

45<sup>th</sup> ANNUAL REPORT 2016-17

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# Reinsurance strengths that go beyond boundaries.

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GIC Re. The National Reinsurer of India.



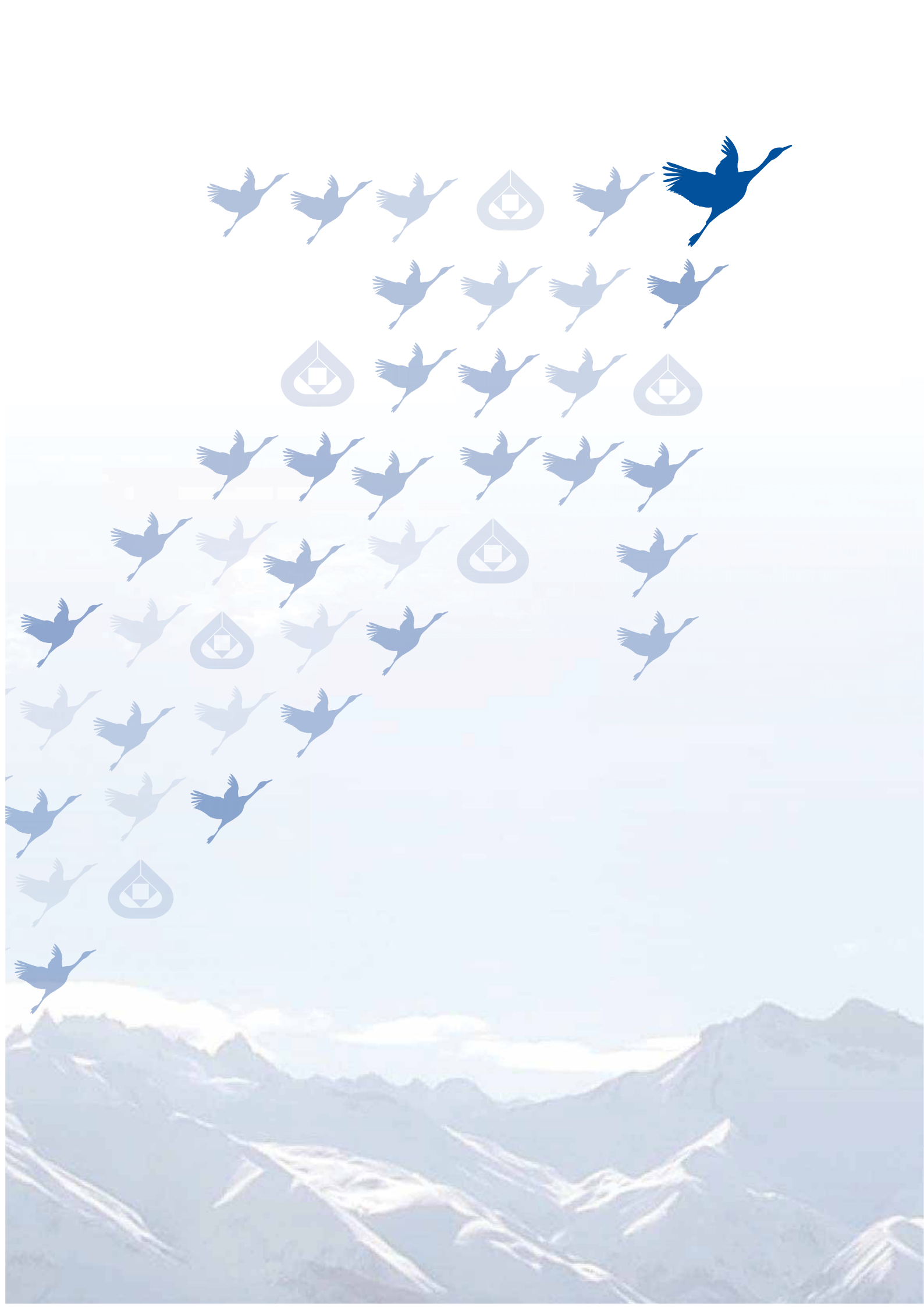
आपत्काले रक्षिष्यामि

GIC Re

भारतीय साधारण बीमा निगम

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General Insurance Corporation of India



# VISION

“To be a leading global reinsurance and risk solution provider”

## Mission

To achieve our vision by:

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

## Core Values

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

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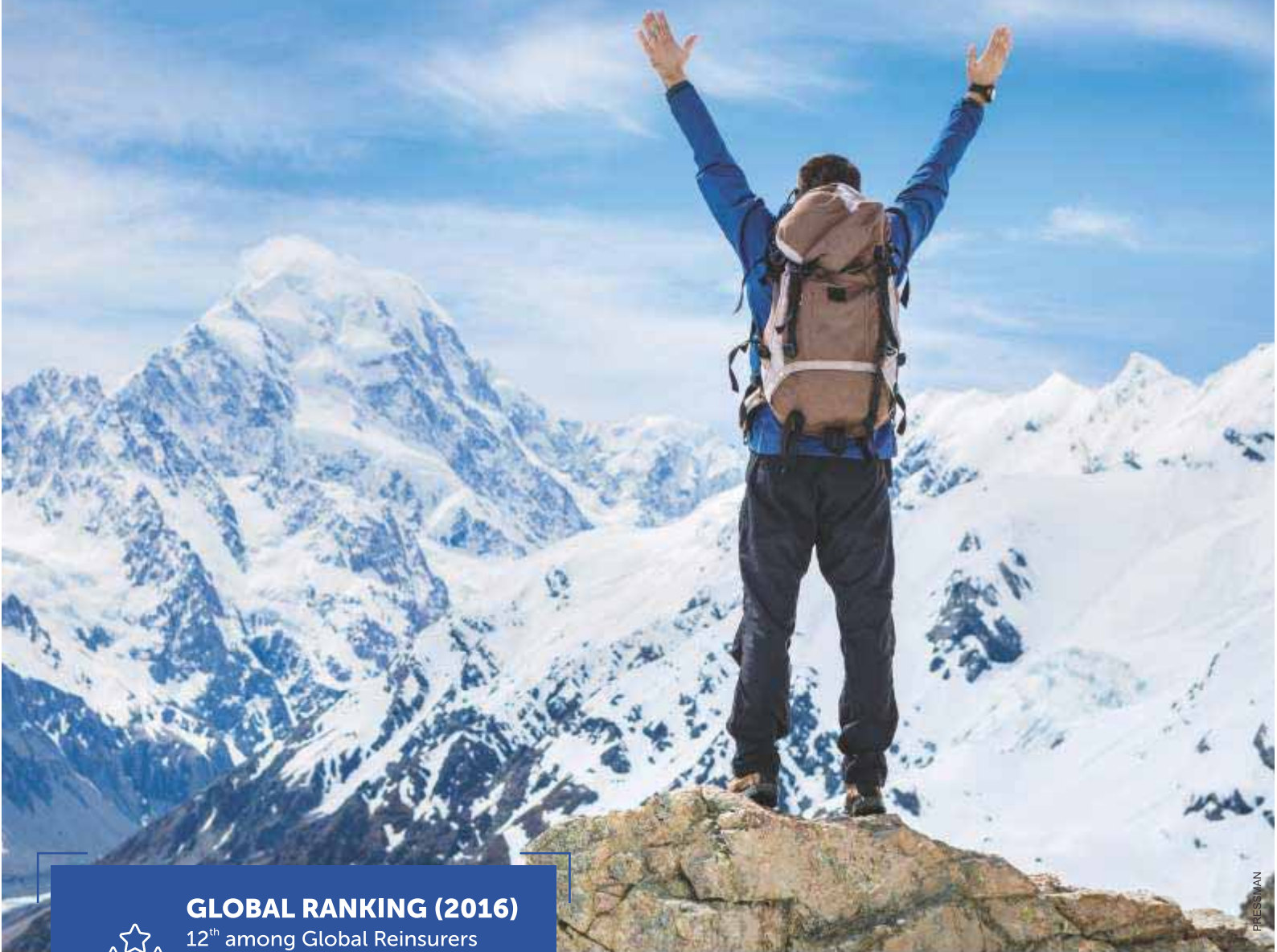
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# Reinsurance strengths that go beyond boundaries.

GIC Re. The global face of Indian reinsurance.



## GLOBAL RANKING (2016)

12<sup>th</sup> among Global Reinsurers  
based on Gross Written Premium



## RATINGS

• Financial Strength: A-(Excellent)  
by A.M. Best Company

• Claims Paying Ability:  
"AAA (In)" by CARE

## General Insurance Corporation of India भारतीय साधारण बीमा निगम

Global Reinsurance Solutions

"Suraksha", 170, Jamshedji Tata Road, Churchgate, Mumbai 400020, India.  
Contact us at: [info@gicofindia.com](mailto:info@gicofindia.com)

CIN : U67200MH1972GOI016133 & IRDA Registration No: 112

## DIRECTORS

Smt. Alice G. Vaidyan	Chairman cum Managing Director
Shri Ravi Mital	w.e.f. 06.07.2017
Shri Anil Kumar Khachi	From 22.07.2016 Upto 06.07.2017
Smt. Snehlata Shrivastava	Upto 22.07.2016
Shri Arun Tiwari	Upto 23.02.2017
Smt. Usha Sangwan	w.e.f. 06.04.2016
Shri Gopalan Srinivasan	w.e.f. 31.12.2016
Dr. A. K. Saxena	From 07.06.2016 Upto 30.06.2016
Shri G. C. Gaylong	Upto 31.05.2017
Shri Segar Sampathkumar	w.e.f. 30.09.2016
Shri Y. Ramulu	w.e.f. 20.06.2017

## MANAGEMENT

### Chairman cum Managing Director

Smt. Alice G. Vaidyan

### Director & General Manager

Shri G. C. Gaylong  
Shri Segar Sampathkumar  
Shri Y. Ramulu

Upto 31.05.2017  
w.e.f. 30.09.2016  
w.e.f. 20.06.2017

### General Managers

Shri Dinesh R Waghela  
Shri B. N. Narasimhan  
Shri Pauly Sukumar N  
Smt. Usha Ramaswamy  
Shri V. C. Jain  
Shri Sushil Kumar

### Chief Vigilance Officer Deputy General Managers

Shri Ravi Chaudhary  
Smt. Reena Bhatnagar  
Shri D. T. V. Sastri  
  
Shri J. M. Gajendragadkar  
Shri Deepak Prasad  
  
Shri A. K. Agarwal  
Smt. Lakshimikala Raghupathy  
Smt. Madhulika Bhaskar  
Shri Deepak Godbole  
Shri Devesh Shrivastava  
Shri S. N. More  
Shri Charles G. Ashirvatham  
Smt. Suchita Gupta  
Smt. Girija Subramanian  
Shri Satyajit Tripathy  
Smt. Blessy Sequeria

upto 28.6.2017 (Transferred to United India Insurance Co. Ltd)  
upto 31.5.2017  
upto 01.4.2016 (Deputation to GIC Re South Africa Ltd. w.e.f. 01.4.2016)  
Upto 31.3.2017

### Company Secretary Statutory Auditors

Smt. Suchita Gupta  
M/s GBCA & Associate  
Chartered Accountants  
Benefice Business House,  
III level, 126 Mathuradas Mills  
Compound, N.M. Joshi Marg,  
Lower Parel (w),  
Mumbai-400 013.

