Ex-officio Member, Audit Board - I, Mumbai for their valuable guidance and support.

R. Beri		Chairman-cum-Managing Director
G. C. Chaturvedi	}	
R. K. Joshi	}	
Dr. Anil K. Khandelwal	}	Directors
A. V. Muralidharan	}	
J. K. Gupta	}	

Mumbai,
Date : 10th September, 2005

□□□

Performance of Socially Relevant Schemes during the last five years

Policy Details	Year	Number of Policies Sold	Number of Persons Covered	Amount of Premium	Number of Claims Reported	Number of Claims Settled	Rs. In Lacs	
							Amount of Claims Settled	Claims Ratio%
Cattle and other Livestock	2000-01	525342	9470286	3899.26	46432	48504	3404.36	87.31
	2001-02	341712	9330695	3538.54	42372	40778	2758.35	77.95
	2002-03	210513	3358674	3163.24	39875	36003	2996.19	94.72
	2003-04	196650	1551561	2931.48	38675	36538	2651.09	90.44
	2004-05	207021	1695541	3708.04	36976	29985	2152.27	58.04
Agriculture Pumpest	2000-01	41219	86203	197.95	3161	2816	60.62	30.62
	2001-02	35691	51472	193.62	1848	2619	60.08	31.03
	2002-03	33525	40885	146.35	3615	2062	54.09	36.96
	2003-04	55242	77311	131.47	3112	1941	96.25	73.21
	2004-05	34565	41688	146.34	3069	1817	51.62	35.27
Janata Personal Accident	2000-01	125734	19357759	2629.28	14052	10083	3246.99	123.49
	2001-02	189257	18712370	3183.01	11139	6074	4515.08	141.85
	2002-03	196140	16934769	668.96	10258	4349	4188.00	626.05
	2003-04	849239	18674579	1846.04	8248	6907	400.00	21.57
	2004-05	762963	7167246	1462.39	7942	5343	2482.00	169.72
Gramin Personal Accident	2000-01	15500	876956	92.68	166	245	114.76	123.82
	2001-02	11250	480243	53.50	66	200	132.38	247.44
	2002-03	9850	203567	14.88	330	225	140.50	944.22
	2003-04	9385	144241	46.08	252	50	19.10	41.45
	2004-05	9401	161627	61.95	215	125	6.20	10.01
Janarogya	2000-01	28230	110934	69.08	6976	6086	119.41	172.86
	2001-02	41347	86461	70.88	6500	10437	134.58	189.87
	2002-03	26176	55791	47.64	3977	13412	90.63	190.24
	2003-04	16985	75966	51.56	2225	1930	57.18	110.90
	2004-05	15542	67391	74.83	1940	1767	102.99	137.63

Socially Relevant Schemes

Performance of Socially Relevant Schemes during the last five years

Socially Relevant Schemes (contd.)

Policy Details	Year	Number of Policies Sold	Number of Persons Covered	Amount of Premium	Number of Claims Reported	Number of Claims Settled	Rs. In Lacs	
							Amount of Claims Settled	Claims Ratio%
Mediclaim	2000-01	609255	2951010	23915.71	275774	305406	20349.96	85.09
	2001-02	822534	2794510	26996.00	165368	116819	18853.00	69.84
	2002-03	937012	3086763	35443.00	201108	196300	31053.00	87.61
	2003-04	949648	2856675	36641.73	167898	161959	30068.12	82.06
	2004-05	1060028	3617132	45539.48	232712	237053	48980.00	107.56
Bhagyashree Child Welfare Policy	2000-01	10714	174675	15.24	28	10	0.50	3.28
	2001-02	7716	24816	4.26	39	29	0.75	17.61
	2002-03	478	6970	1.95	59	32	8.00	410.26
	2003-04	756	4965	1.48	1	1	0.25	16.89
	2004-05	176	1893	1.04	3	0	0.00	0.00
Rajrajeshwari Mahila Kalyan Yojana	2000-01	5995	3864086	234.42	976	827	169.13	72.15
	2001-02	26055	731351	60.40	893	937	19.64	32.52
	2002-03	1619	142191	34.71	322	215	31.52	90.81
	2003-04	978	305370	63.21	229	189	35.51	56.18
	2004-05	1598	9239	4.87	164	162	12.79	262.63
Personal Accident Insurance Scheme (Kisan Credit Card Holders)	2000-01	-	-	-	-	-	-	-
	2001-02	2895	650356	135.91	20	1	0.50	0.37
	2002-03	3986	1169856	223.40	381	137	65.94	29.52
	2003-04	4579	1792263	275.53	425	290	102.99	37.30
	2004-05	4683	2087971	374.53	881	520	134.87	36.01
Universal Health Insurance Scheme	2003-04	66290	236490	365.07	185	54	2.18	0.60
	2004-05	5311	15641	21.82	74	58	2.50	11.46

□□□

CAG REVIEW & COMMENTS

NOTE : REVIEW OF ACCOUNTS HAS BEEN PREPARED WITHOUT TAKING INTO ACCOUNT COMMENTS UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 AND QUALIFICATIONS CONTAINED IN THE STATUTORY AUDITORS' REPORTS.

1. FINANCIAL POSITION

The table below summarises the financial position of the company for the last three years.

	Rs in Crores		
	2004-2005	2003-2004	2002-2003
LIABILITIES			
a. Paid up Capital	150.00	100.00	100.00
b. Reserves and Surplus			
i) Free Reserves	4104.64	3843.44	3304.00
ii) Committed Reserves	6925.94	5845.31	2315.38
c. Current Liabilities and Provisions			
i) Current Liabilities	6085.25	5451.88	5058.09
ii) Provisions	2561.37	2269.81	2207.28
TOTAL LIABILITIES	19827.20	17510.44	12984.75
ASSETS			
a. Investments			
i) Long Term Investments	14195.58	12290.71	8598.25
ii) Short Term Investments	379.65	437.71	250.12
b. Loans	874.13	940.89	967.33
c. Fixed Assets			
i) Gross Block	346.95	316.44	298.45
ii) Less Cumulative Depreciation	232.54	212.25	189.20
iii) Net Block	114.41	104.19	109.25
d. Deferred Tax	84.07	35.25	21.50
e. Cash and Bank Balances	2286.08	1974.33	1587.46
f. Advances and Other Assets	1738.56	1519.08	1427.03
g. Deferred Expenses	154.72	208.28	23.81
TOTAL ASSETS	19827.20	17510.44	12984.75
Capital Employed	-5476.69	-4705.93	-4754.89
Net Worth - 1a+1b(i)-g	4099.92	3735.16	3380.19
Net Worth/Share	273.33	373.52	338.02

CAG Review & Comments (contd.)

Rs in Crores

2004-2005 2003-2004 2002-2003

2. RESERVES

i) Free Reserves

a) General Reserves	4103.53	3842.33	3302.89
b) Investment Reserves	1.11	1.11	1.11
Sub - Total	4104.64	3843.44	3304.00

ii) Committed Reserves

a) Capital Reserves	0.06	0.06	0.06
b) Fair Value Change Account	6846.97	5837.89	2301.76
c) Provision for Thinly Traded Shares	17.20	7.36	13.56
d) Foreign Currency Translation Reserve	61.71	--	--
Sub - Total	6925.94	5845.31	2315.38

TOTAL

11030.58 9688.75 5619.38

3. CURRENT LIABILITIES AND PROVISIONS

i) Current Liabilities

a) Agents Balances	24.36	25.80	28.39
b) Balances due to other Companies	525.85	473.62	602.86
c) Deposits held on Re-insurance Ceded	7.17	11.22	9.00
d) Premium Received in Advance	132.31	123.17	115.05
e) Sundry Creditors	432.88	350.12	284.78
f) Claims Out-standing	4844.58	4379.95	3929.08
g) Others	118.10	88.00	88.93
Sub - Total	6085.25	5451.88	5058.09

ii) Provisions

a) Reserves for Un-expired Risks	2031.85	1903.91	1858.43
b) Proposed Dividend	60.00	45.00	40.00
c) Dividend Distribution Tax	8.42	5.77	5.13
d) Reserve for Bad and Doubtful Debts	327.96	315.13	303.72
e) Provision for Tax	133.14	--	--

Sub - Total

2561.37 2269.81 2207.28

TOTAL

8646.62 7721.69 7265.37

CAG Review & Comments (contd.)

		Rs in Crores		
		2004-2005	2003-2004	2002-2003
4. LOANS				
a)	Mortgage of Property - Housing Loans	281.02	288.53	311.08
b)	Mortgage of Property - HUDCO	328.58	353.59	366.55
c)	Other Deposits	0.96	0.98	1.06
d)	Housing Loan to State Government	244.66	267.33	257.31
e)	Un-secured Loans	18.91	30.46	31.33
	TOTAL	874.13	940.89	967.33
5. CASH AND BANK BALANCES				
a)	Cash including Cheques, Remittance in Transit etc.	98.89	93.49	64.76
b)	Short Term Deposit with Banks	582.27	769.07	507.46
c)	Other Deposits	1214.75	862.57	704.90
d)	Current Accounts	296.09	176.74	205.25
e)	Call Money with Banks	62.35	52.46	51.09
f)	Call Money with Other Institutions	31.73	20.00	54.00
	TOTAL	2286.08	1974.33	1587.46
6. ADVANCES AND OTHER ASSETS				
i) Advances				
a)	Reserve Deposits with Ceding Companies	25.62	29.92	39.77
b)	Application Money	--	21.43	6.00
c)	Pre-payments	34.39	17.75	16.03
d)	Advance Tax	--	81.44	191.63
e)	Others	15.09	15.45	21.27
	Sub - Total	75.10	165.99	274.70
ii) Other Assets				
a)	Income Accrued on Investments	195.65	188.40	198.03
b)	Outstanding Premium	6.59	6.16	6.61
c)	Agents Balances	91.59	76.24	59.56
d)	Foreign Agencies Balances	78.10	69.21	84.96
e)	Amounts due from other Insurance Companies	1011.86	697.18	705.56
f)	Amount due from Subsidiaries	0.05	0.05	0.05
g)	Deposit with Reserve Bank of India	10.75	10.75	10.75
h)	Others	268.87	305.10	86.81
	Sub - Total	1663.46	1353.09	1152.33
	TOTAL	1738.56	1519.08	1427.03

CAG Review & Comments (contd.)

Rs in Crores

2004-2005 2003-2004 2002-2003

7. CURRENT ASSETS

a) Income Accrued on Investments	195.65	188.40	198.03
b) Outstanding Premium	6.59	6.16	6.61
c) Agents Balances	91.59	76.24	59.56
d) Due from other Insurance Companies	1011.86	697.18	705.55
e) Due from Subsidiaries	0.05	0.05	0.06
f) Deposits with Ceding Companies	25.62	29.92	39.77
g) Application Money	--	21.43	6.00
h) Pre-payments	34.39	17.75	16.03
i) Advance Tax	--	81.44	191.63
j) Cash and Cheques in hand	98.89	93.49	64.76
k) Short term Deposit with Banks	582.27	769.07	507.46
l) Current Account Balances	296.09	176.74	205.25
m) Call Money with Banks	62.35	52.46	51.09
n) Call Money with Other Institutions	31.73	20.00	54.00
o) Deferred Tax	84.07	35.25	21.50
p) Deferred Expenses	154.72	208.28	23.81
TOTAL	2675.87	2473.86	2151.11

8) QUICK ASSETS

Current Assets	2675.87	2473.86	2151.11
Less :			
a) Income Accrued on Investments	195.65	188.40	198.03
b) Deposits with Ceding Companies	25.62	29.92	39.77
c) Pre-payments	34.39	17.75	16.03
d) Advance Tax	--	81.44	191.63
TOTAL	2420.21	2156.35	1705.65

LIQUIDITY AND SOLVENCY - 31.03.2005

- The percentage of Current Assets to Total Assets decreased from 16.57 in 2002-03 to 14.13 in 2003-04 and to 13.50 in 2004-05.
- The percentage of Current Assets to Current Liabilities (including provisions) increased from 29.61 in 2002-03 to 32.04 in 2003-04 and decreased to 30.95 in 2004-05.
- The percentage of Quick Assets to Current Liabilities (including provisions) increased from 23.48 in 2002-03 to 27.93 in 2003-04 and to 27.99 in 2004-05.
- The percentage of Total Assets to Total Liabilities (excluding Paid-up Capital and Free Reserves) decreased from 135.53 in 2002-03 to 129.07 in 2003-04 and to 127.32 in 2004-05.

CAG Review & Comments (contd.)

Rs in Crores

SOURCE AND UTILISATION OF FUNDS

a) Sources of Funds

	Rs. in Crore 2004-2005
i. Addition to Reserve and Surplus	1469.77
ii. Addition to Cumulative Depreciation	20.29
iii. Addition to Outstanding Liabilities	464.63
iv. Addition to Share Capital	50.00
Total	<u>2004.69</u>

b) Utilisation of Funds

i. Addition to Gross Block	30.51
ii. Addition to Investments	1780.05
iii. Increase / Decrease in Working Capital	194.13
Total	<u>2004.69</u>

9. WORKING RESULTS

A. The Working results of the company for the last three years are given below

Rs in Crores

	2004-2005	2003-2004	2002-2003
a. Net Premium	3895.11	3634.94	3516.43
b. Expenses, Commission, Incurred Claims, Increase in Un-expired Risks Reserves and Other Outgo / Income	4553.68	4313.25	4006.67
c. Underwriting Results Profit/Loss(-)	-658.57	-678.31	-490.26
d. Investment Income (Policyholder Share) including Profit on Realisation of Investments (Net of NPA Provision)	891.35	786.85	466.17
e. Net Underwriting Profit/Loss(-)	232.78	108.54	-24.09
f. Investment Income (Shareholders' Portion) including Profit on Realisation of Investments (Net of NPA Provision)	559.38	462.81	295.97
g. Other Income Less Outgo	5.72	76.54	40.94
h. Profit Before Tax	797.88	647.89	312.82
i. Provision for Taxation	395.65	57.68	57.01
j. Profit After Tax	402.23	590.21	255.81
Analysis of ratios			
k. i) The ratio of Incurred Claims to Net Premium	74.58%	74.65%	76.77%
ii) The ratio of Expenses of Management and Commission to Net premium	39.04%	42.76%	30.94%

CAG Review (contd.)

CAG Review & Comments (contd.)

Rs in Crores

	2004-2005	2003-2004	2002-2003
B. Details of Working Results			
I. Net Profit / Loss (-)			
a. Fire Insurance	230.83	294.77	115.38
b. Marine Insurance	55.00	109.69	85.37
c. Motor Vehicle Insurance	3.35	-156.72	-86.71
d. Other Insurance	-56.40	-139.20	-138.13
TOTAL	<u>232.78</u>	<u>108.54</u>	<u>-24.09</u>
II. Net Premium Earned			
a. Fire Insurance	798.84	794.19	790.27
b. Marine Insurance	172.97	200.43	210.09
c. Motor Vehicle Insurance	1661.38	1547.24	1342.66
d. Other Insurance	1133.98	1047.49	954.14
TOTAL	<u>3767.17</u>	<u>3589.45</u>	<u>3297.16</u>
III. Expenses of Management (including commission, investment income, taxes etc.)			
a. Fire Insurance	240.99	238.08	207.52
b. Marine Insurance	19.47	8.81	7.81
c. Motor Vehicle Insurance	80.82	181.68	157.92
d. Other Insurance	288.13	338.76	248.49
TOTAL	<u>629.41</u>	<u>767.33</u>	<u>621.74</u>
IV. Incurred Claims			
a. Fire Insurance	327.02	261.34	467.37
b. Marine Insurance	98.50	81.94	116.91
c. Motor Vehicle Insurance	1577.21	1522.27	1271.45
d. Other Insurance	902.25	848.03	843.78
TOTAL	<u>2904.98</u>	<u>2713.58</u>	<u>2699.51</u>
C. The Working results of Foreign Operations of the Company for the last three years are tabulated below			
a. Net Operating Profit / Loss(-)	72.15	56.13	-68.35
b. Net of Other Income	48.41	42.70	31.52
c. Net Profit / Loss(-)	120.57	98.83	-36.83

SUSHAMA V. DABAK

Principal Director of Commercial Audit
& Ex Officio Member, Audit Board I, Mumbai 400 004

Place : Mumbai
Date : 18th August, 2005

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956, ON THE ACCOUNTS OF THE NEW INDIA ASSURANCE COMPANY LIMITED, MUMBAI FOR THE YEAR ENDED 31ST MARCH, 2005.

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956, on the Accounts of The New India Assurance Company Limited, Mumbai for the year ended 31st March, 2005.

Place : Mumbai
Date : 18th August, 2005

SUSHAMA V. DABAK
Principal Director of Commercial Audit
& Ex Officio Member , Audit Board I, Mumbai 400 004

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CAG Review (contd.)



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ADDENDUM TO DIRECTORS' REPORT DATED 10TH SEPTEMBER 2005 AS PER SECTION 217(3) OF THE COMPANIES ACT, 1956-EXPLANATION FOR THE QUALIFICATIONS IN THE AUDITORS' REPORT DATED 29TH JUNE 2005.

The Management's explanation for the qualifications mentioned in the above report, which are not explained by way of notes are as follows:

1. Para '1' of Auditors Report- Regarding non-compliance of IRDA regulations.

Note 8(a)

- i) Returns Prescribed by Regulation 6 with respect to Compliance report for Exposure of investment, and delay in submission of returns: -

The exposure is calculated manually by the department in the absence of a full fledged software. We have, however, compiled the details manually and submitted the Exposure Return as prescribed by IRDA.

Since the details required by IRDA are prepared manually, it results in delay in submission of returns. We are trying to overcome this problem and efforts are made to streamline this area.

- ii) Considering our exposure in various asset classes and size of our Balance Sheet, we feel that our exposure would be well within the limits prescribed.
- iii) We have been submitting the Custodian Certificate to IRDA every quarter. However the reconciliation of investments as per books and as per Custodian Certificate is being carried out regularly and corrective action taken.
- iv) As there are restrictions on our exposure to Call Money Market, we have invested in Mutual Funds which may have exceeded the limits fixed by IRDA on rare occasions. However, as on 31st March, 2005, our exposure in Mutual Fund investments is well within the limits.

Note 8 (b)

- i) In view of the difficulties encountered in modifying the software we could not furnish these details. We are trying to furnish the details of these segments based on collection of statistical details from our operating offices. Necessary steps are being taken to obtain these details as part of accounting software.
- ii) Provisions against investments/loans/sundry debtors:- It has been a common practice in the insurance industry over the years to show the investments/loans/sundry debtors at gross amount instead of net amount after reducing provisions made against the same. The formats prescribed by IRDA are also in conformity with this practice. We, however, have, by way of Foot Notes in the respective schedules, given the full details of amount considered as NPA/doubtful.
- iii) The company has a large network of offices and collating of data regarding cash/bank transactions is a difficult task. We are trying to overcome the difficulties for preparation of receipts and payments account on direct method basis.

2. Para 2

- (a) of Auditors Report- Non-reconciliation of Investment with Custodian (note no 4) and non-reconciliation of inter office accounts(note no 9):

Note no 4

Reconciliation in respect of our investments in Equity Shares, Preference Shares, and Other Approved Securities, Debentures with the records as per Custodian have been completed and differences identified. The process of resolving these differences is in progress.

Note no 9

Inter office reconciliation was fully carried out as at 31st March 2005.

It has been our practice to send the demand notice to respective state govts for outstanding dues on half yearly basis. In our demand notice we state clearly the balances outstanding on account of principal as well as overdues of interest which has not been disputed by the respective state govts.

As regards Term Loan Accounts which are restructured reconciliation of balances as per our records and borrowers' records is carried out and accounts are suitably modified. Further, many of the borrowers require certificate of dues outstanding for their audit purpose wherein the differences if any are clearly mentioned.

- (b) of Auditors' Report-Regarding historical/weighted average cost of listed equity/equity related instruments , the value of which were impaired on or before 31.03.2000.

The company has prepared accounts as per IRDA Regulations for the first time for the year 2001-02. IRDA Regulations on Preparation of Financial Statements require insurers to assess at each Balance Sheet whether any impairment in value of specified assets has occurred and to recognise the same in Revenue. Further the regulations also require to incorporate any reversal of impairment loss recognized in earlier years.

The company as per its own internal guidelines as also guidelines issued by GIC has been working out impairment in value in respect of equity/preference shares. This exercise has been carried out for more than 25 years even before notification of the same by IRDA in 2000-01. Further, over the years the historical cost has undergone changes on account of subscription to rights shares, allotment of bonus, conversion of other securities in to equity etc. Moreover, the company did not have the practice of working out reversal of impairment loss recognised in earlier years and hence the details of amount impaired prior to 31-03-2000 is not available. This has been clearly stated in our Accounting Policy for the year 2004-05.

- (c) of Auditors' Report- non-reconciliation of reinsurers balances

The task force set up for this purpose is actively on the job. As the transactions involved are voluminous, the reconciliation process is taking more time than expected. We are trying our level best to complete the reconciliation before this financial year.

- (d) of Auditors Report- non-provision of tax liability on income in foreign countries

It has not been possible to ascertain with reasonable accuracy the tax liability in foreign countries before filing of the returns and therefore it has been our practice to account the same on payment basis.

3. Para '3' of the Auditors' Report- Regarding timely compliance of internal audit queries

The company has in place required systems and procedures for compliance of observations of Internal Audit. The company has been conducting audit workshops to ensure compliance and resolving of audit queries. Also, as mentioned in the previous year, Audit Compliance Committees formed at each Regional Office are vigorously following up the queries for compliance .

4. Para '4' of the Auditors' Report- Regarding amortisation of expenses under Special Voluntary Retirement Scheme

The expenses were amoritised as per IRDA circular F & A/ CIR/010/MAR-04 dated 23rd March 2004.

R. Beri Chairman-cum-Managing Director

G. C. Chaturvedi	}	
R. K. Joshi	}	
Dr. Anil K. Khandelwal	}	Directors
A. V. Muralidharan	}	
J. K. Gupta	}	

Mumbai :10th September, 2005

MANAGEMENT REPORT

1. We confirm that the registration granted by the Insurance Regulatory & Development Authority is valid during the year. The same is renewed for the year 2005-06.
2. We confirm that all the dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and transfer of shares during the year are in accordance with the statutory or regulatory requirements.
4. We confirm that the funds of the holders of policies issued in India have not been directly or indirectly invested 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 in the best of our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings- "Loans", "Investments", "Agents Balances", "Outstanding Premiums", "Interest, Dividends and Rents Outstanding", "Interest, Dividends and Rents Accruing But Not Due", "Amounts Due From Other Persons or Bodies Carrying on Insurance Business", "Sundry Debtors", "Bills Receivable", "Cash" and several items specified under "Other Accounts".
7. The overall risk exposure for the risks accepted by us is limited to Rs.75 crores per risk except in respect of certain risks in which case there is an exposure of Rs.150 crores per policy. The same has been approved by the Board. We have made adequate reinsurance arrangements to mitigate the loss arising out of any major claim.
8. We have overseas operations in 24 countries. The foreign branches have their own reinsurance arrangements to protect their exposure. Over and above, there is an excess of loss protection available which takes care of the exposure risk of the company as a whole, including domestic and foreign branches.

