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## DIRECTORS AND MANAGEMENT

### BOARD OF DIRECTORS

**R Beri**

*Chairman-cum-Managing Director*

### DIRECTORS

G C Chaturvedi, IAS	V Leeladhar <i>up to 13.6.04</i>
Dr. A K Khandelwal <i>w.e.f. 10.6.04</i>	Nitin Doshi <i>up to 3.1.04</i>
G R Mhaisekar <i>up to 3.1.04</i>	Dr Azfar Shamshi <i>up to 3.1.04</i>
R K Joshi	A V Purushothaman
Kumar Bakhru	

### GENERAL MANAGER & FINANCIAL ADVISOR

V K Gupta, IRS

### GENERAL MANAGERS

A V Purushothaman	Kumar Bakhru
M D Garde <i>up to 2.4.04</i>	M K Garg

### GENERAL MANAGER & CHEF VIGILANCE OFFICIER

K Sridhar  
*w.e.f. 21.6.04*

RBL Vaish  
*up to 29.6.04*

### APPOINTED ACTUARY

A R Prabhu

### ASSISTANT GENERAL MANAGERS

A V Muralidharan	J K Gupta
S Mamman	S K Mutneja
P Manokaran	U V Shenoy
M A Kharat	M A Ramamoorthy
V J Mehta	N K Singh
K G Arora	R C Grover
R Sengupta	Dr B Sundar Raman
N Toppo	A V Girijakumar
S Yugandhar Rao	

### AGM & COMPANY SECRETARY

A R Sekar

### INVESTMENT COMMITTEE

R. Beri	G C Chaturvedi, IAS	V Leeladhar <i>up to 13.6.04</i>
Dr. A K Khandelwal <i>w.e.f. 10.7.04</i>	Nitin Doshi <i>up to 3.1.04</i>	Dr Azfar Shamshi <i>up to 3.1.04</i>
V K Gupta, IRS	M K Garg	A R Prabhu

### AUDIT COMMITTEE

G C Chaturvedi, IAS	V Leeladhar <i>up to 13.6.04</i>	Dr. A K Khandelwal <i>w.e.f. 10.7.04</i>
Nitin Doshi <i>up to 3.1.04</i>	Dr Azfar Shamshi <i>up to 3.1.04</i>	R K Joshi <i>w.e.f. 21.5.04</i>
A V Purushothaman <i>w.e.f. 21.5.04</i>		

### AUDITORS

P.S.D. & Associates  
*Chartered Accountants*

Vyas & Vyas  
*Chartered Accountants*

Khandelwal Jain & Co  
*Chartered Accountants*

### REGISTERED OFFICE

New India Assurance Building, 87, M. G. Road, Fort, Mumbai 400 001.  
Website : [www.niacl.com](http://www.niacl.com)

## BOARD OF DIRECTORS AND MANAGEMENT



R. Beri  
Chairman-cum-Managing Director

### DIRECTORS



G. C. Chaturvedi  
IAS



Dr. A. K. Khandelwal



R. K. Joshi



A. V. Purushothaman



Kumar Bakhru

### GM & FA



V. K. Gupta, IRS

### GM



M. K. Garg

### GM & CVO



K. Shridhar



## FROM THE CMD'S DESK

The year 2003-04 will go down in the annals of India's economic history as a golden year for the country. The year was credited with several glorious achievements on the macro economic front, which in many respects were unprecedented. The economy recorded a robust growth of 8.2%, becoming one of the fastest growing economies in the world. This was against a growth of 6.2% in the previous year. The economy witnessed an all pervading sectoral growth. While the services sector maintained its series of astronomical growth rates, the agricultural sector rebounded sharply from the previous year's negative growth rate by posting a growth of 9.1% on the backdrop of a favourable monsoon. The manufacturing sector sprung up a pleasant surprise by clocking a growth rate of 7.3%, the best in many years for the sector which was lying dormant for quite some time. The restructuring efforts of India Inc. led to a surge in the competitiveness of the Indian industry. The New economy juggernauts defied external retarding factors like a rising rupee, hostile war conditions in the Middle East etc. to exhibit a sustainable growth performance. Exports zoomed to record the best performance in the recent past. The forex reserves crossed the magic figure of \$100bn. All these factors triggered a bull run on the stock markets. Another noteworthy feature was the stable inflation.

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 initiative could usher in a sustained high growth in the coming years. CMIE is forecasting a growth of 7.4 % for the coming year. However, the short-term outlook hinges on factors like the monsoon, the global political environment etc. The threat of inflation looms large on the Indian economy.

The repercussions of the Iraq war may have a negative impact on the oil prices, triggering inflationary trends across the global economy. However, this can be offset by the strong economic growth prospects of the Big Three- US, EU and Japan. Overall, the economic fundamentals portend to a positive economic outlook for the coming year.

### 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 fourth year of operations, the private players have garnered a market share of 14% up from about 10% a year ago. The Gross premium procured by the general insurers amounted to Rs. 16,118 cr as compared to Rs.14,303 cr. in the previous financial year.

The public sector general insurance companies initiated a process of restructuring to cope up with the competitive pressures unleashed by the private players. The primary move in this direction was the SVRS- aimed at a leaner organization.

The global non-life insurance market grew by 6% in 2003, with the emerging markets recording an impressive growth of 8.5%. The global insurance market has shown a better record on the underwriting front in 2003 than in the previous years. The property/casualty market recorded the best underwriting year in the last 25 years. The combined ratio (a measure of loss and expenses as a % of net premium written) of the global insurers in the p/c market amounted to 100.1%, the best in 25 years. The projections for the ensuing year presage a drop in the combined ratio to less than 100%. The estimated deficit of the p/c market has been substantially reduced. The US p/c market recorded a meteoric rise in profitability – nearly 10 times the previous year's figure. After continued hardening trends, the global market is exhibiting a proclivity towards softening of premium rates. The upward trajectory of the global economy portends to a high growth scenario for the global insurance market in the coming financial year.

#### REINSURANCE:

In the beginning of the year 2003 the International Reinsurance market showed signs of stabilizing especially in property catastrophe reinsurance covers. By March – April 2003, the hard market conditions of the previous years showed some signs of downward movement depending on the territory and that too only on catastrophic excess of loss business. Any improvement in pricing of excess of loss covers was by restructuring of the reinsurance program.

The pressures on reinsurer's balance sheet continued. The rating agencies maintained their focus on capital adequacy of the reinsurers and at the same time, the shareholders put pressure for increased returns on their capital. Much of the new capital raised in 2003 was to meet balance sheet requirements. The influence of ratings agencies has increased as cedants and regulators are laying more emphasis on the minimum rating requirements.

Although lack of capacity for catastrophe was not a constraint for the Indian Market, however, modeling of natural peril aggregates and actuarial analysis now play an important role in the pricing and terms. The major cat events in 2003 like the tornadoes and forest fire in the USA hurricane Isabel affecting east coast of US and Canada, floods in France, typhoon Maemi in South Korea and hurricane Fabian in Bermuda caused substantial damages but did not have a major impact on the market.



For proportional treaties (surplus) the reinsurers as in 2002 were reluctant to provide support. The demand for profitability, imposition of event limit and information on exposures affecting the surplus treaties besides other restrictive conditions continued. Due to these requirements, many insurers having treaties with poor performance had to discontinue the proportional covers and replace it by an excess of loss cover.

It is expected that unless there are any significant catastrophes, prices will fall in some lines of business and in some territories but the basic fundamental changes demanded by the international market will continue.

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 with a modest beginning being planned for the Motor OD segment. 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 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 nadir 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 prowl' with a view to contribute to the industry as well as to the nation.

## DIRECTORS' REPORT: 2003-04

### Report of The Board of Directors of The New India Assurance Company Limited Under Section 217 of The Companies Act, 1956

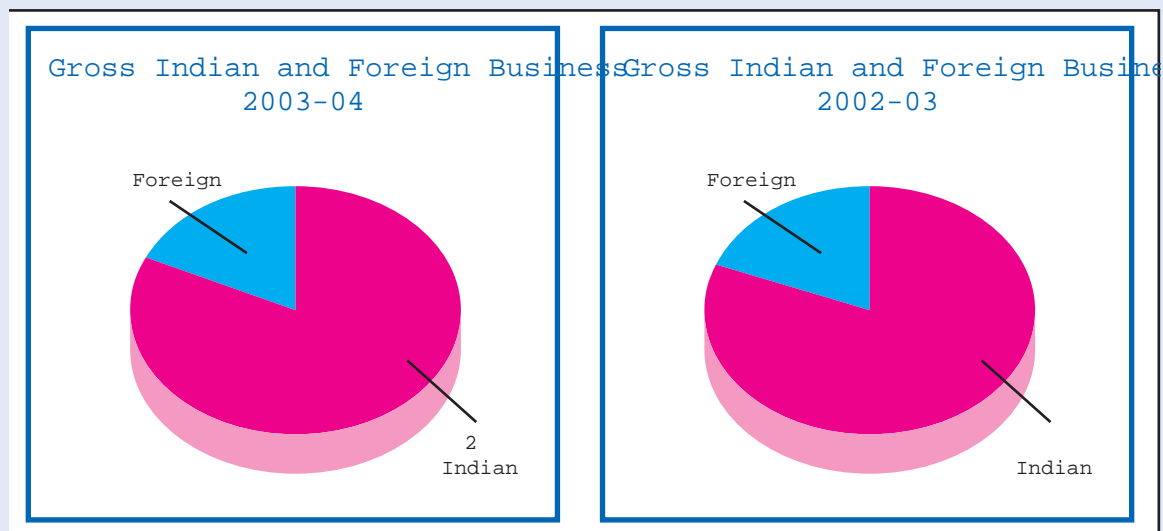
TO THE MEMBERS:

The Directors have pleasure in presenting the 85<sup>th</sup> Annual Report together with the Audited Statement of Accounts and Balance Sheet for the year ended 31<sup>st</sup> March, 2004.

We are pleased to inform you that the Company has become a wholly owned Government Company. As per the directive from the Government of India, all the equity shares of the Company held by General Insurance Corporation of India (GIC) were transferred in the name of President of India with retrospective effect from 21<sup>st</sup> March, 2004. Consequently, the Company has ceased to be a subsidiary of the GIC.

#### Class wise underwriting performance.

		(Rs. in Crores)			
	Year	Fire	Miscellaneous	Marine	Total
<b>Gross premium -In India</b>	<b>2003-04</b>	<b>775.20</b>	<b>3011.26</b>	<b>259.22</b>	<b>4045.68</b>
Percentage growth		<b>-10.64</b>	<b>11.14</b>	<b>-24.73</b>	<b>3.17</b>
	2002-03	867.46	2709.38	344.40	3921.24
		0.88	17.13	1.50	11.64
<b>-Outside India</b>	<b>2003-04</b>	<b>292.49</b>	<b>536.87</b>	<b>46.43</b>	<b>875.79</b>
Percentage growth		<b>-3.91</b>	<b>-2.90</b>	<b>35.76</b>	<b>-1.77</b>
	2002-03	304.40	552.95	34.20	891.55
		23.33	33.08	46.03	30.01
<b>Total</b>	<b>2003-04</b>	<b>1067.69</b>	<b>3548.13</b>	<b>305.65</b>	<b>4921.47</b>
Percentage growth		<b>-8.89</b>	<b>8.76</b>	<b>-19.27</b>	<b>2.26</b>
	2002-03	1171.86	3262.33	378.60	4812.79
		5.89	19.56	4.38	14.64





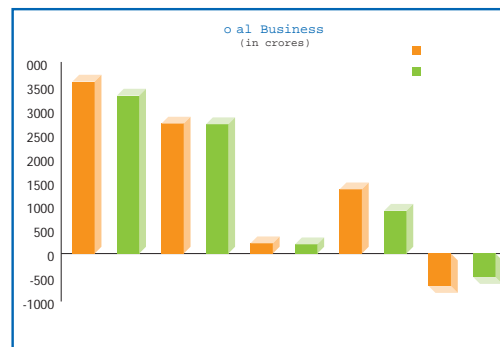
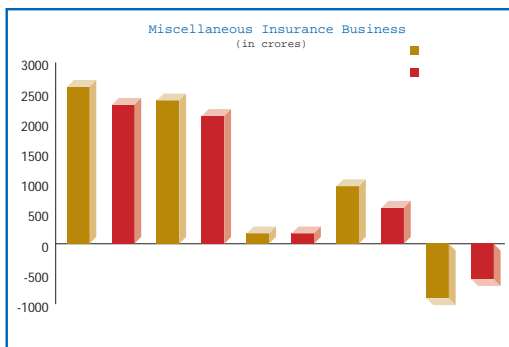
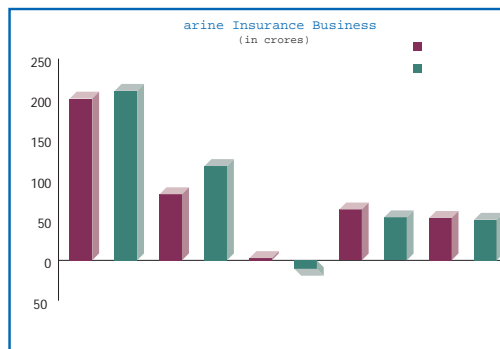
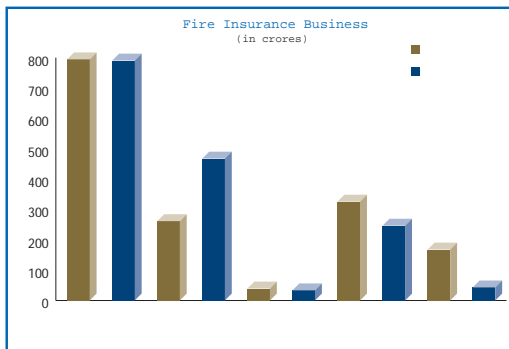
**Results of Policy holders Accounts:**

(Rs. in Crores)

	Year	Fire	Miscellaneous	Marine	Total
<b>Net premium</b>	<b>2003-04</b>	<b>766.68</b>	<b>2695.29</b>	<b>172.97</b>	<b>3634.94</b>
Percentage growth		-6.70	8.06	-13.70	3.37
Percentage to gross premium		71.81	75.96	56.59	73.86
	2002-03	821.70	2494.30	200.43	3516.43
		8.28	18.82	-4.60	14.61
		70.12	76.46	52.94	73.06
<b>Reserve Strain</b>	<b>2003-04</b>	<b>-27.51</b>	<b>100.46</b>	<b>-27.46</b>	<b>45.49</b>
Percentage to net premium		-3.58	3.73	-15.88	1.25
	2002-03	31.43	197.50	-9.66	219.27
		3.82	7.92	-4.82	6.24
<b>Earned premium</b>	<b>2003-04</b>	<b>794.19</b>	<b>2594.83</b>	<b>200.43</b>	<b>3589.45</b>
	2002-03	790.27	2296.80	210.09	3297.16
<b>Net incurred claims</b>	<b>2003-04</b>	<b>261.34</b>	<b>2370.30</b>	<b>81.94</b>	<b>2713.58</b>
Percentage to net premium		34.09	87.94	47.37	74.65
	2002-03	467.37	2115.23	116.91	2699.51
		56.88	84.80	58.33	76.77
<b>Net commission</b>	<b>2003-04</b>	<b>39.37</b>	<b>171.39</b>	<b>2.86</b>	<b>213.62</b>
Percentage to net premium		5.14	6.36	1.65	5.88
	2002-03	33.41	170.13	-10.40	193.14
		4.07	6.82	-5.19	5.49
<b>Operating expenses related to insurance business including foreign taxes</b>	<b>2003-04</b>	<b>325.67</b>	<b>951.85</b>	<b>63.04</b>	<b>1340.56</b>
Percentage to net premium		42.48	35.32	36.45	36.88
	2002-03	246.45	595.02	53.30	894.77
		29.99	23.86	26.59	25.45



<b>Underwriting profit/loss (-)</b>	<b>2003-04</b>	<b>167.81</b>	<b>-898.71</b>	<b>52.59</b>	<b>-678.31</b>
Percentage to net premium		<b>21.89</b>	<b>-33.34</b>	<b>30.40</b>	<b>-18.66</b>
	2002-03	43.04	-583.58	50.28	-490.26
		5.24	-23.40	25.09	-13.94
<b>Investment income apportioned including profit on realisation of investments net of provisions for NPAs</b>	<b>2003-04</b>	<b>126.96</b>	<b>602.79</b>	<b>57.10</b>	<b>786.85</b>
Percentage to net premium		<b>16.56</b>	<b>22.36</b>	<b>33.01</b>	<b>21.65</b>
	2002-03	72.34	358.75	35.08	466.17
		8.80	14.38	17.50	13.26
<b>Surplus/Deficit-Policy holders</b>	<b>2003-04</b>	<b>294.77</b>	<b>-295.92</b>	<b>109.69</b>	<b>108.54</b>
Percentage to net premium		<b>38.45</b>	<b>-10.98</b>	<b>63.42</b>	<b>2.99</b>
	2002-03	115.38	-224.83	85.36	-24.09
		14.04	-9.01	42.59	-0.69





**PERFORMANCE REVIEW FOR THE YEAR 2003-04:**

	(Rs. in crores)	
<b>A. Gross direct premium</b>	<b>2003-04</b>	2002-03
In India	4045.68	3921.24
Percentage change over previous year	3.17	11.64
Outside India	875.79	891.55
Percentage change over previous year	-1.77	30.01
Total	4921.47	4812.79
Percentage change over previous year	2.26	14.64

Company recorded a moderate growth in business during 2003-04. The gross premium within India grew by Rs 124.44 crores at a rate of 3.17 % over gross premium of previous year. The growth of total business of Rs 108.68 crores over previous year registers a total growth percentage of 2.26%. Marine and Fire departments have shown a decline in business whereas the Aviation, UNTB and Motor departments contributed to the growth. The Company's business outside India after recording an outstanding average growth of more than 57% in the last 3 years, recorded a marginal decline during the current year. The business fell by Rs 15.76 crores representing a fall of 1.77 % over business of previous year.

<b>B. Net premium</b>	3634.94	3516.43
Percentage change over previous year	3.37	14.61

The net premium grew by Rs.118.51 crores at a growth rate of 3.37%.over previous year. During the year the Company by and large, continued to follow the same reinsurance programme designed indigenously two years back. The net retention percentage in the current year has gone up to 73.86% from the previous years retention of 73.06%.

<b>C. Incremental un-expired risks reserves</b>	45.49	219.27
Percentage to net premium	1.25	6.24

In view of moderate growth in business during the current year incremental reserves required to be provided for un-expired risks amounted to Rs 45.49 crores significantly lesser than provision of Rs 219.27 crores made in the previous year. The un-expired risk reserves of the Company on 31.03.2004 stand at Rs.1903.91 crores against corresponding amount of Rs.1858.43 crores on 31.03.2003.

<b>D. Incurred claims</b>	2713.58	2699.51
Percentage to net premium	74.65	76.77

During the year overall incurred claims ratio has come down from 76.77% to 74.65% showing a decline of 2.12%. The reduction in claims ratio in successive years is the result of sustained efforts in controlling the claims. This reduction in claims ratio is mainly contributed by the fall in incurred claims of Fire and Marine departments. As stipulated by IRDA, the Appointed Actuary has valued the outstanding claim reserves. The provisions made for IBNR and IBNER during the year was Rs 554 crores as against 475 crores provided in the previous year.

	(Rs. in crores)	
	2003-04	2002-03
<b>E. Commission</b>	213.62	193.14
Percentage to net premium	5.88	5.49
The increase in commission outgo of Rs 19.80 crores amounting to 0.39% over previous year was attributable to increased cost of acquisition of direct business due to revision in commission rates and introduction of brokers, corporate agents etc.		
<b>F. Operating expenses related to insurance business including foreign taxes</b>	1340.56	894.77
Percentage to net premium	36.88	25.45
The hefty increase in the management expenses was contributed by the SVRS payment of Rs.716 crores (of which Rs 191 crores was deferred). If effect of this extraordinary item is removed, the management expenses ratio shows a decline of 3.01%.		
<b>G. Underwriting result</b>	-678.31	-490.26
Percentage to net premium	-18.66	-13.94
Despite 2.12% decline in the net claims ratio the underwriting loss has gone up by 4.72% owing mainly to the liability on account of SVRS payments and to some extent due to increase in the commission cost.		
<b>H. Surplus/deficit in policy holders account after credit of investment income (less provisions) apportioned to policy-holders account as detailed below in I(a)</b>	108.54	-24.09
Percentage to net premium	2.99	0.69
<b>I. Investment income (less provisions)</b>		
(a) Apportioned to policyholders	786.85	466.17
(b) Apportioned to shareholders	462.81	295.97
Total	1249.66	762.14

In the regime of low interest rates, the performance of Company's investments is quite impressive. The investment income stood at Rs 1215 crores as compared to Rs 824 crores over the previous year showing a phenomenal increase of 47.45%. The market value of equity portfolio on 31-03-2004 was Rs 7318.93 crores against the market value of Rs 3687.99 crores on 31.03.2003. The corresponding book value of this equity portfolio was Rs 1485.15 crores and 1408.70 crores respectively. The gross yield on mean funds has gone up in 2003-04 to 15.90% from 11.57% in 2002-03. The NPA percentage has come down to 8.50% during 2003-04 as against 12.40% of 2002-03.

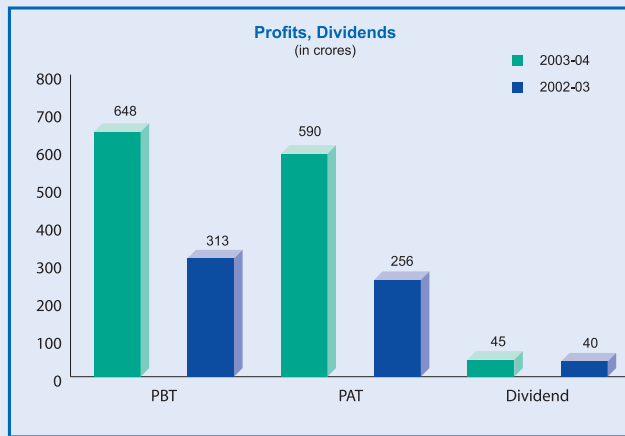
<b>J. Other incomes (outgo)</b>	76.54	40.94
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Income other than premium and investment income has increased by Rs 35.60 crores during the year. Other income consists of net of sundry balances written back, profit/loss on sale of assets interest on tax etc.



	(Rs. in crores)	
	2003-04	2002-03
<b>K. Profit before tax</b>	647.89	312.82
<b>L. Profit after tax</b>	590.21	255.81
<b>M. Proposed dividend</b>	45.00	40.00
<b>Dividend tax</b>	5.77	5.13

While the profits before tax for the current year grew by 107.11% over previous year, the profits after tax grew by an outstanding percentage of 130.72%.



The Directors recommend the dividend to be increased from 40% paid during the previous year to 45% for the current year, i.e. Rs.4.50 per share.

<b>N. Paid-up capital</b>	100.00	100.00
<b>O. General reserves</b>	3843.50	3302.89

An amount of Rs 539.44 crores representing 91.40% 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.

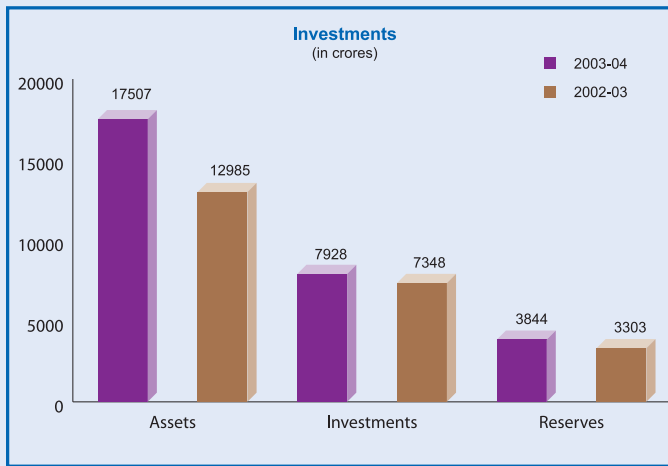
<b>P. Total assets</b>	17510.44	12984.75
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The total assets have grown by Rs 4525.69 crores. An increase of Rs 3536.13 crores in fair value change account from Rs 2301.76 to Rs 5837.89 crores contributed to the majority of the above increase. Apart from this fair value increase, increase in deferred tax assets of Rs13.76 crores, miscellaneous un-appropriated expenses of Rs 184.48.crores towards voluntary retirement scheme for class II employees have contributed to the increase. Balance Rs 791.32 crores are net addition to the assets of the Company.

<b>Q. Investments</b>	7928.24	7348.47
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The Investment portfolio in India stood at Rs.7928.24 crores against Rs.7348.47 crores of the previous year, showing an increase of Rs.579.77 crores representing 7.89% growth over previous year. 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 4410.69 crores as against Rs 3759.90 crores as at the end of the previous year. Approved investments other than in directed sectors stood at Rs 2684.39 crores as at 31<sup>st</sup>, March 2004 representing 33.86% of the investment portfolio as against Rs 2294.09 crores as at 31<sup>st</sup>, March 2003 representing 31.22% of investment portfolio. The unapproved investments as on 31.03.2004 stand reduced to Rs 833.16 crores, from Rs. 1294.48 crores as on 31.03.2003, representing 10.51% of the portfolio against 17.62% of the previous year. During the year corporate debts/loans worth Rs 86.69 crores were restructured under CDR Mechanism as against Rs 71.65 crores of restructuring done in the previous year.



	(Rs. in crores)	
	2003-04	2002-03
<b>R. Solvency margin:</b>		
◆ Required Solvency Margin under IRDA Regulations	981.79	906.06
◆ Available Solvency Margin	3403.15	3126.36

The increase in solvency ratio from 3.45 to 3.47, 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©**

◆ Percentage of expenses prescribed under the Act	19.68%	19.56%
◆ Company's actual percentage of expenses	29.29%	18.53%
◆ Percentage of expenses including commission prescribed under the Act	26.13%	NA
◆ Company's actual percentage of expenses including commission.	35.74%	NA

The limits of expenses prescribed under section 40 C of the Insurance Act 1938 have been exceeded during 2003-04. This is due to the additional cost on account of payments made to retiree employees under the Special Voluntary Retirement Scheme.



### PERFORMANCE OF FOREIGN OPERATIONS (NET) :

New India's overseas operations earned Gross Direct Premium of Rs. 875.81 Crores in 2003-04 as against Rs. 891.54 Crores in 2002-03 thereby causing a fall of 1.8%. The Net Premium was Rs. 794.22 Crores in 2003-04 as against Rs. 813.57 Crores in 2002-03, erosion being 2.4%. The fall in premium is due to pruning of loss making business. Foreign operations earned underwriting profit of Rs. 48.95 Crores before taking reserve release of Rs. 7.18 Crores in 2003-04 as against Rs. 41.10 Crores before reserve strain of Rs. 109.45 Crores in 2002-03.

Our overseas operations during the year were affected by a major Fire claim in Fiji and also in Curacao, two in Dubai, and three in Mauritius. The high Third Party awards in Asian and Middle East Region, also adversely affected profitability.

