

42<sup>nd</sup>

# ANNUAL REPORT 2013-14

'GIC Re Reinsures the World'



आपलाते रसिध्यामि

GIC Re

भारतीय साधारण बीमा निगम

General Insurance Corporation of India



## General Insurance Corporation of India

170, Suraksha, J. Tata Rd., Churchgate, Mumbai – 400 020, India

Tel.: +91 22 2286 7000 Website: [www.gicofindia.in](http://www.gicofindia.in)

email: [info@gicofindia.com](mailto:info@gicofindia.com) (Wholly owned Govt. of India Undertaking)

С О М М А Р И





## VISION

To be a leading global reinsurance and risk solution provider

## CORE VALUES

- Trust and mutual respect
- Professional excellence
- Integrity and transparency
- Commitment
- Responsive service

## MISSION

To achieve our Vision by

- Building long-term mutually beneficial relationships with business partners
- Practising fair business ethics and values
- Applying “state-of-the-art” technology, processes including enterprise risk management and innovative solutions
- Developing and retaining a highly motivated professional team of employees
- Enhancing profitability and financial strength befitting the global position





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**CORPORATE INFORMATION****DIRECTORS**

Shri A.K. Roy	Chairman-cum-Managing Director
Smt. Snehlata Shrivastava	
Shri D Sarkar	Upto 30.11.2013
Shri Sushobhan Sarker	Upto 31.05.2014
Shri N.S.R. Chandraprasad	Upto 28.02.2014
Shri Arun Tiwari	w.e.f. 24.02.2014
Shri Gopalan Srinivasan	w.e.f. 08.05.2014
Shri B. Chakrabarti	
Shri Sanjiv Kapoor	
Dr. Sunil Gupta	
Shri Doulat Raj Mohnot	
Shri S. Yugandhara Rao	

**MANAGEMENT****Chairman-cum-Managing Director**

Shri A.K. Roy

**General Managers**

Shri S. Yugandhara Rao	
Shri N. Mohan	
Shri G. C. Gaylong	w.e.f. 30.06.2014
Smt. Alice Valdyan	
Shri P. Venkatramaiah	w.e.f. 03.06.2013 upto 31.05.2014
Shri P. Dutta	
Shri Y. Ramulu	w.e.f. 30.05.2014

**Chief Vigilance Officer**

Shri S. Nallakuttalam	Upto 31.10.2013
Shri Ravi Chaudhary	w.e.f. 01.01.2014

**Deputy General Managers**

Shri P. N. Gandhi	
Smt. Reena Bhatnagar	
Shri R. Sundaram	Upto 20.09.2013
Shri B. N. Narsimhan	
Shri D. T. V. Sastri	
Shri V. C. Jain	
Shri Sushil Kumar	
Shri J. M. Gajendragadkar	
Shri Deepak Prasad	
Shri Farrukh Shah	w.e.f. 21.09.2013
Shri A. K. Agarwal	
Smt. Lakshmi Kala Raghupathy	w.e.f. 16.06.2014
Shri Anil Sant	w.e.f. 16.06.2014
Smt. Madhulika Bhaskar	w.e.f. 16.06.2014
Shri Deepak Godbole	w.e.f. 16.06.2014
Shri Devesh Shrivastava	w.e.f. 16.06.2014
Shri S. N. More	w.e.f. 16.06.2014

**COMPANY SECRETARY**

Smt. Suchita Gupta

**AUDITORS**

Ms. Ghalla & Bhansali  
Chartered Accountants  
Devansh, 2nd floor,  
133, Dada Saheb Phalke Road  
Near Ranjeet Studios, Dadar (E)  
Mumbai - 400 014.

M/s. Manubhai & Shah  
Chartered Accountants  
2nd Floor, 'B' wing, Premium House,  
Near Gandhigram Rly. Station,  
Navrangpura, Ahmedabad - 9.



## CORPORATE CHRONICLE

Sr. No.	Date and Year	Event
1	22nd November 1972	General Insurance Corporation of India was formed in the pursuance of section 9(1) of GIBNA Act and also under the Companies Act 1956 as Private Company limited by Shares.
2	1st January 1973	The general insurance business in India was nationalized, 107 general insurance companies were merged and GIC of India was formed as the holding Company with four subsidiaries viz, The New India Assurance Co. Ltd. National Insurance Co.Ltd. Oriental Insurance Co.Ltd and United India Insurance Co.Ltd.
3	1st January 1978	Loss Prevention Association of India was formed by GIC and its 4 subsidiaries.
4	6th December 1978	Kenindia Assurance Company Ltd, was incorporated by merging branch operations of subsidiaries of GIC and LIC operating in Kenya
5	1st January 1988	India International Insurance Pte. Ltd. was set up as a locally incorporated wholly owned subsidiary Company of GIC and four Public Sector Insurance Companies in Singapore
6	12th December 1989	GIC Housing Finance Co. Ltd was set up by GIC of India and the four Public Sector Insurance Companies.
7	25th May 1993	GIC Asset Management Co. Ltd was set up by GIC of India and the four Public Sector Insurance Companies.
8	19th April 2000	Insurance Regulatory & Development Authority (IRDA) was formed
9	3rd November 2000	GIC notified as "Indian Reinsurer"
10	June 2001	London representative office set up
11	April 2002	Moscow representative office set up
12	20th December 2002	Agricultural Insurance Company of India was set up by GIC Re, the 4 PSU Companies and NABARD
13	April 2003	Life Reinsurance started its underwriting activities
14	1st April 2002	GIC Re appointed as managers to the Terrorism Insurance Pool
15	7th August 2002	GIBNA Act Amended
16	21st March 2003	GIC Re ceased to be holding Company
17	April 2005	Dubai representative office set up
18	February 2006	SAP went live.
19	27th April 2006	Loss Prevention Association of India was amalgamated with GIC Re
20	1st January 2007	Dubai representative office was upgraded to Branch office
21	1st April 2007	GIC Re was appointed as managers to Motor Third Party Pool
22	1st January 2008	London representative office was upgraded to branch office and commenced its operations.
23	19th June 2008	Signing of Co-operation Agreement with Hannover Re for Life Re Business.
24	10th October 2008	Retakaful reinsurance
25	16th October 2008	GIC Re mandated to form Nat Cat Pool for Afro Asian Region.
26	16th January 2009	GIC Re registered as Eventual Reinsurer in Brazil
27	11th November 2010	GIC Re Malaysia Branch start functioning.
28	20th September 2011	Launch of e-Thru platform by Mr. J. Harinarayan, Chairman, IRDA
29	19th October 2011	GIC Re won the Marine Insurance Award at Seatrade Middle East and Indian Subcontinent Awards 2011
30	5th July 2012	GIC Re entered into a joint venture agreement for setting up the first reinsurance company in Bhutan.
31	26th November 2012	GIC Re won the Marine Insurance Award second time in a row, at Seatrade Middle East and Indian Subcontinent Awards 2012.
32	5th September 2013	The joint venture reinsurance company in Bhutan – GIC Bhutan Re Ltd. became operational
33	19th September 2013	GIC Re appointed as Managers of FAIR NATCAT Reinsurance Pool at Beijing, China



## **BOARD OF DIRECTORS**

(Left to Right): Mr Sanjiv Kapoor, Mr G Srinivasan, Mr Arun Tiwari, Mr A. K. Roy, Mrs Snehlata Shrivastava, Mr B. Chakrabarti, Dr. Sunil Gupta, Mr Doulat Raj Mohnot, Mr S. Yugandhara Rao





**Ashok K Roy**  
Chairman-cum-  
Managing Director,  
GIC RE

Mr. Ashok Kumar Roy is an Agriculture Engineer with B. Tech (Hons) from the Indian Institute of Technology, Kharagpur and a Fellow of the Insurance Institute of India. Mr. Roy joined the Indian General Insurance Industry as a direct recruit officer in 1979. He served the Oriental Insurance Co. Ltd. for 29 years in various capacities, primarily as property underwriter before moving on to GIC Re in June 2008 as General Manager.

In December 2011 Mr. Roy took over as officiating Chairman-cum-Managing Director of Agriculture Insurance Company of India. Mr Roy was appointed as the Chairman-cum-Managing Director of GIC Re in January 2012.

Mr. Roy is also Chairman of GIC Housing Finance Ltd. and GIC Asset Management Co. Ltd. He is the President of Insurance Institute of India. Mr Roy is a Director on the Board of several companies, including Life Insurance Corporation of India; Indian Register of Shipping, East Africa Reinsurance Co. Ltd., Kenindia Assurance Co. Ltd., Asian Reinsurance Corporation and ECGC of India Ltd.

Mr. Roy has keen interest in Change Management, Negotiation skills, and Corporate Governance. He is known for his initiatives in HR Development in GIC Re. Setting up of an Innovation Centre at GIC Re has been his latest initiative at GIC Re.



**Snehlata Shrivastava**  
Additional Secretary,  
Department of  
Financial Services

Mrs. Snehlata Shrivastava, Additional Secretary in the Department of Financial Services, Ministry of Finance is the Government nominee on the Board of Directors of the Corporation.

Mrs. Shrivastava is a Post Graduate in Geography with specialization in Urban Geography and M Phil in Regional Planning and Economic Growth. She is an Indian Administrative Service (IAS) Officer of 1982 batch (Madhya Pradesh Cadre).

During her career in the IAS of more than 30 years, she has experience in the field of Finance, Telecom, Highways, Revenue, Multilateral Banks. i.e., World Bank and Asian Development Bank, Exchange Control, bilateral assistance in respect of US, Canada in Government of India.

Mrs. Shrivastava has been instrumental in framing various Regulations under FEMA when it was enacted. In the State of Madhya Pradesh, she has dealt with the sectors like education, mining, land management, power and industry including law and order related assignments as District Magistrate and Sub-Divisional Magistrate. She has been Director, Budget in the Finance Department of State of Madhya Pradesh for three years.

She joined Central Government on deputation from January 2011 as Joint Secretary, Department of Justice and dealt with higher judiciary of the Supreme Court and High Courts, judicial reforms and computerization of courts.





**Arun Tiwari**  
Chairman &  
Managing Director,  
Union Bank of India

Mr Arun Tiwari Chairman and Managing Director of Union Bank of India is a M.Sc in Chemistry. He has also done a course in Computer Programming. Born on 1st July, 1957 Mr Tiwari started his career in Bank of Baroda as Probationary Officer in 1979.

Mr Tiwari has worked in almost all key segments of Banking, in various capacities – at Branches, Zonal Office, and at Corporate Office as General Manager – MSME & Wealth Management, Whole sale Banking. His tenure in the Bank of Baroda spanned various geographies of the country and overseas centers at Kuala Lumpur and Singapore, as Chief Executive of the respective territories. He had the privilege to set up operations at both these Centers. He also worked in CMD's Secretariat for two years.

Mr Tiwari was Head of Corporate Financial Branch, Mumbai, the largest branch of Bank of Baroda and also headed Greater Mumbai Zone of Bank of Baroda, in the rank of General Manager.

On his elevation as Executive Director, Mr Tiwari assumed the Office of Executive Director at Allahabad Bank from 18.06.2012 and handled the portfolios of CREDIT, Credit Monitoring, HR, IT, Risk Management, Finance & Accounts, Inspection, Vigilance and Branch Expansion & Support Services. Mr Tiwari assumed the post of Chairman & Managing Director of Union Bank of India on the 26th December, 2013.

Under the aegis of World Bank Mr Tiwari did a Study Assignment in USA and Europe for export oriented Small Scale Industries in India. He has undergone training and courses at various prestigious institutes, like Arthur D'Little, Boston, USA, Kellogg School of Management, Northwestern University, Chicago, Indian School of Business, Hyderabad, NIBM, Pune, Bankers' Training College, Mumbai, and Indian Institute of Technology, Mumbai, besides others.



**G. Srinivasan**  
Chairman GIPSA &  
Chairman cum  
Managing Director,  
New India Assurance  
Co. Ltd.

Mr G Srinivasan, Chairman-cum-Managing Director, New India Assurance Company Limited is a graduate in Commerce and Fellow of the Insurance Institute of India. He is also an Associate of the Institute of Cost & Works Accountants.

An industry veteran with over 34 years of experience, Mr Srinivasan took over as Chairman-cum-Managing Director of New India Assurance Company Ltd., in October 2012. Currently, he is also the Chairman of The General Insurers' (Public Sector) Association of India (GIPSA).

Prior to joining New India Assurance Company Limited as CMD he was Chairman-cum-Managing Director of United India Insurance Company Limited.

Mr Srinivasan has also served as the Managing Director of The New India Assurance Co (TNT) Ltd, Trinidad, and General Manager of New India Assurance Co Ltd. Mr Srinivasan is also the Chairman of the National Insurance Academy, Pune and the Governing Body of Insurance Council. He is also a Director on the Boards of

- GIC Housing Finance Limited, Mumbai
- The New India Assurance Co. (T&T) Ltd, Port of Spain
- Prestige Assurance Plc., Lagos, Nigeria
- India International Insurance Pte. Ltd., Singapore
- GIC Re (in his capacity as the Chairman of The General Insurers' (Public Sector) Association of India (GIPSA).

Mr Srinivasan has presented several papers in many National and International Conferences on various topics related to Insurance.

Mr Srinivasan has also been honoured with many awards including the Award for "ICON OF THE YEAR 2011" given by ICWAI for his contribution to the General Insurance industry; the SKOCH Award for Financial Inclusion Initiatives in 2012; CEO of the year 2013 Award in IPE BFSI Award and was awarded "CEO of the year" by 94.3 MY FM.


**Bimalendu Chakrabarti**

Ex-Chairman-cum-  
Managing Director,  
New India Assurance  
Company Limited

Mr. Bimalendu Chakrabarti, ex-Chairman-cum-Managing Director, New India Assurance Company Limited has been appointed as an independent Director on the Board of GIC Re.

Mr. Chakrabarti, a commerce graduate and a Chartered Accountant by profession, joined the general insurance industry in 1974 as a direct recruit of the first batch of specialist officers. He began his career with United India Insurance Company Limited in Chennai.

During his stay at United India, Mr. Chakrabarti also served as Regional Manager at the Chandigarh regional office of the Company. For some time he was also associated with GIC as Assistant General Manager (Investments) and General Manager (Investments). From GIC, Mr. Chakrabarti moved back to United India Insurance Company where he served as General Manager, Executive Director and also as Chief Vigilance Officer of the Company.

In January 2005 Mr. Chakrabarti was appointed Chairman-cum-Managing Director of Kolkata based National Insurance Company Limited. In October 2005 Mr. Chakrabarti was appointed Chairman-cum-Managing Director of Mumbai based New India Assurance Company which he served till his superannuation in 2009.

During his stay in the Indian General Insurance Industry, Mr. Chakrabarti served on various committees. He was:

- Chairman of GIPSA,
- President and Member of the Governing Board of National Insurance Academy, Pune;
- Chairman of Prestige Assurance Plc. Lagos, Nigeria;
- Chairman of The New India Assurance Co. (Trinidad & Tobago) Ltd., Port of Spain;
- Chairman of India International Company insurance pte. Ltd. Singapore;
- Member of the Governing Body of Insurance Institute of India.


**Sanjiv Kapoor**

Partner,  
S.K. Kapoor & Co.  
Chartered Accountants,  
Kanpur

A Commerce Graduate and F.C.A Mr. Sanjiv Kapoor is the senior partner of M/s. S.K.Kapoor & Co, Chartered Accountants, one of the leading Chartered Accountancy firms. As partner of the firm has conducted audits of number of large Corporates such as Reserve Bank of India, Life Insurance Corporation of India, N.T.P.C Ltd. Indian Oil Ltd. U.T.I., Bharat Sanchar Nigam Ltd., Bank of India, Bank of Baroda etc.

Mr. Kapoor has been a Director of Mahindra & Mahindra Ltd., Ballarpur Industries Ltd., Indian Bank, Corporation Bank, UPSE Securities Ltd., Sahara Asset management Co (P) Ltd, Sahara India Life Insurance co. Ltd, Aamby Valley Ltd. He was the president of Kanpur Chartered Accountants Society in the year 1988-89. He has been a member of Northern Railway Users Consultative Committee, Kanpur Telephonic Advisory Committee. He was also the Vice President of Upper India Chamber of Commerce in the year 1996-97.

At present Mr. Kapoor is a Director on the Board of Mahindra Lifespace Developers Limited, Mahindra World City Developers Ltd., Mahindra Ugine Steel Co. Ltd. Sahara India Medical Institute Ltd, HLL Life care Ltd., HLL Biotech Ltd., U.P. Stock Exchange Ltd & General Insurance Corporation of India.





**Dr Sunil Gupta**

Partner,  
M/s Sunil Ram & Co.  
New Delhi

Dr Sunil Gupta is a Chartered Accountant by profession and is senior partner at M/s Sunil Ram & Co. Ghaziabad. He is a commerce graduate, Fellow Member of the 'The Institute of Chartered Accountants of India' and 'The Institute of Cost Accountants of India' and holds a Ph.D. on the topic 'Study of Internal Audit System'.

He is the elected Shareholders' Director on the board of Punjab National Bank since March 21, 2012 and has been co-opted as member of "Risk management committee" and "IT committee" of the board. He has completed tenure of 3 years as a Shareholders' Director on the board of Dena bank on March 16, 2012. In Dena Bank also, he was co-opted as Chairman/ member of various committees namely Management Committee, Audit Committee and Risk Management Committee.

The Government of India has nominated him as Director of Rural Electrification Corporation Limited and as Member of Steel Consumers' Council, Ministry of Steel. He is the elected member of National Executive Council of FICCI. He is also an associate member ASSOCHAM, CII and PHD Chambers of Commerce and Industry & Press Club of India, besides being member of several social organizations, educational societies and clubs.

Dr. Sunil Kumar Gupta has been the Founder Secretary of Ghaziabad Chapter of 'The Institute of Cost Accountants of India' and also Chairman, Vice-Chairman, Secretary of Ghaziabad branch of The Institute of Chartered Accountants of India at different times. Dr. Sunil Kumar Gupta remained the elected member to Central India Regional Council of The Institute of Chartered Accountants of India from 1998-2000.

Adding to his versatility, he has authored books and written articles for various newspapers and magazines. Inquisitive and analytical by nature, he never hesitates to take out time to share knowledge through personal-interviews and panel discussions. One quality, which outshines the rest of his achievements is his urge to give back to the society and serve the nation and is thus associated with various social organizations and encourages everybody around to do so.



**D R Mohnot**

Partner,  
M/s D R Mohnot &  
Co. Jaipur

Mr D R Mohnot, a Chartered Accountant by profession, is a senior and promoter partner in M/s D R Mohnot & Co. Jaipur.

He has been partner in charge on the audits of several public sector companies, nationalized banks and other organizations including Bharat Sanchar Nigam Limited (BSNL, Rajasthan Circle); Jaipur Vidhyut Vitaran Nigam Limited (JVNL), ASREC, LIC of India, UCO Bank.

Mr Mohnot has also been the secretary treasurer of Jaipur Branch of Institute of Chartered Accountants of India for two years. He was also a member of executive committee of the Institute in the recent past.

Mr Mohnot was a member of the Company Law Committee of Jaipur constituted in Registrar of Companies Jaipur for various company law matters. Mr Mohnot has also been actively associated with several religious institutions.



**S Yugandhara Rao**

Director &  
General Manager,  
GIC Re

A B.A in English Literature, post graduate in Political Science and an Associate of Indian Insurance Institute, Mr. S Yugandhara Rao has over 3 decades of rich and divergent experience in both Indian and Overseas Insurance markets.

Mr. Rao joined the industry in 1981 as a direct recruit officer in New India Assurance Company Limited, Mumbai. Subsequently he served in various capacities in Hyderabad and Mumbai offices of the company. He also served as Resident Manager of the Kuwait Unit of the company from 1997 to 2002. In December Mr. Rao was promoted as Regional Manager of Bhopal RO and in 2004 on promotion to the cadre of Deputy General Manager he was posted as In-charge of Pune Regional office.

From 2006-2010, Mr. Rao was the Managing Director & CEO of Prestige Assurance Co., Lagos, Nigeria. In April 2009 he was promoted as General Manager and posted to National Insurance Company Limited, Mumbai as GM West Zone overseeing 7 RO's. Mr. Rao has now moved to GIC re as General Manager.

Mr. Rao has several distinctions to his credit. He was adjudged the best Divisional Manager in India (South) in 1996. He was also nominated for 'MEN OF ACHIEVEMENT AWARD' – as a Business Leader for Insurance Sector, by Corporate Press Services Inc., Nigeria; and for 'Prestige' – Inside Business Commendation Award- for Best Insurance Company 2008 (Innovation and Claims settlement) , sponsored by Nigeria Television Authority.





## MANAGEMENT

Sitting ( Left to Right) :Mr Y Ramulu, General Manager, Mr Parijat Dutta, General Manager, Mr G C Gaylong, General Manager, Mr N Mohan, General Manager, Mr A K Roy, Chairman cum Managing Director, Mr S Yugandhara Rao, Director & General Manager, Mrs Alice G Vaidyan, General Manager, Mr Ravi Chaudhary, CVO.

Standing ( Left to Right): Deputy General Managers: Mrs Madhulika Bhasker, Mrs Lakshmi Kala Raghupathy, Mr Deepak Prasad, Mr Deepak Godbole, Mr V C Jain, Mrs Reena Bhatnagar, Mr J Gajendragadkar, Mr B N Narasimhan, Mr Sushil Kumar, Mr P N Gandhi, Mr S N More, Mr Akhilesh Agarwal, Mr D T V Sastri.

## NOTICE

**NOTICE** is hereby given that the 42nd **ANNUAL GENERAL MEETING** of the Members of the **GENERAL INSURANCE CORPORATION OF INDIA** will be held at the Registered Office of the Corporation at "Suraksha", 170, J. Tata Road, Churchgate, Mumbai - 400 020, on Wednesday, the 10<sup>th</sup> September 2014 at 2.30 p.m. to transact the following business:

### Ordinary Business

1. To receive and adopt the Directors' Report and Audited Statements of Account for the year ended 31st March 2014.
2. To declare dividend on equity shares.
3. To fix remuneration of auditors for the year 2014-2015.
4. To appoint Director in place of Shri A.K. Roy (DIN No. 02736752), who retires by rotation and being eligible, offers himself for re-appointment.

For and on behalf of the Board

(Suchita Gupta)  
Company Secretary

### Registered Office:

"Suraksha", 170, J. Tata Road,  
Churchgate,  
Mumbai – 400 020

Dated: 19<sup>th</sup> August 2014

### Note :

1. A member entitled to attend and vote at the Meeting is entitled to appoint another person, whether a member or not, as his proxy to attend the meeting and vote instead of himself.
2. The instrument appointing a proxy or other authority, if any, can be deposited at the Registered Office of the Corporation, not less than 48 hours before the time for holding the meeting.

## DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Forty Second Annual Report on the working and affairs of the Corporation and the audited statements of account for the year ended 31<sup>st</sup> March 2014.

### FINANCIAL RESULTS:

The highlights of the financial results for the year under review are as under:

	(₹ in crore)			(₹ in crore)	
	2013-14	2012-13		2013-14	2012-13
1. Net Premium	13212.62	13771.23	12. Profit before Tax (8+9+10-11)	2303.43	2382.17
2. Net Earned Premium	13608.81	13321.79	13. Income-tax Deducted at Source and Provision for tax incl. deferred taxes	50.26	37.55
3. Net Incurred Claims	12107.29 89.0%	10942.34 82.1%	14. Profit after Tax (12-13)	2253.17	2344.62
4. Net Commission	2448.99 18.0%	2905.75 21.8%	15. Balance of Profit b/f from previous year	-906.09	-2467.89
5. Operating Expenses and Other Outgo less Other Income	-60.26	-14.26	16. Interim Dividend	118.25	0.00
6. Investment Income Apportioned to Revenue less expenses	2568.80	2205.30	17. Proposed Dividend	331.10	468.70
7. Premium Deficiency	0.00	-141.46	18. Dividend tax	76.37	79.66
8. Total Profit/Loss (-) (2+6-3-4-5-7)	1681.59	1834.72	19. Transferred to General Reserves	821.28	234.46
9. Interest, Dividends and Rents (gross)	912.22	688.32	20. Balance of Profit carried forward (14+15-16-17-18-19)	0.09	-906.09
10. Other Income less Other Outgo	-34.27	-109.22			
11. Reserve for Doubtful Debts and Investment incl. Amortisation of Investments Written off	256.10	31.65			

- Net Earned Premium is arrived after adjustments for Reserve for Unexpired Risks
- Percentages relate to the net earned premium of the corresponding year
- Obligatory Cessions from Domestic Insurance Companies reduced from 10% to 5% w.e.f 01.04.13 vide IRDA/NL/RI/41/2012-13 dt 03.03.13

### DIVIDEND

During the year, the Directors recommended ₹ 449.35 crore at the rate of 104.5% as the full and Final Dividend for the year which included Interim Dividend of ₹ 118.25 crore paid on 4th September 2013 as against ₹ 468.70 crore at the rate of 109% in the previous year.

### CAPITAL AND FUNDS

Capital and Funds of the Corporation stood at ₹ 37993.10 crore as on 31st March 2014 as against ₹ 35262.82 crore in the previous year, the details of which are given below:



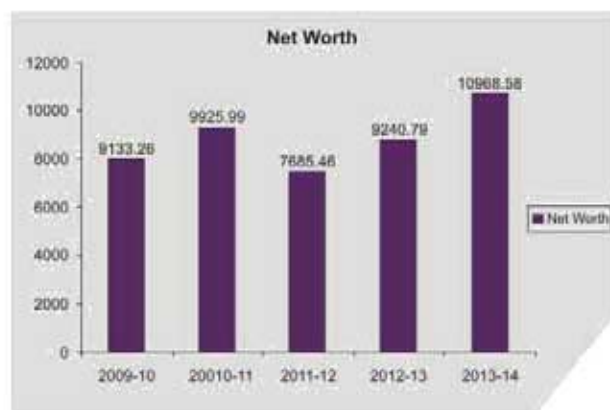
## DIRECTORS' REPORT

(&amp; in crore)

	As on 31.03.2014	As on 31.03.2013
<b>I Shareholders' Funds (Net Worth)</b>		
Paid up Capital	430.00	430.00
General Reserve	10545.20	9723.92
Profit & Loss a/c	.09	-906.08
	10975.29	9247.83
Less: Deferred Tax	6.71	7.04
	10968.58	9240.79
<b>II Policyholders Fund</b>	<b>27024.51</b>	<b>26022.03</b>
	<b>37993.10</b>	<b>35262.82</b>

**Net worth (Shareholders Funds)  
for the last 5 years**

(&amp; in crore)



## ASSETS

Total assets of the Corporation was ₹66991.86 crore as on 31st March 2014 as compared to ₹ 59939.89 crore as on 31st March 2013.

## FINANCIAL RATING

The purpose of credit rating is to gauge the qualitative and quantitative risk of an entity along with its creditworthiness.