M/s. Samria & Co.  
Chartered Accountants  
2E, Court Chambers, 35,  
New Marine Lines  
Behind Aayakar Bhavan  
Mumbai-400020

### Secretarial Auditor

SVVS & Associates, Company Secretaries LLP  
A- 403, Kukreja Centre,  
Sector 11, CBD Belapur,  
Navi Mumbai 400614

### Registered Office

"Suraksha", 170, J. T. Road,  
Churchgate, Mumbai 400020

### CIN

U67200MH1972GOI016133

### IRDAI Registration No.

112

Sr. No.	Date and Year	Event
1	22 <sup>nd</sup> 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	1 <sup>st</sup> January, 1973	The general insurance business in India was nationalized, 107 general insurance companies was 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	1 <sup>st</sup> January, 1978	Loss Prevention Association of India was formed by GIC and its 4 subsidiaries.
4	6 <sup>th</sup> December, 1978	Kenindia Assurance Company Ltd. was incorporated by merging branch operations of subsidiaries of GIC and LIC operating in Kenya
5	1 <sup>st</sup> 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	12 <sup>th</sup> December, 1989	GIC Housing Finance Co. Ltd was set up by GIC of India and the four Public Sector Insurance Companies.
7	25 <sup>th</sup> May, 1993	GIC Asset Management Co. Ltd was set up by GIC of India and the four Public Sector Insurance Companies.
8	19 <sup>th</sup> April, 2000	Insurance Regulatory & Development Authority (IRDA) was formed
9	3 <sup>rd</sup> November, 2000	GIC notified as "Indian Reinsurer"
10	June, 2001	London representative office set up
11	April, 2002	Moscow representative office set up
12	20 <sup>th</sup> 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	1 <sup>st</sup> April, 2002	GIC Re appointed as managers to the Terrorism Insurance Pool
15	7 <sup>th</sup> August, 2002	GIBNA Act Amended
16	21 <sup>st</sup> March, 2003	GIC Re ceased to be holding Company
17	April, 2005	Dubai representative office set up
18	February, 2006	SAP went live.
19	27 <sup>th</sup> April, 2006	Loss Prevention Association of India was amalgamated with GIC Re
20	1 <sup>st</sup> January, 2007	Dubai representative office was upgraded to a Branch office
21	1 <sup>st</sup> April, 2007	GIC Re was appointed as managers to Motor Third Party Pool.
22	1 <sup>st</sup> January, 2008	London representative office was upgraded to branch office and commenced its operations.
23	19 <sup>th</sup> June 2008	Signing of Co-operation Agreement with Hannover Re for Life Re Business.
24	10 <sup>th</sup> October, 2008	Retakaful reinsurance
25	16 <sup>th</sup> October, 2008	GIC Re mandated to form Nat Cat Pool for Afro Asian Region.
26	16 <sup>th</sup> January, 2009	GIC Re registered as Eventual Reinsurer in Brazil
27	11 <sup>th</sup> November, 2010	GIC Re Malaysia Branch start functioning.
28	20 <sup>th</sup> September, 2011	Launch of e-Thru platform by Mr. J. Harinarayan, Chairman, IRDA
29	19 <sup>th</sup> October, 2011	GIC Re won the Marine Insurance Award at Seatrade Middle East and Indian Subcontinent Awards 2011
30	5 <sup>th</sup> July, 2012	GIC Re entered into a joint venture agreement for setting up the 1st Reinsurance Company in Bhutan.
31	26 <sup>th</sup> November, 2012	GIC Re won the Marine Insurance Award second time in a row, at Seatrade Middle East and Indian Subcontinent Awards 2012.
32	5 <sup>th</sup> September, 2013	The joint venture Reinsurance Company in Bhutan-GIC Bhutan Re Ltd. became operational
33	19 <sup>th</sup> September, 2013	GIC Re appointed as Managers of FAIR NATCAT Reinsurance Pool at Beijing, China
34	11 <sup>th</sup> August, 2014	GIC Re South Africa Ltd., the Wholly owned subsidiary of GIC Re in South Africa established.
35	12 <sup>th</sup> June, 2015	India Nuclear Insurance Pool launched
36	29 <sup>th</sup> January, 2016	GIC Re, India, Corporate Member Limited, the Wholly owned subsidiary of GIC Re in UK established.
37	4 <sup>th</sup> February, 2016	GIC Re converted into 'Public Limited Company'
38	21 <sup>st</sup> April, 2017	GIC Re opened IFSC Insurance office in GIFT City





**Mrs. Alice G Vaidyan**

*Chairman-cum- Managing Director*



**Mr. Ravi Mital**

*Additional Secretary,  
Department of  
Financial Services*



**Mr. Anil Kumar Khachi**

*Additional Secretary,  
Department of  
Financial Services*



**Mrs. Usha Sangwan**

*Managing Director of  
Life Insurance  
Corporation of India*



**Mr. G. Srinivasan**

*Chairman GIPSA & CMD  
New India Assurance  
Company Ltd.*



**Mr. Segar Sampathkumar**

*Director &  
General Manager*



**Mr. Y. Ramulu**

*Director &  
General Manager*



**Mrs. Alice G Vaidyan**, *Chairman-cum- Managing Director (DIN 07394437)*

Alice G Vaidyan is the Chairman-cum-Managing Director of our Corporation. She holds post graduate degree in English language and literature from University of Kerala. She has trained in "Strategy: Building and Sustaining Competitive Advantage" at Harvard Business School, Boston, USA and is a fellow of the Insurance Institute of India.

She is the first lady officer to assume the post of Chairman-cum-Managing Director of our Corporation and the first lady chairman-cum-managing director in the public sector insurance industry (non-life) under Ministry of Finance in India.

She has over 30 years of experience in the Indian insurance and reinsurance industry. She began her career at The New India Assurance Company Limited before moving to our Corporation as Deputy General Manager (Reinsurance) in 2008. Previously, she has been on the governing board of National Insurance Academy.

She has won several national and international awards. Business Today recognized her as one of the most powerful women in Indian business in October 2016. She is also a member of the council of Asian Reinsurance Corporation, Bangkok and International Insurance Society. She is the recipient of the Maritime Standard Woman in Shipping award by The Maritime Standard Awards, Middle East and Indian subcontinent in 2014.

**Mr. Ravi Mital**, *Additional Secretary, Department of Financial Services (DIN: 06507252)*

Ravi Mital is a Non-Executive Director of our Corporation. He holds a bachelor's degree in engineering (mechanical engineering). Mr. Mital, Additional Secretary, Department of Financial Services, Ministry of Finance, is a 1986 batch Indian Administrative Services Officer of Bihar Cadre. Previously, he has worked as Principal Secretary (Finance), Government of Bihar.



**Mr. Anil Kumar Khachi**, *Additional Secretary, Department of Financial Services (DIN: 00122260)*

Shri Anil Kumar Khachi, Additional Secretary, Department of Financial Services, Ministry of Finance, is a Himachal Pradesh Cadre IAS Officer of 1986 Batch. He is an alumnus in St. Stephen's College of Delhi University and Delhi School of Economics.

He has a rich administrative experience of close to 30 years and has held several important assignments in the State of Himachal Pradesh and at the Centre.

Immediately prior to being elevated to the Additional Secretary cadre earlier this year Mr. Khachi was Joint Secretary in the Ministry of Labour & Employment.

**Mrs. Usha Sangwan**, *Managing Director of Life Insurance Corporation of India (DIN 02609263)*

Usha Sangwan is a Non – Executive Director of our Corporation. She is an ex-officio Director till she is the managing director of Life Insurance Corporation of India. She holds a post graduate degree in economics from Panjab University, a post graduate diploma in Human Resource Management from Indira Gandhi National Open University and is a licentiate from Insurance Institute of India. She has experience of 36 years in insurance industry and is the first woman managing director of Life Insurance Corporation of India. She joined Life Insurance Corporation of India as Direct Recruit Officer in 1981.

She has been recognized as a woman leader in business including by the Forbes Magazine in its list of 50 most powerful business women in Asia in 2015 and by Business Today in its list of most powerful women in Indian business in 2016. She was appointed as a Director with effect from April 6, 2016.





**Mr. G. Srinivasan**, *Chairman GIPSA & CMD New India Assurance Company Ltd.*  
(DIN 01876234)

G.Srinivasan is a Non-Executive Director of our Corporation. He holds a bachelor's degree in commerce from the University of Madras. He is a member of The Institute of Company Secretaries of India. He is a member of The Institute of Cost Accountants of India and a fellow of the Federation of Insurance Institutes. He is an ex-officio Director until he is the chairman of GIPSA.

He is the recipient of the India Insurance Summit - Lifetime Achievement Award - 2017 awarded by Quest Conferences, R H Patil Award for Excellence in Financial Services - 2017 awarded by Skoch Consultancy Services, News Ink National Awards - Legend CMD of the Year - 2016 awarded by News Ink, Asia Insurance Industry Awards - Personality of the Year Award - 2016, Lokmat BFSI Awards for Outstanding Contribution to Insurance Sector - 2015 awarded by Lokmat, and Financial Inclusion and Deepening Award for Excellence in Non-Life Insurance - 2014 awarded by Skoch.

He is the chairman of the General Insurance Council, the Associated Chambers of Commerce and Industry of India and Assocham's National Council for Insurance. He has also been the chairman cum managing director of United India Insurance Company Limited and is presently the chairman cum managing director of New India Assurance Company Limited.

**Mr. Segar Sampathkumar**, *Director & General Manager (DIN 07018007)*

Segar Sampathkumar is a Whole-time Director of our Corporation. He holds a bachelor's and master's degree in Commerce from University of Madras. He has experience of 37 years in insurance industry. He joined the general insurance industry as a Direct Recruit Officer in 1980 of United India Insurance Company Limited and has served as General Manager of New India Assurance Company Limited.



He has inter alia served in foreign operations, health, customer care (grievance), RTI and Transparency, credit and guarantee insurance and miscellaneous accident technical department. He was appointed as a Director with effect from April 25, 2016 and took charge in our Corporation on September 30, 2016. He has been allocated the health, obligatory (technical) and miscellaneous and liability departments.



**Mr. Y. Ramulu**, *Director & General Manager (DIN 07234450)*

Y Ramulu is a Whole-time Director of our Corporation. He holds a bachelor's degree in commerce, bachelor's degree in communications and journalism and a master's degree in business administration from Osmania University, Hyderabad.

He is an associate of the Insurance Institute of India. He has completed the certificate program in Performance Management Systems offered by T.V. Rao Learning Systems Private Limited.

He was appointed as a Director with effect from June 20, 2017 and has been allocated inter alia office services department, corporate social responsibility and offices.





# MANAGEMENT

Seated (Left to Right) General Managers: Mr. Sushil Kumar, Mrs. Priscilla Sinha (Appointed Actuary), Mr. Pauly Sukumar N., Mr. Y. Ramulu (Executive Director), Mr. Segar Sampathkumar (Executive Director), Mrs. Alice G. Vaidyan (Chairman cum Managing Director), Mr. G.C. Gaylong, Mr. V.C. Jain, Mr. B.N. Narasimhan, Mrs. Usha Ramaswamy, Mr. D.R. Waghela

Standing (Left to Right) Deputy General Managers: Mr. Charles G. Ashirvatham, Mr. Ramaswamy Narayanan, Ms. Blessy Sequeira, Mrs. Jayashree Ranade, Mr. DTV Sastri, Mrs. Lakshmikala Raghupathy, Mrs. Suchita Gupta, Mrs. Girija Subramaniam, Mrs. Reena Bhatnagar, Ms. Madhulika Bhaskar, Mr. Satyajit Tripathy, Mr. Deepak Godbole, Mr. Shashikant More, Mr. J. M. Gajendragadkar.

**NOTICE** is hereby given that the **45<sup>th</sup> 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 Friday, the 8<sup>th</sup> September 2017 at 1.15 p.m. to transact the following business:

1. To consider and adopt the Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2017, the Consolidated Financial Statements for the said financial year and the Reports of the Board of directors and the Auditors.
2. To declare dividend on equity shares.
3. To fix the remuneration of Auditors for the year 2017-2018.

**By the Order of the Board of Directors**  
**For General Insurance Corporation of India**  
**(Suchita Gupta)**  
**Company Secretary**

**Registered Office:**

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

**Date:** 29<sup>th</sup> August, 2017



## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the company carrying the voting right may appoint a single person as proxy and such person cannot act as a proxy for any other shareholder.

2. A statement pursuant to section 102(1) of the Companies Act, 2013 relating to the Special Business to be transacted at the meeting is annexed hereto.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.

## ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING



To The Members,

The Directors have pleasure in presenting the Forty Fifth 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, 2017.

## FINANCIAL RESULTS

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

	(₹ in crore)			(₹ in crore)	
	2016-17	2015-16		2016-17	2015-16
1. Gross premium	<b>33,585.44</b>	18,435.81	12. Reserve for Doubtful Debts and Investment including Amortization of Investments Written off	<b>333.72</b>	38.71
2. Net Premium	<b>30,174.55</b>	16,374.78	13. Profit before Tax (9+10+11-12)	<b>3623.86</b>	2,956.51
3. Net Earned Premium	<b>26,714.89</b>	15,172.84	14. Income-tax Deducted at Source and Provision for tax in including deferred taxes	<b>496.18</b>	108.12
4. Net Incurred Claims	<b>21,646.41</b> <b>81.03 %</b>	12,899.86 85.0%	15. Profit after Tax (13-14)	<b>3127.67</b>	2,848.39
5. Net Commission	<b>5404.40</b> <b>20.2 %</b>	3,490.36 23.0%	16. Balance of Profit B/F from previous year	<b>0.09</b>	0.08
6. Operating Expenses and Other Outgo less Other Income	<b>270.56</b>	24.13	17. Interim Dividend	-	-
7. Investment Income Apportioned to Revenue less expenses	<b>3052.65</b>	2,802.72	18. Proposed Dividend	-	860.00
8. Premium Deficiency	<b>0</b>	-58.46	19. Dividend tax	-	175.08
9. Total Profit/Loss (-) (3+7-4-5-6-8)	<b>2446.18</b>	1,619.68	20. Transferred to General Reserves	-	1,813.30
10. Interest, Dividends and Rents (net)	<b>1532.98</b>	1349.79	21. Balance of Profit C/F (15+16-17-18-19-20)	<b>3127.76</b>	0.09
11. Other Income less Other Outgo	<b>21.58</b>	25.75			

(Net Earned Premium is arrived after adjustments for Reserve for Unexpired Risks)

(Percentages relate to the net earned premium of the corresponding year)

(Obligatory sessions from Domestic Insurance Companies reduced from 10% to 5% w.e.f. 01.04.13 vide IRDA/NL/RI/41/2012-13 date 03.03.2013)

## DIVIDEND

During the year, the Directors recommended ₹ 1002 crore at the rate of 233% as the full and final dividend on date as against ₹ 860.00 crore at the rate of 200% in the previous year.