The foreign branches/agencies generate enough revenue in local currencies to meet their liabilities arising out of their operations. Hence there is no major currency risk in the countries we operate.

As regards the country risk, by and large all the countries in which we operate are politically stable. We also have well defined acceptance limits for foreign operations, which limits our exposure in these countries.

9. The average claim settlement time during the preceding five years is as under:

Year	Number of days
2004-2005	136
2003-2004	116
2002-2003	99
2001-2002	118
2000-2001	71

10. We certify that the investments have been valued as per the Accounting Regulations of the Insurance Regulatory and Development Authority and shown in the Balance Sheet.
11. All investment assets are reviewed periodically and assets are classified into performing and non-performing based on Reserve Bank of India Prudential Norms.
12. It is hereby confirmed :
- (i) That in preparation of financial statements, the applicable accounting standards, principles and policies have been followed, except
 - a) The accounting of Tax Liability in Foreign Countries is made on cash basis which is not in conformity with Accounting Standard – 22 on Accounting for Taxes on Income.
 - b) Amortisation of Additional Actuarial Liability for Pension, Gratuity and Leave Encashment on account of Special Voluntary Retirement Scheme as per guidelines given by Insurance Regulatory and Development Authority.
 - (ii) That the management has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit of the company for the year except as mentioned in para 12 (i) above.
 - (iii) That the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act 1938(4 of 1938) and Companies Act 1956(1 of 1956) for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
 - (iv) That the management has prepared the financial statements on a going concern basis.
 - (v) That the management has ensured that the internal audit system commensurate with the size and nature of business exists and is operating effectively.
13. There are no payments made to individuals, firms, companies and organisations in which directors of the company are interested.

New Delhi : 29th June, 2005.

R. Beri
Chairman-cum-Managing Director

Kumar Bakhru
Director

R. K. Joshi
Director

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दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड - The New India Assurance Co. Ltd.

भारत सरकार का उपक्रम \ A Government of India Undertaking

Auditors' Report

AUDITORS' REPORT

**To the Members,
The New India Assurance Company Limited**

We have audited the attached Balance Sheet of The New India Assurance Company Limited as at 31st March, 2005 and the annexed Fire, Marine & Miscellaneous Insurance Revenue Accounts, Profit and Loss Account and Receipts & Payments Account of the Company for the year ended on that date, in which are incorporated (a) Returns from twenty-six Regional Offices, three hundred and ninety four Divisional Offices and nine Foreign Branches audited by other firms of Auditors appointed by the Central Government; (b) Returns from eight Foreign Agencies audited by local auditors appointed by the Company; and (c) Returns of four unaudited run-off Foreign Agencies.

We report that:

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

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. 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.

Further to our comments in the aforesaid paragraphs, we state that:

- 1) *Attention is invited to Note number 8(a)(i) to (iv) & 8(b)(i) to (iii) regarding non-compliance of Insurance Regulatory and Development Authority (IRDA) Regulations during the year. However, these non-compliances do not have any impact on the working results of the Company.*
- 2)
 - a) *In absence of reconciliation of the Investment with Custodian (Refer Note number 4), non-reconciliation of some inter-office balances and non-availability of balance confirmations (Refer Note number 9), we are unable to comment on the impact of adjustments arising out of reconciliation/confirmation of such balances on the financial statements.*
 - b) *The historical/weighted average cost of listed and unlisted equity / equity related instruments / preference shares, the value of which were impaired on or before 31.03.2000 is not available with the Company. As a result, the reversal of impairment losses recognised in Profit and Loss/ Revenue Account prior to 01.04.2000 has not been accounted for. The impact of the same is not ascertainable. (Refer accounting policy number XII - 11 & 12B).*
 - c) *In absence of reconciliation of reinsurers' balances and non availability of balance confirmations as stated in Note number 3 (a), we are unable to comment on the impact of adjustments arising out of confirmation/reconciliation of such balances, on the financial statements.*
 - d) *The accounting of Tax Liability in Foreign Countries, is not in accordance with the Accounting Standard 22 on Accounting for Taxes on Income, in as much as the current tax is accounted for*

on cash basis instead of the amount payable on the taxable income for the period and the deferred tax is not recognised, impact of which is not ascertained. (Refer accounting policy number XIII-(b))

- 3) *The observations of Internal Auditors are not complied/attended to in a timely and effective manner.*
- 4) *The Amortisation of expenses on account of Pension, Gratuity and Leave Encashment under Special Voluntary Retirement Scheme during 2003-04 is not in accordance with Accounting Standard 15 "Accounting for Retirement Benefits". As a result Profit for the year and Miscellaneous Expenditure is over stated by Rs. 3797.10 lakhs (Refer Note number - 16)*

SUBJECT TO ABOVE :

- a. We have obtained all the information and explanations, which, to the best of our knowledge and belief were necessary for the purposes of our audit and found them satisfactory.
- b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account are in agreement with the books of accounts and returns.
- d. In our opinion and to the best of our information, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 to the extent applicable to the Company and are also in conformity with the accounting principles as prescribed in the Insurance Regulatory & Development Authority Regulations.
- e. The reports of the Regional Auditors consolidating Divisional Auditors' reports, reports of the Foreign Branches' and Foreign Agencies' Auditors have been forwarded to us and considered by us and were adequate for the purposes of our audit.
- f. The Actuarial valuation of the liabilities as at 31st March 2005, has been certified by the Appointed Actuary. We have relied upon the Appointed Actuary's certificate for forming our opinion on the financial statements of the company.
- g. As per Circular No. 8/2002 dated 22.03.2002 of the Department of Company Affairs the directors of the Government Companies are exempted from applicability of the provisions of section 274 (1)(g) of the Companies Act, 1956.
- h. We have reviewed the Management Report and there is no apparent mistake or material inconsistency with the financial statements.
- i. The Company has complied with the terms and conditions of the registration stipulated by the Insurance Regulatory and Development Authority.
- j. In our opinion, the investments have been valued in accordance with the provisions of the Insurance Act, 1938 and the applicable Insurance Regulatory & Development Authority Regulations.



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Auditors' Report (contd.)

- k. In our opinion, the accounting policies selected by the Company, are appropriate and are in compliance with the applicable accounting standards and with the accounting principles, as prescribed in the Insurance Regulatory & Development Authority Regulations.
- l. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payments Account have been drawn up in accordance with the applicable provisions of 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 the financial statements read with significant accounting policies and notes thereon, give a true and fair view :
- (i) of the state of affairs of the company in so far it relates to the Balance Sheet as at 31st March, 2005,
 - (ii) of the surplus in so far it relates to the Revenue Accounts of Fire and Marine Business and deficit for Miscellaneous Business for the financial year ended on that date,
 - (iii) of the profit in so far it relates to the Profit and Loss Account for the financial year ended on that date and
 - (iv) for the receipts and payments in so far it relates to the Receipts and Payments Account for the financial year ended on that date.

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants

Narendra Jain
Partner

MEMBERSHIP NO. 48725

For **Contractor, Nayak & Kishnadwala**
Chartered Accountants

Gautam Nayak
Partner

MEMBERSHIP NO. 38127

For **Sharp & Tannan**
Chartered Accountants

Milind P. Phadke
Partner

MEMBERSHIP NO. 33013

New Delhi : 29th June, 2005.

□□□

Certificate for the year ended 31st March, 2005 as required by Schedule 'C' of Insurance Regulatory & Development Authority Regulations, 2002 for Preparation of Financial Statements and Auditor's Report of Insurance Companies.

We certify that:

1. (a) We have verified Cash and Bank balance, Investment and Securities relating to loans, subject to paragraph (b) herein mentioned below, on following basis:

Sr. No.	Asset	Nature of verification
1.	Cash	Management Certificate and Branch Auditor's Report.
2.	Bank Balance	Bank Certificate and Branch Auditor's Report.
3.	Investments	Custodians' Certificate (RBI & SHCIL) and Management's Certificate.
4.	Securities relating to loan	Management's Certificate.

- (b) i) No confirmation was available from custodian in respect of following:
- Investment purchases amounting to Rs. 302.27 lacs are pending for transfer in Company's favour;
 - Investments in shares having an average book value of Rs. 1.13 lacs are under objection;
 - Shares amounting to Rs. 3.78 lacs for which no evidence of ownership were available.
 - The number of shares actually held by Stock Holding Corporation of India Ltd. (Custodian) on behalf of the Company is in excess of the number of shares held as per the books of the Company. The book value of such excess is Rs. 5.20 lacs.
- ii) The reconciliation of investments other than an investment in equity shares, shown in the books of account and in the custodian/other certificates is under process.
- iii) Investment in term loans, loans to state government for the purpose of Housing & Fire Fighting Equipments, Investments in Pass Through Certificates (PTC) and balances on account of restructuring / rescheduling of debts are subject to confirmation / reconciliation.
- iv) No confirmation was available in respect of foreign investments amounting to Rs. 27.79 lacs.
2. To the best of our information and the explanations given to us, the company has not undertaken any trust as trustee.
3. No part of the assets of the Policyholders' funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders' funds.

As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants

Narendra Jain
Partner

MEMBERSHIP NO. 48725

For **Contractor, Nayak & Kishnadwala**
Chartered Accountants

Gautam Nayak
Partner

MEMBERSHIP NO. 38127

For **Sharp & Tannan**
Chartered Accountants

Milind P. Phadke
Partner

MEMBERSHIP NO. 33013

New Delhi : 29th June, 2005.

Certificate Under Sch. 'C' of IRDA Regulations



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Fire Insurance Revenue Account for the Year Ended 31st March,2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Schedule	Current year (Rs'000)	Previous year (Rs'000)
1. Premium Earned (Net)	1	798,84,19	794,19,33
2. Profit on Sale or Redemption of Investments (Policyholders)	-	51,65,36	41,93,11
Loss on Sale or Redemption of Investments (Policyholders)	-	-48,38	-59,93
3. Interest Dividend and Rent (Gross)	-	73,27,50	87,37,24
Total (A)		923,28,67	922,89,75
1. Claims Incurred (Net)	2	327,02,14	261,33,72
2. Commission	3	71,18,90	39,37,28
3. Operating Expenses Related to Insurance Business	4	290,58,19	325,08,40
4. Others - Foreign Taxes	-	17,95	59,38
Amortisation, Write-off, Provisions - Investments	-	3,48,51	1,73,91
Total (B)		692,45,69	628,12,69
Operating Profit/Loss(-) C=(A-B)	-	230,82,98	294,77,06
Appropriations			
Transfer to Shareholders Account. (Profit and Loss Account)	-	230,82,98	294,77,06
Transfer to Catastrophic Reserves	-	-	-
Transfer to Other Reserves	-	-	-
Total		230,82,98	294,77,06

Significant Accounting Policies and Notes to Accounts form integral part of the Revenue Account

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 in respect of Fire Insurance Business have been fully debited in the Fire Insurance Revenue Account as expenses.

A. R. Sekar Company Secretary	R. K. Joshi Director	Kumar Bakhru Director	R. Beri Chairman-cum-Managing Director
As per our report of even date			
For Khandelwal Jain & Co. Chartered Accountants	For Contractor, Nayak & Kishnadwala Chartered Accountants	For Sharp & Tannan Chartered Accountants	
Narendra Jain Partner	Gautam Nayak Partner	Milind P. Phadke Partner	
MEMBERSHIP NO. 48725	MEMBERSHIP NO. 38127	MEMBERSHIP NO. 33013	

New Delhi : 29th June, 2005.

Schedules to Fire Insurance Revenue Account for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE 1		
PREMIUM EARNED (NET)		
Premium from Direct Business - In India	788,87,85	775,20,19
- Outside India	274,82,60	292,49,26
- Total	1063,70,45	1067,69,45
Add : Premium on Reinsurance Accepted	241,51,74	163,12,68
Less : Premium on Reinsurance Ceded	474,22,33	464,13,61
Net Premium	830,99,86	766,68,52
Adjustment for Change in Reserve for Un-Expired Risks	32,15,67	-27,50,81
Total Premium Earned (Net)	798,84,19	794,19,33
SCHEDULE 2		
CLAIMS INCURRED (NET)		
Claims Paid Direct	347,57,43	369,23,77
Add : Claims on Reinsurance Accepted	78,74,97	60,34,17
Less : Claims on Reinsurance Ceded	154,76,35	114,63,57
Net Claims Paid	271,56,05	314,94,37
Add : Claims Outstanding at End (Net)	524,86,00	469,39,91
Less : Claims Outstanding at Beginning (Net)	469,39,91	523,00,56
Total Incurred Claims (Net)	327,02,14	261,33,72
SCHEDULE 3		
COMMISSION (Net)		
Commission Direct	99,52,00	94,87,32
Add : Commission on Reinsurance Accepted	48,54,93	43,15,56
Less : Commission on Reinsurance Ceded	76,88,03	98,65,60
Commission (Net)	71,18,90	39,37,28
Break-up of Commission Direct		
Commission	87,06,22	91,16,45
Brokerage	4,07,51	1,95,99
Corporate Agency Commission	8,38,27	1,74,88
Referrals	--	--
Total	99,52,00	94,87,32



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Marine Insurance Revenue Account for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March, 2004

Particulars	Schedule	Current year (Rs'000)	Previous year (Rs'000)
1. Premium Earned (Net)	1	172,97,01	200,43,29
2. Profit on Sale or Redemption of Investments (Policyholders)	-	21,45,03	18,85,54
Loss on Sale or Redemption of Investments (Policyholders)	-	-20,09	-26,95
3. Interest Dividend and Rent (Gross)	-	30,42,91	39,28,94
Total (A)		224,64,86	258,30,82
1. Claims Incurred (Net)	2	98,50,18	81,93,80
2. Commission	3	15,79,49	2,85,62
3. Operating Expenses Related to Insurance Business	4	53,89,31	62,99,08
4. Others - Foreign Taxes	-	78	5,15
Amortisation, Write-off, Provisions - Investments	-	1,44,73	78,20
Total (B)		169,64,49	148,61,85
Operating Profit/Loss(-) C=(A-B)	-	55,00,37	109,68,97
Appropriations			
Transfer to Shareholders Account. (Profit and Loss Account)	-	55,00,37	109,68,97
Transfer to Catastrophic Reserves	-	-	-
Transfer to Other Reserves	-	-	-
Total		55,00,37	109,68,97

Significant Accounting Policies and Notes to Accounts form integral part of the Revenue Account

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 in respect of Marine Insurance Business have been fully debited in the Marine Insurance Revenue Account as expenses.

A. R. Sekar Company Secretary	R. K. Joshi Director	Kumar Bakhru Director	R. Beri Chairman-cum-Managing Director
As per our report of even date			
For Khandelwal Jain & Co. Chartered Accountants	For Contractor, Nayak & Kishnadwala Chartered Accountants	For Sharp & Tannan Chartered Accountants	
Narendra Jain Partner	Gautam Nayak Partner	Milind P. Phadke Partner	
MEMBERSHIP NO. 48725	MEMBERSHIP NO. 38127	MEMBERSHIP NO. 33013	

New Delhi : 29th June, 2005.

Revenue Account & Schedules (contd.)

Schedules to Marine Insurance Revenue Account for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE 1		
PREMIUM EARNED (NET)		
Premium from Direct Business - In India	252,49,00	259,21,56
- Outside India	48,73,16	46,42,65
- Total	301,22,16	305,64,21
Add : Premium on Reinsurance Accepted	21,54,46	12,34,93
Less : Premium on Reinsurance Ceded	154,16,89	145,02,13
Net Premium	168,59,73	172,97,01
Adjustment for Change in Reserve for Un-Expired Risks	-4,37,28	-27,46,28
Total Premium Earned (Net)	172,97,01	200,43,29
SCHEDULE 2		
CLAIMS INCURRED (NET)		
Claims Paid Direct	152,15,74	158,32,78
Add : Claims on Reinsurance Accepted	18,04,47	18,46,24
Less : Claims on Reinsurance Ceded	78,43,07	56,50,10
Net Claims Paid	91,77,14	120,28,92
Add : Claims Outstanding at End (Net)	187,88,00	181,14,97
Less : Claims Outstanding at Beginning (Net)	181,14,97	219,50,09
Total Incurred Claims (Net)	98,50,17	81,93,80
SCHEDULE 3		
COMMISSION (Net)		
Commission Direct	28,07,29	21,34,09
Add : Commission on Reinsurance Accepted	6,98,56	4,46,48
Less : Commission on Reinsurance Ceded	19,26,36	22,94,95
Commission (Net)	15,79,49	2,85,62
Break-up of Commission Direct		
Commission	25,00,75	20,46,59
Brokerage	2,92,24	86,02
Corporate Agency Commission	14,30	1,48
Referrals	--	--
Total	28,07,29	21,34,09



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Miscellaneous Insurance Revenue Account for the Year Ended 31st March,2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Schedule	Current year (Rs'000)	Previous year (Rs'000)
1. Premium Earned (Net)	1	2795,35,61	2594,83,43
2. Profit on Sale or Redemption of Investments (Policyholders)	-	307,53,26	199,07,84
Loss on Sale or Redemption of Investments (Policyholders)	-	-2,88,07	-2,84,54
3. Interest Dividend and Rent (Gross)	-	436,26,07	414,82,25
Total (A)		3536,26,87	3205,88,98
1. Claims Incurred (Net)	2	2479,45,64	2370,30,43
2. Commission	3	244,89,53	171,39,51
3. Operating Expenses Related to Insurance Business	4	843,71,46	950,04,37
4. Others - Foreign Taxes	-	50,64	1,81,14
Amortisation, Write-off, Provisions - Investments	-	20,74,92	8,25,72
Total (B)		3589,32,19	3501,81,17
Operating Profit/Loss(-) C=(A-B)	-	-53,05,32	-295,92,19
Appropriations			
Transfer to Shareholders Account.(Profit and Loss Account)	-	-53,05,32	-295,92,19
Transfer to Catastrophic Reserves	-	-	-
Transfer to Other Reserves	-	-	-
Total		-53,05,32	-295,92,19

Significant Accounting Policies and Notes to Accounts form integral part of the Revenue Account

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 in respect of Miscellaneous Insurance Business have been fully debited in the Miscellaneous Insurance Revenue Account as expenses.

A. R. Sekar Company Secretary	R. K. Joshi Director	Kumar Bakhru Director	R. Beri Chairman-cum-Managing Director
As per our report of even date			
For Khandelwal Jain & Co. Chartered Accountants Narendra Jain Partner MEMBERSHIP NO. 48725	For Contractor, Nayak & Kishnadwala Chartered Accountants Gautam Nayak Partner MEMBERSHIP NO. 38127	For Sharp & Tannan Chartered Accountants Milind P. Phadke Partner MEMBERSHIP NO. 33013	

New Delhi : 29th June, 2005.

Schedules to Miscellaneous Insurance Revenue Account for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE 1		
PREMIUM EARNED (NET)		
Premium from Direct Business - In India	3169,44,65	3011,26,79
- Outside India	568,79,10	536,87,01
- Total	3738,23,75	3548,13,80
Add : Premium on Reinsurance Accepted	51,51,90	48,88,27
Less : Premium on Reinsurance Ceded	894,24,79	901,73,08
Net Premium	2895,50,86	2695,28,99
Adjustment for Change in Reserve for Un-Expired Risks	100,15,25	100,45,56
Total Premium Earned (Net)	2795,35,61	2594,83,43
SCHEDULE 2		
CLAIMS INCURRED (NET)		
Claims Paid Direct	2595,76,72	2318,34,50
Add : Claims on Reinsurance Accepted	21,92,05	23,50,76
Less : Claims on Reinsurance Ceded	540,66,42	514,37,92
Net Claims Paid	2077,02,35	1827,47,34
Add : Claims Outstanding at End (Net)	4131,83,82	3729,40,54
Less : Claims Outstanding at Beginning (Net)	3729,40,54	3186,57,45
Total Incurred Claims (Net)	2479,45,63	2370,30,43
SCHEDULE 3		
COMMISSION (Net)		
Commission Direct	402,04,86	337,35,68
Add : Commission on Reinsurance Accepted	10,07,69	10,87,00
Less : Commission on Reinsurance Ceded	167,23,02	176,83,17
Commission (Net)	244,89,53	171,39,51
Break-up of Commission Direct		
Commission	364,05,47	327,00,43
Brokerage	12,82,51	5,40,34
Corporate Agency Commission	25,16,88	4,94,91
Referrals	--	--
Total	402,04,86	337,35,68



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P & L Account

Profit and Loss Account for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March, 2004

Particulars	Schedule	Current year (Rs'000)	Previous year (Rs'000)
1. Operating Profit/Loss(-)			
a) Fire Insurance	-	230,82,98	294,77,06
b) Marine Insurance	-	55,00,37	109,68,97
c) Miscellaneous Insurance	-	-53,05,32	-295,92,19
2. Income from Investments			
a. Interest Dividend and Rent (Gross) (Shareholders)		338,85,99	318,48,64
b. Profit on Sale of Investment (Shareholders)	-	238,87,19	152,84,56
Less: Loss on Sale of Investment (Shareholders)	-	-2,23,75	-2,18,46
3. Other Income-Misc. Receipts, Credit Balances Written Back		13,01,36	19,66,64
Total (A)=1+2+3		821,28,82	597,35,22
4. Provisions (Other Than Taxation)			
a. For Diminution in Value of Investments (Shareholders)	-	8,24,87	3,22,79
b. For Doubtful Debts-Investments (Shareholders)	-	5,06,58	5,40,83
c. Others-Amortisation, Provision for Thinly Traded Shares (Shareholders)	-	2,80,22	-2,29,66
5. Other Expenses (other than those related to Insurance Business)			
a. Bad Debts Writtten Off	-	-	-
b. Others-Interest on Income / Service Tax	-	7,39,46	-57,08,89
c. Profit/Loss(-) on Sale of Assets		-5,47	14,34
d. Penalty for Breach of Tariff		-4,96	6,77
Total (B)=(4+5)		23,40,70	-50,53,82
Profit Before Tax (A-B)	-	797,88,12	647,89,04
Provision for Taxation - Current Tax	-	293,57,40	79,93,87
- Deferred Tax		-48,81,80	-13,75,63
- Earlier Years Tax		150,54,33	-8,84,91
- Wealth Tax		35,00	35,00
Profit After Tax		402,23,19	590,20,71
Appropriations			
a. Interim Dividend Paid During the Year	-	20,00,00	-
b. Proposed Final Dividend	-	60,00,00	45,00,00
c. Dividend Distribution Tax	-	11,02,87	5,76,56
d. Transfer to Reserves or Other Accounts	-	-	-
e. Transfer to General Reserves		311,20,32	539,44,15
Balance brought forward from the previous year	-	-	-
Profit/Loss(-) carried forward to the Balance Sheet	-	-	-
Basic and Diluted Earnings per Share (Rs.) (Refer Note 11(b))		26.82	39.35

Significant Accounting Policies and Notes to Accounts form integral part of the Profit & Loss Account

A. R. Sekar Company Secretary	R. K. Joshi Director	Kumar Bakhru Director	R. Beri Chairman-cum-Managing Director
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As per our report of even date

For **Khandelwal Jain & Co.**
Chartered Accountants

For **Contractor, Nayak & Kishnadwala**
Chartered Accountants

For **Sharp & Tannan**
Chartered Accountants

Narendra Jain
Partner

Gautam Nayak
Partner

Milind P. Phadke
Partner

MEMBERSHIP NO. 48725

MEMBERSHIP NO. 38127

MEMBERSHIP NO. 33013

New Delhi : 29th June, 2005.