As a Reinsurance Company with global presence, it became pertinent to be rated by a credit rating agency acceptable to the world reinsurance market. A.M. Best was selected to rate GIC Re from the F.Y 2000-01. Up to 2005-06 we were rated A (Excellent) but was changed to A-(Excellent) from 2006-07. The outlook for both the rating is stable.

The rating reflects Corporation's strong risk adjusted capitalization and its prominent business profile in the Indian and overseas reinsurance market.

Efforts are on to upgrade the present rating and an action plan focusing on the same has been drawn up as under:

- Bring down the exposure in equity investment to about 25% of total investment on market value basis.
- Improve quality of underwriting to lower combined ratio with long term average below 100%.
- Improve quality of Underwriters by training intervention.
- Upgrade and leverage technology for better exposure management
- Enter Lloyd's market for wider spread of business
- Expand globally for more spread of business

## Credit Analysis &amp; Research Limited (CARE)

CARE has reaffirmed AAA (In) Claims Paying Ability rating. Insurers with this rating have the highest financial strength to meet policyholders' obligations and the impact of any adverse business and economic factors on the claims paying ability is minimal.

GIC Re is ranked 15th among International Reinsurers by Standard & Poor's rating services, based on Net Reinsurance Premium Written (NRPW).

## SOLVENCY RATIO

The Solvency Margin of the Corporation as on 31st March 2014 stood at 2.73 as against 2.39 in the previous year.

## MANAGEMENT DISCUSSION &amp; ANALYSIS REPORT

The operations and future prospects of the Corporation is dealt in the Management Discussion and Analysis Report which forms part of the Directors Report.

## INVESTMENTS

The total book value of investment of the Corporation in India (representing investments, loans and deposits) amounted to ₹ 28,691.11 crore as on 31.3.2014 as against ₹ 26,132.04 crore in the previous year. The investment income of ₹ 3,324.154 crore were apportioned to policyholders and shareholders as under:

	(& in crore)
Apportioned to Policyholders	₹ 2,452.89
Apportioned to Shareholders	₹ 871.26

The mean yield on funds with profit on sale of investments stood at 12.13 %. The net NPA % (non-Performing Assets) was at 0.85%

## DIRECTORS' REPORT

### INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)

The Corporation being a Reinsurance Company, its working and functions, are governed by the Insurance Regulatory and Development Authority (IRDA). The Corporation's existing paid-up equity capital of ₹ 430 crore conforms to the specifications of the IRDA. The Accounts of the Corporation are drawn up according to the stipulations prescribed in the IRDA (Preparation of Financial Statements and Auditor's Report), Regulations, 2002.

### PERSONNEL AND INDUSTRIAL RELATIONS

#### I. STATEMENT UNDER SECTION 217(2A) OF COMPANIES ACT 1956:

The particulars of remuneration payable to the employees in terms of Section 217(2A) of the Companies Act, 1956 are annexed in a separate statement.

#### II. STAFF POSITION AS ON 31.03.2014:

Class I	-	Officers	393
Class III	-	Clerical Employees	95
Class IV	-	Sub-Staff	26
TOTAL			514

#### Composition of Scheduled Castes and Scheduled Tribes in the employee strength:

Cadre	Total Employee Strength	Composition			
		SC	%	ST	%
Officers	393	60	15.27	20	5.09
Clerical	95	23	24.21	11	11.58
Sub-Staff	26	5	19.23	1	3.85
Total	514	88	17.12	32	6.23

#### III. WELFARE OF SC/ST/OBC:

As per the National Policy on reservation for SC/ST & OBC, GIC Re has framed rules, which allow reservations and concessions/relaxation for SC/ST and OBC in recruitment and promotion wherever applicable. Special in-house coaching classes are conducted for SC/ST employees who are in the promotion zone in order to enable them to acquire knowledge so that they are able to give a better account of themselves in the written test. On Line training was provided to eligible SC/ST Candidates under Scale I recruitment exercise.

The Dr. Ambedkar Welfare Trust of GIC Re was

established during the birth centenary year of Dr. B. R. Ambedkar. The Trust implemented various Welfare Schemes for the benefit of SC/ST/OBC employees and is at present managed by The New India Assurance Co. Ltd., Mumbai.

### FOREIGN EXCHANGE EARNINGS & OUTGO AND OTHER INFORMATION

The particulars of Foreign Exchange earnings/outgo as required by the Companies Act under Section 217(1) (e) is given below:

- i) Earnings ₹ 1853.67 crore
- ii) Outgo ₹ 2597.20 crore

The earnings included all receipts denominated in foreign currencies in respect of premium, recovery of claims, outward commission and investment earnings. The outgo comprised all payments in foreign currency in respect of outward premium, claims on reinsurance accepted, commission and expenses of management.

Expenses on (a) Entertainment (b) Foreign Tours and (c) Publicity and Advertisement amounted to ₹ 12,43,930.00/-, ₹ 4,71,70,733.40/- and ₹ 5,58,25,663.83/ respectively for the year under review.

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

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

### IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY OF THE CENTRAL GOVERNMENT

During the year under review, the Corporation improved its performance in implementation of Official Language Policy of the Government of India and complied with the guidelines issued by the Ministry.

For implementation of Official Language Policy of the Government, regular inspections of various departments of the Corporation were carried out by the officials of Official Language Department.

Four In-House workshops were organized and four meetings of Official Language Implementation Committee were conducted during the year.

In-house quarterly journal KSHITIJ was published regularly. It was also made available on Company's



## DIRECTORS' REPORT

website. During Hindi week celebrations, various competitions were held. The winners of these competitions were awarded prizes during the function.

CMD's Shield was awarded to Human Resources Department and certificates were given to Office Services Department and Life Reinsurance Department as these departments were found to be the best performing Departments of the Corporation with regards to Official Language Implementation.

All employees have working knowledge of Official Language and no one is pending for Hindi (Language, Typing and Stenography) training in GIC Re.

Out of 514 personnel of GIC Re, 79 are proficient in Hindi.

Akruti based UNICODE has been installed on the Computers and officers and employees can do their day to day work in Hindi also.

### VIGILANCE

The Vigilance Department of the Corporation is headed by a Chief Vigilance Officer in the rank of General Manager. The emphasis of the Vigilance Department is on preventive vigilance.

The Department also focuses on various systems improvement initiatives.

The focus of the Organisation, in concurrence with CVC guidelines, is to take proactive steps to avoid a vigilance-like situation. Audit reports are studied and remarks made by Auditors are analysed. Surprise inspections are conducted periodically and lapses studied from a vigilance angle. Based on this, suggestions are advised for improvisation of systems and procedures of the Organisation. The sole purpose of vigilance training is to focus and accept vigilance as an organizational objective and create an atmosphere conducive to "Zero corruption" functioning, with role clarity and clear sense of direction. To improve vigilance administration, CVO and other officers also participate in the vigilance training programmes/workshops conducted by reputed organisations.

Periodical discussions are held with the officials of various departments/companies to ensure financial and office discipline and imbibe a culture of value and ethics in the organization.

### INTERNAL AUDIT DEPARTMENT

The Corporation has systems and controls in place covering all major areas of operations such as Underwriting, Investment and Finance.

The Internal Audit Department has utilized the services

of professional Audit firm for Internal Audit and Concurrent Audit functions during the year 2013-14. M/s Kailash Chand Jain & Co. are Internal Auditors for Reinsurance and M/s R. Devendra Kumar & Associates are Internal Auditors for Investment & Others.

The Internal Audit team conducts Audit of business transactions on a monthly basis and also reviews the prevalent systems. It presents its Internal Audit report for each month, on the basis of their observations and discussions with the officers concerned. After the report is finalized, they put up the Executive Summary along with Management reply to the same. This Executive Summary and suitable recommendations, if any is placed before the Audit Committee of the Board (ACB) for their consideration.

Internal Audit department co-ordinates with all user departments, for compliance of audit Observations. Status of progress on the implementation of approved recommendation by the Audit Committee of the board is reported to ACB in Action Taken Report.

Seven (7) meetings of the ACB were held during the year 2013-14.

During the year, emphasis was laid on core business activities and Audit of Reinsurance underwriting operations, settlement of accounts & reconciliations and Investment operations were carried out. Other departments like Human Resources, IT, Communication, General Accounts, Office Services etc. were also covered during the year. Besides major expenditures incurred, both Revenue and Capital, having financial implications were also subjected to audit.

Treaty acceptances, Cash Call settlements and Settlement of Accounts were audited on a concurrent basis.

Audit of Investment operations is also, on a concurrent basis. This covers the primary and secondary market transactions. In line with RBI directions, Subsidiary Government Ledger (SGL) for Central and State Government Securities are subjected to concurrent audit and confirmation of correctness of balances, and its reconciliation at the end of each month is sent to RBI. The same is also placed before the ACB at its meetings.

The Annual Budget of the Corporation comprising Underwriting Experience & Profitability, Investment Interest, Dividend & Rent, Expenses of Management and Capital expenditure was presented to the Board. A Mid-year review of the Budget is carried out.



## DIRECTORS' REPORT

Appointment of Internal Auditors and recommendations to CAG for appointment of External Auditors for the Foreign Branches, is finalized as per the Guidelines for the same and with the approval of the ACB.

As per IRDA directives, General Insurance Companies are required to have their Investment Risk Management Systems reviewed and certified by a Chartered Accountant who is not the Statutory / Internal / Concurrent Auditor of the concerned Insurer. Such review should be conducted from at the beginning of every second year or such shorter frequency as decided by the Board of the insurer. M/s Kochar & Associates were appointed as Auditors for Certification of Investment Risk Management Systems & Processes, in December 2013.

Status of Comptroller & Auditor General of India (CAG) Draft Paras (DPs) and Inspection Reports (IRs) is also placed before the ACB and Board

### RTI ACT, 2005

The Corporation has in place the stipulated structure to implement the RTI Act 2005, in the organization. The setup is headed by General Manager designated as the Transparency Officer. A Deputy General Manager functions as the Appellate Authority, an Assistant General Manager is the Central Public Information Officer, while a Chief Manager discharges the duties of Assistant Public Information Officer under the provisions of the Act. The Corporate website [www.gicofindia.com](http://www.gicofindia.com) also hosts information as relevant to the Corporation, under the Act.

The Corporation in view of its core activity of reinsurance business does not have much interaction with the public at large and as such does not receive many applications under the Act. However due to GIC Re's position as the erstwhile Holding Company, GIC Re continues to receive Applications from the customers/employees and ex-employees of the four Public Sector Companies, under the RTI Act, 2005.

During the period under review (2013-14) the Corporation received forty-two Applications and seven Appeals under the RTI Act 2005. All the applications were duly replied and appeals were disposed off well within the stipulated time period.

### INFORMATION TECHNOLOGY MANAGEMENT GROUP (ITMG)

The SAP Functional upgrade project which was declared as the "Project of the year for GIC Re" was

completed during this year. With the completion of this project, the SAP system is now upgraded from the R/3 4.7 version to the ECC platform. The upgrade project has enabled the activation of additional functionalities, workflow automation with system driven control measures and better analytics for business performance monitoring and reporting.

The Straight-through-processing initiative for electronic exchange of data with business partners which was started as a pilot project named "eThru" was further enhanced by completion of the second phase during this year. GIC Re now has a Web Services gateway which is capable of electronic exchange of data directly with the systems of its business partners. The gateway has been certified by ACORD which is the global insurance industry data standards body. Production use of the system has started for the back office processes of accounting and settlement with one business partner on a pilot scale. In view of its leadership role and the success shown in the area of electronic data exchange, GIC Re has been invited to be part of the Ruschlikon Singapore (Asia Pacific) group of ACORD for promoting the exchange of electronic messaging and driving implementations in the region.

A software solution based Enterprise Risk Management system has been initiated by the ERM department during the year. Information Technology Management Group is working closely with the ERM department to implement this system

### INDIAN MOTOR THIRD PARTY INSURANCE POOL (IMTPIP):

As per the directive of IRDA, the Indian Motor Third Party Insurance Pool, which was in operation since 01.04.2007, was dismantled effective from 31.03.2012 on clean cut basis.

During the current year, GIC Re completed settlement of liabilities & interest thereof (@7.50% per annum) for the Underwriting year 2009-10, between members companies as at 30th June 2013. GIC Re settled its share of total liability amounting to ₹ 565.78 Crore (including interest amount of ₹ 48.28Crore).

The final trench of liabilities, for the Underwriting year 2010-11 and 2011-12, will be settled between member companies as at 30.06.2014.

### INDIAN MOTOR THIRD PARTY DECLINED RISK INSURANCE POOL (IMTPDRIP):

The IMTPDRIP is operational from 1st April 2012

## DIRECTORS' REPORT

and has successfully completed its 2nd year of operation.

The process of Annual Clean Cut settlement in respect of D R Pool liabilities for the year 2012-13 was completed @210% of Ultimate Loss Ratio (ULR).

Due to reduction of Obligatory Cessions to GIC Re from 10% to 5%, the per policy cessions to Declined Pool during the current year has increased from 70% to 75%. During the year total number of member companies remains unchanged at 21 and have ceded premium of ₹ 383 Crore (30% increase over previous year) from 3.94 lakh policies (6.6% increase over previous year).

### TRAINING/HRD

Keeping in view GIC Re's role as Global Reinsurer, the Training department has been imparting training to all levels of employees both internally and externally. Training and Development helps the Management in maintaining a highly talented Human Resource Pool which aims at continuously upgrading the skills, attitudes and knowledge of the employees/officers.

In the year 2013-14 training was imparted to all levels of employees. Various programs were conducted for the employees at GIC Re Learning Academy, National Insurance Academy, Pune and other Reputed Institutes. Many officers were given the opportunity of training on foreign locations.

The Summary of various programmes organized by NIA, other reputed organizations and GIC Re Learning Academy are indicated below:

\*The employees were trained in Unicode which is a software for usage or implementation of Official Language. Also many programmes were conducted to train our officers for various modules of SAP after the up gradation.

1. Training department also assists in other programmes for other departments of GIC Re.
2. A series of programmes (approx. 14) were conducted to train employees about the SAP upgrade and the respective modules.
3. A training workshop on reinsurance for participants from cedent companies from the Asian and African countries was conducted at Insurance Institute of India, Mumbai from 23rd to 27th September, 2013.
4. A four day AIR CAT Model workshop was conducted for the participants from GIC Re and direct insurance companies in the month of November (19.11.13 to 22.11.13) at Mumbai.
5. For the first time, training programmes were conducted for Class III employees on Reinsurance at the Insurance Institute of India (in the month of Jan 2014 and Feb 2014).
6. A batch of 64 recruits were trained in NIA for a period of 13 weeks commencing from 03.12.13. The training comprised of class room teaching, outbound activity and on the job training in various Modules of SAP.

### OVERSEAS EXPANSION

In terms of its vision "to be a leading global reinsurer and risk solution provider", Overseas Expansion through JV and M&A is high on the agenda in GIC Re's growth plan.

During the year under review, 'GIC Bhutan Re Limited', the maiden reinsurance company in Bhutan, a Joint Venture of GIC Re and local promoters was operationalized.

GIC Re has also offered to share its expertise and experience with SAARC nations and offered support in different forms including capital contribution in fulfilling their plans of creating reinsurance set up.

Organization	No. of Programmes	No. of Officers/Employees trained
GIC Re Learning Academy	36	492*
National Insurance Academy, Pune	19	90
Other reputed organizations	54	183
Seminars/Conferences/Trainings in foreign countries	23	67



## DIRECTORS' REPORT

GIC Re has been actively participating in the "SAARC Insurance Regulators' Forum" and offering technical advice and support to its activities.

GIC Re has acquired a composite reinsurance company in South Africa. The share transfer process was completed in April 2014. The fully owned subsidiary is expected to be fully functional by August 2014.

The plan of upgrading status to 'Admitted Reinsurer' in Brazil is in advance stage.

### OVERSEAS OPERATIONS

GIC Re has 4 overseas offices viz; a Representative Office in Moscow and Branch Offices in London, Dubai and Malaysia.

The Corporation has exposure in the share capital of Kenindia Assurance Company Ltd, Kenya, India International Insurance Pte Ltd, Singapore, Asian Reinsurance Corporation, Bangkok, and East Africa Reinsurance Company Ltd., Kenya

### UK BRANCH

During the current financial year 2013-14, the Gross Premium written by the Branch was GBP 43.91 mln compared to GBP 46.35 mln last year and incurred a loss of GBP 5.02 mln as against a profit of GBP 11.78 mln last year .

### DUBAI BRANCH (UAE)

During the current financial year 2013-14, the Gross Premium written by the Branch is AED 1086.60 mln compared to AED 1031.57 mln last year and incurred a loss of AED 262.48 mln as against a profit of AED 221.48 mln last year.

### MALAYSIA BRANCH

GIC Re Malaysia Branch during the current financial year 2013-14, wrote a Gross Premium RM 538.20 mln compared to RM 385.20 mln in the previous year and incurred a loss of RM 18.61 mln as against a profit of RM 9.32 mln in the previous year

## INVESTMENT IN INSURANCE COMPANIES

### DOMESTIC

#### AGRICULTURE INSURANCE COMPANY OF INDIA LTD. (AICIL)

The Corporation holds 35% equity of AICIL and NABARD holds 30% while the balance is held equally to the extent of 8.75% by the four public sector non-

life insurance companies. The Company has not declared dividend for the financial year 2013-14.

### FOREIGN:

#### KENINDIA ASSURANCE CO.LTD., KENYA

The paid up share capital of the Company is Kshs 561 mn. The total shares held by GIC Re is 515,777 shares of Kshs 100 each as on 31.12.2013. The Corporation's holding in the share capital of the Company is 9.19%.

Further, Kenindia has declared a dividend of Kshs 10/- per share for the year ended 31st December, 2013.

#### INDIA INTERNATIONAL INSURANCE PTE. LTD. SINGAPORE

Corporation holds 20% shares in India International Insurance Pte. Ltd., which has a share capital of S\$ 50 million.

The total shareholding of GIC Re in the Company is 10 mn shares each of 1 S\$.

The Company has declared the dividend of 7.5 % for the financial year 2013.

#### ASIAN REINSURANCE CORPORATION, BANGKOK

The Corporation holds 10.70% of the share capital as Associate Member of Asian Re in addition to holding 1.68% of the share capital as its Regular Member on behalf of the Government of India. The Company has not declared any dividend for the year 2013.

#### EAST AFRICA REINSURANCE COMPANY LTD., KENYA

The Corporation has 14.75% stake in the share capital of East Africa Reinsurance Company Ltd., an existing profit making reinsurance company in Kenya. The total shareholding of the Corporation is 1,47,522 shares of 1000 kshs as on 31st March 2014.

During the year, the Company has declared bonus issue of shares in the proportion of one new share for every four existing shares. The Corporation has received 29,505 Bonus Shares during the year. The Company declared a dividend of 6% on the increased share capital for the year 2013.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 217(2AA) of Companies Act 1956, the Directors confirm that:

## DIRECTORS' REPORT

In the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;

Appropriate accounting policies have been selected and have been applied consistently and have 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 Corporation at the end of the financial year 2013-14 and of the profit or loss of the Corporation for the period;

Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;

The annual accounts have been prepared on a going concern basis.

### AUDITORS

M/s. Manubhai & Shah and M/s. Ghalla & Bhansali, Chartered Accountants were appointed as joint Auditors to audit the accounts of the Corporation for the financial year 2013-14 by the Comptroller & Auditor General of India under Section 619 of the Companies Act, 1956.

### GENERAL MEETINGS

The last three Annual General Meetings were held at the Registered Office of the Corporation at Suraksha", 170, J. Tata Road, Churchgate, Mumbai - 400 020 on the following dates:

11th July 2013  
15th September 2012  
20th September 2011

### BOARD MEETINGS

The number of Board meeting held during financial year 2013-14 of the Corporation were (8) they are as follows:

8th April 2013	12th November 2013
24th May 2013	13th December 2013
11th July 2013	5th February 2014
23rd August 2013	7th March 2014

## SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Corporation for the year 2012-13 along with Directors Report were placed before both the Houses of Parliament under Section 619(A) read with 619(B) of the Companies Act, 1956 as per details given below:

LOK SABHA	13th December 2013
RAJYA SABHA	7th December 2013

### ACKNOWLEDGEMENT

The Board places on record its deep appreciation of the brokers, staff and officers of the Corporation for their valuable contribution in achieving its plans and goals. The Directors are thankful for the guidance and support extended by Ministry of Finance, IRDA, and Principal Director of Commercial Audit and Ex-Officio Member, Audit Board- I, Mumbai.

**For and on behalf of the Board**

**A K Roy**

18th June 2014      Chairman-cum-Managing Director  
New Delhi



**GENERAL INSURANCE CORPORATION OF INDIA**  
**STATEMENT OF GROSS REMUNERATION FOR THE F/Y 2013-14**  
**U/S 217 (2A) (B) (ii) OF CO'S ACT, 1956**

Sr. No.	Name of the Employee	Designation	Remuneration*	Age	Qualification	Last Employment	With effect from
1	NIL	NIL	NIL	NIL	NIL	NIL	NIL

\* Including Gross Salary, Gratuity, Leave Encashment, Co's contribution to Provident Fund and Mediclaim but excludes all other perquisites i.e. Accommodation, LTS and reimbursement of expenses

## CORPORATE GOVERNANCE

Corporate governance refers to the system of structures, rights, duties, and obligations by which corporations are directed and controlled.

Governance provides the structure through which corporations set and pursue their objectives, while reflecting the context of the social, regulatory and market environment. GIC Re strongly believes in good corporate governance and aims at being a good corporate citizen. It recognizes the significance of effective corporate governance in achieving the trust and confidence of cedents, intermediaries, regulator and other stake holders.

GIC Re is a fully corporate governance compliant Company. Corporation follows Guidelines laid down by IRDA and other regulatory bodies regarding corporate governance regulatory framework which has put in place discussed as follows:

### Board of Directors:

GIC Re is governed by a Board of Directors under the chairmanship of Chairman-cum-Managing Director. The Board of GIC Re has nine directors which includes six independent directors. GIC Re Board has a whole time Chairman. All the directors have executed a deed of covenant with the Corporation.

- The Board provides overall direction to the business, including projections on the capital requirements, revenue streams, expenses and profitability.
- It ensures full compliance with the Insurance Act and the regulations framed there under and other statutory requirements applicable to it;
- It addresses conflicts of interest situations;
- It ensures fair treatment of ceding companies and employees;
- It ensures information sharing with and disclosures to stakeholders, including investors, ceding companies, employees, the regulators, consumers, financial analysts and rating agencies.
- It establishes through whistle blowing mechanism an effective channel for encouraging and facilitating employees raising concerns or reporting a possible breach of law or regulations, with appropriate measures to

protect against retaliation against reporting employees; a whistle blowing Policy has been put in place.

- It provides a conducive environment for developing a corporate culture that recognizes and rewards adherence to ethical standards

### Changes in the Composition of the Board during the year:

Shri Arun Tiwari, Chairman & Managing Director, Union Bank of India was appointed as a Director on the Board of the Corporation w.e.f. 24.02.2014.

Shri Debabrata Sarkar ceased to be a Director on the Board of the Corporation w.e.f. 30.11.2013.

Shri N.S.R. Chandraprasad, Chairman, GIPSA and Chairman-cum-Managing Director, National Insurance Co. Ltd. ceased to be a Director on the Board of the Corporation w.e.f. 28.02.2014.

The Directors wish to place on record the co-operation received from Shri D. Sarkar & Shri N.S.R. Chandraprasad during their tenure as Directors on the Board and also for their valuable contribution to the cause of the General Insurance Industry.

The Board of Directors as on 31st March 2014 consists of:

1) Shri A.K. Roy	Chairman-cum-Managing Director
2) Smt. Snehlata Shrivastava	Government Nominee
3) Shri Arun Tiwari	Director
4) Shri Sushobhan Sarker	Director
5) Shri Bimalendu Chakrabarti	Director
6) Shri Sanjiv Kapoor	Director
7) Dr. Sunil Gupta	Director
8) Shri Doulat Raj Mohnot	Director
9) Shri S. Yugandhara Rao	Director

The statement showing the Board Meetings attended by the Directors are reflected in the table given below:



## CORPORATE GOVERNANCE

## STATEMENT SHOWING NUMBER OF BOARD MEETINGS ATTENDED BY THE DIRECTORS DURING THE PERIOD APRIL 2013 TO MARCH 2014

Name of Director	Dates of Meetings							
	08.04.13	24.05.13	11.07.13	23.08.13	12.11.13	13.12.13	05.02.14	07.03.14
<b>Functional or Executive Directors</b>								
Shri A.K. Roy	Present	Present	Present	Present	Present	Present	Present	Present
Shri S. Yugandhara Rao	Present	Present	Present	Absent	Present	Present	Present	Present
<b>Government Directors</b>								
Smt. Snehlata Shrivastava	Present	Present	Absent	Present	Present	Present	Present	Present
<b>Non-Executive Directors</b>								
Shri D. Sarkar	Present	Absent	Absent	Absent	Present*			
Shri Sushobhan Sarker	Present	Present	Present	Present	Absent	Absent	Absent	Absent
Shri N.S.R. Chandraprasad	Absent	Absent	Present	Absent	Present	Present	Absent**	
Shri Bimalendu Chakrabarti	Present	Present	Present	Present	Present	Absent	Present	Present
Shri Sanjiv Kapoor	Present	Absent	Present	Present	Absent	Present	Present	Present
Dr. Sunil Gupta	Absent	Absent	Present	Present	Present	Present	Present	Absent
Shri D.R. Mohnot	Present	Present	Present	Present	Present	Present	Present	Present
Shri. Arun Tiwari								Absent***

(\*) Ceased as Director w.e.f. 30.11.13, (\*\*) Ceased as Director w.e.f. 28.02.14, (\*\*\*) Appointed as Director w.e.f. 24.02.14

## COMMITTEES OF THE BOARD

General Insurance Corporation of India has six Board level Committees.

## AUDIT COMMITTEE

In compliance with Section 292(A) of the Companies Act, 1956, GIC Re has an Audit Committee which is headed by an Independent Director who is also a Chartered Accountant.

- The Audit Committee oversees the financial statements, and disclosure processes both on an annual and quarterly basis. It sets up procedures and processes to address all concerns relating to adequacy of checks and control mechanisms.
- The Committee oversees the efficient functioning of the internal audit department and review its reports and monitors the progress made

In rectification of irregularities and changes in processes wherever deficiencies have come to notice.

- The Committee is responsible for the recommendation of the appointment, remuneration, performance and oversight of the work of the auditors (internal/statutory/concurrent).

The following are the Members of the Audit Committee for the financial year 2013-14.