## CAPITAL AND FUNDS

Capital and Funds of the Corporation stood at ₹ 59,588.57 crore as on 31<sup>st</sup> March, 2017 as against ₹ 44,385.85 crore in the previous year, the details of which are given below:

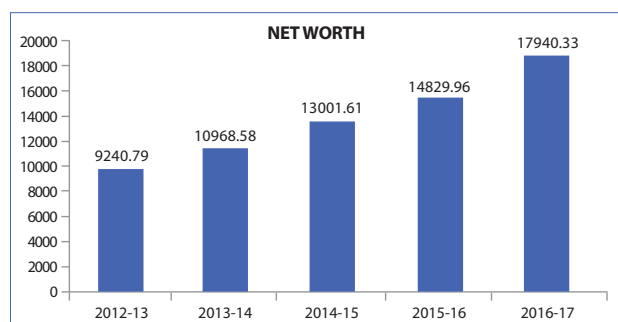
(₹ in crore)

	As on 31.03.2017	As on 31.03.2016
<b>Shareholders' Funds (Net Worth)</b>		
Paid up Capital	<b>430.00</b>	<b>430.00</b>
General Reserve	<b>14,402.30</b>	<b>14,402.30</b>
Profit & Loss a/c*	<b>3127.76</b>	<b>0.09</b>
	<b>17,960.05</b>	<b>14,832.39</b>
Less: Deferred Tax Assets	<b>13.43</b>	<b>2.43</b>
<b>Net worth</b>	<b>17,946.63</b>	<b>14,829.96</b>
<b>Policyholders Fund</b>	<b>41,681.87</b>	<b>29,555.89</b>
<b>Total Funds</b>	<b>59,628.49</b>	<b>44,385.85</b>

\*Profit & loss account ₹ 3121.46 crore without making adjustment for dividend, dividend distribution tax.

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

(₹ in crore)



## ASSETS

Total assets of the Corporation were ₹ 94,948.62 crore as on 31<sup>st</sup> March, 2017 as compared to ₹ 79,732.58 crore as on 31<sup>st</sup> March, 2016.

## CONSOLIDATED FINANCIAL STATEMENT

Provisions regarding Financial Statements are laid down under Section 129 of the new Companies Act, 2013. As per the provision of Section 129 (2) of the said Act, at every Annual General Meeting of a company, the Board of Directors of the company shall lay before such meeting financial statements for the financial year. Section 129 (3) of the Companies Act, 2013 provides that where a company has one or more subsidiaries, it shall, in addition to financial statements provided under sub-section (2) of Section 129, prepare a consolidated financial statements of the company and of all the subsidiaries in the same form and manner as that of its own which shall also be laid before the Annual General

Meeting of the company along with the laying of its financial statements under sub-section (2) of Section 129.

## Explanation:

The Corporation is preparing Consolidated Financial Statements as it has two subsidiaries namely GIC Re South Africa Limited and GIC Re India Corporate Member Limited, UK and two Associate Companies namely Agriculture Insurance Company of India Ltd. (AICIL) and India International Insurance Pte. Ltd. Singapore.

## FINANCIAL RATING AND RANKING

Rating agency AM Best reaffirmed the financial strength rating of "A- (Excellent)" and issuer credit rating of "a-" of the Corporation in February 2017. The outlook of these credit ratings is Stable. The rating reflects GIC Re's adequate risk adjusted capitalization and good business profile in domestic market.

Rating agency Credit Analysis & Research Limited (CARE) reaffirmed AAA (In) claims paying ability rating for the Corporation in April 2017. The rating reflects strategic importance as the dominant national reinsurer, good solvency position and comfortable liquidity profile.

National rating Agency, Russia reaffirmed the financial stability rating of "AAA" national scale and "iA" on the international scale, with "stable" forecast in October 2016.

GIC Re is ranked 14<sup>th</sup> largest international reinsurer group by A M Best based on Gross Written Premium in year 2015 and 18<sup>th</sup> by Standard & Poor's on Net Reinsurance Premium written in year 2015.

## SOLVENCY RATIO

The Solvency Margin of the Corporation as on 31<sup>st</sup> March 2017 stood at 2.40 as against 3.48 in the previous year.

## INVESTMENTS

The book value of the investment of the corporation in India (representing investment, loans & deposits) amount to ₹ 39,126.27 crores as on 31.03.2017 as against ₹ 34,050.25 crores in the previous year. The Investment Income of ₹ 4,515.61 crores were apportioned to Policy Holder & Share Holder as under:

(₹ in crore)

Apportioned to Policyholders	3,006.88
Apportioned to Shareholders	1,508.73

The mean yield on funds with profit on sale of investments stood at 12.3%. The net NPA% (non performing Assets) was at 0.78%.

### INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (IRDAI)

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

### "ART/Structured Solutions Contract (Retro Programme):

GIC Re had arranged ART retro protection programme from 01.10.2001 till 31.05.2014 followed by the Structured Solution Contract from 01.06.2014 till 31.05.2017 for covering risks from all classes of business as per agreed terms and conditions. The ART contract was not renewed with effect from 31.05.2014. The ART programme will see the final closure after both parties agree to the net balance quantum, which may take place during the current financial year 2017-18.

The Structured Solution Contract is not renewed effective 01.06.2017. The earliest date for closure of the contract could be 31.1.2019. GIC Re and the Reinsurers will maintain all contractual rights and obligations arising out of the contract and towards statutory dues, till the final closure after both parties agree to the net balance quantum."

### ENTERPRISE RISK MANAGEMENT

The Corporation has in place a robust ERM policy. The policy defines a Governance structure as well as the roles and responsibilities at each level. The ERM department is headed by the Chief Risk Officer (CRO) who reports to the Board level ERM committee through the Chairman cum Managing Director (CMD) and Management level ERM committee.

ERM department conducts an annual workshop wherein risks and controls are assessed with the assistance of Officials designated as Risk and Mitigation Plan Owners (RMOs). At the workshop, risks are re-calibrated; new risks are brought for discussion followed by prioritization of risks. RMOs also propose a control/mitigation plan during the workshop. The department conducts periodic review of the risk universe, control implementation and its effectiveness and keeps the Management and Board ERM Committees duly informed of developments and deviations.

The risk register of the Corporation is maintained in **GIC Risk Pro**, a customized ERM software. This software records the identified risks and their mitigation plans and facilitates monitoring and control process. The Key risk indicators (KRIs) which are used to fix the risk tolerance limits are also captured in **GIC Risk Pro**. The software is integrated with the base SAP system of Corporation which enables RMOs to get automated notifications/alerts if the KRI thresholds are breached.

As part of its allied activities, the ERM department reviews the Business Continuity Plan (BCP) annually. The purpose of BCP is to minimize the impact on the organization of any significant business disruption to an acceptable level through a combination of preventive measures, recovery controls and alternate arrangements. Business Continuity Planning aims at providing continuity of services at a defined minimum acceptable level of critical functions and to safeguard the financial, competitive and reputational position in the short and medium term. Teams under BCP have been adequately trained as to their specific responsibilities under the Plan with an aim to create awareness to reinforce the Business Continuity culture and refresh the importance of the on-going Business Continuity Exercises.

### CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORTING

The Corporation is having a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board.

The CSR Policy may be accessed on the Company's website at the link: <http://gicofindia.com/images/pdf/CSR-Policy-with-amendment.pdf>.

The CSR Reporting as per Section 135 of the Companies Act, 2013 given in **Annexure I**.

## AUDITORS AND AUDIT REPORT

### STATUTORY AUDITORS

GBCA & Associates, Chartered Accountants and Samria & Co., Chartered Accountants were appointed as joint Auditors to audit the accounts of the Corporation for the financial year 2016-17 by the Comptroller & Auditor General of India under Section 139 and section 143 of the Companies Act, 2013.

The Auditors Report does not contain any qualification, reservation or adverse remark.

### SECRETARIAL AUDIT

The Board has appointed SVVS & ASSOCIATES, Company Secretary LLP to conduct Secretarial Audit for the financial year 2016-17

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Pursuant to Section 204 of the Companies Act, 2013, the Secretarial Audit Report of the Corporation is given in **Annexure II**.

### EXTRACT OF ANNUAL RETURN

Extract of Annual Return (Form MGT 9) of the Company is annexed herewith as **Annexure III** to this Report.

### MANAGEMENT DISCUSSION & 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.

### FOREIGN EXCHANGE EARNINGS & OUTGO AND OTHER INFORMATION

The particulars of Foreign Exchange earnings/outgo as required by the Companies (Accounts) Rules, 2014 is given below:

i) Earnings ₹ 2939.86 crore

ii) Outgo ₹ 1992.91 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 ₹ 18,01,532/-, ₹ 5,53,75,045/- and ₹ 5,99,09,592/- respectively for the year under review.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The Corporation is not engaged in any manufacturing activity and as such there are no particulars to disclose under the Companies (Accounts) Rules, 2014 as regards Conservation of Energy or Technology absorption.

### PERSONNEL AND INDUSTRIAL RELATIONS

#### I. STAFF POSITION AS ON 31.03.2017

Class I	- Officers	467
Class III	- Clerical Employees	76
Class IV	- Sub-Staff	19
TOTAL		562

#### Composition of Scheduled Castes and Scheduled Tribes in the employee Strength

Cadre	Total Employee Strength	Composition			
		SC	%	ST	%
Officers	467	71	15.20	26	5.57
Clerical	76	21	27.63	10	13.16
Sub-Staff	19	4	21.05	1	5.26
Total	562	95	17.08	37	6.58

#### II. 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 training 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. The Corporation also organizes pre-recruitment trainings through the Recruitment Agency for the SC/ST candidates who apply for the recruitment examination on All India Basis.



### **DISCLOSURE UNDER THE SEXUAL HARASSEMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Corporation has been employing women employees in various cadres within its office. The Corporation has in place a policy against Sexual Harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees are covered under the policy. There was no complaint received from any employee during the financial year 2016-17 and hence no complaint is outstanding as on 31.03.2017 for redressal.

### **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 Departments situated in head office, Mumbai and liaison offices at Delhi, Kolkata and Chennai 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. Apart from the regular translation work, translation of Financial Standing Order (FSO) was carried out.

In-house quarterly journal KSHITIJ was published regularly. It was also made available on Company's website. During Hindi fortnight, various competitions were organized. The winners of these competitions were awarded prizes during a cultural programme.

CMD's Shield was awarded to General Accounts Department and certificates were given to Office Services Department and Investment (Operations) Departments as these departments were found to be the best performing departments of the Corporation with regards to Official Language Implementation.

Almost all Officers and Employees are having working knowledge of Official Language. Out of 562 personnel of GIC Re, 172 are proficient in Hindi.

Akruti based UNICODE has been installed on the computers. Officers and Employees are able to do their day to day work in Hindi also.

GIC's Liaison office, New Delhi was inspected by Third Committee of Parliamentary Committee on Official Language to take stock of Implementation of Official Language on 9<sup>th</sup> July, 2016.

Officials of GIC have attended TOLIC meetings regularly and participated in programmes organized by TOLIC members.

Official Language Deptt of GIC was awarded for Hindi In-house magazine KSHITIJ by TOLIC and Hindi Implementation by Ashirwad Sanstha, Mumbai.

### **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 Organization, 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 purpose 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 objective of the Internal Audit Department is to critically appraise the adequacy and effectiveness of the various systems and controls in the various areas of operation of the Corporation, with a view to facilitate the Management to strengthen the overall governance mechanism.

To achieve the objective, the Internal Audit Department has utilized the services of professional audit firms. During the year 2016-17, M/s Mayra & Khatri were appointed as Internal Auditors for Reinsurance Operations and Business Accounts and M/s S.K. Patodia & Associates were appointed as Internal Auditors for Investment Operations and other departments.