The overseas operational results for the year ended 31.03.2004 are shown in the table below:

(Rs in crores)  
(C.Y. : Current Year, P.Y.: Previous Year)

Particulars		Amount	% To Premium
Gross premium (excluding reinsurance adjustments)	CY	994.34	0.5 (Accretion)
	PY	989.74	38.2 (Accretion)
Branch net premium	CY	843.34	- 5.0 (Erosion)
	PY	888.05	40.7 (Accretion)
Incurred claims	CY	468.05	55.5
	PY	512.24	57.7
Commission	CY	201.02	23.8
	PY	218.36	24.6
Expenses of management	CY	83.74	9.9
	PY	82.93	9.3
Exchange gain/loss other income/outgo	CY	-4.16	-0.5
	PY	22.97	206
HO R/I cost	CY	37.42	4.5
	PY	56.39	6.3
Underwriting profit/loss before reserve strain	CY	48.95	5.8
	PY	41.10	4.7
Reserve strain/release	CY	-7.18	-0.8
	PY	109.45	12.3
Underwriting profit/loss after reserve strain	CY	56.13	6.6
	PY	-68.35	-7.6
Investment income	CY	42.70	5.1
	PY	31.52	3.5
Net profit/loss	CY	98.83	11.7
	PY	-36.83	-4.1

The branch wise analysis of overseas performance has been done in the table below:

**Performance of foreign operations (net) :**

(Rs in crores)  
(C.Y. : Current Year, P.Y.: Previous Year)

COUNTRY		GROSS	NET	CLAIMS		COMMISSION		MGT. EXP.		HO R/		RES. STR.		INCOME		U/W PROFIT		INVTMNT		NET	
		PREMIUM	PREMIUM																		
		Rs.	Rs.	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
ABU DHABI	C.Y.	31.20	30.31	24.44	80.6	7.78	25.7	0.32	1.1	3.11	10.3	-8.34	-27.5	-1.42	-4.7	1.58	5.2	0.11	0.4	1.69	5.6
	P.Y.	46.53	45.05	19.47	43.2	13.39	29.7	0.39	0.9	1.43	3.2	14.64	32.5	-0.56	-1.2	-4.83	-10.7	0.09	0.2	-4.74	-10.5
DUBAI	C.Y.	44.76	32.34	18.08	55.9	8.97	27.7	0.71	2.2	1.45	4.5	4.17	12.9	-2.43	-7.5	-3.47	-10.7	0.29	0.9	-3.18	-9.8
	P.Y.	34.59	26.48	20.82	78.6	7.54	28.5	0.66	2.5	1.52	5.7	3.86	14.6	-0.84	-3.2	-8.76	-33.1	0.33	1.2	-8.43	-31.8
BAHRAIN	C.Y.	32.41	28.29	10.57	37.4	6.85	24.2	0.59	2.1	1.66	5.9	1.81	6.4	-2.40	-8.5	4.41	15.6	0.11	0.4	4.52	16.0
	P.Y.	29.27	25.22	13.26	52.6	6.13	24.3	0.66	2.6	2.28	9.0	4.42	17.5	-0.56	-2.2	-2.09	-8.3	0.08	0.3	-2.01	-8.0
KUWAIT	C.Y.	26.37	24.64	11.99	48.7	7.9	32.1	0.71	2.9	1.44	5.8	1.91	7.8	-0.64	-2.6	0.05	0.2	0.11	0.4	0.16	0.6
	P.Y.	22.76	21.71	15.41	71.0	7.08	32.6	0.85	3.9	0.67	3.1	1.01	4.7	-0.02	-0.1	-3.33	-15.3	0.19	0.9	-3.14	-14.5
MUSCAT	C.Y.	54.34	49.71	27.31	54.9	12.32	24.8	0.42	0.8	3.82	7.7	-2.29	-4.6	-4.64	-9.3	3.49	7.0	1.69	3.4	5.18	10.4
	P.Y.	55.24	52.90	28.44	53.8	12.35	23.3	0.43	0.8	2.35	4.4	5.40	10.2	-1.59	-3.0	2.34	4.4	1.43	2.7	3.77	7.1
SAUDI ARABIA	C.Y.	23.55	13.88	5.56	40.1	3.76	27.1	0.97	7.0	0.93	6.7	-0.03	-0.2	-1.44	-10.4	1.25	9.0	0.00	0.0	1.25	9.0
	P.Y.	20.16	15.49	9.05	58.4	3.65	23.6	0.80	5.2	0.80	5.2	-0.89	-5.7	-0.31	-2.0	1.77	11.4	0.00	0.0	1.77	11.4
ARUBA	C.Y.	43.62	43.22	16.21	37.5	14.49	33.5	0.66	1.5	3.64	8.4	1.38	3.2	-6.30	-14.6	0.54	1.2	1.65	3.8	2.19	5.1
	P.Y.	41.55	41.51	14.91	35.9	13.67	32.9	0.94	2.3	4.69	11.3	1.93	4.6	-1.24	-3.0	4.13	9.9	2.08	5.0	6.21	15.0
CURACAO	C.Y.	16.06	15.68	12.55	80.0	4.79	30.5	0.75	4.8	1.35	8.6	0.16	1.0	-1.74	-11.1	-5.66	-36.1	0.97	6.2	-4.69	-29.9
	P.Y.	16.03	15.49	3.83	24.7	4.50	29.1	0.62	4.0	1.65	10.7	1.26	8.1	-0.26	-1.7	3.37	21.8	0.80	5.2	4.17	26.9
MAURITIUS	C.Y.	23.75	17.75	15.07	84.9	1.98	11.2	1.91	10.8	1.47	8.3	0.93	5.2	-1.18	-6.6	-4.79	-27.0	3.04	17.1	-1.75	-9.9
	P.Y.	21.01	15.63	8.69	55.6	1.39	8.9	1.71	10.9	0.91	5.8	1.72	11.0	1.29	8.3	2.50	16.0	2.93	18.7	5.43	34.7
HONGKONG	C.Y.	23.29	23.06	8.35	36.2	6.41	27.8	2.3	10.0	-2.17	-9.4	0.49	2.1	-4.16	-18.0	3.52	15.3	0.71	3.1	4.23	18.3
	P.Y.	24.61	24.45	9.21	37.7	6.86	28.1	2.38	9.7	1.84	7.5	-5.15	-21.1	-1.25	-5.1	8.06	33.0	0.59	2.4	8.65	35.4
PHILIPPINES	C.Y.	2.22	1.51	0.25	16.6	0.36	23.8	1.00	66.2	0.01	0.7	-0.19	-12.6	-0.52	-34.4	-0.44	-29.1	0.74	49.0	0.30	19.9
	P.Y.	2.77	1.95	0.55	28.2	0.41	21.0	0.91	46.7	0.07	3.6	0.26	13.3	-0.65	-33.3	-0.90	-46.2	0.59	30.3	-0.31	-15.9
THAILAND	C.Y.	6.12	2.54	1.63	64.2	0.15	5.9	1.35	53.1	0.00	0.0	0.20	7.9	-0.50	-19.7	-1.29	-50.8	0.52	20.5	-0.77	-30.3
	P.Y.	6.01	2.25	0.95	42.2	0.02	0.9	1.52	67.6	0.00	0.0	0.28	12.4	-0.13	-5.8	-0.65	-28.9	0.47	20.9	-0.18	-8.0
AUSTRALIA	C.Y.	10.44	9.31	5.77	62.0	2.91	31.3	1.90	20.4	2.62	28.1	-0.71	-7.6	0.32	3.4	-2.86	-30.7	3.08	33.1	0.22	2.4
	P.Y.	15.27	14.02	5.45	38.9	2.88	20.5	1.46	10.4	5.72	40.8	-0.18	-1.3	4.20	30.0	2.89	20.6	1.62	11.6	4.51	32.2
FIJI	C.Y.	38.30	34.94	22.35	64.0	2.57	7.4	2.98	8.5	-0.36	-1.0	6.11	17.5	4.90	14.0	6.19	17.7	1.47	4.2	7.66	21.9
	P.Y.	28.09	24.34	25.29	103.9	1.77	7.3	2.70	11.1	2.43	10.0	2.90	11.9	4.04	16.6	-6.71	-27.6	1.07	4.4	-5.64	-23.2
JAPAN	C.Y.	176.94	146.35	71.00	48.5	26.96	18.4	40.65	27.8	-2.87	-2.0	12.10	8.3	7.72	5.3	6.23	4.3	0.89	0.6	7.12	4.9
	P.Y.	154.22	130.53	60.07	46.0	22.96	17.6	39.68	30.4	1.77	1.4	7.08	5.4	7.07	5.4	6.04	4.6	0.68	0.5	6.72	5.1
UNITED KINGDOM	C.Y.	440.97	369.81	213.87	57.8	92.63	25.0	26.94	7.3	21.34	5.8	-24.89	-6.7	9.38	2.5	49.30	13.3	27.33	7.4	76.63	20.7
	P.Y.	471.63	431.03	276.84	64.2	113.76	26.4	27.22	6.3	28.26	6.6	70.91	16.5	13.78	3.2	-72.18	-16.7	18.57	4.3	-53.61	-12.4
RUN-OFF & OTHERS	C.Y.			3.05		0.19		-0.42		0.00		0.00		0.91		-1.91		-0.02		-1.93	
	P.Y.					0.00		0.00		0.00		0.00		0.00		0.00		0.00		0.00	
TOTAL	C.Y.	994.34	843.34	468.05	55.5	201.02	23.8	83.74	9.9	37.44	4.4	-7.19	-0.9	-4.14	-0.5	56.14	6.7	42.69	5.1	98.83	11.7
	P.Y.	989.74	888.05	512.24	57.7	218.36	24.6	82.93	9.3	56.39	6.3	109.45	12.3	22.97	2.6	-68.35	-7.7	31.52	3.5	-36.83	-4.1



## PLANS FOR 2004-05

### Domestic:

The premium target for the year 2004-05 is set at Rs. 4550 Crores.

The Company proposes to restructure its offices during the year 2004-05 with the sole view to strengthening the viability of its operational centres. This will also help in the reduction of management expenses and improvement in the quality of services. Extension counters will be opened throughout the country, particularly in areas where the Company does not have offices.

The Company also plans to increase the number of Corporate Agents, which is 65 as on 31<sup>st</sup> March, 2004. It intends to educate the Corporate Agents through training programmes and holding of Product Familiarisation Programmes at all Regional Centres. The tie-ups arranged with financial institutions and non-financial institutions are being closely monitored for better results.

### Foreign:

For the year 2004-05, the targeted premium is Rs. 920 Crores (Gross) and Rs. 834 Crores (Net) with an accretion of 5%.

## MOTOR LOSS CONTROL MEASURES:

The effective management of motor insurance business (the Company's major portfolio) is very crucial especially because of the adverse claim experience associated with it. The loss is mainly attributable to the Motor Third Party Losses relating to commercial vehicles, especially buses and trucks. Some of the measures initiated to contain the Motor Loss Ratio are as under:

1. About 100 high claims ratio offices (both Own Damage and Third Party), were identified and teams of officers from other Regional Offices were deputed for inspection of claim files pertaining to these offices.
2. Guidelines were issued for effective control of issue of motor cover notes.
3. Director Generals of Police were contacted at various places for enforcing the provisions of Motor Vehicles Act.

## CLAIMS SETTLEMENT AND AGEWISE ANALYSIS:

Sustained efforts in speeding up settlement of claims is reflected in our claims settlement ratio which is above 75%. The claims disposal ratios for the last three years are as follows:

2001-02	76.21%
2002-03	77.87%
2003-04	78.06%

Despite huge number of Third Party Claims pending in various motor Accident Claims Tribunals, the Company has settled as many as 13,78,480 claims achieving a claims settlement ratio of 78.06% this year.



No. of claims outstanding as on 01.04.2003	No. of claims intimated during 2003-04	No. of claims settled during 2003-04	No. of claims outstanding on 31.03.2004	Claims settlement ratio	Corresponding percentage for 2002-03
360114	1405705	1378480	387339	78.06%	77.87%

**Total number of claims outstanding as on 31.03.2004:**

	Number	Amount (in Lakhs)
Outstanding for more than 6 months (Gross Indian)	247059	308894.01
Outstanding for less than 6 months (Gross Indian)	140280	159127.22
<b>Total</b>	<b>387339</b>	<b>468021.23</b>

**RURAL INSURANCE, SOCIAL SECTOR INSURANCE AND SPECIAL SCHEMES:**

The Company has developed various insurance products including package covers over the years to cater to the needs of rural masses. The Company continued its efforts for penetration of these products in the rural areas. The publicity campaigns were undertaken in various parts of the country through mass contact programs, cattle fairs, cattle health camps, etc. so as to enhance the awareness of rural insurance products. The Company participated in several exhibitions conducted in rural areas. Leaflets and pamphlets in vernacular language containing details of products were distributed in local festivals, fairs and cattle health camps.

**Personal Accident Insurance for Kisan Credit Card Holders:**

The Company has implemented the Personal Accident Insurance Scheme for Kisan Credit Card holders in the Western Zone. The policy was evolved and implemented as per Government directives and provides for compensation in the event of death/permanent disablement to Kisan Credit Card holders as a result of accident. In the year 2003-04, about 17.92 lacs members were covered under the scheme, for which a premium amount of Rs. 275.52 lakhs was collected. 428 families were benefited by payout of Rs. 169.43 lakhs under the Scheme.

**Apathbandhu:**

This is a personal accident insurance scheme implemented in Andhra Pradesh through State Government covering all persons living below the poverty line. The scheme provides for compensation of Rs. 50,000/- in the event of death of the insured person as a result of accident. Persons in the age group of 18 to 69 years whose annual income is below Rs. 11,000/- per annum are covered under the scheme. The premium booked for the year 2003-04 under this scheme was Rs. 12 crores and 3200 families were benefited by pay out of Rs. 16 crores.



**Gruharaksha:**

This policy is issued to the State Government of Andhra Pradesh covering all the huts/houses of people living below poverty line in the State Government of Andhra Pradesh. The policy covers damage to huts/houses of insured persons against fire and allied perils. The premium booked under this scheme for the year 2003-04 was Rs. 6.72 crores.

**Universal Health Insurance Scheme:**

The Universal Health Insurance Scheme was introduced during the year for providing health insurance benefits to economically weaker sections of the society. The scheme provides for hospitalisation benefits upto Rs. 30,000/- per person/family along with personal accident benefit of Rs. 25,000/- for earning head of the family during the period of insurance. There is a provision for cash-less service through Third Party Administrators. During the year, 66,290 policies were issued covering 80,987 families (236490 persons), including 478 families (1342 persons) living below poverty line, and a premium of Rs. 3.65 crores was collected.

The performance details of Socially Relevant Schemes of the Company for the last five years are furnished in Annexure I to this Report.

**Claims Settlement and Agewise Analyses of Claims in the sector during 2003-04:**

No. of claims outstanding as on 01.04.2003 (1)	No. of claims intimated during 2003-04 (2)	No. of claims settled during 2003-04 (3)	No. of claims outstanding as on 31.03.2004 (4)	Claims settlement ratio (3)/[(1)+(2)]*100 (5)	Corresponding Percentage for 2002-03 (6)
13073	64208	63928	13353	82.72	71.56

**Status of pending claims as on 31.03.2004 in the sector:**

Pending for	No. of claims (All are non-suit claims)
Less than 3 months	4421
3 to 6 months	2552
6 months to 1 year	2496
1 to 3 years	2968
More than 3 years	916
<b>Total</b>	<b>13353</b>

## GRIEVANCES:

During the year, 2896 grievances were received, out of which 1867 were resolved and 1029 pending. The number of grievances pending last year was 430. The increase in pending cases this year is mainly due to the fact that IRDA has opened grievance cell recently and started sending grievances to the Company. Many grievances are duplicated and already sorted out. The balance will be sorted out expeditiously.

The Company organised All India Grievance Officers Meet at New Delhi. Various methods were discussed and adopted at the Meet to improve quality of customer services. Grievance Clearance Committees have been formed in all ROs and for reviewing the grievances of respective RO/DO/BO.

Meetings/workshops were held at various ROs. Grievances were resolved across the table in consultation with claims processing officials and clients. Special software has been installed to create a database for grievances so as to facilitate follow up with ROs/Clients/IRDA/DPG.

## CUSTOMER SERVICE:

New India is committed to offer best and prompt service to its valued customers. Customer satisfaction has always been the ultimate benchmark against which the Company evaluated the effectiveness of its services to the insurable community. The Company is persistently attempting to improve the quality of customer service which is evidenced below:

- (1) As per the IRDA regulations and keeping in view the increased expectations of customers, Citizen Charter was revised by the Board of Directors at its meeting held on 31.12.2003.
- (2) All offices have been fully computerised which has facilitated speedy issue of documents and easy retrieval of information for claims processing.
- (3) Claim Movement Diary is used in all operating offices.
- (4) To improve the service of Third Party Administrators, the Company conducted meetings with Third Party Administrators (TPAs) and have taken proactive steps to minimize the grievances with regard to settlement of mediclaims.

## REINSURANCE:

The Company had its own Reinsurance Programme for the third consecutive year. Retentions, which were based on the Company's net worth continued to be the same as it was last year except for medium size risks (Rs. 5 Crores SI to Rs. 25 Crores PML). The retention for medium size risks was reduced from 78% to 75% so that 3% more cession can be made to the Company's surplus treaty to make it more balanced. In respect of mega/package policies the Company had a net retention of Rs. 50 Crores which was protected in its Fire Property excess of loss cover. In October 2003, General Aviation excess of loss cover was introduced so that more business is written within the country instead of seeking facultative support from abroad. All treaties were placed with good securities.



The international reinsurance market plateaued and showed signs of softening during the beginning of 2004 specially in respect of property risks. The new reinsurance program for the Company effective from 1<sup>st</sup> April 04 has been finalized. Along with fire policies, mega/package policies are also being ceded to Fire Property Surplus treaty. Indian motor own damage section is combined with property cat excess of loss program and motor liability section with overseas offices' motor excess of loss program.

#### FINANCIAL RATING:

M/s. A.M. Best (Europe) Company Limited has rated the Company as 'A' (Excellent) for the fifth consecutive year. The rating reflects the Company's excellent risk adjusted capitalisation, consistent returns from its investment portfolio and favourable growth opportunities in the domestic market. The offsetting factors include the Company's reliance on the Indian investment and insurance market, continuing weakness in underwriting performance and increased competition arising from admittance of foreign companies in the Indian market. However, A.M. Best expects competition to be offset by the overall growth in Indian insurance market and in addition, net written premium from Company's foreign operations to grow rapidly. The Company's excellent risk adjusted capitalisation is expected to remain commensurate with the current rating. The capital and surplus is expected to increase and this will be sufficient on a risk adjusted basis to support the Company's growth.

#### TECHNO MARKETING:

Techno Marketing Department aims to provide world-class Risk Transfer Programmes (RTPs) to all major enterprises/investments in India. It identifies major investments which require efficient and cost effective Risk Transfer Programmes, negotiates with Project Developers/Financial Institutions and draws up appropriate RTPs. It also ensures match of RTP with TAC/Reinsurance arrangements. Mandate from owners is finalised and a Post Sale Service Programme, identifying a servicing unit is set up for servicing obligations. Techno marketing department has supplied an online New Project Monitoring Package in collaboration with Economic Research India Limited to those selected offices of New India which have a high potential for new projects. It also provides project specific alerts to ROs, sourcing information from other Project Journals, Reinsurance Market News etc. Techno Marketing Department continues to arrange Terrorism Cover for large clients from the international market with Rs. 500 Crores as Limit of Liability (as against Rs. 300 Crores Limit of Liability available under Indian Terrorism Pool). In the current year, the Department facilitated procurement of premium of Rs. 331.17 Crores (100%) and Rs. 119.15 Crores for New India's share.

## INFORMATION TECHNOLOGY:

The Company's front line computerisation had increased the efficiency at the operating office level. It had brought about uniformity in business rules and procedures and had enhanced the IT awareness in the organisation. While business operations at the front office level improved significantly, the corporate office functions of business analysis, control and policy making were left almost untouched by computerisation. Similarly, client servicing through intranet was also not possible with the existing system.

To bridge this gap, the Company has entered into an agreement with CMC Ltd for development and supply of a software which will help in consolidation of data at the RO & HO level. This software, once implemented, will help organise data at regional and corporate level and which in turn, will allow business analysis, make available information needed for reporting to the regulatory authority as well as facilitate transaction over the internet for providing 'anywhere services' for the customers and other stakeholders. CMC has delivered the software and the implementation has commenced in Mumbai Regional Office – I. After its successful implementation there, it is proposed to rapidly implement the software in the Head Office and also the remaining Regional Offices.

The Company had, in the previous year, set up Wide Area Network (WAN) through lease lines connecting Head Office and Regional Offices. This network will be used for data transfer for consolidation of data at head office level, in addition to the voice traffic that is being carried at present. The setting up of the data centre to house the hardware needed for implementing the enterprise wide consolidation software, is in the final stage.

Consequent to the successful implementation of the payroll software in the Head Office and Regional Offices, Provident Fund, Pension and Leave modules were taken up and successfully implemented at the Head Office. The software developed by TCS for computerising the reinsurance operations has also been implemented at the head office.

The corporate website has been given a new look and has been enriched with lot of product information and other general information relating to the Company. The website has been made more interactive. Facilities such as premium calculator, insurance glossary and a search section have been uploaded for the benefit of customers. Recent insurance news and press releases are also available on the website. Proposal forms and claim forms of various products can be downloaded from the site. A separate section has been created with interesting wall papers, screensavers, insurance jokes, publicity leaflets, banners, midi files etc. A Hindi section has also been provided. The navigation of the website has been made simpler and more user friendly.



The Company has its own intranet, which serves as a central repository of information for its employees. It facilitates corporate e-mail for exchange of information among the employees. It has a chat and bulletin board too.

#### **VIGILANCE ACTIVITIES:**

The Company has a vigilance set up headed by Chief Vigilance Officer (CVO) at Head Office, who is in the rank of General Manager and is on deputation from LIC of India. Central Vigilance Commission/ Ministry of Finance appoints the Chief Vigilance Officer. Besides, there are Vigilance Officers posted at all the Regional Offices. They investigate into complaints of corruption and malpractice and submit reports to the Chief Vigilance Officer for further action.

Activities of the Department are directed at Preventive, Detective as well as Punitive aspects of vigilance. By way of Preventive Vigilance, the Department carries out regular and surprise inspections of offices 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 cover notes, disposal of salvage, empanelment of surveyors and advocates, 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 3<sup>rd</sup> November to 8<sup>th</sup> November 2003 in all 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.

#### **INTERNAL AUDIT:**

Comprehensive audit of all offices were carried out, as per the action plan and reports put up to the Management. Stress is being given to the aspect of IT Audit, especially with the full-fledged implementation of Genisys Systems in our operations. Management had also sought Internal Audit intervention by way of Special Audit in areas such as Third Party Administrators' performance, Close Proximity Third Party Claims, etc. Besides, as per Board directives, Internal Audit of most of the foreign branches was carried out and reports placed before the Audit Committee.

#### **AUDIT COMMITTEE:**

Presently, the Audit Committee comprises of Mr. G C Chaturvedi, Director, Dr. Anil K Khandelwal (w.e.f. 10.07.04), Mr. R K Joshi, Director and Mr. A V Purushothaman, Director & General Manager. General Manager & Financial Advisor, Mr. V K Gupta and Appointed Actuary, Mr. A R Prabhu attend the Meetings of the Committee as invitees. Mr. V Leeladhar, Mr. Nitin Doshi and Dr. Azfar Shamshi who were members of the Committee ceased to be so consequent to the expiration of the term of their directorships.

Four 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	No. of meetings attended by the Member
Mr. A.M. Sharan (ceased to be member w.e.f 09.06.2003)	-
Mr. G C Chaturvedi(appointed w.e.f. 19.07.2003)	3
Dr. Anil K Khandelwal(appointed w.e.f. 10.07.2004)	- (He has been appointed a member of the Committee w.e.f. 10.07.2004. Hence the number of meetings attended by him during the year ended 31.03.2004 is nil)
Mr. V. Leeladhar(ceased to be member w.e.f. 13.06.2004)	3
Mr. Nitin Doshi(ceased to be member w.e.f. 03.01.2004).	3
Dr. Azfar Shamshi(ceased to be member w.e.f. 03.01.2004)	4
Mr. R K Joshi (appointed as member w.e.f. 21.05.2004)	- (He has been appointed as member on 21.05.2004. Hence the number of meetings attended during the year ended 31.03.2004 is nil)
Mr. A V Purushothaman(appointed as member w.e.f. 21.05.2004)	- He has been appointed as member on 21.05.2004. Hence the number of meetings attended during the year ended 31.03.2004 is nil)

The Audit Committee had considered the Annual Accounts of the Company for 2003-04, had discussions with Statutory Auditors and recommended its adoption to the Board.



#### INVESTMENT COMMITTEE:

The Investment Committee presently comprises of Chairman-cum-Managing Director, Mr. R Beri, Government Director, Mr. G C Chaturvedi (since 19.07.2003), Director, Dr. Anil K Khandelwal (w.e.f. 10.07.2004), General Manager & Financial Advisor, Mr. V.K. Gupta, General Manager (Investments) Mr. M.K. Garg, and Appointed Actuary, Mr. A.R. Prabhu. Mr. Nitin Doshi and Dr. Azfar Shamshi ceased to be members from 04.01.2004 and Mr. V Leeladhar w.e.f. 13.06.2004, consequent to expiration of the term of their directorships.

Seven 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	No. of meetings attended by the member
Mr. R. Beri	7
Mr. A.M. Sharan (ceased to be member w.e.f. 09.06.2003)	-
Mr. G C Chaturvedi (appointed as member w.e.f. 19.07.2003)	4
Mr. V. Leeladhar (ceased to be member w.e.f. 13.06.2004)	7
Dr. Anil K Khandelwal (appointed as member w.e.f. 10.07.2004)	- (He has been appointed as a member of the Committee w.e.f. 10.07.2004. Hence the number of meetings attended by him during the year ended 31.03.2004 is nil)
Mr. Nitin Doshi (ceased to be member w.e.f. 03.01.2004)	5
Dr. Azfar Shamshi (ceased to be member w.e.f. 03.01.2004)	6
Mr. V K Gupta	5
Mr. M K Garg	7
Mr. A R Prabhu	5



#### BOARD OF DIRECTORS:

Dr. Anil K Khandelwal, Chairman-cum-Managing Director, Dena Bank has been appointed Director on the Board of the Company with effect from 10<sup>th</sup> June, 2004. Further, the Government of India has extended the tenure of directorship of Mr. R K Joshi, General Manager, General Insurance Corporation of India on the Board for a further period of three years with effect from 13<sup>th</sup> August 2003 till 12<sup>th</sup> August, 2006 or till further orders, whichever is earlier.

Mr. Nitin Doshi, Mr. G R Mhaisekar and Dr. Azfar Shamshi, the three Part-time Non-official Directors ceased to be directors on expiry of their tenure with effect from 3<sup>rd</sup> January, 2004. Shri V Leeladhar, Chairman & Managing Director, Union Bank of India also retired consequent to expiry of the term of directorship on 13<sup>th</sup> June, 2004. The Board places on record its appreciation for the contribution made by them during their tenure as Directors.