1. Smt. Snehlata Shrivastava
2. Shri Sushobhan Sarker
3. Shri B. Chakrabarti
4. Shri Sanjiv Kapoor
5. Dr. Sunil Gupta
6. Shri Doulat Raj Mohnot

## STATEMENT SHOWING NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2013 TO MARCH 2014

Name of Member	Dates of Meetings						
	08.04.13	24.05.13	11.07.13	23.08.13	13.12.13	05.02.14	07.03.14
Smt. Snehlata Shrivastava	Present	Present	Absent	Present	Present	Present	Present
Shri Sushobhan Sarker	Present	Present	Present	Present	Present	Absent	Absent
Shri B. Chakrabarti	Present	Present	Present	Present	Absent	Present	Present
Shri Sanjiv Kapoor	Present	Absent	Present	Present	Present	Present	Present
Dr. Sunil Gupta	Absent	Absent	Present	Present	Present	Present	Absent
Shri Doulat Raj Mohnot	Present	Present	Present	Present	Present	Present	Present

**INVESTMENT COMMITTEE**

- GIC Re has an Investment Committee consisting of the CMD, 1 Executive Director, 3 non-executive Directors, 1 Independent Director, CIO, CFO and appointed Actuary.
- The Committee lays down annual investment policy and provides oversight to investment operations of the Corporation.
- The policy focuses on a prudential Asset Liability Management (ALM) supported by robust internal control systems. The investment policy and operational framework inter alia, encompass aspects concerning liquidity for smooth operations, compliance with prudential regulatory norms on investments, risk management/mitigation strategies to ensure commensurate yield on investments and above all protection of policyholders' funds.
- The Committee is responsible for a periodic review of the Investment policy based on the performance of investments and the evaluation of dynamic market conditions.
- The members of the Investment committee of the Board for the financial year 2013-14 are:
  - Shri A.K. Roy
  - Smt. Snehlata Shrivastava
  - Shri Sushobhan Sarker
  - Shri N.S.R. Chandraprasad (upto 28.02.2014)
  - Shri B. Chakrabarti
  - Shri A.K. Garg
  - Shri N. Mohan
  - Shri S. Yugandhara Rao
  - Shri P. Venkatramaiah (w.e.f. 11.07.2013)

**STATEMENT SHOWING NUMBER OF INVESTMENT COMMITTEE MEETINGS  
ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2013 TO MARCH 2014**

Name of Member	Date of Meetings			
	24.05.13	11.07.13	12.11.13	05.02.14
Shri A.K. Roy	Present	Present	Present	Present
Smt. Snehlata Shrivastava	Present	Absent	Present	Present
Shri Sushobhan Sarker	Present	Present	Absent	Absent
Shri N.S.R. Chandraprasad	Absent	Present	Present	Absent*
Shri B. Chakrabarti	Present	Present	Present	Present
Shri A.K. Garg	Present	Present	Present	Present
Shri N. Mohan	Present	Present	Present	Present
Shri S. Yugandhara Rao	Present	Present	Present	Present
Shri P Venkatramaiah		Present**	Present	Present

(\*) Ceased w.e.f. 28.02.14

(\*\*)Appointed as member w.e.f. 11.07.13

**REMUNERATION COMMITTEE**

The Corporation has a Remuneration Committee of the Board of Directors with the following Members for the financial year 2013-14:

- Smt. Snehlata Shrivastava
- Shri Sushobhan Sarker
- Dr. Sunil Gupta
- Shri Doulat Raj Mohnot

**STATEMENT SHOWING NUMBER OF REMUNERATION MEETINGS  
ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2013 TO MARCH 2014**

Name of Directors	Date of Meeting
	05.02.2014
Smt. Snehlata Shrivastava	Present
Shri Sushobhan Sarker	Absent
Dr. Sunil Gupta	Present
Shri Doulat Raj Mohnot	Present



## CORPORATE GOVERNANCE

### ENTERPRISE RISK MANAGEMENT COMMITTEE

The Corporation has an Enterprise Risk Management Committee of the Board of Directors and a Risk Management Committee (RMC) of the Management consisting of 3 General Managers and a Chief Risk Officer (CRO).

- The Committee supervises implementation of Enterprise Risk Management (ERM) framework which is expected to put in place a robust ERM system for effectively and efficiently managing the various risk exposures;
- The Committee assists the Board in effective operation of the risk management system by performing specialized analysis and quality reviews; maintaining a group-wide and aggregated view on the risk profile of the insurer in addition to the solo and individual risk profile;
- Report to the Board details on the risk exposures and the actions taken to manage the exposures;
- Advise the Board with regard to risk management; decisions in relation to strategic

and operational matters such as corporate strategy, mergers and acquisitions and related matters.

The Corporation Enterprise Risk Management Committee of the Board consists of the following members for the financial year 2013-14.

1. Shri A.K. Roy
2. Smt. Snehalata Shrivastava
3. Shri Sushobhan Sarker
4. Shri B. Chakrabarti
5. Shri N.S.R. Chandraprasad (upto 28.02.2014)

The members of the Risk Management Committee (Management) are:

- |                           |                      |
|---------------------------|----------------------|
| 1) Shri S. Yugandhara Rao | General Manager      |
| 2) Shri N. Mohan          | General Manager      |
| 3) Shri. P. Venkatramaiah | General Manager      |
| 4) Shri R. Sundaram       | CRO (upto 05.09.13)  |
| 5) Smt Madhulika Bhasker  | CRO (w.e.f 06.09.13) |

### STATEMENT SHOWING NUMBER OF ENTERPRISE RISK MANAGEMENT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2013 TO MARCH 2014

Name of Member	Date of Meetings			
	11.07.13	12.11.13	05.02.14	07.03.2014
Shri A.K. Roy	Present	Present	Present	Present
Smt. Snehlata Shrivastava	Absent	Present	Present	Present
Shri Sushobhan Sarker	Present	Absent	Absent	Absent
Shri N.S.R. Chandraprasad	Present	Present	Absent*	
Shri B. Chakrabarti	Present	Present	Present	Present

\* Ceased w.e.f. 28.02.14

## CORPORATE GOVERNANCE

### ETHICS COMMITTEE

GIC Re has put in place a 2-level Ethics Committee of which one is at the management level while the other is at the Board level. The set-up provides a robust support to the whistle-blowing mechanism where maintenance of confidentiality is of prime importance to provide adequate comfort level to the employees of the Corporation.

The members of the Ethics Committee (Board) for the financial 2013-14 are:

1. Smt. Snehlata Shrivastava
2. Shri Sushobhan Sarker
3. Shri D. Sarkar
4. Shri Sanjiv Kapoor

The members of the Ethics Committee (Management) are:

1. Shri N. Mohan, General Manager
2. Shri Y. Ramulu, Deputy General Manager
3. Smt. Suchita Gupta, Assistant General Manager

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

As per Companies Act 2013, Companies fulfilling the criteria about Net Worth, Net Profit, and Turnover have to contribute 2 percent of three years' average net profit for Corporate Social Responsibility.

GIC Re has formed Board level Committee for Corporate Social Responsibility. This committee shall play an important role to plan, analyze, formulate and execute the CSR policies.

The members of the Corporate Social Responsibility Committee for the financial year 2013-14 are:

1. Shri A.K. Roy
2. Smt. Snehlata Shrivastava
3. Shri Sushobhan Sarker
4. Shri B. Chakrabarti

### KEY MANAGERIAL PERSONNEL

As per section 2(51) and section 203(1) of Companies Act 2013, following are the key managerial personnel of the Corporation.

- |   |  |
|---|--|
| 1. Chairman & Managing Director: Mr. A.K. Roy | 3. Company Secretary: Ms. Suchita Gupta          |
| 2. Whole time Director: Mr. S Yugandhara Rao  | 4. Chief Financial Officer: Mr. P. Venkatramaiah |

As per IRDA Act 1999, Key persons are as follows.

- |  |   |
|--|---|
| 1. Chief Executive Officer: Mr. A.K. Roy                   | 4. Chief Investment Officer: Mr. N Mohan        |
| 2. Chief Marketing Officer: Mr. P Venkatramaiah            | 5. Chief of Internal Audit: Mr. P Venkatramaiah |
| 3. Appointed Actuary (General Insurance): Mr. Ashok K Garg | 6. Chief Finance Officer: Mr. P Venkatramaiah   |
| (Life Insurance): Ms. Padmaja R                            | 7. Chief Risk Officer: Ms. Madhulika Bhasker    |
|  | 8. Chief Compliance Officer: Ms. Suchita Gupta  |

### CERTIFICATE OF COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES

I, Suchita Gupta, hereby certify that the Corporation has complied with the Corporate Governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

**Suchita Gupta**  
Assistant General Manager & Company Secretary



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## ECONOMIC ENVIRONMENT

During the fiscal 2013-14, the Indian economy registered a marginal improvement of 4.74% against 4.47% in 2012-13. GDP growth was marginally higher during 2013-14 than it was in 2012-13. This largely reflected a contraction in the industrial sector even as agricultural growth improved due to the good monsoon while the services sector remained unchanged. Increase in growth of index of industrial production (IIP) during April 2014 and improvement in export performance during May 2014 point towards recovery in growth. Easing of domestic supply bottlenecks and progress on the implementation of stalled projects that have already been cleared should further improve the growth outlook.

The economy is likely to grow in the range of 5.4 to 5.9 per cent in 2014-15. The growth slowdown in the last two years was not confined to any one sector but affected in particular the industry sector.

Inflation too, in general, showed a welcome downward trend during 2013-14, but continued to be above the comfort zone, owing primarily to the elevated level of food inflation. Various economic pointers however predict that moderation in inflation would ease the monetary policy stance and revive the confidence of investors. The economy can look forward to better growth prospects in 2014-15 and beyond.

The year ended with a Current Account Deficit of 1.7 per cent of GDP as against 4.7 per cent in 2012-13. Improvement is also observed on the fiscal front, with the fiscal deficit declining from 5.7 per cent of GDP in 2011-12 to 4.9 per cent in 2012-13 and 4.5 per cent in 2013-14.

Aided by a favourable monsoon, the agriculture and allied sectors achieved a growth of 4.7 per cent. The revival of the industrial sector, with its economy-wide linkages, is central to the revival of aggregate economic activity during 2013-14.

The proportion of working-age population is likely to increase from approximately 58 per cent in 2001 to more than 64 per cent 2021. While this provides opportunities, it also poses challenges. Policy makers have to design and execute development strategies that target this large young population.

Targeted measures by the government and Reserve Bank of India, have improved the external economic situation of the country significantly. Regaining growth momentum requires restoration of domestic macroeconomic balance and enhancing efficiency. To this end, the emphasis of policy would have to remain on fiscal consolidation and removal of structural constraints.

## INDIAN NON-LIFE INSURANCE INDUSTRY DEVELOPMENTS

The Indian non-life insurance Industry registered a growth of 12.3 per cent in the fiscal 2013-14, not a very encouraging growth when compared with the 19 per cent growth in 2012-13. However, the potential being huge and low penetration can certainly catalyse growth in the sector. The leaders were once again health and motor along with commercial retail lines. Pricing has been the primary concern of all players. The gross premium income during the year was ₹ 79,933.98 crore.

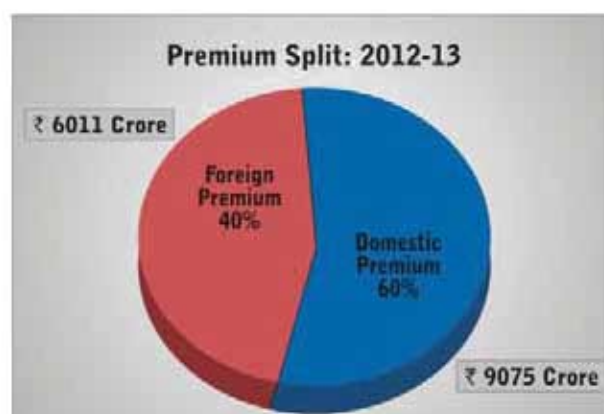
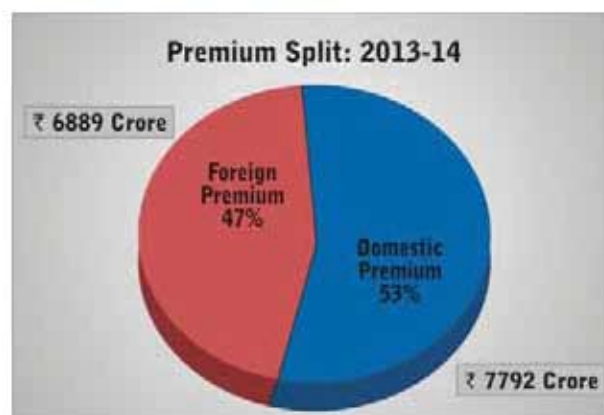
The public sector general insurance companies contributed around 56 per cent of this while the balance came in from the private players.

The growth rate of the private players was 15 per cent while the public sector companies registered a growth of around 10 per cent.

Though the industry is growing the combined ratio still remains a challenge and very few companies and LOBs have been able to report underwriting profits.

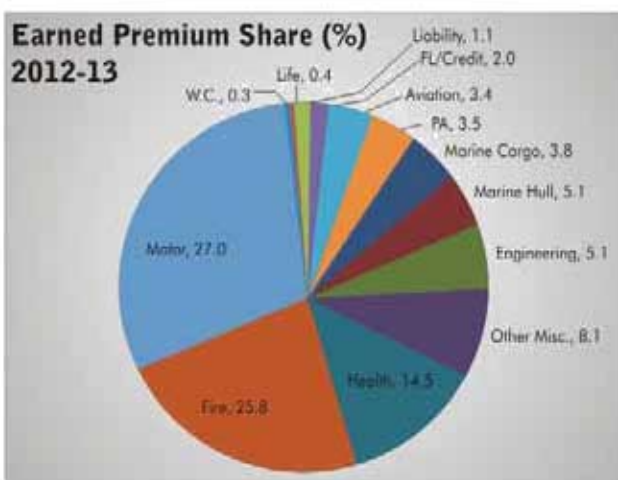
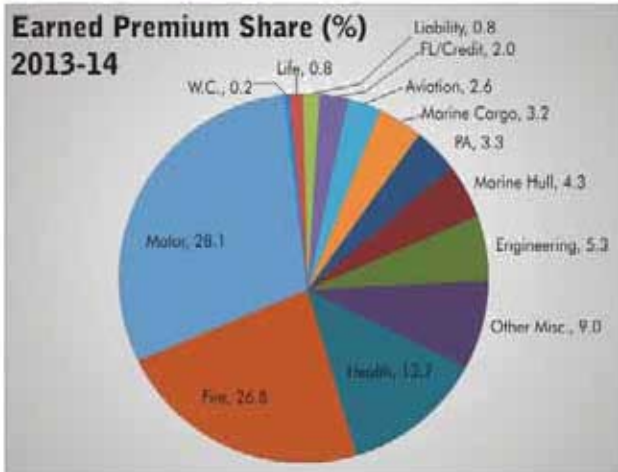
The overall Indian non-life Insurance sector, despite several pitfalls in the operating environment was able to put up an improved performance during 2013-14.

## INTERNATIONAL AND DOMESTIC BUSINESS COMPOSITION



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## EARNED PREMIUM BREAK-UP



## GIC Re's BUSINESS PERFORMANCE

The Corporation's gross premium income during the year 2013-14 was ₹ 14608 crore and the income from investments was at ₹ 3483.53 crore. Underwriting results show an overall loss of ₹ 887.21 crore in 2013-14 compared to an underwriting loss of ₹ 370.78 crore in the previous year. The ratio of total business expenses to the earned Premium i.e. Combined Ratio stood at 106.52%. The Solvency margin of the Corporation as on 31st March 2014 was 2.73

## CLASSWISE PERFORMANCE

## FIRE:

Fire business including Inward Retro recorded a growth of 5.80%. The earned premium for the year was ₹ 3653.01 crore as compared to ₹ 3441.27 crore in the previous year.

GIC Re's domestic premium fell by 3.41% (₹ 976.50 Crore from ₹ 1011 crore). This was mainly due to the obligatory cessions being reduced to 5% from 10% for the expiring year. The commission levels under the Company Surplus treaties were linked with performance. The commission as a percentage to earned premium for the fire portfolio stands at 10% as compared to 16.9% of the expiring year.

GIC Re's foreign inward premium grew by 10.14 % (₹ 2676.49 Crore from ₹ 2430 crore). The growth was

due to the contribution made by HO and three foreign branches giving GIC Re's property book a global spread.

Incurred claims stood at ₹ 3735.74 crore. On the domestic side, there was a major risk loss of M/s IPCL which occurred during August 2013 and a CAT loss due to Uttarakhand Floods which happened in June 2013 which affected GIC Re's books. On the global side, the major risk loss affecting GIC Re's results was the Hynix loss. Amongst the CAT events, Typhoons Fitow and Haiyan affecting China and Philippines respectively in the second half of 2013-14, were the major CAT events contributing to the Incurred Claims reserve.



## MARINE HULL &amp; MACHINERY



**MARINE HULL** **MARINE CARGO**

The Marine Hull business of GIC Re this year has shown a decline of gross premium by 11.20% and net premium by 4.90% over the previous year. This is mainly attributed to the fifty percent reduction in obligatory premium from last year in the domestic market, decline in marine business from the branches and overall the soft reinsurance market conditions. In addition to that almost all the marine hull proportional



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

treaties of domestic market were replaced by non-proportional treaties, which while it is a positive factor for the bottomline has resulted in a reduction of premium income. The erosion of gross premium is sought to be overcome by increasing participation both in foreign & domestic treaties and facultative accounts and becoming a quoting market.

The Marine Hull business has been consistently showing a combined ratio of less than 80% over the past five years, with the exception of 2011-12. This year, there is a revenue profit of Rs.246.17 Crs. The earned premium for this year was Rs.588.65 crore with an incurred claim of Rs.381.03 Crs i.e 64.70%. The profitability of the portfolio, year after year, can be attributed to the careful and qualitative underwriting, with an eye on cost & expense control measures adopted by the department.

This year as well GIC Re has taken corrective measures to improve the rates and deductibles and the same have been implemented during the renewal season of the fleets. GIC Re is very selective while underwriting foreign treaties. Imposing age restrictions, revised deductibles, covering only IACS class ships are some of the key features to this.

There have been no major losses reported last year, the loss figure furnished above is purely coming from obligatory cessions and run off proportional arrangements from domestic and foreign treaties mainly from the SAARC region and China. The combined ratio of the portfolio at 81.30% compares favorably with other reinsurers in the market.

GIC Re continues to administer the Govt. of India Hull War risk scheme as also the Marine Hull pool. This year GIC Re has aligned its hull war risk rates in line with international market. It is observed that the ship owners prefer the Institute of London War Risk Scheme which, though restrictive in coverage is cheaper than the GOI War Risk Scheme. The incidence of Piracy & abduction in the Arabian ocean and Gulf of Aden and subsequent declaration of the entire Indian Ocean and Arabian ocean under excluded areas by the Joint Hull committee in its latest report has again generated interest among the Indian ship owners and Insurers in the GOI War risk scheme. GIC Re is also trying to venture into the largely untapped port package risks and taking active steps to participate in the P&I market of the region, to broaden its marine premium.

### MARINE CARGO

Cargo premium overall for 2013-14 has declined by about 12% over 2012-13. The main contributor to the decline is the fall in obligatory premiums by about 35%. Further majority of the domestic insurance treaties are now arranged on a non-proportional basis of reinsurance, this has brought down the treaty income for reinsurers, lastly the general de-growth both in the domestic and global economies has also contributed to the decline.

However, to its credit GIC Re has been able to cover up the steep fall in domestic premiums by aggressively pursuing foreign business, mainly treaties. Foreign business premiums have shown a growth of about 40% for 2013-14.

The strategy of shifting domestic insurers to non-

proportional treaties, withdrawing from consistently loss making foreign treaties and following good underwriting practice for facultative accounts continues to pay rich dividends. The combined ratio for 2013-14 is at a healthy 63% (previous year 97.5%), giving an underwriting profit of Rs. 163 crs (previous year 12.75 Crs).

One large cargo loss has been reported during 2013-14 through New India's marine treaty for which GIC Re's share is ₹ 12.5 Crs. New India has repudiated the claim however, the insured has preferred legal recourse.

The marine (re)insurance market continues to be very competitive with over capacity. However, the domestic market is expected to take off with new projects & policies expected to drive growth, at the same time global markets are showing positive signs of revival. GIC Re will be looking for opportunities that these provide.

### OIL AND ENERGY

GIC Re's aim has been to develop the oil and energy portfolio whilst at the same time adopting a disciplined underwriting approach.

The strategy has worked well for GIC Re. The off-shore oil & energy business has recorded an overall growth rate of 22% for 2013-14 over 2012-13 with a profitable combined ratio of below 60%.

Foreign business predominates with 63% of total energy premium, thereby reflecting GIC Re's position as a recognised capacity provider.

No significant large losses or catastrophe events reported during the year under review thereby triggering soft market conditions and increase in capacity.

The business has a good growth potential both in the domestic market and overseas. It is proposed to explore opportunities in markets where GIC Re has not been traditionally active like USA, albeit this will be done with full underwriting knowledge of the risk.

### AVIATION

The aviation market witnessed lowest number of incidents in the year 2013 with hull and liability premium falling by about 10% on average for 2013-14 as against 11% fall for the year 2012-13. However, the values of the claims were relatively high resulting in the market claims being higher than the premiums. The lead hull and liability premium for 2013 was USD 1.4 billion and the total incurred claims were USD 1.5 billion. However, the Capacity continued to be high resulting in strong underwriting competition. The softening trend continued during the year 2013. The missing Malaysia Airlines flight MH370 incident in the first quarter of 2014 is unlikely to arrest the softening trend and the pricing is expected to be competitive even during 2014.

The premium for the portfolio remained more or less at the same level with gross premium decreasing marginally from ₹ 444.31 crore for 2012-13 to ₹ 426.40 crore for 2013-14 and Net premium increasing marginally from ₹ 339.76 crore to ₹ 350.18 crore. There is a reduction in the domestic premium primarily due to reduced obligatory cessions. However, growth in the international business owing to the increase in



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

the airline capacity and writing of additional business including US airline business helped not only in offsetting the de-growth in domestic market but also reducing the impact of the soft market conditions of 2013-14. Earned premium for the year was ₹ 351.93 crore for the year as against ₹ 449.21 crore for 2012

The total incurred claims for 2013-14 were ₹ 198.92 crore. The major losses during the year were Asiana Airlines, Malaysian Airlines, Conviaa, Myanmar Airways International and Ethiopian Airlines.



## LIABILITY

The Liability portfolio, consisting of both Casualty and Financial lines remained stable, despite 50% reduction in obligatory cessions and soft market. Market continued to experience a growth in Liability business, mainly due to increase in awareness of the corporate sector of the liability products fuelled by change in Indian Companies Act.

Due to one major loss, for the underwriting year 2010-11 reported in this fiscal year, a reserve of ₹ 45 crore is created. Once the payment is effected, recovery is due from protection reinsurers to the tune of 90% of the loss.

(₹ in crore)

	Liability		
	2013-14	2012-13	Growth %
Gross Written Premium	100.52	152.18	-33.95
Earned Premium	106.47	148.47	-28.29
Incurred Claims	90.76	30.01	202.48

## AGRICULTURE REINSURANCE

GIC Re continued its Agriculture Reinsurance portfolio during the year by providing reinsurance support for agriculture and index based weather insurance schemes.

GIC Re's international Agriculture portfolio is well diversified and consists of business from various countries predominantly in Asia & Africa.

The total Reinsurance premium increased from ₹ 658.63 crore in 2012-13 to ₹ 776.32 crore in 2013-

14 showing a growth of 17.87% with loss ratio of 78.29% and combined ratio of 93.45%. Out of total premium in 2013-14, Indian market contributes for ₹ 734.82 crore while ₹ 41.98 crore is written from rest of the world

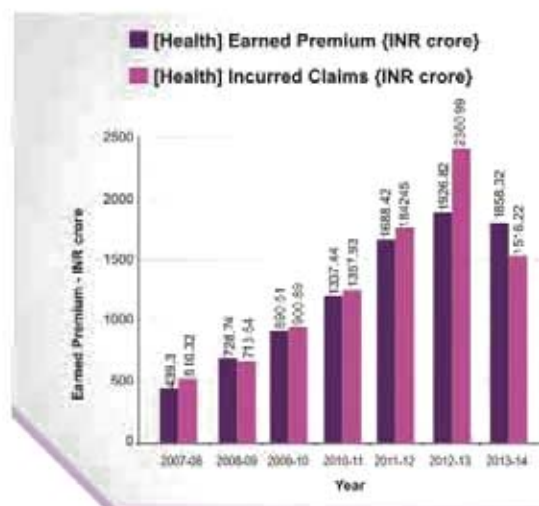
## HEALTH

GIC Re's Health portfolio comprises mostly of Obligatory cessions, some selective domestic treaties besides the Health Business written by the foreign branches.

(₹ in crore)

	Health		
	2013-14	2012-13	Growth %
Gross Written Premium	1645.13	2067.70	-20.44
Earned Premium	1858.32	1926.82	-3.56
Incurred Claims	1516.22	2360.99	-35.78

Considering the highly negative claim ratio in Health segment, the department has been very cautious in evaluating and accepting any facultative submissions. This has borne fruit and the performance for the current year has been profitable.



## MOTOR

The Gross / Net Motor Premium during the year 2013-14 was at ₹ 3432.96 crore as against ₹ 4198.79 crore in corresponding previous year, registered a de-growth of 18.2% mainly due to reduction in Obligatory cessions from 10% to 5%.

However, Gross / Net Premium excluding obligatory business has registered a growth of 45.3% to ₹ 1739.76 crore from ₹ 1197.08 crore.

Earned premium for the year was ₹ 3821.24 crore as compared to ₹ 3595.65 crore in previous year, showed a growth rate of 6.3%. Domestic business accounts for 74.3% of GIC Re's motor portfolio which includes obligatory cession.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Incurred claims increased from ₹ 2790.67 crore to ₹ 2893.00 crore as compared to previous year.



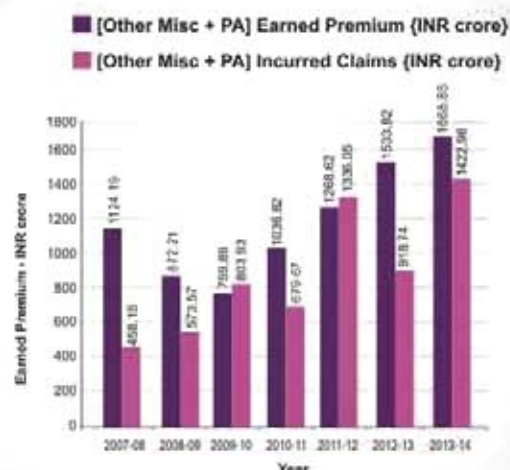
## OTHER MISCELLANEOUS

GIC Re's Other Miscellaneous business (including Agriculture and PA but excluding Motor Portfolio), continues to show a positive growth year on year both in domestic and international business. This performance is despite reduction in obligatory cession to 5% as against earlier cession of 10% effective April 1, 2013 and deteriorated fundamentals with declining premium pricing and weakening of terms and conditions.