Balance Sheet as at 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Schedule	Current year (Rs'000)	Previous year (Rs'000)
A. Sources of Funds			
1. Share Capital	5 & 5A	150,00,00	100,00,00
2. Reserves and Surplus	6	4166,41,40	3843,49,98
3. Fair Value Change Account	-	6846,96,61	5837,89,30
4. Borrowings	7	-	-
Total A		11163,38,01	9781,39,28
B. Application of Funds			
1. Investments	8	14575,22,60	12728,41,99
2. Loans	9	874,13,20	940,89,22
3. Fixed Assets	10	114,40,77	104,18,32
4. Deferred Tax Assets	-	84,07,12	35,25,32
5. Current Assets			
a. Cash and Bank Balances	11	2286,08,74	1974,33,57
b. Advances and Other Assets	12	1738,55,97	1519,08,31
Sub Total(a+b)		4024,64,71	3493,41,88
c. Current Liabilities	13	6085,25,32	5451,88,10
d. Provisions	14	2578,57,17	2277,17,15
Sub Total(c+d)		8663,82,49	7729,05,25
Net Current Assets (a+b-c-d)		-4639,17,78	-4235,63,37
6. Miscleaneous Expenditure (to the extent not, writtenoff or adjusted)	15	154,72,10	208,27,80
7. Debit Balance in Profit and Loss Account	-	-	-
Total B		11163,38,01	9781,39,28

Significant Accounting Policies and Notes to Accounts form integral part of the Balance Sheet

A. R. Sekar Company Secretary	R. K. Joshi Director	Kumar Bakhru Director	R. Beri Chairman-cum-Managing Director
As per our report of even date			
For Khandelwal Jain & Co. Chartered Accountants	For Contractor, Nayak & Kishnadwala Chartered Accountants	For Sharp & Tannan Chartered Accountants	
Narendra Jain Partner	Gautam Nayak Partner	Milind P. Phadke Partner	
MEMBERSHIP NO. 48725	MEMBERSHIP NO. 38127	MEMBERSHIP NO. 33013	

New Delhi : 29th June, 2005.

Balance Sheet

Schedules for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March, 2004

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE - 4		
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS		
1. Employees Remuneration and Welfare Benefits	926,38,22	1055,71,40
2. Travel Conveyance and Vehicle Running Expenses	29,16,53	30,09,87
3. Training Expenses	3,93,48	3,01,34
4. Rent Rates and Taxes	43,61,09	39,83,73
5. Repairs	32,30,59	33,41,53
6. Printing and Stationery	27,34,62	22,68,09
7. Communication Expenses	20,51,61	20,21,12
8. Legal and Professional Charges	54,61,85	46,62,25
9. Auditors fees and Expenses etc. As Auditors	3,02,01	2,97,57
10. Advertisement and Publicity	14,70,02	14,31,78
11. Interest and Bank charges	6,28,55	5,72,28
12. Others - Exchange Gain (-) / Loss	-3,50,29	23,60,92
Provision for Bad and Doubtful Debts	88,61	3,08,35
IT Implementation	3,41,79	3,08,78
Input Service Tax Recovery	-33,66,77	-19,88,82
Donation to Prime Minister Relief Fund	50,00	--
Others	35,93,34	28,24,50
13. Depreciation	22,73,71	25,37,16
Total	1188,18,96	1338,11,85
Apportioned to Fire Segment	290,58,19	325,08,40
Apportioned to Marine Segment	53,89,31	62,99,08
Apportioned to Miscellaneous Segment	843,71,46	950,04,37

Schedules for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE - 5		
SHARE CAPITAL		
1. Authorised Capital 30,00,00,000 Equity Shares of Rs 10 Each	300,00,00	300,00,00
2. Issued Capital 15,00,00,000 Equity Shares of Rs 10 Each	150,00,00	100,00,00
3. Subscribed Capital 15,00,00,000 Equity Shares of Rs 10 Each	150,00,00	100,00,00
4. Called Up Capital 15,00,00,000 Equity Shares of Rs 10 Each	150,00,00	100,00,00
5. Less : Calls Unpaid	-	-
Add : Equity Shares Forfieted- (Amount Originally Paid Up)	-	-
Less : Preliminary Expenses (Expenses Including Commission or Brokerage on Underwriting or Subscription of Shares)	-	-
During the year 5,00,00,000 fully paid up equity shares of Rs. 10 each amounting to Rs. 50 crs. were issued as bonus shares by capitalisation of reserves.		
Total	150,00,00	100,00,00

SCHEDULE - 5A

Share Holder		Current year		Previous year	
		Numbers	% of Holding	Numbers	% of Holding
Promoters	Indian	15,00,00	100	10,00,00	100
	Foreign	-	-	-	-
Others		-	-	-	-
Total		15,00,00	100	10,00,00	100

Schedules (contd.)

Schedules for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Schedules (contd.)

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE - 6		
RESERVES AND SURPLUS		
1. Capital Reserve (Op. Balance)	5,75	5,75
Addition during the year	-	-
Deduction during the year	-	-
(Cl. Balance)	5,75	5,75
2. Capital Redemption Reserve	-	-
3. Share Premium	-	-
4. General Reserves (Op. Balance)	3842,32,91	3302,88,76
Addition during the year - Balance transferred from P & L Account	311,20,32	539,44,15
Less : Debit balance in Profit and Loss Account	-	-
Less : Amount utilised for Buy-back	-	-
Less : Amount utilised for Issue of Bonus Shares	50,00,00	-
(Cl. Balance)	4103,53,23	3842,32,91
5. Catastrophe Reserve	-	-
6. Other Reserves	-	-
Investment Reserves (Op. Balance)	1,11,32	1,11,32
Addition during the year	-	-
Deduction during the year	-	-
(Cl. Balance)	1,11,32	1,11,32
Foreign Currency Translation Reserve		
Opening balance	-	-
Addition During the year (refer note 15)	61,71,11	-
Closing balance	61,71,11	-
7. Balance of Profit in Profit and Loss Account	-	-
Total	4166,41,41	3843,49,98
SCHEDULE - 7		
BORROWINGS		
1. Debentures / Bonds	-	-
2. Banks	-	-
3. Financial Institutions	-	-
6. Others	-	-
Total	Nil	Nil

Schedules for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE - 8		
INVESTMENTS		
Long Term Investments		
1. Government Securities		
Central Government Securities	2300,09,11	2186,20,38
State Government Securities	1145,01,44	719,16,11
British Government Dominion Securities	41,83,32	55,71,71
Foreign Government Securities	159,14,01	116,41,85
2. Other Approved Securities - Govt. Guaranteed Securities	176,67,44	213,22,76
3. Other Investments		
a. Shares		
aa. Equity	8042,24,36	7065,79,15
Equity Share Odd Lots	-	-
bb. Preference	-	-
Preference Shares	45,20	16,14,02
Preference Shares of Railways in India	-	-
b. Mutual Funds	-	-
c. Derivative Instrutments	-	-
d. Debenture/Bonds/PTCs		
Debentures in India	764,31,20	932,18,51
Other Debentures Foreign	101,20,46	98,22,39
e. Other securities (to be specified)		
Bhavishya Arogya Investments	-	-
Foreign Shares	15,21,04	10,90,17
Foreign Preference Shares	13	11
Foreign Securities	-	-
Special Deposit with Govt. of India	-	-
f. Subsidiaries	9,22,97	9,22,97
g. Investment Properties (Real Estate)	-	-
4. Investment in Infrastructure and Social Sector	554,54,64	198,05,07
5. Investment in Housing Bonds	134,04,29	25,59,90
6. Other Than Approved Investments	751,57,50	643,85,84
Total	141,95,57,11	122,90,70,94

Schedules (contd.)



Estbd. 1919

दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड - The New India Assurance Co. Ltd.

भारत सरकार का उपक्रम \ A Government of India Undertaking

Schedules for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March, 2004

Particulars

Current year
(Rs'000)

Previous year
(Rs'000)

SCHEDULE - 8 (Contd.)

Short Term Investments

1. Government Securities		
Central Government Securities	87,57,44	44,20,38
State Government Securities	49,65,97	25,87,06
Government Guaranteed Securities	-	-
British Government Dominion Securities	8,52,23	7,91,14
Foreign Government Securities	1,54,55	9,81,99
2. Other Approved Securities - Govt. Guaranteed Securities	19,10,91	38,39,37
3. Other Investments		
a. Shares		
aa. Equity	-	-
Equity Share Odd Lots	-	-
bb. Preference	5,00,00	-
b. Mutual Funds	-	-
c. Derivative Instruments	-	-
d. Debenture/Bonds/PTCs		
Debentures in India	144,99,39	121,95,34
Other Debentures Foreign	-	-
e. Other securities		
Special Deposit with Govt. of India	-	156,00,00
f. Subsidiaries	-	-
g. Investment Properties (Real Estate)	-	-
4. Investment in Infrastructure and Social Sector	10,50,00	20,55,77
5. Investment in Housing Bonds	-	-
6. Other Than Approved Investments	52,75,00	13,00,00
Total	379,65,49	437,71,05
Grand Total	145,75,22,60	127,28,41,99
Investments		
1. In India	142,38,53,89	124,20,19,68
2. Outside India	336,68,71	3,08,22,31

(Debentures include Rs. (000) 27968 (P.Y. 31831) towards std. provision and reserved per Sch. 14.5)
 (Investment in Associates amounting to Rs.(000) 193531 (P. Y. Rs. 78712) are included in equity shares stated above)
 (Housing sector bonds include Rs. (000) 3351 (P. Y. Rs. 640) towards std. provision and reserved per Sch. 14.5)
 (Investment in France Agency Rs. (000) 1838 (FOR) (P. Y. 1838) provided as doubtful, reserved per Sch. 14.5)
 (Investment in Infrastrure include Rs. (000) 14126 (P. Y. 5465) towards std. provision and reserved per Sch. 14.5)
 (Investment in OAS include Rs. (000) 4895 (P. Y. Nil) towards std. provision and reserved per Sch. 14.5)
 (Other than approved investments include Rs. (000) 969678 (P. Y. 915318) considered doubtful and reserved per Sch. 14.5)
 (The aggregate amount of company's investments other than listed equity securities is Rs. (000) 56156145 and Market value thereof is Rs. (000) 60242043 as on 31.03.2005)

Schedules (contd.)

Schedules for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE - 9		
LOANS		
1. Security-Wise Classification		
Secured		
a. On Mortgage of Property		
aa. In India		
Loan Against Mortgage of Property		
Housing, Vehicle, and Computer Loans to Employees	281,02,58	288,53,37
Term Loans Direct, Term Loans PFPS and Loan to HUDCO	328,58,13	353,58,52
bb. Outside India Housing Loan to Employees	96,03	98,16
b. On Shares, Bonds, Government Securities	-	-
c. Others	-	-
Loans Guaranteed by Banks/Governments Term Loans Direct, Loans to State Govt Housing, Loans to State Govt FF	244,65,53	267,32,74
Unsecured (Term Loans, Bridge Loans, Short Term Loans)	18,90,93	30,46,43
Total	874,13,20	940,89,22
2. Borrower-Wise Classification		
a. Central and State Governments (Term Loans, Housing and FF)	244,34,46	405,40,41
b. Banks and Financial Institutions	-	-
c. Subsidiaries	-	-
d. Industrial Undertakings (Term Loans, Bridge Loans, Short Term Loans, Loans to PFPS)	212,74,13	231,78,61
e. Others- Housing Loans, Vehicle Loans		
Computer Loans to Employees	281,98,61	289,51,53
GIC Housing finance, HUDCO, Term Loans to PFPS	-	-
Others	135,06,00	14,18,67
Total	874,13,20	940,89,22
3. Performance-Wise Classification		
a. Loans classified as standard		
aa. In India Term Loans, Bridge Loans, State Govt. Housing and FF, Loans to HUDCO, PFPS	405,85,39	430,22,69
Housing, Vehicle and Computer Loans to Employees	281,02,58	288,53,37
bb. Outside India (Loans to Employees)	96,03	98,16
b. Non Performing Loans less Provisions		
aa. In India (Term Loans, Bridge Loans, Short Term Loans, Loans PFPS)	186,29,20	221,15,00
bb. Outside India	-	-
Total	874,13,20	940,89,22
4. Maturity-Wise Classifications		
a. Short Term (Term Loans, Direct Bridge Loans, Short Term Loans, Term Loans PFPS)	3,15,62	2,79,96
b. Long Term (Term Loans Direct, Loans State Govt. Housing and FF, Loans to HUDCO and Loans PFPS)	588,98,97	648,57,73
Housing, Vehicle, and Computer Loans to Employees.	281,98,61	289,51,53
Total	874,13,20	940,89,22

(Direct Term Loans include Rs. (000) 66625 (P. Y. 66975) considered doubtful (including std. provisions) and reserved per Sch 14.5)

(Bridge Loans include Rs. (000) 400 (P. Y. 670) considered doubtful and reserved per Sch 14.5)

(Term Loans PFPS include Rs. (000) 1150891 (P. Y. 1120363) considered doubtful and reserved per Sch 14.5)

(Short Term Loans include Rs. (000) 106257 (P. Y. 107379) considered doubtful and reserved per Sch 14.5)

(Loan to Hudco include Rs. (000) 2905 (P. Y. 3540) towards std. provision and reserved per Sch 14.5)

Schedules (contd.)



Estbd. 1919

Registration Number : 190

Date of Registration : 8th March, 2004

SCHEDULE - 10**FIXED ASSETS****Schedules for the Year Ended 31st March, 2005**

दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड - The New India Assurance Co. Ltd.

भारत सरकार का उपक्रम \ A Government of India Undertaking

Particulars	COST / GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Opening as on 1/4/04	Additions	Deletions	Closing as on 31/3/05	Opening as on 1/4/04	Additions	Deletions	Closing as on 31/3/05	Opening as on 1/4/04	Closing as on 31/3/05
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-	-
Land Freehold	1,32,81	-	11	1,32,70	-	-	-	-	1,32,81	1,32,70
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings :	114,90,56	12,39,17	-	127,29,73	48,70,14	4,52,73	66,18	52,56,69	66,20,42	74,73,04
Furniture and Fittings	34,49,38	2,67,84	28,16	36,89,06	28,80,04	2,25,72	28,91	30,76,85	5,69,34	6,12,21
Information and	-	-	-	-	-	-	-	-	-	-
Technology Equipments	107,43,66	10,48,67	4,39,75	113,52,58	98,69,50	11,58,31	4,13,83	106,13,98	8,74,16	7,38,60
Vehicles	26,82,19	11,82,94	3,24,63	35,40,50	10,44,45	7,35,91	1,93,22	15,87,14	16,37,74	19,53,36
Office Equipments	10,81,64	65,23	26,94	11,19,93	9,45,71	80,09	42,66	9,83,14	1,35,94	1,36,79
Others:										
Air Conditioners	6,59,04	41,43	32,07	6,68,40	4,70,50	1,30,72	97,05	5,04,17	1,88,55	1,64,23
Air Coolers	1,17,15	4,45	2,79	1,18,81	95,15	6,32	4,35	97,12	21,99	21,69
Water Coolers	1,83,31	6,74	2,64	1,87,41	1,37,94	13,32	3,04	1,48,22	45,37	39,19
Television	6,60	58	58	6,60	4,17	1,27	1,13	4,31	2,43	2,29
Fans Heaters and	-	-	-	-	-	-	-	-	-	-
Other Electrical Equipments	9,36,61	38,32	8,30	9,66,63	7,72,73	60,51	9,46	8,23,78	1,63,88	1,42,85
Electrical Fittings at	-	-	-	-	-	-	-	-	-	-
Company's Office Property	43,33	76	-	44,09	31,22	1,83	1,28	31,77	12,11	12,32
Air Conditioner Plant at H. O.	34,70	-	-	34,70	32,13	64	-	32,77	2,57	1,93
Lifts	2,42	-	-	2,42	2,42	-	-	2,42	-	-
Air Conditioner at	-	-	-	-	-	-	-	-	-	-
Company's Property	15,91	20,60	-	36,51	15,76	18,87	-	34,63	15	1,88
Lifts at Company's Property	39,24	-	-	39,24	30,83	2,10	-	32,93	8,41	6,31
Electrical Installations at	-	-	-	-	-	-	-	-	-	-
Company's Property	25,00	26	-	25,26	22,55	1,82	46	23,91	2,44	1,35
Work in Progress	-	-	-	-	-	-	-	-	-	-
Grand Total Current year	316,43,55	39,16,99	8,65,97	346,94,57	212,25,24	28,90,16	8,61,57	232,53,83	104,18,31	114,40,74
Previous year	298,45,05	20,44,79	2,46,29	316,43,55	189,19,77	23,78,99	73,52	212,25,24	109,25,28	104,18,31

Schedules for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE - 11		
CASH AND BANK BALANCES		
1. Cash (Including Cheques, Drafts and Stamps) (Include Remittance in Transit Rs. (000) 57413) (Foreign Balances Include Rs. (000) 23730 considered doubtful and reserved per Sch. 14.5)	98,88,64	93,49,24
2. Bank Balances		
a. Deposit Accounts		
aa. Short Term (Due within 12 Months)	582,26,81	769,06,76
bb. Others	1214,74,98	862,56,84
b. Current Accounts (Foreign Balances Include Rs. (000) 7701 considered doubtful and reserved per Sch. 14.5)	296,09,40	176,74,28
c. Others	-	-
3. Money at Call and Short Notice		
With Banks	62,35,42	52,46,45
With Other Institutions	31,73,49	20,00,00
4. Others		
Total	2286,08,74	1974,33,57
CASH AND BANK BALANCES IN INDIA	810,75,60	871,43,24
CASH AND BANK BALANCES OUTSIDE INDIA	1475,33,14	1102,90,33
TOTAL	2286,08,74	1974,33,57

Schedules (contd.)

Schedules for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March, 2004

Particulars

**Current year
(Rs'000)**

**Previous year
(Rs'000)**

SCHEDULE - 12

ADVANCES AND OTHER ASSETS

ADVANCES

1. Reserve Deposits with Ceding Companies (Include Rs. (000) 93984 (RI) Rs. (000) 10700 (for) considered doubtful and reserved per Sch. 14.5)	25,61,96	29,91,60
2. Application Money for Investments	-	21,42,89
3. Pre-payments	34,38,93	17,75,42
4. Advances to Directors / Officers	-	-
5. Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation)	-	81,43,58
6. Others	15,09,33	15,44,53
Total (A)	75,10,22	165,98,02

OTHER ASSETS

1. Income Accrued on Investments (Include Rs. (000) 173 (FOR) Rs. (000) 5 (INV) (P. Y. 10) considered doubtful and reserved per Sch. 14.5)	195,64,51	188,39,60
2. Outstanding Premiums	6,58,99	6,15,88
3. Agents Balances (Foreign Balances Include Rs. (000) 15031(FOR) considered doubtful and reserved per Sch. 14.5)	91,59,38	76,24,49
4. Foreign Agencies Balances (Foreign Balances Include Rs. (000) 10164 (FOR) considered doubtful and reserved per Sch. 14.5)	78,10,27	69,21,09
5. Due from other Entities Carrying Insurance Business (Including Reinsurers) (Reinsurers Balances Include Rs. (000) 707682 (RI) Rs. (000) 2749 (FOR) considered doubtful and reserved per Sch. 14.5)	1011,85,95	697,18,29
6. Due from Subsidiaries/Holding Companies (Include Rs. (000) 485 considered doubtful and reserved per Sch. 14.5)	4,85	5,34
7. Deposit with Reserve Bank of India Pursuant to section 7 of Insurance Act 1938	10,75,17	10,75,17
8. Others - Other Accrued Income	31,53,46	27,89,33
- Others including Sundry Debtors	237,33,17	277,21,10

(Others including sundry debtors Include (INV) Rs. (000) 31190 (P. Y. 6589) Rs. (000) 2776 (FOR) considered doubtful and reserved per Sch. 14.5) (Misc. Debtors include Rs. (000) 23224 (FOR) considered doubtful and reserved per Sch. 14.5)

Total (B)	1663,45,75	1353,10,29
TOTAL(A+B)	1738,55,97	1519,08,31

Schedules (contd.)

Schedules for the Year Ended 31st March, 2005

Registration Number : 190

Date of renewal with IRDA : 8th March,2004

Particulars	Current year (Rs'000)	Previous year (Rs'000)
SCHEDULE - 13		
CURRENT LIABILITIES		
1. Agents Balances	24,35,68	25,80,09
2. Balances Due to Other Insurance Companies	525,85,08	473,61,65
3. Deposits Held on Reinsurance Ceded	7,17,06	11,22,15
4. Premium Received in Advance	132,30,83	123,16,83
5. Un-allocated Premium	-	-
6. Sundry Creditors - Other than Service Tax payable	429,88,70	337,05,81
Service Tax payable	2,99,99	13,05,78
7. Due to Subsidiaries / Holding Company	-	-
8. Claims Outstanding (Includes Rs. (000) 1123 (RI) considered doubtful and reserved per Sch. 14.5)	4844,57,82	4379,95,42
9. Due to Officers/Directors	-	-
10. Others	118,10,16	88,00,37
Total	6085,25,32	5451,88,10

SCHEDULE - 14

PROVISIONS

1. Reserve for Un-Expired Risks	2031,85,09	1903,91,45
2. Provision for Taxation less Advance Tax Paid and TDS	133,14,24	-
3. Provision for Proposed Dividend	60,00,00	45,00,00
4. Provision for Dividend Distribution Tax	8,41,50	5,76,56
5. Others - Reserve for Bad and Doubtful debts.	327,96,45	315,12,78
Provision for Diminution in Value of Thinly Traded Shares	17,19,89	7,36,36
Total	2578,57,17	2277,17,15

SCHEDULE - 15

MISCELLANEOUS EXPENDITURE

1. Discount Allowed in Issue of Shares and Debentures	-	-
2. Others - VRS Payments (Deferred Expenses to the extent not written off)	154,72,10	208,27,80
Total	154,72,10	208,27,80

Schedules (contd.)

Segment Reporting Schedule for the Year Ended 31st March, 2005

(Rs. '000)

Schedules (contd.)