The Internal Audit Department also appoints Internal Auditors for the foreign branches of GIC Re in London, Dubai and Malaysia and representative office in Moscow. The Internal Audit of London Branch for FY 2016-17 was conducted by GIC Re H.O. officials.

Besides, the following special audits were also arranged by the Internal Audit Department:

1. Secretarial Audit
2. RTI Audit
3. Audit of FAIR Nat Cat Pool
4. Audit of Indian Nuclear Insurance Pool
5. Investment Risk Management Systems & Processes (IRMSP) Audit

During the FY 2016-17, Internal Audit Department also conducted audit of Delhi Liaison Office and Chennai Liaison Office.

Internal Audit Department also liaisons with Comptroller & Auditor General of India (CAG) and other departments for matters relating to CAG audit. The status of Draft Paras (DPs) and Inspection Reports (IRs), issued by Comptroller & Auditor General of India (CAG), is placed before the Board and the Audit Committee of the Board from time to time.

The Internal Audit Department functions independently under the supervision of the Audit Committee of the Board. The Audit reports of GIC Re Head Office and Foreign branches are placed before the Audit Committee of the Board for their consideration and directions.

Seven (7) meetings of the Audit Committee of the Board were held during the year 2016-17. Action Taken Reports were presented to the Audit Committee to report the status of progress on the implementation of the directions of the Committee.

During the year, emphasis was laid on core business activities and audit of Reinsurance underwriting

operations, settlement of outstanding accounts & reconciliations of broker balances. 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 concurrent basis.

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

The major contributions of the auditors during the year include appraising the management of the scope of improvement in cash call servicing, broker-wise and cedant-wise receivable management, reduction in unappropriated amounts, and streamlining of outstanding loss reserves. The Audit function in the Corporation has brought about improvement in data quality, acceleration in claim processing, streamlining of process of accounts receivable management in the Reinsurance Operations. By critically appraising the Management of the Corporation of the various systems and processes, the Internal Audit Department facilitated to strengthen the overall governance mechanism.

### 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 a General Manager designated as the Transparency Officer. A General Manager functions as the Appellate Authority, a Deputy General Manager is the Central Public Information Officer, an Assistant General Manager discharges the duties of Assistant Public Information Officer under the provisions of the Act. An Assistant Manager is nominated as the Nodal Officer.

The Corporate website [www.gicofindia.com](http://www.gicofindia.com) hosts information as relevant to the Corporation, under the Act which is updated from time to time. GIC has complied with the guidelines issued by Ministry of Personnel, Public Grievance & Pensions, Department of Personnel and

Training, regarding Implementation of suo motu disclosure u/s 4 of the RTI Act, 2005. The suo motu disclosures are audited as envisaged in the guidelines. GIC has also gone live for the citizens on RTI Web Portal from 1<sup>st</sup> July 2016.

During the period under review (2016-17) the corporation received 120 Applications and 9 First Appeals under the RTI Act, 2005. All the Applications were duly replied and Appeals were disposed of well within the stipulated time. No Second Appeals were filed against the Corporation during the period under review.

#### **INFORMATION TECHNOLOGY MANAGEMENT GROUP (ITMG)**

During the year, the Information Technology Management Group of GIC Re has initiated some important initiatives which will provide long term benefits to the Corporation. The Front Desk Submission System was rolled out to enable quick capture of business proposals into the core application system. The implementation of a state-of-the-art software for the Life Reinsurance business administration has begun and is expected to be in production use during the next year. The website of the Corporation was completed revamped with new look and feel and optimized for viewing on mobile devices as well as with multiple language options.

The Information Security Policy of the organization is periodically reviewed and the security infrastructure is regularly audited through certified security auditors. Disaster Recover drill of the core applications are also carried out during the year

#### **TRAINING/HRD**

In this ever changing and fast paced competitive world, training and development is an indispensable function. With training programs, the Training Department helps the officers to achieve a competitive edge as the business needs, skills requirements, and the complexity of the external environments are rapidly evolving. Training allows the officers to acquire new skills, sharpen existing ones, perform better, increase productivity and be better leaders. It is crucial for organizational development and its success is indeed fruitful to both employers and employees.

In the year 2016-17, training was imparted to all levels of employees both internally and externally. Various programmes are conducted for the employees at GIC Re Learning Academy, National Insurance Institutes, Insurance

Institute of India and other Reputed Institutes. Many soft skilled programmes as well as technical based programmes were initiated.

A summary of various training programmes organized by the Training Department are indicated below :

Organization	No of Programmes	No of Employees trained
GIC Re Learning Academy	16	250
National Insurance Academy	23	128
Insurance Institute of India	6	96
Other Reputed Institutes	55	203
Seminar/Conferences/ Trainings in Foreign Countries	26	53

Some highlights of the programmes are :

1. 5 weeks long Induction Programme conducted at Insurance Institute of India for 23 Direct Recruits. The sessions covered both aspects of Insurance and Reinsurance.
2. As a marketing strategy, 3 specialised programmes on Reinsurance were conducted for the Overseas Associates of GIC Re. A total of 76 delegates from different Insurance and Reinsurance companies attended the programme.
  - Reinsurance Management - Concept Level ; June 2016
  - Reinsurance Management - Professional Level; November 2016
  - Reinsurance Management - Concept Level ; February 2017

Maxinsure Limited - Tanzania, Archipelago Ltd. - Malaysia, Southeast Insurance PLC. - Thailand, Union Assurance General Limited - Sri Lanka to name a few of the participant companies.

3. Renowned trainer Mr. Peter Cave from London was invited to conduct trainings on Nuts & Bolts of reinsurance and its advanced study for all the Reinsurance Departments of GIC Re. 92 officers were trained at Insurance Institute of India.
4. A specialised programme on Reservation in Service for SC/ST/OBC Employees & Roster Preparation was conducted at Ador House. The purpose of the training was to understand the reservation policies. The training was imparted by Shri C Unnikrishnan, Retd Dy. Secretary to the GOI. He is a noted speaker on the subject and this training was well received by all the participants.
5. Directors Training Program with focus on Cyber Security for Scale of officers was conducted by Excellence Enables Pvt Ltd.
6. A two day program was organised for officers of GIC Re by the Goa Institute of Management. 20 officers from Scale II to Scale V from various departments attended the training programme. In addition to insurance/reinsurance, various sessions on soft skills were also held by eminent faculty of the Insurance industry.
7. SAP related trainings were conducted at E-Learning Centre on various Reinsurance modules.
8. The Training Department also conducted a conceptualised training programmes for the retiring officers at National Insurance Academy.
9. Adventure Sports Programme organized at Atal Bihari Vajpayee Institute of Mountaineering and Allied Sports, Manali - 2 batches of 21 participants each.

The Training Department has successfully imparted training to all the employees of GIC Re in the year 2016-17. The end result of trainings is that these concerned personnel are better equipped to handle new challenges that arise in the growing business scenario. Trained officers do work better and more efficiently.

## Impact Study of Training Programme

The trainings were conducted for our officers/employees for enhancement of existing skills, updating the techniques in respective departments. Trained officers do work better and more efficiently, have positive attitude. The resultant impact of Training is to improve drive, initiative and quality of work output of the employees/officers. It indirectly makes them more committed to achieving goals and objectives of the Corporation.

## OVERSEAS EXPANSION

Overseas Expansion of operations, through branch offices, subsidiaries and joint ventures are an integral part of the business growth strategy. Expansion plans are drawn basing on study of market opportunities, supported by understanding of the business and working environment in prospective markets. The decisions are based on sound business research coupled with prevailing regulatory structures and requirements.

GIC Re has always demonstrated its commitment to building and supporting the insurance markets of neighboring SAARC countries. It has ensured support to the insurance industry and regulators in SAARC and Africa by providing technical inputs, imparting training and providing capital support, whenever, situation demands.

GIC Re has been organizing and participating in major insurance events, including participation at the Annual South Asian Insurance Regulators' Meet and Conference. Scaling up of Moscow Representative Offices to full-fledged business offices is now on the agenda.

## INVESTMENT IN INSURANCE COMPANIES

### DOMESTIC OPERATIONS

#### 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 any dividend for the financial year 2015-16.

## 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.

### • LONDON BRANCH (UK)

During the current financial year 2016-17, the Gross Premium written by the Branch was GBP 85.22 mn compared to GBP 51.04 mn last year and earned a profit of GBP 13.82 mn as against a profit of GBP 8.11 mn last year.

### • DUBAI BRANCH (UAE)

During the current financial year 2016-17, the Gross Premium written by the Branch is AED 1304.99 mn compared to AED 1,158.21 mn last year and incurred a loss of AED 251.43 mn as against a loss of AED 223.95 mn last year.

### • MALAYSIA BRANCH

During the current financial year 2016-17, the Gross Premium written by the Branch was RM 529.90 mn compared to RM 483.98 mn and incurred a profit of RM 115.03 mn as against a loss of RM 282.26 mn.

### • 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 31.12.2016. The Corporations' holding in the share capital of the Company is 9.19%.

Kenindia has declared a dividend of KShs 10 per share for the year ended 31<sup>st</sup> December, 2016.

### • 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 Directors have recommended a first & final dividend of 10 cents per share for the financial year 2016.

### • ASIAN REINSURANCE CORPORATION, BANGKOK

The Corporation is holding 6.32% of the share capital as Associate Member of Asian Re in addition to holding 0.99 % 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 2016.

### • 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 221,281 shares of 1000 kshs, as on 31<sup>st</sup> March, 2017.

The Company has declared a dividend of 40.00 Kshs per share for the financial year ended 31<sup>st</sup> December 2015.

### • GIC Bhutan Re Ltd.

The maiden reinsurance company of Bhutan is a Joint Venture between the Corporation and local Bhutanese promoters. The venture began its operations in the name 'GIC Bhutan Re Ltd' in December 2013.

The Corporation has a 26% stake in the Joint Venture and held 13,000,000 shares of value Nu 10 each as of 31<sup>st</sup> December 2016. The rest of the shareholding is divided between two Local Bhutanese promoters with 17% stake each and 40% shares are held by the public.



## • GIC Re South Africa Ltd.

GIC Re South Africa Ltd is the Corporation's first 100% owned subsidiary (Wholly owned subsidiary) operational since April 2014. The company when acquired was in the run off for both life as well as Non-life Business. GIC started writing New Non-Life Business since January 2015. Life Business is still in the run off.

The Revenue since then has been as under:

1. 2014-15 (January 2014 to March 2015)	ZAR 155.88 Mln
2. 2015-16	ZAR 331.82 Mln
3. 2016-17	ZAR 688.64 Mln

The growth of Revenue since then has been 113% and 108% respectively. The number of employees have since grown from 9 to 20 during the above period. The Management expenses in relation to GWP has dropped from 6.55% to 3.44% since then. The company is poised to breakeven in the next two years.

The Corporation held 126,950,000 no par value ordinary shares with a value of ZAR 253,900,000 constituting 100% of GIC Re South Africa Ltd.'s equity as of 31<sup>st</sup> March 2017.

## • GIC Re, India, Corporate Member Limited

With the objective of becoming a reputed global reinsurer, GIC Re expanded into Lloyd's of London by offering reinsurance capacity to Lloyd's syndicates through quota share capital gearing treaties since 2011. Since as a capacity provider, GIC Re was required to have its own Corporate Membership at Lloyd's, GIC Re acquired I-CAT CCM TEN Ltd, an existing Corporate Member company, in November 2013 and renamed it as GIC Re, India, Corporate Member Ltd, which is registered as a private limited company in the UK. The Company commenced reinsurance operations in 2014.

The business progress of the Company in the last three years is summarised in the table below. The business underwritten by the Company is fully reinsured with GIC Re.