The department constantly endeavors to provide sufficient capacity through both treaty and facultative reinsurance to domestic market in order to maximize retention within the country.

(₹ in crore)

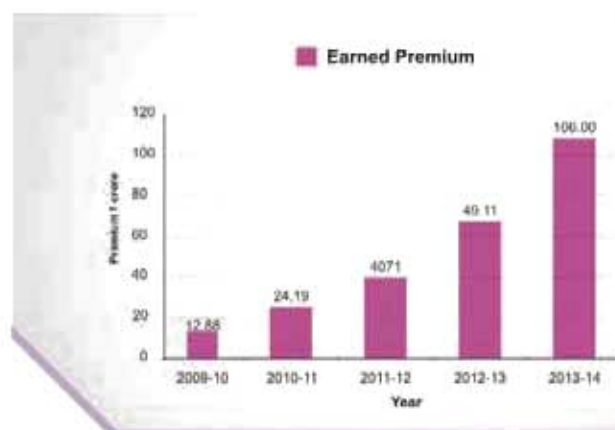
Other Miscellaneous + PA			
	2013-14	2012-13	Growth %
Gross Written Premium	1727.40	1758.77	-1.78
Earned Premium	1668.85	1533.82	8.80
Incurred Claims	1422.96	918.74	54.88



## LIFE REINSURANCE

Cooperation Agreement between GIC Re and Hannover Re, for development of Life Reinsurance business in India entered in 2008 for the period of 5 years has been extended for further period of two years. Extensive marketing efforts are being made jointly since then with emphasis on product development and this has resulted in growth of GIC Re's Indian life reinsurance business.

Net Premium of the Corporation has increased to ₹ 100.83 crore from ₹ 78.05 crore in the previous year, a growth of 29.19%. Earned premium has increased this year to ₹ 106 crore from ₹ 49.11 crore in the last year. Operating profit has increased to ₹ 7.09 crore from ₹ 2.28 crore.



## TERRORISM INSURANCE POOL

The Indian Market Terrorism Risk Insurance Pool was formed as an initiative by all the non-life insurance companies in India in April 2002, after terrorism cover was withdrawn by international reinsurers post-9/11. The Pool has completed twelve years of successful operation. All Indian non-life insurance companies and GIC Re are members of the Pool. The Pool is applicable to insurance of terrorism risk covered under property insurance policies. The Pool continued to offer a limit of indemnity of ₹ 10,000 million per location for terrorism risk cover during 2013-14. Premium rates continued to remain the same as in the year 2012-13. However, w.e.f. 01st April 2014 limit of indemnity has been increased to ₹ 15,000 million per location and premium rates have been revised downward under the Terrorism Pool arrangement.

In order to improve the market penetration for Terrorism Risk Insurance with better marketing by Brokers / Agents, the regulator has allowed a Brokerage of upto 5% w.e.f. 01.01.2014 for Terrorism Insurance business procured through Brokers.

GIC Re continues to successfully administer the Pool. Apart from its role as Pool Manager, GIC Re also contributes capacity to the Pool and participates as a reinsurer on the Pool's excess of loss reinsurance protection.

The Pool's premium income for 2013-14 was ₹ 471.13 crore compared to ₹ 482.53 crore in 2012-13, a drop of 2.36%. The claims paid by the Pool during 2013-14 was ₹ 2.22 crore. No major losses were reported to the Pool during 2013-14.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## SEGMENTWISE CLAIMS EXPERIENCE

(₹ in crore)

		INDIAN			FOREIGN		
		Earned Premium	Incurred Claims	Incurred Claims Ratio	Earned Premium	Incurred Claims	Incurred Claims Ratio
Fire	2013-14	976.5	464.6	48%	2676.5	3271.07	122%
Fire	2012-13	1010.87	695.53	69%	2430.4	2310.82	95%
Engineering	2013-14	397.6	617.19	155%	318.8	543.51	170%
Engineering	2012-13	405.37	221.48	55%	278.7	227.7	82%
Marine	2013-14	326.72	76.42	23%	700.09	553.15	79%
Marine	2012-13	440.38	196.55	45%	746.8	410.76	55%
Misc.Other	2013-14	2897.89	2420.17	84%	1035.51	1052.4	102%
Misc.Other	2012-13	2951.45	2761.24	94%	963.83	751.45	78%
Life	2013-14	55.82	70.59	126%	50.17	29.65	59%
Life	2012-13	28.14	23.55	84%	20.98	24.39	116%
Aviation	2013-14	48.73	9.69	20%	303.19	208.61	69%
Aviation	2012-13	51.96	18.11	35%	397.25	510.06	128%
Motor	2013-14	2984.5	2079.63	70%	836.74	813.37	97%
Motor	2012-13	2921.18	2184.56	75%	674.47	606.12	90%
	2013-14	7687.76	5738.29	75%	5921.00	6471.76	109%
	2012-13	7809.36	6101.02	78%	5512.43	4841.32	88%

## INVESTMENT

Global financial markets are showing signs of stability amidst continuing easy monetary policy in many jurisdictions. Economic activities in advanced economies are finding traction, although it appears far from self-sustaining. Emerging geo-political risks, however, could unravel subdued vulnerabilities. Just as there was a need for global coordination in reducing the spread of adverse impacts from the global financial crisis, there is also a case for policy coordination in reducing spillovers from monetary policy action in advanced economies. Emerging markets and developing economies (EMDEs) need to strengthen their own macroeconomic fundamentals while building buffers against global uncertainties.

The risks faced by the Indian economy receded between December 2013 and March 2014 following, among

other developments, a series of policy measures. In particular, India tightened its monetary policy as an immediate measure to shield against volatility emanating from Fed's intention to taper its bond purchase programme. These measures were augmented by policies aimed at attracting capital flows and overseas borrowings, particularly the window for banks to swap their fresh foreign currency non-resident (FCNR(B)) dollar funds with Reserve Bank bolstered reserves. Policy measures taken to curb gold imports helped in reducing the current account deficit (CAD). Formation of a stable government at the centre has ameliorated political risk and has led to expectations of better policy coordination and implementation which has had a positive impact on the markets. Going forward, in general the risks that the Indian economy is facing are expected to fall. However, in comparison



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

to the recent past, there could be some deterioration on the current account and fiscal deficit fronts.

The corporate bond market in India saw a growth in issuances during the last five years. While primary issuances have been significant, most of these are accounted for by public sector financial institutions and are usually issued on a private placement basis to institutional investors.

The fiscal consolidation process, which had resumed in 2012-13 through mid-year course corrective measures, was continued in 2013-14. With the growth slowdown affecting tax collections, particularly indirect tax collections, and market conditions not being conducive for meeting disinvestment targets, the recent reduction in fiscal deficit was mainly achieved through a sharp cutback in 'plan' expenditure and higher receipts of non-tax revenues that may not be recurring in nature. While the need for fiscal consolidation cannot be over-emphasised, it is important to ensure that its quality is not compromised. It might be challenging, but a fine balance needs to be struck between containing the fiscal deficit on the one hand and making investments in infrastructure to boost growth on the other. Indian economy will likely make a gradual recovery to 4.9% in 2014, helped by a rebound in capital investments as well as pick-up in private consumption.

The net market borrowing of the Central Government for 2014-15 has been budgeted at ₹ 4,573 billion, which is lower than the revised estimates at ₹ 4,689 billion during the last fiscal year. Besides the fiscal outlook, other factors including private credit off-take, capital flows and the interest rate cycle impact the government market borrowing programme. A planned reduction in deficits and in the government's market borrowing will leave more resources for the private sector. Monetary Policy will continue to emphasize on inflation management.

Overall, there is urgency in addressing the adverse growth-inflation dynamics and saving-investment balance. However, the improved political stability and expectations of a decisive and coordinated policy response augur well for the economy and the markets.

For the year 2013-14 as a whole, India's current account deficit (CAD) narrowed sharply to 1.7 per cent

of GDP, primarily on account of a decline in gold imports, although other non-oil imports also contracted with the weakening of domestic demand, and there was some pick-up in exports. In April 2014, the trade deficit narrowed sharply due to resumption of export growth after two consecutive months of decline, and the on-going shrinking of import demand. Robust inflows of portfolio investment, supported by foreign direct investment and external commercial borrowings, kept external financing conditions comfortable and helped add to reserves.

Based on IRDA guidelines, the Corporation invests 45% in Directed Sector comprising Central/State Government Securities, Government Guaranteed Bonds, Housing and Infrastructure Sector. Balance 55% is invested in Market Sector and these investments are subject to prudential and exposure norms.

The investment portfolio of the Corporation stood at ₹ 28,691.11 crore as against ₹ 26,132.04 crore showing an increase of ₹ 2,559.07 crore representing a growth of 9.79% over the previous year. Income from investments stood at ₹ 3,324.15 crore with a mean yield on funds at 12.13%. The net non-performing assets percentage was at 0.36.

### OVERSEAS EXPANSION

In terms of its vision "to be a leading global reinsurer and risk solution provider", Overseas Expansion through JV and M&A is high on the agenda in GIC Re's growth plan.

During the year under review, 'GIC Bhutan Re Limited', the maiden reinsurance company in Bhutan, a Joint Venture of GIC Re and local promoters was operationalized.

GIC Re has also offered to share its expertise and experience with other SAARC nations and provide support in different forms including capital contribution in fulfilling their plans of creating reinsurance set up. GIC Re has been actively participating in the SAARC Insurance Regulators Forum and offering technical advice and support to its activities.

GIC Re has acquired a composite reinsurance company in South Africa. The share transfer process was

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

completed in April 2014. The fully owned subsidiary is expected to be fully functional by August 2014.

The plan of upgrading status to 'Admitted Reinsurer' in Brazil is in advance stage

### GIC RE'S REINSURANCE PROGRAM

The Corporation has arranged both Risk and Catastrophe Excess of Loss reinsurance, in respect of various classes of Business, for protecting its net retained Portfolios under domestic business. On large sized risks, wherever found necessary, the Corporation arranges for facultative retro.CAT protection has also been arranged for select business and territories in respect of Foreign Inward Business.

The Corporation has continued the ART contract and cessions under both domestic and foreign business are made thereunder. Placements have been made with securities meeting the stipulations laid down by the Regulator.

### OUTLOOK FOR FISCAL 2015-16

Indian economy GDP may touch 5.8% or even cross 6.0% in 2014-15. The green shoots of recovery in the economy are surely visible. The new government is engaged in efforts to lift the economic growth, which has languished below 5% in each of the last two financial years. The economic survey 2014 has projected economic growth during the fiscal 2014-15 between 5.4-5.9%. The wholesale price inflation has also slowed to a five-month low of 5.19% in July 2014 from 5.43% in June 2014. While consumer price inflation quickened to 7.96% from 7.46%.

Cyclical recovery led by improvement in investments and exports is also possible during 2014-15. However for growth to turn stronger and balanced, structural reforms are the solution. The new Government has demonstrated its intent on the shape of the proposed economic reforms.

Monetary policy is providing a more stable environment in terms of interest rates, liquidity and credit conditions, with tangible efforts to improve

resource flow to productive sectors.

Export growth has improved, capital inflows are adequate. Further, there has been a healthy accretion to foreign exchange reserves that helps insulate the economy against prospective shocks that may be transmitted onshore. The spike in global oil price following the civil war in Iraq was transitory. Upside risks to the oil prices, however, remain in the event of underlying geopolitical tensions resurfacing more strongly in the Gulf region. Overall, the exchange rate has been stable so far in 2014-15.

The government is confident of containing the current account deficit to below 2.5% of gross domestic product (GDP) in 2014-15, still higher than the 1.7% of GDP in 2013-14. Achieving the fiscal deficit target of 4.1% of GDP is indeed a tough task. However, With the global oil prices moderating, should bring in some relief to the Indian economy.

However, strict adherence to fiscal discipline to avoid overshooting of expenditures and concerted efforts to mobilise tax and non-tax revenues, as also strong efforts on non-debt capital receipts will be necessary to attain these fiscal targets.



## MANAGEMENT REPORT

In accordance with Part IV of Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the management of the Corporation hereby:

1. Confirms that the Registration No. 112 granted by the Authority continues to be valid.
2. Certifies that all the dues payable to the statutory authorities have been duly paid.
3. Confirms that the shareholding pattern as well as transfer of shares during the year is in accordance with the statutory or regulatory requirements.
4. Declares that the funds of the holders of policies in India are not directly or indirectly invested outside India.
5. Confirms that the required solvency margins have been maintained.
6. Certifies that the values of all the assets of the Corporation including that of Terrorism Insurance Pool business for which GIC Re is acting as Manager, have been reviewed on the date of the Balance Sheet and that in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings- "Loans", "Investments", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Cash" and the several items specified under "Other Accounts".
7. Confirms that the Corporation's risk exposure consists of a) Obligatory and Additional Quota Share Cessions; b) Facultative support given to Indian Insurance companies; c) The Corporation's share in Indian Insurance companies through First/Second Surplus Treaties and Excess of Loss programme; d) The Corporation's share in Market Surplus Treaties and e) Foreign Inward business accepted. The exposures are adequately protected by the Corporation's reinsurance programme for 2013-14.
8. The Corporation's overall top ten exposures are in the following countries:

United Arab Emirates, Saudi Arabia, Egypt, Oman,

South Korea, Kuwait, Turkey, Malaysia, Indonesia, Taiwan

For the above countries, catastrophic protection beyond the Corporation's authorized retentions have been purchased upto a limit of USD 70/100/125 Mln as applicable. Egypt is not considered to be a catastrophic prone territory and the exposures written have been covered for a limit of USD 10 Mln xs USD 10 Mln under the Risk-cum-Cat XL cover. The Corporation has a Reinsurance Protection Policy in place duly approved by the Board.

9. Certifies that the Corporation does not operate directly in any other country. It has its representative office at Moscow and Branch Offices at Kuala Lumpur, Dubai and London.
10. The Corporation being a reinsurance company does not settle claims directly to the insured except in the case of run off liabilities in Aviation department. The portion of the claims recoverable under the reinsurance obligations of the Corporation are settled with the reinsured through periodical accounts statements. The position of outstanding claims under the categories of Indian, Foreign Inward and Aviation Business are as disclosed in Note No. 9.6 of the Disclosures forming part of Financial Statements.
11. his is to certify that the values as shown in the balance sheet, of the investments and stocks and shares have been arrived at as stated in Significant Accounting Policies No. 7.
12. Declares that the review of asset quality and performance is as mentioned below for Loans and Investments:

### LOANS

Loan Assets (including loans to employees as on 31.3.2014 stood at ₹ 424.05 crore compared to ₹ 462.91 crore in the previous year. Out of the total loan amount of ₹ 424.05 crore, ₹ 417.19 crore are either secured or guaranteed by the Government bodies representing 98.38 % and the balance ₹ 6.86 crore are unsecured. Interest income from loans amounted to ₹ 48.83 crore. Standard performing assets account for ₹ 333.88 crore and the net non performing assets is ₹ 20.44 crore after making provision of ₹ 69.73 crore.

## INVESTMENTS

The book value of the investment (including deposits) as on 31.3.2014 has increased to ₹ 28241.07 crore from ₹ 25,671.42 crore. The realizable value of investments is at ₹ 48741.10 crore as on 31.3.2014 showing an appreciation of 72.59 % over book cost. Income from investment including Profit on Sale amounted to ₹3275.02 crore as against ₹ 2842.02 crore in the previous year. Of the total investment of ₹ 28241.07 crore, ₹ 9836.49 crore are invested in Government Securities and State guaranteed Bonds. Book Value of equity shares is at ₹ 7005.40 crore and market value stood at ₹ 27505.43 crore showing an appreciation of ₹ 20500.03 crore (292.63%)

The Corporation has complied with the regulation of investments prescribed by IRDA for the purpose of investment limits in housing and infrastructure and social sector. The compliance has been made on aggregate basis.

13. Confirms that :

- i. In the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures.
- ii. The management has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit and net profit of the company for the year.
- iii. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938/Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.
- iv. The financial statements are prepared on a going concern basis.

- v. The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

14. Certifies that no payment has been made to individuals, firms, companies and organisations in which the Directors of the Corporation are interested.

**For and on behalf of the Board of Directors**

13<sup>th</sup> June 2014

**A K Roy**  
**Chairman-cum-Managing Director**



**COMMENTS OF THE COMPTROLLER****COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GENERAL INSURANCE CORPORATION OF INDIA FOR THE YEAR ENDED 31ST MARCH 2014.**

The preparation of financial statements of General Insurance Corporation of India for the year ended 31st March 2014 in accordance with financial reporting framework prescribed under the Insurance Act 1938 read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002 and the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act 1956 based on independent audit in accordance with Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 18th June 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of General Insurance Corporation of India for the year ended 31st March 2014. The supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to the inquiries of statutory Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matter under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view necessary for enabling a better understanding of the financial statement and the related audit report.

**COMMENT ON PROFITABILITY****Revenue Accounts for Miscellaneous Insurance Business****Claims Incurred Net (Schedule-2) ₹ 7709.25 crore****B (1) Motor –Claims outstanding at the end of the year ₹ 5405.84 crore**

Above does not include an amount of ₹ 441.84 crore on account of exclusion of Underwriting (UW) year 2007 while computing provision for Incurred But Not Reported (IBNR) in respect of Motor class of business while the same was consider for aviation, marine cargo and engineering classes of business.

Exclusion of UW Year 2007 from computation of IBNR provision as on 31st March 2014 in respect of Motor class of business has led to understatement of claims outstanding by ₹ 441.84 crore and overstatement of Profit Before Tax to the same extent.

**For and on the behalf of the  
Comptroller and Auditor General of India**

**(Y. N. THAKARE)**

Principal Director of Commercial Audit and  
Ex-Officio Member Audit Board-I, Mumbai

Place: Mumbai

Dated: 14<sup>th</sup> August 2014

**Reply to the comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act 1956, on the Accounts of General Insurance Corporation of India for the year ended 31st March 2014:**

The Corporation follows the expert advice of the appointed actuary for estimation of IBNR. The Appointed Actuary calculates the IBNR figures based on data provided and applying several factors coupled with trends/quantity/quality of claim data, volume of reserves already provided for respective lines of business and actuarial judgement based on experience.

The management has relied on the IBNR figures provided by the Actuary and made the IBNR provisions in the books of accounts as on 31.03.2014 and as per Actuary, the provisions are adequate

**A K Roy**

Chairman-cum-Managing Director



To

**The Members of****General Insurance Corporation of India****1. Report on Financial Statements**

We have audited the accompanying financial statements of General Insurance Corporation Of India (the Corporation), which comprise the Balance sheet as at March 31, 2014, the Revenue Accounts of Fire, Miscellaneous, Marine and Life Insurance and the Profit and Loss Account and the Cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, in which are incorporated the returns of three Foreign Branches audited by local auditors and one Foreign Representative Office certified by the local Auditor appointed by the Corporation.

**2. Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Corporation in accordance with the Insurance Act, 1938, the accounting principles as prescribed in Insurance Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report on Insurance Companies) Regulations, 2002 and orders or directions issued by the IRDA including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15 / 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**4. Opinion**

The financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, IRDA (Preparation of Financial Statements and Auditor's Report on Insurance Companies) Regulations, 2002 and the Companies Act, 1956, to the extent applicable and in the manner so required and the financial statements read with significant accounting policies and notes thereon, give a true and fair

## AUDITORS' REPORT

view in conformity with the accounting principles generally accepted in India as applicable to insurance companies.

- a. of state of affairs of the corporation, in so far it relates to the Balance sheet as at 31st March, 2014;
- b. of surplus, in so far it relates to the revenue accounts of Fire, Miscellaneous, Marine and Life business for the financial year ended on March 31, 2014;
- c. of profit, in so far it relates to the profit and loss account for the financial year ended on March 31, 2014;
- d. of the cash flows, in so far it relates to the cash flow statement for the financial year ended on 31st March, 2014;

### 5. Emphasis of matter

We draw attention to Note no. 2© to the financial statement in respect of applicability of prudential norms for provision on investment in State Government Securities for the reason stated in the said note. Our opinion is not qualified in respect of this matter.

### 6. Reports on Other Legal & Regulatory Requirements

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and found them satisfactory.
- b. In our opinion, proper books of account as required by law have been maintained by the Corporation so far as it appears from our examination of those books.
- c. The reports of three foreign branches audited by other auditors and one representative office certified by other auditor had been forwarded to us and considered by us and were found adequate for the purpose of our audit.
- d. The Balance Sheet, Revenue Accounts, Profit and

Loss Account and Cash flow statement which are dealt with by this report are in agreement with the books of account and returns.

- e. The Balance Sheet, The Revenue Accounts and the Profit and Loss Account have been drawn in accordance with the Insurance Act, 1938, the IRDA Act, 1999 read with Section 211 of the Companies Act, 1956 except for the Cash Flow Statement, (Refer Note 17) which is prepared under Indirect Method, whereas IRDA regulations require Cash Flow Statement to be prepared under direct method.
- f. The actuarial valuation of liabilities is duly certified by the appointed actuary including to the effect that the assumptions for such valuation are in accordance with the guidelines issued by the Institute of Actuaries of India to its members and has been forwarded to IRDA.
- g. As per General Circular No. 8/2002 dated 22/3/2002 of the Department of Company Affairs, the Directors of the Government Companies are exempt from the applicability of the provisions of Section 274(1) (g) of the Companies Act, 1956.
- h. In our opinion, the Balance Sheet, Revenue Accounts, Profit & Loss Account and Cash flow statement comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 read with the General Circular 15 / 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013, to the extent applicable to the Corporation, and are also in conformity with the accounting principles as prescribed in the IRDA Regulations.
- i. Investments have been valued in accordance with the provisions of the Insurance Act, 1938 (4 of 1938) and IRDA (Auditor's report) Regulations, 2002 except as stated in note no. 2 (d) to the financial statement.
- j. The accounting policies selected by the Corporation are appropriate and are in



**AUDITORS' REPORT**

compliance with the applicable accounting standards and with the accounting principles, as prescribed in the IRDA (Auditor's report) Regulations, 2002 or any order or direction issued by the IRDA in this behalf.

- k. We have reviewed the management report and there is no apparent mistake or material inconsistencies with the financial statements.
- l. The Corporation has complied with the terms and conditions of the registration stipulated by the Authority (IRDA).
- m. We further certify that
  - i. We have verified the cash balances, investments and securities relating to loans given by the Corporation on test check basis, by actual

inspection or by production of certificates or other documentary evidence except to the extent of investments of the value aggregating to Rs. 1221 thousands as mentioned in Notes 1.1 (a) to the accounts.

- ii. The Corporation has not undertaken any transaction relating to any trust as a trustee. However, the Corporation is acting as a Manager of Terrorism pool and the investments, assets and liabilities pertaining to it are disclosed separately in accounts.
- iii. No part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 (4 of 1938) relating to the application and investments of the policyholders' funds.

**For, Ghalla & Bhansali**

**Chartered Accountants**

**Firm Regn. No. 103142W**

**Yogesh Amal**

**Partner**

**Membership No.111636**

**For, Manubhai and Shah**

**Chartered Accountants**

**Firm Regn. No. 106041W**

**Krishnakant Solanki**

**Partner**

**Membership No.110299**

Place: New Delhi

Dated: June 18, 2014

# Helping you get **BACK ON TRACK**

GIC Re  
**40** *Glorious*  
Years  
1972-2012

- Total assets: US\$ 11 billion • A- (Excellent) by A.M. Best Co.
- Net worth: US\$ 1.8 billion • AAA (In) by CARE
- Ranks 15th among Top 40 Global Reinsurance Groups  
(Standard and Poor's Ranking for 2013)



अवस्थाने रक्षितमि

**GIC Re**

**General Insurance Corporation of India**  
Global Reinsurance Solutions

"Suraksha", 170, Jambhedji Tata Road, Chhatrapati, Mumbai-400 020, India. e-mail: info@gicofindia.com  
Branch Offices: Dubai, London, Malaysia, Representative Office: Moscow  
[www.gicofindia.com](http://www.gicofindia.com)



अवस्थाने रक्षितमि  
**GIC Re**





# GIC Re Your Reinsurance Partner

- ◆ Total assets: **US\$ 11 billion**
- ◆ Net worth: **US\$ 1.8 billion**
- ◆ Rated **AAA (In)** by CARE for Claims Paying Ability
- ◆ Rated **A- (Excellent)** by A.M. Best Co. for Financial Strength
- ◆ Ranks **15th among Top 40 Global** Reinsurance Groups  
(Standard and Poor's Ranking for 2013)

**Branch offices:**  
Dubai, London, Kuala Lumpur

**Representative office:**  
Moscow



General Insurance Corporation of India  
Global Reinsurance Solutions

"Suraksha", 170, Jamshedji Tata Road, Churchgate, Mumbai-400 020, India.  
e-mail: [info@gicofindia.com](mailto:info@gicofindia.com)  
[www.gicofindia.in](http://www.gicofindia.in)

# REVENUE ACCOUNT

REGISTRATION NO. 112  
DATE OF REGISTRATION WITH IRDA: 2ND APRIL 2001

## REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014 IN RESPECT OF FIRE INSURANCE BUSINESS

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	36530 102	34412 717
2. Profit on sale of Investments (Net)		2661 786	2691 304
3. Profit/-Loss on Exchange Fluctuation		655 389	303 051
4. Interest, Dividend & Rent - Gross		5810 184	5036 451
<b>Total (A)</b>		<b>45657 461</b>	<b>42443 523</b>
1. Claims Incurred (Net)	2	37356 711	30063 580
2. Commission (Net)	3	7405 659	8194 661
3. Operating Expenses related to Insurance Business	4	649 825	357 933
4. Expenses relating to Investments		6 101	11 116
5. Premium Deficiency		0	0
<b>Total (B)</b>		<b>45418 296</b>	<b>38627 290</b>
<b>Operating Profit /- Loss from Fire Business C = (A-B)</b>		<b>239 165</b>	<b>3816 233</b>
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		239 165	3816 233
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>239 165</b>	<b>3816 233</b>

As required by Section 40C (2) of the Insurance Act, 1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of Fire Insurance Business have been fully debited in the Fire Insurance Revenue Accounts as expenses.

As per our report of even date

**For MANUBHAI & SHAH**

Chartered Accountants  
Firm Regn No. 106041W

**KRISHNAKANT B. SOLANKI**

Partner  
Membership No.: 110299

New Delhi  
Dated : 18.06.2014

**For GHALLA & BHANSALI**

Chartered Accountants  
Firm Regn No. 103142W

**YOGESH R. AMAL**

Partner  
Membership No.: 111636

**A K Roy**

Chairman-cum-Managing Director

**Snehlata Shrivastava**

Director

**B Chakrabarti**

Director

**Doulat Raj Mohnot**

Director

**N Mohan**

GM Finance

**Suchita Gupta**

Company Secretary

**G. Srinivasan**

Director

**Dr. Sunil Gupta**

Director

**S Yugandhara Rao**

Director & G.M.