SEGMENT (====>)	Fire 2004	Fire 2005	Marine Cargo 2004	Marine Cargo 2005	Marine Hull 2004	Marine Hull 2005	MARINE TOTAL 2004	MARINE TOTAL 2005	Motor 2004	Motor 2005	W C 2004
Premium Direct	10676946	10637045	1959862	1864779	1096558	1147436	3056420	3012215	19679876	21049658	1899102
Premium Accepted	1631268	2415174	31844	71820	91650	143626	123494	215446	118438	139492	130
Premium Ceded	4641361	4742233	508618	526873	941595	1014815	1450213	1541688	3803414	3956506	288033
PREMIUM	7666853	8309986	1483088	1409726	246613	276247	1729701	1685973	15994900	17232644	1611199
Unexpired Risk Reserve Op	4108507	3833426	1620927	1483088	383403	246613	2004330	1729701	7474939	7997450	885953
Unexpired Risk Reserve Cl	3833426	4154993	1483088	1409726	246613	276247	1729701	1685973	7997450	8616322	805600
EARNED PREMIUM	7941934	7988419	1620927	1483088	383403	246613	2004330	1729701	15472389	16613772	1691552
Profit on Realisation of Investment	413318	511698	113662	138643	72197	73851	185859	212494	1447947	2244073	120228
Interest Dividend and Rent	873724	732750	240274	198536	152620	105755	392894	304291	3060856	3213507	254153
Total Investment Income	1287042	1244448	353936	337179	224817	179606	578753	516785	4508803	5457580	374381
Claims Paid Direct	3692378	3475743	995006	1024156	588271	497418	1583277	1521574	14186021	15702978	632523
Claims Paid Accepted	570389	787497	21676	33081	122694	147366	144370	180447	49325	80185	19
Claims Paid Ceded	1113330	1547634	277699	322268	247057	462038	524756	784306	3172320	3318814	25541
PAID CLAIMS	3149437	2715606	738983	734969	463908	182746	1202891	917715	11063026	12464349	607001
Cl O/S Claims Direct	7458410	8109467	1549610	2025546	2001482	1980778	3551092	4006324	36725759	40068580	2636710
Cl O/S Claims Accepted	1538272	1585173	60688	63437	437241	264107	497929	327544	75124	96005	2132
Cl O/S Claims Ceded	4302690	4446040	782913	1123882	1454611	1331184	2237524	2455066	7400979	7456884	206037
O/S CLAIMS AT END	4693992	5248600	827385	965101	984112	913701	1811497	1878802	29399904	32707701	2432805
Op O/S Claims Direct	7842498	7458410	1759149	1549610	2493677	2001482	4252826	3551092	31858269	36725759	1962500
Op O/S Claims Accepted	1827743	1538272	65782	60688	345640	437241	411422	497929	92004	75124	4618
Op O/S Claims Ceded	4440185	4302690	877754	782913	1591485	1454611	2469239	2237524	6710063	7400979	136628
O/S CLAIMS AT BEGINNING	5230056	4693992	947177	827385	1247832	984112	2195009	1811497	25240210	29399904	1830490
Incurred Claims Direct	3308289	4126800	785467	1500092	96076	476714	881543	1976806	19053511	19045798	1306733
Incurred Claims Accepted	280918	834399	16582	35830	214295	-25769	230877	10061	32445	101066	-2466
Incurred Claims Ceded	975835	1690984	182858	663238	110183	338612	293041	1001850	3863237	3374719	94950
INCURRED CLAIMS	2613372	3270215	619191	872684	200188	112333	819379	985017	15222719	15772145	1209317
Commission Direct	948731	995200	191960	255485	21449	25244	213409	280729	1870485	2127998	384393
Commission Accepted	431556	485493	24765	33925	19883	35931	44648	69856	2871	4233	39
Commission Ceded	986560	768803	104926	92415	124569	100221	229495	192636	847610	739292	17535
COMMISSION / BROKERAGE	393727	711890	111799	196995	-83237	-39046	28562	157949	1025746	1392939	366897
Foreign Taxes	5938	1795	447	68	68	10	515	78	9872	2552	4981
Investment Provisions	17392	34851	4783	9443	3038	5030	7821	14473	60927	152839	5059
Operating Expenses Related to Insurance	3250840	2905819	394536	323359	235372	215572	629908	538931	5229123	4717347	501624
Revenue Account Result	2947706	2308296	844107	417717	252790	132320	1096897	550037	-1567194	33530	-21946

Segment Reporting Schedule for the Year Ended 31st March, 2005

(Rs. '000)

W C 2005	P A 2004	P A 2005	Aviation 2004	Aviation 2005	Engineer-ing 2004	Engineer-ing 2005	Others 2004	Others 2005	MISC. TOTAL 2004	MISC. TOTAL 2005	Total 2004	Total 2005
2119574	911664	907267	2596477	1551587	1514988	1615582	8879273	10138708	35481380	37382376	49214746	51031636
1450	27705	30760	15994	33375	197233	188117	129326	121996	488826	515190	2243588	3145810
265338	218853	229348	1761607	1439455	742503	753617	2202899	2298215	9017309	8942479	15108883	15226400
1855686	720516	708679	850864	145507	969718	1050082	6805700	7962489	26952897	28955087	36349451	38951046
805600	339184	360258	22389	425432	537246	484074	3211750	3403204	12471461	13476018	18584298	19039145
927843	360258	354339	425432	72753	484074	525041	3403204	3981245	13476018	14477543	19039145	20318509
1733443	699442	714598	447821	498186	1022890	1009115	6614246	7384448	25948340	27953562	35894604	37671682
194324	29647	40905	7817	30331	47287	69001	309404	467885	1962330	3046519	2561507	3770711
278272	62673	58575	16524	43434	99961	98810	654058	670010	4148225	4362608	5414843	5399649
472596	92320	99480	24341	73765	147248	167811	963462	1137895	6110555	7409127	7976350	9170360
746266	467931	517460	63276	105097	794974	641372	7038725	8244499	23183450	25957672	28459105	30954989
0	12680	22844	24466	21788	102581	78125	47377	16263	236448	219205	951207	1187149
25045	210576	124119	27306	50200	331128	268437	1378292	1620026	5145163	5406641	6783249	7738581
721221	270035	416185	60436	76685	566427	451060	5707810	6640736	18274735	20770236	22627063	24403557
3457120	465667	448101	313869	571650	1415207	1653975	5206424	5192275	46763636	51391701	57773138	63507492
886	14257	14816	73002	62534	215135	166324	207528	164228	587178	504793	2623379	2417510
368606	158508	166918	306839	406353	964512	1024199	1019885	1155151	10056760	10578111	16596974	17479217
3089400	321416	295999	80032	227831	665830	796100	4394067	4201352	37294054	41318383	43799543	48445785
2636710	376153	465667	116748	313869	1419300	1415207	4864579	5206424	40597549	46763636	52692873	57773138
2132	19661	14257	108868	73002	154581	215135	166136	207528	545868	587178	2785033	2623379
206037	65137	158508	71393	306839	1042716	964512	1251734	1019885	9277671	10056760	16187095	16596974
2432805	330677	321416	154223	80032	531165	665830	3778981	4394067	31865746	37294054	39290811	43799543
1566676	557445	499895	260397	362877	790882	880140	7380571	8230349	29349539	30585735	33539371	36689341
-1246	7276	23403	-11401	11320	163135	29314	88769	-27037	277758	136820	789553	981280
187613	303947	132529	262751	149715	252924	328124	1146444	1755292	5924253	5927992	7193129	8620826
1377817	260774	390769	-13755	224482	701093	581330	6322896	6448020	23703044	24794563	27135795	29049795
435584	96039	120341	404	102	64374	99131	957873	1237330	3373568	4020486	4535708	5296415
300	10576	12452	3102	5484	54249	47332	37863	30968	108700	100769	584904	656118
15769	55754	47931	127374	82229	232116	256943	487928	530136	1768317	1672300	2984372	2633739
420115	50861	84862	-123868	-76643	-113493	-110480	507808	738162	1713951	2448955	2136240	3318794
1486	694	167	7	20	368	138	2192	701	18114	5064	24567	6937
13235	1248	2786	329	2066	1990	4700	13019	31867	82572	207493	107785	256817
472204	248106	208833	690005	352860	452231	401558	2379348	2284344	9500437	8437146	13381185	11881896
-78817	230079	126660	-80555	69165	127951	299681	-1647555	-980751	-2959220	-530532	1085382	2327803

Schedules (contd.)

Segment Reporting Schedule for the Year Ended 31st March, 2005 - Indian

(Rs. '000)

SEGMENT (====>)	Fire 2004	Fire 2005	Marine Cargo 2004	Marine Cargo 2005	Marine Hull 2004	Marine Hull 2005	MARINE TOTAL 2004	MARINE TOTAL 2005	Motor 2004	Motor 2005	W C 2004
Premium Direct	7752019	7888785	1582098	1468314	1010057	1056585	2592155	2524899	16792025	18182001	345911
Premium Accepted	620570	628174	998	1112	67628	110502	68626	111614	120	90	9
Premium Ceded	3428665	3462361	394959	404062	875778	939993	1270737	1344055	3441740	3601544	69182
PREMIUM	4943924	5054598	1188137	1065364	201907	227094	1390044	1292458	13350405	14580547	276738
Unexpired Risk Reserve Op	2484488	2471962	1346237	1188137	321125	201907	1667362	1390044	6154005	6675203	129380
Unexpired Risk Reserve Cl	2471962	2527299	1188137	1065364	201907	227095	1390044	1292459	6675203	7290274	138369
EARNED PREMIUM	4956450	4999261	1346237	1188137	321125	201906	1667362	1390043	12829207	13965476	267749
Profit on Realisation of Investment	406847	509497	111883	138046	71067	73533	182950	211579	1425280	2234422	118346
Interest Dividend and Rent	830869	686506	228489	186006	145134	99080	373623	285086	2910727	3010701	241687
Total Investment Income	1237716	1196003	340372	324052	216201	172613	556573	496665	4336007	5245123	360033
Claims Paid Direct	2242465	2265216	911455	899349	580798	489438	1492253	1388787	12517883	14034371	110360
Claims Paid Accepted	176297	73443	1593	1113	99775	116522	101368	117635	0	0	0
Claims Paid Ceded	916431	886380	266313	269264	241839	460436	508152	729700	2625484	3265635	22072
PAID CLAIMS	1502331	1452279	646735	631198	438734	145524	1085469	776722	9892399	10768736	88288
Cl O/S Claims Direct	5580420	6519581	1374989	1817664	1889238	1842934	3264227	3660598	35093534	38376930	157794
Cl O/S Claims Accepted	56277	138787	0	118	104101	93935	104101	94053	0	0	0
Cl O/S Claims Ceded	3419884	3650468	703362	1045682	1454044	1330269	2157406	2375951	7345084	7244530	27959
O/S CLAIMS AT END	2216813	3007900	671627	772100	539295	606600	1210922	1378700	27748450	31132400	129835
Op O/S Claims Direct	6152900	5580420	1581216	1374989	2375090	1889238	3956306	3264227	30208013	35093534	149788
Op O/S Claims Accepted	402535	56277	-4	0	113352	104101	113348	104101	0	0	0
Op O/S Claims Ceded	4005180	3419884	801413	703362	1586286	1454044	2387699	2157406	6506334	7345084	25689
O/S CLAIMS AT BEGINNING	2550255	2216813	779799	671627	902156	539295	1681955	1210922	23701679	27748450	124099
Incurred Claims Direct	1669984	3204377	705229	1342024	94947	443134	800176	1785158	17403404	17317767	118365
Incurred Claims Accepted	-169961	155953	1597	1231	90524	106356	92121	107587	0	0	0
Incurred Claims Ceded	331134	1116965	168261	611584	109597	336661	277858	948245	3464234	3165081	24342
INCURRED CLAIMS	1168889	2243365	538565	731671	75874	212829	614439	944500	13939170	14152686	94023
Commission Direct	318484	402447	106905	168080	4497	7391	111402	175471	1218848	1503100	28244
Commission Accepted	55431	96483	447	450	17577	25479	18024	25929	30	18	2
Commission Ceded	892823	685607	80568	66256	111668	85240	192236	151496	839601	727413	17296
COMMISSION / BROKERAGE	-518908	-186677	26784	102274	-89594	-52370	-62810	49904	379277	775705	10950
Foreign Taxes	0	0	0	0	0	0	0	0	0	0	0
Investment Provisions	12177	33454	3349	9064	2127	4828	5476	13892	42659	146713	3542
Operating Expenses Related to Insurance	2984943	2678055	362266	298014	216120	198675	578386	496689	4801415	4347590	460595
Revenue Account Result	2547063	1427067	755646	371168	332798	10560	1088444	381728	-1997306	-212095	58670

Schedules (contd.)

Segment Reporting Schedule for the Year Ended 31st March, 2005 - Indian

(Rs. '000)

W C 2005	P A 2004	P A 2005	Aviation 2004	Aviation 2005	Engineer- ing 2004	Engineer- ing 2005	Others 2004	Others 2005	MISC. TOTAL 2004	MISC. TOTAL 2005	Total 2004	Total 2005
389593	735604	733750	2596482	1551553	1420038	1438003	8222619	9399565	30112679	31694465	40456853	42108149
0	7895	12813	14167	12254	164234	143431	95162	88243	281587	256831	970783	996619
77919	208926	211497	1761643	1439451	713146	674337	2099341	2253480	8293978	8258228	12993380	13064644
311674	534573	535066	849006	124356	871126	907097	6218440	7234328	22100288	23693068	28434256	30040124
138369	285912	267286	22389	424503	485759	434777	2899144	3109575	9976589	11049713	14128439	14911719
155837	267286	267533	424503	62178	434777	453548	3109575	3617164	11049713	11846534	14911719	15666292
294206	553199	534819	446892	486681	922108	888326	6008009	6726739	21027164	22896247	27650976	29285551
193489	29183	40729	7694	30201	46547	68705	304561	465872	1931611	3033418	2521408	3754494
260710	59599	54879	15714	40693	95058	92574	621978	627725	3944763	4087282	5149255	5058874
454199	88782	95608	23408	70894	141605	161279	926539	1093597	5876374	7120700	7670663	8813368
123409	421352	468189	47025	101092	760377	614803	6633034	7887501	20490031	23229365	24224749	26883368
0	5245	9043	12400	13892	91937	44466	33400	8598	142982	75999	420647	267077
24682	208976	122413	27306	50141	317763	249226	1359082	1612948	4560683	5325045	5985266	6941125
98727	217621	354819	32119	64843	534551	410043	5307352	6283151	16072330	17980319	18660130	20209320
178896	423789	415513	313869	559198	1348372	1493918	4454019	4528151	41791377	45552606	50636024	55732785
0	5528	4144	5441	7248	117701	116906	101631	109963	230301	238261	390679	471101
31096	153347	166158	301113	400569	932313	962424	1006779	1142962	9766595	9947739	15343885	15974158
147800	275970	253499	18197	165877	533760	648400	3548871	3495152	32255083	35843128	35682818	40229728
157794	343288	423789	81764	313869	1369791	1348372	4178280	4454019	36330924	41791377	46440130	50636024
0	11230	5528	26091	5441	61166	117701	76572	101631	175059	230301	690942	390679
27959	60732	153347	66825	301113	1004656	932313	1236634	1006779	8900870	9766595	15293749	15343885
129835	293786	275970	41030	18197	426301	533760	3018218	3548871	27605113	32255083	31837323	35682818
144511	501853	459914	279130	346421	738957	760349	6908773	7961633	25950482	26990595	28420642	31980130
0	-458	7659	-8251	15700	148472	43671	58458	16931	198221	83961	120381	347501
27819	301592	135224	261593	149597	245420	279337	1129227	1749131	5426408	5506189	6035400	7571399
116692	199803	332349	9286	212524	642009	524683	5838004	6229433	20722295	21568367	22505623	24756232
40647	55588	80851	404	101	48364	68553	829163	1092082	2180611	2785334	2610497	3363252
0	3153	5035	2845	2202	42076	33948	30568	23829	78674	65032	152129	187444
15584	54706	41317	127374	82229	226217	243387	461497	540622	1726691	1650552	2811750	2487655
25063	4035	44569	-124125	-79926	-135777	-140886	398234	575289	532594	1199814	-49124	1063041
0	0	0	0	0	0	0	0	0	0	0	0	0
12705	873	2674	230	1983	1393	4511	9115	30589	57812	199175	75465	246521
435192	227812	192464	633567	325202	415242	370083	2184733	2105291	8723364	7775822	12286693	10950566
158753	209456	58370	-48658	97792	140845	291213	-1495538	-1120268	-3132531	-726235	502982	1082559

Schedules (contd.)

Segment Reporting Schedule for the Year Ended 31st March, 2005 - Foreign
(Rs. '000)

SEGMENT (====>)	Fire 2004	Fire 2005	Marine Cargo 2004	Marine Cargo 2005	Marine Hull 2004	Marine Hull 2005	MARINE TOTAL 2004	MARINE TOTAL 2005	Motor 2004	Motor 2005	W C 2004
Premium Direct	2924927	2748260	377765	396465	86500	90851	464265	487316	2887851	2867657	1553191
Premium Accepted	1010698	1787000	30845	70708	24022	33124	54867	103832	118318	139402	121
Premium Ceded	1212696	1279872	113659	122811	65817	74823	179476	197634	361674	354962	218851
PREMIUM	2722929	3255388	294951	344362	44705	49152	339656	393514	2644495	2652097	1334461
Unexpired Risk Reserve Op	1624020	1361464	274689	294951	62278	44706	336967	339657	1320933	1322247	756573
Unexpired Risk Reserve Cl	1361464	1627694	294951	344362	44706	49152	339657	393514	1322247	1326048	667231
Profit on Realisation of Investment	6470	2201	1779	596	1130	318	2909	914	22667	9651	1882
Interest Dividend and Rent	42854	46244	11785	12530	7486	6674	19271	19204	150129	202805	12466
Total Investment Income	49324	48445	13564	13126	8616	6992	22180	20118	172796	212456	14348
Claims Paid Direct	1449913	1210527	83551	124807	7473	7979	91024	132786	1668137	1668607	522163
Claims Paid Accepted	394093	714054	20084	31969	22919	30844	43003	62813	49325	80185	19
Claims Paid Ceded	196899	661254	11386	53004	5218	1602	16604	54606	546837	53178	3469
PAID CLAIMS	1647107	1263327	92249	103772	25174	37221	117423	140993	1170625	1695614	518713
Cl O/S Claims Direct	1877990	1589886	174621	207882	112243	137844	286864	345726	1632226	1691650	2478917
Cl O/S Claims Accepted	1481994	1446386	60688	63319	333140	170171	393828	233490	75124	96005	2132
Cl O/S Claims Ceded	882807	795572	79551	78200	567	915	80118	79115	55895	212355	178079
O/S CLAIMS AT END	2477177	2240700	155758	193001	444816	307100	600574	500101	1651455	1575300	2302970
Op O/S Claims Direct	1689598	1877990	177933	174621	118587	112243	296520	286864	1650256	1632226	1812712
Op O/S Claims Accepted	1425209	1481994	65786	60688	232288	333140	298074	393828	92004	75124	4618
Op O/S Claims Ceded	435005	882807	76341	79551	5199	567	81540	80118	203729	55895	110939
O/S CLAIMS AT BEGINNING	2679802	2477177	167378	155758	345676	444816	513054	600574	1538531	1651455	1706391
Incurred Claims Direct	1638304	922423	80238	158068	1129	33580	81367	191648	1650107	1728031	1188368
Incurred Claims Accepted	450878	678446	14986	34599	123771	-132124	138757	-97525	32445	101066	-2466
Incurred Claims Ceded	644701	574020	14597	51654	586	1951	15183	53605	399002	209638	70608
INCURRED CLAIMS	1444481	1026849	80627	141013	124314	-100495	204941	40518	1283550	1619459	1115294
Commission Direct	630247	592753	85054	87405	16952	17853	102006	105258	651637	624898	356149
Commission Accepted	376125	389010	24319	33475	2306	10452	26625	43927	2841	4214	37
Commission Ceded	93737	83195	24359	26159	12901	14981	37260	41140	8009	11879	239
COMMISSION / BROKERAGE	912635	898568	85014	94721	6357	13324	91371	108045	646469	617233	355947
Foreign Taxes	5938	1795	447	68	68	10	515	78	9872	2552	4981
Investment Provisions	5215	1397	1434	378	911	202	2345	580	18269	6126	1517
Operating Expenses Related to Insurance	265897	227765	32270	25346	19252	16897	51522	42243	427707	369756	41030
Revenue Account Result	400643	881229	88461	46551	-80009	121760	8452	168311	430110	245626	-80618

Schedules (contd.)

Segment Reporting Schedule for the Year Ended 31st March, 2005 - Foreign

(Rs. '000)

W C 2005	P A 2004	P A 2005	Aviation 2004	Aviation 2005	Engineer-ing 2004	Engineer-ing 2005	Others 2004	Others 2005	MISC. TOTAL 2004	MISC. TOTAL 2005	Total 2004	Total 2005
1729981	176060	173517	-5	33	94950	177579	656654	739143	5368701	5687910	8757893	8923486
1450	19810	17947	1827	21121	32999	44686	34164	33753	207239	258359	1272804	2149191
187419	9927	17851	-36	5	29357	79280	103558	44735	723331	684252	2115503	2161758
1544012	185943	173613	1858	21149	98592	142985	587260	728161	4852609	5262017	7915194	8910919
667231	53272	92972	0	930	51487	49296	312606	293630	2494871	2426306	4455858	4127427
772006	92972	86807	930	10575	49296	71493	293630	364080	2426306	2631009	4127427	4652217
836	464	176	122	130	740	297	4844	2012	30719	13102	40098	16217
17562	3074	3697	810	2741	4903	6236	32080	42285	203462	275326	265587	340774
18398	3538	3873	932	2871	5643	6533	36924	44297	234181	288428	305685	356991
622857	46579	49271	16251	4005	34598	26570	405691	356997	2693419	2728307	4234356	4071620
0	7436	13801	12066	7896	10644	33659	13977	7665	93467	143206	530563	920073
363	1600	1706	0	59	13365	19211	19210	7078	584481	81595	797984	797455
622494	52415	61366	28317	11842	31877	41018	400458	357584	2202405	2789918	3966935	4194238
3278224	41878	32588	1	12452	66836	160057	752405	664124	4972263	5839095	7137117	7774707
886	8729	10672	67561	55286	97433	49418	105898	54265	356877	266532	2232699	1946408
337510	5161	760	5726	5785	32199	61775	13107	12189	290167	630374	1253092	1505061
2941600	45446	42500	61836	61953	132070	147700	845196	706200	5038973	5475253	8116724	8216054
2478917	32864	41878	34984	1	49509	66836	686299	752405	4266624	4972263	6252742	7137117
2132	8431	8729	82777	67561	93414	97433	89564	105898	370808	356877	2094091	2232699
178079	4406	5161	4568	5726	38060	32199	15100	13107	376802	290167	893347	1253092
2302970	36889	45446	113193	61836	104863	132070	760763	845196	4260630	5038973	7453486	8116724
1422165	55593	39981	-18733	16456	51925	119791	471798	268716	3399058	3595140	5118729	4709211
-1246	7733	15744	-3150	-4380	14663	-14357	30311	-43967	79536	52860	669171	633781
159794	2355	-2695	1158	118	7504	48787	17217	6161	497844	421803	1157728	1049428
1261125	60971	58420	-23041	11958	59084	56647	484892	218588	2980750	3226197	4630172	4293564
394937	40451	39490	0	0	16009	30578	128710	145248	1192956	1235151	1925209	1933162
300	7423	7417	257	3283	12173	13384	7295	7139	30026	35737	432776	468674
186	1048	6614	0	0	5899	13557	26431	-10486	41626	21750	172623	146085
395051	46826	40293	257	3283	22283	30405	109574	162873	1181356	1249138	2185362	2255751
1486	694	167	7	20	368	138	2192	701	18114	5064	24567	6937
530	374	112	99	83	597	188	3904	1277	24760	8316	32320	10293
37012	20293	16369	56438	27658	36989	31475	194615	179052	777072	661322	1094491	931330
-237569	20623	68290	-31900	28627	-12895	8468	-152017	139517	173303	195705	582398	1245245

Schedules (contd.)



