

DIRECTORS' REPORT

Dear Members

Your Directors have immense pleasure in presenting the second Annual Report, together with the audited statement of accounts of Bharti AXA Life Insurance Company Limited ("the Company") for the year ended 31 March 2007.

Financial Performance

The performance highlights for the year are summarised below:

(Figures in millions)		
Particulars	For the Year Ended March 31, 2007	For the Year Ended March 31, 2006
Income		
Premium Income {net}		77.59
Income from Investments		
• Policyholders	(0.18)	
• Shareholders	58.0	57.34
Other Income		7.32
Total Income		142.75
Less: Expenses		
Commission		5.62
Expenses {excluding depreciation}		848.44
Depreciation		27.87
Benefits paid {net}		-
Provision for actuarial liability (net)		e 37
Loss for the Current Year		2.71
		804.26)
Total Expenses		947.01
Add: Loss Brought Forward from Last Year		(
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- Expense and depreciation includes Rs.125mn pertaining to the period prior to the start of operations.

Dividend

Since the Company is in the initial stages of its business and there is overall deficit for the year under review, the Directors do not recommend any dividend for the year.

Successful first financial year

The Company became the sixteenth player in the life insurance market when it received its license to commence insurance operations on 14 July 2006. The Company's business was formally launched at the hands of Mr C S Rao, Chairman, Insurance Regulatory and Development Authority ('IRDA') when he graced the inauguration of the Hyderabad branch on 22 August 2006. This was followed by a national media launch at the hands of Mr P Chidambaram, Hon'ble Finance Minister on 13 December 2006 at Mumbai.

During the year the Company has sold 5100 individual policies and covered 3067 lives under its group insurance product for a total received premium of Rs.77.5mn. As at 31 March 2007 the Company has a sales force of 1500 including licensed agents operating from 16 points of sale having a presence in 15 cities. The Company has a focused multi-distribution strategy of agency channel, employee sales force, corporate agents, brokers and other third party distributors.

Products

The Company during its first year of operations has launched four individual products - FutureConfident (unit linked whole life), FutureConfident II (unit linked whole life), WealthConfident (unit linked limited pay) and SecureConfident (term assurance) as well as Critical Illness and Accidental Death Benefit riders. These products have been well-received by the market. The Company launched a special product 'ServSuraksha' for the rural market. The Company has since 01 April 2007 launched two further products namely, SaveConfident (traditional participating anticipated endowment) and InvestConfident (unit linked single premium). The Company plans to enhance the individual product portfolio in the coming financial years to cover the entire suite of products available in the market.

Rural and Social sector obligations

The Company has complied with both the rural and social sector obligations as mandated by the IRDA. The Company has underwritten 480 rural policies (8% of total policies) and covered 3067 lives under the social sector during the year.

Technology

Technology plays a critical role as a service differentiator in the growth plan of the Company. The Company has taken a number of key technology initiatives:

- Service delivery initiatives such as decentralised imaging and workflowing, automated SMS, output management system and customer self service portal
- Distribution channel initiatives such as distributor portal, agent recruitment system and customer relationship management system
- Enterprise initiatives such as data warehousing/business intelligence, human resource management system and investment management system
- IT infrastructure initiatives such as internet gateway and back up MPLS connectivity.

Customer Service

The Company in its endeavour to build a customer centric organisation has launched various initiatives like front end imaging, service standards for policy issuance, policy administration, claim payment, complaint acknowledgement and resolution of customer complaints. A complaint handling and resolution mechanism is in place for redressal of grievances/ complaints of customers. Customer satisfaction is monitored through regular customer surveys and quality assessment. The Company uses the Customer Service Index ('CSI') as a measurement mechanism to track its performance on customer service delivery metrics.

Corporate Governance

The Company believes in the philosophy of conducting business through ethical and fair means. The true spirit of corporate governance emanates from the strong values which the Company believes and practices. A detailed report on Corporate Governance is included as part of this Annual Report.

Board of Directors

At the core of its corporate governance practice is the Board of Directors, which oversees the working of the management and protects the long term interests of its shareholders and policyholders.

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, Mr Mark Pearson, Mr Saanjay Saxena and Mr Nasser Munjee, Directors of the Company, are liable to retire

by rotation at the Annual General Meeting and being eligible, offer themselves for re-appointment as Directors. The Directors recommend their re-appointment.

Auditors

M/s Lovelock and Lewes and M/s Khandelwal Jain and Company, Chartered Accountants, were appointed as the joint statutory auditors of the Company for the financial year 2006-2007 and shall be retiring at the conclusion of the forthcoming annual general meeting. The Company proposes to re-appoint M/s Lovelock and Lewes and M/s Khandelwal Jain and Company as the joint statutory auditors (both being eligible for re-appointment) on the recommendation of the Board Audit and Compliance Committee of the Company. The firms have expressed their willingness to continue as the statutory auditors, if re-appointed at the Annual General Meeting and have certified that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and as per the requirements stipulated by the IRDA.

Share capital

During the year the share capital of the Company increased by Rs.1489 mn. A further Rs.380mn has been received from the shareholders and is pending allotment as on 31 March 2007.

Deposits

The Company does not accept deposits from the public.

Particulars of Employees

The Company has over 783 employees as of 31 March 2007. The statement of particulars of employees pursuant to the provisions of Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is set out in the Annexure to this Report.

Statutory Disclosure of Particulars

The requirements of disclosure in terms of Section 217(1)(e) of the Companies Act, 1956, pertaining to steps taken regarding conservation of energy do not apply to the Company. Other particulars in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1982, are not applicable and hence are not given.

The Company recorded an outflow of Rs.8,74,024.28 in foreign exchange in 2006-2007.

Auditors' Report

The reports of the joint statutory auditors are attached to this report. All the Notes to Schedules and Accounts are self-explanatory and do not call for further comment.

Management Report

Pursuant to the provisions of Regulation 3 of the IRDA (Preparation of financial statements and auditors' report of insurance companies) regulations, 2000, the Management Report forms a part of the financial statements.

Solvency Margin

The Company is adequately capitalised and has, at all times during the year, complied with the required IRDA solvency norms.

Directors' Responsibility Statement

Your Directors confirm that:

- the annual accounts have been prepared in accordance with applicable accounting standards and there have been no material departures from the same;
- the Company has selected accounting policies and applied them consistently and has made judgments and estimates that are reasonable and prudent and provide a true and fair view of the state of affairs of the company as on 31 March 2007;
- proper and sufficient care has been taken to maintain adequate accounting records and safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the accounts of the Company are prepared on a going concern basis. Other accounting policies are stated in the notes to the accounts which form an integral part of the annual accounts.

Outlook

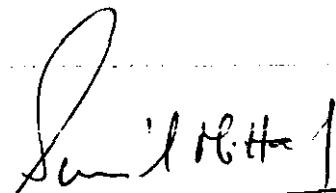
The Indian economy continued to grow at a robust pace with the real GDP rising 9.2% in the financial year (FY) 2006-07, as per advanced estimate released by Central Statistical Organisation (CSO). The financial services sector showed an even higher growth at 11.15% in the FY 2006-07. The new business premium of the life insurance industry has grown at record pace of 95% in FY 2006-07.

Market share of the private sector life insurance companies continued to increase in FY 2005-07 with the market share of 37.0% (on annualised premium equivalent basis) compared to 35.5% in FY 2005-06. Life insurance penetration in India continues to be low at 3.2% of GDP. This presents attractive growth opportunities for the life insurance sector. The Company will play a meaningful role in not only increasing its market share but also by reaching out to the market segments that are hitherto not fully tapped.

Acknowledgements

The Board places on record its sincere appreciation of the hard work, professionalism, team work and relentless pursuit of excellence shown by its employees and distributors, which has enabled the company to successfully launch its operations and complete the financial year. The Board also expresses its gratitude to the IRDA, the Bharti group and the AXA Group for their constant support, guidance and co-operation.

For and on behalf of the Board of Directors of Bharti AXA Life Insurance Company Limited



Sunil Bharti Mittal
Chairman

11 June 2007
New Delhi

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

The philosophy of doing business through ethical and fair means has been the foundation of Bharti AXA Life Insurance Company Limited ("the Company") since inception. The Company believes that the true spirit of corporate governance emanates from the Values the Company which are Professionalism, Innovation, Pragmatism, Team Spirit and Integrity.

Board of Directors ('Board')

The Board of the Company oversees how the management serves and protects the long-term interests of all the policyholders and the shareholders of the company. The Directors on the Board of the Company come from diverse areas of knowledge and specialisation. They provide an independent and objective view on the business issues and assess them from the stand-point of the stake holders of the Company. The Managing Director is responsible for implementation of strategy, achievement of business plan and day-to-day operations of the Company.

The Board meetings of the Company are held on a quarterly basis to review the performance of and provide future directions to the senior management of the Company. In case of matters requiring urgent deliberation and decision, the Board approves these matters, by passing resolutions by circulation. The Board met four times during the financial year 2006-2007 on 16 May 2006, 22 August 2006, 14 December 2006 and 14 March 2007.

The Board of the Company comprises of one (1) executive and seven (7) non-executive Directors. The composition of the Board as at 31 March 2007 is as follows:

Name of Director	Directorship Title
Mr Sunil B Mittal	Non-Executive Director, Chairman
Mr Nitin Chopra	Chief Executive Officer and Managing Director
Mr Mark Pearson	Non-Executive Director
Mr Sadri Agarwal	Non-Executive Director
Ms Clare Duggan	Non-Executive Director
Mr Akhil Gupta	Non-Executive Director
Mr Sanjay Saxena	Non-Executive Director
Mr Nasser Munjee	Non-Executive Director

During the financial year 2006-07, following changes were made to the Directorships of the Company:

Name of Director	Date of Appointment / Cessation	Particulars
Appointments		
Mr Sadri Agarwal	16 May 2006	Appointed as Additional Director and the appointment was regularised at the Annual General Meeting held on 14 December 2006.
Mr Sanjay Saxena	16 May 2006	Appointed as Additional Director and the appointment was regularised at the Annual General Meeting held on 14 December 2006.
Mr Nitin Chopra	16 May 2006	Appointed as Additional Director (Chief Executive Officer and Managing Director). The appointment was regularised at the Annual General Meeting held on 14 December 2006.

Mr Rajan Bharti Mittal	16 May 2006	Appointed as Alternate Director to Mr Sunil Bharti Mittal
Cessations		
Mr Tim Thomas	16 May 2006	Resigned from the position of the Director
Mr Milind Chalisgaonkar	16 May 2006	Resigned from the position of the Director
Mr Rajan Bharti Mittal	16 May 2006	Resigned from the position of the Director

Committees of the Board of Directors

To enable better and more focussed attention on the affairs of the Company, the Board delegates particular matters to Committees of the Board set up for the purpose. These Committees prepare the groundwork for decision making and report at the subsequent Board meetings. There are three sub-committees of the Board namely the Board Audit and Compliance Committee, Board Investment Committee and Board Remuneration Committee.

Board Audit and Compliance Committee

The Board Audit and Compliance Committee ("BACC") is primarily responsible for reviewing the internal control systems and financial operating systems of the Company, ensuring legislative and regulatory compliances, reviewing accounting policies and audit reports and reporting to the Board of Directors on significant results of the foregoing activities.

The BACC provides the Board of Directors with qualitative inputs on financial statements and brings in a degree of financial expertise. In addition, the BACC also reviews the findings of internal and statutory audits and approves the appointment, removal and terms of remuneration of statutory auditors. The statutory auditors and internal auditors are entitled to attend and participate in the deliberations at the meetings of the BACC.

During the financial year, Board Audit and Compliance Committee ("BACC") met 3 times i.e., on 22 August 2006, 14 December 2006 and 14 March 2007. The composition of the BACC as on 31 March 2007 is as follows:

Name of the member	Designation	Category
Mr Sadri Allarwal	Chairman	Non-Executive Director
Mr Mark Pearson	Member	Non-Executive Director
Ms Clare Duggan	Member	Non-Executive Director
Mr Nasser Munjee	Member	Non-Executive Director

Board Investment Committee

Board Investment Committee ("BIG") is constituted as per the mandate of Insurance Regulatory and Development Authority ("IRDA"). The Committee amongst other things inter alia is responsible for recommending investment policy to the Board, review of investment performance and ensuring compliance with the statutory requirements for investments.