**Alice G. Vaidyan**

CFO



REGISTRATION NO. 112  
DATE OF REGISTRATION WITH IRDA: 2ND APRIL 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014  
IN RESPECT OF MISCELLANEOUS INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	88229 897	86442 168
2. Profit on sale of Investments (Net)		4646 339	4140 200
3. Profit/-Loss on Exchange Fluctuation		1509 423	803 046
4. Interest, Dividend & Rent - Gross		10142 096	7747 885
<b>Total (A)</b>		<b>104527 755</b>	<b>99133 299</b>
1. Claims Incurred (Net)	2	77092 513	72807 268
2. Commission (Net)	3	15004 013	18490 653
3. Operating Expenses related to Insurance Business	4	1017 156	682 795
4. Expenses relating to Investments		10 650	17 100
5. Premium Deficiency		0	-1414 674
<b>Total (B)</b>		<b>93124 332</b>	<b>90583 142</b>
<b>Operating Profit /- Loss from Miscellaneous Business C = (A-B)</b>		<b>11403 423</b>	<b>8550 157</b>
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		11403 423	8550 157
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>11403 423</b>	<b>8550 157</b>

As required by Section 40C (2) of the Insurance Act, 1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of Miscellaneous Insurance Business have been fully debited in the Miscellaneous Insurance Revenue Accounts as expenses.

As per our report of even date

**For MANUBHAI & SHAH**

Chartered Accountants  
Firm Regn No. 106041W

**KRISHNAKANT B. SOLANKI**

Partner  
Membership No.: 110299

New Delhi

Dated : 18.06.2014

**For GHALLA & BHANSALI**

Chartered Accountants  
Firm Regn No. 103142W

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Director

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Director

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GM Finance

**Suchita Gupta**

Company Secretary

**G. Srinivasan**

Director

**Dr. Sunil Gupta**

Director

**S Yugandhara Rao**

Director & G.M.

**Alice G. Vaidyan**

CFO

REGISTRATION NO. 112  
DATE OF REGISTRATION WITH IRDA: 2ND APRIL 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014  
IN RESPECT OF MARINE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	10268 145	11871 835
2. Profit on sale of Investments (Net)		745 500	848 684
3. Profit/-Loss on Exchange Fluctuation		212 944	156 537
4. Interest, Dividend & Rent - Gross		1627 289	1588 209
<b>Total (A)</b>		<b>12853 878</b>	<b>14465 265</b>
1. Claims Incurred (Net)	2	5621 278	6073 096
2. Commission (Net)	3	2027 542	2355 917
3. Operating Expenses related to Insurance Business	4	100 851	74 709
4. Expenses relating to Investments		1 709	3 505
5. Premium Deficiency		0	0
<b>Total (B)</b>		<b>7751 380</b>	<b>8507 227</b>
<b>Operating Profit /- Loss from Marine Business C = (A-B)</b>		<b>5102 498</b>	<b>5958 038</b>
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		5102 498	5958 038
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>5102 498</b>	<b>5958 038</b>

As required by Section 40C (2) of the Insurance Act, 1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of Marine Insurance Business have been fully debited in the Marine Insurance Revenue Accounts as expenses.

As per our report of even date

**For MANUBHAI & SHAH**

Chartered Accountants  
Firm Regn No. 106041W

**KRISHNAKANT B. SOLANKI**

Partner  
Membership No.: 110299

New Delhi  
Dated : 18.06.2014

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Director & G.M.

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CFO



REGISTRATION NO. 112  
DATE OF REGISTRATION WITH IRDA: 2ND APRIL 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2014  
IN RESPECT OF LIFE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	1059 988	491 145
2. Profit on sale of Investments (Net)		23 046	11 172
3. Profit/-Loss on Exchange Fluctuation		7 728	1 371
4. Interest, Dividend & Rent - Gross		50 305	20 906
<b>Total (A)</b>		<b>1141 067</b>	<b>524 594</b>
1. Claims Incurred (Net)	2	1002 440	479 430
2. Commission (Net)	3	52 652	16 271
3. Operating Expenses related to Insurance Business	4	15 054	5 995
4. Expenses relating to Investments		53	46
5. Premium Deficiency		0	0
<b>Total (B)</b>		<b>1070 199</b>	<b>501 742</b>
<b>Operating Profit /- Loss from Life Business C = (A-B)</b>		<b>70 868</b>	<b>22 852</b>
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		70 868	22 852
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>70 868</b>	<b>22 852</b>

As required by Section 40C (2) of the Insurance Act, 1938, we certify that, all expenses of management, wherever incurred, whether directly or indirectly, in respect of Life Insurance Business have been fully debited in the Life Insurance Revenue Accounts as expenses.

As per our report of even date

**For MANUBHAI & SHAH**

Chartered Accountants  
Firm Regn No. 106041W

**KRISHNAKANT B. SOLANKI**

Partner  
Membership No.: 110299

New Delhi

Dated : 18.06.2014

**For GHALLA & BHANSALI**

Chartered Accountants  
Firm Regn No. 103142W

**YOGESH R. AMAL**

Partner  
Membership No.: 111636

**A K Roy**

Chairman-cum-Managing Director

**Snehlata Shrivastava**

Director

**B Chakrabarti**

Director

**Doulat Raj Mohnot**

Director

**N Mohan**

GM Finance

**Suchita Gupta**

Company Secretary

**G. Srinivasan**

Director

**Dr. Sunil Gupta**

Director

**S Yugandhara Rao**

Director & G.M.

**Alice G. Vaidyan**

CFO

# PROFIT & LOSS ACCOUNT

REGISTRATION NO. 112  
DATE OF REGISTRATION WITH IRDA: 2ND APRIL 2001

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2014

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Operating Profit/-Loss			
(a) Fire Insurance		239 165	3816 233
(b) Marine Insurance		5102 498	5958 037
(c) Miscellaneous Insurance		11403 423	8550 157
(d) Life Insurance		70 868	22 852
2. Income from Investments			
(a) Interest, Dividend & Rent - Gross		6260 620	4492 459
(b) Profit on sale of Investments (Net)		2868 141	2400 613
3. Other Income:			
Profit on Exchange		935 657	274 019
Interest on Income-tax Refund		54 695	307 530
Motor Pool Service Charges		32 360	0
Miscellaneous Receipts		3 167	7 856
<b>Total (A)</b>		<b>26970 594</b>	<b>25829 756</b>
4. Provision for Doubtful Loans, Investment & Debts		1248 847	95 680
5. Amortisation of premium on Investments		200 695	188 507
6. Diminution in the value of investments written off		1111 486	32 281
7. Other Expenses :			
Expenses relating to Investments		6 574	9 915
Loss on sale of Assets (Net)		232	85
Interest Motor Pool & Others		1368 396	1681 570
<b>Total (B)</b>		<b>3936 230</b>	<b>2008 038</b>
Profit Before Tax		<b>23034 364</b>	<b>23821 718</b>
Provision for Taxation :			
Current Tax		4130 000	4060 000
Wealth Tax		4 183	2 028
MAT Credit		-3634 844	-3666 672
Deferred Tax		3 280	-19 855
Provision for Tax in respect of earlier years		0	0
<b>Profit After Tax</b>		<b>22531 745</b>	<b>23446 217</b>
<b>Appropriations</b>			
(a) Balance brought forward from last year		-9060 889	-24678 928
(b) Interim dividend		1182 500	0
(c) Proposed Final dividend		3311 000	4687 000
(d) Dividend distribution tax		763 670	796 556
(e) Transfer to General Reserve		8212 790	2344 622
Balance carried forward to Balance Sheet		896	-9060 889

EPS ₹ 523.99 (PY ₹ 545.26)

As per our report of even date

**For MANUBHAI & SHAH**

Chartered Accountants  
Firm Regn No. 106041W

**KRISHNAKANT B. SOLANKI**

Partner  
Membership No.: 110299

New Delhi  
Dated : 18.06.2014

**For GHALLA & BHANSALI**

Chartered Accountants  
Firm Regn No. 103142W

**YOGESH R. AMAL**

Partner  
Membership No.: 111636

**A K Roy**

Chairman-cum-Managing Director

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**Suchita Gupta**

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**G. Srinivasan**

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**Dr. Sunil Gupta**

Director

**S Yugandhara Rao**

Director & G.M.

**Alice G. Vaidyan**

CFO



# BALANCE SHEET

REGISTRATION NO. 112  
DATE OF REGISTRATION WITH IRDA: 2ND APRIL 2001  
BALANCE SHEET AS AT 31ST MARCH 2014

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
<b>SOURCES OF FUNDS</b>			
Share Capital	5	4300 000	4300 000
Reserves and Surplus	6	114520 773	92315 993
Borrowings	7	0	0
Fair Value Change Account		205000 288	175760 409
<b>Total</b>		<b>323821 061</b>	<b>272376 402</b>
<b>APPLICATION OF FUNDS</b>			
Investments	8	456558 321	399761 002
Loans	9	4240 508	4629 109
Fixed Assets	10	1143 103	547 656
Deferred Tax Asset		67 075	70 355
Current Assets:			
Cash and Bank Balances	11	82639 203	82342 788
Advances and Other Assets	12	125270 373	112047 951
<b>Sub-Total (A)</b>		<b>207909 576</b>	<b>194390 739</b>
Current Liabilities	13	264833 406	242153 961
Provisions	14	81264 116	84868 498
<b>Sub-Total (B)</b>		<b>346097 522</b>	<b>327022 459</b>
<b>Net Current Assets (C)=(A-B)</b>		<b>-138187 946</b>	<b>-132631 720</b>
Miscellaneous Expenditure	15		
<b>Total</b>		<b>323821 061</b>	<b>272376 402</b>
<b>CONTINGENT LIABILITIES</b>		<b>30360 722</b>	<b>26115 210</b>

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

As per our report of even date

**For MANUBHAI & SHAH**

Chartered Accountants  
Firm Regn No. 106041W

**KRISHNAKANT B. SOLANKI**

Partner  
Membership No.: 110299

New Delhi  
Dated : 18.06.2014

**For GHALLA & BHANSALI**

Chartered Accountants  
Firm Regn No. 103142W

**YOGESH R. AMAL**

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Director

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Director

**S Yugandhara Rao**  
Director & G.M.

**Alice G. Vaidyan**  
CFO

# SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2014

## SCHEDULE 1

### PREMIUM EARNED (NET)

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>A FIRE INSURANCE</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	49985 303	40699 240
Less: Premium on Reinsurance ceded	10199 605	8139 611
Net Premium	39785 698	32559 629
Adjustment for change in reserve for unexpired risks	-3255 596	1853 088
<b>Total Premium Earned (Net)</b>	<b>36530 102</b>	<b>34412 717</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	34329 669	41987 919
Less: Premium on Reinsurance ceded	0	0
Net Premium	34329 669	41987 919
Adjustment for change in reserve for unexpired risks	3882 760	-6031 409
<b>Total Premium Earned (Net)</b>	<b>38212 429</b>	<b>35956 510</b>
<b>(2) AVIATION</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	4263 961	4443 180
Less: Premium on Reinsurance ceded	762 096	1045 538
Net Premium	3501 865	3397 642
Adjustment for change in reserve for unexpired risks	17 449	1094 453
<b>Total Premium Earned (Net)</b>	<b>3519 314</b>	<b>4492 095</b>
<b>(3) ENGINEERING</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	8592 130	7499 613
Less: Premium on Reinsurance ceded	930 689	875 037
Net Premium	7661 441	6624 576
Adjustment for change in reserve for unexpired risks	-497 313	216 147
<b>Total Premium Earned (Net)</b>	<b>7164 128</b>	<b>6840 723</b>



**FOR THE YEAR ENDED 31ST MARCH 2014**  
**SCHEDULE 1**  
**PREMIUM EARNED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(4) WORKMENS' COMPENSATION</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	242 956	427 814
Less: Premium on Reinsurance ceded	0	0
Net Premium	242 956	427 814
Adjustment for change in reserve for unexpired risks	92 523	-9 675
<b>Total Premium Earned (Net)</b>	<b>335 479</b>	<b>418 139</b>
<b>(5) LIABILITY</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	1005 155	1521 796
Less: Premium on Reinsurance ceded	128 815	269 668
Net Premium	876 340	1252 128
Adjustment for change in reserve for unexpired risks	188 375	232 580
<b>Total Premium Earned (Net)</b>	<b>1064 715</b>	<b>1484 708</b>
<b>(6) PERSONAL ACCIDENT</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	3797 647	5138 553
Less: Premium on Reinsurance ceded	13 161	15 716
Net Premium	3784 486	5122 837
Adjustment for change in reserve for unexpired risks	672 251	-518 401
<b>Total Premium Earned (Net)</b>	<b>4456 737</b>	<b>4604 436</b>
<b>(7) HEALTH</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	16451 251	20676 993
Less: Premium on Reinsurance ceded	0	0
Net Premium	16451 251	20676 993
Adjustment for change in reserve for unexpired risks	2131 944	-1408 771
<b>Total Premium Earned (Net)</b>	<b>18583 195</b>	<b>19268 222</b>

## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014**

**SCHEDULE 1  
PREMIUM EARNED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(8) OTHER MISCELLANEOUS</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	13476 401	12449 149
Less: Premium on Reinsurance ceded	894 629	587 796
Net Premium	12581 772	11861 353
Adjustment for change in reserve for unexpired risks	-349 977	-1127 619
<b>Total Premium Earned (Net)</b>	<b>12231 795</b>	<b>10733 734</b>
<b>(9) FINANCIAL LIABILITY/CREDIT</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	2544 703	2779 228
Less: Premium on Reinsurance ceded	0	0
Net Premium	2544 703	2779 228
Adjustment for change in reserve for unexpired risks	117 402	-135 627
<b>Total Premium Earned (Net)</b>	<b>2662 105</b>	<b>2643 601</b>
<b>TOTAL MISCELLANEOUS</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	84703 873	96924 245
Less: Premium on Reinsurance ceded	2729 390	2793 755
Net Premium	81974 483	94130 490
Adjustment for change in reserve for unexpired risks	6255 414	-7688 322
<b>Total Premium Earned (Net)</b>	<b>88229 897</b>	<b>86442 168</b>
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	4165 491	4747 395
Less: Premium on Reinsurance ceded	394 369	378 179
Net Premium	3771 122	4369 216
Adjustment for change in reserve for unexpired risks	610 545	737 265
<b>Total Premium Earned (Net)</b>	<b>4381 667</b>	<b>5106 481</b>



## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE 1  
PREMIUM EARNED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(2) MARINE HULL</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	6689 520	7533 159
Less: Premium on Reinsurance ceded	1102 953	1660 718
Net Premium	5586 567	5872 441
Adjustment for change in reserve for unexpired risks	299 911	892 913
<b>Total Premium Earned (Net)</b>	<b>5886 478</b>	<b>6765 354</b>
<b>TOTAL MARINE</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	10855 011	12280 554
Less: Premium on Reinsurance ceded	1497 322	2038 897
Net Premium	9357 689	10241 657
Adjustment for change in reserve for unexpired risks	910 456	1630 178
<b>Total Premium Earned (Net)</b>	<b>10268 145</b>	<b>11871 835</b>
<b>D LIFE INSURANCE</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	1256 976	954 699
Less: Premium on Reinsurance ceded	248 684	174 148
Net Premium	1008 292	780 551
Adjustment for change in reserve for unexpired risks	51 696	-289 406
<b>Total Premium Earned (Net)</b>	<b>1059 988</b>	<b>491 145</b>
<b>E TOTAL ALL CLASSES</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	146801 163	150858 738
Less: Premium on Reinsurance ceded	14675 001	13146 411
Net Premium	132126 162	137712 327
Adjustment for change in reserve for unexpired risks	3961 970	-4494 462
<b>Total Premium Earned (Net)</b>	<b>136088 132</b>	<b>133217 865</b>

## FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014SCHEDULE 2  
CLAIMS INCURRED (NET)

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>A FIRE INSURANCE</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	36648 124	30402 101
Less: Reinsurance ceded	6756 140	4468 888
Net Claims Paid	29891 984	25933 213
Add : Claims Outstanding at the end of the year	76208 072	68743 345
Less: Claims Outstanding at the beginning of the year	68743 345	64612 978
<b>Total Claims Incurred</b>	<b>37356 711</b>	<b>30063 580</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	28847 032	22412 192
Less: Reinsurance ceded	0	0
Net Claims Paid	28847 032	22412 192
Add : Claims Outstanding at the end of the year	54058 415	53975 419
Less: Claims Outstanding at the beginning of the year	53975 419	48480 865
<b>Total Claims Incurred</b>	<b>28930 028</b>	<b>27906 746</b>
<b>(2) AVIATION</b>		
Claims Paid		
Direct	5 497	83
Add : Reinsurance accepted	3633 909	3486 084
Less: Reinsurance ceded	297 654	485 879
Net Claims Paid	3341 752	3000 288
Add : Claims Outstanding at the end of the year	7900 822	9253 362
Less: Claims Outstanding at the beginning of the year	9253 362	6971 868
<b>Total Claims Incurred</b>	<b>1989 212</b>	<b>5281 782</b>
<b>(3) ENGINEERING</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	4674 887	2818 570
Less: Reinsurance ceded	47 354	24 596
Net Claims Paid	4627 533	2793 974
Add : Claims Outstanding at the end of the year	17748 578	10769 022
Less: Claims Outstanding at the beginning of the year	10769 022	9071 131
<b>Total Claims Incurred</b>	<b>11607 089</b>	<b>4491 865</b>



## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE 2  
CLAIMS INCURRED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(4) WORKMENS' COMPENSATION</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	114 384	92 323
Less: Reinsurance ceded	0	0
Net Claims Paid	114 384	92 323
Add : Claims Outstanding at the end of the year	163 235	230 487
Less: Claims Outstanding at the beginning of the year	230 487	210 407
<b>Total Claims Incurred</b>	<b>47 132</b>	<b>112 403</b>
<b>(5) LIABILITY</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	295 989	434 785
Less: Reinsurance ceded	0	391 543
Net Claims Paid	295 989	43 242
Add : Claims Outstanding at the end of the year	1842 666	1231 056
Less: Claims Outstanding at the beginning of the year	1231 056	974 245
<b>Total Claims Incurred</b>	<b>907 599</b>	<b>300 053</b>
<b>(6) PERSONAL ACCIDENT</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	3850 128	3347 145
Less: Reinsurance ceded	0	0
Net Claims Paid	3850 128	3347 145
Add : Claims Outstanding at the end of the year	2406 549	3452 075
Less: Claims Outstanding at the beginning of the year	3452 075	514 464
<b>Total Claims Incurred</b>	<b>2804 602</b>	<b>6284 756</b>
<b>(7) HEALTH</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	16018 914	19728 337
Less: Reinsurance ceded	0	7
Net Claims Paid	16018 914	19728 337
Add : Claims Outstanding at the end of the year	9158 105	10014 824
Less: Claims Outstanding at the beginning of the year	10014 824	6133 249
<b>Total Claims Incurred</b>	<b>15162 195</b>	<b>23609 912</b>

## FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014SCHEDULE 2  
CLAIMS INCURRED (NET)

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(8) OTHER MISCELLANEOUS</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	11169 563	5365 024
Less: Reinsurance ceded	2 728	-3 907
Net Claims Paid	11166 835	5368 931
Add : Claims Outstanding at the end of the year	10337 916	10079 799
Less: Claims Outstanding at the beginning of the year	10079 799	12546 077
<b>Total Claims Incurred</b>	<b>11424 952</b>	<b>2902 653</b>
<b>(9) FINANCIAL LIABILITY/CREDIT</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	1813 750	1020 969
Less: Reinsurance ceded	0	0
Net Claims Paid	1813 750	1020 969
Add : Claims Outstanding at the end of the year	5885 222	3479 268
Less: Claims Outstanding at the beginning of the year	3479 268	2583 139
<b>Total Claims Incurred</b>	<b>4219 704</b>	<b>1917 098</b>
<b>TOTAL MISCELLANEOUS</b>		
Claims Paid		
Direct	5 497	83
Add : Reinsurance accepted	70418 556	58705 429
Less: Reinsurance ceded	347 736	898 111
Net Claims Paid	70076 317	57807 401
Add : Claims Outstanding at the end of the year	109501 508	102485 312
Less: Claims Outstanding at the beginning of the year	102485 312	87485 445
<b>Total Claims Incurred</b>	<b>77092 513</b>	<b>72807 268</b>
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	2892 339	3033 246
Less: Reinsurance ceded	415 860	12 615
Net Claims Paid	2476 479	3020 631
Add : Claims Outstanding at the end of the year	5225 659	5891 192
Less: Claims Outstanding at the beginning of the year	5891 192	4999 539
<b>Total Claims Incurred</b>	<b>1810 946</b>	<b>3912 284</b>



## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE 2  
CLAIMS INCURRED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(2) MARINE HULL</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	5230 616	4676 827
Less: Reinsurance ceded	765 813	948 127
Net Claims Paid	4464 803	3728 700
Add : Claims Outstanding at the end of the year	7238 540	7893 011
Less: Claims Outstanding at the beginning of the year	7893 011	9460 899
<b>Total Claims Incurred</b>	<b>3810 332</b>	<b>2160 812</b>
<b>TOTAL MARINE</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	8122 955	7710 073
Less: Reinsurance ceded	1181 673	960 742
Net Claims Paid	6941 282	6749 331
Add : Claims Outstanding at the end of the year	12464 199	13784 203
Less: Claims Outstanding at the beginning of the year	13784 203	14460 438
<b>Total Claims Incurred</b>	<b>5621 278</b>	<b>6073 096</b>
<b>D LIFE INSURANCE</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	769 313	409 817
Less: Reinsurance ceded	144 216	36 972
Net Claims Paid	625 097	372 845
Add : Claims Outstanding at the end of the year	595 087	217 743
Less: Claims Outstanding at the beginning of the year	217 744	111 158
<b>Total Claims Incurred</b>	<b>1002 440</b>	<b>479 430</b>
<b>E TOTAL ALL CLASSES</b>		
Claims Paid		
Direct	5 497	83
Add : Reinsurance accepted	115958 948	97227 420
Less: Reinsurance ceded	8429 765	6364 713
Net Claims Paid	107534 680	90862 790
Add : Claims Outstanding at the end of the year	198768 866	185230 603
Less: Claims Outstanding at the beginning of the year	185230 604	166670 019
<b>Total Claims Incurred</b>	<b>121072 942</b>	<b>109423 374</b>

## FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014SCHEDULE 3  
COMMISSION

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>A FIRE INSURANCE</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	9899 411	8405 506
Less: Commission on Reinsurance Ceded	2493 752	210 845
Net Commission	7405 659	8194 661
Break-up of Commission		
Brokerage	1310 055	1212 340
Commission Paid	6095 604	6982 321
Total Commission	7405 659	8194 661
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	5618 326	7935 522
Less: Commission on Reinsurance Ceded	0	0
Net Commission	5618 326	7935 522
Break-up of Commission		
Brokerage	238 720	191 487
Commission Paid	5379 606	7744 035
Total Commission	5618 326	7935 522
<b>(2) AVIATION</b>		
Commission Paid		
Direct	36 338	0
Add : Reinsurance Accepted	595 046	647 994
Less: Commission on Reinsurance Ceded	106 684	69 318
Net Commission	524 700	578 676
Break-up of Commission		
Brokerage	333 942	284 430
Commission Paid	190 758	294 246
Total Commission	524 700	578 676
<b>(3) ENGINEERING</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	2272 483	2094 982
Less: Commission on Reinsurance Ceded	85 767	10 349
Net Commission	2186 716	2084 633
Break-up of Commission		
Brokerage	108 822	87 695
Commission Paid	2077 894	1996 938
Total Commission	2186 716	2084 633



## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE 3  
COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(4) WORKMENS' COMPENSATION</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	29 547	73 223
Less: Commission on Reinsurance Ceded	0	0
Net Commission	29 547	73 223
Break-up of Commission		
Brokerage	1 676	1 545
Commission Paid	27 871	71 678
Total Commission	29 547	73 223
<b>(5) LIABILITY</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	167 540	216 804
Less: Commission on Reinsurance Ceded	1 429	1 536
Net Commission	166 111	215 268
Break-up of Commission		
Brokerage	13 885	16 263
Commission Paid	152 226	199 005
Total Commission	166 111	215 268
<b>(6) PERSONAL ACCIDENT</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	694 423	943 366
Less: Commission on Reinsurance Ceded	804	1 260
Net Commission	693 619	942 106
Break-up of Commission		
Brokerage	62 645	53 741
Commission Paid	630 974	888 365
Total Commission	693 619	942 106
<b>(7) HEALTH</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	2784 694	3287 546
Less: Commission on Reinsurance Ceded	0	0
Net Commission	2784 694	3287 546
Break-up of Commission		
Brokerage	153 502	88 618
Commission Paid	2631 192	3198 928
Total Commission	2784 694	3287 546

## FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014SCHEDULE 3  
COMMISSION

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(8) OTHER MISCELLANEOUS</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	2549 192	2871 127
Less: Commission on Reinsurance Ceded	37 056	459
Net Commission	2512 136	2870 668
Break-up of Commission		
Brokerage	105 438	125 901
Commission Paid	2406 698	2744 767
Total Commission	2512 136	2870 668
<b>(9) FINANCIAL LIABILITY/CREDIT</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	488 164	503 011
Less: Commission on Reinsurance Ceded	0	0
Net Commission	488 164	503 011
Break-up of Commission		
Brokerage	3 821	6 945
Commission Paid	484 343	496 066
Total Commission	488 164	503 011
<b>TOTAL MISCELLANEOUS</b>		
Commission Paid		
Direct	36 338	0
Add : Reinsurance Accepted	15199 415	18573 575
Less: Commission on Reinsurance Ceded	231 740	82 922
Net Commission	15004 013	18490 653
Break-up of Commission		
Brokerage	1022 451	856 625
Commission Paid	13981 562	17634 028
Total Commission	15004 013	18490 653
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1025 423	1219 477
Less: Commission on Reinsurance Ceded	22 646	90 509
Net Commission	1002 777	1128 968
Break-up of Commission		
Brokerage	88 713	85 555
Commission Paid	914 064	1043 413
Total Commission	1002 777	1128 968



## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE 3  
COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(2) MARINE HULL</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1238 640	1445 327
Less: Commission on Reinsurance Ceded	213 875	218 378
Net Commission	1024 765	1226 949
Break-up of Commission		
Brokerage	251 994	268 665
Commission Paid	772 771	958 284
Total Commission	1024 765	1226 949
<b>TOTAL MARINE</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	2264 063	2664 804
Less: Commission on Reinsurance Ceded	236 521	308 887
Net Commission	2027 542	2355 917
Break-up of Commission		
Brokerage	340 707	354 220
Commission Paid	1686 835	2001 697
Total Commission	2027 542	2355 917
<b>D LIFE INSURANCE</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	52 652	16 378
Less: Commission on Reinsurance Ceded	0	107
Net Commission	52 652	16 271
Break-up of Commission		
Brokerage	4 764	5 573
Commission Paid	47 888	10 698
Total Commission	52 652	16 271
<b>E TOTAL ALL CLASSES</b>		
Commission Paid		
Direct	36 338	0
Add : Reinsurance Accepted	27415 541	29660 263
Less: Commission on Reinsurance Ceded	2962 013	602 761
Net Commission	24489 866	29057 502
Break-up of Commission		
Brokerage	2677 977	2428 758
Commission Paid	21811 889	26628 744
Total Commission	24489 866	29057 502

## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE 4  
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

Particulars		Current Year (₹ '000)	Previous Year (₹ '000)
1	Employees' remuneration & welfare benefits	774 084	480 499
2	Travel, conveyance and vehicle running expenses	68 385	42 914
3	Training expenses	41 090	5 614
4	Rents, rates and taxes	32 332	21 645
5	Repairs	347 120	229 156
6	Printing & stationery	4 421	3 610
7	Communication	12 724	11 832
8	Legal & professional charges	105 703	41 782
9	Auditors' fees, expenses etc.		
	(a) as auditor	5 002	7 861
	(b) as advisor or in any other capacity, in respect of		
	(i) Taxation matters	250	250
	(ii) Others	82	236
10	Advertisement and publicity	55 826	26 435
11	Interest & Bank Charges	9 049	16 828
12	Others	245 859	176 347
13	Depreciation	71 577	56 424
14	Service Tax A/c	9 382	0
	<b>Total</b>	<b>1782 886</b>	<b>1121 433</b>



## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014**

**SCHEDULE 5  
SHARE CAPITAL**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1. Authorised Capital 10,00,00,000 Equity Shares of ₹ 100/- each	10000 000	10000 000
2. Issued & Subscribed Capital 4,30,00,000 Equity Shares of ₹ 100/- each	4300 000	4300 000
3. Called-up Capital 4,30,00,000 Equity Shares of ₹ 100/- each (Includes 4,06,00,000 shares issued by capitalisation of Capital Redemption Reserve and General Reserve and 5,00,000 partly paid shares (₹ 50 per share paid) made fully paid-up shares by capitalisation of General Reserve)	4300 000	4300 000
<b>Total</b>	<b>4300 000</b>	<b>4300 000</b>

**SCHEDULE 5A  
SHARE CAPITAL PATTERN OF SHAREHOLDING  
(AS CERTIFIED BY THE MANAGEMENT)**

Shareholders	Number of Shares	Current Year % of Holding	Number of Shares	Previous Year % of Holding
Promoters Indian	4,30,00,000	100%	4,30,00,000	100%

**SCHEDULE 6  
RESERVES AND SURPLUS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 General Reserve		
Opening Balance	97239 210	94894 588
Add: Transfer from Profit & Loss A/c	8212 790	2344 622
	105452 000	97239 210
2 Catastrophe Reserve	0	0
4 Foreign Currency Translation Reserve	9067 877	4137 672
5 Balance of Profit in Profit & Loss Account	896	-9060 889
<b>Total</b>	<b>114520 773</b>	<b>92315 993</b>

**SCHEDULE 7  
BORROWINGS**

NIL

## FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014SCHEDULE B  
INVESTMENTS - SHAREHOLDERS' FUND

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>Long-Term Investments</b>		
1. Government securities and Government guaranteed bonds including Treasury Bills	23767 637	18804 258
2. Other Approved Securities	1176 068	1126 794
3. Approved Investments		
(a) Shares		
(aa) Equity - Indian	67162 113	52369 996
Equity - Foreign	7 816	7 816
(bb) Preference	10 510	9 411
(b) Mutual Funds/Venture Funds		
(c) Debentures /Bond	5949 488	4893 312
(d) Debentures Foreign	0	350 354
(e) Guaranteed Equity	131	119
(f) Subsidiaries		
(g) Associates - Indian	700 000	0
Associates - Foreign	591 162	591 162
4. Investments in Infrastructure and Social Sector	14578 227	11584 516
5. Other Investments (Excl. Associate Co.)		
(a) Equity/Preference/Debentures/Venture Funds	3666 452	3063 015
(b) Associates Equity - Indian	0	700 000
(c) Equity - Foreign		
<b>Short-Term Investments</b>		
1. Government securities and Government guaranteed bonds including Treasury Bills	679 336	753 878
2. Other Approved Securities	51 726	58 524
3. Approved Investments		
(a) Shares		
(aa) Equity		
(bb) Preference		
(b) Mutual Funds/Venture Funds	417 960	0
(c) Debentures /Bond	559 971	594 530
(d) Debentures Foreign	350 150	0
(e) Guaranteed Equity		
(f) Subsidiaries		
(g) Associates - Indian		
Associates - Foreign		
(h) Commercial Paper	0	126 703
4. Investments in Infrastructure and Social Sector	958 286	1066 991
5. Other Investments	253 794	258 719
<b>Total</b>	<b>120880 827</b>	<b>96360 098</b>



## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE B A  
INVESTMENTS - POLICYHOLDERS' FUND**

Particulars		Current Year (₹ '000)	Previous Year (₹ '000)
<b>Long-Term Investments</b>			
1. Government securities and Government guaranteed bonds including Treasury Bills		66913 924	60238 440
2. Other Approved Securities		3311 027	3609 624
3. Approved Investments			
(a) Shares			
(aa) Equity - Indian		189084 025	167764 498
Equity - Foreign			
(bb) Preference		29 589	30 148
(b) Mutual Funds/Venture Funds			
(c) Debentures /Bond		16749 819	15675 465
(d) Debenture Foreign			
(e) Guaranteed Equity		369	381
(f) Subsidiaries			
(g) Associates Indian			
Associates Foreign			
4. Investments in Infrastructure and Social Sector		41042 633	37110 380
5. Other Investments (Excl. Associate Co.)			
(a) Equity/Preference/Debentures/Venture Funds		10322 302	9812 205
(b) Associates - Indian			
(c) Equity - Foreign			
<b>Short Term Investments</b>			
1. Government securities and Government guaranteed bonds including Treasury Bills		1912 559	2415 008
2. Other Approved Securities		145 626	187 480
3. Approved Investments			
(a) Shares			
(aa) Equity			
(bb) Preference			
(b) Mutual Funds		1176 699	0
(c) Debentures/ Bonds		1576 509	1904 545
(d) Debentures Foreign			
(e) Guaranteed Equity			
(f) Subsidiaries			
(g) Associates - Indian			
Associates - Foreign			
(h) Commercial Paper		0	405 888
4. Investments in Infrastructure and Social Sector		2697 898	3418 050
5. Other Investments		714 515	828 792
<b>Total</b>		<b>335677 494</b>	<b>303400 904</b>

## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE 9  
LOANS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>1. Security-wise Classification</b>		
Secured		
(a) On mortgage of property		
(aa) In India*	797 728	921 840
(bb) Outside India	0	0
(b) On Shares, Bonds, Government Securities	0	0
(c) Others (to be specified)	3374 193	3638 682
Unsecured	68 587	68 587
<b>Total</b>	<b>4240 508</b>	<b>4629 109</b>
<b>2. Borrower-wise Classification</b>		
(a) Central and State Governments	3374 193	3638 682
(b) Banks and Financial Institutions	0	0
(c) Subsidiaries	0	0
(d) Industrial Undertakings	848 654	949 591
(e) Others	17 661	40 836
<b>Total</b>	<b>4240 508</b>	<b>4629 109</b>
<b>3. Performance-wise Classification</b>		
(a) Loans classified as standard		
(aa) In India	3338 800	3777 767
(bb) Outside India	0	0
(b) Non-performing loans less provisions		
(aa) In India	204 428	102 186
(bb) Outside India	0	0
Provisions **	697 280	749 156
<b>Total</b>	<b>4240 508</b>	<b>4629 109</b>
<b>4. Maturity-wise Classification</b>		
(a) Short-Term	290 623	372 765
(b) Long-Term	3949 885	4256 344
<b>Total</b>	<b>4240 508</b>	<b>4629 109</b>

\*\* Includes Provision for Bad and Doubtful Loans



## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE 10  
FIXED ASSETS**

(₹ in thousand)

Particulars	Cost/Gross Block			Depreciation					Net Block	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Up to 31.03.2013	Twelve months ended 31.03.2014	On Sales/ Adjustment	Up to 31.03.2014	As at 31.03.2014	As at 31.03.2013
Leasehold Land	247 253	0	0	247 253	78 983	3 434	0	82 417	164 836	168 270
Freehold Land	0	560 132	0	560 132	0	0	0	0	560 132	0
Buildings	434 029	80 398	0	514 427	216 215	13 641	0	229 856	284 571	217 814
Furniture & Fittings	19 679	403	0	20 082	17 812	395	17	18 190	1 892	1 867
I.T. Equipments	106 139	13 471	7 388	112 222	88 599	16 664	7 510	97 753	14 469	17 540
I.T. Software	133 386	2 249	0	135 635	22 040	28 586	0	50 626	85 009	111 346
Vehicles	35 909	9 457	5 125	40 241	14 623	7 305	4 557	17 371	22 870	21 286
Office Equipments	13 988	1 513	1 292	14 209	7 466	1 095	946	7 615	6 594	6 522
AC & Water Coolers	12 404	126	4	12 526	11 558	138	4	11 692	834	846
Elevators	2 073	0	0	2 073	2 056	2	0	2 058	15	17
Canteen Appliances	474	0	0	474	302	26	0	328	146	172
Electrical Installation	11 687	50	0	11 737	10 868	118	0	10 986	751	819
Fire Alarm Systems	3 408	0	0	3 408	2 251	173	0	2 424	984	1 157
<b>Total</b>	<b>1020 429</b>	<b>667 799</b>	<b>13 809</b>	<b>1674 419</b>	<b>472 773</b>	<b>71 577</b>	<b>13 034</b>	<b>531 316</b>	<b>1143 103</b>	<b>547 656</b>
Previous years	912 685	110 186	2 442	1020 429	418 667	56 424	2 318	472 773		

The figures are inclusive of Appreciation/Depreciation due to foreign currency fluctuation.

**SCHEDULE 11  
CASH AND BANK BALANCES**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1. Cash and stamps	319	340
2. Bank Balances		
(a) Deposit Accounts - Short-term (due within 12 months)	70793 598	74233 842
(b) Current Accounts	2664 186	666 992
3. Money at Call and Short Notice		
(a) With Bank	290 721	107 270
(b) With other Institutions	8890 379	7334 344
<b>Total</b>	<b>82639 203</b>	<b>82342 788</b>
Balances with non-scheduled banks	Nil	Nil

## FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014SCHEDULE 12  
ADVANCES AND OTHER ASSETS

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>Advances</b>		
1. Reserve Deposits with Ceding Companies	25255 607	21428 778
2. Application Money for Investments	277 548	0
3. Prepayments	46 503	62 217
4. Advances to Directors/Officers	4 799	2 950
5. Advance Tax Paid and TDS	26467 718	23346 180
Less: Provision for Taxation	18015 887	13837 744
	8451 831	9508 436
6. Others	1110 248	62 968
7. Deferred Commission	505 797	427 852
<b>Total (A)</b>	<b>35652 333</b>	<b>31493 201</b>
<b>Other Assets</b>		
1. Income accrued on investments	6692 382	6043 149
2. Due from other entities carrying on insurance business (including reinsurers) *	32846 402	36548 670
3. Deposit U/S-7 of Insurance Act	297 370	299 425
4. Sundry Debtors	961 925	7 625
5. Sundry Deposits	252 491	269 472
6. MAT Credit Entitlement	7301 516	3666 672
7. Service Tax Unutilised Credit	684 396	0
8. Terrorism Pool Assets	40581 558	33719 737
<b>Total (B)</b>	<b>89618 040</b>	<b>80554 750</b>
<b>Total (A + B)</b>	<b>125270 373</b>	<b>112047 951</b>

\* Net of Rs.2,860,070 thousand (PY Rs.2,095,304 thousand) for provision for bad and doubtful debts

SCHEDULE 13  
CURRENT LIABILITIES

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1. Balances Due to other insurance companies	16268 965	12034 737
2. Deposits held on re-insurance ceded	8533 017	11031 960
3. Sundry Creditors	681 001	136 924
4. Claims Outstanding	198768 865	185230 603
5. Terrorism Pool Liabilities	40581 558	33719 737
<b>Total</b>	<b>264833 406</b>	<b>242153 961</b>

## FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH 2014  
SCHEDULE 14  
PROVISIONS**

Particulars		Current Year (₹ '000)	Previous Year (₹ '000)
1.	Reserve for Unexpired Risk	71476 261	74989 739
2.	For proposed dividends	3311 000	4687 000
3.	For dividend distribution tax	562 704	796 556
4.	For Doubtful Loans, Investments and Debts	5364 543	4115 696
5.	For Leave Encashment	221 463	165 616
6.	Provision for Pension	235 597	59 891
7.	Provision for Gratuity	-12 100	0
8.	Provision for Settlement	10 648	8 800
9.	For Salary Arrears	77 200	29 700
10.	For PLLI Arrears	16 800	15 500
<b>Total</b>		<b>81264 116</b>	<b>84868 498</b>

**SCHEDULE 15  
MISCELLANEOUS EXPENDITURE**

NIL



## SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

### 1. SIGNIFICANT ACCOUNTING POLICIES:

#### 1. ACCOUNTING CONVENTION

The Balance Sheet, the Profit and Loss Account and the Revenue Accounts are drawn up in accordance with the provisions of Section 11(1) of the Insurance Act, 1938 read with the provisions of Sub-sections (1), (2), (3C) and (5) of Section 211 read with the General Circular 15 / 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and Sub-section (5) of Section 227 of the Companies Act, 1956. The financial statements also conform to the stipulation specified under the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002. The said statements are prepared on historical cost convention and on accrual basis except as otherwise stated and conform to the statutory provisions and practices prevailing in the General Insurance Industry in India.

#### 2. REINSURANCE BUSINESS

##### 2.1 Reinsurance Revenues

Premium is accounted based on accounts rendered by ceding companies upon receipt of accounts. At the year end, estimates are made for accounts not yet received, based on available information and current trends.

In respect of Indian Market Terrorism Risk Insurance pool and Indian Motor Declined Pool, only the Corporation's share of revenues is recorded as premium.

##### 2.2 Outstanding Claims

2.2.1 Estimated liability for outstanding claims in respect of Reinsurance business carried out in India is based on advices received as of different dates up to the date of finalization of accounts and wherever such advices are not received, on estimates

based on available information, current trends, past underwriting experience of the management and actuarial estimation bases.

2.2.2 Provision for claims incurred but not reported (IBNR) is made as certified by the appointed actuary.

#### 2.3 Receivables

Provisions for doubtful debts for receivables are provided as under:-

- (i) Companies in liquidation
- (ii) Foreign Companies having non-moving balances over a period of three years
- (iii) Non realizable balances of foreign companies having moving balances.

### 3. FOREIGN CURRENCY TRANSACTIONS

3.1 Revenue transactions in foreign currencies are converted at the daily rate of exchange on the day accounts are received and transactions are booked. The rates have been taken from Thomson Reuters India Pvt. Ltd.

3.2 Non-Monetary items including fixed assets and investments abroad are reported using the exchange rate applicable on the date of acquisition.

3.3 Monetary items such as receivables, payables and balances in bank accounts held in foreign currencies are converted using the closing rates of exchange at the balance sheet date.

3.4 The exchange gain/ loss relating to revenue transaction, due to conversion of foreign currencies, is accounted for as revenue in respective revenue accounts. The common exchange gain/loss due to conversion are apportioned between Revenue Account and Profit and Loss Account in same proportion as stated in Significant Accounting Policy No. 6

## SIGNIFICANT ACCOUNTING POLICIES

- 3.5 Foreign branch operations are considered as "non-integral business" as prescribed in AS11 "The effects of changes in foreign exchange rates" (revised 2003) and translated accordingly.

### 4. RESERVE FOR UNEXPIRED RISK

The URR provisions are made as under:

#### A. Non-Life Business:

##### (i) For HO, Dubai and Malaysia Branch:

Reserve for Unexpired Risk in respect of Marine Insurance and Terrorism Risk Business (included in Fire and Engineering) is made at 100% of Net Premium, while for all other classes of insurance is made at 50% of Net Premium of the period for which accounts are prepared.

##### (ii) For London Branch:

Reserve for Unexpired Risk is provided as per local practice. Further, any additional provision as required by IRDA is provided at HO.

#### B. Life Business:

Reserve for Unexpired Risk is provided as determined by Actuary.

### 5. OPERATING EXPENSES RELATING TO INSURANCE BUSINESS (EXPENSES OF MANAGEMENT)

#### 5.1 Depreciation

- (i) Depreciation on fixed assets is charged on written-down value method at the higher of the rates specified in the Income Tax Rules, 1962 and those specified in Schedule XIV to the Companies Act, 1956. In respect of leasehold properties and intangible assets amortization is made over the period of lease/use.
- (ii) Depreciation is provided on a pro-rata basis on additions to fixed assets and on assets sold/discarded/destroyed during the year.

#### 5.2 Retirement Benefits to Employees

Liabilities on account of retirement benefits to the employees such as pension, gratuity and leave encashment are provided for on accrual basis, based on actuarial valuation and in compliance with Accounting Standard 15.

#### 5.3 Apportionment of Expenses

##### (i) Head office business

Operating expenses relating to insurance business are apportioned to the Revenue Accounts on the basis of Reinsurance Premium accepted during the period for which accounts are prepared, giving weightage of 75% for Marine business & 100 % for Fire, Miscellaneous & Life Reinsurance business.

##### (ii) Foreign business

Operating expenses relating to insurance business are also apportioned to the revenue accounts of branches on the same basis as mentioned in 5.3 (i) above.

##### (iii) Investment Expenses

Expenses relating to investment are apportioned between Revenue and Profit & Loss Account in the same proportion as stated in Significant Accounting Policy No. 6.

### 6. APPORTIONMENT OF INTEREST, DIVIDENDS AND RENTS

The income from interest, dividends and rent is apportioned between Profit and Loss Account and Revenue Accounts in the ratio of Shareholders' Fund and Policyholders' Fund respectively at the beginning of the year. The same is further apportioned amongst the revenue accounts on the basis of the respective Policyholders' Fund at the beginning of the year. Shareholders' fund consists of share capital and free reserves. Policyholders' Fund consists of provisions for outstanding claims and reserves for unexpired risks.

### 7. INVESTMENTS

- 7.1 Prudential norms prescribed by Reserve Bank of India and the IRDA are followed in regard to:



## SIGNIFICANT ACCOUNTING POLICIES

- (i) Revenue recognition,
- (ii) Classification of assets into performing and non-performing and
- (iii) Provisioning against performing and non-performing assets.

7.2 Purchases and Sales of shares, bonds, debentures and Government securities are accounted for on the date of contracts.

7.3 The cost of investments includes premium on acquisition and other related expenses.

7.4 Short term money market instruments such as Collateralized Borrowing and Lending Operations (CBLO), Commercial Paper and Treasury bill, which are discounted at the time of contract at the agreed rate are accounted at their discounted value.

7.5 Investment portfolio in respect of equity shares are segregated into actively traded and thinly traded as prescribed by the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

7.6 a) Investments in equity shares that are actively traded are valued at fair value. Fair value for this purpose is lowest of the last quoted closing price at NSE/BSE in the month of March.

b) Investment in units of mutual funds are valued at Fair value as per IRDA guidelines 2003-04. Fair value for this purpose is the last quoted NAV in the month of March.

7.7 a) Unrealized gains/losses arising due to changes in the fair value of listed equity shares and mutual fund units are taken under the head "Fair Value Change Account" and on realization reported in Profit and Loss Account.

b) Pending realization, the credit balance in the "Fair Value Change Account" is not available for distribution.

c) Provision is made for diminution in value of investments relating to thinly traded and

unlisted shares equivalent to the amount of difference in average book cost and breakup value of the shares except in companies where de-merger has taken place during the Financial Year and latest audited accounts are not available.

Breakup value is computed from the annual reports of companies not beyond 21 months in case of those companies which close their annual accounts on dates other than 31st March or beyond 12 months in case of those companies which close their accounts on 31st March.

d) Provision is made for diminution in value of investment relating to units of venture capital funds equivalent to the amount of difference in book cost and the latest Net Asset Value (NAV).

7.8 Investment in equity and preference shares of companies, the net worth of which has been fully impaired or where the latest available audited accounts are beyond 21 months in case of those companies which close their annual accounts on dates other than 31st March or beyond 12 months in case of those companies which close their annual accounts on 31st March, as on the date of Balance Sheet are valued as under:

1. Actively traded equity shares : At their Market Value.
2. Thinly traded equity shares : Written down to nominal value of ₹ 1/- per company.
3. Preference shares : At a value proportionate to the face value of the equity shares that bears to its market value and carrying cost is reduced by the diminution value.

7.9 Final Dividend is accounted for as income in the year of declaration and Interim dividend is accounted as income where the warrants are dated 31st March or earlier.



## NOTES FORMING PART OF THE ACCOUNTS

7.10 Dividends/Interest on shares/debentures under objection/pending deliveries is accounted for on realization/payment.

7.11 Profit or Loss on sale of investments is apportioned between Profit and Loss Account and Revenue Accounts in the ratio of Shareholders' Fund and Policyholders' Fund respectively at the beginning of the year. The same are further apportioned amongst the revenue accounts on the basis of the respective Policyholders' Fund at the beginning of the year. Shareholders' fund consists of Share Capital and Free Reserves. Policyholders' fund consists of provisions for outstanding claims and reserves for unexpired risks.

Profit/Loss on sale of investments is computed at average book value of investments on the date of sale.

7.12 Expenses relating to safe custody, straight through processing and bank charges etc. on investments are charged to Profit and Loss Account and Revenue Accounts as stated in Significant Accounting Policy No.5.3.

7.13 Debt securities including Government securities and Redeemable Preference shares have been considered as 'held to maturity' securities and have been measured at historical cost subject to amortization of premium paid over residual period. The call date has been considered as maturity date for amortization of Perpetual Bonds.

7.14 In case of repos transaction, difference between the selling and buying value is treated as interest income.

7.15 Investments in foreign equities are valued at cost as these are only strategic investments in associate companies. Impairment if any will be recognized as an expense.

7.16 Income received from the Fixed Maturity Mutual fund (Dividend Option) is booked as dividend.

7.17 Investments are apportioned between Shareholders' fund & Policyholders' fund in the

ratio of balance available in the respective funds at the beginning of the year.

### 8. FIXED ASSETS

Fixed assets are stated at cost less depreciation. Cost of shares in Co-operative Societies/ Companies for property rights acquired is included under the head 'Buildings' under Fixed Assets.

### 9. AMORTIZATION OF PREMIUM AND PROVISION FOR DOUBTFUL LOANS, INVESTMENTS AND DEBTS

Amortization of premium, provision for doubtful loans, doubtful debts and diminution in the value of investments written off, are recognized in the profit & loss account.

### 10. COMPLIANCE WITH ACCOUNTING STANDARDS

The Corporation has complied with relevant accounting standards prescribed by ICAI to the extent applicable and IRDA guidelines in preparation of its financial statements.

### NOTES FORMING PART OF THE ACCOUNTS:

1. The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 have been adopted for presentation of the accounts.

1.1 (a) Out of investment held in shares and debentures of the value of ₹ 360,702,862 thousand (Previous year ₹ 317,016,826 thousand), no confirmations regarding actual custody or other documentary evidence for investments of the book value of ₹ 1221 thousand (Previous year ₹ 1221 thousand) were available.

(b) The number of shares / debentures actually held by the Corporation / Custodian of the Corporation is in excess of number held as per the books of the Corporation. The face value of such excess is ₹ 553 thousand (Previous year ₹ 556 thousand).

## NOTES FORMING PART OF THE ACCOUNTS

- (c) The Fixed Maturity Mutual Fund Schemes are close ended mutual fund schemes with definite maturity date and with indicative returns
2. (a) Provision for standard assets @ 0.40% has been made as per IRDA-Prudential norms for Income recognition, Asset Classification and provisioning and other related methods in respect of debt portfolio amounting to ₹ 345,507 thousand (Previous Year ₹ 308,051 thousand).
- (b) During the year, the Corporation has undertaken under CDR (Corporate Debt Restructuring) System, following fresh cases of restructuring of corporate debt / loans etc., as under:

(₹ in thousand)

Sr. No.	Particulars	Current Year	Previous Year
	Total Amount of assets subjected to restructuring under CDR	5,50,000	227,732
	The break-up of the same is given here under:		
(i)	Total amount of standard assets subjected to restructuring under CDR	3,50,000	100,000
(ii)	Total amount of sub-standard assets subjected to restructuring under CDR	-	127,732
(iii)	Total amount of doubtful assets subjected to restructuring under CDR	-	-
(iv)	Total amount of loss assets subjected to restructuring under CDR	2,00,000	-
	<b>TOTAL</b>	<b>5,50,000</b>	<b>227,732</b>

- (c) Pending clarification from IRDA in respect of applicability of prudential norms, as prescribed by RBI, for provisions on investment in State Government Securities, the Corporation has followed the prudential norms of provisions for loans and

advances as prescribed by IRDA for the said investments.

- (d) IRDA has issued revised guidelines regarding valuation of listed actively traded equity shares vide circular reference IRDA/F&I/INV/CIR/213/10/2013 dated 30th October 2013. As per the revised guidelines, Corporation has to select National Stock Exchange or Bombay Stock Exchange as Primary and Secondary Exchanges and the value of equity shares shall be made on the closing price of the Primary Exchange selected. Corporation will follow the guidelines effective from 1st April 2014. However, there is no material impact on the equity valuation as on 31st March 2014 by following the existing guidelines.

- (e) The Corporation has considered latest available NAV for the provisioning of units of venture capital. The details of latest available NAV considered are as follows:

NAV as on	No. of Venture Capital Funds
31st March 2014	19
31st December 2013	3
31st March 2013	5

3. A provision of ₹ 16,800 thousand (previous year ₹15,500 thousand) has been made for Productivity Linked Lump-sum Incentive to the employees for the year ended 31st March, 2014.
4. Corporation has put in place system of continuous reconciliation and monitoring of balances on an ongoing basis with persons/bodies carrying on insurance/reinsurance business. The corporation has provided a cumulative provision of ₹ 2,860,070 thousand (P.Y ₹ 2,095,304 thousand) for doubtful receivables.

The balances of amount due to/from other persons/bodies carrying on insurance business



## NOTES FORMING PART OF THE ACCOUNTS

and deposits held are subject to confirmation/reconciliation. Adjustments, if any, will be accounted for on receipt /confirmation of the same after examination.