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Receipts and Payments Account

Receipts & Payments Account / (Cash Flow Statement) For The Period 01-04-2004 To 31-03-2005

	Current year (Rs'000)	Previous year (Rs'000)
Operating Activities		
Profit as per Profit and Loss A/C	3112032	5394415
Add Items considered separately		
Dividend and Dividend tax	684150	507656
Interim Dividend and tax thereon	226137	
Income tax expenses for the year	2939240	535378
Income tax expenses for the earlier year	1505433	267509
Less Items considered separately		
Adjustment of Deferred tax /Earlier year tax	-488180	-137563
Interest Dividend and Rents	-8788246	-8599706
Profit / loss on sale of investments	-6137055	-4068117
Add /Less Non cash Items Write offs and Provisions		
Profit/Loss on sale of asset	-547	1434
Amortisation	127451	146038
Provisions of Investments	189709	-22541
Loans	28150	109702
Write offs Investments	72672	-62019
Balances Written off / Written back	-111238	-77656
Depreciation	227369	253719
Provision for O/S Claims	4646208	4508732
Interest on Income tax	65961	
Provision for O/S Expenses	920981	1108279
Provision for Unexpired Risks Reserves	1279364	454846
Bad Debts-Revenue	8590	38825
Bad Debts-Foreign	271	-7990
Deferred Exps written off	535570	-1844780
Total	-2068010	-6888254
Operating Profit before change in operating assets	1044022	-1493839
Net change in operating assets and liabilities	-1467519	-3532188
Net cash from operating activities before income tax	-423497	-5026027
Less Income tax paid / refund	-2544807	300595
Net cash flow from operating activities	-2968304	-4725432
Investing Activity		
Addition/deletion to Assets	-329293	-204457
Increase / Decrease in Investments	-2198038	824379
Increase / Decrease in Loans	667602	8338
Investment Income	8679342	8417138
Inflow / Outflow from investing activities	6819613	9045398
Financing Activity		
Interim Dividend and tax thereon	-226137	
Dividend Paid - Earlier Year	-507656	-451250
Increase/Decrease in Bank/Cash Balance	3117516	3868716
Cash and Cash Equivalents at the beginning of the year	19743358	15874642
Cash and Cash Equivalents at the end of the year	22860874	19743358

Significant Accounting policies and Notes to Accounts form integral part of the Receipts and Payments Account.

A. R. Sekar Company Secretary	R. K. Joshi Director	Kumar Bakhr Director	R. Beri Chairman-cum-Managing Director
As per our report of even date			
For Khandelwal Jain & Co. Chartered Accountants	For Contractor, Nayak & Kishnadwala Chartered Accountants	For Sharp & Tannan Chartered Accountants	
Narendra Jain Partner	Gautam Nayak Partner	Milind P. Phadke Partner	
MEMBERSHIP NO. 48725	MEMBERSHIP NO. 38127	MEMBERSHIP NO. 33013	
New Delhi : 29th June, 2005.			

Shareholders and Policyholders funds

		Amount in Rupees	
	Balances	Percentage	Balances
	as on 31.03.2004		as on 31.03.2005
Shareholders funds			
Share Capital	1000000000		1500000000
Capital Reserves	575088		575088
General Reserves	38423290989		41652433317
Investment Reserves	11132024		11132024
Total	39434998101	38.56	43164140429
Policyholders funds			
	Un-expired Risks Reserves	Outstanding Claims	Total
	as on 31.03.2004	as on 31.03.2004	as on 31.03.2004
Fire	3833426020	4693990921	8527416941
Marine	1729701057	1811496714	3541197771
Misc	13476017828	37294054007	50770071835
Total	19039144905	43799541642	62838686547
	Un-expired Risks Reserves	Outstanding Claims	Total
	as on 31.03.2005	as on 31.03.2005	as on 31.03.2005
	4154992718	5248600000	9403592718
	1685972573	1878800000	3564772573
	14477543030	41318382151	55795925181
Total	20318508321	48445782151	68764290472
Total funds	102273684648	100.00	111928430901

The balances as on 31-03-2004 are used as basis for apportionment of investment income of 2004-05 between policyholders and shareholders

Average shareholders' funds (Rs. in crores) $(3943.50 + 4316.41)/2 = 4129.96$

Average policyholders' funds (Rs. in crores) $(6283.87 + 6876.43)/2 = 6580.15$

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF FINANCIAL STATEMENTS AS ON 31st MARCH, 2005

SIGNIFICANT ACCOUNTING POLICIES

I ACCOUNTING CONVENTION

The Financial Statements are drawn up in accordance with the provisions of section 11 (1) of the Insurance Act, 1938, regulations framed under Insurance Regulatory Development Act, 1999, read with the provisions of sub-sections (1), (2) and (5) of Section 211, sub-section (5) of Section 227 of the Companies Act, 1956. The said statements prepared on the historical cost convention and on accrual basis, comply with accounting standards referred in Section 211 (3C) of the Companies Act, 1956 to the extent applicable, and conform to practices prevailing in the general insurance industry except as otherwise stated.

II BASIS OF INCORPORATION

A Reinsurance Accepted

Reinsurance returns have been incorporated for the advices received up to the date of finalisation of accounts.

B Reinsurance Ceded

Reinsurance cessions are accounted for on the basis of actuals or estimates wherever actuals are not available.

C Outstanding Claims

1. Estimated liability for outstanding claims at the year end are based on survey reports, information provided by clients and other sources, past experience and other applicable laws and include:
 - i) in respect of direct business, claim intimations received upto the year end.
 - ii) in respect of reinsurance accepted, advices received as of different dates of subsequent year and
 - iii) provision for Claims Incurred But Not Reported (IBNR) and provision for Claims Incurred But Not Enough Reported (IBNER), as certified by Appointed Actuary.
2. All the outstanding claims for direct business are provided net of salvage (if any).
3. In respect of Motor Third Party Claims where court summons have been served on the Company without adequate policy particulars to establish liability of the Company, provision is made as under:
 - i) 100% of the estimated liability, where such claims are outstanding for more than one year.

- ii) 1/3rd of the estimated liability, for all such claims for which court summons have been served on the Company during the year.

- 4. Interest on Motor Accident Claims Tribunal claims is provided based on the prevailing trends in the Motor Third Party Claim Awards.

III PREMIUM RECOGNITION

Premium income is recognised on assumption of risk.

IV RESERVE FOR UNEXPIRED RISKS

Reserve for unexpired risk is made at 100% of net premium for marine business and 50% of net premium for other classes of business.

V FOREIGN CURRENCY TRANSACTIONS

- (i) Revenue transactions of re-insurance in foreign currencies are converted at the average of buying and selling rates of exchange of each quarter in which they are accounted.

(ii) Foreign Operations

- a) As per the Accounting Standard (AS) 11 "The Effects of changes in Foreign Exchange Rates" (revised 2003) foreign branches / agencies are classified as 'Non-integral foreign operations'.
 - b) The assets and liabilities (including contingent liabilities), both monetary and non-monetary of the non integral foreign operations are translated at the closing rate;
 - c) Income and expense items of the non integral foreign operations are translated at the average exchange rate of the year.
 - d) Provision for outstanding claims of non integral foreign operations are converted at the closing rate.
 - e) Depreciation on fixed assets held in foreign branches and agencies is provided on written down rupee value at the year end.
 - f) All resulting exchange difference is accumulated in a Foreign Currency Translation Reserve until the disposal of the net investment.
- (iii) Foreign investments transactions during the year are converted at the exchange rates prevailing as on the last day of the month of purchase or sale.
 - (iv) Other assets and liabilities in foreign currencies are converted at the average of buying and selling rates of exchange prevailing at the year end.
 - (v) The exchange gain/loss due to conversion of foreign currencies other than relating to non integral foreign operations is taken to revenue.



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Accounting Policies (contd.)

VI FIXED ASSETS

- a) Fixed assets are stated at cost less depreciation.
- b) The fixed assets are assessed for any indication that an asset is impaired. In case the recoverable amount of the fixed assets is lower than its carrying amount a provision is made for the impairment loss.

VII INTANGIBLE ASSETS

Software Development/ Acquisition cost is charged to revenue.

VIII EXPENSES OF MANAGEMENT

a) Depreciation

- i) Depreciation on fixed assets is charged on written down value method at the rates prescribed in the schedule XIV of the Companies Act, 1956. However, where corresponding rates are higher under the Income Tax Rules, 1962, the same are adopted. In case of leasehold properties amortisation is made over the lease period.
- ii) Depreciation is provided at 50% of the applicable rates as above on additions made to fixed assets, which are put into use for less than six months. No depreciation is provided on assets sold/ discarded/destroyed during the year.

b) Retirement benefit of employees

- i) Liability for gratuity, pension and leave encashment at the year end is accounted for based on actuarial valuation.
- ii) Ex-gratia payable and additional actuarial liability, net of tax benefits, for pension, gratuity and leave encashment on account of Special Voluntary Retirement Scheme during 2003-04 is being amortised over a period of five years.

c) Basis for apportionment of management expenses

Expenses of management including provision for bad and doubtful debts and exchange gain/ loss, are apportioned to the revenue accounts on the basis of gross direct premium plus reinsurances accepted giving weightage of 75% for marine business and 100% each for fire and miscellaneous business.

IX PREMIUM DEFICIENCY

Premium Deficiency (if any) is provided for the three major segments viz., Fire, Marine and Miscellaneous as directed by Insurance Regulatory and Development Authority vide circular no. F & A/CIR/017/MAY-04 dated 18th May 2004.

X BASIS FOR APPORTIONMENT OF INCOME FROM INVESTMENTS

Investment income (net of expenses) is apportioned between Shareholders' Fund and Policyholders' Fund in proportion to the opening balance of these funds at the beginning of the year.

Investment income (net of expenses) belonging to Policyholders is further apportioned to Fire, Marine and Miscellaneous Departments in proportion to respective Technical Reserves Balance at the beginning of the year.

Shareholders' Funds for this purpose consist of Share Capital, General Reserves, Capital Reserves and Investment Reserves. Policyholders' Funds consist of Technical Reserves i.e. Unexpired Risks Reserve plus Outstanding Claims.

XI SALVAGE/CLAIM RECOVERIES

Recoveries of claims and sale proceeds on disposal of salvage are accounted on realisation and credited to claims.

XII LOANS AND INVESTMENTS

- 1 Short Term Money Market Instruments such as Commercial Papers and Certificate of Deposit, are shown at their discounted value and the difference between the acquisition cost and the redemption value is apportioned on time basis and recognised as accrued income.
- 2 Contracts for purchase and sale of shares, bonds, debentures are accounted for as "Investments" as on date of transaction.
- 3 The cost of investments includes premium on acquisition, expenses like brokerage, transfer stamps, transfer charges, etc., and is net of incentive/ fee if any, received thereon.
- 4
 - a) Dividend is accounted for as income in the year of declaration. Dividend on shares/interest on debentures under objection/pending delivery is accounted for on realisation. Interim dividend is accounted where the warrants are dated 31st March or earlier.
 - b) Dividend on foreign investments is accounted for net of withholding tax.
- 5 Profit/Loss on realisation of investments is computed by taking weighted average book value as cost of investments except :
 - a) In respect of Govt. Securities/Debentures/Bonds under Trading Portfolio, the profit/loss is worked out on specific scrip-wise.
 - b) In respect of Govt. Securities sold from Investment Portfolio, the profit/loss is worked out on First In First Out Basis (FIFO).
- 6 The company follows the prudential norms prescribed by the Reserve Bank of India as applicable to Term Lending Institutions as regards asset classification, recognition of income and provisioning pertaining to loans/advances.
- 7 Investment in Govt. Securities, Debt Securities and Redeemable Preference Shares are considered as held till maturity and valued at cost. However, in terms of Insurance Regulatory & Development Authority Regulations the premium paid at the time of acquisition of securities is amortised over the residual period of maturity.



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Accounting Policies (contd.)

- 8 a) Investments in Mutual Fund/s/Venture Fund/s are valued at Net Asset Value (NAV) at the year-end and the difference between cost/book value and NAV is accounted in Fair Value Change Account. However, if there is impairment in value, the same is charged to revenue and the book value of investment is reduced accordingly. Any reversal of impairment loss earlier recognised, is taken to revenue to the extent of reduction in impairment recognised earlier.
- b) In case of non-availability of NAV as at the Balance Sheet date, investment is shown at cost.
- 9 a) Investment Portfolio in respect of Equity/Equity related instruments is segregated into Actively Traded and Thinly Traded as prescribed by Insurance Regulatory & Development Authority Regulations. The shares are treated as thinly traded by taking into consideration transactions in the month of March on both National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).
- b) Actively Traded Equity/Equity related instruments are valued at lowest of the last quoted closing price in March at National Stock Exchange (NSE) or Bombay Stock Exchange (BSE). If the shares are traded / listed only on either of the stock exchanges then the quotation available on the respective stock exchange is considered. The difference between weighted average cost and quoted value is accounted in Fair Value Change Account.
- 10 Investment in thinly traded Equity Shares and unlisted Equity Shares are shown at cost. However, difference between cost and break-up value is provided for as diminution in value. If the break-up value is negative then the provision is made for the entire cost. Further, if the published accounts of an unlisted company are not available for last three accounting years ending on or immediately preceding the date of working out diminution in value, then the provision is made for the entire cost.
- 11 In case of investment in Listed Equity / Equity Related Instruments / Preference Shares where the value has been impaired on or before 31.03.2000, the historical/weighted average costs are not available with the company. As a consequence, the carrying value of such investments as on 01.04.2000 is presumed to be the historical / weighted average cost.
- 12 a) Investment in Listed Equity/Equity Related Instruments/Preference Shares made in those companies, which are making losses continuously for last 3 years and where capital is eroded, are considered to have impairment in value. Further, if the published accounts of a company are not available for last three accounting years ending on or immediately preceding the date of working out impairment in value, it is presumed that the value of investment is fully impaired and is written off to a nominal value of Re.1/- per company.

Valuation of such investments is done as under :

- i) In respect of Actively Traded Equity Shares: - Least of Cost Price, Market Price or Break-up Value provided Break-up Value is positive. However, if the Break-up Value is negative the nominal value is taken at Rs. 1/- per company.
- ii) In respect of Other Than Actively Traded Equity Shares: - Lower of Cost Price or Break-up Value provided Break-up Value is positive. However, if Break-up Value is negative the nominal value is taken at Rs. 1/- per company.

- iii) In respect of Preference Shares, if the dividend is not received for the last three years: - The preference shares are written down to a value which will bear to its face value, the same proportion as value taken / which would have been taken for writing down equity shares bears to the face value of the equity shares. However, if the equity shares are written down to Re.1/- per company, Preference Shares are also written down to a nominal value of Re. 1/- per company.
- B.** Once the value of investment in listed Equity/Equity Related Instruments/Preference Share is impaired in accordance with the above mentioned policy, then the reversal of such impairment losses are recognised in Revenue/Profit & Loss Account only when the accumulated losses of such investee companies are completely wiped out as per the latest available published accounts on or immediately preceding the date of working out the reversal. However, in respect of investments where the historical or weighted average cost is not available as mentioned in Policy No.11, reversal of impairment loss is carried out and recognised only to the extent of impairment losses accounted after 31st March, 2000.
- 13** REVERSE REPO Transactions are treated as secured lending transactions and accordingly disclosed in the financial statements. The difference between total consideration at the 1st and 2nd leg of the transaction is treated as interest income.
- 14** "Collateralised Borrowing and Lending Obligation" (CBLO), which is issued at Discount to the Face Value, is treated as Money Market Instrument as per Reserve Bank of India Notification. Discount earned at the time of lending through CBLO is shown as income, which is apportioned on time basis.
- 15 a)** Unrealised gain, losses arising due to changes in the fair value of listed equity shares other than enumerated in Accounting Policy No 11 are taken under the head "Fair Value Change Account" and on realisation reported in profit and loss account.
- b)** Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.

XIII TAX LIABILITY ON INCOME

(a) Tax Liability in India.

- i) Tax expense for the year, comprises current tax and deferred tax.

A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates.

- ii) Deferred tax assets are recognised only if there is a virtual certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(b) Tax Liability in Foreign Countries.

Tax liability in foreign countries is accounted for on actual payment basis.

**NOTES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31.03.2005**

1. The Accounts incorporate audited accounts of Branches in Fiji and Thailand on calendar year basis prepared as per local laws.
2. House Properties for which execution of legal documents is in progress amount to Rs. 533.68 Lakhs (Previous Year Rs. 348.70 Lakhs).

In case of "Carlisle Chambers" property, situated at Colaba, Mumbai, the original lease agreement for 99 years has expired on 30th July, 1997. The leaser M/s. BPT has not renewed the lease and has filed the suit for the eviction. Company has taken necessary steps in consultation with advocate for renewal of the said agreement.

3. (a) Reinsurers balances are subject to confirmation/reconciliation and consequential adjustments.
(b) Reinsurance acceptance transactions pertaining to the year with Indian Companies have been booked for advices received upto 23rd June, 2005.
4. As certified by Custodian, Securities are held in the name of Company as on 31.03.2005. Variations and other differences are under reconciliation and are not expected to have a material impact on the state of affairs of the Company.
5. Certificates of confirmation are awaited for earlier years' Foreign Investments amounting to Rs. 27.79 lakhs (Previous year Rs. 27.78 lakhs). However, the same are fully provided for.
6. a) Provision for standard assets @ 0.25% amounting to Rs. 543.78 Lakhs (Previous Year Rs. 420.97 Lakhs) has been made as per Reserve Bank of India guidelines on (i) Term Loan (PFPS/DTL, Bridge Loans), (ii) Debentures, (iii) Short Term Loans, (iv) Infrastructure Investments, (v) Bonds/Debentures of HUDCO, (vi) Bonds/Debentures of Institutions accredited to NHB and (vii) Loans to HUDCO for Housing, (viii) Government Guranteed Bonds/securities.
b) During the year, the company has undertaken restructuring of corporate debt/loans etc. as under:

Sr. No.	Particulars	Current year (Rs in lakhs)	Previous year (Rs in lakhs)
	Total amount of assets subjected to restructuring	24381.29	11865.51
	The break up of the same is given here under:		
(i)	Total amount of standard assets subjected to restructuring	16807.04	770.00
(ii)	Total amount of sub-standard assets subjected to restructuring	-	1100.00
(iii)	Total amount of doubtful assets subjected to restructuring	3160.10	7312.43
(iv)	Total amount of loss assets subjected to restructuring	4414.15	2683.08
	Total:	24381.29	11865.51

c) Details of Non Performing Assets (NPA) / Provisions.

i) Details of Non Performing Assets (NPA)

Sr. No.	Particulars	Current year (Rs in lakhs)	Previous year (Rs in lakhs)
(i)	Opening Balance	37806.64	38611.15
(ii)	Additions During the year	1635.17	1404.85
(iii)	Reductions During the year	7828.17	2209.36
(iv)	Closing Balance	31613.64	37806.64
Percentage of Net NPAs to Net Assets		4.04%	8.50%

ii) Details of Provision for (NPA)

Sr. No.	Particulars	Current year (Rs in lakhs)	Previous year (Rs in lakhs)
(i)	Opening Balance	22160.34	21405.32
(ii)	Incremental Provision during the year	1072.24	755.02
(iii)	Closing Balance	23232.58	22160.34

7. Short-term investments (Schedule – 8) in debentures and other guaranteed securities include those, which are fully repayable in the next year. As regards those debentures and other guaranteed securities, which have fallen due and remain unpaid as on 31.03.2005, they have been shown under long-term investments, as their realisability is unascertainable. However, necessary provision, wherever required, has been made.

8. a) There are following cases of non-compliance/contravention of Insurance Regulatory & Development Authority (Investment) Regulations, 2000 :

- i) Returns prescribed by Regulation 6 with respect to compliance report and exposure of investment have not been submitted and the Other Returns as prescribed by Regulation 6 have not been submitted within stipulated time limit & in prescribed format as per notification dated 1/1/2004.
- ii) As the existing system in the Company is not enabling proper calculation of exposure limits as per the requirement of Regulation 5, the Company is in the process of improving the system to ensure that the investment exposure at any point of time does not exceed the prescribed limits.
- iii) The reconciliation of investments shown in the books of account and in the custodian/other certificate has not been made as required by Notification dated January, 1 2004.
- iv) There have been instances wherein the Company has exceeded the limits for investment in Mutual Funds laid down by Insurance Regulatory & Development Authority vide circular No. Insurance Regulatory & Development Authority/CIR/INV/007/2002-03 dated 26th February, 2003 and letter dated 5th December 2003. However the investments in Mutual Funds are well within the limits permitted by the Insurance Regulatory and Development Authority at the year end.