During the financial year, the Board Investment Committee ("BIG") of the Company met 3 times on 22 August 2006, 14 December 2006 and 14 March 2007. The BIC was re-constituted during the F.Y. 2006-07 by the Board at its meeting held on 14 March 2007. The composition of the BIC as on 31 March 2007 is as follows:

Name of the Members	Desianation	Category
Mr Badri Agarwal	Chairman	Non-executive Director
Mr Mark Pearson	Member	Non-executive Director
Mr Nasser Muniee	Member	Non-executive Director
Mr Nitin Chopra	Member	Chief Executive Officer (Principal Officer)
Mr K S Gopalakrishnan	Member	Chief Financial Officer
MrG L N Sarma	Member	Appointed Actuary
Mr Abhiit Gulanikar	Member	Vice President - Investments

Board Remuneration Committee

The Board Remuneration Committee ('BRC') is primarily responsible in assisting the Board in developing and implementing remuneration strategies and framework, recommending specific remuneration packages to key senior officers and ensuring the highest standards of governance and disclosure in remuneration.

During the financial year, the Board Remuneration Committee ("BRC") of the Compsrr; met twice on 22 August 2006 and 14 March 2007. The composition of the BRC as on 31 M<:>rch 2007 is as follows:

Name of the members	Designation	catoag ----
Mr Badri Agarwal	Chairman	Non-executive Dire tor
Mr Mark Pearson	Member	Non-executive Directoi
Mr Nasser Muniee	Member	Non-executive Director
Ms Clare DuQQan	Member	Non-executive Director

General Meetings

The particulars of the general meetings of the Company held during the financial year are as follows-

General meeting	Date of meetina	Venua
Extra-ordinary general meeting	29 May2006	
Annual general meeting	14 December 2006	Reg!stNed office of thn
Statutory meeting	9 January 200ZJ	Company
Extra-ordinary aenerat meeting	22 January 2007	

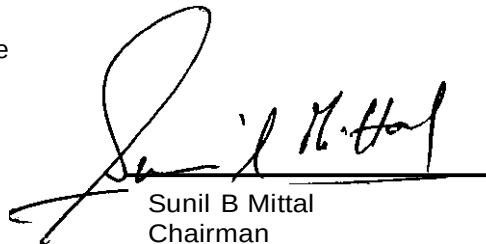
General Shareholder Information

Date, time and venue of the second Annual General Meeting 11 June 2007- 12:30 hrs (1ST)
Bharti AXA Life Insurance Company Limited
61/62, Kalpataru Synergy
Opp Grand Hyatt
Vakola Santacruz (East)
Mumbai 400055

Address for correspondence Same as above

For and on behalf of the Board of Directors

Place: New Delhi
Dated: 11 June 2007


Sunil B Mittal
Chairman

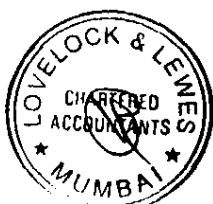
AUDITORS' REPORT

To the Members of
Bharti AXA Life Insurance Company Limited

1. We have audited the accompanying Balance Sheet of Bharti Axa Life Insurance Company Limited ('the Company') as at March 31, 2007, the Policyholders' Revenue Account, the Shareholders' Profit and Loss Account for the period July 14, 2006 to March 31, 2007 and the Receipts and Payments Account for the year ended March 31, 2007, annexed thereto, which we have signed under reference to 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.
2. 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.
3. In accordance with the provisions of Section II of the Insurance Act, 1938 ('the Insurance Act') read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations'), and the provisions of sub-sections (1), (2) and (5) of Section 211 and sub-section (5) of Section 22 of the Companies Act, 1956 ('the Companies Act'), the Balance Sheet, the Policyholders' Revenue Account and the Shareholders' Profit and Loss Account are not required to be, and are not, drawn up in accordance with Schedule VI to the Companies Act. The Balance Sheet, the Policyholders' Revenue Account and the Shareholders' Profit and Loss Account are, therefore, drawn up in conformity with Regulation 3(1) of the Regulations.
4. We report that:
 - (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 have found them to be satisfactory.
 - (b) In our opinion, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books.
 - (c) The financial accounting systems of the Company are centralised and therefore accounting returns are not required to be submitted by branches and other offices.
 - (d) The Balance Sheet, Policyholders' Revenue Account, Shareholders' Profit and Loss Account and the Receipts and Payments Account referred to in this report are in agreement with the books of account.



- (e) The actuarial valuation of liabilities for policies in force is the responsibility of the Company's appointed actuary ('the appointed actuary'). The actuarial valuation of liabilities for policies in force has been duly certified by the appointed actuary. The appointed actuary has certified to the Company that the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ('IRDA') and the Actuarial Society of India in concurrence with IRDA. We have relied upon the appointed actuary's certificate in this regard.
- (f) On the basis of written representations received from the Directors, and taken on record by the Board of Directors of the Company, none of the Directors is disqualified as on March 31, 2007 from being appointed as a Director in terms of Section 274(l)(g) of the Companies Act.
5. In our opinion and to the best of our information and according to the information and explanations given to us:
- (a) The accounting policies selected by the Company are appropriate and in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act and with the accounting principles prescribed in the Regulations and orders or directions issued by IRDA in this behalf. The Balance Sheet, the Policyholders' Revenue Account, the Shareholders' Profit and Loss Account and the Receipts and Payments Account referred to in this report are in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act.
- (b) Investments of the Company have been valued in accordance with the provisions of the Insurance Act and the Regulations.
- (c) The said financial statements are prepared in accordance with the requirements of the Insurance Act, the Insurance Regulatory and Development Authority Act, 1999, the Regulations and the Companies Act, to the extent applicable and in the manner so required, and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
 - ii. in the case of the Policyholders' Revenue Account, of the deficit (before transfer by shareholders) of the Company for the year ended March 31, 2007;
 - iii. in the case of the Shareholders' Profit and Loss Account, of the loss of the Company for the year ended March 31, 2007; and
 - iv. in the case of the Receipts and Payments Account, of the receipts and payments of the Company for the year ended March 31, 2007.
6. Further, on the basis of our examination of the books of account and other records of the Company and according to the information and explanations given to us, we certify to the best of our knowledge and belief that:



- (a) We have reviewed the management report attached to the financial statements for the period July 14, 2006 to March 31, 2007 and have found no apparent mistake or material inconsistency with the financial statements.
- (b) **Based on information and explanations received during the normal course of our audit and management representation, nothing has come to our attention which causes us to believe that** the Company has not materially complied with the terms and conditions of registration as per sub-section 4 of section 3 of the Insurance Act, 1938.

For Lovelock & Lewes
Chartered Accountants

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|.Or'-.:._---

Sharmila A. Karve
Partner
M. No. 43229
Place: New Delhi
Dated: 11" June, 2007

For Khandelwal Jain & Co.
Chartered Accountants

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Shailesh Shah
Partner
M. No. 33632
Place: New Delhi
Dated: 11" June, 2007



Auditors' Certificate

In accordance with the information and explanations given to us and to the best of our knowledge and **belief and based on our examination of the books of account and other records maintained by Bharti AXA Life Insurance Company Limited** ('the Company') for the year ended March 31, 2007, we certify that:

1. **We have verified the cash balances, to the extent considered necessary, and securities** relating to the Company's investments as at March 31, 2007, by actual inspection or on the basis of certificates/confirmations received from the depository participant appointed by the Company, as the case may be. As at 31 March 2007, the Company had no reversions and life interests;
2. The Company is not the trustee of any trust; and
3. No part of the assets of the policyholders' funds has been directly or indirectly applied in **contravention to the provisions of the Insurance Act, 1938, relating to the application and investments of the policyholders' funds.**

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

For Lovelock & Lewes
Chartered Accountants

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Sharmila A. Karve
Partner

M. No. 43229

Place: New Delhi

Dated: 11th June, 2007

For K.handelwal Jain & Co.
Chartered Accountants

] /

Shailesh Shah

Partner

M. No. 33632

Place: New Delhi ..

Dated: 11th June, 2007



Form A-RA
BHARTI AXA LIFE INSURANCE COMPANY LIMITED
IRDA Registration No: 130
Date of Registration with IRDA: July 14,2006

REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31,2007
Policyholders' Account (Technical Account)

_ (Rs. 000's)

Particulars	Schedule	Year Ended March 31,2001
Premiums earned - net		
(a) Premium	1	77,761
(b) Reinsurance ceded		(170)
(c) Reinsurance accepted		
Sub Total		77,591
Income From Investments		
[Refer Notes 2(b)(ii), 2(b)(iii) and 2(h) of Schedule 16]		
(a) Interest, Dividends and Rent- Gross		307
(Amortisation for the year Nil. Previous year Nil)		
(b) Profit on sale/redemption of investments		54
(c) Loss on sale/redemption of investments		(45)
(d) Transfer/Gain on revaluation/change in fair value**		(492)
Other Income		
(a) Contribution from Shareholders' Net		846,66
(Refer Note 21 of Schedule 16)		
(b) Foreign Exchange Gains		6,865
(c) Others		458
TOTAL (A)		931,40
Commission	2	5,615
Operating Expenses related to Insurance Business	3	\$60,701
Provision for Doubtful Debts		
Bad debt to be written off		
Provision for Tax		
[Refer Note 2 (n) of Schedule 16]		
(a) Income Tax		
(b) Fringe Benefits Tax		2,705
Provisions (other than taxation)		
(a) For diminution in the value of investments (Net)		
(b) Others		
TOTAL (B)		869,036
Benefits Paid (Net)	4	
Interim Bonuses Paid		
Change in valuation of liability in respect of life policies		
(a) Gross		62,36
(b) Amount ceded in Reinsurance		-
(c) Amount accepted in Reinsurance		
TOTAL (C)		62,36
SURPLUS (DEFICIT) (D)=(A)-(B)-(C)		-
APPROPRIATIONS		
Transfer to Shareholders' Account		
Transfer to Other Reserves		
Balance being Funds for Future Appropriations		
TOTAL (D)		
**represents the deemed realised gain as per norm specified by the authority		
The breakup of total surplus is as under:		
(a) Interim Bonus Paid		
(b) Allocation of Bonus to policyholders		
(c) Surplus shown in the Revenue Account		
(d) Total Surplus: ((a)-(b)-(c))		
Notes to the Accounts		

Schedules referred to above form an integral part of the Revenue Account

We hereby certify that the above figures are correct and true and have been fully debited in Revenue Account.

For and on behalf of the Board of Directors

[Signature] *[Signature]*
Sunil Bharti Mittal Chairman Badri Agarwal Director Mark Pearson Director

Shamtila A. Karve
Partner
Membership No. 43229
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Shailesh Shah
Partner
Membership No. 33632
For and on behalf of
Khandelwal Jain & Co.
Chartered Accountants

H N:in' M.:J:"A,
Chief Executive Officer Chief Financial Officer

[Signature]
GLN Sanna
Appointed Actuary

Place : New Delhi
Date : 14th June, 2007

Place : New Delhi
Date : 14th June, 2007



Form A-PL
BHARTI AXA LIFE INSURANCE COMPANY LIMITED
IRDA Registration No: 130
Date of Registration with IRDA: July 14, 2006

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007
Shareholders' Account (Non-technical Account)

(Rs. 000's)

Particular	Schedule	Year Ended March 31, 2007
Amount transferred from Policyholders Account (Technical Account)		
Income From Investments [Refer Notes 2(b)(ii), 2(b)(iii) and 2(h) of Schedule 16]		
(a) Interest, Dividends and Rent- Gross of Accretion		56,453
(The above includes income accretion of Rs.1,611 thousand, Previous year Nil)		
(b) Profit on sale/redemption of investment		2,489
(c) (Loss on sale/ redemption of investments;		(930)
Other Income		
TOTAL(A)		58,012
Expense other than those directly related to the insurance business		15,600
Bad debt written off		
Provisions (Other than taxation;		
(a) For diminution in the value of investments (net)		
(b) Provision for doubtful debt!		
(c) Others		
Contribution to the Policyholders Account (Technical Account) (Refer Note 1 of Schedule 16)		-
TOTAL(i)		15,600
Profit/(Loss) before tax		804,257
Provision for Taxation		
Profit/(Loss) after tax		804,257
APPROPRIATIONS		
(a) Balance at the beginning of the year		
(b) Interim dividends paid during the year		
(c) Proposed final dividend		
(d) Dividend distribution on call		
(e) Transfer to reserves/ other accounts		
Profit/(Loss) carried forward to the Balance Sheet		604,257
Earnings per share (Face Value Rs 10/- per share)		
Basic (Rs.)		(7.82)
Diluted (Rs.)		(7.78)