Deferred Tax assets are recognized only if there is a virtual certainty backed by convincing evidence that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

5. Disclosure as per Accounting Standard – 22  
“Accounting for Taxes on Income”;

The breakup of Net Deferred Tax Assets is as under:

(₹ in thousand)

Particulars	As on 31.03.2014		As on 31.03. 2013	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Timing difference on account of difference in book depreciation & depreciation under Income Tax Act, 1961	-	17,530	-	13,842
Provision for employees benefits	84,605	-	84,320	-
Others	-	-	-	-
Foreign Branches	-	-	-	123
<b>TOTAL</b>	<b>84,605</b>	<b>17,530</b>	<b>84,320</b>	<b>13,965</b>
Net Deferred Tax	67,075	-	70,355	-

On prudence basis recognition of deferred tax asset on unabsorbed depreciation and carry forward losses has not been given effect in the books of account.

## 6. Other Income

The Indian Motor Third Party Insurance Pool (IMTPIP) has been dismantled with effect from 01-04-12. Hence, there is no income from above motor pool for the subsequent years. However, an amount of ₹ 32,359 thousand on account of IMTPIP income for the year 2011-12 has been recognized in the year 2013-14 as other income.

## 7. ART Cover :

The Corporation has entered into ART agreement with Swiss Re for providing top end umbrella protection for both domestic and foreign inward business and further to take exposures from the net retained shares on other protections. The contract was renewed for a one year period from 1st June 2013 for a ground up cover of ₹ 500 crore for domestic risk and cat perils and \$ 20

million for foreign business at various deductibles for domestic and foreign business. Additionally there is an umbrella cover of ₹ 200 crore across some sections. This agreement provides a cost effective complement to the traditional excess of loss protection and protects the Corporation's portfolio suitably. From the year 2014-15 a new structured solutions is being envisaged.

- Underwriting of Direct business stopped from 1st April 2001. Figures are included in Revenue Accounts pertain to run-off business. Run-off liabilities are sufficiently provided for based on advices received.
- Disclosures forming part of financial statements as required by the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 :



## NOTES FORMING PART OF THE ACCOUNTS

## 9.1 Contingent Liabilities:

- (a) Partly paid up investments NIL (Previous year NIL)
- (b) Underwriting commitments outstanding NIL (Previous year NIL)
- (c) Claims, other than under policies not acknowledged as debts: NIL (Previous year NIL)
- (d) Guarantees / LC given by or on behalf of the Corporation ₹ 9,161,472 thousand (Previous year ₹ 6,595,916 thousand).
- (e) Statutory demand / liabilities in dispute - Income-tax demands disputed, not provided for ₹ 21,199,250 thousand (Previous year ₹ 19,519,294 thousand).
- (f) Reinsurance obligations to the extent not provided for in the accounts NIL (Previous year NIL) in view of Significant Accounting Policy No. 2.1.

## 9.2 As at 31st March 2014 all the assets of the Corporation in and outside India are free from encumbrances except for:

- (a) The Government of India stock 12.30%, 2016 for ₹ 297,370 thousand (Previous year 12.30%, 2016 for ₹ 299,425 thousand) deposited with Bank of India as security under Section 7 of the Insurance Act, 1938 and,
- (b) The Government of India Stock, 7.95% 2032 for ₹ 10,106 thousand, 8.07% 2017 for ₹ 10,113 thousand, 8.20% 2022 for ₹ 29,976 thousand, and 8.33% 2026 for ₹ 98,910 thousand total amounting to ₹ 149,105 thousand (Previous year total amounting to ₹ 169,060 thousand) and cash deposit of ₹ 4100 thousand (Previous year ₹ 2900 thousand) with Clearing Corporation of India Limited as deposit towards Settlement Guarantee Fund
- (c) In view of margin requirements as recommended by SEBI vide Circular dated 19/03/2008, Corporation has provided Fixed Deposits amounting to ₹ 80,000 thousand (Previous year ₹ 80,000 thousand) as margins in cash segments

viz. FDR of ₹ 50,000 thousand (Previous year ₹ 50,000 thousand) as collateral is held with NSCCL and FDR of ₹ 30,000 thousand (Previous year ₹ 30,000 thousand) as collateral is held with BSE.

- (d) Margin FDR held by Bank for issue as LC/BG of ₹ 9,161,472 thousand (Previous year ₹ 6,595,916 thousand).

## 9.3 The Commitments made and outstanding for Loans, Investments and Fixed Assets (if any) as at 31st March 2013 are ₹ 1,072,789 thousand (Previous year ₹ 437,965 thousand).

## 9.4 Disclosures of Claims less reinsurance during the financial year 2013-14 paid in India are ₹ 58,629,384 thousand (Previous year ₹ 49,156,263 thousand) and outside India are ₹ 48,905,296 thousand (Previous year ₹ 41,706,528 thousand).

## 9.5 Ageing of claims – distinguishing between claims outstanding for different periods:

The Corporation being a reinsurance company does not settle claims directly with the insured. The companies after settling the claims with their insured would recover the claims from the Corporation as per the reinsurance obligations. Such recoveries are settled with the companies through periodical account statements.

Nevertheless the outstanding losses as intimated by the companies in respect of facultative business are classified according to the outstanding period as per the details given below:

## NOTES FORMING PART OF THE ACCOUNTS

Details as on 31.03.2014

(₹ in thousand)

SL No.	Outstanding Period	FIRE		MARINE		ENGINEERING		AVIATION		LIABILITY		MISCELLANEOUS		TOTAL	
		No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
1	30 days	38	3,40,738	6	96,134	22	4,434	17	34,651	-	-	-	-	83	4,75,957
2	> 30 days up to six (6) months	314	14,59,723	62	4,89,899	148	6,56,136	83	2,20,021	5	1,66,244	9	1,804	621	29,93,827
3	> 6 months up to 1 year	352	15,04,386	83	2,44,141	225	4,95,950	139	7,35,402	9	20,553	29	19,565	837	30,20,005
4	> 1 year to up to 5 years	1,364	55,47,564	485	15,06,229	877	9,97,477	1,153	28,24,887	23	6,99,173	60	1,50,043	3,962	1,17,25,372
5	> 5 years	193	8,86,044	67	1,38,344	230	1,01,123	440	18,11,752	6	(25,099)	12	16,187	948	29,28,352
	<b>Total</b>	<b>2,261</b>	<b>97,38,455</b>	<b>703</b>	<b>24,74,747</b>	<b>1,502</b>	<b>22,55,127</b>	<b>1,832</b>	<b>56,26,713</b>	<b>43</b>	<b>8,60,871</b>	<b>110</b>	<b>1,87,599</b>	<b>6,451</b>	<b>2,11,43,512</b>

Details as on 31.03.2013

(₹ in thousand)

SL No.	Outstanding Period	FIRE		MARINE		ENGINEERING		AVIATION		LIABILITY		MISCELLANEOUS		TOTAL	
		No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
1	30 days	73	1,60,371	20	19,649	28	54,899	39	26,758	3	1,308	5	3,990	168	2,66,975
2	> 30 days up to six (6) months	290	22,08,068	53	67,245	149	79,356	156	2,79,383	1	53,996	12	18,767	661	27,06,815
3	> 6 months up to 1 year	245	7,89,076	110	11,07,008	116	3,84,437	152	2,91,902	3	448	4	3,606	630	25,76,476
4	> 1 year to up to 5 years	1184	53,64,096	445	11,01,478	873	10,75,601	1341	29,89,064	19	2,39,382	46	1,49,171	3908	1,0918,793
5	> 5 years	150	8,92,026	56	58,205	136	81,621	440	14,16,522	6	61,172	5	9,548	793	25,19,095
	<b>Total</b>	<b>1942</b>	<b>94,13,636</b>	<b>684</b>	<b>23,53,586</b>	<b>1302</b>	<b>16,75,914</b>	<b>2128</b>	<b>50,03,630</b>	<b>32</b>	<b>3,56,306</b>	<b>72</b>	<b>1,85,083</b>	<b>6160</b>	<b>1,89,88,154</b>

9.6 Premiums, less reinsurance, written from business during the financial year 2013-14 in India are ₹68,578,321 thousand (Previous year ₹84,156,570 thousand) and outside India are ₹63,547,840 thousand (Previous year ₹53,555,758 thousand).

9.7 Claims settled and remaining unpaid for a period of more than six months as on 31-03-2014 NIL (Previous Year NIL).

9.8 Value of contracts in relation to investments, for

a) Purchases, where deliveries are pending ₹839,999 thousand (Previous year NIL).

b) Sales, where payments are overdue NIL (Previous year NIL).

9.9 The basis of apportionment of operating expenses to the Revenue Accounts has been stated in the Significant Accounting Policy No. 5.3.

9.10 The historical cost of investments valued on Fair Value basis is ₹68,257,241 thousand (Previous year ₹63,317,578 thousand).

9.11 Computation of Managerial Remuneration is as follows:

(₹ in thousand)

Sr.No.	Name	Designation	Gross Salary	Corp.'s P.F.	House Perquisite	Loan Perquisite	Vehicle Perquisite
1	Shri A.K. Roy	Chairman-cum-Managing Director	1920	93	130	NIL	21.6

9.12 The basis of amortisation of debt securities is as stated in Significant Accounting Policy No. 7.13.

9.13 Provisions regarding unrealised gains / losses have been stated in the Significant Accounting Policies No. 7.7.

9.14 The Corporation does not hold any properties for investment purposes.

9.15 The Corporation has not provided for catastrophic reserves as IRDA has not issued any guidelines in this respect.

10. The Corporation generally makes payments to its creditors within a period of 45 days as stipulated in Micro, Small and Medium Enterprises Act 2006. The Corporation is in the process of identifying Micro, Small and Medium Enterprises as defined in above referred act. Hence relevant disclosures are not made. The Corporation has neither received any claims for interest nor provided any interest payable to Micro, Small and Medium Enterprises as required by aforesaid act.



## NOTES FORMING PART OF THE ACCOUNTS

11. Segment Reporting as per Accounting Standard -17 "Segment Reporting" of ICAI, has been complied with as required by IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

Class of Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/Loss on Exchange		Premium Deficiency		Underwriting Profit/Loss (₹)	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Fire	97,650.36	10,187.43	46,460.04	69,534.45	97.57	17,092.72	186.35	81.07	-141	33,346	0	-1,41,46.74	49,227.75	13,963.93
Motor	2,984,500.10	2,921,180.07	2,097,613.20	2,184,557.4	32,775.19	62,684.08	30,561.9	21,556.4	0	23,580.9	0	0	5,46,551.1	2,53,374.4
Aviation	487.176	51,99.97	96,942	1,81,135	88.81	56,408	715.2	4,646	-241.9	-3,148	0	0	48,646.0	27,205.9
Engineering	3,976,097	4,05,37.47	61,71,917	22,14,648	1,04,727.7	11,67,076	5,714.7	29,584	0	38,706	0	0	3,30,529.4	68,094.4
W.C.	263,911	38,33.23	1,26,907	1,23,909	3,969	68,393	221.7	2,994	0	1,964	0	0	13,010.3	11,965.92
Liability	7,47,006	1,01,96.07	7,67,912	90,454	1,09,616	1,58,937	7,362	8,023	-24	13,363	0	0	-1,28,911	95,286.5
PA	33,623,481	23,31,07.8	11,85,872	24,99,748	3,52,336	44,896	24,173	17,149	0	5,117	0	0	82,506.2	83,540.2
Health	137,190,765	15,40,32.95	90,64,596	1,79,192.49	17,09,996	28,31,401	1,23,373	10,759.0	0	71,572	0	0	282,911.1	53,773.3
Other Misc.	7,89,43,27	7,89,43,27	94,47,163	51,70,031	17,43,203	1,84,200	1,32,725	57,320	-98	30,691	0	0	-1,95,018.3	85,745.7
FL/Credit	25,05,285	25,05,285	3,60,259	17,98,876	4,72,022	4,61,105	3,843.0	3,658.6	0	4,125.0	0	0	-1,40,442.6	27,581
Marine Cargo	22,653,04	2,61,51.94	42,69,59	22,12,680	21,429.1	3,69,173	1,583.5	12,449	-93.0	29,907	0	0	1,60,733.6	50,770
Marine Hull	1,001,867	1,78,86.64	-3,37,280	-24,72,200	494.77	70,133	1,672.4	8,640	-232.7	17,197	0	0	1,27,061.8	1,97,408.7
Life	5,582,50	28,13.77	7,05,339	23,552.7	37,051	269	12,605	3,809	0	399	0	0	-1,97,346	43,172
TOTAL	7,68,17,747	78,09,35.94	56,51,462.1	61,01,02,68	90,92,106	1,54,43,471	92,212.1	56,281.2	-539.9	52,317.2	0	-1,41,46.74	1,03,42,860	301,488.9

Class of Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/Loss on Exchange		Premium Deficiency		Underwriting Profit/Loss (₹)	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Fire	267,650.66	24,30,39.74	327,13,707	231,08,236	73,95,991	64,85,388	66,346.7	27,685.4	6,55,530	2,697,05	0	0	-13,14,94.79	-52,967.99
Motor	83,62,419	6,74,47.03	81,37,068	60,611,173	23,43,896	1,667,114	77,550	66,703	757,272	-33,346	0	0	-1,42,737.3	-1,08,363.3
Aviation	3,011,936	3,97,24.98	2,86,154	51,06,647	4,36,413	5,22,268	4,898.5	31,786	115,604	2,50,570	0	0	57,990	1,33,163.3
Engineering	11,880,31	27,77,017	54,15,174	27,77,017	11,36,989	9,12,587	4,564.4	30,700	1,43,020	1,62,424	0	0	3,28,675.4	-42,187.4
W.C.	52,268	3,481.6	-79,770	-11,507	5,578	48,30	660	33.2	445.1	1,446	0	0	13,027.2	3,971.6
Liability	317,108	46,93.01	1,36,687	3,90,507	65,493	56,731	501.2	2,664	18,886	8,082	0	0	12,640.3	27,880
PA	20,96,194	2,29,33.62	1,61,879	3,94,408	3,68,194	4,92,10	1,971.2	13,981	60,442	91,64	0	0	15,001.1	-1,89,567.3
Health	4,85,120	3,85,89.27	6,09,759	5,69,063	1,06,369	4,56,145	1,02,577	5,344	2,03,254	-1,747.8	0	0	-2,21,530.1	-23,587.99
Other Misc.	2,86,789	2,83,94.07	1,77,189	-22,62,378	7,68,932	10,21,468	2,456	23,603	1,59,619	13,502	0	0	25,523.1	41,967.56
FL/Credit	1,56,839	1,42,733	61,044	1,18,222	15,161	51,907	1,944	89.1	49,417	-474.8	0	0	-42,229.5	-3,303.5
Marine Cargo	21,16,163	2,49,13.15	1,58,978	1,09,960.2	7,88,536	7,59,794	23,366	37,314	1,00,395	62,173	0	0	20,869	7,677.6
Marine Hull	4,88,463.2	4,97,66.91	41,47,611	24,08,012	97,5287	11,56,616	44,924	36,306	115,806	67,261	0	0	-16,748.7	1,42,101.6
Life	501,736	20,97.68	2,96,501	24,990.4	15,600	16,002	245.0	318.6	772.8	972	0	0	10,490.15	-52,581
TOTAL	99,21,02.85	59,12,42.71	64,55,812.1	48,41,310.7	1,53,97,759	1,36,14,031	86,054.8	55,861.9	23,91,424	74,083.5	0	-1,41,46.74	-1,921,491.9	-6,72,065.4

Class of Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/Loss on Exchange		Premium Deficiency		Underwriting Profit/Loss (₹)	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Fire	9,65,10.02	34,41,27.17	9,75,567.11	30,06,580	74,05,659	81,94,661	6,49,625	35,793.3	6,55,398	30,305.1	0	0	-8,22,670.3	-3,90,040.6
Motor	3,62,12,429	35,95,65.10	2,89,30,028	29,70,6746	56,18,126	79,55,522	36,116	28,126.8	757,272	2,02,463	0	-1,41,46.74	40,817.6	1,45,013.1
Aviation	351,913.4	4,49,28.95	1,98,971.2	5,281,783	5,47,190	5,78,676	5,613.7	36,432	113,185	24,522.2	0	0	1,06,249.0	-1,15,957.4
Engineering	71,64,128	6,84,07.23	1,16,07,089	4,491,865	21,66,716	20,84,633	1,05,391	60,284	1,43,020	55,130	0	0	-6,59,204.6	25,907.0
W.C.	3,354.99	41,83.99	47,132	11,240.3	29,547	73,223	267.7	3,725	4,451	518	0	0	26,037.8	23,030.8
Liability	1,06,47.15	1,48,67.08	96,75.99	3,00,053	1,66,111	215,268	123.4	10,087	18,862	21,445	0	0	-2507	98,074.5
PA	4,456,737	4,60,44.35	2,80,460.7	6,28,4756	5,93,620	9,42,106	4,388.5	33,130	60,442	1,448.1	0	0	97,507.3	-2,64,107.6
Health	1,85,831.95	19,26,32.22	15,16,21.95	23,40,991.2	27,84,694	32,67,546	22,571	16,102.9	203,254	54,093	0	0	61,381.0	-27,361.72
Other Misc.	1,231,706	10,73,37.34	1,14,14,952	2,90,265.3	25,12,156	28,70,669	15,718.1	80,392	159,521	173,193	0	0	-1,70,295.2	50,523.15
FL/Credit	2,662,104	2,64,36.01	4,219,105	1,91,70,98	4,88,164	5,03,011	3,017.4	17,447	49,417	3,650.1	0	0	-20,267.21	24,254.6
Marine Cargo	4,381,667	910,64.81	18,10,946	3,91,228.4	1,00,277.6	11,28,968	1,920.1	29,763	99,465	92,079	0	0	1,62,820.7	12,754.6
Marine Hull	5,886,476	6,76,53.54	38,10,131	21,60,612	19,74,765	12,29,949	61,650	44,947	113,478	64,458	0	0	1,10,321.0	33,971.04
Life	1,05,998.8	49,114.5	1,92,440	47,943.0	52,652	1,627.1	1,505.4	5,995	7,728	137.1	0	0	-24.30	-91.79
TOTAL	13,69,81,132	1,33,21,78.65	12,17,72,942	10,94,23,375	24,48,968.5	29,057,502	17,82,669	112,143.1	23,85,485	1,26,490.6	0	-1,41,46.74	-887,204.0	-3,70,576.4

## Total Business (Indian + Foreign)



## NOTES FORMING PART OF THE ACCOUNTS

12. Related party Disclosures as per Accounting Standard - 18 "Related Party Transaction" issued by ICAI:

**a) Associate Company :**

- Kenindia Assurance Company Limited, Nairobi, Kenya
- Asian Reinsurance Corporation, Thailand

- India International Pte Limited, Singapore
- East Africa Reinsurance Company, Kenya
- Agriculture Insurance Company of India Limited, India

**b) Key Management Personnel :**

- Shri A.K.Roy, CMD

Nature and volume of transactions: With (a) above

**Statement Showing Related Party Disclosures as per AS-18 of ICAI - Part 1**

(₹ in thousand)

Name of the Company	Kenindia Assurance Company Limited		Asian Reinsurance Corporation		India International Pte Ltd.	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Premium Accepted	1,20,075	294,955	2,24,864	194,091	13,82,001	1,864,444
Premium Ceded	-	-	9,502	15,143	1,733	(481)
Net Premium	1,20,075	294,955	2,15,362	178,948	13,80,268	1,864,925
Commission Paid	55,949	78,832	1,11,126	58,279	2,17,429	464,430
Commission Recovered	-	-	1,877	3,178	53	(146)
Net Commission	55,949	78,832	1,09,249	55,101	2,17,377	464,576
Claims Paid	4,85,428	(150,630)	9,18,294	1,054,344	14,61,511	1,513,739
Claims Recovered	-	-	6,236	9,391	-	227
Net Claims	4,85,428	(150,630)	9,12,058	1,044,953	14,61,511	1,513,512
Balance on 31st March (-) Indicates amount payable by GIC	(1,262)	82,125	(78,289)	118,030	(26,468)	16,027

**Statement Showing Related Party Disclosures as per AS-18 of ICAI - Part 2**

(₹ in thousand)

Name of the Company	Agriculture Insurance Company of India Ltd.		East Africa Reinsurance Company	
	2013-14	2012-13	2013-14	2012-13
Premium Accepted	53,77,496	4,043,768	13,520	20,298
Premium Ceded	1,25,488	105,966	-	-
Net Premium	52,52,008	3,937,802	13,520	20,298
Commission Paid	6,56,733	755,788	2,005	1,701
Commission Recovered	-	-	-	-
Net Commission	6,56,733	755,788	2,005	1,701
Claims Paid	45,86,569	1,717,994	5,671	7,854
Claims Recovered	-	-	-	-
Net Claims	45,86,569	1,717,994	5,671	7,854
Balance on 31st March (-) Indicates amount payable by GIC	-	-	5,790	2,503

The same is disclosed as per Note no. 9.12 of the Disclosures forming part of the financial statements.

In terms of Para 9 of AS-18, no disclosure has been made in the financial statements of state-controlled enterprises as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.

## NOTES FORMING PART OF THE ACCOUNTS

**13. Investment in Associate Companies (as on 31st March 2014)**

(₹ in thousand)

Sr. No.	Name of Company	Currency	No. of Shares	Face Value	% Holding	Acquisition Cost
1.	Kenindia Assurance Co. Ltd, Kenya	Kshs	5,15,777	100 Kshs	9.19%	7,247
2.	India International Ins. Pte Ltd.	S.D.	1,00,00,000	1 S.D.	20.00%	29,479
3.	Asian Reinsurance Corporation, Bangkok	USD	7,222	1000 USD	14.19%	4,74,519
4.	East Africa Reinsurance Co. Ltd. Kenya	Kshs	118,016	1000 Kshs	14.75%	79,917
<b>Total Foreign Investments</b>						<b>591,162</b>
1.	Agriculture Ins. Co. of India Ltd	INR	7,00,00,000	10 INR	35.00%	700,000
<b>Total Indian Investments</b>						<b>700,000</b>

**Investment in Associate Companies (as on 31st March 2013)**

(₹ in thousand)

Sr. No.	Name of Company	Currency	No. of Shares	Face Value	% Holding	Acquisition Cost
1.	Kenindia Assurance Co. Ltd, Kenya	Kshs	5,15,777	100 Kshs	9.19%	7,247
2.	India International Ins. Pte Ltd.	S.D.	1,00,00,000	1 S.D.	20.00%	29,479
3.	Asian Reinsurance Corporation, Bangkok	USD	7,222	1000 USD	23.42%	4,74,519
4.	East Africa Reinsurance Co. Ltd. Kenya	Kshs	118,017	1000 Kshs	14.75%	79,917
<b>Total Foreign Investments</b>						<b>591,162</b>
1.	Agriculture Ins. Co. of India Ltd	INR	7,00,00,000	10 INR	35.00%	700,000
<b>Total Indian Investments</b>						<b>700,000</b>

**14. Employees Benefits**

The Corporation has classified the various benefits provided to employees as under :

- 1 Pension Superannuation Scheme
- 2 Defined Benefit Plan
  - (a) Leave Encashment
  - (b) Gratuity
  - (c) Provident Fund
- 3 Settlement Benefit

**During the year the Corporation has recognised the following amounts in the Profit And Loss Account:**

(₹ in thousand)

	Year ending 31st March, 2014	Year ending 31st March, 2013
Pension Superannuation Scheme (Employees' Pension Fund)	232,239	59,891
Leave Encashment (Earned leave and Sick Leave)	55,847	21,140
Gratuity (Employees Gratuity Fund)	(6,708)	(4,725)
Provident Fund (Employees Provident Fund)	4,926	4,811
Settlement Benefit	1,848	1,678

## NOTES FORMING PART OF THE ACCOUNTS

## A) Change in the Present Value of Obligation

(₹ in thousand)

	Pension 31/03/2014	Pension 31/03/2013	Gratuity 31/03/2014	Gratuity 31/03/2013	Leave Salary 31/03/2014	Leave Salary 31/03/2013	Settlement 31/03/2014	Settlement 31/03/2013
Present Value of Obligation at 1 April	905,058	844,290	183,101	177,284	165,615	149,795	8,800	7,250
Interest Cost	79,363	65,086	16,358	13,904	14,807	10,396	801	5,202
Past Service Cost	0	0	0	0	0	0	0	0
Current Service Cost	57,635	24,552	9,452	10,581	39,720	0	928	1,000
Curtailment Cost / (Credit)	0	0	0	0	0	0	0	0
Settlement Cost / (Credit)	0	0	0	0	0	0	0	0
Benefit Paid	(65,866)	(71,545)	(6,690)	(9,130)	0	5,320	0	(128)
Actuarial (Gain)/Loss on Obligation	183,129	42,677	(18,360)	(9,536)	1,320	(1,268)	119	156
Present Value of Obligation at 31 March	1,159,320	905,058	183,862	183,101	221,462	165,615	10,648	8,800

## B) Change in the Fair value of Plan Assets

(₹ in thousand)

	Pension 31/03/2014	Pension 31/03/2013	Gratuity 31/03/2014	Gratuity 31/03/2013	Leave Salary 31/03/2014	Leave Salary 31/03/2013	Settlement 31/03/2014	Settlement 31/03/2013
Fair Value of Plan Assets as at 1 April	845,167	740,697	187,826	138,961	0	0	0	0
Expected return on Plan Assets	78,495	68,093	14,787	12,352	0	0	0	0
Actuarial Gain/(Loss) on Obligation	9,392	4,330	(629)	7,322	0	0	0	0
Contribution	56,534	103,593	667	38,322	0	5,320	0	0
Benefit Paid	(65,866)	(71,545)	(6,690)	(9,130)	0	(5,320)	0	0
Fair Value of Plan Assets at 31 March	923,722	845,167	195,961	187,826	0	0	0	0
Unpaid Amount	0	0	0	0	0	0	0	0
Fair Value of Plan (Net) Assets at 31 March	923,722	845,167	195,961	187,826	0	0	0	0
Actual return	87,888	73,423	14,158	19,674	0	0	0	0



## NOTES FORMING PART OF THE ACCOUNTS

## C) Reconciliation of Present Value of Defined Benefit Obligation and the Fair Value of Assets

(₹ in thousand)

	Pension 31/03/2014	Pension 31/03/2013	Gratuity 31/03/2014	Gratuity 31/03/2013	Leave* Salary 31/03/2014	Leave Salary 31/03/2013	Settlement 31/03/2014	Settlement 31/03/2013
Present Value of Obligation	1,159,320	905,058	183,862	183,101	221,462	165,615	10,648	8,800
Fair Value of Plan Assets	923,723	845,167	195,961	187,826	0	0	0	0
Unfunded Net Asset / (Liability) Recognised in Balance Sheet	(235,597)	(59,891)	12,099	4,725	(221,462)	(165,615)	(10,648)	(8,800)

\* EL + SL

## D) Expenses recognised in the Profit and Loss Account

(₹ in thousand)