During the financial year 2003-04, seven meetings of the Board of Directors were held. Number of Meetings attended by the Directors is as under:

Name/Category of Director	No. of meetings attended by the Director during the year
Mr. R. Beri, Chairman-cum-Managing Director	7
Mr. A M Sharan, Government Director (ceased to be director w.e.f. 09.06.2003)	-
Mr. G C Chaturvedi, Government Director (appointed w.e.f. 09.06.2003)	6
Mr. V. Leeladhar, Non-Executive Director	6
Dr. Anil K Khandelwal (appointed w.e.f. 10.06.2004)	- (He has been appointed as director only w.e.f. 10.06.2004. Hence he has not attended any meetings during the year 2003-04)
Mr. Nitin Doshi, Part-time Non-official Director (ceased to be director w.e.f. 03.01.2004)	6
Mr. G.R. Mhaisekar, Part-time Non-official Director (ceased to be director w.e.f. 03.01.2004)	5
Dr. Azfar Shamshi, Part-time Non-official Director (ceased to be director w.e.f. 03.01.2004)	6
Mr. R.K. Joshi, Non-Executive Director	5
Mr. A.V. Purushothaman, Functional Director	7
Mr. Kumar Bakhru, Functional Director	6



**ORGANISATION - STRUCTURE:**

**Domestic:**

The Company operates through 26 Regional Offices, 399 Divisional Offices, 641 Branches and 38 Direct Agent Branches.

**Foreign:**

New India operates through a network of 18 branches, 12 agencies, 2 associate companies and 2 subsidiary companies, one of which is fully owned.

**SCHEDULED CASTES, SCHEDULED TRIBES, OTHER BACKWARD CLASSES, PHYSICALLY HANDICAPPED AND EX-SERVICEMEN:**

The Government guidelines regarding reservations, concessions and safeguards to employees belonging to Scheduled Caste, Scheduled Tribe, Other Backward Classes, Physically Handicapped and Ex-service men are observed. Due care continues to be maintained in the matter of assigning development functions, foreign posting and training to employees belonging to Scheduled Caste and Scheduled Tribe.

The Scheduled Caste/Scheduled Tribe Cell and Other Backward Class Cell are functioning under the guidance of Chief Liaison Officer. The Liaison Officers for Scheduled Caste/Scheduled Tribe/Physically Handicapped and Other Backward Classes are posted at Head Office and are assisted by Assistant Liaison Officers at Regional Office level.

Special workshops on reservation policy were held for Liaison/Assistant Liaison Officers, Unions/Associations/office bearers of Scheduled Caste/Scheduled Tribes and Other Backward Classes welfare groups. The workshops trained people to effectively implement the Govt. guidelines.

Special recruitment drive for clearance of backlog in the clerical cadre for Scheduled Caste/Scheduled Tribe was completed and special induction training was given to the recruits before they joined duty, to equip them well.

**PARTICULARS OF EMPLOYEES AND RECRUITMENT:**

The number of employees recruited during the year and the employees' strength as on 31.03.2004 is shown below:

Category	No. of employees recruited	Total no. of employees
Class I	12	4765
Class II	-	3138
Class III	138	10466
Class IV (excluding PTS)	10	2329
<b>Total</b>	<b>160</b>	<b>20698</b>
Part-time Sweepers	2	443
<b>Grand total</b>	<b>162</b>	<b>21141</b>

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, which forms part of the Report, is given in Annexure II.

#### **GENDER ISSUES AND EMPOWERMENT OF WOMEN:**

International Womens' Day was celebrated with a special seminar conducted at Mumbai RO II. Mrs. Rohini Hattangadi, renowned actress was the Chief Guest for the function.

#### **HUMAN RESOURCE DEVELOPMENT:**

Consistent and continuous efforts to build up a favourable climate for human resource development is essential for any organisation. Employees are the Company's greatest assets. In the changing environment where it is required to be increasingly competitive, the focal point is of increasing skills and developing attitudes aimed at satisfying the customers. Continuous efforts to develop systems which dovetail transparency, fairness and openness among employees at all level in the organisation, have been made.

Simultaneously, the Company has recognised the need to make structural changes in the organisation in order to equip itself to face the competition. Efforts are being taken towards consolidation of operating offices in view of the Special Voluntary Retirement Scheme, 2004 implemented for Class I, Class III and Class IV employees.

#### **SPECIAL VOLUNTARY RETIRMENT SCHEME (SVRS) FOR CLASS I, III & IV EMPLOYEES:**

As a measure towards rightsizing the workforce and making the organisation more competitive, Special Voluntary Retirement Scheme for Class I, III & IV employees was introduced by the Government vide Gazette Notification dated 1<sup>st</sup> January, 2004. This special scheme was effective for a period of 60 days from 1<sup>st</sup> January, 2004. 1086 employees belonging to Class I category (from the cadre of General Manager to that of Assistant Administrative Officer) and 1018 employees of Class III & IV opted for retirement under the Scheme.

#### **TRAINING:**

Training of human resources plays an important role for success in a competitive business environment. The Company believes in continuous up gradation of knowledge and skills of its employees. Towards this endeavour, training is imparted to the employees not only in the Company's own training centres but also at external institutions, both in India and abroad.

During the year 2003-04, Corporate Training College & Zonal/Regional Training Centres conducted programmes and imparted training for 4211 employees. In addition, 623 employees were deputed to programmes organized by National Insurance Academy, Pune. Some of the programmes organized by National Insurance Academy were exclusively for the employees of New India. In order to meet the challenges posed by the opening up of the industry, 415 employees were deputed for programmes organized by selected external institutions. 8 officers were deputed for programmes/conferences organized by institutions abroad. Special care was taken to depute employees belonging to Scheduled Caste/Scheduled Tribe categories for training.



With the up gradation of technology in the Company, 155 persons were trained in IT related programmes. E-training in EDP, were initiated on Management Courses and 415 employees have undergone E-learning. Special care was taken to make complete computer literacy in all offices and most of the offices have achieved 90% computer literacy, for which 1196 persons were trained, this year.

As per Insurance Regulatory & Development Authority Regulations, 50 training centres were accredited with addition of 4 new centres to impart Training for Agents for 100/50/25 hours training. This training is extended to officers of our corporate agents also. We have imparted training for 10033 agents and 1372 bank officials for bancassurance agencies in our training centres.

#### INDUSTRIAL RELATIONS:

The employee relations continued to be smooth and cordial during the year. As a long lasting solution to the problem of multiplicity of unions and associations for various cadres of employees, it was decided to introduce Check-off System to ascertain representative strength of unions. Under Check-off facility, the employees have given their letter of authority to the management for deduction of Association/Union subscription from their salary.

#### STAFF WELFARE SCHEMES:

The benefits under Group Savings Linked Insurance Scheme taken from LIC have been enhanced w.e.f. Oct 2003 with a modest increase in the premium. The life cover under this Policy was enhanced from the existing range of Rs.40,000 – Rs.1,80,000 to Rs.70,000-Rs.4,00,000.

Similarly the benefits under the Group Term Insurance Policy for pension optees taken through LIC were also enhanced w.e.f. February 2004 from the existing range of Rs.35,000–Rs.2,00,000 to Rs.70,000–Rs.4,00,000.

The other welfare schemes, namely, Housing Loan, Staff Mediclaim, Group Personal Accident Policy, Baggage Policy, Exgratia relief from CMD for uncovered medical expenses in case of major diseases, Tuition fees reimbursement, Deposit Linked Insurance Scheme (E.D.L.I.) etc. continued to be maintained as per the earlier limits.

#### SPORTS ACTIVITIES:

All India Table Tennis Tournament was conducted in the month of December 2003 in which teams representing all the Regional Offices participated. The Mumbai Table Tennis team won the title of the 'B' Division Tournament conducted by the Mumbai City Table Tennis Association and has been promoted to the 'A' Division.

The New India Cricket Team reached the finals of the prestigious 'B' Division of the Times Shield Cricket Tournament. In the Ranji Trophy matches, Mr. Jagdish Shetty, employee of the Company, represented the state of Tripura.

New India's Kabaddi Team was declared runner-up in the All India Kabbadi Tournament conducted at Jaipur in the month of September 2003. Mr. Mahesh Sapte of the Company represented the State of Jammu & Kashmir in the National Kabaddi Tournament held at Mumbai in December 2003.

The Company organized fitness camps for Cricket and Kabaddi players.

#### OFFICIAL LANGUAGE IMPLEMENTATION:

The Company has always been putting in great efforts in increasing the use of Hindi language in the day to day operations. During the year, the Company organised 76 workshops in total, for all classes of employees including senior executives, through which 1644 employees were trained. Use of Hindi as a medium of instruction has been introduced at all training centres of the Company under Regions "A" & "B". Reference literature required for Agents' training has been made available in Hindi. The Company has introduced incentive schemes for employees writing original books on insurance in Hindi. Hindi Department, in consultation with Corporate HRM, organised 13 training programmes for employees of all classes. For all the programmes, medium used was Hindi which made the sessions more productive, interactive and fruitful. One day symposium was organised for senior executives. Issues relating to Hindi implementation were discussed and strategy for effective Hindi implementation chalked out.

#### CERTAIN EXPENSES OF MANAGEMENT:

The expenses of management for the year include:

- (a) Entertainment (Indian & Foreign) : Rs. 15,99,796/-
- (b) Foreign tours undertaken by the executives : Rs. 93,19,272/-, and
- (c) Publicity and advertisement : Rs. 14,31,78,311/-

#### AUDITORS:

The Comptroller and Auditor General of India, under Section 619 of the Companies Act, 1956 appointed M/s P.S.D. & Associates, M/s Vyas & Vyas and M/s Khandelwal Jain & Co., Chartered Accountants as central statutory auditors for the year 2003-04. Branch auditors at various regional offices and divisional offices in India and at foreign branch offices were also appointed for the year. The Board of Directors wish to convey their appreciation to all the Statutory Auditors for their valuable advice, guidance and co-operation.

#### SUBSIDIARY COMPANIES:

##### 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 31<sup>st</sup> December, 2003 are appended hereto.

The Subsidiary has not declared any dividend for the year 2003. It has ceased business operations with effect from 1<sup>st</sup> January 2003.



### **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 31<sup>st</sup> December, 2003 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 an underwriting profit of TT\$ 17,97,000 as against a loss of TT\$ 9,45,000 in the previous year. With Investment Income of TT\$ 40,11,000 and Other Income amounting to TT\$ 1,61,000, the Net Income for the year before taxation stands at TT\$ 55,69,000 after transfer of TT\$ 4,00,000 to a special Catastrophe Reserve.

### **FOREIGN EXCHANGE EARNINGS & OUTGO:**

The foreign exchange earning into India during 2003-04 amounted to Rs. 2.28 Crores. Remittance of Rs. 1.79 Crores was made by Associate and Subsidiary Companies towards dividend and remittance of Rs. 0.49 Crores was by the subsidiary company, The New India Assurance Company (Trinidad & Tobago) Ltd. towards management fees as per repatriation schedule submitted by them.

The foreign exchange outgo during the year 2003-04 amounted to Rs. 8.83 Crores. The remittance was made to subscribe to the rights issue of Associate Company.

### **SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT:**

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Company for the year 2002-03 along with the Directors' Report were placed before both the Houses of Parliament on 23<sup>rd</sup> December, 2003 under Section 619(A) read with 619(B) of the Companies Act, 1956.

### **REVIEW OF ACCOUNTS:**

Information as required by the Comptroller and Auditor General for review of accounts of Insurance Companies is attached as Annexure III to this Report.

### **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;

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b) the Directors have selected accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of financial year and of the Profit of the Company for the year under review.

- c) 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.
- d) the Directors have arranged preparation of the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

**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 there are no particulars to disclose under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as regards Conservation of Energy or Technology Absorption.

**ACKNOWLEDGEMENT:**

Directors take this opportunity to express their heartfelt gratitude to the valued customers and the large body of insuring public whose enduring confidence and faith help the Company to retain its firm footing in the industry.

Board also places on record its deep appreciation for the agents, corporate agents, surveyors, intermediaries, reinsurance brokers and all the employees of the Company in India and abroad for their dedication and commitment in achieving the goals of the Company.

The Directors are pleased to place on record their gratitude for the guidance and support extended by 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.

<b>R. Beri</b>		<b>Chairman-cum-Managing Director</b>
<b>G.C. Chaturvedi</b>	}	
<b>R.K. Joshi</b>	}	
<b>Dr. Anil K Khandelwal</b>	}	<b>Directors</b>
<b>A.V. Purushothaman</b>	}	
<b>Kumar Bakhru</b>	}	

Mumbai,  
31<sup>st</sup> August, 2004



**Performance of Socially Relevant Schemes During the last five years  
Annexure I to Directors' Report**

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 %
<b>Cattle and other Livestock</b>								
	1999-00		11676464	3594.82	231527	240507	3101.84	86.29
	2000-01		9470286	3899.26	46432	48504	3404.36	87.31
	2001-02		9330695	3538.54	42372	40778	2758.35	77.95
	2002-03		3358674	3163.24	39875	36003	2996.19	94.72
	2003-04		1551561	2931.48	38675	36538	2651.09	90.44
<b>Agriculture Pumpest</b>								
	1999-00		58194	171.91	2228	2056	68.73	39.98
	2000-01		86203	197.95	3161	2816	60.62	30.62
	2001-02		51472	193.62	1848	2619	60.08	31.03
	2002-03		40885	146.35	3615	2062	54.09	36.96
	2003-04		77311	131.47	3112	1941	96.25	73.21
<b>Janata Personal Accident</b>								
	1999-00		34643755	3297.48	9550	9246	2546.62	77.23
	2000-01		19357759	2629.28	14052	10083	3246.99	123.49
	2001-02		18712370	3183.01	11139	6074	4515.08	141.85
	2002-03		16934769	668.96	10258	4349	4188.00	626.05
	2003-04		18674579	1846.04	8248	6907	400.00	21.67
<b>Gramin Personal Accident</b>								
	1999-00		770622	46.71	393	440	117.37	251.27
	2000-01		876956	92.68	166	245	114.76	123.82
	2001-02		480243	53.50	66	200	132.38	247.44
	2002-03		203567	14.88	330	225	140.50	944.22
	2003-04		144241	46.08	252	50	19.10	41.45
<b>Janarogya</b>								
	1999-00	33230	85683	67.63	5716	5122	98.79	146.07
	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



**Performance of Socially Relevant Schemes During the last five years  
Annexure I to Directors' Report (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 %
<b>Mediclaim</b>	1999-00	489150	2163876	16165.97	108247	90573	15629.37	96.68
	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
<b>Bhagyashree Child Welfare Policy</b>	1999-00	27317	99997	13.49	-	-	1.62	12.01
	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
<b>Rajrajeshwari Mahila Kalyan Yojana</b>	1999-00	11850	2468883	133.77	-	-	0.56	0.42
	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
<b>Personal Accident Insurance Scheme (Kisan Credit Card Holders)</b>	1999-00	-	-	-	-	-	-	-
	2000-01	-	-	-	-	-	-	-
	2001-02	-	650356	135.91	20	1	0.50	0.37
	2002-03	-	1169856	223.40	381	137	65.94	29.52
	2003-04	-	1792263	275.53	425	290	102.99	37.30
<b>Personal Universal Health Insurance Scheme</b>	2003-04	66290	236490	365.07	185	54	2.18	0.60



# SECTION 217 (2A)

## INFORMATION REGARDING EMPLOYEES IN FOREIGN BRANCHES DRAWING A REMUNERATION OF RS.24,00,000 AND ABOVE FOR THE YEAR ENDED 31ST MARCH, 2004.

Information as per section 217(2A) of Companies Act for the year ended 31.03.2004.

NAME OF THE EMPLOYEES	SERVICE IN YRS	DESIGNATION	REMUNE- RATION	QUALIFICATION	DATE OF JOINING	AGE	LAST EMPLOY- MENT HELD	PLACE
ABE M.	25	MANAGER	3,829,476	B.COM.	13/2/79	48	N.A	TOKYO
AKIMOTO K.	19	IWAKUNI SUB B.M.	2,531,239	B.Com.	1/9/84	43	N.A.	HIROSHIMA
ELANKUMARAN	15	MANAGER FOR OSAKA BR.	3,284,626	B.Sc.,FIII, MBA	27/11/89	41	N.A.	OSAKA
GARDNERBROWN	40	BRANCH MANAGER	3,390,182	Chartered Insurer FCII	0/0/2002	57	Guardian Insurance	LONDON
H. P. SINGH	31	C.E.O.	3,485,544	B.A., M.B.A.	2/1/71	55	N.A.	TOKYO
IWAKIRI K.	13	SR.CLERK	2,711,480	B.Com.	25/6/90	56	N.A.	HIMEJI
IWATANI K.	20	FUKUYAMA SUB B.M.	2,657,349	B.COM.	1/4/84	42	N.A.	HIROSHIMA
KATO S.	25	SR. CLERK	3,230,330	B.A.	1/4/78	51	N.A.	SAPPORO
KOTERAZAWA. M.	28	BR.MANAGER	4,475,967	B.Com.	15/3/76	50	N.A.	HIMEJI
MASUI Y.	15	MANAGER	3,080,925	B.COM.	27/3/89	52	N.A.	HIROSHIMA
MEKAWA H	19	MANAGER	2,605,950	B.COM.	4/1/00	44	Nitan Capital Group	TOKYO
MONICA DUTTA	20	MARKETING MANAGER	3,423,784	M.A.,B.ed,PGDIM,FIII	1983	45	N.A.	LONDON
M SAITO	27	MANAGER	2,536,744	B.Com	9/1/01	48	BIG, Allianz	TOKYO
N MACKENNEY	38	U/W MANAGER.	3,948,500	ACII	1999	59	SUN ALLIANCE	LONDON
NAMIKI K.	30	SECRETARY	3,382,062	B.A.	25/2/74	50	N.A.	TOKYO
NOMURA N.	37	JR MANAGER	2,801,296	B.Com.	3/1/67	55	N.A.	TOKYO
OKUDA Y.	33	SUB MANAGER GIFU	3,266,702	B.A.	3/1/71	51	N/A	GIFU
PHILIP KEBLE	16	ACCOUNTANT	2,566,525	ACMA	6/23/05	36	Wills Lid.	LONDON

Annexure II



दि न्यू इंडिया एश्योरन्स कंपनी लिमिटेड  
The New India Assurance Company Limited  
(एकमात्र शासित) / A Government of India Undertaking

**INFORMATION REGARDING EMPLOYEES IN FOREIGN BRANCHES DRAWING A REMUNERATION OF RS.24,00,000 AND ABOVE FOR THE YEAR ENDED 31ST MARCH, 2004.**

Information as per section 217(2A) of Companies Act for the year ended 31.03.2004.

NAME OF THE EMPLOYEES	SERVICE IN YRS	DESIGNATION	REMUNE-RATION	QUALIFICATION	DATE OF JOINING	AGE	LAST EMPLOY- MENT HELD	PLACE
RAMADOSS M.	27	C.E. for U.K.	5,367,965	B.Com.,ACA,FIII	0/0/1976	51	N.A.	LONDON
S. BANERJEA.	16	MANAGER	2,957,569	B.Com.,MBA,FIII	13/07/87	39	N.A.	TOKYO
S.DOI	29	SR. CLERK	2,525,974	B.Com.	22/10/74	55	N.A.	TOKYO
SABA RATNAS- ABAPATHY	26	ACCOUNTANT	3,085,214	ACEA	1995	49	HENLEY INDUSTRIES.	LONDON
SADHANA TREHAN	20	MANAGER FOR H.K.	3,457,025	BSc,MA,AIII	1/6/83	43	N.A.	HONGKONG
SASAOKA H.	24	SR..CLERK	2,886,708	GRADUATE	1/4/79	45	N.A.	SAPPORO
SATO H.	30	MANAGER	4,237,698	B.COM	1/3/74	52	N.A.	TOKYO
SHIMODA N.	14	JR. MANAGER.	2,852,150	HIGH SCHOOL	10/4/89	51	N.A.	HIROSHIMA
TAKASE O.	25	DEPUTY B.MANAGER	3,388,786	B.A.	1/10/91	47	Lumberments	OSAKA
TERAMOTO K.	31	BR.MANAGER.	3,929,061	B.A.	3/1/73	56	N.A.	HIROSHIMA
V.PARTHASARATHI	27	MANAGER FOR AUSTRALIA	3,270,619	B.Sc.,AIII	5/3/77	48	N.A.	SYDNEY
YAMAMOTO A.	31	MANAGER	3,872,585	B.E.	12/2/73	58	N.A.	TOKYO
YOSHIMARA S.	24	BR. MANAGER	2,900,272	B.Com.	1/8/79	49	N.A.	OKAYAMA

Annexure II (Contd.)

## SECTION 217 (2A) (Contd.)



**PARTICULARS OF EMPLOYEES WHOSE REMUNERATION DURING THE YEAR 2003-2004  
EXCEEDS RS. 24 LAKHS  
[under Sec 217(2A) of the Companies Act, read with Companies (Particulars of Employees) Rules, 1975]**

Sl. No.	Name of the employee	Designation	Remuneration received during the year (Amount in Rs.)	Qualifications & experience of the employee	Date of commencement of employment	Age In years	Last employment before joining the Company
1.	Mrs. M D Damle	Assistant General Manager	25,10,740.00	B.Com, LLB, FIII	19.06.1978	48	Information Not Available
2.	G P Parija	Senior Divisional Manager	24,66,525.00	Pre-University	16.10.1969	54	"
3.	B M Dwivedy	Deputy Manager	25,84,835.00	MA, LLB	01.01.1969	54	"
4.	M M Shah	Assistant Manager	24,76,187.00	B.Com, LLB, All	01.01.1969	53	"
5.	V M Philip	Senior Divisional Manager	24,51,563.00	B.Com, FIII	20.11.1971	55	"
6.	H J Belani	Deputy Manager	24,93,501.00	B.Com, All	07.04.1971	53	"
7.	A K Sahni	Senior Divisional Manager	25,47,474.00	B.A.	01.05.1970	54	"
8.	B Kotilingam	Senior Divisional Manager	29,15,914.00	B.Com	26.05.1971	54	Nil
9.	J. V. Rao	Senior Divisional Manager	28,09,555.00	Graduate, LIII	13.11.1972	54	"
10.	P S Rama Rao	Senior Divisional Manager	30,04,891.00	B.A., LIII	01.06.1970	52	"

Annexure II (Contd.)

**PARTICULARS OF EMPLOYEES WHOSE REMUNERATION DURING THE YEAR 2003-2004  
EXCEEDS RS. 24 LAKHS**

**[under Sec 217(2A) of the Companies Act, read with Companies (Particulars of Employees) Rules, 1975]**

Sl. No.	Name of the employee	Designation	Remuneration received during the year (Amount in Rs.)	Qualifications & experience of the employee	Date of commencement of employment	Age In years	Last employment before joining the Company
11.	Rao K K	Branch Manager	24,25,147.00	B.Com, All	01.10.1973	55	"
12.	G S V Ramanan	Senior Divisional Manager	25,26,813.00	B.Sc., LLB	21.03.1977	49	"
13.	Vinod Kumar K	Assistant Manager	25,17,918.00	B.Sc., LLB	10.02.1977	50	"
14.	Narasimha Rao M	Senior Divisional Manager	26,03,436.00	B.Sc.	21.03.1977	50	"
15.	Prasad K N B	Senior Branch Manager	25,05,639.00	B.Com	22.08.1977	50	"
16.	Amarnath P	Divisional Manager	25,16,729.00	B.Sc., All	16.08.1976	51	"
17.	Harpal Singh	Deputy Manager	25,10,668.00	Higher Secondary	01.01.1970	52	"
18.	P S Seetharam	Manager	24,07,724.00	B.Sc., FIII	19.06.1978	50	Andhra Bank Secunderabad
19.	P N Saitwadekar	Senior Divisional Manager	24,35,250.00	B.Sc. (Hons), All	17.01.1973	53	Nil

- Notes:
1. All the above employees retired under the Special Voluntary Retirement Scheme.
  2. Remuneration includes salary, dearness allowance, other allowances, provident fund, gratuity, leave encashment and ex-gratia payments.
  3. None of the above persons had been employed on contractual basis. The other terms and conditions of service are as per Company's Rules. Duties of all the employees mentioned above are administrative in nature.
  4. None of the above employees is a relative of any Director of the Company nor do they hold any Equity Shares in the Company.

Annexure II (Contd.)