Notes to the Account:-

Schedules referred to above form an integral part of the Profit and Loss Account

Shannila A. Kar...e
Partner
Membership No. 42229
Member on behalf of

T, n, elnck & l, ewe
Chartered Accountants

Shailesh Shah
Partner
Membership No. 33 32
Member on behalf of

Khandelwal Jain & Co.
Chartered Accountants



Place : New Delhi
Date : 11th June, 2007

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Nitin Chojra
Chief Executive Officer

opalakrishnan
Chief Financial Officer

Malik Pearson
Director

GLN Sanna
Appointed Actuary

Place : New Delhi
Date : 11th June, 2007

FORMA-BS
BHARTI AXA LIFE INSURANCE COMPANY LIMITED
IRDA Registration No: JJO
Date of Registration with IRDA: July 14, 2006
BALANCE SHEET AS AT MARCH 31, 2007

(Rs. 000's)

Particulars	Schedule	A5 at March 31, 2007	As at March 31, 2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	5	1,500,000	11,000
Share Application Money Pending Allotment		380,000	86,800
Reserves And Surplus	6	(730)	
Credit/(Debit) Fair Value Change Account (Net) Sub-Total		1,879,270	97,800
Borrowings	7		-
POLICYHOLDERS' FUNDS:			
Credit/(Debit) Fair Value Change Account (Net)			
Policy Liabilities		8,090	
Insurance Reserves			
Provision For Linked Liabilities Sub-Total		54,279	
TOTAL			
Funds For Future Appropriations			
TOTAL			
INVESTMENTS			
APPLICATION OF FUNDS			
Shareholders'	8	1,154,435	
Policyholders'	8A	8,100	
Assets Held To Cover Linked Liabilities	8B	54,279	
Loans			
Fixed Assets	10	106,853	34,873
Incidental Expenditure Pending Capitalisation / Allocation			65,844
Current Assets			
Cash and Bank Balances	11	13,948	13,964
Advances And Other Assets	12	179,014	37,094
Sub-Total (A)		192,962	51,058
Current Liabilities	13	374,921	53,975
Provisions	14	4,326	
Sub-Total (B)		379,247	53,975
NET CURRENT ASSETS (C) = (A - B)			
Miscellaneous Expenditure			
(To the extent not written off or adjusted)			
Deductible of Profit and loss Account			

Notes to the Account\$.

TOTAL

1,941,639

97,800

Schedules referred to above form an integral part of the Balance Sheet

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Sh•nniGA. Km<
Partner
Membership No. 43229
For and on behalf of
Lovelock & Lewes
Chartered Accountants

Sh;;,r,;;, h•h
Partner
Membership No. J n
For and on behalf of
Kbandelwal Jain & Co.
Chartered Accountants

Chatnman

Director

M"KP"rn"
Director

Nitin Chopra
Chief Executive
Officer

K.S. Gopalakrishnan
Chief Financial Officer

GLN Sarma
Appointed Actuary



Place :New Delhi
Date : 11th June, 2007

Place :New Delhi
Date : 11th June, 2007

BHARTI AXA LIFE INSURANCE COMPANY LIMITED

SCHEDULES FORMING PART OF THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31,2007

SCHEDULE I

PREMIUM

Refer Note 2 b)(i) of Schedule 16]		(Rs.000's)
	Particulars	Year Ended March 31 2007
1	First year premiums	77,665
2	Renewal premiums	-
3	Single premiums	96
	TOTAL PREMIUM	77,761

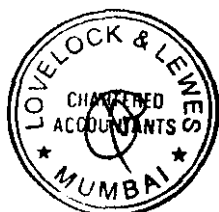
Premium Income from business written :

In India	77,761
Outside India	
TOTAL PREMIUM	77,761

SCHEDULE 2

COMMISSION EXPENSES

Refer Note 2(f) of Schedule 16]		(Rs.000's)
	Particulars	Year Ended March 31,2007
	Commission paid	
	Direct - First year premium	5,615
	- Renewal premium	-
	- Single premium	-
	Total (A)	5,615
	Add : Commission on Re-insurance Accepted	
	Less : Commission on Re-insurance Ceded	-
	Net Commission	5,615
	Break-up of the Commission expenses (Gross) Incurred to procure business.	
	Agents	5,425
	Broker	190
	Corporate Agencies	
	Referrals	-
	Total (B)	5,615



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

SCHEDULE FORMING PART OF THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

SCHEDULE 3

OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

Refer Notes 2 (c) and 22 of Schedule 161

ffis.000's

	Particulars	Year Ended March 31 2007
I	Employees' remuneration and welfare benefit (Refer Note 9 of Schedule 16)	300,977
2	Travel, conveyance and vehicle running expense	48,503
3	Training expenses	11,436
4	Rents, rates and taxes	67,646
5	Repairs	3,028
6	Printing and stationery	12,974
7	Communication expenses	14,071
8	Legal and professional charges	69,015
9	Medical fees	281
10	Auditors' fees, expenses etc	
	a) as auditor	1,002
	b) as adviser or in any other capacity, in respect of	
	(i) Taxation matters	-
	(ii) Insurance matters	-
	(iii) Management services;	-
	c) in any other capacity	60
II	Advertisement and publicity	178,190
11	Interest and bank charges	1,135
13	Depreciation/ Amortisation (Refer Note 2G) of Schedule 16)	27,874
14	Information technology and related expense	114,119
15	Subscription fees	1,511
16	Electricity	4,153
17	Security	1,286
18	Brokerage	1,388
19	Others	2,009
	TOTAL	860,718



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

SCHEDULE FOR JUNG PART OF THE REVENUE ACCOUNT FOR THE PERIOD ENDED MARCH 31,2007

SCHEDULE 4

BENEFITS PAID [NET]

Refer Note 2(e) of Schedule 161

(Rs.000's)

	Particulars	Year Ended March 31,2007
1	Insurance Claims	
	(a) Claims by Death,	-
	(b) Claims by Maturity,	-
	(c) Annuities/Pensions payment,	
	(d) Other benefits- Riders	
	• Surrender	-
2	(Amount ceded in reinsurance):	
	(a) Claims by Death,	-
	(b) Claims by Maturity,	-
	(c) Annuities/Pensions payment,	-
	(d) Other benefits- Riders	
	• Surrender	-
3	Amount accepted in reinsurance :	
	(a) Claims by Death,	
	(b) Claims by Maturity,	-
	(c) Annuities/Pensions payment,	-
	(d) Other benefits- Riders	-
	• Surrender	-
	TOTAL	-
	Benefits paid to claimants:	
	In India	-
	Outside India	-
	Total Benefits paid {Net}	



BHARTI AXA LIFE INSURANCE COMPANY LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 5

SHARE CAPITAL

Refer Note 17 of Schedule 161

		In Rs. 000's	
	Particulars	As at March 31, 2007	As at March 31, 2006
1	Authorised Capital 200,000,000 (Previous Year 100,000,000) Equity shares of Rs 10/- each	2,000,000	1,000,000
2	Issued Capital 150,000,006 (Previous Year 1,100,000) Equity shares of Rs 10 each, fully paid up	1500,000	11,000
3	Subscribed Capital 150,000,006 (Previous Year 1,100,000) Equity shares of Rs 10 each, fully paid up	1500,000	11,000
4	Called-up Capital 150,000,006 (Previous Year 1,100,000) Equity shares of Rs 10 each, fully paid up	1,500,000	11,000
	Less: Call unpaid		
	Add: Shares forfeited (Amount originally paid up)		
	Less: Par value of Equity Shares bought back		
	Less: Preliminary expenses		
	Expenses including commission or brokerage on Underwriting or subscription of shares		
	TOTAL	1300,000	

Notes:

- a) During the year, the company has issued 148,100,006 equity shares of Rs 10 each for the following shareholders:-
- | | |
|--|-----------|
| Shri. Ramesh Chandra (Holding) Private Limited | 53,91,100 |
| First American Securities Private Limited | 6,66,700 |
| Axis India Holding (Mauritius) | 3,10,100 |

SCHEDULE 5A

PATTERN OF SHAREHOLDING

[As certified by the Company Management]

Shareholder	As at March 31, 2007		As at March 31, 2006	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Indian	116,667,006	77.78%	1,100,000	100%
Foreign	33,333,000	22.22%		
Total	150,000,006		1,100,000	



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31,2007

SCHEDULE 6

RESERVES AND SURPLUS

(Rs. COO's)

	Particulars	As at March 31, 2007	As at March 31, 2006
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	-	-
4	Revaluation Reserve	-	-
5	General Reserves	-	-
	Less: Debit balance in Profit and Loss Account	-	-
	Less: Amount utilized for Buy-back	-	-
6	Catastrophe Reserve	-	-
7	Other Reserves	-	-
8	Balance of profit in Profit and Loss Account	-	-
	TOTAL	-	-

SCHEDULE 7

BORROWINGS

(Rs. LJO's)

	Particulars	As at March 31, 2007	As at March 31, 2006
1	Debentures/ Bonds	-	-
2	Banks	-	-
3	Financial Institutions	-	-
4	Others	-	-
	TOTAL	-	-



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 8

INVESTMENT8-SHAREHOLDERS

Refer Notes 2(h) and 8 of Schedule 161

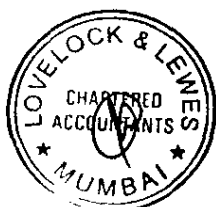
_LRJ.000*

	Particulars	As at March 31, 20U7	As at Marth 31, 2006
	LONG TERM INVESTMENTS		
1	Go'vemment Securities and Government guanteed bonds including Treasury Bills*	385,324	
2	Other Approved Securities		
▼	Other Imestments		
	(a) Shares		
	(aa) Equity	19,289	
	(bb) Preference		
	(b) Mutual Funds		
	(d) Debentures/ Bonds	50,000	
	(c) Other Securities		
	(f) Subsidiaries		
	(g) Investment Propertie,;-Real Estate		
▼	inv ents in Infrastruc:Uire and Social Sector (Refer Note 8 (v)of Schedule 16J Non Convertible Debentures	195,114	
5	Qtt.herthan Approved Investments		
	Equity Shaus	5,115	
	Debentures/ Bonds		
	SHORT TERM INVESTMENTS		
1	Government Securities and Government guaranteed bonds including Treasury Bills	227,387	
2	Other Approved Secwities		
3	Other Investments		
	(a) Shares		
	(aa) Equity		
	(bb) Preference		
	(b) Mutua1 Funds		
	(c) Derivativ Instruments	100,0;1	
	(d) Debentures/ Bonds	96,011.	
	(e) Other Securities		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
	(h) Margin Money	1,2271	
4	Investments in Infrastructure and Social Sectm (Refer Note 8 (v) of Schedule 161 Non Convertible Debenturts Other than Approved Investments Equity Shares Debenturesl Bonds Mutual Fund	50,000 14842	
	TOTAL	1154435	-
	INVESTMENTS	--	
	In India	1,154,435	
	Outside India		
	TOTAL	J 15H35	

Notes-

- 1 Aggregate book value and market value of long term investment other than equity shares is Rs.(000) 630,438 and Rs.(000) 624,411 respectively.
- 2 Aggregate book value and market value of Short term investment other than equity shares is Rs.(000) 489,590 and Rs.(000) 487,739 respectively.

* Government Securities inc:Judes Rs. (000) 1041 towards deposits under 7 of the Insurance Act 1938



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 8A

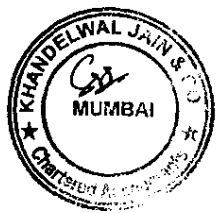
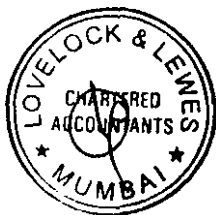
INVESTMENTS-POLICYHOLDERS

(Rs 000)

	Particulars	As at March 31, 2007	As at March 31, 2006
	LONG TERM INVESTMENTS		
1	Government Securities and Government guaranteed bonds including Treasury Bills	8,10	
2	Other Approved Securities		
3	Other Investments		
	(a) Shares		
	(aa) Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debentures' Bonds		
	(e) Other Securities		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
4	Investments in Infrastructure and Social Sector [Refer Note 3 (v) of Schedule 16]		
5	Other Than Approved Investments		
	Equity Shares		
	Debentures' Bonds		
	SHORT TERM INVESTMENTS		
1	Government Securities and Government guaranteed bonds including Treasury bills		
2	Other Approved Securities		
3	Other Investments		
	(a) Shares		
	(u.) Equity		
	(bb) Preference		
	(b) Mutual Funds		
	(c) Derivative Instruments		
	(d) Debentures' Bonds		
	(e) Other Securities		
	(f) Subsidiaries		
	(g) Investment Properties-Real Estate		
4	Investments in Infrastructure and Social Sector [Refer Note 3 (v) of Schedule 16]		
5	Other Than Approved Investments		
	Equity Shares		
	Debentures' Bonds		
6	Other Investments		
	Balances in bank		
	Other Current assets (net)		
	TOTAL	810	-
	INVESTMENTS		
	In India	8.1	
	Outside India		
	TOTAL	8.1	-

Note-

I Aggregate book value and market value of Long term investment other than equity shares is Rs 8,100 ('000) and Rs 8,100 ('000) respectively.