- b) There are following cases of non-compliance/contravention of Insurance Regulatory & Development Authority (Preparation of Financial Statement and Auditor's Report of Insurance Companies) Regulations, 2002 :
- i) Segmental reporting in respect of Health Insurance and Public & Product Liability is not disclosed separately;
 - ii) The provisions against the Investment of Rs. 11441.54 lakhs (Previous Year Rs. 9914.50 lakhs), loans of Rs.13230.40 lakhs (Previous Year Rs. 12974.67 lakhs) and Sundry Debtors of Rs.305.40 lakhs (Previous Year Rs. 59.50 lakhs) have been shown in Schedule 14 "Provisions". Consequently, the "Investment", "Loans" and "Advance & Other Assets" shown in the Schedules 8, 9 and 12 respectively have not been reduced to the extent of provisions made against thereof, as required by Part V of Schedule B and
 - iii) Receipts and Payments Account/ (Cash Flow Statement) has been drawn by "Indirect Method" instead of "Direct Method", as required by Part I of Schedule B.
9. Investment in term loans, loans to state government for the purpose of Housing & Fire Fighting Equipments, investments in Pass Through Certificates (PTC) and balances on account of restructuring/rescheduling of debts are subject to confirmation and reconciliation. Further, reconciliation of some of the inter-office accounts is also pending. The impact of adjustments if any, arising out of confirmation/reconciliation of such balances on financial statements is unascertainable.
10. Prior period items have been included in the respective heads amounting to Rs. 717.37 lakhs (Debit) (Previous Year Rs. 1098.62 lakhs Credit) consisting the following:-

Sr. No.	Particulars	Rs. (in lakhs)
1.	Direct Premium	40.19 CR
2.	Direct Commission	0.96 CR
3.	Direct Claims	11.88 DR
4.	Outstanding Claims	685.06 DR
5.	Management Expenses	61.58 DR
	Total (Net):	717.37 DR

11. Disclosures as required by Accounting Standards (AS) issued by the Institute of Chartered Accountants of India (ICAI): -

A. Related party disclosures as per Accounting Standard 18

1. Company's Related Parties

(a) Subsidiaries

- i) The New India Assurance Co. (T & T) Ltd. – Port of Spain, Trinidad & Tobago
- ii) The New India Assurance Co. (S.L.) Ltd. – Free Town, Sierra Leone

(b) Associates

- i) India International Insurance Pvt. Ltd.- Singapore
- ii) Prestige Assurance Plc. – Nigeria
- iii) Kenindia Assurance Co. Ltd. – Nairobi

(c) Entities over which control exist

- i) The New India Assurance Company (Employees) Pension Fund
- ii) The New India Assurance Company Limited Employee Gratuity Fund

d) Key Management Personnel of the Company

- i) Mr. R. Beri
- ii) Mr. A. V. Purushothaman -till 30th May, 2005
- iii) Mr. Kumar Bakhru

2. Transactions with related parties:

Sr. No.	Nature of relationship	Nature of transaction	Current year (Rs in lakhs)	Previous year (Rs in lakhs)
i)	Subsidiaries	Management Fees earned	46.80	78.10
		Premium on Reinsurance Accepted	111.10	2075.25
		Commission on Reinsurance Accepted	27.19	41.88
		Dividend income received	45.55	NIL
ii)	Associates	Dividend income received	143.79	165.06
		Investment in shares on rights basis	422.37	436.84
		Dividend receivable	81.45	45.60
		Application money for investment	NIL	399.85
		Other Amount Due (From Prestige Assurance PLC-out of Rights Subscription)	1.30	NIL
iii)	Entity over which control exists	Sale of investments	NIL	11533.26
		Other amount payable	15.25	NIL
iv)	Key Management Personnel	Salary and Allowances	17.04	14.89

B. Disclosure as per AS 20-“Earnings Per Share”:

Particulars	Current year (Rs. in lakhs)	Previous year (Rs. in lakhs)
Net profit attributable to shareholders (Rs. In lakhs)	40223.19	59020.71
Weighted average number of equity shares issued	15,00,00,000	15,00,00,000
Basic earnings per share of Rs.10/- each (Rs.)	26.82	39.35

- i) The Company does not have any outstanding diluted potential equity shares. Consequently, the basic and diluted earning per share of the Company remains the same.
- ii) During the year the Company has issued 5,00,00,000 fully paid up equity shares of Rs. 10 each as bonus shares amounting to Rs. 50,00,00,000. Accordingly the basic earning per share is calculated including the bonus shares. The basic earnings per share for previous financial year has been revised after taking into account the bonus shares.

C. AS – 22 Deferred Tax Assets

The break up of Deferred Tax Asset into the major components is as under:

Particulars	Current year (Rs. in lakhs)	Previous year (Rs. in lakhs)
Depreciation	553.73	619.03
Exgratia on VRS	217.78	213.49
Leave encashment & others	3427.48	2692.80
Wage arrears & others	4208.14	NIL
Total	8407.13	3525.32

Accordingly a sum of Rs. 4881.81 lakhs (Previous year Rs. 1375.64 lakhs) has been taken to income on account of creation of deferred tax asset during the year and shown under provision for taxation in Profit & Loss Account.

12. During the year, the company has reviewed its fixed assets for impairment of loss as required by Accounting Standard 28 on impairment of assets. In the opinion of the management no provision for impairment loss is considered necessary.
13. During the year pre-payment premium received in present value terms on account of restructuring/ reduction of interest rates in respect of loans is spread over the remaining tenure of such loans. Accordingly Rs. 1248.80 lakhs has been considered as income received in advance and shown in Schedule - 13 Current liabilities under the head “Others”.
14. During the year, the company has made provision of Rs. 51.28 lakhs (Previous year Rs. 388.25 lakhs) and charged the same to Profit & Loss A/c. towards doubtful debts in respect of long outstanding balances of reinsurers and parties which are liquidated or are in the process of liquidation.

15. During the year, changes in significant accounting policies are as under:
- During the year, in view of the Accounting Standard (AS) 11. "The Effects of Changes in Foreign Exchange Rates" (revised 2003) becoming mandatory w.e.f. 1st April 2004, the company has classified its foreign operations as non integral operations. Accordingly, the assets and liabilities of non monetary items of the non integral foreign operations are also now translated at the closing rate and resulting difference have been credited to **Foreign Currency Translation Reserve**. Further the exchange gain arising on account of translation of income and expenses items of the non integral foreign operations at the average rate of each quarter of current year and assets and liabilities of monetary items of non integral foreign operations at the closing rate is being accumulated in a foreign currency translation reserve instead of taking to revenue as was done in earlier years. As a result of this change, Fixed Assets are higher by 66.26 lakhs, Investments are higher by Rs. 1640.29 lakhs, Foreign Currency Translation Reserve is higher by Rs. 6171.11 lakhs and profit for the year is lower by Rs. 4464.56 lakhs.
 - Till eariler year, reinsurance acceptance transactions pertaining to the year with foreign companies were booked for advices received upto 31st March of the year. From the current year, advices received upto the date of finalisation of accounts have been booked. The impact of such change is that profit and the reserves and surplus are higher by Rs. 3982.40 lakhs.
16. Additional acturial liability, net of tax benefits, for pension, gratuity and leave encashment on account of Special Voluntary Retirement Scheme during 2003-04 is being amortised over a period of five years as per Insurance Regulatory Development Authority guidelines. Unamortised amount of Rs. 3797.10 lakhs is included in Schedule 15 under the head "Miscellaneous Expenditure". Hence profit for the year and assets are higher by Rs. 3797.10 lakhs.
17. Previous year figures have been re-grouped wherever required, to make the figures comparable with current year figures.

A. R. Sekar Company Secretary	R. K. Joshi Director	Kumar Bakhru Director	R. Beri Chairman-cum-Managing Director
As per our report of even date			
For Khandelwal Jain & Co. <i>Chartered Accountants</i>	For Contractor, Nayak & Kishnadwala <i>Chartered Accountants</i>	For Sharp & Tannan <i>Chartered Accountants</i>	
Narendra Jain Partner	Gautam Nayak Partner	Milind P. Phadke Partner	
MEMBERSHIP NO. 48725	MEMBERSHIP NO. 38127	MEMBERSHIP NO. 33013	

New Delhi : 29th June, 2005.

**Disclosures forming part of Financial Statements
for the year ended 31.03.2005**

Notes & Disclosures (contd.)

Sr. No.	Particulars	Current year (Rs. in lacs)	Previous year (Rs. in lacs)
1.	The details of Contingent Liabilities are as under:		
	(a) Partly-paid up investments	137.07	107.92
	(b) Underwriting commitments outstanding	Nil	Nil
	(c) Claims, other than those under policies, not acknowledged as debts	753.90	900.48
	(d) Guarantees given by or on behalf of the Company	3894.80	1182.06
	(e) Statutory demands/liabilities in dispute not provided for	4.00	48.10
	(f) Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
	(g) Others (matters under litigation)	1106.51	1458.78
2.	The details of encumbrances to the assets of the Company are as under:		
	(a) In India	2183.75	2129.75
	(b) Outside India	4783.86	3877.34
3.	Commitment made and outstanding for loans and investments.	8728.42	13038.40
4.	Claims, less reinsurance, paid to claimants:		
	(a) In India	202093.19	186601.30
	(b) Outside India	41942.36	39669.33
5.	Claim liabilities where claim payment period exceeds four years.	Nil	Nil
6.	Amount of claims outstanding for more than six months (Gross Indian)	395804.60	308894.01
	Number of claims	250424	247059
	Amount of claims outstanding for less than six months (Gross Indian)	112101.52	159127.22
	Number of claims	115309	140280
	Total amount of claims outstanding (Gross Indian)	507906.12	468021.23
	Total number of claims outstanding	365733	387339
7.	Premiums, less reinsurances, written from business		
	a) In India	300401.25	284342.56
	b) Outside India	89109.19	79151.95
8.	The details of contracts in relation to investments, for		
	a) Purchases where deliveries are pending	67.83	Nil
	b) Sales where payments are overdue	481.33	Nil

9.	Amounts of claims settled and remaining unpaid for a period of more than six months as on balance sheet date are as under :			
	Number of claims		5	Nil
10.	Investments made in accordance with statutory requirements are as under:			
	(a)	In India- Under Sec.7 of Insurance Act 1938	1075.00	1075.00
	(b)	Outside India- Statutory deposits under local laws	9491.26	10618.62
11.	Segregation of investments into performing and non-performing investments where NPA Provision is required as per RBI Guidelines is as under:			
	Performing (Standard) Investments		217510.00	168386.43
	Non Performing Investments		31613.64	37806.64
	Total Book Value (Closing Value)		249123.64	206193.07

12. All significant accounting policies forming part of the financial statements are disclosed separately.
13. Premium is recognised as income on assumption of the risk. A reserve for un-expired risks is created @ 100% of net premium for marine business and @ 50% of net premium for other classes of business.
14. Operating expenses relating to insurance business are apportioned to the revenue account on the basis of gross direct premium plus reinsurance accepted giving weightage of 75% for marine business and 100% each for fire and miscellaneous business.
15. The historical/weighted average cost of investments in equity shares, mutual funds, venture funds, which are valued on fair value basis is Rs. 162527.78 lakhs (Previous year Rs.148515.55 lakhs), Rs. 500 lakhs (Previous year Rs. 2541.68 lakhs) and Rs. 3124.57 lakhs (Previous year Rs.1780.85 lakhs) respectively. However, the historical/weighted average cost in respect of investment in listed equity/equity related instruments/preference shares, the value of which had impaired on or before 31st March, 2000 is not available with the Company, and hence, the carrying value of the same as on 01.04.2000 is presumed to be the historical/weighted average cost.
16. Computation of managerial remuneration: Being a Government Company, the Company is exempted vide notification: GSR 235, dated 31st January, 1978 u/s 620 of the Companies Act, 1956.
17. Amortisation of debt securities is done from the date of investment on the basis of actual number of days up-to the date of sale/redemption/ 31st March, 2005. While working out amortisation put/call option is not considered, however, partial redemption if any, is taken into account.
18. (a) Un-realised gain/losses arising due to change in the fair value of listed equity shares and equity related instruments have been taken to "Fair Value Change Account" and on realisation will be transferred to profit and loss account.
- (b) Pending realisation, the credit balance in the "Fair Value Change Account" is not available for distribution.
19. The Company does not have Real Estate Investment Property.

20. Sector-wise break-up of gross direct premium written in India (Details of number of policies sector wise issued not available) is as under:

Sector	Current year		Previous year	
	(Rs. in Crore)	Percentage	(Rs.in Crore)	Percentage
Rural	262.29	6.23	253.82	6.28
Social	114.71	2.72	129.99	3.21
Others	3833.81	91.05	3661.88	90.51
Total	4210.81	100.00	4045.69	100.00

21. Various Financial Ratios

(Rs. in Crores)

1. Gross Premium

Growth Rate (Segment wise)

Segment	2004-05	2003-04	Growth	2004-05 Growth %	2003-04 Growth %
Fire	1063.70	1067.69	-3.99	-0.37%	-8.89%
Marine cargo	186.48	195.99	-9.51	-4.85%	-12.86%
Marine hull	114.74	109.66	5.09	4.64%	-28.65%
Sub total	301.22	305.64	-4.42	-1.45%	-19.27%
Motor	2104.97	1967.99	136.98	6.96%	6.70%
WC	211.96	189.91	22.05	11.61%	-7.29%
PA	90.73	91.17	-0.44	-0.48%	9.68%
Aviation	155.16	259.65	-104.49	-40.24%	100.95%
Engineering	161.56	151.50	10.06	6.64%	-9.90%
Health	-	-	-	-	-
Liability	-	-	-	-	-
Others	1013.87	887.93	125.94	14.18%	6.65%
Sub total	3738.24	3548.14	190.10	5.36%	8.76%
Grand total	5103.16	4921.47	181.69	3.69%	2.26%

2. Gross Premium to Shareholders
Funds Ratio

Gross Premium	5103.16	4921.47
Shareholder's Fund (beginning of year)	3735.22	3380.25
Ratio (times)	1.37	1.46

3. Growth Rate of Shareholders
Funds

Shareholders Funds	4161.69	3735.22	426.47	11.42%	10.50%
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21. Various Financial Ratios (contd.)

(Rs. in Crores)

4. Net Retention Ratio

Segment	2004-05 Premium Gross	2003-04 Premium Net	2004-05 Retention Ratio	2003-04 Retention Ratio
Fire	1063.70	831.00	78.12%	71.81%
Marine Cargo	186.48	140.97	75.60%	75.67%
Marine Hull	114.74	27.62	24.07%	22.49%
Sub Total	301.22	168.59	55.97%	56.59%
Motor	2104.97	1723.26	81.87%	81.28%
WC	211.96	185.57	87.55%	84.84%
PA	90.73	70.87	78.11%	79.03%
Aviation	155.16	14.55	9.38%	32.77%
Engineering	161.56	105.01	65.00%	64.01%
Health	-	-	-	-
Liability	-	-	-	-
Others	1013.87	796.25	78.54%	76.65%
Sub Total	3738.24	2895.51	77.46%	75.96%
Grand Total	5103.16	3895.10	76.33%	73.86%

5. Net Commission Ratio

Segment	Commission Net	Premium Net	Commission Ratio	Commission Ratio
Fire	71.19	831.00	8.57%	5.14%
Marine Cargo	19.70	140.97	13.97%	7.54%
Marine Hull	-3.90	27.62	-14.14%	-33.75%
Sub Total	15.79	168.59	9.37%	1.65%
Motor	139.29	1723.26	8.08%	6.41%
WC	42.01	185.57	22.64%	22.77%
PA	8.49	70.87	11.97%	7.06%
Aviation	-7.66	14.55	-52.68%	-14.56%
Engineering	-11.05	105.01	-10.52%	-11.70%
Health	-	-	-	-
Liability	-	-	-	-
Others	73.82	796.25	9.27%	7.46%
Sub Total	244.90	2895.51	8.46%	6.36%
Grand Total	331.88	3895.10	8.52%	5.88%

6. Expenses of Management to Gross Premium Ratio

Expenses	1188.88	1340.56
Gross Premium	5103.16	4921.47
Ratio	23.30%	27.24%



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Notes & Disclosures (contd.)

21. Various Financial Ratios (contd.) (Rs. in Crores)

	2004-05	2003-04	2004-05	2003-04
7. Combined Ratio				
Claims	2904.98	2713.58		
Expenses	1188.88	1340.56		
Sub Total	4093.86	4054.14		
Gross Premium	5103.16	4921.47		
Ratio	80.22%	82.38%		
8. Technical Reserves (at end) to Net Premium Ratio				
Un-expired Risk Reserves	2031.85	1903.91		
Reserves for Premium Deficiency	-	-		
Outstanding Claims	4844.58	4379.97		
Total Technical Reserves	6876.43	6283.88		
Net Premium	3895.10	3634.95		
Ratio (No. of times)	1.77	1.73		
9. Underwriting Balance Ratio (after credit of policyholders investment income)				
Segment	U/W Profit	Premium (Net)	Ratio	Ratio
Fire	230.83	831.00	27.78%	38.45%
Marine Cargo	41.77	140.97	29.63%	56.92%
Marine Hull	13.23	27.62	47.91%	102.51%
Sub Total	55.00	168.59	32.63%	63.42%
Motor	3.35	1723.26	0.19%	-9.80%
WC	-7.88	185.57	-4.25%	-1.36%
PA	12.67	70.87	17.87%	31.94%
Aviation	6.92	14.55	47.54%	-9.47%
Engineering	29.97	105.01	28.54%	13.20%
Health	-	-	-	-
Liability	-	-	-	-
Others	-98.08	796.25	-12.32%	-24.21%
Sub Total	-53.05	2895.51	-1.83%	-10.98%
Grand Total	232.78	3895.10	5.98%	2.99%

21. Various Financial Ratios (contd.) (Rs. in Crores)

	2004-05	2003-04
10. Operating Profit Ratio		
Underwriting Result	-658.57	-678.31
Investment Income	1450.73	1249.66
Others	5.72	76.54
Sub Total	797.88	647.89
Net Premium Ratio	3895.10 20.48%	3634.95 17.82%
11. Liquid Assets to Liabilities Ratio		
Liquid Assets	3891.50	3493.42
Policy Holders Liabilities	6876.43	6283.88
Ratio	56.59%	55.59%
12. Net Earnings Ratio		
Profit After Tax	402.23	581.36
Net Premium Ratio	3895.10 10.33%	3634.95 15.99%
13. Return on Net Worth		
Profit After Tax	402.23	581.36
Net Worth Ratio	4161.69 9.67%	3735.22 15.56%
14. Reinsurance Ratio		
Risk Reinsured (Premium)	1522.64	1510.89
Gross Premium Ratio	5103.16 29.84%	4921.47 30.70%

22. A summary of financial statements for 5 years is as under :

(Rs. In crores)

	2004-05	2003-04	2002-03	2001-02	2000-01
OPERATING RESULTS					
1. Gross Premium Written	5103.16	4921.47	4812.79	4198.06	3493.05
2. Net Premium Income #	3895.10	3634.95	3516.43	3068.23	2671.48
3. Income from Investments (Net) @	1450.73	1249.66	762.14	752.02	726.77
4. Other Income (Pl. specify)	-5.72	76.54	40.94	Nil	25.80
5. Total Income	5351.55	4961.15	4319.51	3820.25	3424.05
6. Commissions	331.88	213.62	193.14	79.82	4.80
7. Brokerage (Included in 6. Commission)	Nil	Nil	Nil	Nil	Nil
8. Operating Expenses	1214.56	1340.56	894.76	774.53	737.96



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Notes & Disclosures (contd.)

22. A summary of financial statements for 5 years is as under : (Contd.)

(Rs. in crores)

		2004-05	2003-04	2002-03	2001-02	2000-01
9.	Claims, increase in Un-expired Risks Reserve and Other outgoes	3007.23	2759.08	2918.79	2757.71	2392.62
10.	Operating profit/loss	797.88	647.89	312.82	208.19	288.67
11.	Total income under shareholders' account	*	*	*	*	*
12.	Profit/(loss) before tax	797.88	647.89	312.82	208.19	288.67
13.	Provision for tax	395.65	66.53	57.01	66.19	65.00
14.	Net profit/(loss) after tax	402.23	581.36	255.81	142.00	223.67
	MISCELLANEOUS					
15.	Policy holders' account:					
	Total funds	6283.87	5787.51	5023.54	4451.78	3999.83
	Total investments	*	*	*	*	*
	Yield on investments	*	*	*	*	*
16.	Shareholders' account:					
	Total funds	3735.22	3404.06	3189.45	3067.45	2859.92
	Total investments	8403.56	7928.00	7348.00	6884.57	6377.62
	Yield on investments	*	*	*	*	*
17.	Paid up equity capital	150.00	100.00	100.00	100.00	100.00
18.	Net worth	4161.69	3943.50	3404.00	3189.39	3067.39
19.	Total assets	19539.34	17510.45	12984.75	12236.14	8696.50
20.	Yield on total Investments	17.26	16.36	9.96	11.05	11.83
21.	Earnings per share (Rs.)	26.82	59.02	25.58	14.20	17.35
22.	Book value per share (Rs.)	10.00	10.00	10.00	10.00	10.00
23.	Total dividend	80.00	45.00	40.00	20.00	20.00
24.	Dividend per share (Rs.)	5.33	4.50	4.00	2.00	2.00
#	Net of re-insurance					
@	Net of losses					
*	Points 15 & 16 may be given separately, if feasible					

23. Interest, Dividends and Rent is apportioned between Revenue account and Profit and Loss account in proportion to the balance in shareholders' funds and policyholders' funds at the beginning of the year. The same is further apportioned to fire, marine and miscellaneous revenue accounts in proportion to the technical reserve balance at the beginning of the year.

A. R. Sekar Company Secretary	R. K. Joshi Director	Kumar Bakhru Director	R. Beri Chairman-cum-Managing Director
As per our report of even date			
For Khandelwal Jain & Co. Chartered Accountants	For Contractor, Nayak & Kishnadwala Chartered Accountants	For Sharp & Tannan Chartered Accountants	
Narendra Jain Partner	Gautam Nayak Partner	Milind P. Phadke Partner	
MEMBERSHIP NO. 48725	MEMBERSHIP NO. 38127	MEMBERSHIP NO. 33013	

New Delhi : 29th June, 2005.

Balance Sheet Abstract and Company's General Business profile
The Companies Act (1 of 1956) Schedule VI – Part IV

(Rs in '000)

Balance Sheet Abstract

I. Registration Details

Registration Number : 526 State Code : 11
Balance Sheet : 31032005

II. Capital Raised During the Year

Public Issue : NIL Rights Issue : NIL
Bonus Issue : 500000 Private Placement : NIL

III. Position of Mobilisation and Deployment of Funds

Total Liabilities : 198272050 Total Assets : 198272050

Sources of Funds

Paid up capital : 1500000 Current Liabilities : 60852532
Reserves : 110133801 Un-expired Risks Reserves and Provisions : 25785717

Application of Funds

Net Fixed Assets : 1144077 Investments : 145752260
Current Assets : 40246471 Loans : 8741320
Accumulated Losses : NIL Deferred Expenditure : 1547210
Deferred Tax Assets : 840712

IV. Performance of The Company

Turnover Premium Income : 51031635 Total Expenditure : 57690837
Investment & Other Income : 14638014
Profit Before Tax : 7978812 Profit After Tax : 4022319
Earning Per Share in Rs. : 26.82 Dividend @ % : 53

V. Generic Names of Three Principal Products / Services of the Company (as per Monetary Terms.)

Item Code No.

ITC Code

Product : NOT APPLICABLE

Description

Item Code No.

ITC Code

Product : NOT APPLICABLE

Description

Item Code No.