## ANNEXURE III TO THE DIRECTORS' REPORT

**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		
	2003-2004	2002-2003	2001-2002
<b>LIABILITIES</b>			
a. Paid up Capital	100.00	100.00	100.00
b. Reserves and Surplus			
i) Free Reserves	3843.44	3304.00	3089.39
ii) Committed Reserves	5845.31	2315.38	2736.14
c. Current Liabilities and Provisions			
i) Current Liabilities	5451.88	5058.09	4483.05
ii) Provision	2269.81	2207.28	1827.56
<b>TOTAL LIABILITIES</b>	<b>17510.44</b>	<b>12984.75</b>	<b>12236.14</b>
<b>ASSETS</b>			
a. Investments			
i) Long Term Investment	12290.71	8598.25	8354.32
ii) Short Term Investment	437.71	250.12	338.23
b. Loans	940.89	967.33	1013.44
c. Fixed Assets			
i) Gross Block	316.44	298.45	267.24
ii) Less Cumulative Depreciation	212.25	189.20	159.97
iii) Net Block	104.19	109.25	107.27
d. Deferred Tax	35.25	21.50	-
e. Cash and Bank Balances	1974.33	1587.46	1152.86
f. Advances and Other Assets	1519.08	1427.03	1270.02
g. Deferred Expenses	208.28	23.81	-
<b>TOTAL ASSETS</b>	<b>17510.44</b>	<b>12984.75</b>	<b>12236.14</b>
Capital Employed -c(iii)+a(ii)+7-3	-4705.93	-4754.89	-3939.51
Net Worth - a+b(i)	3943.44	3404.00	3189.39
Net Worth/Share	394.34	340.40	318.94

**ANNEXURE III TO THE DIRECTORS' REPORT (contd.)**

		Rs in Crores		
		2003-04	2002-03	2001-02
<b>2</b>	<b>RESERVES</b>			
	<b>i. FREE RESERVES</b>			
	a) General Reserves	<b>3842.33</b>	3302.89	3088.28
	b) Investment Reserves	<b>1.11</b>	1.11	1.11
	Sub Total	<b>3843.44</b>	3304.00	3089.39
	<b>ii. COMMITTED RESERVES</b>			
	a) Capital Reserve	<b>0.06</b>	0.06	0.06
	b) Fair Value Change Account.	<b>5837.89</b>	2301.76	2730.46
	c) Provision for thinly traded shares	<b>7.36</b>	13.56	5.62
	Sub Total	<b>5845.31</b>	2315.38	2736.14
	TOTAL	<b>9688.75</b>	5619.38	5825.53
<b>3</b>	<b>CURRENT LIABILITIES AND PROVISIONS</b>			
	<b>i) Current Liabilities</b>			
	a) Agents Balances	<b>25.80</b>	28.39	20.02
	b) Balances due to other Companies	<b>473.62</b>	602.86	528.55
	c) Deposits held on Reinsurance Ceded	<b>11.22</b>	9.00	9.46
	d) Premium received in Advance	<b>123.17</b>	115.05	169.48
	e) Sundry Creditors	<b>350.12</b>	284.78	248.18
	f) Claims Outstanding	<b>4379.95</b>	3929.08	3384.38
	g) Others	<b>88.00</b>	88.93	122.98
	Sub Total	<b>5451.88</b>	5058.09	4483.05
	<b>ii) Provision</b>			
	a) Reserve for Unexpired Risk	<b>1903.91</b>	1858.43	1639.16
	b) Proposed Dividend	<b>45.00</b>	40.00	20.00
	c) Dividend Distribution Tax	<b>5.77</b>	5.13	-
	d) Reserve for Bad and Doubtful Debts	<b>315.13</b>	303.72	168.42
	Sub Total	<b>2269.81</b>	2207.28	1827.58
	TOTAL	<b>7721.69</b>	7265.37	6310.63



**ANNEXURE III TO THE DIRECTORS' REPORT (contd.)**

		Rs in Crores		
		2003-04	2002-03	2001-02
<b>4</b>	<b>LOANS</b>			
a)	Mortgage of Property - Housing Loan	<b>288.53</b>	311.08	312.50
b)	Mortgage of Property - HUDCO	<b>353.59</b>	366.55	407.50
c)	Housing Loan to Employees - outside India	<b>0.98</b>	1.06	0.75
d)	Housing Loan to State Government	<b>267.33</b>	257.31	255.75
e)	Unsecured Loan	<b>30.46</b>	31.33	36.94
	TOTAL	<b>940.89</b>	967.33	1013.44
<b>5</b>	<b>CASH AND BANK BALANCES</b>			
a)	Cash including Cheques, Remittance-in-Transit etc	<b>93.49</b>	64.76	60.49
b)	Short Term Deposit with Banks	<b>769.07</b>	507.46	495.02
c)	Other Deposits	<b>862.57</b>	704.90	389.40
d)	Current Account	<b>176.74</b>	205.25	122.04
e)	Call Money with Banks	<b>52.46</b>	51.09	37.91
f)	Call Money with Other Institutions	<b>20.00</b>	54.00	48.00
	TOTAL	<b>1974.33</b>	1587.46	1152.86
<b>6</b>	<b>ADVANCES AND OTHER ASSETS</b>			
i)	<b>Advances</b>			
a)	Reserve Deposit with Ceding Company	<b>29.92</b>	39.77	41.69
b)	Application Money	<b>21.43</b>	6.00	31.80
c)	Prepayments	<b>17.75</b>	16.03	2.68
d)	Advance Tax	<b>81.44</b>	191.63	159.01
e)	Others	<b>15.45</b>	21.27	16.14
	Sub Total	<b>165.99</b>	274.70	251.32
ii)	<b>Other Assets</b>			
a)	Income Accrued on Investments	<b>188.40</b>	198.03	194.16
b)	Outstanding Premium	<b>6.16</b>	6.61	17.23
c)	Agents Balances	<b>76.24</b>	59.56	55.56
d)	Foreign Agencies Balances	<b>69.21</b>	84.96	65.15
e)	Amount due from other Insurance Companies	<b>697.18</b>	705.56	559.97
f)	Amount due from other Subsidiaries	<b>0.05</b>	0.05	0.06
g)	Deposit with Reserve Bank of India	<b>10.75</b>	10.75	10.75
h)	Others	<b>305.10</b>	86.81	115.82
	Sub Total	<b>1353.09</b>	1152.33	1018.70
	TOTAL	<b>1519.08</b>	1427.03	1270.02



**ANNEXURE III TO THE DIRECTORS' REPORT (contd.)**

		Rs in Crores		
		2003-04	2002-03	2001-02
<b>7</b>	<b>CURRENT ASSETS</b>			
a)	Income Accrued on Investments	<b>188.40</b>	198.03	194.16
b)	Outstanding Premium	<b>6.16</b>	6.61	17.23
c)	Agents Balances	<b>76.24</b>	59.56	55.56
d)	Due from other Insurance Companies	<b>697.18</b>	705.55	559.97
e)	Due from Subsidiaries	<b>0.05</b>	0.06	0.06
f)	Deposits with Ceding Companies	<b>29.92</b>	39.77	41.69
g)	Application Money	<b>21.43</b>	6.00	31.80
h)	Prepayments	<b>17.75</b>	16.03	2.68
i)	Advance Tax	<b>81.44</b>	191.63	159.01
j)	Cash and Cheque in hand	<b>93.49</b>	64.76	60.49
k)	Short Term Deposit with Banks	<b>769.07</b>	507.46	595.02
l)	Current Account Balances	<b>176.74</b>	205.25	122.04
m)	Call money with Banks	<b>52.46</b>	51.09	37.91
n)	Call money with other Institutions	<b>20.00</b>	54.00	48.00
o)	Deferred Tax	<b>35.25</b>	21.50	-
p)	Deferred Expenses	<b>208.28</b>	23.81	-
	TOTAL	<b>2473.86</b>	2151.11	1925.62
<b>8</b>	<b>QUICK ASSETS</b>			
	Current Assets	<b>2473.86</b>	2151.11	1925.62
Less:	a) Income Accrued on Investment	<b>188.40</b>	198.03	194.16
	b) Deposits with Ceding Companies	<b>29.92</b>	39.77	41.69
	c) Prepayment	<b>17.75</b>	16.03	2.68
	d) Advance Tax	<b>81.44</b>	191.63	159.01
	TOTAL	<b>2156.35</b>	1705.65	1528.08

**LIQUIDITY AND SOLVENCY - 31.03.2004**

- The percentage of Current Assets to Total Assets increased from 15.74 in 2001-02 to 16.57 in 2002-03 and decreased to 14.13 in 2003-04.
- The percentage of Current Assets to Current Liabilities (including Provisions) decreased from 30.51 in 2001-02 to 29.61 in 2002-03 and increased to 32.04 in 2003-04
- The percentage of Quick Assets to Current Liabilities (including provisions) decreased from 24.21 in 2001-02 to 23.48 in 2002-03 and increased to 27.93 in 2003-04
- The percentage of Total Assets to Total Liabilities (excluding Paid up Capital and Free Reserve) increased from 135.25 in 2001-02 to 135.53 in 2002-03 and decreased to 129.07 in 2003-04.



**ANNEXURE III TO THE DIRECTORS' REPORT (contd.)**

**SOURCES AND UTILISATION OF FUNDS**

**Sources of Funds**

Rs. in crore

	<b>2003-2004</b>
a. Addition to Reserve and Surplus.	4114.85
b. Addition to Cumulative Depreciation.	23.05
c. Addition to Outstanding Liabilities.	450.87
d. Addition to Share Capital.	0.00
<b>TOTAL</b>	<b>4,588.77</b>

**Utilisation of Funds**

a. Addition to Gross Block.	17.99
b. Addition to Investments.	3853.61
c. Increase/Decrease in Working Capital.	717.17
<b>TOTAL</b>	<b>4588.77</b>

**9 WORKING RESULTS**

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

	Rs in Crores		
	<b>2003-04</b>	2002-03	2001-02
a. Net Premium	<b>3634.94</b>	3516.43	3068.23
b. Expenses, Commission, Incurred Claims, Increased in Unexpired Risk Reserves and other out go/income	<b>4313.25</b>	4006.67	3601.94
c. Underwriting Results (Profit/Loss)	<b>-678.31</b>	-490.26	-533.71
d. Investment Income (Policyholder Share) including Profit on Realisation of Investments (net of NPA Provision)	<b>786.85</b>	466.17	445.24
e. Net Underwriting Profit / Loss	<b>108.54</b>	-24.09	-88.47
f. Investment Income (Shareholders Portion) including Profit on Realisation of Investments (net of NPA Provision)	<b>462.81</b>	295.97	306.79
g. Other Income Less Outgo	<b>76.54</b>	40.94	-10.11
h. Profit before Tax	<b>647.89</b>	312.82	208.21
l. Provision for Tax	<b>57.68</b>	57.01	66.20
j. Net Profit after Tax	<b>590.21</b>	255.81	142.01
Analysis of ratios			
k. i) The ratio of Incurred Claims to Net Premium	<b>74.65%</b>	76.77%	83.28%
ii) The ratio of Expenses of Management and Commission to Net premium	<b>42.76%</b>	30.94%	33.98%

**ANNEXURE III TO THE DIRECTORS' REPORT (contd.)**

		Rs in Crores		
		2003-04	2002-03	2001-02
<b>B. Details of Working results</b>				
<b>I. Net Profit (+) / Loss (-)</b>				
a.	Fire Insurance	294.77	115.38	157.95
b.	Marine Insurance	109.69	85.37	50.89
c.	Motor Vehicle Insurance	-156.72	-86.71	-324.91
d.	Other Insurance	-139.20	-138.13	27.60
	TOTAL	108.54	-24.09	-88.47
<b>II. Net Premium Earned</b>				
a.	Fire Insurance	794.19	790.27	679.24
b.	Marine Insurance	200.43	210.09	188.12
c.	Motor Vehicle Insurance	1547.24	1342.66	1143.83
d.	Other Insurance	1047.49	954.14	848.29
	TOTAL	3589.45	3297.16	2858.88
<b>III. Expenses of Management (including commission, investment income, taxes etc.)</b>				
a.	Fire Insurance	238.08	207.52	149.52
b.	Marine Insurance	8.81	7.81	5.89
c.	Motor Vehicle Insurance	181.68	157.92	54.00
d.	Other Insurance	338.76	248.49	177.80
	TOTAL	767.33	621.74	387.21
<b>IV Incurred Claims</b>				
5	a. Fire Insurance	261.34	467.37	371.77
	b. Marine Insurance	81.94	116.91	131.34
	c. Motor Vehicle Insurance	1522.27	1271.45	1414.74
	d. Other Insurance	848.03	843.78	637.29
	TOTAL	2713.58	2699.51	2555.14
<b>C. The working results of Foreign Operations of the company for the last three years are tabulated below</b>				
a.	Net Operating (+) Profit / (-) Loss	56.13	-68.35	-66.11
b.	Net of Other Income	42.70	31.52	19.90
c.	Net (+) Profit / (-) Loss	98.83	-36.83	-46.21

Mumbai.  
Date : 30th August, 2004.

**(BALVINDER SINGH)**  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-I, Mumbai - 400 004

वार्षिक प्रतिवेदन  
ANNUAL REPORT  
**2003-04**



**COMMENTS OF THE COMPTROLLER & 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 31 MARCH 2004.**

I have to state that the Comptroller & 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 31 March 2004.

**(BALVINDER SINGH)**

Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-I, Mumbai - 400 004.

Date : 30th August, 2004.

**ADDENDUM TO DIRECTORS' REPORT DATED 31<sup>ST</sup> AUGUST 2004 AS PER SECTION 217(3) OF THE COMPANIES ACT, 1956-EXPLANATION FOR THE QUALIFICATIONS IN THE AUDITORS' REPORT DATED 10<sup>TH</sup> JULY 2004.**

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 in respect of Exposure of investment for the year 2002-03, returns prescribed for the quarter ended 31-03-2004 and delay in submission of returns:-

At present the department does not have a suitable integrated software which would work out the exposure vis-à-vis industry, group and per company. However, as and when an investment decision is made the management note gives details of our exposure in the specified entity. We are, however, making efforts to compile the details manually and submit the Exposure Return as prescribed by IRDA.

Since the details required by IRDA are not system generated and 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.

The returns for the quarter ended 31-03-2004 could not be submitted as we were busy in finalisation of accounts. We normally submit the returns for the quarter ended 31-03-2004 once the audited accounts figures are available.

We have, however, noted the observations made by the Auditors and would try to ensure compliance as per IRDA Regulations.

- 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 noted the observations made by the Auditors and would ensure that the Custodian Certificate would be submitted to IRDA as per their Circular on the subject matter. Further the reconciliation of investments as per books and as per Custodian Certificate is being carried out regularly and corrective action taken.
- iv) Since we are receiving on a single day premium on Mega Policies and as there are restrictions on our exposure to Call Money Market, we have invested on such dates in Mutual Funds exceeding the limits fixed by IRDA. However, on such occasions we have kept the Board duly informed. Further, as on 31 st March, 2004, our exposure in Mutual Fund investments is well within the limits.

Note 8 (b)

- i) Market Value of investments other than listed equity securities:-

We have noted the comments of Auditors and would adhere to this disclosure requirements from now onwards.

- iii) Provisions against investments/loans/sundry debtors:- It has been our practice to show the investments/loans/sundry debtors at Gross Amount instead of Net Amount after reducing provisions made against the same. We, however, by way of Foot Notes in the respective schedules give the full details of amount considered as non-performing. As there is some ambiguity in respect of this requirement, we propose to seek clarification from IRDA.



2.

(a) Para 2(a) of Auditors Report- Non-reconciliation of Investment with Custodian(note no 4) and non-reconciliation of inter office accounts(note no 10):

Note no 4

Reconciliation is a continuous and ongoing exercise. We have carried out reconciliation in respect of our investments in Equity Shares, Preference Shares, and Other Approved Securities with the records as per Custodian and identified the differences. We are in the process of resolving these differences and expect to sort out the same soon.

Note no 10

We have to state that detailed reconciliation of inter-office balances (Head Office A/C Code 5512) is carried out and outstanding entries are duly identified. However, since it is a continuous and ongoing process we propose to finalise the same for the period ended 31-03-2004 at the earliest.

In respect of loans to state govt for housing/fire fighting 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. We have, however, noted the comments of the Auditors.

As regards Term Loan Accounts which are restructured the information as regards outstanding dues is shared with the borrowers and 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) Para 2(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.

IRDA Regulations on Investments/Preparation of Financial Statements were notified in 2000-01. However, 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 2003-04.

c) Para 2(c) of Auditors' Report- non-reconciliation of reinsurers balances

This has received our serious attention and a special task force for reconciliation of these balances was set up. The reconciliation work for treaties is in progress and technical departments are proceeding with reconciliation of facultative balances. We are gearing up to complete all the reconciliation work in the current financial year.

d) Para 2(d) of Auditors Report- non-provision of tax liability on income in foreign countries

We have to inform that as per the standard practice , tax liability on income in foreign countries is accounted for on actual payment basis since the liability can not be ascertained with reasonable accuracy before filing of the returns in foreign countries. Therefore, no provision has been made in respect of tax liability on income in foreign countries.

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

We would like to inform that the company does have system and procedures for compliance of observations of internal audit. In order to streamline and expedite resolution of pending audit queries as per the directive of Audit Committee, Audit Compliance Committees have been formed at each Regional Office centers whose functioning is overseen by a nominated AGM at H.O.

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

The amortisation of the above expenses were done as per the instructions of IRDA circular F & A/ CIR/010/MAR-04 dated 23<sup>rd</sup> March 2004.

R.Beri } **Chairman\_cum-Managing Director**

G.C.Chaturvedi

R.K.Joshi

Dr Anil K Khandelwal

A.V.Purushothaman

Kumar Bakhru

Mumbai :31<sup>st</sup> August 2004

**Directors**



## MANAGEMENT REPORT

1. We confirm that the registration granted by the Authority is valid during the year. The same is renewed for the year 2004-2005.
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 realizable 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 23 countries and the overall country and exposure risk is satisfactory in terms of political scenario and foreign currency stability.
9. The average claim settlement time during the preceding five years is as under:

Year	No. of days
2003-2004	116
2002-2003	99
2001-2002	118
2000-2001	71
1999-2000	86



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 except as stated in Accounting Policy No. 11.
11. All investment assets are reviewed periodically and assets are classified into performing and non-performing based on RBI 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 AS – 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 I.R.D.A.
  - (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 organizations in which directors of the company are interested.

**R Beri**  
**Chairman cum Managing Director**

Mumbai : 10<sup>th</sup> July 2004



## 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 31<sup>st</sup> March, 2004 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 six Divisional Offices and eight 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 un-audited 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

1. *Attention is invited to Note number 8(a)(i) to (iv) & 8(b)(i) to (iv) 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 10), 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 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 recognized 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 recognized, 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 is not in accordance with Accounting Standard 15 "Accounting for Retirement Benefits". As a result profits for the year and miscellaneous expenditure is over stated by Rs. 5062.79 lakhs(Refer Note Number-15)*

**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 account 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 account 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 IRDA Regulations.
- e. The report of the Regional Auditors consolidating Divisional Auditors' report, report 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 31<sup>st</sup> March 2004, 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 Number 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 compiled 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 IRDA Regulations.
- 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 IRDA 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 31<sup>st</sup> March, 2004;
- (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.

**For P.S.D. & ASSOCIATES**  
Chartered Accountants

**PRAKASH SHARMA**  
Partner  
Membership NO. 72332

Mumbai  
Dated: 10<sup>TH</sup> July 2004.

**For VYAS & VYAS**  
Chartered Accountants

**O P VYAS**  
Partner  
Membership NO. 14081

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**NARENDRA JAIN**  
Partner  
Membership NO. 48725

**Certificate for the year ended 31<sup>st</sup> March, 2004 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's 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.0.27 lacs are pending for transfer in Company's favour;
  - Investments in shares/bonds having an average book value of Rs 0.36 lacs are under objection;
  - Shares amounting to Rs.1.08 lacs are under litigation;
  - Shares amounting to Rs.3.57 lacs for which no evidence of ownership was available.
  - The number of shares/debentures 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.3.13 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. 27.78 lacs.
- 2 To the best of our information and explanations given to us, the Company has not undertaken any trust as trustee.
- 3 No part of the assets of Policyholders' funds has been directly or indirectly applied in contravention of the provision of the Insurance Act , 1938 relating to the application and investments of the Policy Holders' funds.

As per our report of even date

**For P.S.D. & ASSOCIATES**  
Chartered Accountants

**PRAKASH SHARMA**  
Partner  
Membership NO. 72332

Mumbai  
Dated: 10<sup>TH</sup> July 2004.

**For VYAS & VYAS**  
Chartered Accountants

**O P VYAS**  
Partner  
Membership NO. 14081

**For KHANDELWAL JAIN & CO.**  
Chartered Accountants

**NARENDRA JAIN**  
Partner  
Membership NO. 48725



### Fire Insurance Revenue Account for the Year Ended 31st March, 2004

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Schedule	Current Year (Rs '000)	Previous Year (Rs '000)
1. Premium Earned (Net)	1	794,19,33	790,27,25
2. Profit on Sale or Redemption of Investments (Policy Holders)	-	41,93,11	15,25,25
Loss on Sale or Redemption of Investments (Policy Holders)		(-)59,93	—
3. Interest Dividend and Rent (Gross)	-	87,37,24	68,37,06
<b>Total (A)</b>		<b>922,89,75</b>	<b>873,89,56</b>
1. Claims Incurred (Net)	2	261,33,72	467,37,13
2. Commission	3	39,37,28	33,41,27
3. Operating Expenses Related to Insurance Business	4	325,08,40	245,61,38
4. Others - Foreign Taxes		59,38	83,18
Amortisation, Writeoff, Provisions - Investments		1,73,91	11,28,69
<b>Total (B)</b>		<b>628,12,69</b>	<b>758,51,65</b>
Operating Profit/Loss(-) C=(A-B)		<b>294,77,06</b>	<b>115,37,91</b>
Appropriations			
Transfer to Share Holders Account.(Profit and Loss Account)	-	294,77,06	115,37,91
Transfer to Catastrophic Reserves	-	-	-
Transfer to Other Reserves	-	-	-
<b>Total</b>		<b>294,77,06</b>	<b>115,37,91</b>

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.

<b>A R Sekar</b> Company Secretary	<b>A. V. Purushothaman</b> Director	<b>R. K. Joshi</b> Director	<b>R Beri</b> Chairman Cum Managing Director
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As per our Report of even date

For **P.S.D. & Associates**  
Chartered Accountants

For **Vyas & Vyas**  
Chartered Accountants

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

**Prakash Sharma**  
Partner

**O P Vyas**  
Partner

**Narendra Jain**  
Partner

**Membership No. 72332**

**Membership No. 14081**

**Membership No. 48725**

Mumbai : 10th July, 2004.

## Schedules to Fire Insurance Revenue Account for the Year Ended 31st March, 2004

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	Previous Year (Rs '000)
<b>SCHEDULE 1</b>		
<b>PREMIUM EARNED (NET)</b>		
Premium from Direct Business - In India	775,20,19	867,45,88
- Outside India	292,49,26	304,40,16
- Total	1067,69,45	1171,86,04
Add: Premium on Reinsurance Accepted	163,12,68	202,59,08
Less: Premium on Reinsurance Ceded	464,13,61	552,74,97
Net Premium	766,68,52	821,70,15
Adjustment for Change in Reserve for Un Expired Risks	-27,50,81	31,42,90
<b>Total Premium Earned (Net)</b>	<b>794,19,33</b>	<b>790,27,25</b>
<b>SCHEDULE 2</b>		
<b>CLAIMS INCURRED (NET)</b>		
Claims Paid Direct	369,23,77	395,20,54
Add: Claims on Reinsurance Accepted	60,34,17	104,26,13
Less: Claims on Reinsurance Ceded	114,63,57	155,01,10
Net Claims Paid	314,94,37	344,45,57
Add: Claims Outstanding at End (Net)	469,39,91	523,00,56
Less : Claims Outstanding at Beginning (Net)	523,00,56	400,09,00
<b>Total Incurred Claims (Net)</b>	<b>261,33,72</b>	<b>467,37,13</b>
<b>SCHEDULE 3</b>		
<b>COMMISSION (NET)</b>		
Commission		
Direct	94,87,32	90,03,75
Add : Reinsurance Accepted	43,15,56	41,36,06
Less : Reinsurance Ceded	98,65,60	97,98,54
<b>Net Commission</b>	<b>39,37,28</b>	<b>33,41,27</b>



**Marine Insurance Revenue Account for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Schedule	Current Year (Rs '000)	Previous Year (Rs '000)
1. Premium Earned (Net)	1	200,43,29	210,09,12
2. Profit on Sale or Redemption of Investments (Policy Holders)	-	18,85,54	7,39,68
Loss on Sale or Redemption of Investments (Policy Holders)	-	-26,95	-
3. Interest Dividend and Rent (Gross)	-	39,28,94	33,15,70
<b>Total (A)</b>		<b>258,30,82</b>	<b>250,64,50</b>
1. Claims Incurred (Net)	2	81,93,80	116,90,54
2. Commission	3	2,85,62	-10,40,37
3. Operating Expenses Related to Insurance Business	4	62,99,08	53,22,29
4. Others - Foreign Taxes		5,15	7,95
Amortisation, Writeoff, Provisions - Investments		78,20	5,47,37
<b>Total (B)</b>		<b>148,61,85</b>	<b>165,27,78</b>
Operating Profit/Loss(-) C=(A-B)		<b>109,68,97</b>	<b>85,36,72</b>
Appropriations			
Transfer to Share Holders Account.(Profit and Loss Account)	-	109,68,97	85,36,72
Transfer to Catastrophic Reserves	-	-	-
Transfer to Other Reserves	-	-	-
<b>Total</b>		<b>109,68,97</b>	<b>85,36,72</b>

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**      **A. V. Purushothaman**      **R. K. Joshi**      **R Beri**  
Company Secretary      Director      Director      Chairman Cum Managing Director

As per our Report of even date

For **P.S.D. & Associates**  
Chartered Accountants

For **Vyas & Vyas**  
Chartered Accountants

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

**Prakash Sharma**  
Partner

**O P Vyas**  
Partner

**Narendra Jain**  
Partner

**Membership No. 72332**

**Membership No. 14081**

**Membership No. 48725**

Mumbai : 10th July, 2004.



**Schedules to Marine Insurance Revenue Account for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	Previous Year (Rs '000)
<b>SCHEDULE 1</b>		
<b>PREMIUM EARNED (NET)</b>		
Premium from Direct Business - In India	259,21,56	344,39,91
- Outside India	46,42,65	34,20,50
- Total	305,64,21	378,60,41
Add: Premium on Reinsurance Accepted	12,34,93	18,50,85
Less: Premium on Reinsurance Ceded	145,02,13	196,67,97
Net Premium	172,97,01	200,43,29
Adjustment for Change in Reserve for Un Expired Risks	-27,46,28	-9,65,83
<b>Total Premium Earned (Net)</b>	<b>200,43,29</b>	<b>210,09,12</b>
<b>SCHEDULE 2</b>		
<b>CLAIMS INCURRED (NET)</b>		
Claims Paid Direct	158,32,78	153,48,05
Add: Claims on Reinsurance Accepted	18,46,24	17,45,69
Less: Claims on Reinsurance Ceded	56,50,10	105,59,29
Net Claims Paid	120,28,92	65,34,45
Add: Claims Outstanding at End (Net)	181,14,97	219,50,09
Less : Claims Outstanding at Beginning (Net)	219,50,09	167,94,00
<b>Total Incurred Claims (Net)</b>	<b>81,93,80</b>	<b>116,90,54</b>
<b>SCHEDULE 3</b>		
<b>COMMISSION (NET)</b>		
Commission		
Direct	21,34,09	12,83,26
Add : Reinsurance Accepted	4,46,48	4,13,04
Less : Reinsurance Ceded	22,94,95	27,36,67
<b>Net Commission</b>	<b>2,85,62</b>	<b>-10,40,37</b>



**Miscellaneous Insurance Revenue Account for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Schedule	Current Year (Rs '000)	Previous Year (Rs '000)
1. Premium Earned (Net)	1	25,94,83,43	2296,79,52
2. Profit on Sale or Redemption of Investments (Policy Holders)	-	199,07,84	75,64,49
Loss on Sale or Redemption of Investments (Policy Holders)	-	-2,84,54	-
3. Interest Dividend and Rent (Gross)	-	414,82,25	339,08,51
<b>Total (A)</b>		<b>3205,88,98</b>	<b>2711,52,52</b>
1. Claims Incurred (Net)	2	2370,30,43	2115,23,19
2. Commission	3	171,39,51	170,12,83
3. Operating Expenses Related to Insurance Business	4	950,04,37	591,78,79
4. Others - Foreign Taxes		1,81,14	3,23,18
Amortisation, Writeoff, Provisions - Investments		8,25,72	55,97,78
<b>Total (B)</b>		<b>3501,81,17</b>	<b>2936,35,77</b>
Operating Profit/Loss(-) C=(A-B)		<b>(-)295,92,19</b>	<b>-224,83,25</b>
Appropriations			
Transfer to Share Holders Account.(Profit and Loss Account)	-	<b>(-)295,92,19</b>	<b>-224,83,25</b>
Transfer to Catastrophic Reserves	-		
Transfer to Other Reserves	-		
<b>Total</b>		<b>(-)295,92,19</b>	<b>-224,83,25</b>

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**      **A. V. Purushothaman**      **R. K. Joshi**      **R Beri**  
Company Secretary      Director      Director      Chairman Cum Managing Director

As per our Report of even date

For **P.S.D. & Associates**  
Chartered Accountants

For **Vyas & Vyas**  
Chartered Accountants

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

**Prakash Sharma**  
Partner

**O P Vyas**  
Partner

**Narendra Jain**  
Partner

**Membership No. 72332**

**Membership No. 14081**

**Membership No. 48725**

Mumbai : 10th July, 2004.

**Schedules to Miscellaneous Insurance Revenue Account for the  
Year Ended 31st March, 2004**

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	Previous Year (Rs '000)
<b>SCHEDULE 1</b>		
<b>PREMIUM EARNED (NET)</b>		
Premium from Direct Business - In India	3011,26,79	2709,38,58
- Outside India	536,87,01	552,94,05
- Total	3548,13,80	3262,32,63
Add: Premium on Reinsurance Accepted	48,88,27	49,31,02
Less: Premium on Reinsurance Ceded	901,73,08	817,34,41
Net Premium	2695,28,99	2494,29,24
Adjustment for Change in Reserve for Un Expired Risks	100,45,56	197,49,72
<b>Total Premium Earned (Net)</b>	<b>2594,83,43</b>	<b>2296,79,52</b>
<b>SCHEDULE 2</b>		
<b>CLAIMS INCURRED (NET)</b>		
Claims Paid Direct	2318,34,50	2173,03,55
Add: Claims on Reinsurance Accepted	23,50,76	42,55,46
Less: Claims on Reinsurance Ceded	514,37,92	470,58,27
Net Claims Paid	1827,47,34	1745,00,74
Add: Claims Outstanding at End (Net)	3729,40,54	3186,57,45
Less : Claims Outstanding at Beginning (Net)	3186,57,45	2816,35,00
<b>Total Incurred Claims (Net)</b>	<b>2370,30,43</b>	<b>2115,23,19</b>
<b>SCHEDULE 3</b>		
<b>COMMISSION (NET)</b>		
Commission		
Direct	337,35,68	315,28,87
Add : Reinsurance Accepted	10,87,00	10,94,64
Less : Reinsurance Ceded	176,83,17	156,10,68
<b>Net Commission</b>	<b>171,39,51</b>	<b>170,12,83</b>

REVENUE ACCOUNTS (Contd.)