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31,2007

SCHEDULE 88

INVESTMENTS- ASSHS HELD TO COVER LINKED LIABILITIES

(Rs. 000*)		
	Particulars	As at March 31, 2007
	LONG TERM INVESTMENTS	
1	Government Securities and Government guaranteed bonds including Treasury Bills	1,480
2	Other Approved Securities	
3	Other Investments	
	(a) Shares	
	(aa) Equity	31,911
	(bb) Preference	
	(b) Mutual Funds	
	(c) Derivative Instruments	
	(d) Debentures/Bonds	
	(e) Other Securities	
	(f) Subsidiaries	
	(g) Investment Properties-Real Estate	
4	Investments in Infrastructure and Social Sector	
	[Refer Note 8 (v) of Schedule 16]	
	Non Convertible Debenture	
5	Other than Approved Investments	6,128
	(a) Equity Shares	
	(b) Debentures/Bonds	
	SHORT TERM INVESTMENTS	
1	Government Securities and Government guaranteed bonds including Treasury Bills	111
2	Other Approved Securities	
3	Other Investments	
	(a) Shares	
	(aa) Equity	
	(bb) Preference	
	(b) Mutual Funds	
	(c) Derivative Instruments	
	(d) Debentures/Bonds	
	(e) Other Securities	3,179
	(f) Subsidiaries	
	(g) Investment Properties-Real Estate	
4	Investments in Infrastructure and Social Sector	
	[Refer Note 8 (v) of Schedule 16]	
5	Other than Approved Investments	
	Equity Shares	
	Debentures/Bonds	
	Mutual Funds	1,511
	Other Investments	
	Balances in bank	13,786
	Other Current assets (net)	(4,523)
	TOTAL	54,79
	INVESTMENTS	
	In India	54,279
	Outside India	
	TOTAL	54,279

1. Aggregate book value and market value of Long term investment other than equity shares is Rs 1,505 (000) and Rs 1,481 (000) respectively. Aggregate book value and market value of Short term investment other than equity shares is Rs 5,192 (000) and Rs 5,197 (000) respectively.



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

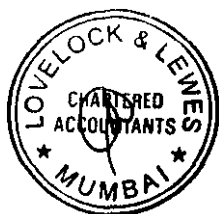
SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 9

LOANS

(Rs 000*)

	Particulars	As at March 31, 2007	As at March 31, 2006
1	SECURITY-WISE CLASSIFICATION		
	Secured		
	(a) On mortgage of property		
	(aa) In India	-	-
	(bb) Outside India	-	-
	(b) On Shares, Bonds, Govt. Securities etc.	-	-
	(c) Loans against policies	-	-
	(d) Others	-	-
	Unsecured		
	Total		
2	BORROWER-WISE CLASSIFICATION		
	(a) Central and State Governments	-	-
	(b) Banks and Financial Institutions	-	-
	(c) Subsidiaries	-	-
	(d) Companies	-	-
	(e) Loans against policies	-	-
	(f) Others	-	-
	Total	-	-
3	PERFORMANCE-WISE CLASSIFICATION		
	(a) Loans classified as standard		
	(aa) In India	-	-
	(bb) Outside India	-	-
	(b) Non-standard loans less provisions		
	(aa) In India	-	-
	(bb) Outside India	-	-
	Total	-	-
4	MATURITY-WISE CLASSIFICATION		
	(a) Short Term	-	-
	(b) Long Term	-	-
	Total	-	-



BHARTI AX: LIFE INSURANCE COMPANY LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 10

FIXED ASSETS

Refer Notes of 2(i), 2(j) and 2 (k) of Schedule J6I

Particulars	Cost/ Gross Block				Depreciation/ Amortisation				Net Block	
	As at April 1, 2006	Addition/ Deletions	Deletions	As at March 31, 2007	As at April 1, 2006	For the Year	Deletions	As at March 31, 2007	As at March 31, 2007	As at March 31, 2006
<u>Intangible Assets</u>										
Goodwill										
Software		1,668		1,668		419		419	1,249	
<u>Tangible Assets</u>										
Land-Frehold										
Leasehold improvements		1,841		1,841		17,731		17,731	67,110	
Buildings										
Furniture 1111d Finin	23,791	(19,515)		4,276		2,998		2,998	1,218	22,910
Owned	1,111	1,628		1,813	12	123		111	1,678	173
Others	3,624	17,456		21,030	196	5,794		5,290	15,790	3,428
Vehicles	7,305	1,271	110	1,271	270	-0		1,043	1,043	
Office Equipment		2,780		9,901						
Others									- 7	7,035
Total	34,905	911,045	110	124,140	1,359	2,111	4	27,875	96,915	33,546
Capital Work In Progress (including capital advance)									9,8X8	1,327
TOTAL		911,045	110	124,841	1,359	26,520	4	27,875	106,853	34,873
Previous Year		34,905		34,905		US		1,359	33,546	

*Includes Depreciation amounting to Rs. 6,288 pertaining to period prior to July 13, 2006.



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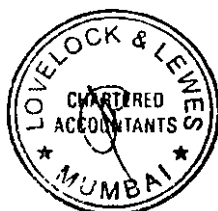
SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE II

CASH AND BANK BALANCES

(Rs. 000's)

	Particulars	As at March 31, 2007	As at March 31,2006
I	Cash (including cheques, drafts and stamp in hand)	970	106
2	Bank Balances		
	(a) Deposit Accounts		
	(aa) Short-term (due within 12 months of the date of balance sheet)	-	-
	(bb) Others	-	-
	(b) Current Accounts	12,978	13,858
	(c) Others	-	-
3	Money at Call and Short Notice		
	(a) With Banks	-	-
	(b) With other Institutions	-	-
4	Others	-	-
	TOTAL	13948	13,211
	Balances with non-scheduled banks included in 2 and 3 above	-	-
	CASH AND BANK BALANCES		
	In India	13,948	13,964
	Outside India	-	-
	TOTAL	13948	13964



BHARTAXA LIFE INSURANCE COMPANY LIMITED

SCHEDULE FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 12

ADVANCES AND OTHER ASSETS

(Rs. 000's)

	Particulars	As at March 31, 2007	As at March 31, 2006
	ADVANCES		
1	Reserve deposits with ceding companies	-	-
2	Application money for investments	-	-
3	Prepayments	13,390	2,182
4	Advances to Directors/Officers	-	-
5	Advance tax paid and taxes deducted at source (Net of provision for taxation)	-	-
6	Advances		
	Advances to Suppliers	804	-
	Advances to Employees	286	-
	Other Advances	31,347	-
	TOTAL(A)	45,827	-
	OTHER ASSETS		
1	Income accrued on investments	21,008	-
2	Outstanding Premiums	-	-
3	Agents' Balances	-	-
4	Foreign Agencies Balances	-	-
5	Due from other entities carrying on insurance business (including reinsurers)	-	-
6	Due from subsidiaries/ holding company	-	-
7	Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]	-	-
8	Others		
	-Refundable Security Deposits	88,191	34,31
	-Service Tax Unutilised Credit	17,377	-
	-Other Recoverables	6,611	-
	TOTAL(B)	133,187	34,31
	TOTAL(A+B)	179,014	37,094



SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2007

SCHEDULE 13

CURRENT LIABILITIES

(Rs. 000's)

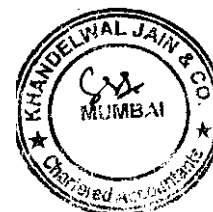
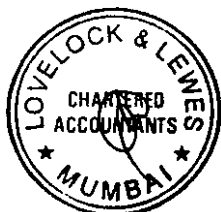
	Particulars	As at March 31, 2007	As at March 31, 2006
I	Agents' Balances	3,197	-
2	Balances due to other insurance companies	170	-
3	Deposits held on re-insurance ceded	-	-
4	Premiums received in advance	-	-
5	Unallocated premium	1,625	-
6	Sundry creditors	317,877	53,471
7	Due to subsidiaries/ holding company	-	-
8	Claims Outstanding	-	-
9	Annuities Due	-	-
10	Due to Directors/Officers	-	-
II	Others:		
	Book Overdraft	27,663	-
	Others (includes statutory dues payable and payables to employees)	24,389	504
	TOTAL	374,921	53,975

SCHEDULE 14

PROVISIONS

(Rs. 000's)

	Particulars	As at March 31, 2007	As at March 31, 2006
I	For taxation (less payments and taxes deducted at source)	114	-
2	For proposed dividends	-	-
3	For dividend distribution tax	-	-
4	Others:		
	Provisions for Employee Benefits	-	-
	Provision for gratuity	1,002	-
	Provision for Leave encashment	3,200	-
	TOTAL	4,326	-



BHARTI AXA LIFE INSURANCE COMPANY LIMITED
BHARTI AXA LIFE INSURANCE COMPANY LIMITED
SCHEDULE FORMING PART OF BALANCE SHEET ASAT MARCH 31,2007

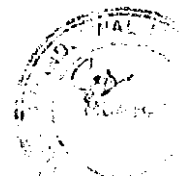
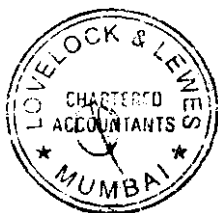
SCHEDULE 15

MISCELLANEOUS EXPENDITURE

To the extent not written off or adjusted)

(Rs.000•,)

	Particulars	As at March 31, 2007	As at March 31, 2006
	Discount Allowed in Issue of shares/ debentures	-	-
	Others	-	-
	TOTAL	-	-



SCHEDULE 1

6

NOTES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2007, THE REVENUE ACCOUNT AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007.

I. Nature of Operations

Bharti AXA Life Insurance Company Ltd. ('the Company') was incorporated on October 27, 2005 as a Company under the Companies Act, 1956 to undertake and carry on the business of life insurance. The Company has obtained a licence from the Insurance Regulatory and Development Authority ('IRDA') on July 14, 2006 for carrying on the business of life insurance. The company commenced its commercial activities on August 22, 2006.

The Company's life insurance business comprises of individual life business comprising of non-participating and unit-linked insurance products and group life business

2. Significant Accounting Policies

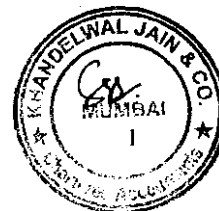
a) Basis of preparation of financial statements

The financial statements are prepared under the historical cost convention on accrual basis to comply in all material aspects with the applicable accounting standards issued by the Institute of Chartered Accountants of India, Insurance Regulatory and Development Authority ('Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 ('the Accounting Regulations'), various circulars issued by IRDA, relevant regulations notified by the IRDA, the Insurance Act, 1938, the Insurance Regulatory and Development Authority Act, 1999 and the Companies Act, 1956 of India, to the extent applicable.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon Management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Difference between the actual and estimates are recognised in the period in which the actual materialise or are known.

b) Revenue Recognition

- i. Premium (net of service tax) is recognised as income when due from policyholders. Premium on lapsed contracts are recognised on receipt basis. In respect of linked business premium income is recognised when the associated units are allotted.
- ii. Dividend income is recognised when the right to receive dividend is established.
- iii. Interest income is recognised on accrual basis. Accretion of discount and amortisation of premium in respect of debt securities is effected over the period of maturity/holding on constant yield-to-maturity. In respect of short term zero coupon instruments, accretion of discount and amortisation of premium is effected by straight line method. Interest income is reflected after amortisation of premium/accretion of discount.



iv. In case of Unit Linked Business, fund management charges, administration charges and mortality charge are recognised in accordance with terms and conditions of the policy.

v. Realised gains and losses in respect of equity securities and units of mutual funds are calculated as the difference between the net sales proceeds and their cost. In respect of debt securities, the realised gains and losses are calculated as difference between net sales proceeds or redemption proceeds and amortised cost. Cost in respect of equity shares and unit of mutual fund is computed using the weighted average method. In respect of government securities and corporate bonds, the cost is computed using FIFO method.

c) Expense Recognition

Expenses are recognised on accrual basis. Expenses pertaining to Shareholder's! Directors are recognised in the Profit and Loss Account and expenses relating to Policyholder's are recognised in the Revenue Account.

d) Reinsurance premium

Premium ceded on reinsurance is accounted in accordance with the terms of the treaty.

e) Claims/ Benefits

Claims by death are accounted when intimated. Claims by maturity are accounted on the policy maturity date. Annuity benefits are accounted when due. Surrenders are accounted as and when notified. Claims cost consist of the policy benefit amounts and claims settlement costs, where applicable.