ITC Code

Product : NOT APPLICABLE

Description



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THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED**

We have audited the balance sheet of the Company as at 31st December, 2004 and the statements of income, changes in shareholders' equity and cash flow for the year then ended, as set out on pages 3 to 22 (pages 99 to 110 of this report). 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 International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31st December, 2004 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Earnest & Young
Port of Spain.
TRINIDAD:

4th April, 2005

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

BALANCE SHEET AT 31ST DECEMBER 2004

	Notes	2004 \$'000	2003 \$'000
Assets			
Non-current assets			
Fixed assets	3	731	821
Investment property	4	6,500	4,000
Investments	5	29,373	25,834
Deferred tax asset	6	3,549	4,580
		<u>40,153</u>	<u>35,235</u>
Current assets			
Cash and cash equivalents	7	29,413	25,057
Trade and other receivables	8	9,788	7,931
Term deposits		15,203	11,824
Taxation recoverable		140	140
		<u>54,544</u>	<u>44,952</u>
Total assets		<u>94,697</u>	<u>80,187</u>
Equity and liabilities			
Equity			
Stated capital	9	17,617	17,617
Capital reserve		7,071	6,963
Statutory surplus reserve	10	8,552	8,552
Accumulated retained earnings		9,891	3,651
Total equity		<u>43,131</u>	<u>36,783</u>
Insurance funds			
Insurance funds	11	14,252	11,735
Catastrophe reserve fund	12	600	400
		<u>14,852</u>	<u>12,135</u>
Non-current liabilities			
Deferred tax liability	6	3,031	-
Current liabilities			
Trade and other payables	13	32,257	30,230
Provision for taxation		1,426	1,039
		<u>33,683</u>	<u>31,269</u>
Total equity and liabilities		<u>94,697</u>	<u>80,187</u>

These financial statements were approved by the Board of Directors and authorised for issue on – 4th April, 2005 and are signed on their behalf by:

: Director

: Director

The notes on pages 8 to 20 (pages 102 to 109 of this report) form part of these financial statements.

Reports of Subsidiaries (contd.)

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2004

	2004 \$'000	2003 \$'000
Gross premiums written	37,852	29,895
Underwriting profits/ (losses):		
Property	301	(87)
Motor	3,830	3,131
Other classes	(1,054)	(1,247)
	3,077	1,797
Transfer to catastrophe reserve fund	(200)	(400)
	2,877	1,397
Investment income	3,705	4,011
Other (loss)/income	(210)	161
Revaluation of property	2,500	-
Income before taxation	8,872	5,569
Taxation	(1,761)	(965)
Net income for the year	7,111	4,604

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31ST DECEMBER, 2004

	Stated capital \$'000	Capital reserves \$'000	Statutory surplus reserve \$'000	Retained earnings/ accumulated losses \$'000	Total \$'000
Balance at 31st December, 2002	17,617	6,517	8,552	(953)	31,733
Net income for the year	-	-	-	4,604	4,604
Unrealised gain on revaluation of available for sale investments	-	446	-	-	446
Balance at 31st December, 2003	17,617	6,963	8,552	3,651	36,783
Net income for the year	-	-	-	7,111	7,111
Unrealised gain on revaluation of available for sale investments	-	345	-	-	345
Realised gain on sale of investments transferred to income	-	(237)	-	-	(237)
Dividends 2003	-	-	-	(871)	(871)
Balance at 31st December, 2004	17,617	7,071	8,552	9,891	43,131

The notes on pages 8 to 20 (pages 102 to 109 of this report) form part of these financial statements.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER, 2004

	2004 \$'000	2003 \$'000
Cash flows from operating activities		
Net income before taxation	8,872	5,569
Adjustments for:		
Gain on sale of fixed assets	(50)	(30)
Transfer to catastrophe reserve	200	400
Depreciation	193	145
Foreign exchange gains on investments/fixed deposits	(40)	(139)
Realised gain on sale of available-for-sale investments	(237)	(476)
Revaluation of property	(2,500)	-
Operating profit before working capital changes	6,438	5,469
Increase in receivables	(840)	(788)
Increase in insurance funds	2,517	1,640
Decrease in claims provisions and other creditors	1,295	(993)
Increase in associated company balance	(1,017)	(278)
Corporation taxes paid	(334)	(462)
Net cash generated from operating activities	<u>8,059</u>	<u>4,588</u>
Cash flows from investing activities		
Purchase of investments	(752)	(6,713)
Redemption of investments	620	3,020
(Increase)/Decrease in term deposits	(3,379)	1,925
Proceeds on disposal of fixed assets	50	30
Additions to fixed assets	(103)	(320)
Dividends paid	(139)	-
Net cash used in investing activities	<u>(3,703)</u>	<u>(2,058)</u>
Net increase cash and short term funds	4,356	2,530
Cash and cash equivalents at beginning of year	25,057	22,527
Cash and cash equivalents at end of year	<u>29,413</u>	<u>25,057</u>
Represented by:		
Cash in hand and at bank	24,701	18,660
Short term treasury bills	4,712	6,397
	<u>29,413</u>	<u>25,057</u>

Reports of Subsidiaries (contd.)

The notes on pages 8 to 20 (pages 102 to 109 of this report) form part of these financial statements.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

1. Incorporation and principal activity

The company is incorporated in the Republic of Trinidad and Tobago and is a subsidiary of The New India Assurance Company Limited, Mumbai, India. The Company carries on general insurance business in Trinidad and Tobago, Dominica, St. Lucia and St. Maarten. The company also maintains run-off portfolios in the islands of Antigua, Barbados and Grenada. The registered office and principal place of business is located at 22 St. Vincent Street, Port of Spain.

2. Statement of accounting policies

a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards and are expressed in Trinidad and Tobago dollars. These financial statements are prepared on a historical cost basis except for the measurement at fair value of available for sale investments and investment property. No account is taken of the effects of inflation.

b) Foreign currency transactions

Foreign currency transactions during the year are translated at the exchange rates ruling at that date. Monetary assets and liabilities in foreign currencies at the year-end are translated at the closing exchange rates for the year. Profits and losses thus arising are dealt with in the statement of income.

c) Fixed assets (note 3)

Fixed assets are stated at historical cost less accumulated depreciation. Depreciation is provided at rates sufficient to write-off the cost of the assets over their estimated useful lives.

The rates and methods used are as follows:

Leasehold improvements	20% on cost
Motor vehicles	20-25% on cost
Office equipment	10 - 25% on reducing balance

d) Investment property (note 4)

Investment property was valued at open market value by a chartered valuation surveyor on 28th January, 2005. and this was reflected in the 2004 financial statements. Gains or losses arising from revaluations are included in the statement of income in the period, in which they arise.

e) Investments (note 5)

All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with investments are accounted for at the settlement date.

Available for sale

After initial recognition, investments which are classified as 'available for sale' are measured at fair value, with unrealised gains or losses on revaluation being recognised as a separate component of equity until the investments are sold, collected or otherwise disposed of, at which time the cumulative loss or gain previously recognised in the capital reserve is included in the statement of income.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

2. **Statement of accounting policies** (continued)

Held to maturity investments

Government and other long-term bonds with fixed or determinable payments and fixed maturity, purchased with the intention of being held to maturity and are carried at amortised cost.

f) Underwriting profits/(losses)

Underwriting profits and losses are stated after allowing for reinsurance premiums, claims recoveries, management expenses, commissions and after making adequate provisions for un-earned premiums, un-expired risks and outstanding claims.

g) Insurance funds (note 11)

Provision for un-earned premiums represents the proportion of the premiums written in the year less reinsurances thereon which relate to periods of insurance subsequent to the balance sheet date and are computed on a monthly pro rata fractional basis (the "24th's" method).

Provision for un-expired risks represents amount set aside at the end of the year in respect of subsequent risks to be borne by the company under contracts of insurance in force at the end of the year and are computed at a percentage of the provision for un-earned premiums at the end of the year.

h) Capital reserves

All unrealised gains and losses arising from revaluation of available for sale investments are recognised as part of shareholders equity in the capital reserve.

i) Outstanding claims (note 13)

Outstanding claims comprise the estimated cost of all claims incurred but not settled at the balance sheet date, less any reinsurance recoveries. Provision is also made for claims incurred but not reported (IBNR) until after the balance sheet date. Differences between the provision for outstanding claims and subsequent settlements and revisions are included in the statement of income in the year the claims are settled.

j) Taxation (note 6)

Taxation is calculated using the liability method of deferred taxation. Deferred tax assets and liabilities are recognised for temporary differences arising between the carrying amounts of assets and liabilities in the balance sheet and their tax bases which result in taxable amount in future periods. These have been calculated using enacted tax.

Changes in deferred tax assets and liabilities are recognised as a tax expense in the statement of income.

Deferred tax assets related to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

i) **Business in Trinidad and Tobago**

Corporation tax is charged at 30% of the chargeable profits for the year.

ii) **Business outside Trinidad and Tobago**

The basis of tax chargeable varies from country to country. Adequate provision for this is made in these financial statements.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

2. Statement of accounting policies (continued)

Premium taxes in overseas territories are deducted from the relevant premium income in the insurance revenue statements.

iii) **Business levy**

Business levy is charged on "world-wide" income at 0.20%. The amount for 2004 is \$ 53,554 (2003: \$ 45,221).

k) Premium income

Premium income is accounted for in these financial statements when invoiced, which corresponds in the main to the date the insurance cover becomes effective. Any subsequent revisions to or cancellations of premiums are accounted for in the year during which these occur.

l) Investment income

Investment income is recognised in the statement of income on the accrual basis.

m) Employee benefits

The directors have agreed to pay a discretionary gratuity to employees on retirement after 10 years or more of service. The contingent liability arising is adequately provided for in these financial statements.

n) Expenses of management (note 14)

Expenses of management are apportioned to the various insurance revenue statements on the basis of gross premium income written for each class of business with the exception of Barbados, which are directly allocated.

o) Income and expenditure

Other income and expenditure items are accounted for on the accrual basis.

p) Cash and cash equivalents (note 7)

Cash and cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risks of change in value.

q) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

r) Comparative figures

Certain changes in presentation have been made during the year and comparative figures have been restated accordingly. These changes have had no impact on the prior year profit.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

Reports of Subsidiaries (contd.)

3. Fixed assets

	Leasehold improv. \$'000	Office equipment & motor vehicles \$'000	Total 2004 \$'000	Total 2003 \$'000
Cost				
At beginning of year	355	2,997	3,352	3,141
Additions	—	103	103	320
Disposals	—	(190)	(190)	(109)
At end of year	<u>355</u>	<u>2,910</u>	<u>3,265</u>	<u>3,352</u>
Depreciation				
At beginning of year	335	2,196	2,531	2,495
Current year	10	183	193	145
Disposals	—	(190)	(190)	(109)
At end of year	<u>345</u>	<u>2,189</u>	<u>2,534</u>	<u>2,531</u>
Net written down value	<u>10</u>	<u>721</u>	<u>731</u>	<u>821</u>

4. Investment property

	2004 \$'000	2003 \$'000
Balance brought forward	4,000	4,000
Surplus on revaluation	2,500	—
Balance carried forward	<u>6,500</u>	<u>4,000</u>

5. Investments

	2004 \$'000	2003 \$'000
Available for sale		
Bonds and other securities	11,850	12,514
Quoted shares	11,672	7,799
	<u>23,522</u>	<u>19,953</u>
Held to maturity		
Bonds	5,851	5,881
Total investments	<u>29,373</u>	<u>25,834</u>

Bonds, securities and deposits pledged with the Supervisor of Insurance amount to \$20,382,952 at 31st December, 2004 (2003: \$20,389,160).

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

6. Taxation

	2004	2003
	\$'000	\$'000
(i) Tax charge for the year		
The company has un-utilised tax losses, and the tax charge is therefore based on business and green fund levy.		
Business levy	53	45
Green fund	27	24
Provision for taxation in St. Maarten Dominica and St. Lucia	650	256
Deferred tax	<u>1,031</u>	<u>640</u>
	<u>1,761</u>	<u>965</u>
(ii) Reconciliation between tax loss and accounting profit multiplied by the applicable tax rate		
Accounting profit	<u>8,872</u>	<u>5,569</u>
Tax at 30%	2,662	1,671
Expenses not deductible	86	35
Income exempt from tax	(307)	(467)
Other	(866)	(24)
Business levy	53	45
Green fund	27	24
Islands	650	256
Tax losses utilised / recognised	<u>(544)</u>	<u>(575)</u>
	<u>1,761</u>	<u>965</u>
(iii) Deferred taxation		
	2004	2003
	\$'000	\$'000
Deferred tax asset – Un-utilised taxation losses	<u>3,549</u>	<u>4,580</u>
Deferred tax liability – Un-realised gains on revaluation of available for sale investments	<u>3,031</u>	<u>-</u>

The company has Un-utilised tax losses in Trinidad and Tobago of approximately \$11.8 million at 31st December, 2004.

Deferred tax assets have been recognised in these financial statements for carry forward un-utilised tax losses. This position will be re-assessed at the next financial year-end.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

7. Cash and cash equivalents	2004 \$'000	2003 \$'000
Cash in hand and at bank	24,701	18,660
Short term treasury bills	4,712	6,397
	<u>29,413</u>	<u>25,057</u>
8. Trade and other receivables		
Amounts due from agents and others, less provision	7,110	6,191
Amounts due from reinsurers		
- New India, Mumbai	1,769	752
- Other re-insurers	107	117
Other receivables	802	871
	<u>9,788</u>	<u>7,931</u>
9. Stated capital		
Authorised		
22,000,000 shares of no par value	22,000	22,000
Issued and fully paid		
17,418,945 shares of no par value	17,418	17,418
Share premium	199	199
	<u>17,617</u>	<u>17,617</u>
10. Statutory surplus reserve		
As required by section 171 of the Insurance Act, 1980 of Trinidad and Tobago at least 25% of the company's profit for the preceding year is to be appropriated towards the statutory surplus reserve until such surplus equals or exceeds the reserves in respect of its outstanding un-expired policies. This reserve is not distributable.		
11. Insurance funds		
	2004 \$'000	2003 \$'000
Provisions for un-earned premiums and un-expired risks		
Property	2,281	2,159
Motor	11,645	9,380
Other classes	326	196
	<u>14,252</u>	<u>11,735</u>

Note:

Provisions for unexpired risks have been calculated at 10% of the provisions for unearned premiums.

12. Catastrophe reserve

A catastrophe reserve fund has been established in respect of property business, as allowed under Section 49A of the Insurance Act 1980 of Trinidad and Tobago. The Corporation Taxes Act was amended in 1994 by Section 10 D, such that contributions to the catastrophe reserve fund up to a maximum of 20% of net written premium income on property business will be allowed as a deduction in computing chargeable income. The quantum of transfer to this reserve is determined on an annual basis by the Directors.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

13. Trade and other payables	2004	2003
	\$'000	\$'000
Sundry creditors and accruals	4,853	2,605
Amounts due to reinsurers on current account (net)	4,570	2,765
Outstanding claims (note 2(i))	<u>22,834</u>	<u>24,860</u>
	<u>32,257</u>	<u>30,230</u>
14. Expenses of management		
Expenses of management include the following:		
Directors' fees	42	41
Interest income	3,120	3,195
Interest expense	49	32
15. Net income before taxation		
Net income before taxation is arrived at after charging:		
Depreciation	193	145
Staff costs	2,569	2,310

16. Contingent liabilities

a) 27th July, 1990

The company has denied liability for claims intimated arising from the events of 27th July 1990. This is based on legal advice, which is reinforced by reinsurers' common stand that these losses are not covered under treaty wordings. Also, no provision has been made for legal costs, which may be incurred in respect of court actions arising out of these claims.

b) Claims in litigation

The company is defending various legal actions relating to claims in dispute. These arose during the normal course of business. After taking legal advice, management has established certain provisions that are reflected in these financial statements.

The actual outcome of these legal actions could result in payments that differ from the provisions established by management.

17. Financial instruments

(a) Fair values

With the exception of insurance contracts, which are specifically excluded under International Accounting Standard No. 32, the estimated fair values of certain other financial instruments have been determined using available market information or other appropriate valuation methodologies that require considerable judgment in interpreting market data and developing estimates. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the company could realise in the current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

17. Financial instruments (contd.)

The methods and assumptions used to estimate the fair value of each class of financial instruments for which it is practical to estimate a value are as follows:

(i) Short term financial assets and liabilities

The carrying amount of short term financial assets and liabilities comprising cash and cash equivalents, trade and other receivables and trade and other payables are a reasonable estimates of their fair values because of the short maturity of these instruments.

(ii) Investments

The fair value of available for sale investments is based on market quotations, when available. When market quotations are not readily available, fair values are based on discounted cash flows or estimates using quoted market prices of similar investments.

(b) Credit risk

The company is mainly exposed to credit risk from its brokers, agents and reinsurers balances. Provisions have been set up against these balances for potential credit losses.

Reinsurance is used to manage insurance risk. This does not however discharge the company's liability as a primary insurer. If a re-insurer fails to pay a claim for any reason the company remains liable for the payment to the policyholder. The creditworthiness of re-insurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

(c) Interest rate and market risk

The company is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flow.

18. Related party transactions

Included in these financial statements are the following related party transactions with New India Mumbai:

	2004 \$'000	2003 \$'000
Management fees	750	750
Reinsurance premiums	1,919	2,775

19. Number of employees

The company has 33 full time employees as at 31st December 2004 (2003:34).

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.

INSURANCE REVENUE STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2004

	2004	2003
	\$'000	\$'000
Property		
Amount of fund at beginning of year		
Provision for un-earned premiums	2,159	1,800
Provision for outstanding claims	512	826
Premiums less reinsurances	2,762	2,178
Commissions received	<u>3,617</u>	<u>2,812</u>
	<u>9,050</u>	<u>7,616</u>
Commissions paid	2,464	1,907
Claims paid (net of recoveries)	309	296
Expenses of management	3,040	2,829
Profit / (loss) transferred to income statement	301	(87)
Amount of fund at end of year		
Provision for un-earned premiums	2,301	2,159
Provision for outstanding claims (net)	<u>635</u>	<u>512</u>
	<u>9,050</u>	<u>7,616</u>
Motor		
Amount of fund at beginning of year		
Provision for un-earned premiums	9,380	8,112
Provision for outstanding claims	15,818	17,866
Premiums less reinsurances	19,111	15,274
Commissions received	<u>25</u>	<u>18</u>
	<u>44,334</u>	<u>41,270</u>
Commissions paid	3,322	2,799
Claims paid (net of recoveries)	8,983	6,754
Expenses of management	3,795	3,388
Profit transferred to income statement	3,830	3,131
Amount of fund at end of year		
Provision for un-earned premiums	11,645	9,380
Provision for outstanding claims (net)	<u>12,759</u>	<u>15,818</u>
	<u>44,334</u>	<u>41,270</u>
Other classes		
Amount of fund at beginning of year		
Provision for un-earned premiums	196	182
Provision for outstanding claims	8,528	7,232
Premiums less reinsurances	482	316
Commissions received	<u>10</u>	<u>10</u>
	<u>9,216</u>	<u>7,740</u>
Commissions paid	61	39
Claims paid (net of recoveries)	367	149
Expenses of management	96	75
Loss transferred to income statement	(1,054)	(1,247)
Amount of fund at end of year		
Provision for un-earned premiums	306	196
Provision for outstanding claims (net)	<u>9,440</u>	<u>8,528</u>
	<u>9,216</u>	<u>7,740</u>

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED

SCHEDULE FOR THE YEAR ENDED 31ST DECEMBER, 2004

	Total		Trinidad	Barbados	Dominica	St. Lucia	Antigua	St. Maarten	Grenada
	2004	2003	2004	2004	2004	2004	2004	2004	2004
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
All classes of insurance									
1 Net income/(loss (-)) for the year									
Gross premium written	37852	29895	20602	-	7904	6970	-	2376	-
Underwriting profits/(losses(-))									
Property	301	-87	528	-	182	-370	-	-39	-
Motor	3830	3131	1037	740	775	933	156	160	29
Liability	-1152	-1143	31	-	9	19	-	-2	-1209
Workmen's compensation	87	-98	52	-	11	26	-	-2	-
CAR/EAR	-	-	-	-	-	-	-	-	-
Marine cargo	10	-5	10	-	-	-	-	-	-
Personal accident	1	-1	-	-	1	-	-	-	-
	3077	1797	1658	740	978	608	156	117	-1180
Investment income	3705	4011	2994	97	163	340	-	105	6
Catastrophe reserves	-200	-400	-200	-	-	-	-	-	-
Other income/(loss(-))	-210	161	-126	124	-116	-44	-11	-63	26
Revaluation of property	2500	-	2500	-	-	-	-	-	-
Profit/(loss(-)) on ordinary activities before taxation	8872	5569	6826	961	1025	904	145	159	-1148
Taxation - current year	-1761	-965	-1111	-	-208	-254	-	-188	-
Net income/(loss(-)) for the year	7111	4604	5715	961	817	650	145	-29	-1148



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THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO)LIMITED
SCHEDULES FOR THE YEAR ENDED 31ST DECEMBER, 2004 (continued)

दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड - The New India Assurance Co. Ltd.

भारत सरकार का उपक्रम \ A Government of India Undertaking

	Total		Liability		Workmen's compensation		CAR/EAR		Marine cargo		Personal accident	
	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000	2004 \$'000	2003 \$'000
2 Other classes												
Amount of fund at the beginning of the year												
Provision for :												
Unearned premiums	196	182	103	87	87	90	-	-	2	1	4	4
Outstanding claims	8528	7232	8160	6994	339	213	21	21	8	7	-	-3
Premiums less reinsurances	482	316	261	169	208	137	-	-	6	4	7	6
Commissions received	10	10	-	-	-	-	-	-	5	4	5	6
	<u>9216</u>	<u>7740</u>	<u>8524</u>	<u>7250</u>	<u>634</u>	<u>440</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>16</u>	<u>16</u>	<u>13</u>
Commissions paid	61	39	29	19	27	15	-	-	1	1	4	4
Claims paid (net of recoveries)	367	149	351	75	15	68	-	-	-	6	1	-
Expenses of management	96	75	50	36	37	29	-	-	4	4	5	6
Profit/(Loss(-)) transferred to income statement	-1054	-1247	-1152	-1143	87	-98	-	-	10	-5	1	-1
Amount of fund at end of year												
Provision for :												
Unearned premiums	306	196	174	103	123	87	-	-	4	2	5	4
Outstanding claims(net)	9440	8528	9072	8160	345	339	21	21	2	8	-	-
	<u>9216</u>	<u>7740</u>	<u>8524</u>	<u>7250</u>	<u>634</u>	<u>440</u>	<u>21</u>	<u>21</u>	<u>21</u>	<u>16</u>	<u>16</u>	<u>13</u>

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD & TOBAGO) LIMITED

SCHEDULES FOR THE YEAR ENDED 31ST DECEMBER, 2004 (continued)

3. Investment income

	Average yield		2004 \$'000	2003 \$'000
	2004 %	2003 %		
Interest				
Treasury bills	4.00	4.17	261	267
Fixed deposits	4.46	5.31	552	680
Government bonds	5.66	8.24	557	676
Company bonds and debentures	8.42	7.48	676	492
Savings account	4.95	5.72	1074	1080
Dividends	-	-	585	816
	<u>5.42</u>	<u>6.68</u>	<u>3705</u>	<u>4011</u>

4. Expenses of management

	Trinidad \$'000	Overseas \$'000	Total	
			2004 \$'000	2003 \$'000
Salaries	2226	183	2409	2168
National insurance	77	7	84	73
Group insurance	66	10	76	69
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Direct staff costs				
Ratio of staff administration expenses 36.71% (2003 : 36.71%)	2369	200	2569	2310
Rent(Schedule 5)	612	101	713	650
Legal and professional expenses	53	24	77	99
Advertising	263	153	416	351
Printing and stationery	152	41	193	178
Miscellaneous expenses	225	70	295	247
Overseas travel	246	22	268	365
Telephones	241	41	282	283
Entertainment and public relations	77	22	99	128
Motor vehicle expenses	54	15	69	77
Depreciation and leasehold improvements	173	18	191	145
Library and training	74	15	89	31
Subscriptions	114	28	142	120
Insurance	106	6	112	85
Postage	56	30	86	74

Reports of Subsidiaries (contd.)