**Profit and Loss Account for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Schedule	Current Year (Rs '000)	Previous Year (Rs '000)
1. Operating Profit/Loss (-)			
a) Fire Insurance	-	294,77,06	115,37,91
b) Marine Insurance	-	109,68,97	85,36,72
c) Miscellaneous Insurance	-	(-)295,92,19	(-)224,83,25
2. Income from Investments			
a. Interest Dividend and Rent (Gross) (Shareholders)		318,48,64	279,74,55
b. Profit on Sale of Investment (Shareholders)	-	152,84,56	62,40,71
Less: Loss on Sale of Investment (Shareholders)	-	-2,18,46	-
3. Other Income Misc Receipts-Credit			
Balances Written Back		19,66,64	21,89,96
Total (A)=1+2+3		597,35,22	339,96,60
4. Provisions(Other Than Taxation)			
a. For Diminution in Value of Investments (Shareholders)	-	3,22,79	16,18,39
b. For Doubtful Debts-Investments( Shareholders)	-	5,40,83	23,63,03
c. Others Amortisation, Provision for Thinly Traded Shares (Shareholders)		(-)2,29,66	6,36,74
5. Other Expenses other than those related to Insurance Business			
a. Bad Debts Writtten Off	-	-	-
b. Others Interest on Income/Service Tax	-	(-)57,08,89	-19,02,28
c. Profit/Loss (-) on Sale of Assets		14,34	91
d. Penalty for Breach of Tariff		6,77	-2,46
Total (B)=(4+5)		(-)50,53,82	27,14,33
Profit Before Tax (A-B)	-	647,89,04	312,82,27
Provision for Taxation - Current Tax	-	80,28,87	105,88,00
- Deferred Tax		(-)13,75,63	-17,57,68
- Earlier Years Tax		(-)8,84,91	-31,29,11
Profit After Tax		590,20,71	255,81,06
Appropriations			
a. Interim Dividend Paid During the Year	-	-	-
b. Proposed Final Dividend	-	45,00,00	40,00,00
c. Dividend Distribution Tax.	-	5,76,56	5,12,50
d. Transfer to Reserves or Other Accounts.	-	-	-
e. Transfer to General Reserves		539,44,15	210,68,56
Balance brought forward from the Previous year	-	-	-
Profit/Loss (-) Carried forward to the Balance Sheet	-	-	-
Basic and Diluted Earnings Per Share (Rs.) {Refer Note 12(b)}		59.02	25.58

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

**A R Sekar**      **A. V. Purushothaman**      **R. K. Joshi**      **R Beri**  
Company Secretary      Director      Director      Chairman Cum Managing Director

As per our Report of even date

For **P.S.D. & Associates**  
Chartered Accountants

For **Vyas & Vyas**  
Chartered Accountants

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

**Prakash Sharma**  
Partner

**O P Vyas**  
Partner

**Narendra Jain**  
Partner

Membership No. 72332

Membership No. 14081

Membership No. 48725

Mumbai : 10th July, 2004.

**Balance Sheet as at 31st March, 2004**

Registration Number : 190

Date of Renwal with IRDA : 08.03.2004

Particulars		Current Year (Rs '000)	Previous Year (Rs '000)
<b>A. Sources of Funds</b>			
1. Share Capital	5 & 5A	100,00,00	100,00,00
2. Reserves and Surplus	6	3843,49,98	3304,05,83
3. Fair Value Change Account	-	5837,89,30	2301,75,93
4. Borrowings	7	-	-
<b>Total A</b>		<b>9781,39,28</b>	<b>5705,81,76</b>
<b>B. Application of Funds</b>			
1. Investments	8	12728,41,99	8848,37,34
2. Loans	9	940,89,22	967,32,50
3. Fixed Assets	10	104,18,32	109,25,28
4. Deferred Tax Assets		35,25,32	21,49,69
5. Current Assets			
a. Cash and Bank Balances	11	1974,33,57	1587,46,42
b. Advances and Other Assets	12	1519,08,31	1427,03,35
Sub Total(a+b)		3493,41,88	3014,49,77
c. Current Liabilities	13	5451,88,10	5058,08,93
d. Provisions	14	2277,17,15	2220,83,89
Sub Total(c+d)		7729,05,25	7278,92,82
Net Current Assets (a+b-c-d)		(-)4235,63,37	-4264,43,05
6. Miscleaneous Expenditure (to the extent not written off or adjusted)	15	208,27,80	23,80,00
7. Debit Balance in Profit and Loss Account	-	-	-
<b>Total B</b>		<b>9781,39,28</b>	<b>5705,81,76</b>

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

**A R Sekar**      **A. V. Purushothaman**      **R. K. Joshi**      **R Beri**  
Company Secretary      Director      Director      Chairman Cum Managing Director

As per our Report of even date

For **P.S.D. & Associates**  
Chartered Accountants

**Prakash Sharma**  
Partner

Membership No. 72332

For **Vyas & Vyas**  
Chartered Accountants

**O P Vyas**  
Partner

Membership No. 14081

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

**Narendra Jain**  
Partner

Membership No. 48725

वार्षिक प्रतिवेदन  
ANNUAL REPORT  
**2003-04**

Mumbai : 10th July, 2004.



**Schedules for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	Previous Year (Rs '000)
<b>SCHEDULE 4</b>		
<b>OPERATING EXPENSES RELATED TO INSURANCE BUSINESS</b>		
1. Employees Remuneration and Welfare Benefits	1055,71,40	590,39,79
2. Travel Conveyance and Vehicle Running Expenses	30,09,87	29,91,45
3. Training Expenses	3,01,34	3,37,45
4. Rent Rates and Taxes	39,83,73	34,90,26
5. Repairs	33,41,53	34,16,33
6. Printing and Stationery	22,68,09	25,30,92
7. Communication Expenses	20,21,12	19,64,03
8. Legal and Professional Charges	46,62,25	31,24,10
9. Auditors Fees and Expenses etc As Auditors	2,97,57	2,41,18
10. Advertisement and Publicity	14,31,78	9,14,23
11. Interest and Bank charges	5,72,28	6,08,71
12. Others - Exchange Gain(-)/Loss	23,60,92	-37,42,04
Provision for Bad and Doubtful Debts	3,08,35	73,25,98
IT Implementation	3,08,78	6,12,10
In put Service Cost Recovery	(-)19,88,82	-
Others	28,24,50	32,84,75
13. Depreciation	25,37,16	29,23,22
<b>Total</b>	<b>1338,11,85</b>	<b>890,62,46</b>
Apportioned to		
Fire Business	325,08,40	245,61,38
Marine Business	62,99,08	53,22,29
Miscellaneous Business	950,04,37	591,78,79

**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 10,00,00,000 Equity Shares of Rs 10 Each	100,00,00	100,00,00
3. Subscribed Capital 10,00,00,000 Equity Shares of Rs 10 Each	100,00,00	100,00,00
4. Called Up Capital 10,00,00,000 Equity Shares of Rs 10 Each	100,00,00	100,00,00
5. Less : Calls Unpaid	-	-
Add : Equity Shares Forfeited-(Amount Original Paid Up)	-	-
Less : Preliminary Expenses (Expenses Including Commission or Brokerage on Underwriting or Subscription of Shares)	-	-
<b>Total</b>	<b>100,00,00</b>	<b>100,00,00</b>

**SCHEDULE 5A**

**PATTERN OF SHARE HOLDINGS as certified by Management**

(in thousands)

Share Holder	Current Year		Previous Year	
	Numbers	% of Holding	Numbers	% of Holding
Promoters Indian	10,00,00	100.00	10,00,00	100.00
Foreign	-	-	-	-
Others	-	-	-	-
<b>Total</b>	<b>10,00,00</b>	<b>100.00</b>	<b>10,00,00</b>	<b>100.00</b>

### Schedules for the Year Ended 31st March, 2004

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	Previous Year (Rs '000)
<b>SCHEDULE 6</b>		
<b>RESERVES AND SURPLUS</b>		
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)	3302,88,76	3088,28,19
Addition during the year - Balance transferred from P & L Account.	539,44,15	210,68,56
Cumulative Deferred Tax Asset up to 1.4.02	-	3,92,01
Deduction during the year	-	-
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilised for Buy-back	-	-
(Cl. Balance)	3842,32,91	3302,88,76
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
7. Balance of Profit in Profit and Loss Account	-	-
<b>Total</b>	<b>3843,49,98</b>	<b>3304,05,83</b>

### SCHEDULE 7

#### BORROWINGS

1. Debentures / Bonds	-	-
2. Banks	-	-
3. Financial Institutions	-	-
6. Others	-	-
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

SCHEDULES (Contd.)



**Schedules for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renwal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	Previous Year (Rs '000)
<b>SCHEDULE 8</b>		
<b>INVESTMENTS</b>		
<b>Long Term Investments</b>		
1. Government Securities		
Central Govt Securities	2186,20,38	1953,08,67
State Government Securities	719,16,11	547,77,74
British Government Dominion Securities	55,71,71	63,45,18
Foreign Government Securities	116,41,85	103,41,43
2. Other Approved Securities - Govt. Guaranteed Securities	213,22,76	262,55,80
3. Other Investments		
a. Shares		
aa. Equity	7065,79,15	3687,98,98
Equity Share Odd Lots	-	-
bb. Preference	-	-
Preference Shares	16,14,02	40,95,81
Preference Shares of Railways in India	-	-
b. Mutual Funds	-	-
c. Derivative Instrutments	-	-
d. Debenture/Bonds/PTCs		
Debentures in India	932,18,51	1289,88,25
Other Debentures Foreign	98,22,39	115,56,52
e. Other Securities (to be specified)	-	-
Foreign Shares	10,90,17	6,53,32
Foreign Preference Shares	11	11
Foreign Securities	-	-
Special Deposit with Govt. of India	-	156,00,00
f. Subsidiaries	9,22,97	9,22,97
g. Investment Properties (Real Estate)	-	-
4. Investment in Infrastructure and Social Sector	198,05,07	95,52,36
5. Investment in Housing Society Bonds	25,59,90	-
6. Other than Approved Investments	643,85,84	266,28,16
<b>Total</b>	<b>122,90,70,94</b>	<b>8598,25,30</b>



**Schedules for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renwal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	PreviousYear (Rs '000)
<b>SCHEDULE 8 (Contd.)</b>		
<b>Short Term Investments</b>		
1. Government Securities		
Central Govt Securities	44,20,38	7,68,00
State Govt Securities	25,87,06	12,99,22
British Government Dominion Securities	7,91,14	7,52,27
Foreign Government Securities	9,81,99	7,73,63
2. Other Approved Securities -Government Guranteed Securities	38,39,37	29,90,24
3. Other Investments		
a. Shares		
aa. Equity	-	-
Equity Share Odd Lots		
bb. Prefernce	-	-
b. Mutual Funds	-	-
c. Derivative Instrutments	-	-
d. Debenture/Bonds/PTCs		
Debentures in India	121,95,34	65,28,68
Other Debentures Foreign	-	-
e. Other Securities	-	-
Special Deposit with Govt. of India	156,00,00	119,00,00
f. Subsidiaries	-	-
g. Investment Properties (Real Estate)	-	-
4. Investment in Infrastructure and Social Sector	20,55,77	-
5. Investment in Housing Society Bonds	-	-
6. Other than Approved Investments	13,00,00	-
<b>Total</b>	<b>437,71,05</b>	<b>250,12,04</b>
<b>Grand Total</b>	<b>127,28,41,99</b>	<b>8848,37,34</b>
Investments		
1. India	124,20,19,68	8534,91,92
2. Outside India	3,08,22,31	313,45,42

(Debentures includes Rs (000) 947149 considered doubtful and reserved per Sch 14.5)

Investments in Associates amounting to Rs (000) 44836 (Pre. Yr Rs (000) 1152) are included in equity shares stated above.

(Investments in Infrasture include Rs (000) 5465 towards std. provison and reserved per Sch. 14.5)

(Hudco Bonds include Rs (000) 640 towards std. provison and reserved per Sch. 14.5)

(Investment in France Agency Rs (000) 1838 provided as doutfull, reserved per Sch. 14.5)



**Schedules for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	Previous Year (Rs '000)
<b>SCHEDULE 9</b>		
<b>LOANS</b>		
<b>1. Security-Wise classification</b>		
Secured		
a. On Mortgage of Property		
aa. In India		
Loan Against Mortgage of Property		
Housing' Vehicle, and Computer Loans to Employees	288,53,37	311,07,82
Term Loans Direct, Term Loans PFPS and Loan to HUDCO	353,58,52	366,56,53
bb. Outside India Housing Loan to Employees	98,16	1,04,50
b. On Shares, Bonds, Government Securities	-	-
c. Others	-	62
Loans Guaranteed By Banks/Governments Term Loans Direct, Loans to State Govt Housing, Loans to State Govt FF	267,32,74	257,30,20
Unsecured (Term Loans, Bridge Loans, Short term Loans) Certificate of Deposit/Comercial	30,46,43	313,283
<b>Total</b>	<b>940,89,22</b>	<b>967,32,50</b>
<b>2. Borrower-Wise Classification</b>		
a. Central and State Governments (Term Loans, Housing and FF)	405,40,41	421,33,13
b. Banks and Financial Institutions	-	-
c. Subsidiaries	-	-
d. Industrial Undertakings (Term Loans, Bridge Loans, Short term Loans, Loans to PFPS)	231,78,61	227,90,15
e. Others Housing Loans, Vehicle Loans, Computer Loans to Employees	289,51,53	312,12,32
HUDCO, Term Loans to PFPS	-	6,00
Commercial Paper	14,18,67	5,90,28
Others	-	62
<b>Total</b>	<b>940,89,22</b>	<b>967,32,50</b>
<b>3. Performance-Wise Classification</b>		
a. Loans classified as Standard		
aa. In India Term Loans, Bridge Loans, State Govt Housing and FF, Loans to HUDCO, PFPS	430,22,69	437,17,60
Housing, Vehicle and Computer Loans to Employees	288,53,37	311,07,82
Placement under Certificate of Deposit	-	62
Commercial Papers	-	5,90,28
bb. Outside India (Loans to Employees)	98,16	1,04,50
b. Non Performing Loans less provisions		
aa. In India (Term Loans, Bridge Loans, short term Loans, loans PFPS)	221,15,00	212,11,68
bb. Outside India	-	-
<b>Total</b>	<b>940,89,22</b>	<b>967,32,50</b>
<b>4. Maturity-wise Classifications</b>		
a. Short term (Term Loans, Direct Bridge Loans, Short term Loans, Term Loans PFPS) Placement under Certificate of Deposit	2,79,96	7,65,79
b. Long term (Term Loans Direct, Loans to State Govt Housing and FF, Loans to HUDCO and Loans PFPS) Housing, Vehicle, and Computer Loans to Employees.	648,57,73	647,53,77
<b>Total</b>	<b>289,51,53</b>	<b>312,12,32</b>
<b>Total</b>	<b>940,89,22</b>	<b>967,32,50</b>

(Direct Term Loans includes Rs (000) 66975 considered doubtful (including std. provision) and reserved per Sch 14.5)  
(Bridge Loans Include Rs (000) 670 considered doubtful and reserved per Sch 14.5)  
(Term Loans PFPS includes Rs (000) 1120363 considered doubtful and reserved per Sch. 14.5)  
(Short term Loans includes Rs (000) 107379 considered doubtful and reserved per Sch. 14.5)  
(Loans to Hudco includes Rs (000) 3540 towards std. provision and reserved per Sch. 14.5)

**SCHEDULE - 10****FIXED ASSETS****Schedules for the Year Ended 31st March, 2004**

Particulars	COST/GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening as on 1/4/03	Additions	Deletions	Closing as on 31/3/04	Opening as on 1/4/03	Additions	Deletions	Closing as on 31/3/04	Opening as on 1/4/03	Closing as on 31/3/04
Goodwill	0	0	0	0	0	0	0	0	0	0
Intangibles	0	0	0	0	0	0	0	0	0	0
Land Freehold	13281	0	0	13281	0	0	0	0	13281	13281
Leasehold Property	0	0	0	0	0	0	0	0	0	0
Buildings:	1092082	56974	0	1149056	438231	48783	0	487014	653851	662042
Furniture and Fittings	332807	12267	136	344938	275481	12763	240	288004	57326	56934
Information and Technology Equipment	1054976	32471	13081	1074366	878737	111453	3239	986951	176239	87416
Vehicles	184533	93036	9349	268219	60377	45463	1395	104445	124155	163774
Office Equipments	105728	3135	699	108164	89479	6038	947	94571	16248	13594
Others:										
Air Conditioners	63642	2690	427	65904	42468	5354	773	47049	21173	18855
Air Coolers	11631	110	26	11715	8490	1038	12	9515	3141	2199
Water Coolers	17442	996	106	18331	12266	1536	8	13794	5175	4537
Television	609	52	0	660	338	153	73	417	270	243
Fans, Heaters & Other Electrical Equipment	91918	2504	760	93661	73136	4616	481	77273	18781	16388
Electrical Fittings at Company's Office Property	4123	231	21	4333	2796	483	156	3122	1327	1211
Air Condition Plant at H.O	3456	14	0	3470	3167	45	0	3213	289	257
Lifts	242	0	0	242	242	0	0	242	0	0
Air Conditioner at Company's Property	1591	0	0	1591	1571	7	2	1576	20	15
Lifts at Company's Property	3924	0	0	3924	2935	148	0	3083	990	841
Electrical Installations at Company's Property	2522	0	22	2500	2261	19	25	2255	260	244
<b>Total</b>	<b>2984505</b>	<b>204479</b>	<b>24627</b>	<b>3164356</b>	<b>1891977</b>	<b>237899</b>	<b>7352</b>	<b>2122525</b>	<b>1092528</b>	<b>1041832</b>
Work in progress	0	0	0	0	0	0	0	0	0	0
<b>Grand Total</b>	<b>2984505</b>	<b>204479</b>	<b>24627</b>	<b>3164356</b>	<b>1891977</b>	<b>237899</b>	<b>7352</b>	<b>2122525</b>	<b>1092528</b>	<b>1041832</b>
PREVIOUS YEAR	2672320	348174	35992	2984502	1599654	321716	29396	1891974	1072666	1092528



Schedules for the Year Ended 31st March, 2004

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	Previous Year (Rs '000)
<b>SCHEDULE 11</b>		
<b>CASH AND BANK BALANCES</b>		
1. Cash (Including Cheques ,Drafts and Stamps) (Includes Remittance in Transit Rs.(000) 43228) (Foreign Balances include Rs.(000) 21898 considered doubtful and reserved per Sch 14.5)	<b>93,49,24</b>	64,76,05
2. Bank Balances		
a. Deposit Aaccounts		
aa. Short Term(Due wihin 12 Months)	<b>769,06,76</b>	507,46,30
bb. Others	<b>862,56,84</b>	704,90,15
b. Current Accounts (Foreign Balances Includes Rs.(000) 6447 considered doubtful and reserved per Sch. 14.5)	<b>176,74,28</b>	205,24,30
c. Others		-
3. Money at Call and Short Notice		
With Banks	<b>52,46,45</b>	51,08,96
With Other Institutions	<b>20,00,00</b>	54,00,66
4. Others		
Total	<b>1974,33,57</b>	1587,46,42
CASH AND BANK BALANCES IN INDIA	<b>871,43,24</b>	685,85,59
CASH AND BANK BALANCES OUTSIDE INDIA	<b>1102,90,33</b>	901,60,83
<b>TOTAL</b>	<b>1974,33,57</b>	1587,46,42

**Schedules for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

Particulars	Current Year (Rs '000)	Previous Year (Rs '000)
<b>SCHEDULE 12</b>		
<b>ADVANCES AND OTHER ASSETS</b>		
<b>ADVANCES</b>		
1. Reserve Deposits with Ceding Companies <i>(Includes Rs.(000) 93984 (RI) Rs.(000) 10153 (For.) considered doubtful and reserved per Sch. 14.5)</i>	<b>29,91,60</b>	39,76,50
2. Application Money for Investments	<b>21,42,89</b>	6,00,00
3. Pre payments	<b>17,75,42</b>	16,02,74
4. Advances to Directors / Officers	-	-
5. Advance Tax Paid and Taxes Deducted at Source (Net of Provision for Taxation)	<b>81,43,58</b>	191,63,32
6. Others	<b>15,44,53</b>	21,27,57
<b>Total (A)</b>	<b>165,98,02</b>	274,70,13
<b>OTHER ASSETS</b>		
1. Income Accrued on Investments <i>(includes (RI) Rs(000) 9 (INV) considered doubtful and reserved per sch.14.5)</i>	<b>188,39,60</b>	173,30,72
2. Outstanding Premiums	<b>6,15,88</b>	6,61,53
3. Agents Balances <i>(Foreign Balances Includes Rs(000) 17897 considered doubtful and reserved per Sch. 14.5)</i>	<b>76,24,49</b>	59,56,11
4. Foreign Agencies Balances <i>(Foreign Balances Includes Rs(000) 10828 considered doubtful and reserved per Sch. 14.5)</i>	<b>69,21,09</b>	84,96,39
5. Due from Other Entities Carrying Insurance Business <i>(Including Reinsurers) Includes Rs(000) 2733 (For.) Rs(000) 702553 (RI) considered doubtful and reserved per sch. 14.5)</i>	<b>697,18,29</b>	705,55,89
6. Due from Subsidiaries/Holding Companies <i>(Includes Rs(000) 534 considered doubtful and reserved per Sch. 14.5)</i>	<b>5,34</b>	5,38
7. Deposit with R B I Pursuant to section 7 of Insurance Act 1938	<b>10,75,17</b>	10,75,17
8. Others - Accrued Income <i>(other than investment)</i>	<b>27,89,33</b>	24,72,53
- Others including Sundry Debtors <i>(Other assets - others including sundry debtors Includes Rs. (000) 25712 considered doubtful and reserved per Sch. 14.5) (Sundry Debtors(Investment)Includes Rs(000) 638 considered doubtful and reserved per Sch. 14.5) (Misc Debtors includes Rs(000) 2747 considered doubtful and reserved per Sch.14.5)</i>	<b>277,21,10</b>	86,79,50
<b>Total (B)</b>	<b>1353,10,29</b>	1152,33,22
<b>TOTAL(A+B)</b>	<b>1519,08,31</b>	1427,03,35



**Schedules for the Year Ended 31st March, 2004**

Registration Number : 190

Date of Renewal with IRDA : 08.03.2004

<b>Particulars</b>	<b>Current Year (Rs '000)</b>	<b>Previous Year (Rs '000)</b>
<b>SCHEDULE 13</b>		
<b>CURRENT LIABILITIES</b>		
1. Agents Balances	<b>25,80,09</b>	28,39,36
2. Balances Due to Other Insurance Companies	<b>473,61,65</b>	602,85,92
3. Deposits Held on Reinsurance Ceded	<b>11,22,15</b>	9,00,28
4. Premium Received in Advance	<b>123,16,83</b>	115,04,90
5. Un allocated Premium	-	-
6. Sundry Creditors	<b>350,11,59</b>	284,77,52
7. Due to Subsidiaries / Holding Company	-	-
8. Claims Outstanding (Include Rs(000) 1123 (RI) considered doubtful and reserved per Sch.14.5)	<b>4379,95,42</b>	3929,08,10
9. Due to Officers/Directors	-	-
10. Other	<b>88,00,37</b>	88,92,85
<b>Total</b>	<b>5451,88,10</b>	5058,08,93

**SCHEDULE 14**

**PROVISIONS**

1. Reseve for Un Expired Risks	<b>1903,91,45</b>	1858,42,99
2. For Taxation less Advance Tax Paid and TDS	-	-
3. For Proposed Dividend	<b>45,00,00</b>	40,00,00
4. For Dividend Distribution Tax	<b>5,76,56</b>	5,12,50
5. Others - Reserve for Bad and Doubtful debts.	<b>315,12,78</b>	303,71,84
Provision for Diminution in Value of Thinly Traded Shares	<b>7,36,36</b>	13,56,56
<b>Total</b>	<b>2277,17,15</b>	2220,83,89

**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 )	<b>208,27,80</b>	23,80,00
<b>Total</b>	<b>208,27,80</b>	23,80,00





विद्युत् इन्डिया एश्योरन्स कंपनी लिमिटेड  
The New India Assurance Company Limited  
(भारत सरकार का उपक्रम / A Government of India Undertaking)

SCHEDULES (Contd.)