Amounts recoverable from reinsurer are accounted for in the same period as the related claim and are reduced from claims.

f) Acquisition costs

Acquisition costs such as commission, medical fees etc. are costs that are primarily related to the acquisition of new and renewal insurance contracts and are expensed in the year in which they are incurred.

g) Policy Liabilities

Liabilities on life policies are determined by the Appointed Actuary using generally accepted actuarial practice in accordance with the standards and guidance notes established by the Actuarial Society of India; the requirement of the Insurance Act, 1938 and the regulations issued by the IRDA.

The liabilities are calculated in a manner that together with estimated future premium income and Investment income, the Company can meet estimated future claims (including bonus entitlements to policy holders) and expenses.

h) Investments

Investments are made in accordance with the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended and circulars / notifications issued by IRDA from time to time.

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



Classification

Investments intended to be held for a period of less than twelve months or those maturing within twelve months are classified as "Short Term Investments". Investment other than short term are classified as "Long Term Investments".

Amortisation of fixed income security premiums and discounts

The premium or discount, if any at the time of purchase of a fixed income security, is recognised over the period of maturity/ holding of the instrument on a constant yield to maturity basis.

Valuation - Shareholders' investments and Non-Linked Policyholders' investments

Debt securities, including government securities are considered as "held to maturity" (excluding, interest paid if any) and are stated at historical cost subject to amortisation.

Investments in mutual funds are stated at the net asset value (NAV) declared by the respective funds as at the Balance Sheet date. Listed equity securities are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the lower of the last quoted closing prices at the National Stock Exchange of India Ltd. ('NSE') and The Mumbai Stock Exchange Limited, ('BSE') is considered. Unlisted equity securities are measured at historical cost. In respect of investments in equity shares and mutual funds, the corresponding unrealised investment gains or losses are reported in the Balance Sheet under "Fair Value Change Account". In case of diminution, other than temporary, in the market value of investments as on the Balance Sheet date, the amount of diminution is recognised as an expense in the Revenue/Profit and Loss Account as the case may be.

Valuation - Linked Business

Government securities are valued at prices obtained from Credit Rating Information Services of India Ltd. ('CRISIL'). Debt securities, other than Government securities, are valued on the basis of CRISIL Bond Valuer. Fixed deposit, money at call and short notice are valued at cost. Listed equity securities are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the last quoted closing price at the National Stock Exchange of India Ltd. ('NSE') is considered. Unrealised gains and losses arising due to changes in fair value are attributed to unit holders and are recognised in the Revenue account of the fund. Investments in mutual funds are stated at previous day's net asset value (NAV) declared by the respective funds.

Transfer of Investments

Any transfer of investments from Shareholder's Account to Policyholder's Account is carried out at market value.

Inter fund transfer of investments between Unit Linked funds is done at market value.

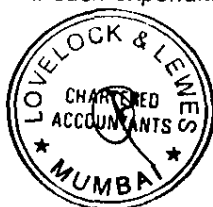
I) Fixed Assets

Tangible

Fixed Assets are stated at cost, less accumulated depreciation. Cost includes the purchase price and any other cost which can be directly attributed to bringing the asset to its present location and working condition for its intended use.

Intangibles

Expenditure incurred on critical application software and their customisation/further development is recognised as an intangible asset and capitalized under fixed assets if such expenditure results in a benefit of enduring nature. Other software expenses



are expensed as incurred. Intangible assets are stated at cost less accumulated amortisation.

j) Depreciation

Depreciation on Fixed Asset is provided on the Straight Line Method over the useful life of the assets as determined below, depreciation on additions to Fixed Asset is charged for the entire month in which assets are capitalised.

Nature of Asset	Useful Life (Months)
Furniture and Fittings	60
Information Technology Equipment	36
Computer Software	36
Office Equipments	60
Vehicles	60

Leasehold Improvements are amortised over the primary period of respective leases or 60 months, whichever is lower.

Assets individually costing less than Rs.5,000 are fully depreciated in the year of acquisition.

Impairment of Assets

The carrying values of assets at each balance sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their "ue in use. Value in use is arriv<!ld by discounting the estimated future cash flows to their present value based on an appropriate discount factor.

k) Assets acquired under Lease

Finance Lease

Assets acquired on 'finance lease' which transfer risk and rewards of ownership to the company are capitalised as assets of the company at lower of the fair value the asset or minimum lease payment. Amortisation of capitalised leased assets i.; computed as the sum over the useful life of the asset. Lease rentals payable is apportioned between principal amount and finance charges using the internal rate of return method. Finance charges are expensed over the period of the contract to reflect a constant periodic rate of interest on the outstanding liability.

Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as Operating Leases. Operating lease rentals are recognized as an expense over the lease period.

l) ForeignCurrencyTransactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Assets and liabilities in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing as at that date.



Exchange differences either on settlement or on translation are recognised in the Policyholders Revenue Account (Technical Account) or Profit and Loss Account as applicable.

m) Employee Retirement Benefits

Contributions to Provident Fund are made to Regional Provident Fund office and are charged to the Policyholders Revenue Account as incurred. Provision for Gratuity to employees is made on the basis of an actuarial valuation carried out as at the year end. Provision for Leave Encashment is done on the basis of leave accrued at the yearend.

n) Provision for Taxation

Provision for current income tax, if any, is made on an accrual basis after taking credit for all allowances and exemptions in accordance with the Income Tax Act 1961.

Deferred income tax is recognised for future tax consequences attributable to timing differences between income as determined by the financial statements and the recognition for tax purposes. The effect of deferred tax assets and liability of income tax is recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets/liabilities are reviewed as at each Balance Sheet date and written down/ written up to reflect the amount that is reasonably or virtually certain to be realised.

o) Service Tax

Service tax liability on risk portion in Life Insurance premium is set-off against available input service tax credits from payment of service tax under Insurance Auxiliary Services, Repair & Maintenance services and other eligible services. Unutilized credits if any, are carried forward as "Service Tax Unutilized credit" under "Advances and other assets" for set-off against service tax risk premium liability of subsequent periods.

p) Provisions and contingent liabilities

A provision is created when there is a present obligation as a result of a past event **that probably requires an outflow of resources and a reliable estimate can be made** of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Loss contingencies arising from litigation etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.



3. Actuarial Method and Assumptions

Actuarial liabilities are calculated in accordance with accepted actuarial principles, professional guidance notes issued by the Actuarial Society of India, requirements of the Insurance Act, 1938 and regulations notified by the IRDA.

The actuarial liability is calculated using the gross premium method, using assumptions for interest, mortality, expense, and inflation together with allowance for taxation and allocation of profits to shareholders. These assumptions are determined as prudent estimates at the date of valuation with allowances for adverse deviations.

The interest rates used for valuing the liabilities are in the range of 5.40% to 6.20% per annum depending on the type of the product.

Mortality rates used are based on published mortality table - Indian Assured Lives Mortality 1994-1996(modified) Ultimate, adjusted to reflect expected experience and allowances for adverse deviation. Expenses are provided for at long term expected renewal expense levels.

Unearned premium reserves are held under one year renewable group term product.

The unit liability in respect of linked business has been taken as the value of the units standing to the credit of policyholders, using the net asset values (NAV) prevailing at the valuation date.

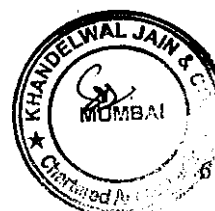
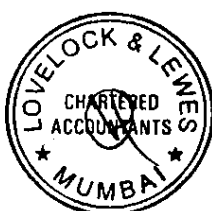
4. Capital Commitments

There are no commitments outstanding for Investment and Loans.

Estimated amount of contracts remaining to be executed on capital account, to the extent not provided for (net of advances): Rs.73,667 ('000) (Previous year Rs. nil).

5. Contingent Liabilities:

IRs. '000)		
Sr. No	Particulars	As at March 31,2007
i.	Partly paid - up investments	-
ii.	Claims, other than against policies, not acknowledged as debts by the Company	-
iii.	Underwriting commitments outstanding	-
iv.	Guarantees given by or on behalf of the Company	-
v.	Statutory demands/ liabilities in dispute, not provided for	-
vi.	Reinsurance obligations to the extent not provided for in accounts	-
vii.	Insurance claims disputed by the Company, to the extent not provided / reserved	-
TOTAL		-



6. Encumbrances on Assets

There are no encumbrances on the assets of the Company inside or outside India as at the Balance Sheet date, except for assets acquired under finance lease.

7. Outstanding Claims

There are no outstanding claims as at March 31, 2007.

8. Investments

- i. Investments have been made in accordance with the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Investments) Regulations, 2000.
- ii. All the investments of the Company are performing investments.
- iii. Value of contracts in relation to investments for:

	Particulars	Year Ended March 31, 2007 (Rs.'000)
1	are pending	-
	- Unit linked Business	4,416
	- Non linked Business	-
2	Sales where payments are due	-
	- Unit linked Business	-
	- Non linked Business	-

- iv. As at March 31, 2007, the aggregate cost and market value of investments, which are valued at fair value (Other than investments in unit linked funds) was Rs.49,978 ('000) and Rs.49,248 ('000).
- v. The Company has not made any investments in the Social Sector, since the securities of acceptable grade were not available in this category.

9. Managerial Remuneration

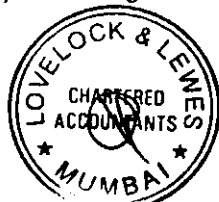
Appointment of managerial personnel is in accordance with the requirements of Section 34A of the Insurance Act, 1938 and is as approved by the IRDA.

-- Details of the managerial remuneration paid by the Company are as follows: -

Sr. No.	Particulars	Year Ended March 31, 2007 (Rs.'000)
1	Salary	6,520
2	Other Allowances and Benefits	23,640
3	Contribution to Provident Fund	782
4	Perquisites Value	2,055
	Total	32,997

The remuneration excludes gratuity, which is accrued based on an actuarial valuation for the Insurer's overall liability and leave encashment, which is accrued at actual.

During the year, the Company has paid managerial remuneration to the Chief Executive Officer (CEO) amounting to Rs.32,997 ('000) including performance bonus amounting to



Rs. 6611 ('000). The Insurance Regulatory and Development Authority (IRDA) vide letter no. 75/AXAJCEO Appointment/2007-08/01 dated June 8, 2007 has approved salary paid to CEO except for performance bonus amounting to Rs.6,611 ('000) for which IRDA has sought further information from the Company. The Company has provided further clarification to IRDA on 9th June '07 for obtaining their approval for the payment of performance bonus.

Pending the said approval of IRDA, this amount has not been charged to revenue and has been shown as a recoverable from the CEO.

10. Percentage of business sector wise:

Particulars	Year Ended March 31, 2007		
	Number of Individual Life Policies	Number of Group Life Covered	First year written premium (Rs'000)
Total Business	5,825	3,067	77,760
Rural Sector	480	-	96
As a % of total Sector	8%	-	0.12%
Social Sector	-	3,067	138
As a % of total Sector	-	100%	0.11%

11. Investments of Funds and Assets Pertaining to Policyholders' Liabilities:

Allocation of Investments between Policyholders' Funds and Shareholders' Funds

Investments made out of the Shareholders' and Policyholders' Funds are tracked from inception and income accordingly accounted for on the basis of records maintained. As and when necessary, transfers have been made from Shareholders' Investments to Policyholders' Investments. In respect of such transfers, the investment income is allocated from the date of transfer.

12. Risk Retention/ Reinsurance

Extent of risk retained and reinsured on the basis of sum assured is given below:

Particulars	Year Ended March 31, 2007	
	Individual	Group
Risk Retained	79%	100%
Risk Reinsured	21%	-

13. Assets required to be deposited under Section 7 of the Insurance Act, 1938

As at March 31, 2007, the Company has earmarked 7.40% Government of India, 2012 Inscribed stock amounting to Rs.1,041 ('000) (Previous Year Rs. Nil) towards deposit with Citibank in the designated CSGL account, pursuant to Section 7 of the Insurance Act, 1938, and has accordingly intimated to the Insurance Regulatory and Development Authority. The said government securities are held with the custodian under segregated status.

14. Operating Leases

The Company has entered into agreements in the nature of lease/leave and licence with different lessors /licensors for residential premises and office premises. Lease payments



aggregating to Rs. ('000) 59,802, (Previous year Rs. Nil) are recognised in the Revenue Account under 'Rent, Rates and Taxes'.