	2014	2015	2016
No. of syndicate participations	1	2	4
Names of syndicates	6119 - XL Catlin	6119 - XL Catlin 6118 - Barbican	6119 - XL Catlin 6118 - Barbican 6126 - Pritchard 2014 - Acappella
Syndicate Premium Limit/ Stamp Capacity (GBP)	14,055,470	18,473,248	31,906,231

## DECLARATION OF INDEPENDENT DIRECTORS

During the year under review, there was no Independent Director on the Board of the Corporation.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the provisions of section 134 of Companies Act 2013, the Directors confirm that:

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

2. 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 2015-16 and of the profit or loss of the Corporation for the period;
3. 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;

4. The annual accounts have been prepared on a going concern basis;
5. Proper systems has been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

### Domestic (India):

Following is the detail of one major loss which occurred during the month of April 2017:

Name of Insured	Cause of loss	DOL	Cedant	100% loss (₹ crs.)	GIC's share of Gross loss (₹ crs.)	GIC's share of Net loss (₹ crs.)
Vedanta Ltd	Fire	17.04.2017	New India Assurance Co. Ltd.	165.00	71.57	71.57

### 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:-

28<sup>th</sup> September, 2016  
 17<sup>th</sup> July, 2015  
 10<sup>th</sup> September, 2014

### BOARD MEETINGS

The number of Board meetings held during financial year 2016-17 of the Corporation were Seven (7) and these are as follows:

8<sup>th</sup> June, 2016  
 29<sup>th</sup> June, 2016  
 31<sup>st</sup> August, 2016  
 28<sup>th</sup> September, 2016  
 29<sup>th</sup> November 2016  
 21<sup>st</sup> January, 2017  
 23<sup>rd</sup> February, 2017

### SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Corporation for the year 2015-16 along with Directors Report were placed before both the Houses of Parliament under Section 394 of the Companies Act, 2013 as per details given below:

LOK SABHA 9<sup>th</sup> December 2016

RAJYA SABHA 29<sup>th</sup> November 2016

### ACKNOWLEDGEMENT

The Board places on record its deep appreciation of the agents, 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, IRDAI, and Principal Director of Commercial Audit and Ex-Officio Member, Audit Board- I, Mumbai.

For and on behalf of the Board

**Alice G. Vaidyan**  
 Chairman-cum-Managing Director

Date : 29<sup>th</sup> May, 2017  
 Place : Mumbai

## Annexure - I

### The Annual Report on CSR Activities 2016-17

#### 1. Brief outline of CSR policy:

To strive to transform India into a risk- aware society from being a risk-averse society. To achieve our vision by integrating social, environmental and health concerns of the Indian society into Corporation's overall CSR policy and programmes.

The thrust of CSR activities is on capacity building, empowerment of communities, inclusive socio-economic growth, environment protection, promotion of green and energy efficient technologies, development of backward regions, and up liftment of the marginalized and under-privileged sections of the society.

#### 2. Composition of CSR Committee:

S. No.	Name of Director	Designation
1	Smt. Alice G. Vaidyan	Chairman cum Managing Director
2	Shri Anil Kumar Khachi	Government Nominee Director
3	Smt. Usha Sangwan	Director
4	Shri G. Srinivasan	Director
5	Shri G.C. Gaylong	Director & General Manager
6	Shri Segar Sampathkumar	Director & General Manager

3. Average Net profit of Company for last three financial years: ₹ **3365.95 crore**

4. Prescribed CSR expenditure (2% of the amount in item 3): ₹ **67.32 crore**

5. Details of CSR spent during financial year -

a) Total Amount spent in FY: ₹ **16.03 crore**

b) Amount Unspent : ₹ **51.29 crore**

c) Manner in which the amount spent during the financial year in detail:

Sr. No	CSR project identified	Sector in which the project is covered	Projects/ programmes Local area State/district	Amount outlay (₹)	Amount spent on the Projects or Programmes (₹)		Cumulative expenditure (₹)	Amount spent: Direct or through Implementing Agency (₹)
					Direct	Overhead		
(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
1.	Annamrita	Midday meal	Wada, Palghar, Maharashtra	15,00,000.00	15,00,000.00	0.00	15,00,000.00	Direct- Annamrita
2.	Annamrita	Infrastructure	Mumbai, Maharashtra	1,50,66,500.00	0.00	0.00	0.00	Direct- Annamrita
3.	The Akshay Patra Foundation	Midday meal	Surat, Gujarat	18,84,000.00	18,84,000.00	0.00	18,84,000.00	Direct - TAPF

Sr. No	CSR project identified	Sector in which the project is covered	Projects/ programmes Local area State/district	Amount outlay (₹)	Amount spent on the Projects or Programmes (₹)		Cumulative expenditure (₹)	Amount spent: Direct or through Implementing Agency (₹)
					Direct	Overhead		
4.	The Akshay Patra Foundation	Midday meal	Nayagarh, Orissa	24,97,500.00	24,97,500.00	0.00	24,97,500.00	Direct - TAPF
5.	The Akshay Patra Foundation	Midday meal	Vizag, AP	24,14,250.00	24,14,250.00	0.00	24,14,250.00	Direct - TAPF
6.	The Akshay Patra Foundation	Midday meal	Rourkela, Odisha	33,93,000.00	33,93,000.00	0.00	33,93,000.00	Direct - TAPF
7.	The Akshay Patra Foundation	Midday meal	Mysore, Karnataka	24,96,000.00	24,96,000.00	0.00	24,96,000.00	Direct - TAPF
8.	The Akshay Patra Foundation	Midday meal	Kakinada, AP	36,44,250.00	36,44,250.00	0.00	36,44,250.00	Direct - TAPF
9.	The Akshay Patra Foundation	Midday meal	Guwahati, Assam	27,61,500.00	27,61,500.00	0.00	27,61,500.00	Direct - TAPF
10.	The Akshay Patra Foundation	Midday meal	Mangalore, Karnataka	24,59,550.00	24,59,550.00	0.00	24,59,550.00	Direct - TAPF
11.	The Akshay Patra Foundation	Midday meal	Hyderabad, Telangana	24,12,050.00	24,12,050.00	0.00	24,12,050.00	Direct - TAPF
12.	The Akshay Patra Foundation	Midday meal	Bangalore	24,73,800.00	24,73,800.00	0.00	24,73,800.00	Direct - TAPF
13.	The Akshay Patra Foundation	Infrastructure kitchen	Hubli, Karnatka	24,88,700.00	24,88,700.00	0.00	24,88,700.00	Direct - TAPF
14.	The Akshay Patra Foundation	Infrastructure kitchen	Bhilai, Chattisgarh	19,00,000.00	19,00,000.00	0.00	19,00,000.00	Direct - TAPF

Sr. No	CSR project identified	Sector in which the project is covered	Projects/ programmes Local area State/district	Amount outlay (₹)	Amount spent on the Projects or Programmes (₹)		Cumulative expenditure (₹)	Amount spent: Direct or through Implementing Agency (₹)
					Direct	Overhead		
15.	Akshaya Helping in HELP	Infrastructure	Madhurai, Tamil Nadu	20,76,724.00	20,76,724.00	0.00	20,76,724.00	Direct-Akshaya
16.	BAIF	Gram Samruddhi	Palghar, Nasik, Maharashtra	2,34,19,434.00	0.00	0.00	0.00	Direct- BAIF
17.	BMVSS Hyderabad	Livelihood generation	Andhra Pradesh	25,00,000.00	10,00,000.00	0.00	10,00,000.00	Direct - BMVSS Hyderabad
18.	BMVSS Ahmedabad	Livelihood generation	Kheda, Gujarat	21,16,340.00	16,39,044.00	0.00	16,39,044.00	Direct- BMVSS Ahd
19.	BMVSS Delhi	Livelihood generation	Delhi	24,46,000.00	24,46,000.00	0.00	24,46,000.00	Direct- BMVSS Delhi
20.	BMVSS Bangaluru	Livelihood generation	Bangaluru, Karnataka	24,99,310.00	0.00	0.00	0.00	Direct- BMVSS Bangaluru
21.	BMVSS Delhi	Livelihood generation	Bulandsahar, UP	25,00,000.00	13,94,267.00	0.00	13,94,267.00	Direct- BMVSS Delhi
22.	BMVSS Mumbai	Infrastructure van	Mumbai, Maharashtra	23,91,900.00	23,91,900.00	0.00	23,91,900.00	Direct- BMVSS Mumbai
23.	BMVSS Mumbai	Livelihood generation	Solapur, Maharashtra	78,00,000.00	31,20,000.00	0.00	31,20,000.00	Direct- BMVSS Mumbai
24.	BMVSS Jaipur	Livelihood generation	Jaipur, Rajasthan	25,00,000.00	25,00,000.00	0.00	25,00,000.00	Direct- BMVSS Jaipur
25.	BMVSS Jaipur	Economic stability	Jaipur, Rajasthan	10,01,340.00	10,01,340.00	0.00	10,01,340.00	Direct- BMVSS Jaipur
26.	Bachpan Bachao Andolan	Rehabilitation	Jaipur, Rajasthan	24,88,640.00	12,44,320.00	0.00	12,44,320.00	Direct BBA
27.	Bharat Jodo Youth Academy	Health care	Nanded, Maharashtra	24,84,000.00	10,00,000.00	0.00	10,00,000.00	Direct -BJYA



Sr. No	CSR project identified	Sector in which the project is covered	Projects/ programmes Local area State/district	Amount outlay (₹)	Amount spent on the Projects or Programmes (₹)		Cumulative expenditure (₹)	Amount spent: Direct or through Implementing Agency (₹)
					Direct	Overhead		
28.	Borderless World Foundation	Health care	Jammu & Kashmir	22,00,000.00	21,76,200.00	0.00	21,76,200.00	Direct-BWF
29.	BNGVN	Infrastructure	Jalgaon, Maharashtra	15,68,436.00	15,68,436.00	0.00	15,68,436.00	Direct- BNGVN
30.	BNGVN	Infrastructure	Jalgaon, Maharashtra	99,06,561.00	39,62,624.00	0.00	39,62,624.00	Direct- BNGVN
31.	Cancer Patients Aids Association	Health care	Pan India	15,00,000.00	7,50,000.00	0.00	7,50,000.00	Direct- CPAA
32.	Cancer Patients Aids Association	Health care	Mumbai and Delhi	10,50,164.00	10,50,164.00	0.00	10,50,164.00	Direct -CPAA
33.	DC HP	Education	Lahaul & Spiti, HP	25,50,000.00	20,40,000.00	0.00	20,40,000.00	Direct- DC, HP
34.	Directorate of Comm Deve, Meghalaya	Village adoption- infra	Nongbhah Myrdon, Meghalaya	25,00,000.00	12,50,000.00	0.00	12,50,000.00	Direct- DCD
35.	Dhanas GP, Chandigarh	Village adoption Sanitation	Chandigarh, UT	12,50,000.00	0.00	0.00	0.00	Direct - Dhanas GP
36.	DRDA, Chhailang	Livelihood, Education	Chhailang, Mizoram	25,00,000.00	12,50,000.00	0.00	12,50,000.00	Direct- DRDA Chhailang
37.	DRDA, Serchhip	Livelihood, Education	Serchhip, Mizoram	25,00,000.00	12,50,000.00	0.00	12,50,000.00	Direct- DRDA Serchhip
38.	DRDA, Khawailailung	Livelihood, Education	Khawailailung, Mizoram	25,00,000.00	12,50,000.00	0.00	12,50,000.00	Direct- DRDA Khawailailung
39.	Dilassa Sanstha	Livelihood, Education	Vidharbha, Maharashtra	25,00,000.00	25,00,000.00	0.00	25,00,000.00	Direct- DS
40.	Dilassa Sanstha	Watershed Management	Jalna, Maharashtra	4,37,65,000.00	1,09,33,750.00	0.00	1,09,33,750.00	Direct- DS

Sr. No	CSR project identified	Sector in which the project is covered	Projects/ programmes Local area State/district	Amount outlay (₹)	Amount spent on the Projects or Programmes (₹)		Cumulative expenditure (₹)	Amount spent: Direct or through Implementing Agency (₹)
					Direct	Overhead		
41.	Dhan Vayagalam Tank Foundation	Rainwater harvesting	Tumkur, Karnataka	24,80,000.00	12,40,000.00	0.00	12,40,000.00	Direct- DTVF
42.	Gaudiya Mission	Health	Kolkata, West Bengal	13,98,113.00	13,98,113.00	0.00	13,98,113.00	Direct - Gaudiya Mission
43.	Helpers of Handicap	Infrastructure- Vocational center	Kolhapur, Maharashtra	12,50,000.00	0.00	0.00	0.00	Direct - HHK
44.	Insurance Institute of India	Education	Maharashtra	3,04,850.00	3,04,850.00	0.00	3,04,850.00	Direct- III
45.	Kalinga Institute of Social Sciences	Education	Bhubhaneshwar, Orissa	24,00,000.00	12,00,000.00	0.00	12,00,000.00	Direct- KISS
46.	Kannagi Govt Girls HSS, Villianur	Gyandeep Yojana	Pondicherry	15,00,000.00	7,50,000.00	0.00	7,50,000.00	Direct- KGG HSS
47.	MITTRA	Village adoption	Uprale, Palghar, Maharashtra	22,73,400.00	22,73,400.00	0.00	22,73,400.00	Direct - MITTRA
48.	MITTRA	Village adoption	Satkor, Palghar, Maharashtra	24,82,200.00	24,82,200.00	0.00	24,82,200.00	Direct - MITTRA
49.	Malvi Educational & Charitable Trust	Infrastructure, Hygiene & Sanitation	Navsari, Gujarat	15,50,560.00	15,50,560.00	0.00	15,50,560.00	Direct MECT
50.	MAHAAN	Healthcare	Melghat, Maharashtra	13,61,000.00	13,61,000.00	0.00	13,61,000.00	Direct - MAHAAN
51.	National Association of Blind	Infrastructure	Mumbai, Maharashtra	8,50,000.00	8,50,000.00	0.00	8,50,000.00	Direct - NAB