वार्षिक प्रतिवेदन  
ANNUAL REPORT  
2003-04

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SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31.03.2004 - INDIAN

Group	Fire Pre Yr	Fire Cur Yr	Mar C Pre Yr	Mar C Cur Yr	Hull Cur Yr	Hull Pre Yr	Motor Cur Yr	Motor Pre Yr	Workmen Compen- sation Pre Yr	Workmen Compen- sation Cur Yr	Personal Accident Pre Yr	Personal Accident Cur Yr	Aviation Pre Yr	Aviation Cur Yr	Engine- ring Pre Yr	Engine- ring Cur Yr	Othr Pre Yr	Othr Cur Yr
Premium Direct	8674588	-7752019	-1943350	-1582098	-1500641	-1010057	-16792025	-15529161	-323448	-345911	-718363	-735604	-1292096	-1571246	-1420038	-7659543	-8222619	-95162
Premium Accepted	830086	-620570	-48	-988	-74664	-67628	-120	-319	-2	-9	-8919	-7895	-32470	-14167	-159466	-133566	-133566	-95162
Premium Ceded	4535698	3428665	597161	394959	1254180	875778	3441740	3221469	64690	69182	155458	208926	1279140	1761643	759194	713146	1994822	2099341
<b>Premium Net</b>	<b>-4968976</b>	<b>-4943924</b>	<b>-1346237</b>	<b>-1188137</b>	<b>-321125</b>	<b>-201907</b>	<b>-13350405</b>	<b>-12306011</b>	<b>-258760</b>	<b>-276738</b>	<b>-571824</b>	<b>-534573</b>	<b>-45426</b>	<b>-849006</b>	<b>-871126</b>	<b>-5798287</b>	<b>-6218440</b>	
Unexpired Risk Reserve Cl	-3794217	-2494488	-1752286	-1346237	-348626	-321125	-6154005	-5951624	-597111	-129380	-298427	-285912	-53617	-22389	-395755	-485759	-3199355	-2899144
Unexpired Risk Reserve Op	4108507	2471962	1620927	1188137	383403	201907	6675203	7474939	885953	138369	339184	267286	22389	424503	537246	434777	3211750	3109575
<b>Earned Premium Net</b>	<b>-4654686</b>	<b>-4956450</b>	<b>-1477596</b>	<b>-1346237</b>	<b>-286348</b>	<b>-321125</b>	<b>-12829207</b>	<b>-10784696</b>	<b>29482</b>	<b>-267749</b>	<b>-531067</b>	<b>-553199</b>	<b>-76654</b>	<b>-446892</b>	<b>-830027</b>	<b>-922108</b>	<b>-5785892</b>	<b>-6008009</b>
Profit on Realisation of Investment	-148293	-406847	-53895	-111883	-18021	-71067	-1425280	-563079	-23611	-118346	-10200	-29183	-4280	-7694	-18329	-46547	-115962	-304561
Other Income/Expense (Apporitioned)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	650721	-830869	-236494	-228489	-79079	-145134	-2470835	-2470835	-103606	-241687	-44758	-59599	-18780	-15714	-80430	-95058	-508852	-621978
Claims Paid Direct	2660806	2242465	1051088	911455	383240	580798	1201452	1201452	114005	110360	457880	421352	40521	47025	772786	760377	5815936	6633034
Claims Paid Accepted	304354	219465	56	1210	22672	141416	606	606	0	0	5185	5245	20074	12400	61608	91937	10055	32145
Claims Paid Ceded	-1199598	-995959	-331171	-265930	-714115	-283480	-2625484	-248036	-22801	-22072	-109481	-208976	-364530	-327447	-317763	-1243444	-1357827	
<b>Paid Claims Net</b>	<b>1765202</b>	<b>1502331</b>	<b>719973</b>	<b>646735</b>	<b>-308203</b>	<b>438734</b>	<b>9574022</b>	<b>9874022</b>	<b>91204</b>	<b>88288</b>	<b>353584</b>	<b>217621</b>	<b>61065</b>	<b>32110</b>	<b>506927</b>	<b>534551</b>	<b>4582547</b>	<b>5307352</b>
Cl O/S Claims Direct	6152900	5580420	1581216	1374989	2375090	1889238	30208013	35093534	149788	157794	343288	423789	81764	313969	1369791	1348372	4178280	4454019
Cl O/S Claims Accepted	402335	56277	-4	0	113352	104101	0	0	0	0	11230	5528	26091	5441	61166	117701	76572	101631
Cl O/S Claims Ceded	-4005180	-3419884	-801413	-703362	-1586286	-1454044	-6506334	-6506334	-25689	-27959	-60732	-153347	-68825	-301113	-1004656	-932313	-1236634	-1006779
<b>O/S Claims at End Net</b>	<b>2550255</b>	<b>2216813</b>	<b>779799</b>	<b>671627</b>	<b>902156</b>	<b>539295</b>	<b>124089</b>	<b>230766</b>	<b>124089</b>	<b>129835</b>	<b>293786</b>	<b>275970</b>	<b>41030</b>	<b>18197</b>	<b>426301</b>	<b>533760</b>	<b>3018218</b>	<b>3548871</b>
Op O/S Claims Direct	6603487	-6152900	-1801722	-1581216	-2490577	-2375090	-30208013	-28231466	-105528	-149788	-286909	-343288	-406181	-81764	-1437171	-1369791	-3872437	-4178280
Op O/S Claims Accepted	930032	-402535	-2	4	-110561	-113352	0	0	0	0	-371	-11230	-13435	-26091	-172673	-61166	-85386	-76572
Op O/S Claims Ceded	5246208	4005180	918657	801413	2268550	1586286	6506334	6506334	20216	25689	56676	60732	386043	66825	1154578	1004656	1554827	1236634
<b>O/S Claims at Beg Net</b>	<b>-2287311</b>	<b>-2550255</b>	<b>-883067</b>	<b>-779799</b>	<b>-332588</b>	<b>-902156</b>	<b>-223701679</b>	<b>-223701679</b>	<b>-85312</b>	<b>-124099</b>	<b>-230604</b>	<b>-293786</b>	<b>-33573</b>	<b>-41030</b>	<b>-465266</b>	<b>-426301</b>	<b>-2402996</b>	<b>-3018218</b>
Incurred Claims Direct	2210219	1689984	830582	705229	267753	94947	13979799	17403404	158285	118365	514260	501853	81104	279130	705386	738957	6121780	6908773
Incurred Claims Accepted	223143	-126792	50	1214	25462	132165	606	606	0	0	16045	458	32730	8251	-49899	148472	1242	57203
Incurred Claims Ceded	14069	-374302	-213927	-167878	-31851	-151238	-3575916	-3464234	-28274	-24342	-113536	-301592	-45312	-261593	-177525	-245420	-925251	-1127971
<b>Incurred Claims Net</b>	<b>2028145</b>	<b>1168890</b>	<b>616705</b>	<b>538565</b>	<b>267364</b>	<b>75874</b>	<b>10402689</b>	<b>13939170</b>	<b>129991</b>	<b>94023</b>	<b>416769</b>	<b>1998903</b>	<b>68522</b>	<b>9286</b>	<b>477962</b>	<b>642009</b>	<b>519771</b>	<b>5838005</b>
Commission Direct	195696	318484	44951	106805	8278	4497	1092286	1218848	8837	28244	35590	55588	70	404	48364	641641	829163	
Commission Accepted	148731	148731	10	447	19015	17577	80	30	2	3571	3153	3601	2845	55496	42076	25572	30568	
Commission Ceded	-915863	-892823	-123093	-80568	-122961	-111668	-776458	-839601	-16172	-17296	-36482	-54706	-63693	-127374	-229140	-226217	-411164	-461497
<b>Commission Net</b>	<b>-571236</b>	<b>-518908</b>	<b>-78132</b>	<b>26784</b>	<b>-95668</b>	<b>-89594</b>	<b>379277</b>	<b>315908</b>	<b>-7335</b>	<b>10950</b>	<b>2679</b>	<b>4035</b>	<b>-60022</b>	<b>-124125</b>	<b>-135777</b>	<b>256049</b>	<b>398234</b>	
Foreign Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investment Provisions	110241	12177	40065	3349	13397	2127	418592	42659	1752	3542	7883	873	3182	230	13626	1393	86206	9115
Operating Expenses Related to Insurance	2126476	2984943	266363	362266	194430	216120	2867480	4801415	316982	460595	130912	227812	204666	633567	289916	415242	1313678	2184733
Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Accounts Result	-1760074	-2547063	-922984	-755646	-9925	-332798	186038	186038	359426	-58670	-28083	-209456	116635	48658	-283433	-140845	442997	1495537

Note :- Dr (+)  
Cr (-)



### SEGMENT REPORTING SCHEDULE FOR THE YEAR ENDED 31.03.2004 - FOREIGN

Group	Fire Pre Yr	Fire Cur Yr	Mar C Pre Yr	Mar C Cur Yr	Hull Pre Yr	Hull Cur Yr	Motor Pre Yr	Motor Cur Yr	Workmens Compensation Pre Yr	Workmens Compensation Cur Yr	Personal Accident Pre Yr	Personal Accident Cur Yr	Aviation Pre Yr	Aviation Cur Yr	Engineering Pre Yr	Engineering Cur Yr	Other Pre Yr	Other Cur Yr
Premium Direct	-3044016	-2924927	-305782	-377765	-36267	-86500	-2914929	-2887851	-1725067	-1533191	-112846	-176060	-5	5	-110216	-94950	-666343	-656654
Premium Accepted	-1195822	-1010698	-46340	-30845	-64034	-24022	-89463	-1181818	-109	-121	-8026	-19810	1712	-1927	-32947	-32999	-31528	-34164
Premium Ceded	991799	1212696	77433	113659	38023	65817	362526	361674	212029	218851	12328	9927	-36	-36	40188	29357	72658	103558
<b>Premium Net</b>	<b>-3248039</b>	<b>-2729229</b>	<b>-274689</b>	<b>-294951</b>	<b>-62278</b>	<b>-44705</b>	<b>-2641866</b>	<b>-2644495</b>	<b>-1513147</b>	<b>-1334461</b>	<b>-106544</b>	<b>-185944</b>	<b>646</b>	<b>-1858</b>	<b>-102975</b>	<b>-98592</b>	<b>-625213</b>	<b>-567260</b>
Unexpired Risk Reserve Cl	0	-1624020	0	-274689	0	-62278	0	-1320933	0	-766573	0	-53272	0	0	0	-51487	0	-312606
Unexpired Risk Reserve Op	0	1361464	0	294951	0	44706	0	1322247	0	687231	0	92972	0	930	0	49296	0	293630
<b>Earned Premium Net</b>	<b>-3248039</b>	<b>-2985485</b>	<b>-274689</b>	<b>-274689</b>	<b>-62278</b>	<b>-62277</b>	<b>-2641866</b>	<b>-2643181</b>	<b>-1513147</b>	<b>-1423903</b>	<b>-106544</b>	<b>-146243</b>	<b>646</b>	<b>-928</b>	<b>-102975</b>	<b>-100783</b>	<b>-625213</b>	<b>-606236</b>
Profit on Realisation of Investment	-4232	-6470	-1538	-1779	-514	-1130	-16068	-22667	-674	-1882	-291	-464	-122	-122	-523	-740	-3309	-4844
Other Income/Expense (AppORTioned)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Dividend and Rent	-32985	-42854	-11988	-11785	-4009	-7486	-125247	-150129	-5252	-12466	-2289	-3074	-952	-810	-4077	-4903	-25794	-32080
Claims Paid Direct	1291247	1449913	80886	83551	19591	7473	1501660	1668137	242230	522163	21835	46579	5173	16251	15235	34598	330662	405691
Claims Paid Accepted	738259	383951	32374	19098	119467	22901	235244	49325	628	19	-6424	7436	15205	12066	34680	10544	49004	13961
Claims Paid Ceded	-350152	-186758	-7560	-10401	-3084	-5200	-189615	-546837	6230	-3489	-2186	-1600	0	0	-10290	-13265	-14228	-19194
<b>Paid Claims Net</b>	<b>1679354</b>	<b>1647106</b>	<b>105700</b>	<b>92248</b>	<b>135974</b>	<b>25174</b>	<b>1547289</b>	<b>1170625</b>	<b>249088</b>	<b>518713</b>	<b>13225</b>	<b>52415</b>	<b>66378</b>	<b>28317</b>	<b>39305</b>	<b>31877</b>	<b>365438</b>	<b>400458</b>
Cl O/S Claims Direct	1688598	1877990	177933	174621	118887	112243	1650256	1632226	1812712	2478917	32864	41878	34984	1	49509	66636	686299	752405
Cl O/S Claims Accepted	1425209	1481994	68786	60888	232288	333140	92004	75124	2132	2132	8431	8729	82777	67561	93414	97433	89564	105898
Cl O/S Claims Ceded	-435005	-882807	-76341	-79651	-5199	-567	-203729	-55895	-110939	-178079	-4406	-5161	-4568	-5726	-38060	-32199	-15100	-13107
<b>O/S Claims at End Net</b>	<b>2679802</b>	<b>2477177</b>	<b>167378</b>	<b>155758</b>	<b>345676</b>	<b>444916</b>	<b>1538531</b>	<b>1651455</b>	<b>1706391</b>	<b>2302970</b>	<b>36889</b>	<b>45446</b>	<b>113193</b>	<b>61836</b>	<b>104963</b>	<b>132070</b>	<b>760763</b>	<b>845196</b>
Op O/S Claims Direct	-1212265	-1689598	-208674	-177933	-100706	-118587	-980387	-1650256	-645651	-1812712	-7123	-32864	-65104	-34984	-35334	-49509	-402590	-686299
Op O/S Claims Accepted	-1325060	-1425209	-81738	-65786	-166578	-232288	-93579	-92004	-4358	-4618	-179	-8431	-95890	-82777	-104299	-93414	-99100	-89564
Op O/S Claims Ceded	823736	435005	92758	76341	1194	5199	199986	203729	91922	110839	165	4406	23309	4668	27166	38060	8408	15100
<b>O/S Claims at Beg Net</b>	<b>-1713589</b>	<b>-2679802</b>	<b>-197654</b>	<b>-167378</b>	<b>-266090</b>	<b>-345676</b>	<b>-779980</b>	<b>-1538531</b>	<b>-550087</b>	<b>-1706391</b>	<b>-7137</b>	<b>-36889</b>	<b>-137785</b>	<b>-113193</b>	<b>-112467</b>	<b>-104863</b>	<b>-493282</b>	<b>-760763</b>
Incurred Claims Direct	838408	440737	16422	14000	18578	123753	233669	32445	888	-2466	1828	7733	1983	-3150	23475	14563	39467	30295
Incurred Claims Accepted	38579	634560	8857	-13611	-7089	-567	-193358	-399002	-12788	-70608	-6427	-2355	18741	-1158	-21183	-7404	-20919	-17201
Incurred Claims Ceded	2645568	1444481	75425	80627	215560	124315	2311841	1283550	1397390	1115294	42978	60971	41788	-23041	31702	59084	632918	484892
Commission Direct	704678	630247	68234	89504	6803	16952	683277	651637	470471	356149	24480	40451	0	0	18754	16009	139987	128710
Commission Accepted	264875	376125	14280	24319	8018	2306	2794	2841	37	37	1310	7423	-48	257	8975	12173	8075	7285
Commission Ceded	-64191	-93737	-19792	-24359	-7821	-12901	-5288	-8009	-303	-239	-2490	-1048	0	0	-10209	-5899	-9688	-26431
<b>Commission Net</b>	<b>905362</b>	<b>912635</b>	<b>62762</b>	<b>85014</b>	<b>7000</b>	<b>6357</b>	<b>680803</b>	<b>646469</b>	<b>470205</b>	<b>355947</b>	<b>23300</b>	<b>46826</b>	<b>-48</b>	<b>257</b>	<b>17520</b>	<b>22283</b>	<b>138374</b>	<b>109574</b>
Foreign Taxes	8318	5938	648	447	147	68	17113	9872	9802	4881	690	694	-4	7	667	368	4050	2192
Investment Provisions	2629	5215	955	1434	319	911	9981	18269	419	1517	181	374	76	99	325	597	2056	3904
Operating Expenses Related to Insurance	329662	265897	41294	32270	30142	19252	444535	427707	49136	41030	20295	20293	31729	56438	44945	36989	203656	194615
Others	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Revenue Accounts Result	606283	-400643	-107131	-88461	186367	80038	681091	-430111	407880	80616	-21661	-20623	73112	31897	-12416	12894	326738	152017

Note :- Dr (+)  
Cr (-)



RECEIPTS & PAYMENTS ACCOUNT (CASH FLOW STATEMENT) FOR THE PERIOD 1.04.2003 TO 31.03.2004

	(Rs. 'ooo')	
	Current Year	Previous Year
<b>Profit as per Profit and Loss Account</b>	<b>5394415</b>	<b>2106856</b>
<b>Add: Items considered separately</b>		
Proposed dividend & tax there on	507656	451250
Income tax expenses for the year	535378	1058800
Income tax - earlier years	267509	(312911)
<b>Sub Total</b>	<b>1310543</b>	<b>1197139</b>
<b>Less : Items considered separately</b>		
Deferred tax	137563	175768
Interest dividend and rents	8599706	7203583
Profit/loss on sale of investments	4068117	1607013
<b>Sub Total</b>	<b>12805386</b>	<b>8986364</b>
<b>Add/Less : Non cash items, write-off &amp; provisions</b>		
Investment write offs	146038	437446
Reinsurance balances write off	3902	0
Reinsurance provisions	34923	0
Investment provisions	(22541)	751755
Provision for loans	109702	732598
Diminution in value of investments	(62019)	0
Loss (Profit) on sale of assets	1434	91
Deferred expenditure	(1844780)	553699
Balances (written back)/ written off	(77656)	161002
Outstanding claims	4508732	5447010
Outstanding expenses	1108279	0
Un-expired risk reserves	454846	2192679
Depreciation	253719	292321
Provision for bad debts foreign	(7990)	0
<b>Sub Total</b>	<b>(4606589)</b>	<b>10568601</b>
<b>Total</b>	<b>-6888254</b>	<b>2779376</b>
<b>Operating profit before change in operating assets</b>	<b>-1493839</b>	<b>4886232</b>
Increase / decrease in operating assets / liabilities	-3532188	51381194
<b>Net cash from operating activities before income tax</b>	<b>-5026027</b>	<b>56267426</b>
Less : Income tax paid (Refund (-))	-300595	-720587
<b>Net Cash from Operating Activities (outflow)</b>	<b>-4725432</b>	<b>55546839</b>
<b>Inflow (outflow) from Investing Activity</b>		
Addition to assets	(-)204457	-312274
Increase / decrease in investments	824379	-58314563
Increase / decrease in loans	8338	461161
Investment income	8417138	7164865
<b>Total</b>	<b>9045398</b>	<b>51000811</b>
<b>Inflow (outflow) from Financing Activity</b>		
Dividend paid & tax thereon	(-)451250	-200000
<b>Net increase in cash &amp; cash equivalent</b>	<b>3868716</b>	<b>4346028</b>
Cash & cash equivalent at the beginning of the period	15874642	11528614
Cash & cash equivalent at the end of the period	19743358	15874642

Significant Accounting policies & Notes to accounts form integral part of the Receipts & Payments Account.

A R Sekar                      A V Purshothaman                      R K Joshi                      R Beri  
Company Secretary      Director                      Director                      Chairman Cum Managing Director

**As per our Report of even date**

For P.S.D. & Associates Chartered Accountants	For Vyas & Vyas Chartered Accountants	For Khandelwal Jain & Co. Chartered Accountants
Prakash Sharma Partner	O P Vyas Partner	Narendra Jain Partner
Membership Number 72332	Membership Number 14081	Membership Number 48725
Mumbai : 10.07.2004		

## SHAREHOLDERS AND POLICYHOLDERS FUNDS

Amount in Rupees

Balances				%	Balances				%
as on 31.03.2003					as on 31.03.2004				
<b>Share Holders Funds</b>									
Share Capital			1000000000					1000000000	
Capital Reserves			575088					575088	
General Reserves			33028875741					38423290989	
Investment Reserves			11132024					11132024	
<b>Total</b>			<b>34040582853</b>	<b>37.03</b>				<b>39434998101</b>	<b>38.56</b>
<b>Policy Holders Funds</b>									
	Unexpired Risks Reserves as on 31.03.2003	Outstanding Claims as on 31.03.2003	Total as on 31.03.2003		Unexpired Risks Reserves as on 31.03.2004	Outstanding Claims as on 31.03.2004	Total as on 31.03.2004		
Fire	4108507467	5230056453	9338563920		3833426020	4693990921	8527416941		
Marine	2004329273	2195008567	4199337840		1729701057	1811496714	3541197771		
Misc	12471461989	31865745360	44337207349		13476017828	37294054007	50770071835		
	18584298729	39290810380	57875109109		19039144905	43799541642	62838686547		61.44
<b>Total Funds</b>			<b>91915691962</b>	<b>100.00</b>			<b>102273684648</b>	<b>100.00</b>	

The balances as on 31-03-2003 are used as basis for apportionment of investment income of 2003-04 between policyholders and shareholders

Average Shareholders Funds (Rs. in crores)  $(3404.06+3943.50)/2 = 3673.78$

Average Policyholders Funds (Rs. in crores)  $(5787.51+6283.87)/2 = 6035.69$



**SIGNIFICANT ACCOUNTING POLICIES & NOTES FORMING PART  
OF FINANCIAL STATEMENTS AS ON 31st MARCH, 2004**

**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 Authority 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 as of different dates of subsequent year except in case of foreign insurance companies where returns received up 31<sup>st</sup> March are incorporated.

**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 includes:
  - 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) 1/3<sup>rd</sup> of the estimated liability, for all such claims for which court summons have been served on the Company during the year.
4. Interest on MACT claims is provided based on the prevailing trends in the Motor Third Party Claim Awards.

### III PREMIUM RECOGNITION

Premium income is recognized on assumption of risk.

### IV RESERVE FOR UNEXPIRED RISK

Reserve for un-expired 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)
  - a) Revenue transactions, except depreciation, in foreign branches and agencies are converted at the average exchange rate of each quarter of the current year.
  - b) Depreciation on fixed assets held in foreign branches and agencies is provided on written down rupee value at the year end.
  - c) Provision for outstanding claims of foreign branches and agencies are converted at the average of buying and selling rate prevailing at the year-end.
- (iii)
  - a) Foreign investment transactions during the year are converted at the exchange rates prevailing as on the last day of the month of purchase or sale.
  - b) Fixed assets acquired abroad during the year are converted at the exchange rates prevailing on the last day of month of purchase.



- (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 is taken to revenue.

#### VI FIXED ASSETS

Fixed assets are stated at cost less depreciation.

#### 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 leased 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 on Voluntary Retirement Scheme to employees is amortised over the five years. Further, additional actuarial liability, net of tax benefits, for pension, gratuity and leave encashment on account of Special Voluntary Retirement Scheme is 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 IRDA vide circular no. F & A/CIR/017/MAY-04 dated 18<sup>th</sup> 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 Risk Reserved 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 31<sup>st</sup> 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 IRDA Regulations the premium paid at the time of acquisition of securities is amortised over the residual period of maturity.
- 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 IRDA Regulations. The shares are treated as thinly traded by taking into consideration transactions in the month of March on both NSE and 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.
- 12A** 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 31<sup>st</sup> 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 1<sup>st</sup> and 2<sup>nd</sup> 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 RBI 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 recognized only if there is a virtual certainty that they will be realized 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 31.03.2004

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 348.70 Lakhs (Previous Year Rs. 526.21 Lakhs).  
In case of "Carlisle Chambers" property, situated at Colaba, Mumbai, the original lease agreement for 99 years has expired on 30<sup>th</sup> 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 05.07.2004.
4. As certified by Custodian, securities are held in the name of Company as on 31.03.2004. 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 27.78 lacs (Previous Year Rs. 35.10 lacs). However, the same are fully provided for.
6. a) Provision for standard assets @ 0.25% has been made as per **Reserve Bank of India** guidelines on (i) Term Loan, (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.  
b) During the year, the Company has undertaken under CDR (Corporate Debt Restructuring) System, restructuring of corporate debt/loans etc. as under:

Sr. No	Particulars	Current Year (Rs in lacs)	Previous Year (Rs in lacs)
	Total amount of assets subjected to restructuring under CDR	8669.02	7165.58
	The break up of the same is given here under:		
(i)	Total amount of standard assets subjected to restructuring under CDR	40.00	NIL
(ii)	Total amount of sub-standard assets subjected to restructuring under CDR	500.00	NIL
(iii)	Total amount of doubtful assets subjected to restructuring under CDR	5755.97	7165.58
(iv)	Total amount of loss assets subjected to restructuring under CDR	2373.05	NIL
	<b>Total</b>	<b>8669.02</b>	<b>7165.58</b>



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 31.03.2004, 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 exposure of investment for the year 2002-03 and returns prescribed vide notification dated 01.01.2004 for the quarter ended 31.03.04 have not been submitted. The other returns in respect of downgraded investment, Total Assets (General) Compliance Report and Instruments not complying with Grade Compliance Report have not been submitted within the time limit stipulated in Regulation 6.
  - 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 Custodian Certificate has not been submitted to IRDA as per the requirement of Circular No. INV/CIR/001/2002-03 dated February, 18, 2003. Further, 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 IRDA vide circular No. IRDA/CIR/INV/007/2002-03 dated 26<sup>th</sup> February, 2003 and letter dated 5<sup>th</sup> December 2003. However the investments in Mutual Funds are well within the limits permitted by the IRDA 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) The aggregate amount of Company's Investments other than listed equity securities and the market value thereof has not been disclosed, as per the requirement of Part II of Schedule B;
  - ii) Segmental reporting in respect of Health Insurance and Public/Product Liability insurance is not disclosed separately;

- iii) The provisions against the investment of Rs.9889.64 lacs, loans of Rs.12947.67 lacs and Sundry Debtors of Rs.59.50 lacs 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
- iv) Receipts & Payments Account / ( Cash Flow Statement ) has been drawn by "Indirect Method" instead of "Direct Method" as required by Part I of Schedule B.
9. The company has received from Hindustan Lever Ltd. (HLL) bonus debentures on equity shares and face value of such bonus debentures amounting to Rs.2445.52 lakhs has been accounted for as dividend income..
10. 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.
11. Prior period items have been included in the respective heads amounting to Rs. 1098.62 Lacs credit (previous year Rs. 95.88 Lakhs credit) consisting the following:-

Sr.No.	Particulars	(Rs. in lacs)
1.	Interest income from investments	378.25 DR
2.	Management fees	28.85 CR
3.	Provision for Doubtful Debts-Investments	1576.78 CR
4.	Direct Premium	1.89 CR
5.	Direct Claims	2.39 DR
6.	Management Expenses	129.84 DR
7.	Interest on Housing Loan	1.58 CR
	<b>TOTAL (NET):</b>	<b>1098.62 CR</b>

12. 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 exists**

- 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
- iii) Mr. Kumar Bakhru

**2. Transactions with related parties:**

	<b>Nature of Relationship</b>	<b>Nature of Transaction</b>	<b>Amount (Rs in lacs)</b>	<b>Previous Year (Rs in lacs)</b>
<b>i)</b>	Subsidiaries	Management fees earned	78.10	23.18
		Premium on reinsurance accepted	2075.25	172.55
		Commission on reinsurance accepted	41.88	34.68
<b>ii)</b>	Associates	Dividend income received	165.06	57.37
		Investment in shares on rights basis	436.84	NIL
		Dividend receivable	45.60	101.19
		Application money for investment	399.85	NIL
<b>iii)</b>	Entity over which control exists	Sale of Investments	11533.26	NIL
<b>iv)</b>	Key management personnel	Salary and allowances	14.89	15.25
		Assets purchased by way of adjustment of outstanding loan.	0.00	4.15

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

Particulars	31.03.2004	31.03.2003
Net profit attributable to shareholders (Rs. In lacs)	59020.71	25581.06
Weighted average number of equity shares issued	10,00,00,000	10,00,00,000
Basic earnings per share of Rs.10/- each (Rs.)	59.02	25.58

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.

**C. AS – 22 Deferred Tax Assets**

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

Particulars	Amount (in lacs) As on 31.03.2004	Amount (in lacs) As on 31.03.2003
Depreciation	619.03	492.06
Exgratia on VRS	213.49	218.70
Leave encashment & others	2692.80	1438.92
<b>Total</b>	<b>3525.32</b>	<b>2149.68</b>

Accordingly a sum of Rs. 1375.64 lac 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.

13. During the year, the Company has made provision of Rs. 388.25 lacs 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.
14. During the year, changes in significant accounting policies are as under:
- The recognition of reversal of impairment losses in respect of listed equity/ equity related instruments / preference shares as per Accounting Policy no. XII 12 B has resulted in increase in profit and in investment in equity shares by Rs.398.87 lacs.
  - Accounting *policy no. XII-5(b)* regarding Profit & Loss on sale of Government Securities from investment portfolio is worked out on FIFO basis instead of weighted average. Consequently, the profit for the year and the investment in central govt. securities are lower by Rs.79.32 lacs.



15. The Company introduced a "Special Voluntary Retirement Scheme" for Class I, III & IV employees during the year. In terms of the IRDA guidelines the Company has charged a sum of Rs.3457.41 lakhs on account of the ex-gratia & Rs.4806.21 lakhs for pension, gratuity & leave encashment representing 1/5<sup>th</sup> of such expenses net of tax to the Profit & Loss Account and remaining amount of ex-gratia Rs.13980.00 lakhs & pension, gratuity & leave encashment Rs.5062.79 lakhs is included in assets in Schedule – 15. This has resulted in the change in accounting policy for amortization of the incremental liability of retirement benefits. Hence, profit for the year and assets have been increased by Rs.5062.79 lakhs.
16. Previous year figures have been re-grouped wherever required, to make the figures comparable with current year figures.

**A R Sekar**      **A. V. Purushothaman**      **R. K. Joshi**      **R Beri**  
Company Secretary      Director      Director      Chairman Cum Managing Director

As per our Report of even date

For **P.S.D. & Associates**  
*Chartered Accountants*

**Prakash Sharma**  
Partner

**Membership No. 72332**

For **Vyas & Vyas**  
*Chartered Accountants*

**O P Vyas**  
Partner

**Membership No. 14081**

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

**Narendra Jain**  
Partner

**Membership No. 48725**

Mumbai : 10th July, 2004.