The future minimum lease payments under non-cancellable operating leases as at the Balance Sheet date are as follows:

Particulars	Year Ended March 31, 2007 (Rs.'000)	Year Ended March 31, 2006 (Rs.'000)
Due within one year	72,340	35,121
Due in a period between one and five years	201,180	23,496
Due after five years	77,902	-

15. Finance Lease

The future minimum lease payments under finance leases as at the Balance Sheet date are as follows:

Particulars	Year Ended March 31, 2007 (Rs.'000)	Year Ended March 31, 2006 (Rs.'000)
Due within one year	7,417	1,286
Due in a period between one and five years	9,309	2,251
Total Minimum Lease Payment	16,727	3,538
Less: Future finance charges on leases	795	490
Present Value of finance lease liabilities	15,392	3,048

16. Taxation

The Company carries on life insurance business and hence the provisions of Section 44 and the First Schedule of Income Tax Act, 1961, are applicable for computation of Profits and Gains of its business. No provision for taxation has been made in the accounts since the Company does not have any taxable income in the current accounting period.

Life insurance is a long gestation business. As a matter of prudence, the Company deems it proper not to recognise deferred tax assets.

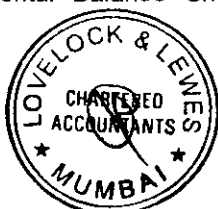
17. Share Capital

The Delhi High Court on September 8, 2006 sanctioned the scheme of arrangement entered between Bharti Infotel Private Limited (BIPL) and Bharti Enterprise (Holdings) Private Limited (BEHPL), separating its insurance and other businesses from its telecom operations. Accordingly, all Bharti group's ventures and investments in insurance and businesses other than Indian telecom have been de-merged from Bharti Infotel Private Limited ('BIPL') and now vest with Bharti Enterprises (Holdings) Private Limited ('BEHPL').

During the year, the Company has transferred 60,000,000 equity shares held by BIPL to BEHPL after receipt of regulatory approval of the Insurance Regulatory Development Authority.

18. Segment Reporting

In accordance with the Accounting Regulations read with Accounting Standard – 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, life insurance companies are required to prepare Segmental Revenue Account and Segmental Balance Sheet. The Company's business is segmented into Non-Par



business and Unit-Linked business. Since the Company has conducted business only in India, there is only one geographical segment. The accounting policies used in segmental reporting are same as those used in the preparation of the financial statements.

Income and expenses directly attributable or allocable to the segments are recorded and disclosed under the respective segments in the Segmental Revenue account or Profit and Loss account. Operating expenses, which are not directly identifiable, are apportioned to the business segments on the basis of priced expenses {Expense loadings assumed in product pricing}.

Assets and Liability directly attributable or allocable to the segments are recorded and disclosed under the respective segments in the Segmental Balance Sheet. Other assets and liabilities which are not directly identifiable are disclosed as "unallocated".

(a) Segmental Revenue Account

Refer Annexure 1 to Schedule 16 for Segmental Revenue Account.

(b) Balance Sheet

Refer Annexure 2 to Schedule 16 for Segment81 Balance Shaet.

1. >. &1ated Partv Transactions

A. Related Parties where control existlO

Bharti Enterprise {Holdings} Private Limited
First American Securities Private Limited
AXA India Holdings {Mauritius}

B. Key Management personnel

Mr. Nitin Chopra -Chief executive officer

C. Ass. 2ciate Companies where transactions have taken place d . ring liJ.. '¥*

Bharti Infotel Private Limited
Bharti Enterprise {Holdings} Private Limited
First American Securities Private Limited
AXA India Holdings {Mauritius}
AXA Asia Pacific Holdings Limited
AXA Business Services Private Limited
AXA Technology Services {India} Private Limited

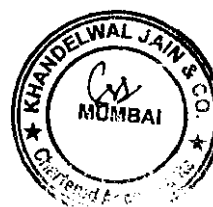
D. The details of Related party transactions are attach!ld in Annexure

..20. Earnings Per Share

Particulars	Year Ended March 31,2007
Loss for the Year {Rs'OOO)	(804,257)
Weighted average number of equity shares (No)	102,911,511
Add: Weighted average outstanding share application money	484,932
Number of shares for diluted EarninQs Per Share	103,396,443
Earnings per share	
Basic {Rs.)	{7.82)
Diluted {Rs.l	(7.78)
Face Value per share	Rs.10

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21. As at the year end the company has transferred the amount of Rs. 846,669 ('000) from Shareholder's Account (Non-Technical Account) to Policyholder's Account (Technical Account) to make good the deficit in the Policyholder's. The above transfer from Shareholder's Account (Non-Technical) to Policyholder's Account (Technical Account) is irreversible in nature and will not be recouped to the Shareholder's Account (Non-Technical Account) at any point of time in future. The said transfer from Shareholder's Account (Non-Technical Account) to Policyholder's Account (Technical Account) is made subject to the approval of Shareholder's by way of special resolution at the ensuing Annual General Meeting.
22. Operating expenses related to Insurance business for the Year ended March 31, 2007; includes incidental expenses incurred by the Company prior to the commencement of its commercial activities (i.e. July 14, 2006) as follows:

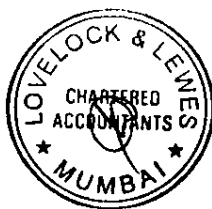
Particulars	Expenses Incurred Rs ('000)		Total Amount Rs. ('000\
	Year ended March 31, 2006	April 01, 2006 to July 13,2006	
Employees' remuneration and welfare benefits	21,120	12,147	33,267
Travel, conveyance and vehicle running expenses	10,504	3,07	13,577
Training expenses	-	351	351
Rents, rates, taxes and Repairs	23,120	(7,443)	15,677
Printing and stationery	232	250	492
Communication expenses	1,168	721	1,889
Legal and professional charges	6,224	21,142	27,366
Subscription fees	-	231	231
Auditors' fees, expenses etc	561	(61)	500
Advertisement and publicity	-	1,407	1,407
Interest and bank charges	-	1	31
-	-	4,929	6,288
Depreciation/ Amortisation	1,359	-	-
Information technology and related expenses	-	15,209	15,209
Fringe benefit tax	-	223	223
Sitting fee to board	-	11	11
Electricity	-	715	715
Security	-	208	208
Stamp Duty	-	3,720	3,720
Others	1,556	2,295	3,851
Total	65,844	59,169	125,013

23. Claims

There are no claims paid to claimants in and outside India for the period ended March 31, 2007.

24. There are no non-performing investments as at March 31, 2007.

25. There are no assets including loans subject to restructuring as at March 31, 2007.



26. Summary of Financial statements of the Company as prescribed by the IRDA are attached in Annexure 4 to Schedule 16.
27. The accounting ratios of the Company as prescribed by the IRDA are attached in Annexure 5 to Schedule 16.
28. The financial statements of each of the fund *under* Unit Linked business as prescribed by IRDA are attached in Annexure 6 to Schedule 16.

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Director

Director

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Nitin Chandra
Chief Executive Officer

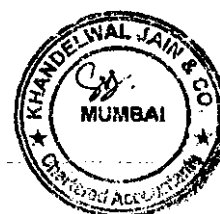
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J{S.vG palakrishnan
Chief Financial Officer

G.L.N. Sarma

GLN Sarma
Appointed Actuary

Place : New Delhi
Date : 11th June 2007



BHARTI AXA U 'E INSURANCE COMPANY LIMITED
IRUA Re&bk•rtioa No: 130
Dt tf ofReri b'litea with IRDA: July 14, 2906
SEGMENTAL KEVENIE ACCOUNT FOR THE YEAR ENDED MARCil :n,1007

Particulars	Unit Linked	Non-Part!	tin	Unallocated	Total
Premiums earned • Net		Indivdull	Gr0!_1,2.		
(a) PrEJntum	76,143	1,480	136		77.761,
(b) Reinsurance ceded	(44)	(126)	-		(170)
(c) Reinsurance accepted			•		
	76 099	1 354	1:18		77 591
Income from Investments					
(a) Interest, Dividends&. Rent- et of amortisation	307				307
(b) Profit on sale / redemption or Investments	54				54
(c) (Loss on \$ale / re:::lemption of investments)	(45)				(45)1
(d) Transfer /Gain on revaluatlo ; f cha119E; In fair value	(492)				(492)1
Other Income					
a) Contribution from Shareholders' Ate	7 4.871	51,775	23		646.669
b) Foreign Exchange Gains	6.446	419			6,665
c) Others	457	1			458
	so1 598	n. tH	23		853 816
W	mm	m	m		rn-
commission	5,281	334			5,615
Operating Expenses related to Insurance \$usiness	809,075	51,643			860.718
Provision for doubtful debts					
Bad debts written off					
Provision for Tax (Fringe Benefit T. ax)	2,540	165			2,705
Provisions (other than taxation)					
(a) For diminution In the value or investments (net)					
(b) others					
Total (B)	1116 896	52,142			869,038
Benefits Paid (Net)					
Interim Bonuses Paid					
Change In valuation of liability in respect-of life policies					
(a) Gross	60,802	1,406	s1		62,369
(b) Amount ceded in Re-Insuranre					
(c) AmOunt epted InRe-Insurance					
Total (t:)	60 & 02	1,-ic. & i__	161		& 2,369

SURPLUS/ (DEFICIT) (D) :: (A-B-C)

APPROPRIATIONS

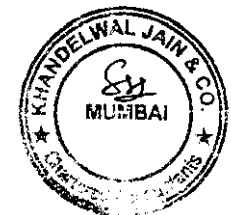
T. r. n. p. for Shareholder Appropriations
Total (D)

- a) Interim Bonuses Paid
b) Allocation of Bonus to policyholders
c) Surplus in the revenue account
d) Surplus in the reserve account



BHARTI AXA LIFE INSURANCE COMPANY LIMITED
 IRDA Registration No: 130
 Date of Registration with IRDA: July 14, 2006
 SEGMENTAL BALANCE SHEET AS AT MARCH 31, 2007

Particulars	Shareholders' Funds	Unallocated	Non-Participating			Unallocated	Total
			Individual	Groups	Lot 111		
SOURCES OF FUNDS							
SHAREHOLDERS' FUNDS							
Share Capital	1,500,000						1,500,000
Share Application Money Pending Allotment	380,000						380,000
Credit/(Debit) Fair Value Change Account (Net)	(1,30)						1,30
Reserves And Surplus	1,879,270						1,879,270
POLICYHOLDERS' FUNDS:							
Credit/(Debit) Fair Value Change Account (Net)							
Policy Liabilities		6,522	1,407	161	1,568		6,090
Insurance Reserves							
Provision For Linked Liabilities							54,279
Sub-total		60,801	1,407	161	1,568		62,369
Funds For Future Appropriations							
TOTAL	1,879,270	60,801	1,407	161	1,568		1,941,639
APPLICATION OF FUNDS							
Fixed Assets						106,653	106,653
CURRENT ASSETS							
Cash and Bank Balances						13,948	13,948
Advances And Other Assets	20,828		179		179	156,007	179,014
Sub-total (A)	20,828		179		179	171,955	192,962
Current Liabilities		3,320	1,672		1,672	369,929	374,921
Sub-total (B)						4,326	4,326
NET CURRENT ASSETS (0 = A - B)	20,828	(3,320)	(1,493)		(1,493)	(202,300)	(186,285)
Miscellaneous Expenditure							
Debit Balance In Profit & Loss Account (Shareholders' Account)	604,257						804,257
TOTAL	1,979,520	57,481	76	161		95,447	1,941,639



Bharti Axa Life Insurance Company Limited

Annexure 3 to Notes to Accounts

(Rs'000)

Sr. No	Name of the party with whom the transaction has been made	Description of Relationship with the party	Nature of Transaction	Amount	Current year	
					Amount outstanding as recoverable 31/03/2007	Amount outstanding as payable 31/03/2007
			Reimbursement of expenses incurred on their behalf	19,296	9,736	-
1	AXA Business Services Private Limited	Associate Company	Policy processing services provided by AXA BS	338	-	-
			Expenses incurred by AXA BS on our behalf	618	-	-
			Software license, software customization and other IT services	100,316	-	-97.21B j
2	AXA Asia Pacific Holdings Limited	Associate Company	Reimbursement of expenses incurred on their behalf	64,118	-	60,783
			Business consultancy & SUP EOrt rovid d	19,623	-	19,191
			IT equipments on lease rentals	17,271	-	-
3	AXA Technology Private Limited	Associate Company	Purchase of printers, fax machine and other assets	1,774	-	-
			IT technical support and service cost	12,653	-	-
4	Bharti Airtel Limited	Associate Company	Telephone and other expenses paid	2,854	-	-
5	Nitin Chopra	Key Management Personnel	Policy premium	501	-	-
			Salary	32,997	6,611	-