For year ending 31st March, 2014	Pension	Gratuity	Leave Salary*	Settlement
Current Service Cost	57,635	9,452	39,720	928
Interest Cost	79,363	16,358	14,807	801
Curtailment Cost / (Credit)	0	0	0	0
Settlement Cost / (Credit)	0	0	0	0
Expected Return on Plan Assets	(78,495)	(14,787)	0	0
Net actuarial (gains)/losses recognized in the period	173,736	(17,731)	1,320	119
Total Expenses recognized in the Profit & Loss A/c	232,239	(6,708)	55,847	1,848

\* EL + SL

(₹ in thousand)

For year ending 31st March, 2013	Pension	Gratuity	Leave Salary*	Settlement
Current Service Cost	24,552	10,581	10,564	1,000
Interest Cost	65,086	13,904	11,844	522
Curtailment Cost / (Credit)	0	0	0	0
Settlement Cost / (Credit)	0	0	0	0
Expected Return on Plan Assets	(68,092)	(12,352)	0	0
Net actuarial (gains)/losses recognized in the period	38,347	(16,858)	(1,268)	156
Total Expenses recognized in the Profit & Loss A/c	59,891	(4,725)	21,140	1,678

\* EL + SL

## NOTES FORMING PART OF THE ACCOUNTS

## E) Plan Assets

(In %)

Particulars	Pension 31/03/2014	Pension 31/03/2013	Gratuity 31/03/2014	Gratuity 31/03/2013	Leave* Salary 31/03/2014	Leave Salary 31/03/2013	Settlement 31/03/2014	Settlement 31/03/2013
Government Securities {Central & State}	54.00	53.60	54.00	54.84	0.00	0.00	0.00	0.00
High quality Corporate Bonds	46.00	45.80	40.00	21.51	0.00	0.00	0.00	0.00
Others	0.00	0.60	6.00	23.65	0.00	0.00	0.00	0.00

\* EL + SL

## F) Actuarial Assumption

(In %)

Particulars	Pension 31/03/2014	Pension 31/03/2013	Gratuity 31/03/2014	Gratuity 31/03/2013	Leave* Salary 31/03/2014	Leave Salary 31/03/2013	Settlement 31/03/2014	Settlement 31/03/2013
Discount Rate	9.10	8.05	9.10	8.05	9.10	8.05	9.10	8.05
Expected return on assets	9.00	9.00	8.00	8.05	0.00	0.00	0.00	0.00
Salary Escalation**	16.00	10.00	12.00	10.00	12.00	10.00	10.00	10.00
Attrition/withdrawal Rate	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Indian Assured Lives Mortality	2006-08	1994-96	2006-08	2006-08	2006-08	2006-08	1994-96	1994-96

\* EL + SL

\*\* Including increase in pension - 6% (previous year NIL)

## G) Other Disclosures

## Pension

(&amp; in thousand)

Particulars	2013-14	2012 - 13	2011 - 12	2010 - 11	2009 - 10
<b>Experience Adjustment</b>					
On obligation	183,129	42,677	121,258	59,993	433
On plan assets	9,392	4,330	45,829	29,683	30,647
Present Value of obligation	115,9320	905,058	844,290	701,951	626,304
Fair Value of plan assets	923,723	845,167	740,697	602,006	521,165
Excess of obligation over plan assets	235,597	59,891	103,594	99,945	105,139

## NOTES FORMING PART OF THE ACCOUNTS

## Gratuity

(₹ in thousand)

Particulars	2013-14	2012 - 13	2011 - 12	2010 - 11	2009 - 10
<b>Experience Adjustment</b>					
On obligation	(18,360)	(9,536)	20,905	32,456	2,276
On plan assets	629	7,322	(2,709)	(5,504)	106
Present Value of obligation	183,862	183,101	177,284	148,538	106,398
Fair Value of plan assets	195,961	187,826	138,960	101,650	97,215
Excess of obligation over plan assets	(12,099)	(4,725)	38,324	46,888	9,183

## Leave salary

(₹ in thousand)

Particulars	2013-14	2012 - 13	2011 - 12	2010 - 11	2009 - 10
<b>Experience Adjustment</b>					
On obligation	1,320	(1,268)	65,463	6,199	40
On plan assets	0	0	0	0	0
Present Value of obligation	221,463	165,615	149,795	81,672	73,112
Fair Value of plan assets	0	0	0	0	0
Excess of obligation over plan assets	221,463	165,615	149,795	73,112	70,736

## Settlement

(₹ in thousand)

Particulars	2013-14	2012 - 13	2011 - 12	2010 - 11	2009 - 10
<b>Experience Adjustment</b>					
On obligation	119	156	322	(522)	(527)
On plan assets	0	0	0	0	0
Present Value of obligation	10,648	8,800	7,250	6,850	6,850
Fair Value of plan assets	0	0	0	0	0
Excess of obligation over plan assets	10,648	8,800	7,250	6,850	6,850

Actuarial gain/loss has been charged to Profit and Loss Account.

15. Additional Provision of ₹ 54,188 thousand has been made in respect of Reserve for Unexpired Risk as required by IRDA for 2013-14 for London Branch (Previous year ₹ 45,697 thousand).



## NOTES FORMING PART OF THE ACCOUNTS

16. Earnings per Share (EPS) as per Accounting Standards 20 issued by ICAI:

	2013-14	2012-13
Basic and Diluted EPS	₹ 524	₹ 545
Profit after Tax	₹ 22,531,745 thousand	₹ 23,446,216 thousand
Number of equity shares	43,000,000	43,000,000
Nominal value of share	₹ 100/-	₹ 100/-

17. The Corporation has prepared Cash flow statement adopting the indirect method.

18. Tax liabilities in respect of foreign operation, if any, is accounted on actual basis.

19. Prior period items have not been separately disclosed, as the amount is not material.

20. The summary of the financial statements of the Corporation for the last five years is as per Annexure I.

21. The Accounting Ratios of the Corporation are stated in Annexure II.

22. a) The details on account of revaluation included in the

Claims incurred net are as under:

(₹ in thousand)

Class of Business	Amount
Fire	2,520,208
Life	4,660
Marine	407,950
Miscellaneous	1,164,831
Total	4,097,650

b) Reference / Benchmark Exchange Rates :

	Average INR Rate {April'13 to March'14}	Average INR Rate {April'12 to March'13}	Closing INR Rate {31.03.2014}	Closing INR Rate {31.03.2013}
<b>AED</b>	16.44895	14.7958826	16.33723	14.7785130
<b>GBP</b>	96.11379	85.8435832	99.98033	82.5327400
<b>MYR</b>	18.856	17.5739580	18.38952	17.5549810
<b>USD</b>	60.41398	54.3425323	60.00500	54.2800000
<b>EURO</b>	81.05686	69.9705639	82.62689	69.5435360

## NOTES FORMING PART OF THE ACCOUNTS

23. Details of the penalty payable by the Corporation during the year 2013-14 are given below:

SL No.	Authority	Non-Compliance/ Violation	Amount in ₹		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	NIL	NIL	NIL	NIL
2	Service Tax Authorities	NIL	NIL	NIL	NIL
3	Income Tax Authorities	NIL	NIL	NIL	NIL
4	Any other Tax Authorities	NIL	NIL	NIL	NIL
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	NIL	NIL	NIL	NIL
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	NIL	NIL	NIL	NIL
7	Penalty awarded by any Court/Tribunal for any matter including claim settlement but excluding compensation	NIL	NIL	NIL	NIL
8	Securities and Exchange Board of India	NIL	NIL	NIL	NIL
9	Competition Commission of India	NIL	NIL	NIL	NIL
10	Any other Central/State/ Local Government / Statutory Authority	NIL	NIL	NIL	NIL

24. Performance of Overseas Branches:

(₹ in thousand)

	Dubai	Malaysia	London
Gross Premium	17,873,375	10,148,374	4,219,923
Net Premium	17,147,304	9,177,852	3,382,434
Earned Premium	16,258,433	8,155,574	3,559,137
Incurred Claims	19,005,877	6,158,218	3,557,097
Net Commission	4,264,247	3,004,604	838,633
Expenses of Management	291,228	28,691	114,726
Profit/-Loss on Exchange	32,579	312,416	-540,367
Underwriting Profit/Loss	-7,270,340	-723,523	-1,491,686
Net Inv. Income in Rev. A/c	439,217	98,720	144,800
Revenue Profit Loss	-6,831,123	-624,803	-1,346,886

## NOTES FORMING PART OF THE ACCOUNTS

25. As per the Ministry of Finance guidelines, Corporation has proposed dividend of ₹5,257,169 thousand (including dividend distribution tax), out of the current year Profit. Out of this an amount of ₹1,383,465 thousand (including dividend distribution tax), has already been paid as interim Dividend on date 4th September 2013.
26. During the year, the Corporation has made a provision of ₹411,679 thousand (Previous Year ₹516,723 thousand) towards unexpired risk reserve for life business as determined by Life Appointed Actuary, as per IRDA guidelines.
27. Figures relating to the previous year have been regrouped / rearranged, wherever necessary.

As per our report of even date

**For MANUBHAI & SHAH**

Chartered Accountants

Firm Regn No. 106041W

**KRISHNAKANT B. SOLANKI**

Partner

Membership No.: 110299

New Delhi

Dated : 18.06.2014

**For GHALLA & BHANSALI**

Chartered Accountants

Firm Regn No. 103142W

**YOGESH R. AMAL**

Partner

Membership No.: 111636

**A K Roy**

Chairman-cum-Managing Director

**Snehlata Shrivastava**

Director

**B Chakrabarti**

Director

**Doulat Raj Mohnot**

Director

**N Mohan**

GM Finance

**Suchita Gupta**

Company Secretary

**G. Srinivasan**

Director

**Dr. Sunil Gupta**

Director

**S Yugandhara Rao**

Director & G.M.

**Alice G. Vaidyan**

CFO



# SUMMARY OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(₹ In lakh)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
<b>OPERATING RESULTS</b>					
1 Gross Premium	1468012	1508587	1361795	1168127	973692
<b>2 Net Premium Income</b>	<b>1321262</b>	<b>1377123</b>	<b>1255824</b>	<b>1051258</b>	<b>877687</b>
3 Income from investments (net)	256880	220530	141707	133713	129570
4 Profit on Exchange Fluctuation	23855	12640	1065	-2041	-82
<b>5 Total Income</b>	<b>1601997</b>	<b>1610293</b>	<b>1398596</b>	<b>1182930</b>	<b>1007175</b>
6 Commissions (Net) (Including Brokerage)	244899	290575	206663	192635	193025
7 Operating Expenses	17829	11214	10305	7603	7146
8 Net Incurred Claims	1210729	1094234	1398641	862578	685639
9 Change in Unexpired Risk Reserve	-39620	44945	124251	96854	70044
9a Premium Deficiency	0	-14147	14147	0	0
<b>10 Operating Profit/loss</b>	<b>168160</b>	<b>183472</b>	<b>-355411</b>	<b>23260</b>	<b>51321</b>
<b>NON-OPERATING RESULT</b>					
11 Total Income under Shareholders account (Net)	62184	54745	106344	95675	77699
12 Profit/(loss) before tax	230344	238217	-249067	118935	129020
13 Provision for tax	5026	3755	-2192	15594	-48440
14 Profit/(loss) after tax	225318	234462	-246875	103341	177460
<b>MISCELLANEOUS</b>					
15 <u>Policy holders Account :</u>					
Total funds	2702451	2602203	2385800	1663700	1375264
Total Investments	3356775	3034009	2748688	2513658	2257069
Yield on Investments	12.13	10.13	10.37	12.56	11.93
16 <u>Shareholders Account :</u>					
Total funds	1096858	965456	768546	992599	913326
Total Investments	1208808	963601	1622452	1651028	1430637
Yield on Investments	12.13	10.13	10.37	12.56	11.93

## Annexure - I

## SUMMARY OF FINANCIAL STATEMENTS

(₹ In lakhs)

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
17 Paid up equity Capital	43000	43000	43000	43000	43000
18 Net worth	1096858	965456	768546	992599	913326
19 Total assets	6699186	5993989	5373092	4972856	4384213
20 Yield on total investments	12.13	10.13	10.37	12.56	11.93
21 Earnings per share (Rs.)	524	545	-574	240	413
22 Book Value per share (Rs.)	2551	2245	1787	2308	2124
23 Total Dividend	44935	46870	0	20640	35260
24 Dividend per share (Rs.)	105	109	0	48	82

As per our report of even date

**For MANUBHAI & SHAH**Chartered Accountants  
Firm Regn No. 106041W**KRISHNAKANT B. SOLANKI**Partner  
Membership No.: 110299New Delhi  
Dated : 18.06.2014**For GHALLA & BHANSALI**Chartered Accountants  
Firm Regn No. 103142W**YOGESH R. AMAL**Partner  
Membership No.: 111636**A K Roy**

Chairman-cum-Managing Director

**Snehlata Shrivastava**  
Director**B Chakrabarti**  
Director**Doulat Raj Mohnot**  
Director**N Mohan**  
GM Finance**Suchita Gupta**  
Company Secretary**G. Srinivasan**  
Director**Dr. Sunil Gupta**  
Director**S Yugandhara Rao**  
Director & G.M.**Alice G. Vaidyan**  
CFO

## PERFORMANCE RATIOS

Performance Ratio	Ratio / Percentage			
	Year ending 31.03.2014		Year ending 31.03.2013	
	Domestic Total	Foreign Total	Domestic Total	Foreign Total
<b>1 Gross Premium Growth Rate (segment wise)</b> (Gross premium for the current year divided by the gross premium for the previous year)				
Fire Insurance	20.5	23.9	-6.9	-1.3
Motor Insurance	-25.3	12.7	40.9	43.1
Aviation Insurance	-19.3	-1.0	-2.8	-32.0
Engineering insurance	5.9	29.2	-12.6	3.5
W.C.	-51.4	24.1	-1.1	109.0
Liability	-51.9	60.0	11.3	-64.4
PA	-26.1	-26.1	41.8	10.5
Health	-39.9	73.6	25.2	-9.6
Other Miscellaneous Insurance	21.4	-27.9	14.9	43.9
FL/Credit	-10.0	19.9	11.5	-0.4
Marine Cargo	-33.3	14.2	-5.9	-12.9
Marine Hull	1.5	-15.3	-20.1	4.6
Life	135.3	-59.7	287.6	32.5
<b>2 Gross Premium to Net worth ratio :</b> (Gross premium for the current year divided by paid up capital and free reserves)	133.8		163.3	
<b>3 Growth rate of Net Worth</b> (Net worth as at the current balance sheet date divided by Net worth as at the previous balance sheet date)	18.7		24.1	
<b>4 Net retention ratio (segment wise)</b> (Net premium divided by gross premium)				
Fire Insurance	62.3	87.4	73.1	83.2
Motor Insurance	100.0	100.0	100.0	100.0
Aviation Insurance	67.9	84.4	76.9	76.4
Engineering insurance	82.0	99.1	81.4	100.0
W.C.	100.0	100.0	100.0	100.0
Liability	79.0	100.0	78.9	100.0
PA	99.3	100.0	99.4	100.0
Health	100.0	100.0	100.0	100.0
Other Miscellaneous Insurance	91.9	100.0	93.6	100.0
FL/Credit	100.0	100.0	100.0	100.0
Marine Cargo	77.6	100.0	85.7	100.0
Marine Hull	61.9	91.9	54.6	85.5
Life	76.6	98.8	100.0	65.7



## PERFORMANCE RATIOS

Performance Ratio	Ratio / Percentage			
	Year ending 31.03.2014		Year ending 31.03.2013	
	Domestic Total	Foreign Total	Domestic Total	Foreign Total
<b>5 Net commission ratio (segment wise)</b> (Commission paid net of reinsurance commission divided by net written premium for that segment)				
Fire Insurance	0.1	24.6	18.1	28.1
Motor Insurance	12.8	26.6	18.3	21.3
Aviation Insurance	21.8	14.1	9.9	18.5
Engineering insurance	25.7	31.8	30.4	32.9
W.C.	12.9	9.7	17.9	10.4
Liability	20.7	16.8	15.7	23.3
PA	16.2	20.7	16.3	20.7
Health	16.9	12.5	10.8	28.8
Other Miscellaneous Insurance	16.7	45.3	33.1	13.7
FL/Credit	19.9	9.4	17.1	36.4
Marine Cargo	15.7	32.8	16.3	36.1
Marine Hull	4.3	22.0	7.0	23.7
Life	4.6	7.7	0.1	4.8
<b>6 Expenses of management to gross premium ratio</b> (Expenses of management divided by Gross premium)	1.2		0.7	
<b>7 Expenses of management to Net written premium ratio</b> (Expenses of management divided by Net written premium)	1.3		0.8	
<b>8 Net Incurred Claims to Net Earned Premium</b>	89.0		82.1	
<b>9 Combined ratio :</b> (Net Incurred Claims divided by Net Earned Premium plus expenses of management (including net commission) divided by Net written premium)	108.9		104.1	
<b>10 Technical reserves to net premium ratio:</b> (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims (including IBNR and IBNER divided by net premium) (All on net basis)	204.5		189.0	
<b>11 Underwriting balance ratio:</b>	-6.7		-3.3	
<b>12 Operating profit ratio:</b> (Underwriting profit/ loss plus investment income divided by net premium)	12.7		13.3	

## PERFORMANCE RATIOS

Performance Ratio	Ratio / Percentage			
	Year ending 31.03.2014		Year ending 31.03.2013	
	Domestic Total	Foreign Total	Domestic Total	Foreign Total
<b>13 Liquid assets to liabilities ratio:</b> (Liquid assets (Short Term Investments (Schedule 8) plus Short Term Loans (Schedule 9) plus Cash & Bank Balances (Schedule 11)) of the insurer divided by policyholders liabilities (to be discharged within 12 months) (claims outstanding (Schedule 13) plus reserve for unexpired risk and Premium Deficiency (Schedule 14))	<b>34.9</b>		36.4	
<b>14 Net earnings ratio:</b> (Profit after tax divided by net premium)	<b>17.1</b>		17.0	
<b>15 Return on net worth</b> (Profit after tax divided by net worth)	<b>20.5</b>		25.4	
<b>16 Available Solvency Margin (ASM) to Required Solvency Margin:</b> (RSM) ratio (Ratio of Available Solvency Margin (ASM) at the end of the Quarter to the Required Solvency Margin (RSM) required to be maintained as per regulations.	<b>2.73</b>		2.39	
<b>17 NPA ratio</b>	<b>0.86</b>		0.36	

As per our report of even date

**For MANUBHAI & SHAH**Chartered Accountants  
Firm Regn No. 106041W**KRISHNAKANT B. SOLANKI**Partner  
Membership No.: 110299New Delhi  
Dated : 18.06.2014**For GHALLA & BHANSALI**Chartered Accountants  
Firm Regn No. 103142W**YOGESH R. AMAL**Partner  
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Director & G.M.**Alice G. Vaidyan**  
CFO

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014 AS PER INDIRECT METHOD

(₹ in thousand)

	31st March 2014	31st March 2013
<b>A ) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation as per Profit & Loss A/c	23034 364	2382 17 18
<b>Adjustments for:</b>		
Exchange -Loss/Gain charged	-3321 141	-1538 025
Provision for diminution in value of investment	1111 486	32 281
Provision for doubtful loans, investments & Debts	1248 847	95 680
Amortisation of Premium on Investment	200 694	188 507
Depreciation	71 577	56 424
-Profit /Loss on sale of Assets	232	85
Provision for Leave Encashment & Salary Arrears	270 101	-19 454
Sundry Balances Written off/ -back	0 -418 204	0 -1184 502
<b>Operating Profit before working capital changes</b>	<b>22616 160</b>	<b>22637 216</b>
Changes in Unexpired Risk Reserves	-3513 477	4494 463
Changes in Premium Deficiency Reserve	0	-1414 674
Changes in Provisions for Outstanding Claims	13538 262	18560 585
Changes in Income accrued on Investments	-649 234	-785 766
Changes in Balances with Insurance Companies	1610 724	-3767 103
Changes in Advance and Deposits	-13505 234	-10115 850
Changes in other Current Liabilities	7405 899 4886 940	616 7806 13139 461
<b>Cash generated from operations</b>	<b>2750 31 00</b>	<b>35776 677</b>
Income Tax Paid (Net)	557 267	-628 195
<b>Net Cash from Operating Activities</b>	<b>28060 367</b>	<b>35148 482</b>
<b>B ) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	-667 798	-110 186
Proceeds from sale of Fixed Assets	541	40



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014 AS PER INDIRECT METHOD

	31st March 2014	31st March 2013
Foreign Currency Translation Reserve	4930 205	1748 255
Changes in net Investments	-28481 020	-25125 570
<b>Net Cash used in Investing Activities</b>	<b>-24218 072</b>	<b>-23487 461</b>
<b>C ) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	-5869 500	0
Dividend Tax Paid	-997 521	0
<b>Net Cash from Financing Activities</b>	<b>-6867 021</b>	<b>0</b>
<b>D) Effect of Foreign Exchange on Cash &amp; Cash equivalents(Net)</b>	<b>3321 141</b>	<b>1538 025</b>
<b>Net increase in Cash and Cash equivalents (A+B+C+D)</b>	<b>296 415</b>	<b>13199 046</b>
<b>Cash and Cash equivalents at beginning of the year</b>	<b>82342 788</b>	<b>69143 742</b>
<b>Cash and Cash equivalents at the end of the year</b>	<b>82639 203</b>	<b>82342 788</b>

As per our report of even date

**For MANUBHAI & SHAH**Chartered Accountants  
Firm Regn No. 106041W**KRISHNAKANT B. SOLANKI**Partner  
Membership No.: 110299New Delhi  
Dated : 18.06.2014**For GHALLA & BHANSALI**Chartered Accountants  
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GM Finance

**Suchita Gupta**

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**G. Srinivasan**

Director

**Dr. Sunil Gupta**

Director

**S Yugandhara Rao**

Director &amp; G.M.

**Alice G. Vaidyan**

CFO

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.	16133	State Code	11
Balance Sheet Date	31/03/2014		

### II. Capital Raised During the year (Amount in ₹ thousand)

Public Issue	N I L	Right Issue	N I L
Bonus Issue	N I L	Private Placement	N I L

### III. Position of Mobilisation and Deployment of Funds (Amount in ₹ thousand)

Total Liabilities	32 38 21 061	Total Assets	32 38 21 061
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#### Sources of Funds

Paid-up Capital	43 00 000	Reserves & Surplus	11 45 20 773
Secured Loans	N I L	Unsecured Loans	N I L
Deferred Taxation Liability	0	Fair Value Change Account	20 50 00 288

#### Application of Funds

Net Fixed Assets	11 43 103	Investment	46 07 98 829
Net Current Assets	-13 81 87 946	Misc. Expenditure	N I L
Accumulated Losses	N I L	Deferred Tax Asset	67 075

### IV. Performance of Company (Amount in ₹ thousand)

Turnover	16 41 80 161	Total Expenditure	14 11 45 797
Profit/ Loss Before Tax	230 34 364	Profit/ Loss After Tax	225 31 745
Earning per Share in (₹)	523.99	Dividend (@ %)	104.50

### V. Generic Name of The Principal Products/Services of Company (as per Monetary terms)

Item Code No.	NOT APPLICABLE
Product Description	REINSURANCE SERVICE

## PERFORMANCE HIGHLIGHTS

(₹ &amp; \$ in '000)

	as on 31.03.2014		as on 31.03.2013	
	₹	\$	₹	\$
Gross Premium	146 801 163	2 446 482	150 858 738	2 779 269
Net Premium	132 126 162	2 201 919	137 712 327	2 537 073
Net Earned Premium	136 088 132	2 267 947	133 217 865	2 454 272
Net Claims	121 072 942	2 017 714	109 423 375	2 015 906
% to Earned Premium	89.0%	89.0%	82.1%	82.1%
Net Commission	24 489 865	408 130	29 057 502	535 326
% to Earned Premium	18.0%	18.0%	21.8%	21.8%
Operating Expenses and Other Outgo less Other Income	- 602 598	- 10 042	- 142 574	- 2 627
Premium Deficiency	0	0	-1 414 674	- 26 063
Investment Income Less Expenses apportioned to Revenue a/c	25 688 031	428 098	22 053 043	406 283
Revenue Profit/Loss(-)	16 815 954	280 243	18 347 279	311 949
Investment Income Less Expenses apportioned to P/L a/c	9 122 187	152 024	6 883 157	126 808
Other Income less Other Outgo	- 342 750	- 5 712	-1 092 250	- 20 123
Res. for Doubtful Debts, Investment W/off & Amortisation of Prem.on Inv.	2 561 028	42 680	316 467	5 830
<b>PROFIT BEFORE TAX</b>	<b>23 034 364</b>	<b>383 874</b>	<b>23 821 719</b>	<b>412 805</b>
Provision for tax including deferred tax	502 619	8 376	375 501	6 918
<b>PROFIT AFTER TAX</b>	<b>22 531 745</b>	<b>375 498</b>	<b>23 446 217</b>	<b>405 887</b>
<b>ASSETS:</b>				
Investments	456 558 321	7 608 671	399 761 002	7 364 794
Loans	4 240 508	70 669	4 629 109	85 282
Fixed Assets	1 143 104	19 050	547 656	10 089
Deferred Tax Asset	67 075	1 118	70 355	1 296
Cash and Bank Balances	82 639 203	1 377 205	82 342 788	1 517 001
Advances and Other Assets	125 270 373	2 087 666	112 047 951	2 064 258
<b>TOTAL ASSETS</b>	<b>669 918 583</b>	<b>11 164 379</b>	<b>599 398 860</b>	<b>11 042 720</b>
<b>LIABILITIES:</b>				
Share Capital	4 300 000	71 661	4 300 000	79 219
Reserve and Surplus	114 520 773	1 908 521	92 315 993	1 700 737
Deferred Tax Liabilities	0	0	0	0
Fair Value Change Account	205 000 288	3 416 387	175 760 409	3 238 033
Current Liabilities & Provisions	346 097 522	5 767 811	327 022 458	6 024 732
<b>TOTAL LIABILITIES</b>	<b>669 918 583</b>	<b>11 164 379</b>	<b>599 398 860</b>	<b>11 042 720</b>

1 US\$ = ₹ 60.01 as on 31.03.2014

1 US\$ = ₹ 54.28 as on 31.03.2013

(Percentage relate to the net earned premium of the corresponding period)

Solely for the convenience of readers, performance highlights have been converted into United States Dollar



## NOTES

## NOTES



## We are Here There Everywhere. The strateGIC choice in Reinsurance

• Total assets: US\$ 11 billion • Net worth: US\$ 1.8 billion • Rated AAA (In) by CARE for Claims Paying Ability • Rated A- (Excellent) by A.M. Best Co. for Financial Strength • Ranks 15th among Top 40 Global Reinsurance Groups (Standard and Poor's Ranking for 2013)

40th  
Glorious  
Years  
1973-2013



General Insurance Corporation of India  
Global Reinsurance Solutions

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