**Disclosures forming part of Financial Statements for the year ended 31.03.2004**

S. 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	107.92	154.48
	(b) Underwriting commitments outstanding	Nil	Nil
	(c) Claims, other than those under policies, not acknowledged as debts	900.48	519.26
	(d) Guarantees given by or on behalf of the Company	1182.06	1289.29
	(e) Statutory demands/liabilities in dispute not provided for	48.10	4.52
	(f) Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
	(g) Others (matters under Litigation)	1458.78	1538.61
2.	The details of encumbrances to the assets of the Company are as under:		
	(a) In India	2129.75	1575.00
	(b) Outside India	3877.34	2637.00
3.	Commitment made and outstanding for loans and investments.	13038.40	15570.92
4.	Claims, less reinsurance, paid to claimants:		
	(a) In India	186601.30	173463.24
	(b) Outside India	39669.33	42017.54
5.	Claim liabilities where claim payment period exceeds four years.	Nil	Nil
6.	Amount of claims outstanding for more than six months (Gross Indian)	308894.01	293973.47
	Number of claims	247059	230384
	Amount of claims outstanding for less than six months (Gross Indian)	159127.22	137187.62
	Number of claims	140280	129730
	Total amount of claims outstanding(Gross Indian )	468021.23	431161.09
	Total Number of claims outstanding	387339	360114
7.	Premiums, less reinsurances, written from business		
	a) In India	284342.56	265901.63
	b) Outside India	79151.95	85741.05
8.	The details of contracts in relation to investments, for		
	a) Purchases where deliveries are pending	NIL	162.89
	b) Sales where payments are overdue	NIL	212.95



9.	Amounts of claims settled and remaining unpaid for a period of more than six months as on balance sheet date are as under:	Nil	Nil
	Number of claims	Nil	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	10618.62	9048.39
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	168386.43	126173.55
	Non performing investments	37806.64	38611.15
	Total book value (Closing value)	206193.07	164784.70

12. All significant accounting policies forming part of the financial statements are disclosed separately.
13. Premium is recognized as income on assumption of the risk. A reserve for unexpired 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.148515.55 lakhs, Rs. 2541.68 lakhs and 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 31<sup>st</sup> 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 Govt. Company, the Company is exempted vide notification: GSR 235, dated 31<sup>st</sup> 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 upto the date of sale/ redemption/ 31<sup>st</sup> March, 2004. While working out amortisation put/call option is not considered, however, partial redemption if any, is taken into account.
18. (a) Unrealised 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	253.82	6.28	326.79	8.33
Social	129.99	3.21	109.05	2.79
Others	3661.88	90.51	3485.40	88.88
Total	4045.69	100.00	3921.24	100.00

## 21. Various Financial Ratios

1. Gross Premium Growth Rate (Segment wise)	Segment	Gross Premium Rs. in Crores		Growth	Growth %	Growth % P.Y.
		2003-2004	2002-2003			
	<b>Fire</b>	<b>1067.69</b>	<b>1171.86</b>	<b>-104.17</b>	<b>-8.89%</b>	5.89%
	Marine Cargo	195.99	224.91	-28.93	-12.86%	-1.96%
	Marine Hull	109.66	153.69	-44.04	-28.65%	15.28%
	<b>Sub Total</b>	<b>305.64</b>	<b>378.60</b>	<b>-72.96</b>	<b>-19.27%</b>	4.38%
	Motor	1967.99	1844.41	123.58	6.70%	26.86%
	WC	189.91	204.85	-14.94	-7.29%	57.90%
	PA	91.17	83.12	8.05	9.68%	4.99%
	Aviation	259.65	129.21	130.44	100.95%	50.62%
	Engineering	151.50	168.15	-16.65	-9.90%	-0.96%
	Health	-	-	-	-	-
	Liability	-	-	-	-	-
	Others	887.93	832.59	55.34	6.65%	2.75%
	<b>Sub Total</b>	<b>3548.14</b>	<b>3262.33</b>	<b>285.81</b>	<b>8.76%</b>	19.56%
	<b>Grand Total</b>	<b>4921.47</b>	<b>4812.79</b>	<b>108.68</b>	<b>2.26%</b>	14.64%
2. Gross Premium to Share Holders Funds Ratio	Gross Premium	4921.47	4812.79			
	Share holder's Fund (beginning of year)	3402.89	3188.28			
	Ratio (times)	1.45	1.51			
3. Growth Rate of Share Holders Funds	Share Holders Funds	3943.50	3402.89	540.61	15.89%	6.73%



21. Various Financial Ratios (contd.)

		2003-2004	2002-2003	Growth	Growth %	Growth %
		Rs. in Cores				P.Y.
<b>4. Net Retention Ratio</b>	<b>Segment</b>	<b>Premium Gross</b>	<b>Premium Net</b>	<b>Retention Ratio</b>	<b>Retention Ratio P.Y.</b>	
	Fire	1067.69	766.69	71.81%	70.12%	
	Marine Cargo	195.99	148.31	75.67%	72.07%	
	Marine Hull	109.66	24.66	22.49%	24.95%	
	<b>Sub Total</b>	<b>305.64</b>	<b>172.97</b>	<b>56.59%</b>	<b>52.94%</b>	
	Motor	1967.99	1599.49	81.28%	81.06%	
	WC	189.91	161.12	84.84%	86.50%	
	PA	91.17	72.05	79.03%	81.61%	
	Aviation	259.65	85.09	32.77%	3.47%	
	Engineering	151.50	96.97	64.01%	63.90%	
	Health	-	-	-	-	
	Liability	-	-	-	-	
	Others	887.93	680.57	76.65%	77.15%	
	<b>Sub Total</b>	<b>3548.14</b>	<b>2695.29</b>	<b>75.96%</b>	<b>76.46%</b>	
	<b>Grand Total</b>	<b>4921.47</b>	<b>3634.95</b>	<b>73.86%</b>	<b>73.06%</b>	
<b>5. Net Commission Ratio</b>	<b>Segment</b>	<b>Commission Net</b>	<b>Premium Net</b>	<b>Commission Ratio</b>	<b>Commission Ratio P.Y.</b>	
	Fire	39.37	766.69	5.14%	4.07%	
	Marine Cargo	11.18	148.31	7.54%	-0.95%	
	Marine Hull	-8.32	24.66	-33.75%	-23.13%	
	<b>Sub Total</b>	<b>2.86</b>	<b>172.97</b>	<b>1.65%</b>	<b>-5.19%</b>	
	Motor	102.57	1599.49	6.41%	6.67%	
	WC	36.69	161.12	22.77%	26.12%	
	PA	5.09	72.05	7.06%	3.83%	
	Aviation	-12.39	85.09	-14.56%	-134.15%	
	Engineering	-11.35	96.97	-11.70%	-11.04%	
	Health	-	-	-	-	
	Liability	-	-	-	-	
	Others	50.78	680.57	7.46%	6.14%	
	<b>Sub Total</b>	<b>171.40</b>	<b>2695.29</b>	<b>6.36%</b>	<b>6.82%</b>	
	<b>Grand Total</b>	<b>213.62</b>	<b>3634.95</b>	<b>5.88%</b>	<b>5.49%</b>	
<b>6. Expenses of Management to Gross premium Ratio</b>	<b>Expenses</b>	<b>1340.56</b>	<b>894.77</b>			
	Gross Premium	4921.47	4812.79			
	Ratio	27.24%	18.59%			

## 21. Various Financial Ratios (contd.)

		Rs. in Cores				
7. Combined Ratio	Claims	2713.58	2699.51			
	Expenses	1340.56	894.77			
	<b>Sub Total</b>	<b>4054.14</b>	<b>3594.28</b>			
	Gross Premium	4921.47	4812.79			
	Ratio	82.38%	74.68%			
8. Technical Reserves (at end) to Net Premium Ratio	Unexpired Risk reserves	1903.91	1858.43			
	Reserves for Premium Deficiency	-	-			
	Outstanding Claims	4379.97	3929.08			
	Total Technical Reserves	6283.88	5787.51			
	Net Premium	3634.95	3516.43			
	Ratio (No. of times)	1.73	1.65	Times		
	9. Underwriting Balance Ratio	<b>Segment</b>	<b>U/W Profit</b>	<b>Premium (Net)</b>	<b>Ratio</b>	<b>Ratio P.Y.</b>
		Fire	294.77	766.69	38.45%	14.04%
Marine Cargo		84.41	148.31	56.92%	63.55%	
Marine Hull		25.28	24.66	102.51%	-46.02%	
<b>Sub Total</b>		<b>109.69</b>	<b>172.97</b>	<b>63.42%</b>	<b>42.59%</b>	
Motor		-156.72	1599.49	-9.80%	-5.80%	
WC		-2.19	161.12	-1.36%	-43.30%	
PA		23.01	72.05	31.94%	7.33%	
Aviation		-8.06	85.09	-9.47%	-423.64%	
Engineering		12.8	96.97	13.20%	27.54%	
Health		-	-	-	-	
Liability		-	-	-	-	
Others		-164.76	680.57	-24.21%	-11.98%	
<b>Sub Total</b>		<b>-295.92</b>	<b>2695.29</b>	<b>-10.98%</b>	<b>-9.01%</b>	
<b>Grand Total</b>	<b>108.54</b>	<b>3634.95</b>	<b>2.99%</b>	<b>-0.68%</b>		



21. Various Financial Ratios (contd.)

		Rs. in Cores	
<b>10. Operating Profit Ratio</b>			
	Underwriting Result	-678.31	-490.26
	Investment Income	1249.66	762.14
	Others	76.54	21.90
	<b>Sub Total</b>	647.89	293.78
	Net Premium	3634.95	3516.43
	Ratio	17.82%	8.35%
<b>11. Liquid Assets to Liabilities Ratio</b>			
	Liquid Assets	3493.42	3014.50
	Policy Holders Liabilities	6283.88	5787.51
	Ratio	55.59%	52.09%
<b>12. Net Earnings Ratio</b>			
	Profit After Tax	581.36	255.81
	Net Premium	3634.95	3516.43
	Ratio	15.99%	7.27%
<b>13. Return on Net Worth</b>			
	Profit after Tax	581.36	255.81
	Net Worth	3943.50	3402.89
	Ratio	14.74%	7.52%
<b>14. Reinsurance Ratio</b>			
	Risk reinsured (Premium)	1510.89	1566.77
	Gross Premium	4921.47	4812.79
	Ratio	30.70%	32.55%

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

(Rs. In crores)

	2003-04	2002-03	2001-02	2000-01	1999-2000
<b>OPERATING RESULTS</b>					
1. Gross Premium Written	4921.47	4812.79	4198.06	3493.05	3306.53
2. Net Premium Income #	3634.95	3516.43	3068.23	2671.48	2477.45
3. Income from Investments (Net) @	1249.66	762.14	752.02	726.77	752.74
4. Other Income (Pl. specify)	76.54	40.94	Nil	25.80	Nil
5. Total Income	4961.15	4319.51	3820.25	3424.05	3230.19
6. Commissions	213.62	193.14	79.82	4.80	-71.65
7. Brokerage( Included in 6. Commission)	Nil	Nil	Nil	Nil	Nil
8. Operating Expenses	1340.56	894.76	774.53	737.96	674.67
9. Claims, increase in Unexpired Risk Reserve and Other outgoes	2759.08	2918.79	2757.71	2392.62	2173.85

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

(Rs. In crores)

	2003-04	2002-03	2001-02	2000-01	1999-2000
10. Operating Profit/loss	647.89	312.82	208.19	288.67	453.32
11. Total Income under Shareholders' Account	*	*	*	*	*
12. Profit/(loss) before Tax	647.89	312.82	208.19	288.67	453.32
13. Provision for Tax	66.53	57.01	66.19	65.00	148.03
14. Net Profit/(loss) after Tax	581.36	255.81	142.00	223.67	287.29
<i>MISCELLANEOUS</i>					
15. Policy holders' Account:					
Total Funds	5787.51	5023.54	4451.78	3999.83	3481.21
Total Investments	*	*	*	*	*
Yield on Investments	*	*	*	*	*
16. Shareholders' Account:					
Total Funds	3404.06	3189.45	3067.45	2859.92	2524.28
Total Investments	7928.24	7348.47	6884.57	6377.62	6192.94
Yield on Investments	*	*	*	*	*
17. Paid up Equity Capital	100.00	100.00	100.00	100.00	40.00
18. Net Worth	3943.50	3404.00	3189.39	3067.39	2859.86
19. Total Assets	17510.45	12984.75	12236.14	8696.50	8165.75
20. Yield on Total Investments	16.36	9.96	11.05	11.83	12.93
21. Earnings Per Share (Rs.)	59.02	25.58	14.20	17.35	35.91
22. Book Value Per Share (Rs.)	10.00	10.00	10.00	10.00	5.00
23. Total Dividend	45.00	40.00	20.00	20.00	30.00
24. Dividend Per Share (Rs.)	4.50	4.00	2.00	2.00	3.75

# 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

**A V Purushothaman**  
Director

**R K Joshi**  
Director

**R Beri**  
Chairman cum Managing Director

**For P.S.D. & Associates**  
Chartered Accountants

**For Vyas & Vyas**  
Chartered Accountants

**For Khandelwal & Jain**  
Chartered Accountants

**Prakash Sharma**  
Partner  
Membership No.72332

**O P Vyas**  
Partner  
Membership No.14081

**Narendra Jain**  
Partner  
Membership No.48725

Mumbai : 10<sup>th</sup> July, 2004.

वार्षिक प्रतिवेदन  
ANNUAL REPORT  
**2003-04**



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

(Rs in '000)

I. Registration Details

Registration Number : 5 2 6 State Code : 1 1  
Balance Sheet : 3 1 0 3 2 0 0 4

II. Capital Raised During the Year

Public Issue : N I L Rights Issue : N I L  
Bonus Issue : N I L Private Placement : N I L

III. Position of Mobilisation and Deployment of Funds:

Total Liabilities : 1 7 5 1 0 4 4 5 3 Total Assets : 1 7 5 1 0 4 4 5 3

Sources of Funds

Paid up capital : 1 0 0 0 0 0 0 Current Liabilities : 5 4 5 1 8 8 1 0  
Reserves : 9 6 8 1 3 9 2 8 Unexpired Risk Reserves:  
and Provisions: 2 2 7 7 1 7 1 5

Application of Funds

Net Fixed Assets: 1 0 4 1 8 3 2 Investments : 1 2 7 2 8 4 1 9 9  
Current Assets : 3 4 9 3 4 1 8 8 Loans : 9 4 0 8 9 2 2  
Accumulated Losses : N I L Deferred Expenditure : 2 0 8 2 7 8 0  
Deferred Tax Asset : 3 5 2 5 3 2

IV. Performance of The Company

Turnover  
Premium Income : 4 9 2 1 4 7 4 7 Total Expenditure : 5 5 2 3 2 4 8 6  
Investment & other  
Income : 1 2 4 9 6 6 4 3  
Profit Before Tax: 6 4 7 8 9 0 4 Profit After Tax : 5 9 0 2 0 7 1  
Earning Per  
Share in Rs. : 5 9 . 0 2 Dividend @ % : 4 5

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

Item Code No.  
ITC Code  
Product : N O T A P P L I C A B L E  
Description  
Item Code No.  
ITC Code  
Product : N O T A P P L I C A B L E  
Description  
Item Code No.  
ITC Code  
Product : N O T A P P L I C A B L E  
Description



**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, 2003 and the statements of income, changes in shareholders' equity and cash flow for the year then ended, as set out on pages 3 to 20 (page 97 to 114 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 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31st December, 2003 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:  
24<sup>th</sup> March, 2004



THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.  
BALANCE SHEET AT 31ST DECEMBER, 2003

	Notes	2003 \$'000	2002 \$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	3	821	646
Investment property	4	4,000	4,000
Investment securities	5	25,834	21,075
Deferred tax asset	6	4,580	5,220
		<u>35,235</u>	<u>30,941</u>
<b>Current assets</b>			
Cash and cash equivalents	7	25,057	22,527
Trade and other receivables	8	7,558	6,492
Term deposits		11,824	13,749
Taxation recoverable		140	139
		<u>44,579</u>	<u>42,907</u>
<b>Total assets</b>		<u>79,814</u>	<u>73,848</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital	9	17,617	17,617
Net unrealised gains on available for sale investments.		6,963	6,517
Statutory surplus reserve(not distributable)	10	8,552	8,552
Accumulated retained earnings/Accumulated losses		3,651	(953)
<b>Total equity</b>		<u>36,783</u>	<u>31,733</u>
<b>Insurance funds</b>			
Insurance funds	11	11,735	10,095
Catastrophe reserve fund	12	400	-
		<u>12,135</u>	<u>10,095</u>
<b>Current liabilities</b>			
Trade and other payables	13	29,857	30,850
Provision for taxation		1,039	1,170
		<u>30,896</u>	<u>32,020</u>
<b>Total equity and liabilities</b>		<u>79,814</u>	<u>73,848</u>

These financial statements were approved by the Board of Directors and authorized for issue on 24<sup>th</sup> March, 2004 and are signed on their behalf by:

: Director

: Director

The notes on pages 8 to 20 (Pages 101 to 108 of this report) form part of these financial statements.

**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.  
STATEMENT OF INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2003**

	2003 \$'000	2002 \$'000
<b>Gross premiums written</b>	<b>29,895</b>	<b>26,378</b>
Underwriting profits/ (losses) :		
Property	(87)	(1,418)
Motor	3,131	2,334
Other classes	(1,247)	29
	<b>1,797</b>	<b>945</b>
Transfer to catastrophe reserve fund	(400)	-
	1,397	945
Investment income	4,011	3,980
Other income	161	724
Income before taxation	5,569	5,649
Taxation	6	1,894
Net income for the year	<b>4,604</b>	<b>7,543</b>

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR  
ENDED 31ST DECEMBER, 2003**

	Stated capital \$'000	Capitai reserves \$'000	Statutory surplus reserve \$'000	Retained Earnings/ Accumu- lated losses \$'000	Total \$'000
<b>Balance at 31st December, 2001</b>	17,617	4,492	8,552	(8,496)	22,165
Net income for the year	-	-	-	7,543	7,543
Gain on revaluation of available for sale investments	-	2,025	-	-	2,025
<b>Balance at 31st December, 2002</b>	17,617	6,517	8,552	(953)	31,733
Net income for the year	-	-	-	4,604	4,604
Gain on revaluation of available for sale investments	-	446	-	-	446
<b>Balance at 31st December, 2003</b>	17,617	6,963	8,552	3,651	36,783

The notes on pages 8 to 20 (Pages 101 to 108 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, 2003**

	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Net profit before taxation	5,569	5,649
Adjustments for:		
Gain on sale of fixed assets	(30)	-
Transfer to catastrophe reserve	400	
Depreciation	145	151
Foreign exchange gain on investments/fixed deposits	(139)	(309)
Realised gain on sale of available-for-sale investments	(476)	-
	<hr/>	<hr/>
Operating profit before working capital changes	5,469	5,491
Increase in receivables	(788)	(361)
Increase in insurance funds	1,640	1,963
Decrease in claims provisions and other creditors	(993)	(5,177)
Decrease/(increase) in associated company balance	(278)	795
Corporation taxes paid	(462)	(51)
	<hr/>	<hr/>
Net cash generated from operating activities	4,588	2,660
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Purchase of investments	(6,713)	(649)
Redemption of investments	3,020	575
(Increase)/Decrease in term deposits	1,925	(1,781)
Proceeds on disposal of fixed assets	30	-
Additions to fixed assets	(320)	(188)
	<hr/>	<hr/>
Net cash used in investing activities	(2,058)	(2,043)
	<hr/>	<hr/>
<b>Net increase cash and short term funds</b>	2,530	617
<b>Cash and cash equivalents at beginning of year</b>	22,527	21,910
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	25,057	22,527
	<hr/>	<hr/>
<b>Represented by:</b>		
Cash in hand and at bank	18,660	19,057
Short term treasury bills	6,397	3,470
	<hr/>	<hr/>
	25,057	22,527
	<hr/>	<hr/>

The notes on pages 8 to 20 form part of these financial statements.

(Pages 101 to 108 of this report)

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2003**

**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 on the historical cost convention as modified by the revaluation of investments available for sale and investment property and no account is taken of the effects of inflation. The accounting policies conform with International Financial Reporting Standards.

**b) Foreign currency transactions**

These financial statements are expressed in Trinidad and Tobago dollars. 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 properties are stated at fair value. Gains or losses arising from changes in the fair value of investment properties are included in the statement of income in the period which they arise.

In December 2001, freehold and leasehold lands were re-valued by independent valuers. The company's records were adjusted to reflect this revaluation.

**e) Investment Securities (note 5)**

**Available for sale**

These are quoted securities, government and corporate bonds, which are held with the intention of not generating profits from market movements, and the general purpose is to hold these securities for an indefinite period. These securities may be sold if there are significant changes in market conditions, needs for liquidity, changes in funding sources and terms and changes in foreign currency risk. These securities are stated at fair value on quoted market prices. All unrealised gains and losses are excluded from arriving at income and reported as part of shareholders' equity in the capital reserve account.



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2003 (Contd.)**

**Held to maturity investments**

These are government and other bonds with fixed or determinable payments and fixed maturity, purchased with the intention of being held to maturity and are stated 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 unearned premiums, unexpired risks and outstanding claims.

**g) Insurance funds (note 11)**

Provision for unearned 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 unearned premiums at the end of the year.

**h) Capital reserves**

This represents the revaluation adjustment based on market prices of 'available for sale' investments. All unrealised gains and losses are excluded from determining income and reported as part of shareholders equity in the capital reserve account.

**i) Outstanding claims (note 13)**

Outstanding claims comprise the estimated cost of all claims incurred but not settled at the balance sheet date, less recoveries from reinsurers. 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 insurance revenue statements in later years.

**j) Taxation (note 6)**

Deferred taxes are provided for the expected future consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities using current corporation tax rates.

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. This asset has been calculated using enacted tax rate.

**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, 2003 (Contd.)**

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 2003 is \$45,221 (2002: \$36,926).

**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 on fixed term deposits and investments are dealt with in these financial statements on the accruals basis.

Dividends are accounted for on a cash basis within these financial statements.

**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 accruals basis.

**p) Cash and cash equivalents**

For the purposes of the statements of cash flows, cash and cash equivalents are short term, highly liquid investments that are both readily convertible to known amounts of cash and so near to maturity that they present insignificant risk of changes in value due to changing interest rates.

**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, 2003 (Contd.)

3. Fixed assets

	Leasehold improv. \$'000	Office equipment & motor vehicles \$'000	Total 2003 \$'000	Total 2002 \$'000
<b>Cost</b>				
At beginning of year	353	2788	3,141	2,953
Additions	2	318	320	188
Disposals	—	(109)	(109)	—
At end of year	<u>355</u>	<u>2,997</u>	<u>3,352</u>	<u>3,141</u>
<b>Depreciation</b>				
At beginning of year	330	2,165	2,495	2,344
Current year	5	140	145	151
Disposals	—	(109)	(109)	—
At end of year	<u>335</u>	<u>2,196</u>	<u>2,531</u>	<u>2,495</u>
<b>Net written down value</b>	<u>20</u>	<u>801</u>	<u>821</u>	<u>646</u>

4. Investment property

	2003 \$'000	2002 \$'000
Land	<u>4,000</u>	<u>4,000</u>

Investment property are stated at fair value, which has been determined based on the valuations performed by independent professionally qualified valuers as at 31st December, 2001, on the basis of open market value. This property is re-valued every three years.

5. Investment Securities

	Market value 2003 \$'000	Market value 2002 \$'000
<b>Available for sale</b>		
Bonds and other securities	12,514	7,643
Quoted shares	7,799	7,028
	<u>19,953</u>	<u>14,671</u>
<b>Held to maturity</b>		
Bonds	5,881	6,404
<b>Total Investments Securities</b>	<u>25,834</u>	<u>21,075</u>

Bonds, securities and deposits pledged with the Supervisor of Insurance amount to \$20,389,160 at 31st December, 2003 (2002: \$15,473,982).



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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2003 (Contd.)**

	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>
<b>6. Taxation</b>		
<b>(i) Tax charge for the year</b>		
The company has un-utilised tax losses, and the tax charge is therefore based on business and green fund levy.		
Business levy	45	37
Green fund	24	18
Provision for taxation in St. Maarten Dominica and st. Lucia	256	631
Deferred tax	640	(2,580)
	<u>965</u>	<u>1,894</u>
<b>(ii) Reconciliation between tax loss and accounting profit multiplied by the applicable tax rate</b>		
Accounting profit	5,569	5,649
Tax at 30% (35% : 2002)	1,671	1,977
Expenses not deductible	35	27
Income exempt from tax	(467)	(502)
Other	(24)	(21)
Business levy	45	37
Green fund	24	18
Islands	256	631
Reduction in opening deferred taxes resulting from reduction in tax rate	-	377
Tax losses utilised / recognised	(575)	(4,438)
	<u>965</u>	<u>(1,894)</u>
<b>(iii) Deferred taxation</b>	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax asset at beginning of year	5,220	2,640
Transfer from statement of income and retained earnings	(640)	2,580
Deferred tax asset at end of year	<u>4,580</u>	<u>5,220</u>

The company has unutilised tax losses in Trinidad and Tobago of approximately \$15.2 million at 31st December, 2003.

Deferred tax assets have been recognised in these financial statements for carry forward unutilised 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, 2003 (Contd.)**

	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>7. Cash and cash equivalents</b>		
Cash in hand and at bank	18,660	19,057
Short term treasury bills	6,397	3,470
	<u>25,057</u>	<u>22,527</u>
<b>8. Trade and other receivables</b>		
Amounts due from agents and others, less provision	6,191	4,863
Amounts due from reinsurers		
- on proportional treaty from New India, Mumbai	752	474
- on proportional treaty from other reinsurers	117	367
- on excess of loss treaty from Singapore Re	-	217
Other receivables	498	571
	<u>7,558</u>	<u>6,492</u>
<b>9. Stated capital</b>		
Authorised		
22,000,000 shares of no par value	<u>22,000</u>	<u>22,000</u>
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>
<b>10. Statutory surplus reserve</b>		
As required by section 171 of the Insurance Act, 1980 of Trinidad and Tobago at least 25% of the company's profit for the year is to be appropriated towards a surplus account until such surplus equals or exceeds the reserves in respect of its outstanding unexpired policies. In this section "Surplus" means the excess of assets over liabilities of the company including its liability in respect of outstanding un-expired policies. No appropriation to the segregated statutory surplus reserve is required since the surplus of the company as defined above is in excess of the outstanding un-expired policies.		
<b>11. Insurance funds</b>		
Provisions for unearned premiums and unexpired risks		
Property	2,159	1,800
Motor	9,380	8,112
Other classes	196	183
	<u>11,735</u>	<u>10,095</u>

**Note:**

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

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2003 (Contd.)**

**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 Company is in the process of placing assets in trusts in accordance with the provisions of the Act. The quantum of transfer to this reserve will be determined on an annual basis by the Directors.

	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>
<b>13. Trade and other payables</b>		
Sundry creditors and accruals	2,232	2,138
Amounts due to reinsurers on current account (net)	2,765	2,785
Outstanding claims (note 2(i))	24,860	25,927
	29,857	30,850

	<b>2003</b>	<b>2002</b>
	<b>\$000</b>	<b>\$000</b>
<b>14. Expenses of management</b>		
Expenses of management include the following:		
Directors' fees	41	38
Interest income	3,195	3,234
Interest expense	32	32

	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>15. Net income before taxation</b>		
Net income before taxation is arrived at after charging:		
Depreciation	145	151
Staff costs	2,310	1,936

**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 in 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.



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD AND TOBAGO) LIMITED.**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2003 (Contd.)**

**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 judgement 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 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 short term funds, interest receivable, sundry debtors, and other liabilities are 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.