Sr. No	Name of the related party with whom the transaction has been made	Description of Relationship with the party	Nature of Transaction	Current year		
				Amount	Amount outstanding as recoverable 31/03/2007	Amount outstanding as payable 31/03/2007
6	First American Securities Private Limited	Investing Company	Share capital	566,670	-	566,670
			Share application money pending allotment	11,333	-	11,333
			Reimbursement of expenses incurred on their behalf	4,755	-	-
7	Bharti Enterprises (Holdings) Private Limited	Investing Company	Share capital	589,000	-	-
			Share application money pending allotment	113,516	-	113,516
TAXAI Holdings	Investing Company	Investing Company	Share capital	333,330	-	333,330
			Share application money pending allotment	255,151	-	255,151



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

IRDA Registration No: 130

Annexure 4

Summary of Financial Statements

(Rs. 000's)

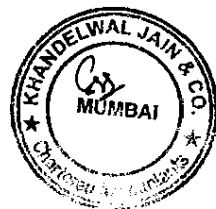
Sr.no	Particulars	Year Ended March 31, 2007
	<u>POLICYHOLDERS' A/C</u>	
1	Gross premium income	77,761
2	Net premium income	77,591
3	Income from investments [@]	(176)
4	Other income	853,992
5	Total income	931,407
6	Commissions	5,615
7	Brokerage	-
8	Operating Expenses related to insurance business	860,718
9	Fringe Benefit Tax	2,705
10	Total Expenses	869,038
11	Payment to policyholders	-
12	Increase in actuarial liability	62,369
13	Surplus / (Deficit) from operations	-
	<u>SHAREHOLDERS' A/C</u>	
14	Total income under Shareholder's Account [@]	58,012
15	Profit / (loss) before tax	(804,257)
16	Provision for tax - Fringe Benefit Tax	-
17	Profit / (loss) after tax	(804,257)
18	Profit / (loss) carried to Balance Sheet	(804,257)
	<u>MISCELLANEOUS</u>	
19	<u>(A) Policyholders' account</u>	
	Total	62,369
	Total	62,379
	Yield	-0.6%
	<u>(B) Shareholders' account</u>	
	Total Funds	1,075,743
	Total investments	1,154,435
	Yield on investments (%) ^A	10.1%
20	Yield on total investments (%) ^A	9.5%
21	Paid up equity capital	1,500,000
22	Net worth	1,075,743
23	Total Assets	1,137,382
24	Earnings per share (Rs.)*	(7.82)
25	Book value per share (Rs.)*	7.03

Total undistributed Policyholders reserves

@ Includes the effect of gains / losses on sale of investments

* calculated after taking into equivalent shares to be allotted against 'Advance against Share Capital'. (Diluted)

^A calculated by dividing the investment income as shown in the revenue/profit and loss account by average of period beginning and period closing investments



BHARTI AXA LIFE INSURANCE COMPANY LIMITED
IRDA Registration No: 130
Ratios as prescribed by IRDA

Annexure 5

	Particulars	Year Ended March 31, 2007
1	New business premium income growth (segment-wise)* Participating Non - Participating Individual Non - Participating Group Pension Gratuity Unit-Linked	Not applicable Not applicable Not applicable Not applicable Not applicable Not applicable
2	Net retention ratio (Net premium divided by gross premium)	99.8%
3	Ratio of expenses of management (Expenses of management divided by the total Gross direct premium)	1106.9%
4	Commission ratio (Gross Commission paid divided by Gross Premium)	7.2%
5	Ratio of policyholders' liabilities to shareholders' funds	5.8%
6	Growth rate of shareholders' funds *	Not Applicable
7	Ratio of surplus <u>1</u> (deficit) to policy holders' liability (Surplus(Deficit) as per Revenue account is Nil)	0%
8	Change in net worth (Rs'OOO)	977,943
9	Profit after tax <u>1</u> Total income Total Income= Total Income under Policyholders' Account (Excluding Contributions from Shareholders' Account) + Total Income under Shareholders' Account	-563.4%
10	(Total Real Estate+ Loans) <u>1</u> Cash and invested assets	0%
11	Total Investments <u>1</u> (Capital+ Surplus .. Note: Total Investments = Shareholders' Investments + Policyholders' Investments + Assets held to cover Linked Liabilities	113.1%
12	Total affiliated Investments <u>1</u> (Capital + Surplus	0.6%

* This being the first year of Insurance operation, previous year figures are not available for computation of relevant ratios



BHARTI AXA LIFE INSURANCE COMPANY LIMITED
 IRDA Registration No: 130
 Date of Registration with IRDA: July 14, 2006
 REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017
 Policyholders' Account (Technical Account)

Particulars	Schedule	Linked life			Linked Ptmsion			linked Group			Total Unit linked
		Non-Unit	Un	Total	Non-Unit	Unit	Total	Non-Unit	Unit	Total	
		(1)	(2)	(3)=(1) + (2)	(4)	(5)	(6)=(4) + (5)	(7)	(8)	(9)=(7) + (8)	
Premiums earned- net											
(a) Premium		20,413	55,730	76,143	-	-	-	-	-	-	76,143
(b) Reinsurance ceded		(44)	-	(44)	-	-	-	-	-	-	(44)
Income from Investments											
(a) Interest, Dividend & Rent- Gross		-	307	307	-	-	-	-	-	-	307
(b) Profit on sale/redemption of investments		-	54	54	-	-	-	-	-	-	54
(c) Loss on sale/redemption of investments		-	(45)	(45)	-	-	-	-	-	-	(45)
(d) Unrealised gain/(loss)		-	(492)	(492)	-	-	-	-	-	-	(492)
Other income:											
(a) Linked Income	UL1	1,731	(1,731)	-	-	-	-	-	-	-	-
(b) Contribution from Shareholders' a/c		794,871	-	794,871	-	-	-	-	-	-	794,871
(c) Foreign Exchange Gains		6,446	-	6,446	-	-	-	-	-	-	6,446
(d) Miscellaneous Income			457	457	-	-	-	-	-	-	457
TOTAL (A)		823,417	54,280	877,697	-	-	-	-	-	-	877,697
Commission		5,281	-	5,281	-	-	-	-	-	-	5,281
Operating Expenses related to Insurance Business		809,074	1	609,075	-	-	-	-	-	-	809,075
Provision for Taxation		2,540	-	2,540	-	-	-	-	-	-	2,540
TOTAL (B)		816,895	1	816,896	-	-	-	-	-	-	816,896
Benefits Paid (Net)	UL2	-	-	-	-	-	-	-	-	-	-
Interim Bonus Paid		-	-	-	-	-	-	-	-	-	-
Change in Valuation Liability		6,523	54,279	60,802	-	-	-	-	-	-	60,802
TOTAL (C)		523	54,279	60,802	-	-	-	-	-	-	60,802
SURPLUS/ (DEFICIT) (D) = (A)-(B)-(C)			-	-	-	-	-	-	-	-	-
APPROPRIATIONS											
Transfer to Shareholders' a/c											
Funds available for future appropriations											
Total (D)											



Annexure 6

IRDA Registration No: 130

Date of Registration with IRDA: July 14, 2006

Linked Income (recovered from linked funds)*

(Rs. In '000)

Particulars	Life Linked Unit	Pension Linked Unit	Linked Group Unit	Total
	(1)	(2)	(3)	(4)= (1)+(2)+(3)
Fund Administration charges	-	-	-	-
Fund Management charge	-	-	-	-
Policy Administration charge	726	-	-	726
Surrender charge	-	-	-	-
Switching charge	-	-	-	-
Mortality charge	1,005	-	-	1,005
Rider Premium charge	-	-	-	-
Partial withdrawal charge	-	-	-	-
Miscellaneous charge	-	-	-	-
TOTAL (UL-1)	1,731	-	-	1,731

* (net of service tax, if any)



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BHARTI AXA LIFE INSURANCE COMPANY LIMITED

IRDA Registration No: 130

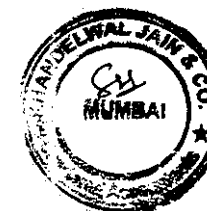
Date of Registration with IRDA: July 14, 2006

Schedule-UL2

BENEFITS PAID [NET]

B::O. 111 00

Sl. No.	Particulars	Linked Life			Linked Pension			Linked Gro			Total Unit Linked
		Non Unit	Unit	Linked Life	Non-Unit	Unit	Linked Pension	Non-Unit	Unit	Linked Group	
		{1}	2	3={1}+2)	(4	5	{6 = 4 + 5	7)	{8	{9-7+8	
1	Insurance Claims	-	-	-	-	-	-	-	-	-	-
(a)	Claims by Death	-	-	-	-	-	-	-	-	-	-
(b)	Claims by Maturity	-	-	-	-	-	-	-	-	-	-
(c)	Annuities / Pension payment	-	-	-	-	-	-	-	-	-	-
(d)	Other benefits	-	-	-	-	-	-	-	-	-	-
	-Surrender	-	-	-	-	-	-	-	-	-	-
	-Survival	-	-	-	-	-	-	-	-	-	-
	Sub Total - A)	-	-	-	-	-	-	-	-	-	-
2	Amount Ceded in reinsurance	-	-	-	-	-	-	-	-	-	-
(a)	Claims by Death	-	-	-	-	-	-	-	-	-	-
(b)	Claims by Maturity	-	-	-	-	-	-	-	-	-	-
(c)	Annuities / Pension payment	-	-	-	-	-	-	-	-	-	-
(d)	Other benefits	-	-	-	-	-	-	-	-	-	-
	-Surrender	-	-	-	-	-	-	-	-	-	-
	-Survival	-	-	-	-	-	-	-	-	-	-
	Sub Total - B)	-	-	-	-	-	-	-	-	-	-
	TOTAL - A - B)	-	-	-	-	-	-	-	-	-	-
	Benefits paid to claimants:	-	-	-	-	-	-	-	-	-	-
	In India	-	-	-	-	-	-	-	-	-	-
	Outside India	-	-	-	-	-	-	-	-	-	-
	TOTAL - UL2I	-	-	-	-	-	-	-	-	-	-



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

IRDA Registration No: 130

Date of Registration with IRDA: July 14,2006

Fund Balance Sheet as at March 31,2007							
Particulars	Schedule	Save and Grow Money Fund	Steady Money Fund	Grow Money Fund	Protect Money Fund	Current Year Total	(Rs.In'0DD)
		Currentyear	Currentyear	Currentyear	Current year		Previous Year
Sources of Funds							
Policyholders' Funds:							
Policyholder contribution	F-1	7,796	68	45,953	352	54,169	-
Revenue Account		513	1	(406)	2	110	-
Total		8,309	69	45,547	354	54,279	-
Application of Funds							
Investments	F-2	8,123	61	36,559	273	45,016	-
Current Assets	F-3	245	8	13,518	81	13,852	-
Less: Current Liabilities and Provisions	F-4	59	0	4,530	0	4,589	-
Net current assets		136	8	8,988	81	9,263	-
Total		8,309	69	45,547	354	54,279	-

Net Asset Value (NAV) per
Unit:

(a) Net Asset as per Balance
Sheet (Total Assets less
Current Liabilities and
Provisions) (Rs. In '000)

(b) Number of Units
outstanding

(c) NAV per Unit (a)/(b) (Rs.)