THE NEW INDIA ASSURANCE COMPANY (TRINIDAD & TOBAGO) LIMITED

SCHEDULES FOR THE YEAR ENDED 31ST DECEMBER, 2004 (continued)

4. Expenses of management (contd.)

	Trinidad \$'000	Overseas \$'000	Total	
			2004 \$'000	2003 \$'000
Repairs and maintenance				
-Office equipments	17	2	19	46
Audit fees	90	0	90	80
Donations	49	22	71	83
Directors' fees	42	0	42	41
Electricity	19	10	29	24
Computer expenses	52	0	52	27
Interest and bank charges	10	39	49	32
Travelling	92	0	92	96
Pension and gratuities/severance	150	0	150	0
Rates and taxes	1	4	5	0
Uniforms	29	0	29	0
Management fees	750	0	750	750
Gain on disposal	-49	0	-49	-30
Total management expenses	6067	863	6930	6292
	2004	2003	2004	2003
	\$'000	\$'000	\$'000	\$'000
Allocated on the basis of gross premium written				
CAR/EAR		-		-
Property	43.85	44.96	3039	2829
Motor	54.75	53.85	3795	3388
Liability	0.72	0.57	50	36
Workmen's compensation	0.55	0.46	37	29
Marine cargo	0.06	0.06	4	4
Personal accident	0.07	0.10	5	6
Total	100.00	100.00	6930	6292
5. Rent expense (Schedule 4)				
Trinidad				
Port of Spain			543	499
San Fernando			51	51
Chaguanas			18	18
			612	568
Overseas				
St Lucia			101	82
			713	650

THE NEW INDIA ASSURANCE (SIERRA LEONE) COMPANY LIMITED

DIRECTORS' REPORT

The Directors present their annual report together with the financial statements for the year ended 31st December 2004.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each year, which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for the period. In preparing those financial statements, the directors are required to:

- Select, suitable accounting policies and then apply them consistently;
- Make, judgments and estimates that are reasonable and prudent;
- State, whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare, the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act Cap 249. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the company continued to be that of carrying on insurance business. However the company has ceased business operations with effect from 1st January 2003.

The liabilities include "Due to Insurance Companies" which is due to New India Mumbai as the re-insurer of the company's operations in certain areas.

There is a stay on the utilisation of funds in the bank accounts of the company due to which funds could not be effectively deployed for investments which has resulted in reduced investment income."

DIRECTORS

The directors as at 31st December 2004 and their interests in the Share Capital of the company were as follows.

	Shares of Le2.00 each	
	End of year	Beginning of year
R Beri (Appointed 20.06.02)	-	-
A V Purushothaman (Appointed on 18.12.02)	-	-
M Ramadoss (Appointed 18.12.02)	-	-

AUDITORS

In accordance with section 130 of the Companies Act Cap 249 of the Laws of Sierra Leone a resolution for the re-appointment of PKF, as Auditors of the company is to be proposed at the forthcoming Annual General Meeting.

TRADING RESULTS

The results for the year and other key indicators are setout in the attached financial statements. The company made a loss for the financial year of Le (7,500,000) thus reducing the retained profit to Le (2,634,3000).

The directors do not therefore recommend the payment of dividend for the year.



Estbd. 1919

दि न्यू इन्डिया एश्योरन्स कंपनी लिमिटेड - The New India Assurance Co. Ltd.

भारत सरकार का उपक्रम \ A Government of India Undertaking

P K F

AUDITORS' REPORT TO THE SHAREHOLDERS OF

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

We have audited the financial statements on pages 4 to 11 (117 to 121 of this report), which have been prepared under the accounting policies set out on page 7 (119 of this report).

Respective responsibilities of Directors and Auditors

As described on page 1 (115 of this report) the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going Concern

We draw attention to note 10, which states that the company has a deficiency of net assets amounting to Le 42,276,000 and is dependent on financial support of the directors for the continuance of normal operations.

Opinion

In our opinion the financial statements give true and correct view of the state of the company's affairs as at 31st December, 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act Cap 249, and the Insurance Act 2000.

FREETOWN
2005

Chartered Accountants

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

PROFIT AND LOSS ACCOUNT – 31 DECEMBER 2004

	Notes	2004 Le 000	2003 Le 000
Underwriting (Loss)		-	-
Investment Income		-	10,115
(Loss) On ordinary activities before taxation	2	-	10,115
Other Income		-	15,761
		-	25,876
Operating Expenses		(7,500)	(131,043)
Taxation	3	-	-
(Loss) for the financial year		<u>(7,500)</u>	<u>(105,167)</u>

Movement on reserves setout in note 9.

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

BALANCE SHEET – 31 DECEMBER 2004

	Notes	2004		2003	
		Lee 000	Le 000	Le 000	Le 000
Fixed Assets					
Tangible assets	4		-		-
Investments	5		60,000		60,000
Current Assets					
Debtors	6	4,595		4,595	
Deposits, bank and cash balances		<u>261,972</u>		<u>263,472</u>	
		<u>266,567</u>		<u>268,067</u>	
Creditors					
Amounts falling due within one year	7	<u>(368,843)</u>		<u>362,843</u>	
		<u>(368,843)</u>		<u>362,843</u>	
Net Current (Liabilities)			<u>(102,276)</u>		<u>(94,776)</u>
Total Assets less Current Liabilities			<u>(42,276)</u>		<u>(34,776)</u>
Capital and Reserves					
Called up share capital	8		500		500
Profit and (loss) account	9		(26,343)		(18,843)
Exchange equalisation account			(28,647)		(28,647)
Contingency reserves			12,214		12,214
			<u>(42,276)</u>		<u>(34,776)</u>

Approved by the Board on 2005

Director

Director

Reports of Subsidiaries (contd.)

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

CASH FLOW STATEMENT Year Ended 31st DECEMBER 2004.

	2004		2003	
	Lee 000	Lee 000	Lee 000	Le 000
OPERATING ACTIVITIES				
Operating (loss) before taxation	(7,500)		(105,167)	
(Decrease)/increase in creditors	6,000		4,868	
(Increase)/decrease in debtors	-		(2,168)	
Exchange equalisation	-		-	
Profit on disposal of fixed assets	-		(15,761)	
Interest received	-		(10,115)	
Net cash out flow from operating activities		(1,500)		(128,343)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		-		10,115
Other Income received		-		-
INVESTING ACTIVITIES				
Decrease in treasury bills	-		-	
Proceeds from sale of fixed assets	-		15,761	
Net cash inflow from investing activities		-		15,761
		(1,500)		(102,467)
Analyses of changes in cash and cash equivalents during the year :				
Beginning of year		263,472		365,939
Net cash (outflow)/inflow		(1,500)		(102,467)
End of year		261,972		263,472

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31st DECEMBER, 2004.

1. ACCOUNTING POLICIES.

The following accounting policies have been used consistently in dealing with the items, which are considered material to the company's affairs:

(a) Accounting convention.

The financial statements set out on pages 4 to 11 (117 to 121 of this report) are prepared under the historical cost convention.

2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging the following.

	2004 Le 000	2003 Le 000
Auditors' remuneration	6,000	5,000

3. TAXATION

No provision has been made for taxation, as there was an adjusted loss for the year.

4. TANGIBLE FIXED ASSETS

	Motor vehicles	Office fixtures and fittings	Residential equipment	Total
	Le 000	Le 000	Le 000	Le 000
COST				
Beginning and end of year	-	-	-	-
DEPRECIATION				
Beginning of year and end of year	-	-	-	-
Charge	-	-	-	-
Disposals	-	-	-	-
End of year	-	-	-	-
NET BOOK AMOUNT				
End of year and Beginning of year	-	-	-	-

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST DECEMBER, 2004.

Reports of Subsidiaries (contd.)

	2004 Le 000	2003 Le 000
5. Investments		
Investments comprised :		
Deposit with Bank of Sierra Leone	60,000	60,000
Sierra Leone Government Treasury Bills	-	-
	<u>60,000</u>	<u>60,000</u>
6. Debtors		
Debtors comprised :		
	2004 Le 000	2003 Le 000
Taxation	2,262	2,262
Sundry Debtors	1,65	1,65
Interest Receivable	2,168	2,168
	<u>4,595</u>	<u>4,595</u>
7. Creditors		
	2004 Le 000	2003 Le 000
Amounts falling due within one year comprised:		
Sundry creditors	8,868	8,868
Amounts due to Insurance Companies	353,975	353,975
Audit fees	6,000	-
	<u>368,843</u>	<u>362,843</u>
8. CALLED UP SHARE CAPITAL		
Called up share capital comprised allotted , called up and fully paid ordinary shares of Le. 2.00 each The authorised share capital of the company through out the year was Le 500,000 divided into 250,000 ordinary shares of Le 2.00 each.		
9. PROFIT AND LOSS ACCOUNT		
The movement on this account during the year was as follows.		
	Le 000	
Beginning of year	(18,843)	
Loss for the year	(7,500)	
End of year	<u>(26,343)</u>	

THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31st DECEMBER, 2004.

10. GOING CONCERN

The Balance Sheet shows that liabilities exceed assets by Le 42,276,000

The Directors have confirmed their intention to maintain financial support for the foreseeable future to enable the company to continue normal operations. The financial statements are therefore drawn on a going concern basis.

11. LIBERIA BRANCH

In view of the current situation in Liberia, the financial statements for 2003 as in case of 2002 and 2001 represent only the transactions of the Freetown office.

12. CAPITAL COMMITMENTS

There are no capital commitments as at 31st December 2004(2003- Nil)

13. CONTINGENT LIABILITIES

The company had denied liability for claims amounting to 8,679,769 United States Dollars and 7,770,556 Liberian Dollars on the Liberia Branch arising from situation in Liberia. There is pending litigation for which the company has obtained legal opinion that it will incur no liability on these claims.

SHORT TERM BUSINESS REVENUE ACCOUNT YEAR ENDED 31 DECEMBER 2004

	2004		2003	
	Lee 000	Lee 000	Le 000	Le 000
Premiums written less reinsurance		-		-
Less increase/decrease in provision for unearned premiums		-		-
Premiums earned		-		-
Commission received from reinsurers		-		-
Claims incurred	-		-	
Commission paid	-		-	
Expenses	(7,500)		(131,043)	
Contingency reserve	-		-	
Underwriting (loss)		(7,500)		(131,043)
Underwriting (loss) comprised:				
Fire	-		-	
Marine	-		-	
Motor	-		-	
Miscellaneous accident Expenses	-		-	
		(7,500)		(131,043)

□□□

North Zone

CHANDIGARH REGIONAL OFFICE

36-37, Sector 17-A, P.B. No. 49,

Chandigarh - 160 017

Tel : (0172) 2704079, 2705065

Fax : (0172) 2703603, 2703245

DELHI REGIONAL OFFICE I

Level 5, Tower II, Jeevan Bharti Building,

124, Connaught Place,

New Delhi - 110 001

Tel : (011) 23325112, 14, 23325580

Fax : (011) 23325111

DELHI REGIONAL OFFICE II

10th Floor, Core I, Scope Tower,

District Center, Laxmi Nagar,

Delhi - 110 092

Tel : (011) 22447416

Fax : (011)

JAIPUR REGIONAL OFFICE

Nehru Place, 2nd Floor,

Tonk Road, **Jaipur - 302 015**

Tel : (0141) 2742291, 2743507

Fax : (0141) 2743405

KANPUR REGIONAL OFFICE

Green House, 15/60, Civil Lines,

P.O. Box 151, **Kanpur - 208 001**

Tel : (0512) 2305127, 2305036

Fax : (0512) 2304129, 2304625

LUDHIANA REGIONAL OFFICE

Surya Towers,

4th Floor, The Mall,

Ludhiana - 141 001

Tel : (0161) 2413404, 5, 6, 7

Fax : (0161) 2413409, 2413408

West Zone

AHMEDABAD REGIONAL OFFICE

5th Floor, Popular House,

Opp. Swastik Market, Ashram Road,

Ahmedabad - 380 009

Tel : (079) 26585791, 26586809

Fax : (079) 26585639, 26582709

BARODA REGIONAL OFFICE

9th Floor, Suraj Plaza II,

Sayaji Ganj, **Baroda - 390 005**

Tel : (0265) 2363004, 3006, 2215

Fax : (0265) 2361231

BHOPAL REGIONAL OFFICE

Paryavas Bhavan, Block-3,

2nd Floor, Jail Road, (Arera Hills),

Bhopal - 462 001

Tel : (0755) 2553684, 4803, 4908

Fax : (0755) 2553143, 2571040

MUMBAI REGIONAL OFFICE I

New India Bhavan,

34-38, Bank Street, Fort,

Mumbai - 400 023

Tel : (022) 22661621, 22660470

Fax : (022) 22663077, 22615692

MUMBAI REGIONAL OFFICE II

Jeevan Seva Bldg., S.V. Road,

Santacruz (W), **Mumbai - 400 054**

Tel : (022) 26175131

Fax : (022) 26119171

MUMBAI REGIONAL OFFICE III

New India Centre, 3rd Floor,

17/A, Cooperage,

Mumbai - 400 039

Tel : (022) 22822604, 22822008

Fax : (022) 22853513

MUMBAI REGIONAL OFFICE IV

New India Centre, 6th Floor,

17/A, Cooperage,

Mumbai - 400 039

Tel : (022) 22814439, 22817193

Fax : (022) 22817201

NAGPUR REGIONAL OFFICE

Dr. Ambedkar Bhavan,

MECL Premises Seminary Hills,

Nagpur - 440 106

Tel : (0712) 2561147, 2561149

Fax : (0712) 2561182

PUNE REGIONAL OFFICE

Sharda Centre, 2nd Floor,

Behind Nal Stop, Karve Road,

Pune - 411 004

Tel : (020) 25466964, 25412169

Fax : (020) 25449759

SURAT REGIONAL OFFICE

6th Floor, Metro Tower,

Near Kinnary Cinema,

Man Darwaza, Ring Road,

Surat - 395 002

Tel : (0261) 28339445, 28365474

Fax : (0261) 28334757

Regional Offices in India

South Zone

BANGALORE REGIONAL OFFICE

2-B, Unity Building Annexe,

Mission Road,

Bangalore - 560 027

Tel : (080) 22224812, 13, 14

Fax : (080) 22227359

COIMBATORE REGIONAL OFFICE

Obli Towers, 594-D.B.R.D.,

R. S. Puram,

Coimbatore - 641 002

Tel : (0422) 2544110, 2546989

Fax : (0422) 2548979

CHENNAI REGIONAL OFFICE

Spencer Towers, 3rd Floor,

770-A, Anna Salai,

Chennai - 600 002

Tel : (044) 28528420, 28528421

Fax : (044) 28520904

ERNAKULAM REGIONAL OFFICE

P.B. No. 1049, 36/707, Kandamkulathy

Towers, M.G. Road, **Kochi - 682 011**

Tel : (0484) 2361547, 2361556

Fax : (0484) 2370593

HYDERABAD REGIONAL OFFICE

104, Block, A B & E, 5th Floor,

Surya Towers, Opp. Gymkhana

Ground, Sardar Patel Road,

Secunderabad - 500 003

Tel : (040) 27841846, 27849215

Fax : (040) 27849315

VISAKHAPATNAM REGIONAL OFFICE

47-10-12, 3rd & 4th Floor,

Pavan Paradise, Near Diamond Park,

2nd Lane, Dwaraka Nagar,

Visakhapatnam - 530 020

Tel : (0891) 22751459, 22751411

Fax : (0891) 22505961

East Zone

BHUBANESHWAR REGIONAL OFFICE

Alok Bharati Towers,

1st Floor, Shaheed Nagar,

Bhubaneshwar - 751 007

Tel : (0674) 2511467, 2508690, 2269

Fax : (0674) 2503458

KOLKATTA REGIONAL OFFICE

4, Mangoe Lane, 1st Floor,

Kolkata - 700 001

Tel : (033) 22487720, 22480445, 6, 8

Fax : (033) 22487781

PATNA REGIONAL OFFICE

B.S.F.C. Building, 6th & 7th Floor,

Fraser Road, **Patna - 800 001**

Tel : (0612) 2231060, 2231049

Fax : (0612) 2227001

GUWAHATI REGIONAL OFFICE

G.S. Road, Bhangagarh,

Guwahati - 781 005

Tel : (0361) 2529426, 2529946

Fax : (0361) 2529425

Information Regarding Employees in Foreign Branches Drawing a Remuneration of Rs.24,00,000 and Above for the year ended 31st March, 2005

Information as per section 217(2A) of Companies Act for the year ended 31.03.2005.

NAME OF THE EMPLOYEES	SERVICE IN YRS	DESIGNATION	REMUNE- RATION	QUALIFICATION	DATE OF JOINING	AGE	LAST EMPLOY- MENT HELD	PLACE
ABE M.	26	MANAGER	4,008,689	B.COM.	13/2/79	49	N.A	TOKYO
AKIMOTO K.	20	IWAKUNI SUB B.M.	2,649,162	B.Com.	1/9/84	44	N.A.	HIROSHIMA
ELANKUMARAN	16	MANAGER FOR OSAKA BR.	3,351,732	B.Sc.,F.II, MBA	27/11/89	42	N.A.	OSAKA
GARDNER BROWN	41	BRANCH MANAGER	3,927,472	Chartered Insurer FCII	0/0/2002	59	Guardian Insurance	LONDON
H. P. SINGH	32	C.E.O.Upto Sept,04	2,814,936	B.A., M.B.A.	2/1/71	56	N.A.	TOKYO
M.A.KHARAT	26	C.E.O.From Oct,04	1,635,372	M.A,LLB,F.III	28/8/79	48	N.A.	TOKYO
A.OSHIUMI	19	SR.CLERK	2,656,521	B.Com	12/8/85	43	-	TOKYO
H.ASAOKA	4	MANAGER	2,448,244	-	9/1/01	50	-	TOKYO
Y.ICHINOHE	3	SR.CLERK	2,495,703	-	1/1/01	44	-	TOKYO
KITO	2	DY.BM	2,977,119	-	16/4/2003	51	-	NAGOYA
K.KISHIDA	33	SR.CLERK	2,580,254	-	13/9/71	57	-	GIFU
T.KITAMURA	23	SR.CLERK	2,576,806	-	11/3/82	45	-	HIROSHIMA
S.YAMAGUCHI	19	MANAGER	2,555,194	B.Com	1/4/86	41	-	SAPPORO
IWAKIRI K.	14	SR.CLERK	2,765,057	B.Com.	25/6/90	57	N.A.	HIMEJI
IWATANI K.	21	FUKUYAMA SUB B.M.	2,709,843	B.COM.	1/4/84	43	N.A.	HIROSHIMA
KATO S.	26	SR. CLERK	3,425,843	B.A.	1/4/78	52	N.A.	SAPPORO
KOTERAZAWA. M.	29	BR.MANAGER	3,691,894	B.Com.	15/3/76	51	N.A.	HIMEJI
MASUI Y.	16	MANAGER	3,226,882	B.COM.	27/3/89	53	N.A.	HIROSHIMA
MEKAWA H	5	MANAGER	2,865,248	B.COM.	4/9/00	45	Nittan Capital Group	TOKYO
MONICA DUTTA	21	MARKETING MANAGER	3,154,120	M.A.,B.ed,PGDIM,F.III	1983	46	N.A.	LONDON
M SAITO	27	MANAGER	2,716,182	B.Com	9/1/01	49	BIG, Allianz	TOKYO

Section 217 (2A)



Estbd. 1919

Information Regarding Employees in Foreign Branches Drawing a Remuneration of Rs.24,00,000 and Above for the year ended 31st March, 2005

Information as per section 217(2A) of Companies Act for the year ended 31.03.2005.

NAME OF THE EMPLOYEES	SERVICE IN YRS	DESIGNATION	REMUNE- RATION	QUALIFICATION	DATE OF JOINING	AGE	LAST EMPLOY- MENT HELD	PLACE
N MACKENNEY	39	U/W MANAGER.	4,153,028	ACII	1999	60	SUN ALLIANCE	LONDON
NAMIKI K.	31	SECRETARY	3,552,484	B.A.	25/2/74	51	N.A.	TOKYO
NOMURA N.	38	JR MANAGER	2,929,653	B.Com.	3/1/67	56	N.A.	TOKYO
OKUDA Y.	33	SUB MANAGER GIFU	3,413,167	B.A.	3/1/71	52	N/A	GIFU
PHILIP KEBLE	17	ACCOUNTANT	2,776,594	ACMA	6/23/05	37	Wills Ltd.	LONDON
RAMADOSS M.	27	C.E.O for U.K.	3,407,791	B.Com.,ACA,FIII	0/0/1976	52	N.A.	LONDON
S. BANERJEA.	17	MANAGER	3,065,959	B.Com.,MBA,FIII	13/07/87	40	N.A.	TOKYO
S.DOI	30	SR. CLERK	2,649,989	B.Com.	22/10/74	56	N.A.	TOKYO
SABA RATNASABAPATHY	27	ACCOUNTANT	3,334,802	ACEA	1995	52	HENLEY INDUSTRIES.	LONDON
SADHANA TREHAN	20	MANAGER FOR H.K.	3,709,175	BSc,MA,AIII	1/6/83	44	N.A.	HONGKONG
SASAOKA H.	24	SR..CLERK	2,946,311	GRADUATE	1/4/79	46	N.A.	SAPORO
SATO H.	31	MANAGER	4,486,621	B.COM	1/3/74	53	N.A.	TOKYO
SHIMODA N.	15	JR. MANAGER	2,939,132	HIGH SCHOOL	10/4/89	52	N.A.	HIROSHIMA
TAKASE O.	13	DEPUTY B.MANAGER	3,682,954	B.A.	1/10/91	48	Lumberments	OSAKA
TERAMOTO K.	32	BR.MANAGER	3,978,028	B.A.	3/1/73	57	N.A.	HIROSHIMA
V.PARTHASARATHI	27	MANAGER FOR AUSTRALIA	3,117,414	B.Sc.,AIII	5/3/77	49	N.A.	SYDNEY
YAMAMOTO A.	32	MANAGER	4,099,637	B.E.	12/2/73	59	N.A.	TOKYO
YOSHIMARA S.	25	BR. MANAGER	3,000,748	B.Com.	1/8/79	50	N.A.	OKAYAMA
V.HARIHARAN	24	RESIDENT MANAGER	2,647,554	M.V.Sc.,B.L.,F.I.I.I.	1/1/3/81	53	Animal Husbandry Service, TAMIL NADU	KUWAIT