**(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:

	2003 \$'000	2002 \$'000
Management fees	750	750
Reinsurance premiums	2,775	1,517

**19. Number of employees**

The company has 34 full time employees as at 31st December, 2003 (2002:34).

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

**INSURANCE REVENUE STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2003**

	<b>2003</b>	<b>2002</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Property</b>		
Amount of fund at beginning of year		
Provision for unearned premiums	1,800	1,550
Provision for outstanding claims	826	476
Premiums less reinsurances	2,178	1,256
Commissions received	<u>2,812</u>	<u>2,584</u>
	<u>7,616</u>	<u>5,866</u>
Commissions paid	1,907	1,739
Claims paid (net of recoveries)	296	318
Expenses of management	2,829	2,601
Loss transferred to income statement	(87)	(1,418)
Amount of fund at end of year		
Provision for unearned premiums	2,159	1,800
Provision for outstanding claims (net)	<u>512</u>	<u>826</u>
	<u>7,616</u>	<u>5,866</u>
<b>Motor</b>		
Amount of fund at beginning of year		
Provision for unearned premiums	8,112	6,443
Provision for outstanding claims	17,866	19,886
Premiums less reinsurances	15,274	13,204
Commissions received	<u>18</u>	<u>21</u>
	<u>41,270</u>	<u>39,554</u>
Commissions paid	2,799	2,182
Claims paid (net of recoveries)	6,754	6,038
Expenses of management	3,388	3,022
Profit transferred to income statement	3,131	2,334
Amount of fund at end of year		
Provision for unearned premiums	9,380	8,112
Provision for outstanding claims (net)	<u>15,818</u>	<u>17,866</u>
	<u>41,270</u>	<u>39,554</u>
<b>Other classes</b>		
Amount of fund at beginning of year		
Provision for unearned premiums	182	139
Provision for outstanding claims	7,232	10,562
Premiums less reinsurances	316	311
Commissions received	<u>10</u>	<u>8</u>
	<u>7,740</u>	<u>11,020</u>
Commissions paid	39	75
Claims paid (net of recoveries)	149	3,428
Expenses of management	75	74
Loss transferred to income statement	(1,247)	29
Amount of fund at end of year		
Provision for unearned premiums	196	182
Provision for outstanding claims (net)	<u>8,528</u>	<u>7,232</u>
	<u>7,740</u>	<u>11,020</u>

# REPORT OF SUBSIDIARIES (Contd.)



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

### SCHEDULES FOR THE YEAR ENDED 31ST DECEMBER, 2003.

	Total		Trinidad	Barbados	Dominica	St Lucia	Antigua	St. Maarten	Grenada
	2003	2002	2003	2003	2003	2003	2003	2003	2003
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>All classes of Insurance</b>									
<b>1 Net Income/Loss (-) for the year</b>									
Gross Premium Written	<u>29895</u>	<u>26378</u>	<u>15535</u>	<u>--</u>	<u>7854</u>	<u>4515</u>	<u>--</u>	<u>1991</u>	<u>--</u>
Underwriting Profits/Losses(-)									
Property	-87	-1418	-127		296	-93		-163	
Motor	3131	2334	1484	240	838	389	66	31	83
Liability	-1143	21	-6		12	-4		8	-1153
Workmen's Compensation	-98	4	-129		8	23			
CAR/EAR	0	-3							
Marine Cargo	-5	-1	-5						
Personal Accident	-1	8			-1				
	<u>1797</u>	<u>945</u>	<u>1217</u>	<u>240</u>	<u>1153</u>	<u>315</u>	<u>66</u>	<u>-124</u>	<u>-1070</u>
Investment Income	4011	3980	3182	138	197	369	1	114	10
Catastrophe Reserves	-400		-400						
Other Income/Loss(-)	161	724	145	-141	102	45	13	23	-26
Profit/Loss (-) on Ordinary Activities before Taxation	<u>5569</u>	<u>5649</u>	<u>4144</u>	<u>237</u>	<u>1452</u>	<u>729</u>	<u>80</u>	<u>13</u>	<u>-1086</u>
Taxation - Current Year	-965	1894	-709		-26	-84		-146	
Net Income /Loss (-) for the Year	<u>4604</u>	<u>7543</u>	<u>3435</u>	<u>237</u>	<u>1426</u>	<u>645</u>	<u>80</u>	<u>-133</u>	<u>-1086</u>

THE NEW INDIA ASSURANCE COMPANY ( TRINIDAD AND TOBAGO ) LIMITED

SCHEDULES FOR THE YEAR ENDED 31ST DECEMBER, 2003. (continued)

	Total		Liability		Workmen's Compensation		CAR/EAR		Marine Cargo		Personal Accident	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>2 Other Classes</b>												
Amount of fund at the beginning of the year.												
Provision for :												
- Unearned premiums	182	139	87	71	90	59			1	1	4	8
- Outstanding claims	7232	10562	6994	10231	213	301	21	17	7	13	-3	
Premiums less Resinsurances	316	311	169	154	137	148		1	4	3	6	5
Commissions received	10	8							4	3	6	5
	<b>7740</b>	<b>11020</b>	<b>7250</b>	<b>10456</b>	<b>440</b>	<b>508</b>	<b>21</b>	<b>18</b>	<b>16</b>	<b>20</b>	<b>13</b>	<b>18</b>
Commissions paid	39	75	19	18	15	52			1	2	4	3
Claims paid(net of recoveries)	149	3428	75	3303	68	117			6	8		
Expenses of management	75	74	36	33	29	32			4	3	6	6
Profit/(Loss) transferred to Income statement	-1247	29	-1143	21	-98	4		-3	-5	-1	-1	8
Amount of fund at the end of the year.												
Provision for :												
- Unearned premiums	196	182	103	87	87	90			2	1	4	4
- Outstanding claims(net)	8528	7232	8160	6994	339	213	21	21	8	7		-3
	<b>7740</b>	<b>11020</b>	<b>7250</b>	<b>10456</b>	<b>440</b>	<b>508</b>	<b>21</b>	<b>18</b>	<b>16</b>	<b>20</b>	<b>13</b>	<b>18</b>

REPORT OF SUBSIDIARIES (contd.)





THE NEW INDIA ASSURANCE COMPANY (TRINIDAD & TOBAGO) LIMITED  
SCHEDULES FOR THE YEAR ENDED 31ST DECEMBER, 2003  
(Continued)

3. Investment Income

	Average Yield		2003 \$'000	2002 \$'000
	2003 %	2002 %		
Interest				
Treasury bills	4.17	4.95	267	548
Fixed deposits	5.31	6.46	680	831
Government bonds	8.24	8.89	676	594
Company bonds and debentures	7.48	7.77	492	548
Savings account	5.72	6.38	1080	712
Dividends	-	-	816	747
	<u>6.68</u>	<u>7.23</u>	<u>4011</u>	<u>3980</u>
	Trinidad	Overseas	Total	
	\$'000	\$'000	2003 \$'000	2002 \$'000

4. Expenses of Management

Salaries	2006	162	2168	1819
National insurance	70	3	73	62
Group insurance	59	10	69	55
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
<b>Direct staff costs</b>				
Ratio of staff administration expenses 36.71% (2002:33.98%)	2135	175	2310	1936
Rent(Schedule 5)	568	82	650	610
Legal and professional fees	65	34	99	114
Advertising	255	96	351	306
Printing and stationery	108	70	178	155
Miscellaneous expenses	203	44	247	262
Overseas travel	313	52	365	341
Telephones	247	36	283	257
Entertainment and public relations	106	22	128	107
Motor vehicle expenses	55	22	77	51



**THE NEW INDIA ASSURANCE COMPANY (TRINIDAD & TOBAGO) LIMITED**  
**SCHEDULES FOR THE YEAR ENDED 31ST DECEMBER, 2003**  
(Continued)

	Trinidad \$'000	Overseas \$'000	Total	
			2003 \$'000	2002 \$'000
Depreciation and leasehold improvements	126	19	145	151
Library and training	31	–	31	5
Subscriptions	102	18	120	121
Insurance	80	5	85	44
Postage	47	27	74	67
Repairs and maintenance				
-Office Equipments	18	28	46	42
Audit fees	80		80	80
Donations	67	16	83	50
Directors fees	41	–	41	39
Electricity	13	11	24	20
Computer expenses	27	–	27	37
Interest and bank charges	12	20	32	32
Travelling	95	1	96	78
Pension and gratuities/severance	–	–	–	50
Uniforms	–	–	–	-8
Management fees	750	–	750	750
Gains on disposal	-30	–	-30	–
<b>Total Management Expenses</b>	<b>5514</b>	<b>778</b>	<b>6292</b>	<b>5697</b>



THE NEW INDIA ASSURANCE COMPANY (TRINIDAD & TOBAGO) LIMITED  
SCHEDULES FOR THE YEAR ENDED 31ST DECEMBER, 2003  
(Continued)

	2003 %	2002 %	2003 \$'000	2002 \$'000
Allocated on the basis of gross Premium written				
CAR/EAR				
Property	44.96	45.66	2829	2601
Motor	53.85	53.05	3388	3022
Liability	0.57	0.58	36	33
Workmen's Compensation	0.46	0.56	29	32
Marine Cargo	0.06	0.05	4	3
Personal Accident	0.10	0.10	6	6
Total	100	100	6292	5697
			2003 \$000	2002 \$000
<b>5. Rent Expense (Schedule 4)</b>				
Trinidad				
Port of Spain			499	499
San Fernando			51	48
Chaguanas			18	18
			568	565
Overseas				
St. Lucia			82	45
			650	610

## 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 31<sup>st</sup> December, 2003.

### 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 judgements 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 1 January, 2003.

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

There is a stay on the utilization 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 31<sup>st</sup> December, 2003 and their interest 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)	-	-
Anil Chopra.	-	-

### 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 105,167,000 thus reducing the retained profit to Le (18,843).

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

BY ORDER OF THE BOARD.



P K F

**AUDITORS' REPORT TO THE SHARE HOLDERS OF  
THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE ) LIMITED.**

We have audited the financial statements on pages 4 to 14(117 to 123 of this report) which we have been prepared under the accounting policies set out on page 7. (120 & 121 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 judgements 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 5 which states that the Company has a deficiency of net assets amounting to Le 34,776,000 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 31<sup>st</sup> December, 2003 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.

FREE TOWN

Chartered Accountants

**THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE ) LIMITED**  
**BALANCE SHEET – 31 DECEMBER 2003**

**IN RESPECT OF TOTAL BUSINESS OF THE INSURER**

	Notes	2003		2002	
		Le 000	Le000	Le 000	Le 000
<b>LIABILITIES</b>					
CALLED UP SHARE CAPITAL	2		500		500
UN APPROPRIATED (LOSS)/PROFIT			(18,843)		86,324
EXCHANGE EQUALISATION ACCOUNT			(28,647)		(28,647)
CONTINGENCY RESERVES			12,214		12,214
<b>DIVIDENDS</b>					
Dividends payable			-		-
<b>BALANCE OF FUNDS</b>					
Fire insurance reserve		-	-	-	-
Marine insurance reserve		-	-	-	-
Motor insurance reserve		-	-	-	-
Miscellaneous reserve		-	-	-	-
Outstanding claims reserve		-	-	-	-
			-		-
<b>OUTSTANDING CLAIMS (IN SIERRA LEONE)</b>					
Fire insurance		-	-	-	-
Marine		-	-	-	-
Motor insurance		-	-	-	-
Miscellaneous insurance.		-	-	-	-
			-		-
AMOUNT DUE TO INSURANCE COMPANIES CREDITORS			353,975		353,975
Sundry creditors			8,868		4,000
			328,067		428,366
<b>ASSETS</b>					
<b>INVESTMENTS</b>					
Sundry deposit with Bank of Sierra Leone			60,000		60,000
Sierra Leone Government Treasury Bills			-		-
			60,000		60,000
<b>CURRENT ASSETS</b>					
Cash at Bank and in Hand		263,472		365,939	
Taxation		2,262		2,262	
Sundry debtors		2,333		165	
			268,067		368,366
<b>FIXED ASSETS</b>					
(Less depreciation)	3	-		-	
Other Fixtures and Fittings		-		-	
Residential Equipments		-		-	
			-		-
			328,067		428,366

Approved by the Board 2004

Director

Director

वार्षिक प्रतिवेदन  
ANNUAL REPORT

**2003-04**



**THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE ) LIMITED**  
**PROFIT AND LOSS ACCOUNT YEAR ENDED 31<sup>st</sup> DECEMBER 2003**

	Notes	2003		2002	
		Le 000	Le 000	Le 000	Le 000
INTEREST RECEIVED			10,115		61,047
OTHER INCOME			15,761		63,844
(LOSS) TRANSFERRED FROM REVENUE ACCOUNTS					
Fire		-		(18,510)	
Marine		-		(27,842)	
Motor		-		(65,072)	
Miscellaneous		-		(18,739)	
			-		(160,163)
			25,876		(35,272)
Operating expenses			(131,043)		
(LOSS) CARRIED DOWN TO APPROPRIATION ACCOUNT			(105,167)		(35,272)
PROFIT AND LOSS APPROPRIATION ACCOUNT					
Year ended 31 December 2003					
LOSS BROUGHT DOWN FROM PROFIT AND LOSS ACCOUNT			(105,167)		(35,272)
TAXATION	4		-		-
			(105,167)		(35,272)
UNAPPROPRIATED PROFITS BROUGHT FORWARD			86,324		121,596
UNAPPROPRIATED LOSSES CARRIED FORWARD			(18,843)		86,324

**REVENUE ACCOUNTS YEAR ENDED 31 DECEMBER 2003**

	FIRE	MARINE	MOTOR	MISC	TOTAL
REVENUE					
Reserve for unexpired risks – 1 January	-	-	-	-	-
Premium less reinsurance	-	-	-	-	-
Less reserves for unexpired risks 31 December (45% of net premium income for the year)	-	-	-	-	-
Commission received in respect of reinsurance ceded	-	-	-	-	-

**REVENUE ACCOUNTS YEAR ENDED 31 DECEMBER 2003 (Contd.)**

	FIRE	MARINE	MOTOR	MISC	TOTAL
<b>EXPENDITURE</b>					
Claims less reinsurance paid					
During the year	-	-	-	-	-
Outstanding at 31 December 2002	-	-	-	-	-
	<hr/>				
Less Outstanding at 1 <sup>st</sup> January 2002	-	-	-	-	-
	<hr/>				
Claims incurred	-	-	-	-	-
Contingency reserves	-	-	-	-	-
Commissions	-	-	-	-	-
Expenses of Management	-	-	-	-	-
	<hr/>				
(LOSS) TRANSFERRED TO PROFIT AND LOSS ACCOUNT	-	-	-	-	-

**THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE) LIMITED**

**CASH FLOW STATEMENT Year Ended 31<sup>st</sup> DECEMBER 2003.**

	2003		2002	
	Lee 000	Lee 000	Lee 000	Le 000
<b>OPERATING ACTIVITIES</b>				
Operating (loss) before taxation	(105,167)		(160,163)	
(Decrease)/increase in creditors	4,868		(386,843)	
(Increase)/decrease in debtors	(2,168)		98,734	
Exchange equalization	-		(12,335)	
Profit on disposal of fixed assets	(15,761)		-	
Interest received	(10,115)		-	
Net cash flow from operating activities		(128,343)		(460,607)
<b>RETURN ON INVESTMENTS AND SERVICING OF FINANCE</b>				
Interest received		10115		61,047
Other Income received		-		63,844
<b>INVESTING ACTIVITIES</b>				
(Increase) in treasury bills	-		624,724	
Proceeds from sale of fixed assets.	15,761			
Net cash (Inflow/outflow) from investing activities		15,761		624,724
		<u>(102,467)</u>		<u>289,008</u>
<b>Analyses of changes in cash and cash Equivalents during the year :</b>				
Beginning of the year		365,939		76,931
Net cash (outflow)/inflow		<u>(102,467)</u>		<u>289,008</u>
End of the year.		<u>263,472</u>		<u>365,939</u>



**THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE ) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31<sup>st</sup> DECEMBER, 2003.**

**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 14 (117 to 123 of this report) are prepared under the historical cost convention.

(b) Depreciation.

Depreciation is provided on the straight line basis at the following annual rates, which have been calculated to write off the cost of the assets over their expected useful lives:

Motor vehicles	25%
Office fixtures and fittings	15%
Residential equipments	15%

**2. CALLED UP SHARE CAPITAL**

Called up share capital comprised allotted, called up and fully paid ordinary shares of Le. 2.00 each. The authorized share capital of the company through out the year was Le 500,000 divided into 250,000 ordinary shares of Le 2.00 each.

**3. TANGIBLE FIXED ASSETS.**

	Motor vehicles	Office fixtures and fittings	Residential equipment	Total
	Le 000	Le 000	Le 000	Le 000
<b>COST</b>				
Beginning and end of year	—	—	—	—
Additions	—	—	—	—
Disposals	—	—	—	—
	=====	=====	=====	=====
<b>DEPRECIATION</b>				
Beginning of the year and end of year charge	—	—	—	—
Disposals	—	—	—	—
	=====	=====	=====	=====
End of year.	—	—	—	—
	=====	=====	=====	=====
<b>NET BOOK AMOUNT</b>				
End of year and Beginning of year	—	—	—	—
	=====	=====	=====	=====



**THE NEW INDIA ASSURANCE COMPANY (SIERRA LEONE ) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31<sup>st</sup> DECEMBER, 2003. (Contd.)**

4. TAXATION

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

5. GOING CONCERN

The Balance Sheet shows that liabilities exceed assets by Le 34,776,000

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.

6. CAPITAL COMMITMENTS

There are no capital commitments as at 31<sup>st</sup> December 2003(2002-Nil)

7. CONTINGENT LIABILITIES

The Company had denied liability for claims amount 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.

	2003 Le 000	2002 Le 000
Emoluments of staff	14,364	32,528
Traveling and accommodation	10,581	-
Motor expenses	4,693	5,562
Legal and professional expenses	7,949	3,392
Audit fees	5,000	4,000
Printing and stationery	281	397
Rent and rates	4,216	31,034
Communications	3,033	8,408
Conveyance	162	245
Bank charges	710	9,748
Donations	80	649
Generator expenses	3,401	4,022
Repairs and renewals	471	603
Entertaining	3,005	2,759
Electricity	1,960	2,569
Medical	1,016	2,389
Refreshments	1,258	2,402
Insurance	692	1,294
Subscriptions	340	750
Staff welfare	8,453	12,844
Library and training	622	1,163
Payroll tax	250	250
Registration fees	-	275
Adverts and promotion	-	100
End of service benefits	52,034	61,630
Office closure	1,572	-
Agency management fee	4,000	-
	131,043	189,013



**STATEMENT OF GROSS PREMIUMS AND REINSURANCE EFFECTED IN RESPECT  
OF BUSINESS TRANSACTED IN SIERRA LEONE YEAR ENDED 31 DECEMBER 2003**

	FIRE	MARINE	MOTOR	MISC	TOTAL
<b>PREMIUMS</b>					
RECEIVED OR RECEIVABLE					
Gross direct business in Sierra Leone	-	-	-	-	-
Reinsurance accepted in Sierra Leone	-	-	-	-	-
PAID OR PAYABLE					
Reinsurance ceded in Sierra Leone	-	-	-	-	-
Outside Sierra Leone	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET PREMIUMS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>COMMISSIONS</b>					
PAID OR PAYABLE					
Gross direct business in Sierra Leone	-	-	-	-	-
Reinsurance accepted in Sierra Leone	-	-	-	-	-
RECEIVED OR RECEIVABLE					
Reinsurance ceded in Sierra Leone	-	-	-	-	-
Outside Sierra Leone	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET COMMISSIONS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>CLAIMS PAID</b>					
PAID OR PAYABLE					
Gross direct business in Sierra Leone	-	-	-	-	-
Reinsurance accepted in Sierra Leone	-	-	-	-	-
RECEIVED OR RECEIVABLE					
Reinsurance ceded in Sierra Leone	-	-	-	-	-
Outside Sierra Leone	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CLAIMS PAID</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OUTSTANDING PAYABLE					
Gross direct business in Sierra Leone	-	-	-	-	-
Reinsurance accepted in Sierra Leone	-	-	-	-	-
RECEIVABLE					
Reinsurance ceded in Sierra Leone	-	-	-	-	-
Outside Sierra Leone	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET CLAIMS OUTSTANDING</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**RETURNS SHOWINGS PARTICULARS OF INVESTMENTS PERTAINING TO GENERAL INSURANCE BUSINESS 31<sup>ST</sup> DECEMBER 2003**

	Le 000	
Amount of gross direct premiums written in Sierra Leone	-	
Reinsurance per Section 1 Insurance Amendment Act 2000	-	
	<hr/> <hr/>	
Forty percent of the above amount	-	
Amount of outstanding claims in Sierra Leone	-	
	<hr/>	
<b>TOTL INVESTMENT REQUIRED</b>	<b>-</b>	
	<hr/> <hr/>	
Amount deposited with Bank of Sierra Leone	60,000	
Assets other than deposits with Bank of Sierra Leone		
Bank deposits (Schedule P)		
Treasury bills		
Cash in other accounts	263,472	
<b>SCHEDULE F- TIME DEPOSITS WITH BANKS 31 DECEMBER 2003</b>		
	Amount	
Period	Rate of Interest	Le 000
Nil	Nil	-
		<hr/> <hr/>

Certified that there were no investments held in the name of insurer as at 31 December 2003.

# REGIONAL OFFICES IN INDIA

## NORTH ZONE

**Chandigarh Regional Office**  
36-37 Sector 17 APB No. 49  
Chandigarh 160017.  
Tel: 0172-2704079, 2705065,  
Fax: 0172-2703603, 2703245

**Delhi Regional Office II**  
Gulab Bhavan,  
6, Bahdur Shah Zafar Marg  
New Delhi 110002  
Tel: 011-23317570, 71,72  
Fax: 011 23317579

**Kanpur Regional Office**  
Green House 15/60, Civil Lines,  
PO Box No. 151  
Kanpur 208001  
Tel: 0512-2305127, 2305036  
Fax: 0512-2304129, 2304625.

## WEST ZONE

**Ahemdabad Regional Office**  
5<sup>th</sup> floor popular house  
Opp. Swastik Market Ashram Road  
Ahemdabad 380009  
Tel: 079-26585791, 26586809  
Fax: 079-26585639, 26582709.

**Bhopal Regional Office**  
Paryavas Bhavan, Block-3, 2<sup>nd</sup> floor  
Jail Road, (Arera Hills) Bhopal 462001  
Tel: 0755-2553684, 2554803, 2554908  
Fax: 0755-2553143, 2571040

**Mumbai Regional Office I**  
New India Bhavan  
34-38 Bank Street Fort Mumbai 400023  
Tel: 022-22661621, 22660470  
Fax: 022-22663077, 22615692

**Mumbai Regional Office II**  
Jeevan Seva Building SV Road  
Santacruz West Mumbai 400050  
Tel: 022-26175131 Fax: 022-26119171

**Mumbai Regional Office III**  
New India Centre 3<sup>rd</sup> Floor  
17/A Cooperage Mumbai 400039  
Tel: 022-22822604, 22822008  
Fax: 022-22853513

**Mumbai Regional Office VI**  
New India Centre 6<sup>th</sup> Floor  
17/A Cooperage Mumbai 400039  
Tel: 022-22814439, 22817193  
Fax: 022-22817201

**Nagpur Regional Office**  
Gopal Krishna Bhavan Near Rani  
Jhansi Square Sitaburdi Nagpur 440112  
Tel: 0712-2561147, 2561149  
Fax: 0712-2561182

**Pune Regional Office**  
Sharada Centre 2<sup>nd</sup> Floor  
Behind Nal Stop off Karve Road,  
Pune 411004  
Tel: 020-25466964, 25412169  
Fax: 020-25449759

**Baroda Regional Office**  
9<sup>th</sup> floor, Suraj Plaza II, Sayaji Ganj,  
Baroda 390005.  
Tel: 0265-2363004, 6, 2362215  
Fax: 0265-2361231

**Surat Regional Office**  
6<sup>th</sup> Floor Metro Tower Near Kinnary  
Cinema Man Darwaza Ring Road  
Surat 395002  
Tel: 0261-28339445, 28365474  
Fax: 0261-28334757

**Delhi Regional Office I**  
Level 5 Tower II  
Jeevn Bharti Building  
124, Connaught Place  
New Delhi 110001  
Tel: 011-23325112, 14, 23325580  
Fax: 011-23325111.

**Jaipur Regional Office**  
Nehru Place, 2<sup>nd</sup> Floor  
Tonk Road  
New Delhi 110001  
Tel: 0141-2742291, 2743507  
Fax: 0141-2743405

**Ludhiana Regional Office**  
Surya Towers 4<sup>th</sup> Floor  
The Mall  
Ludhiana 141001  
Tel: 0161-2413404, 5, 6, 7  
Fax: 0161-2413409, 413408

## EAST ZONE

**Kolkatta Regional Office**  
4, Mangoe Lane 1<sup>st</sup> Floor Kolkatta 700001  
Tel: 033-22487720, 22480445, 6, 8 Fax: 033-22487781

**Bhuvaneshwar Regional Office.**  
Alok Bharti Towers, 1<sup>st</sup> floor,  
Shaheed Nagar Bhuvaneshwar 751007  
Tel: 0674-2511467, 2508690, 2502269  
Fax: 2503458

**Patna Regional Office**  
B S F C Building 6<sup>th</sup> and 7<sup>th</sup> Floor  
Fraser Road Patna 800001  
Tel: 0612-2231060, 2231049  
Fax: 0612-2227001

**Guwahati Regional Office**  
GS Road Bhanagarh Guwahati 781005  
Tel: 0361-2529426, 2529946 Fax: 2529425.

## SOUTH ZONE

**Bangalore Regional Office**  
2-B Unity Building Annexe,  
Mission Road, Bangalore 560027.  
Tel: 080-22224812, 13, 14.  
Fax: 080-22227359.

**Coimbatore Regional Office.**  
Obli Towers, 594-D.B.R.D  
RSPuram, Coimbatore 641002  
Tel: 0422-2544110, 2546989  
Fax: 2548979

**Chennai Regional Office**  
Spencer Towers, 3<sup>rd</sup> Floor,  
770 Anna Salai, Chennai 600002  
Tel: 044-28528420, 28528421  
Fax: 28520904

**Ernakulam Regional Office**  
PB No. 1049, 36/707 Kanadamkulathy  
Towers MG Road Kochi. 682,011  
Tel: 0484-2361547, 361556  
Fax: 0484-2370593

**Hyderabad Regional Office**  
104, Block A B & E 5<sup>th</sup> Floor  
Surya Towers Opp Gymkhana Ground  
Saradar Patel Road, Secunderabad. 500003  
Tel: 040-27841846, 27849215  
Fax: 040-27849315

**Vishakapattanam Regional Office**  
47-10-12, 3<sup>rd</sup> and 4<sup>th</sup> Floor Pavan Paradise, Near Diamond Park 2<sup>nd</sup>  
Lane Dwaraka Nagar  
Vishakapattanam 530020  
Tel: 0891-22751459, 22751411  
Fax: 0891-22505961