8,319 69 45,547 354

174,766 6,757 4,018,429 34,595

10.7251 10.1609 11.3345 10.267



11/11/07
11/11/07
11/11/07

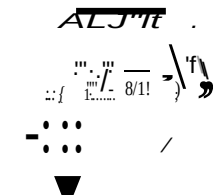
BHARTI AXA LIFE INSURANCE COMPANY LIMITED

IRDA Registration No: 130

Date of Registration with IRDA: July 14, 2006

Fund Revenue Account for the year ended March 31, 2007							
Particulars	Schedule	Save and Grow Money Fund	Steady Money Fund	Grow Money Fund	Protect Money Fund	Current Year Total	(Rs. In '000)
		Current Year	Current Year	Current Year	Current Year		Previous Year
Income from investments							-
Interest income		180	1	0	2	183	-
Dividend income		30	-	94	-	124	-
Profit/loss on sale of investment		{14}	(0)	24	0	10	-
Profit/loss on inter fund transfer/ sale of investment		-	-	-	-	-	-
Miscellaneous Income		0	-	457	-	457	-
Unrealised Gain/loss*		376	(0)	(868)	-	(492)	-
Total (A)		572	1	(293)	2	282	-
Fund management expenses		59	0	73	0	132	-
Fund administration expenses		-	-	-	-	-	-
Other charges:	F-5	0	0	40	-	40	-
Total (B)		59	0	113	0	172	-
Net Income for the year (A-B)		513	1	(406)	2	110	-
Add: Fund revenue account at the beginning of the year		-	-	-	-	-	-
Fund revenue account at the end of the year		513	1	(406)	2	110	-

* Net change in mark to market value of investments



Schedules to Fund Revenue Account

Annexure 6

BHARTI AXA LIFE INSURANCE COMPANY LIMITED

IRDA Registration No: 130

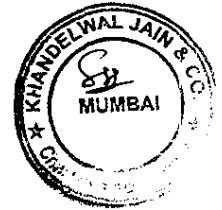
Date of Registration with IRDAI July 14, 2006

Schedule: F1

POLICYHOLDERS' CONTRIBUTION

(Rs.in'000)

Particulars	Save and Grow Money Fund	Steady Money Fund	Grow Money Fund	Protect Money Fund	Current Year Total	Previous Year
	Current year	Current year	Current year	Current year		
Opening balance	-	-	-	-	-	-
Add: Additions during the year	8,112	104	51,325	379	59,920	-
Less: Deductions during the year	316	36	5,372	27	5,751	-
Closing balance	7,796	8	45,953	352	1,69	-



BHARTI AXA LIFE INSURANCE COMPANY LIMITED

IHDA Re-traitment No: 130

Date of re-traitment with IRDA: July 14, 2006

Schedule: F 2
INVESTMENTS

(Rs. in '000)

Particulars		Steady Money Fund Current Year	Grow Money Fund Current Year	Protect Money Fund Current Year	Current Year Total	Previous Year
Approved Investments						
Government Bonds	1,459	21		194	1,674	
Corporate Bonds	3,60	40		79	3,179	
Infrastructure Bonds						
Equity	2,995		28,916		31,911	
Money Market						
Mutual Funds						
Total	7,514	61	28,916	273	36,764	
Other Investments						
Corporate Bonds	-	-	-	-	-	
Infrastructure Bonds						
Equity	609	-	5,819	-	6,428	
Money Market						
Mutual Funds	-	-	1824	-	1,824	
Total	609	-	7,643	-	8,252	
GRAND TOTAL	8,123	61	36,559	273	45,016	
% of Approved Investments to Total	92.50%	100.00%	79.09%	100.00%		
% of Other Investments to Total	7.50%	0.01%	20.91%	0.00%		
	100.00%	100.00%	100.00%	101.00%		

Schedule: F 3
CURRENT ASSETS

(Rs. in '000)

Particulars	Save and Grow Current Year	Steady Money Fund Current Year	Grow Money Fund Current Year	Protect Money Fund Current Year	Current Year Total	Previous Year
Accrued Interest	41	1	0			-
Cash & Bank Balance	201	7	13,497		13,705	-
Dividend Receivable	3	-	21		24	-
Receivable for Sale of Investments		-	-		-	-
Unit Collection A/c		-	-		-	-
Other Current Assets (for Investments)	-	-	-		-	-
Total	245	8	13,516		13,770	-



Schedule: F 4
CURRENT LIABILITIES

(Rs. In '000)

Annexure 6

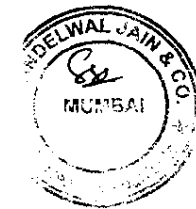
Particulars	Save and Grow Money Fund	Steady Money Fund	Grow Money Fund	Protect Money Fund	Cum:ft Year Total	Previous Year
	Current Year	Current Year	Current Year	Current Year		
Payable for Purchase of Investments	-	-	4,416	-	4,416	-
Other Current Liabilities	59	0	114	0	173	-
Unit Payable a/c	-	-	-	-	-	-
Total	59	0	- 4,530	0	4,5 9	

BREAK UP OF OTHER EXPENSES UNDER UUP

Schedule: F 5
OTHER EXPENSES

(Rs. In '000)

Particulars	Save and Grow Money Fund	Steady Money Fund	Grow Money Fund	Protect Money Fund	Current Year Total	Previous Year
	Current Year	Current Year	Current Year	Current Year		
Policy Administration charge	-	-	-	-	-	-
Surrender charge	-	-	-	-	-	-
Switching charge	-	-	-	-	-	-
Mortality charge	-	-	-	-	-	-
Rider Premium charge	-	-	-	-	-	-
Partial withdrawal charge	-	-	-	-	-	-
Appropriation charges for Last Day Collection	-	-	-	-	-	-
	0	0	40	-	40	-
Total	0		40	-	40	-



BIIARTI AXA LIFE INSURANCE COMPANY LIMITED

IRDA Registration No: 130

Date of Registration with IRDA: July 14,2006

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

Particulars	Year Ended March 31,2007 (Rs.000's)
I CASH FLOW FROM OPERATING ACTIVITIES	
Premium collection (Excluding Service Tax collected, but including monies pending billing)	79,385
Cash paid to Reinsurers	
Cash paid to suppliers and employees	(543,719)
Benefits paid	
Commission paid	(2,418)
Deposits paid	(61,728)
Other Income Received	458
Taxes Paid (Fringe Benefit Tax)	(2,581)
Net cash used In operating Activities	(530,603)
II CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Fixed Assets	(98,520)
Purchase of Investments	(2,939,791)
Sale of Investments	1,73,179
Interest and Dividend Received	9542
Net cash used In investing activities	(1,265,990)
III CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of share capital	1,782,200
Net cash from financing activities	1,781,200
Net increase in cash and cash equivalent	(13,893)
Cash and cash equivalent at beginning of the year	13,964
Cash and cash equivalent at the end of the year	71

1. The above Receipts and Payments Account has been prepared as prescribed by Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Directives laid out in Accounting standard - 3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India

2. Cash and Cash equivalent at the end of the period comprises of the following amounts;

Particulars	Year Ended March 31,2007 (Rs.000's)
Cash (including cheques, drafts, stamps in hand) as per schedule 11	970
Bank Balances as per Schedule 11	12,978
Bank Overdraft as per Schedule 13	(27,663)
Bank Balances in unit linked Funds as per Schedule 8_8	13,786
Total	71

This is the Receipts and Payments Account referred to in our report of even...date

For and on behalf of the Board of Directors

Sharmila A. Karve

Sharmila A. Karve

Sh

Sunil Bharti Mittal
Sunil Bharti Mittal
Badar Agarwal
Director

Muk Poarnon

7'

Partner
Membership no. 43229
For and on behalf of
Lovell & Lewes
Chartered Accountants

Partner
Membership no. 33632
For and on behalf of
Khandelwal Jain & Co.
Chartered Accountants

Chairman

GLN
Director

<

NIA

Chief Executive Officer

Chief Financial Officer

GLN
GLN Sarma
Appointed Actuary

Place : New Delhi
Date : 11th June, 2007



Place : New Delhi
Date : 11th June, 2007

BHARTI AXA LIFE INSURANCE COMPANY LIMITED

IRDA REGISTRATION NO: 130 DATED JULY 14, 2006

MANAGEMENT REPORT

In accordance with the Insurance Regulatory and Development Authority (Preparation of financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the following Management Report is submitted by the Board of Directors with respect to the operation of the company for the period July 14, 2006 to March 31, 2007. The Management of the Company confirms, certifies and declares as below:

1. Certificate of Registration

The Certificate of Registration granted to the Insurance Regulatory and Development Authority to enable the Company to transact life insurance business continues to stand valid as at March 31, 2007 and even as of the date of this Report.

2. Statutory Dues

All relevant statutory dues payable by the Company have been generally deposited on time as on the date of this Report.

3. Shareholding Pattern

The Company confirms that the shareholding pattern is in accordance with the requirements of the Insurance Act, 1938 and the Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000. During the year, the company has transferred 60,000,000 shares from Bharti Infotech Private Limited to Bharti Enterprise Holding Private Limited. The same has been approved by IRDA.

4. Investment of Funds

The Company has not directly or indirectly invested outside India the funds of the policyholders issued in India.

5. Solvency Margin

The Company has adequate assets to cover both its liabilities and the minimum solvency margin as stipulated in Section 64 VA of the Insurance Act, 1938.

6. Valuation of Assets

The Company certifies that values of all the assets have been reviewed on the date of the Balance Sheet and that the amounts reflected in the Balance Sheet under "Loans", "Investments" (excluding fixed income securities held in the Shareholders' account and non-linked Policyholders' account which are carried at amortised cost), "Agents balances", "Outstanding Premium", "Interest, Dividend and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amount due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Bills Receivable", "Cash" and the several items specified under "Other Accounts" did not exceed their respective realizable or market value.

7. Application of Life Insurance Funds

The Controlled Fund of the Company has been invested as per the provisions of, inter alia, Sections 27 and 27A of the Insurance Act, 1938 and in accordance with IRDA (Investment) Regulations, 2000. No part of the life insurance fund has been directly or indirectly invested outside India.

8. Risk Minimization Strategies

Underwriting procedures have been enhanced and rules have been structured to enable the Company to strike a balance between mitigating risk, ensuring control and providing better service. The key risks affecting the operations of the company are underwriting and investing risks. The underwriting risk is managed by adopting prudent underwriting policies and procedures. The Company seeks to reduce its risk exposure by reinsuring certain levels of risks with re-insurers.

The Company has prudent policy in respect of Investments. Investment risks are managed by laying down appropriate guidelines in the Investment policy. The Investment policy is approved and reviewed by the Board periodically.

9. Operations In other Countries

The Company does not have any operation outside India; hence there are no exposures to either other country risks or currency fluctuation risks.

10. Ageing of Claims

No claims were intimated to the Company in this financial year.

11. Valuation of Investments

The Company certifies that the investments made, out of Shareholders' funds and non-linked Policyholders' funds, in Government Securities, Treasury Bills, Bonds and Debentures have been valued at amortized cost. However, in the unit-linked funds, such investments are carried at market value. Inter corporate deposits have been stated at original cost. Investments in mutual funds and listed equity securities are recorded at fair value. The above valuation basis is in accordance with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

In the case of unit-linked funds, the market value of Government Securities is value C, at prices obtained from Credit Rating Information Services of India Ltd. ('CRISIL'). Debt securities, other than Government Securities, are valued on the basis of CRISIL Bond Valuer. The market value of equity shares is the last quoted closing price at the National Stock Exchange of India Ltd. ('NSE').

In the case of shareholders' funds and non-linked Policyholders' funds, the market value of Government Securities has been determined on the basis of valuations published by PIMMDA. The market value of corporate bonds and debentures has been determined on the basis of the benchmark yields and spreads published by FIMMDA. The market value of equity shares is the lower of the last quoted closing prices at the National Stock Exchange of India Ltd. ('NSE') and the Stock Exchange, Mumbai ('BSE'). Unlisted equity securities are measured at historical cost.

Market value of investments by the Company in mutual funds has been determined on the basis of the net asset value declared by the respective funds as at the Balance Sheet date.

12. Review of Asset Quality and Performance of Investment.

All investments as at the year end are performing investments.

The company invests only in high credit quality instruments, like Government of India bonds or corporate bonds rated AA+ or better. The investment in equity is limited to listed blue chip stocks.

13. Directors' Responsibility Statement

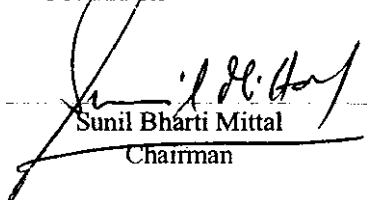
The Board of Directors of the Company also state that:

- (a) in the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures, if any;
- (b) the management has adopted accounting policies and applied them consistently 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 loss under Revenue Account and of the loss in the Profit and Loss account of the Company for the year ended March 31, 2007.
- (c) the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Insurance Act 1938 (4 of 1938) / Companies Act, 1956 (1 of 1956), for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the management has prepared the financial statements on a going concern basis;
- (e) the management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

14. Schedule of Payments made to individuals, firms, companies and organization-; In which **the** Directors are interested.

The Schedule of transactions and year-end outstanding balances of related parties in the ordinary course of business are indicated in Note No. 18(C) of the Notes to Accounts in Schedule 16 of the Financial Statements.

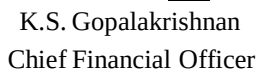
For and on behalf of the Board of Directors

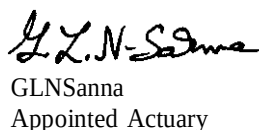

Sunil Bharti Mittal
Chairman


Mil. 1, ...
Director


Mark Pearson
Director


Nitin Chopra
Chief Executive Officer


K.S. Gopalakrishnan
Chief Financial Officer


GLNSanna
Appointed Actuary

Place : New Delhi
Date : 11th JWJe, 2007