Sr. No	CSR project identified	Sector in which the project is covered	Projects/ programmes Local area State/district	Amount outlay (₹)	Amount spent on the Projects or Programmes (₹)		Cumulative expenditure (₹)	Amount spent: Direct or through Implementing Agency (₹)
					Direct	Overhead		
52.	National Association of Blind	Infrastructure	Mumbai & Lucknow	17,58,987.00	17,58,987.00	0.00	17,58,987.00	Direct - NAB
53.	National Association of Blind	Education	Lucknow, Uttar Pradesh	23,79,000.00	11,89,500.00	0.00	11,89,500.00	Direct NAB
54.	National Association of Blind	Education	Haryana, JK, Orissa	22,00,000.00	11,00,000.00	0.00	11,00,000.00	Direct - NAB
55.	National Association of Blind	Education	Mumbai, Maharashtra	23,92,000.00	11,96,000.00	0.00	11,96,000.00	Direct NAB
56.	National Association of Blind	Education	Kullu, Himachal Pradesh	14,09,400.00	7,04,700.00	0.00	7,04,700.00	Direct - NAB
57.	National Association of Blind	Infrastructure	Mumbai, Maharashtra	8,64,000.00	8,64,000.00	0.00	8,64,000.00	Direct - NAB
58.	NARMADA	Infrastructure/ Education	Purnalepa, MP	28,37,500.00	28,37,500.00	0.00	28,37,500.00	Direct- Nimar
59.	Naya Savera	Infrastructure	Kullu, Himachal Pradesh	10,49,800.00	10,49,800.00	0.00	10,49,800.00	Direct -NS
60.	Naya Savera	Health	Kullu, Himachal Pradesh	10,80,000.00	10,80,000.00	0.00	10,80,000.00	Direct -NS
61.	Nirmal GP	Sanitation/ Infrastructure	Ratnagiri, Maharashtra	14,50,000.00	14,50,000.00	0.00	14,50,000.00	Direct - Nirmal GP
62.	National Insurance Academy	Education	Pune, Maharashtra	12,06,250.00	12,06,250.00	0.00	12,06,250.00	Direct- NIA

4Sr. No	CSR project identified	Sector in which the project is covered	Projects/ programmes Local area State/district	Amount outlay (₹)	Amount spent on the Projects or Programmes (₹)		Cumulative expenditure (₹)	Amount spent: Direct or through Implementing Agency (₹)
					Direct	Overhead		
63.	Nezabhari	Hygiene & Sanitation	Lucknow, Uttar Pradesh	2,29,104.00	2,29,104.00	0.00	2,29,104.00	Direct- Sunil Kumar Dixit; Vijay Shree Hospital
64.	Parivar	Infrastructure	Kolkata, West Bengal	25,00,000.00	25,00,000.00	0.00	25,00,000.00	Direct Parivar
65.	Parivar	Infrastructure	Kolkata, West Bengal	51,57,600.00	20,63,040.00	0.00	20,63,040.00	Direct- Parivar
66.	Pratibha Poshini	Education	Trivandrum, Kerala	4,30,000.00	2,15,000.00	0.00	2,15,000.00	Direct - PP
67.	Phayeng GP	Village adoption	Phayeng, Manipur	25,00,000.00	12,50,000.00	0.00	12,50,000.00	Direct- Phayeng GP
68.	Rural Development Trust	Health	Anantpur, AP	21,90,000.00	21,90,000.00	0.00	21,90,000.00	Direct- RDT
69.	Rural Development Trust	Health	Anantpur, AP	14,10,000.00	14,10,000.00	0.00	14,10,000.00	Direct- RDT
70.	Rural Development Trust	Infrastructure	Anantpur, AP	24,45,000.00	24,45,000.00	0.00	24,45,000.00	Direct- RDT
71.	Rural Development Trust	Health/ Infrastructure	Anantpur, AP	63,60,588.00	25,44,235.00	0.00	25,44,235.00	Direct- RDT
72.	Raipur Kalan GP, Chandigarh	Sanitation	Chandigarh	12,50,000.00	0.00	0.00	0.00	Direct -Raipur Kalan GP
73.	Rotary Ambala Cancer & Gen Hospital	Health	Ambala, Harayana	45,00,000.00	45,00,000.00	0.00	45,00,000.00	Direct- RACGH
74.	Ramakrishna Mission Sevashram	Education	Vrindaban	24,00,000.00	12,00,000.00	0.00	12,00,000.00	Direct- RMS

Sr. No	CSR project identified	Sector in which the project is covered	Projects/ programmes Local area State/district	Amount outlay (₹)	Amount spent on the Projects or Programmes (₹)		Cumulative expenditure (₹)	Amount spent: Direct or through Implementing Agency (₹)
					Direct	Overhead		
75.	SUADHA	Education	Thane, Maharashtra	1,41,620.00	1,41,620.00	0.00	1,41,620.00	Direct- SUADHA
76.	SUADHA	Education	Thane, Maharashtra	15,60,460.00	15,60,460.00	0.00	15,60,460.00	Direct- SUADHA
77.	Samata Pratisthan	Infrastructure	Nasik, Maharashtra	19,97,900.00	19,97,900.00	0.00	19,97,900.00	Direct- SP
78.	Samata Pratisthan	Infrastructure	Nasik, Maharashtra	13,42,000.00	13,42,000.00	0.00	13,42,000.00	Direct- SP
79.	Samaritan Help Mission	Infrastructure	Howrah, West Bengal	19,34,000.00	9,67,000.00	0.00	9,67,000.00	Direct-SHM
80.	Samaritan Help Mission	Skill Development	Howrah, West Bengal	22,17,450.00	22,17,450.00	0.00	22,17,450.00	Direct-SHM
81.	Sankalptaru	Plantation	Barmer, Rajasthan	2,20,005.00	2,20,005.00	0.00	2,20,005.00	Direct- Sankalptaru
82.	Sankalptaru	Livelihood Generation	Leh Ladakh, JK	19,90,000.00	9,95,000.00	0.00	9,95,000.00	Direct- Sankalptaru
83.	Sanskriti Samvardhan Mandal	Infrastructure	Nanded, Maharashtra	23,16,600.00	11,58,300.00	0.00	11,58,300.00	Direct- SSM
84.	Snehalaya	Infrastructure	Ahmednagar, Maharashtra	23,00,000.00	11,50,000.00	0.00	11,50,000.00	Direct- Snehalaya
85.	Sri Chaitanya Seva Trust	Healthcare	Palghar, Maharashtra	2,00,000.00	2,00,000.00	0.00	2,00,000.00	Direct-SCST
86.	Shiri Saradha Sakthi Peetam	Infrastructure	Chennai, Tamil Nadu	13,59,410.00	13,59,410.00	0.00	13,59,410.00	Direct- SSSP
87.	Sulabh International	Sanitation	Jatha Shankar, CD Deshmukh, Mulund	19,10,390.00	19,10,390.00	0.00	19,10,390.00	Direct- Sulabh
88.	Sulabh International	Sanitation	10 locations - Mumbai	2,01,79,000.00	1,32,36,565.00	0.00	1,32,36,565.00	Direct- Sulabh



Sr. No	CSR project identified	Sector in which the project is covered	Projects/ programmes Local area State/district	Amount outlay (₹)	Amount spent on the Projects or Programmes (₹)		Cumulative expenditure (₹)	Amount spent: Direct or through Implementing Agency (₹)
					Direct	Overhead		
89.	Thanga Pt II	Village adoption	Thanga Pt II, Manipur	25,00,000.00	12,50,000.00	0.00	12,50,000.00	Direct-Thanga GP
	<b>Total</b>			<b>29,23,96,686.00</b>	<b>16,02,18,708.00</b>	<b>0.00</b>	<b>16,02,18,708.00</b>	

#### 6. Reasons for the unspent amount.

Some of the proposals received were not compliant with our CSR thrust areas.

#### 7. Responsibility Statement of the CSR Committee:

The CSR Committee affirms that the implementation and monitoring of CSR Policy is in compliance with the CSR Policy and objectives of the Corporation.

**Alice G Vaidyan**  
(Chairman-cum-Managing Director) (Chairman CSR Committee)

## Form No. MR-3

### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The Members,  
General Insurance Corporation of India  
'SURAKSHA' 170, J Tata Road  
Churchgate  
Mumbai- 400020

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **General Insurance Corporation of India** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder<sup>1</sup>;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings<sup>2</sup>;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')<sup>3</sup>:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and

(vi) Other applicable laws as detailed in **Annexure B**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s)<sup>4</sup>.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act, and the exemptions from the Act granted by Gazette Notification issued on June 05, 2015 by the Ministry of Corporate Affairs, Government of India.

No audit has been conducted on the compliance with finance and taxation laws as the same are subject to audit by the Statutory Auditor and Internal Auditor to the Company and their observations, if any, shall hold good for the purpose of this audit report.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and

clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes<sup>5</sup>.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there has been no occurrence of any specific event action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, and standards.

**May 20, 2017**  
**Mumbai**

**CS. Suresh Viswanathan**  
**Designated Partner**  
**FCS : 4453**  
**CP No : 11745**

**Note:** This report is to be read with our letter of even date which is annexed as **Annexure A** and forms and integral part of this report.

<sup>1</sup>The shares of the Company have not been dematerialised and hence the Depositories Act is not applicable

<sup>2</sup>Not applicable to the Company during the Audit period

<sup>3</sup>SEBI Act and the Regulations made thereunder are not applicable since (i) the Company is not a SEBI Registered market intermediary and also (ii) the shares of the Company are not listed in any Stock Exchange during the Audit Period

<sup>4</sup>Not applicable to the Company during the Audit period

<sup>5</sup>All resolutions were carried unanimously

## ANNEXURE A

The Members,  
General Insurance Corporation of India  
'SURAKSHA' 170, J Tata Road  
Churchgate  
Mumbai- 400020

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws rules, regulations the responsibility of management, our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

May 20, 2017  
Mumbai

CS. Suresh Viswanathan  
Designated Partner  
FCS : 4453  
CP No : 11745

## ANNEXURE B

### A. INSURANCE RELATED LAWS, RULES AND REGULATIONS

#### No. Governing Act/Rules/Regulation/Circulars/ Notifications, etc.

1. Insurance Act 1938
2. IRDA (Insurance Advertisements and Disclosure) Regulations, 2000
3. IRDA (Appointed Actuary) Regulations, 2000
4. IRDA (Actuarial Report and Abstract) Regulations, 2000
5. IRDA (Investment) (fifth amendment) Regulations, 2013
6. Corporate Governance Guidelines for Insurance Companies issued by IRDA in case of Insurance Companies.
7. IRDA (General Insurance-Reinsurance) Regulations, 2013
8. IRDA (Life Insurance-Reinsurance) Regulations, 2013
9. IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000
10. The IRDA (Preparation Of Financial Statements And Auditor's Report Of Insurance Companies) Regulations, 2000
11. IRDA (Qualification of Actuary) Regulations, 2004
12. IRDA (Assets, Liabilities and solvency Margin of Insurers) Regulations, 2000
13. IRDA (Places of Business) Regulations 2015

### B. OTHER LAWS APPLICABLE TO THE COMPANY

1. Right to Information Act 2005

**Annexure- III**  
**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31<sup>st</sup> March 2017**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN: U67200MH1972GOI016133
- ii) Registration Date: 22<sup>nd</sup> November 1972
- iii) Name of the Company: GENERAL INSURANCE CORPORATION OF INDIA
- iv) Category/Sub-Category of the Company: Public Company.
- v) Address of the registered office and contact details: Suraksha", 170, J. Tata Road, Churchgate, Mumbai - 400 020
- vi) Whether listed company Yes/No: No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Reinsurance	6520	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	<b>India International Ins. Pte Ltd</b> 64 Cecil Street#04-#05 IOB Building Singapore 049711		ASSOCIATE	20%	Section 2(6) of Companies Act 2013
2	<b>GIC Bhutan Re Ltd</b> Post Box No 1679, Near Thimphu Thromde Office, Thimphu, BHUTAN		ASSOCIATE	26%	Section 2(6) of Companies Act 2013
3	<b>Agriculture Insurance Company India Ltd</b> 13th Floor, Ambadeep Building, 14, Kasturba Gandhi Marg, New Delhi - 110 001, INDIA	CIN: U74999DL2002PLC 118123	ASSOCIATE	35%	Section 2(6) of Companies Act 2013



Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
4	<b>GIC Re South Africa Ltd</b> 15 Eton Road Park Town Johannesburg 2193 South Africa		SUBSIDIARY	100%	Section 2(87) of Companies Act 2013
5	<b>GIC RE India Corporate Member Limited, UK</b> Leadenhall Insurance Consultants Ltd, Suite 835, At Lloyd's, One Lime Street, London, England, EC3M 7DQ		SUBSIDIARY	100%	Section 2(87) of Companies Act 2013

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
<b>A. Promoters</b>							
<b>1) Indian</b>							
a) Individual	0	0	0	0	0	0	0
b) Central Govt.	4300000000	4300000000	100%	4300000000*	4300000000	100%	0%
c) State Govt.	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0
e) Banks/Fl	0	0	0	0	0	0	0
g) AnyOther...	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	4300000000	4300000000	4300000000	4300000000	4300000000	4300000000	0
<b>2) Foreign</b>							
a) NRIs - Individuals	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0
c) BodiesCorp.	0	0	0	0	0	0	0
d) Banks/Fl	0	0	0	0	0	0	0
e) AnyOther...	0	0	0	0	0	0	0
<b>Total (A) (2)</b>							
<b>Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	4300000000	4300000000	4300000000	4300000000	4300000000	4300000000	0

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Physical	Total	% of Total Shares	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>							
<b>1. Institutions</b>							
a) Mutual Funds	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0
h) Foreign Venture	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	0	0	0	0	0	0	0
<b>2. Non-Institutions</b>							
a) Bodies Corp.							
i) Indian	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0
b) Individuals							
i) Individual shareholders holding nominal share capital upto ₹1 lakh	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b>							
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	0	0	0	0	0	0	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	4300000000	4300000000	100%	4300000000	4300000000	100%	0%

**ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	<b>President of India</b>	4300000000	100%	0 %	4300000000	100%	0 %	0 %
	<b>Total</b>	4300000000	100%	0%	4300000000	100%	0%	0%

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	4300000000	100%	4300000000	100%
2	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat Equity etc.)	No change	No change	No change	No change
3	At the End of the year	4300000000	100%	4300000000	100%

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NA**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NA		NA	
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	NA		NA	
3	At the End of the year (or on the date of separation, if separated during the year)	NA		NA	

**(v) Shareholding of Directors and Key Managerial Personnel**

**Shareholding of Mrs. Alice G. Vaidyan (Chairman cum Managing Director) (On behalf of President of India)**

SI No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	200	0.0000043	200	0.0000043
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	0	0	0	0
3	At the End of the year	200	0.0000043	200	0.0000043

**Shareholding of Mrs. Snehlata Shrivastava (Government Nominee Director) (On behalf of President of India)**

**\*Ceased to be Director w.e.f. 22.07.2016**

SI No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	400	0.0000093	400	0.0000093
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	400	0.0000093 Shares transferred to Mr. AK Khachia on 31 <sup>st</sup> August, 2016	400	0.0000093
3	At the End of the year	0	0	0	0

**Shareholding of Mr. Anil Kumar Khachi (Government Nominee Director) (On behalf of President of India)**

**\*Appointed as Director w.e.f. 22.07.2016**

SI No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	0	0	0	0
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	400 Shares received from Mrs. Snehlata Shrivastava on 31 <sup>st</sup> August, 2016	0.0000093	400	0.0000093
3	At the End of the year	400	0.0000093	400	0.0000093

**Shareholding of Mrs. Usha Sangwan (Director)\* (On behalf of President of India)****\*Appointed as Director w.e.f. 06.04.2016**

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	0	0	0	0
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweatequity etc)	200 Shares received from Shri G. Srinivasan on 08.06.2016	0.0000043	200	0.0000043
3	At the End of the year	200	0.0000043	200	0.0000043

**Shareholding of Mr. Gulab Chand Gaylong (Director)\* (On behalf of President of India)**

Sl No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	200	0.0000043	200	0.0000043
2	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g.allotment/transfer/bonus/sweatequity etc)	NIL	NIL	NIL	NIL
3	At the End of the year	200	0.0000043	200	0.0000043



## V. INDEBTEDNESS

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount.	0	0	0	0
ii) Interest due but not paid.	0	0	0	0
iii) Interest accrued but not due.	0	0	0	0
<b>Total (i+ii+iii)</b>	0	0	0	0
<b>Change in Indebtedness during the financial year</b>				
<input type="checkbox"/> Addition	0	0	0	0
<input type="checkbox"/> Reduction	0	0	0	0
<b>Net Change</b>	0	0	0	0
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	0	0	0	0

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTG/ Manager	Name of MD/WTG/ Manager	Name of MD/WTG/ Manager	Total Amount
		<b>Smt. Alice G Vaidyan</b>	<b>Shri G C Gaylong</b>	<b>Shri Segar Sampathkumar (Appointed w.e.f. 25.04.2016)</b>	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2759099	2413297	2113973	7286369
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	71087	302685	143018	516790
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission - as % of profit - others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total (A)	2830186	2715982	2256991	7803159
	Ceiling as per the Act				Not Applicable

**B. Remuneration to other directors**

(Amount in ₹)

Sl. no	Particulars of Remuneration	Name of Directors					
		Smt. Snehlata Shrivastava*	Shri Anil Kumar Khachi**	Smt. Usha Sangwan***	Shri A. K. Saxena#	Shri Arun Tiwari##	Shri G. Srinivasan###
1	3. Independent Directors						
	• Fee for attending board/ committee meetings	0	0	0	0	0	0
	• Commission	0	0	0	0	0	0
	• Others, please specify	0	0	0	0	0	0
	Total (1)	0	0	0	0	0	0
	4. Other Non-Executive Directors						
	• Fee for attending board/ committee meetings	0	0	0	0	0	0
	• Commission	0	0	0	0	0	0
	• Others, please specify	0	0	0	0	0	0
	Total (2)	0	0	0	0	0	0
	Total (B)=(1+2)	0	0	0	0	0	0
	Total Managerial Remuneration	0	0	0	0	0	0
	Overall Ceiling as per the Act	Not Applicable					

\*Ceased to be Director w.e.f. 22.07.2016

\*\*Appointed as Director w.e.f. 22.07.2016

\*\*\*Appointed as Director w.e.f. 06.04.2016

#Appointed as Director w.e.f. 07.06.2016 and ceased w.e.f. 30.06.2016

##Ceased to be Director w.e.f. 23.02.2017

### Appointed as Director w.e.f. 30.12.2016

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2759099	2057875	2128525	6945499
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	71087	285198	293062	649347
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission - as % of profit - others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	Total	2830186	2343073	2421587	7594846

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>B. DIRECTORS</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	0	0	0	0	0
Punishment	0	0	0	0	0
Compounding	0	0	0	0	0

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 by IRDAI 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 six directors which includes one independent director. 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:

Smt. Usha Sangwan was appointed as Ex Officio Director of the Corporation w.e.f. 06.04.2016.

Shri Segar Sampathkumar was appointed as Whole Time Director of the Corporation w.e.f. 06.04.2016.

Shri A. K. Saxena was appointed as Nominee Director of the Corporation w.e.f. 07.06.2016 and ceased to be Nominee Director w.e.f. 30.06.2016.

Smt. Snehlata Shrivastava, Government Nominee Director ceased to be a Director on the Board of the Corporation w.e.f. 22.07.2016.

Shri Anil Kumar Khachi, was appointed as Government Nominee Director of the Corporation w.e.f. 22.07.2016.

Shri G. Srinivasan was appointed as Nominee Director of the Corporation w.e.f. 30.12.2016.

Shri Arun Tiwari ceased to be Director of the Corporation w.e.f. 23.02.2017.

The Directors wish to place on record the co-operation received from Smt. Snehlata Shrivastava, Shri A. K. Saxena and Shri Arun Tiwari 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 31<sup>st</sup> March, 2017 consists of:

1. Smt. Alice G. Vaidyan	Chairman-cum- Managing Director
2. Shri Anil Kumar Khachi	Government Nominee Director
3. Smt. Usha Sangwan	Director
4. Shri G. Srinivasan	Nominee Director
5. Shri G. C. Gaylong	Executive Director
6. Shri Segar Sampathkumar	Executive Director

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

**STATEMENT SHOWING NUMBER OF BOARD MEETINGS ATTENDED BY THE DIRECTORS  
DURING THE PERIOD APRIL 2016 TO MARCH 2017**

Name of Directors	Date of Meetings						
	08.06.16	29.06.16	31.08.16	28.09.16	29.11.16	21.01.17	23.02.17
Smt. Alice G. Vaidyan	Present	Present	Present	Present	Present	Present	Present
Smt. Snehlata Shrivastava*	Absent	Absent	-	-	-	-	-
Shri. Anil Kumar Khachi**	-	-	Present	Present	Present	Present	Present
Smt. Usha Sangwan	Present	Present	Present	Present	Present	Present	Present
Dr. A. K. Saxena***	Present	Present	-	-	-	-	-
Shri. Arun Tiwari###	Present	Absent	Absent	Present	Absent	Absent	Absent
Shri G. Srinivasan#	-	-	-	-	-	Present	Absent
Shri G. C. Gaylong	Present	Present	Present	Present	Present	Present	Present
Shri Segar Sampathkumar##	-	-	-	-	Present	Present	Present

\*Ceased to be Director w.e.f. 22.07.2016

#Appointed w.e.f. 30.12.2016

\*\*Appointed w.e.f. 22.07.2016

##Appointed w.e.f. 25.04.2016 but  
joined the Corporation w.e.f. 30.09.2016

\*\*\*Appointed w.e.f. 07.06.2016 and  
ceased w.e.f. 30.06.2016

### Ceased to be Director w.e.f. 23.02.2017

## COMMITTEE OF THE BOARD

General Insurance Corporation of India has six Board level Committees, viz. Audit Committee, Investment Committee, Corporate Social Responsibility, Enterprise Risk Management, Nomination & Remuneration and Ethics Committee.

## AUDIT COMMITTEE

In compliance with Section 177 of the Companies Act, 2013, GIC Re has an Audit Committee which is headed by an Independent Director.

- 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 2016-17.

- Shri Anil Kumar Khachi (W.e.f. 31.08.2016)
- Smt. Snehlata Shrivastava (Upto 22.07.2016)
- Shri A.K. Saxena (W.e.f. 08.06.2016 and upto 30.06.2017)
- Smt. Usha Sangwan (W.e.f. 25.05.2016)
- Shri Arun Tiwari (Upto 23.02.2017)
- Shri G. C. Gaylong
- Shri Segar Sampathkumar (W.e.f. 28.10.2016)



**STATEMENT SHOWING NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED BY  
THE MEMBERS DURING THE PERIOD APRIL 2016 TO MARCH 2017**

Name of Members	Date of Meetings						
	08.06.16	29.06.16	31.08.16	28.09.16	29.11.16	21.01.17	23.02.17
Shri. Anil Kumar Khachi*	-	-	Present	Present	Present	Present	Present
Smt. Snehlata Shrivastava**	Absent	Absent	-	-	-	-	-
Dr. A. K. Saxena***	-	Present	-	-	-	-	-
Smt. Usha Sangwan	Present	Present	Present	Present	Present	Present	Present
Shri. Arun Tiwari##	Present	Absent	Absent	Present	Absent	Absent	Absent
Shri G. C. Gaylong	Present	Present	Present	Present	Present	Present	Present
Shri Segar Sampathkumar#	-	-	-	-	Present	Present	Present

\*Appointed w.e.f. 22.07.2016

#Appointed w.e.f. 25.04.2016 but joined the Corporation w.e.f. 30.09.2016

\*\*Ceased to be Director w.e.f. 22.07.2016

\*\*\*Appointed w.e.f. 07.06.2016 and ceased w.e.f. 30.06.2016

## Ceased to be Director w.e.f. 23.02.2017

**INVESTMENT COMMITTEE**

GIC Re has an Investment Committee consisting of the CMD, 3 Non-Executive Directors, 2 Executive Directors, CIO, CFO, CRO 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 2016-17 were:

- Shri Alice G. Vaidyan
- Smt. Snehlata Shrivastava (Upto 22.07.2016)
- Shri Anil Kumar Khachi (W.e.f. 31.08.2016)
- Smt. Usha Sangwan (W.e.f. 25.05.2016)
- Shri Arun Tiwari (Upto 23.02.2017)
- Shri G. Srinivasan (W.e.f. 21.01.2017)
- Shri G. C. Gaylong
- Shri Segar Sampathkumar (W.e.f. 28.10.2016)
- Shri V. C. Jain, CFO
- Shri S. Tripathy, CIO
- Smt. Madhulika Bhaskar, CRO
- Smt. Priscilla Sinha, Appointed Actuary (w.e.f. 28.10.2016)

**STATEMENT SHOWING NUMBER OF INVESTMENT COMMITTEE MEETINGS ATTENDED BY  
THE MEMBERS DURING THE PERIOD APRIL 2016 TO MARCH 2017**

Name of Directors	Date of Meetings			
	08.06.16	31.08.16	29.11.16	23.02.17
Smt. Alice G. Vaidyan	Present	Present	Present	Present
Smt. Snehlata Shrivastava*	Absent	-	-	-
Shri. Anil Kumar Khachi**	-	Present	Present	Present
Smt. Usha Sangwan	Present	Present	Present	Present
Shri. Arun Tiwari***	Present	Absent	Absent	Absent
Shri G. Srinivasan#	-	-	-	Absent
Shri G. C. Gaylong	Present	Present	Present	Present
Shri Segar Sampathkumar##	-	-	Present	Present
Shri V. C. Jain (CFO)	Present	Present	Present	Present
Shri S. Tripathy (CIO)	Present	Present	Present	Present
Smt. Madhulika Bhaskar, CRO	Present	Present	Present	Present
Smt. Priscilla Sinha, Actuary	-	-	Present	Present

\*Ceased as Director w.e.f. 22.07.2016

# Appointed w.e.f. 30.12.2016

\*\* Appointed w.e.f. 22.07.2016

## Appointed w.e.f. 25.04.2016 but  
joined the Corporation w.e.f. 30.09.2016

\*\*\*Ceased to be Director w.e.f. 23.02.2017

**NOMINATION & REMUNERATION COMMITTEE**

The Corporation has a Nomination & Remuneration Committee of the Board of Directors with the following Members for the financial year 2016-17:

1. Smt. Snehlata Shrivastava (Upto 22.07.2016)

2. Shri Anil Kumar Khachi (W.e.f. 22.07.2016)

3. Shri Arun Tiwari (Upto 23.02.2017)

4. Smt. Usha Sangwan (W.e.f. 25.05.2016)

5. Shri G. Srinivasan (W.e.f. 21.01.2017)

6. Shri G. C. Gaylong (w.e.f. 18.02.2016)

7. Shri Segar Sampathkumar (W.e.f. 28.10.2016)

## STATEMENT SHOWING NUMBER OF NOMINATION & REMUNERATION COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2016 TO MARCH 2017

Name of Members	Date of Meetings
Smt. Snehlata Srivastava*	No Remuneration Committee Meeting held during the period April 2016 to March 2017.
Shri Anil Kumar Khachi**	
Shri Arun Tiwari***	
Smt. Usha Sangwan#	
Shri G. Srinivasan##	
Shri G. C. Gaylong	
Shri Segar Sampathkumar###	

\*Ceased to be Director w.e.f. 22.07.2016

# Appointed w.e.f. 06.04.2016

\*\* Appointed w.e.f. 22.07.2016

##Appointed w.e.f. 30.12.2016

\*\*\* Ceased to be Director w.e.f. 23.02.2017

###Appointed w.e.f. 25.04.2016 but joined the Corporation w.e.f. 30.09.2016

### 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 1 Director, 2 General Managers and a Chief Risk Officer (CRO).

- The Committee is supervising 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;
- Advice 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 2016-17.

- Smt. Alice G Vaidyan
- Smt. Snehlata Shrivastava (Upto 22.07.2017)
- Shri Anil Kumar Khachi (W.e.f. 31.08.2016)
- Smt. Usha Sangwan (W.e.f. 25.05.2016)
- Shri G. Srinivasan (W.e.f. 21.01.2017)
- Shri G. C. Gaylong
- Shri Segar Sampathkumar (W.e.f. 28.10.2016)

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

Shri G.C. Gaylong, General Manager& Director

Shri B. N. Narasimhan, General Manager

Shri Segar Sampathkumar, General Manager

Smt. Madhulika Bhaskar, Deputy General Manager - Chief Risk Officer

**STATEMENT SHOWING NUMBER OF ENTERPRISE RISK MANAGEMENT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2016 TO MARCH 2017**

Name of Members	Date of Meetings			
	08.06.16	31.08.16	29.11.16	23.02.17
Smt. Alice G Vaidyan	Present	Present	Present	Present
Smt. Snehlata Shrivastava*	Absent	—	—	—
Shri. Anil Kumar Khachi**	—	Present	Present	Present
Smt. Usha Sangwan	Present	Present	Present	Present
Shri G Srinivasan#	—	—	—	Absent
Shri G C Gaylong	Present	Present	Present	Present
Shri Segar Sampathkumar##	—	—	Present	Present

\*Ceased as Director w.e.f. 22.07.2016

# Appointed w.e.f. 30.12.2016

\*\* Appointed w.e.f. 22.07.2016

## Appointed w.e.f. 25.04.2016 but joined the Corporation w.e.f. 30.09.2016

#### 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 Year 2016-17 are:

1. Smt. Alice G. Vaidyan (W.e.f. 03.02.2016)
2. Shri Anil Kumar Khachi (W.e.f. 31.08.2016)
3. Smt. Snehlata Shrivastava (Upto 22.07.2016)
4. Smt. Usha Sangwan (W.e.f. 25.05.2016)
5. Shri G. Srinivasan (W.e.f. 21.01.2017)

The members of the Ethics Committee (Management) are:

1. Shri G.C. Gaylong , General Manager & Executive Director
2. Shri D. R. Waghela, General Manager
3. Shri B. N. Narasimhan, General Manager

#### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

As per section 135 of 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 plays important role to plan, analyze, formulate and execute the CSR policies. GIC Re executes the CSR policies through NGO/ Organization which are selected through transparent evaluation process.

The members of the Corporate Social Responsibility Committee for the financial year 2016-17 were:

1. Smt. Alice G Vaidyan
2. Smt. Snehlata Shrivastava (Upto 22.07.2016)
3. Shri Anil Kumar Khachi (W.e.f. 31.08.2016)
4. Shri G. Srinivasan (w.e.f. 03.02.2016 to 30.03.2016)
5. Shri G. C. Gaylong (w.e.f. 03.02.2016)

Name of Members	Date of Meetings				
	29.06.16	31.08.16	28.09.16	29.11.16	23.02.17
Smt. Alice G Vaidyan	Present	Present	Present	Present	Present
Smt. Snehlata Shrivastava*	Absent	-	-	-	-
Shri Anil Kumar Khachi**	-	Present	Present	Present	Present
Smt. Usha Sangwan	Present	Present	Present	Present	Present
Shri G. Srinivasan#	-	-	-	-	Absent
Shri G C Gaylong	Present	Present	Present	Present	Present
Shri Segar Sampathkumar##	-	-	-	Present	Present

\*Ceased as Director w.e.f. 22.07.2016

# Appointed w.e.f. 30.12.2016

\*\* Appointed w.e.f. 22.07.2016

## Appointed w.e.f. 25.04.2016 but joined the Corporation w.e.f. 30.09.2016

## INDEPENDENT DIRECTORS MEETING:

As per section 149(8) of Companies Act 2013, Corporation has not conducted any Independent Directors Meeting as there was no independent director on the Board of Directors during the year.

## KEY MANAGERIAL PERSONNEL

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

1. Chairman & Managing Director : Mrs. Alice G. Vaidyan
2. Chief Executive Officer : Mrs. Alice G. Vaidyan
3. Company Secretary : Mrs. Suchita Gupta
4. Chief Financial Officer : Mr. V.C Jain

As per IRDA Act 1999, following are the key managerial personnel of the Corporation.

1. Chief Executive Officer : Mrs. Alice G. Vaidyan (w.e.f. 23.01.2016)
2. Chief Marketing Officer : Mr. G.C. Gaylong
3. Appointed Actuary  
(General Insurance) : Mrs. Priscilla Sinha (w.e.f. 30.09.2016)  
(Life Insurance) : Mrs. Padmaja R
4. Chief Investment Officer : Mr. Satyajit Tripathy
5. Chief of Internal Audit : Mr. G.C. Gaylong
6. Chief Finance Officer : Mr. V.C Jain
7. Chief Risk Officer : Mrs. Madhulika Bhaskar
8. Chief Compliance Officer : Mrs. 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  
Deputy General Manager & Company Secretary

## CSR ACTIVITIES

**Corporate social responsibility (CSR)** is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. **CSR** is a concept with many definitions and practices. It is an enterprise which is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large. It also means contributing positively to society and managing your organization's environmental impact.

### Our focus areas



### Some details on the activities conducted in FY 2016-17 is as under:

#### 1. Contribution to Bhagwan Mahaveer Viklang Sahayata Samiti, Hyderabad (timeline 6 months)

To further our relationship with M/s Bhagwan Mahaveer Viklang Sahayata Samiti (BMVSS), GIC Re has also associated with their Hyderabad center. Hyderabad center is located at King Kothi Hospital and is managed by, Mr. Inder Chand Jain. GIC Re has tied with BMVSS Hyderabad to contribute funds for all patients who avail their facility for a

period on 6 months starting from April, 2016. **GIC Re has contributed ₹ 25.00 lakhs towards the same.** The list of beneficiaries is received on monthly basis.

#### 2. Contribution to Bhagwan Mahaveer Viklang Sahayata Samiti, Delhi (timeline 2 months)

CSR dept has tied up with their Delhi Center at Ahimsa Bhavan, Shankar Road Crossing, New Rajendra Nagar, New Delhi for contribution for funds for patients at their centre for two months (starting from April, 2016). This contribution will help about beneficiaries to regain their mobility and dignity through fitment and provision of Jaipur foot of aids and appliances such as crutches, wheel chairs and hand paddled tricycles. GIC Re has contributed an amount of ₹ 24.50 lakhs for this initiative. The programme was initiated on 16<sup>th</sup> May, 2016. On an average they treat about 25 -30 patients in a day. We have contributed funds for 597 beneficiaries (325 polio callipers, 154 artificial limbs, 53 crutches, etc.)

#### 3. Contribution for Mid day meal scheme through Akshay Patra

Akshay Patra meals meet the nutritional requirements of children, complying with the government norms as per the recommendations of qualified nutritionists. The cooked food is distributed through heat-insulated, dust-free special purpose vehicles. Due to extensive mechanization of the kitchen, the program is able to offer children standardized, high quality, wholesome hygienic meals and makes the programme highly cost effective. GIC Re has contributed funds to support the feeding students @ ₹ 750 per child for this academic year at their Nayagarh, Surat and Vizag as also in Rourkela, Mysore, Kakinada, Guwahati centres. Funds were also provided to set up their kitchens in Hubli and Bhilai.



## CSR ACTIVITIES

### 4. Contribution to Bhagwan Mahaveer Viklang Sahayata Samiti, Ahmedabad (camp - 30.04.16 and 01.06.16)

BMVSS Ahmedabad had requested us to fund their Mobile Jaipur Foot Camp at Bangalore. The camp was conducted on 30<sup>th</sup> April and 1<sup>st</sup> May, 2016 in Kapadvanj village in Kheda district of Gujarat. The camp was conducted in multi-locations- Kapadvanj (195 beneficiaries), Halvad (8 beneficiaries), Vatva (45 beneficiaries). The camp was conducted in Halvad and Vatva was on 4<sup>th</sup> and 5<sup>th</sup> June, 2016.

**GIC Re has contributed an amount of ₹ 16.39 lakhs towards this camp.**

### 5. Health and Sanitation Initiatives through Sulabh International Social Service Organisation

GIC Re would be bearing the cost of refurbishing/ renovation of existing Sulabh Toilet Complex in Mumbai City limits at various locations 1) Jata Shankar Marg, 2) Octroi Naka, LBS, Mulund, 3) C. D. Deshmukh, Mulund, 4) Ghatkoper. GIC Re has been associated with them in renovating the existing toilet blocks in Mumbai at the various locations. We have also initiated projects for construction of toilets at Janata Market, Bhandup west, Vaikunth Park, Andheri East, Mangatram Kata at Freeway and Panjarpole, Chembur. Then construction of these toilet complexes amount to ₹ 1.34 crore. This would go a long way in elevating open defecation. The Board approved renovation of various toilet blocks through SULABH. Some of the locations been 1. Diamond Garden, 2. Irla Bridge, 3. Lido Cinema, 4. Kama Estate, 5. Dharavi block no 5, 6. Hanuman Nagar Kandivili East. The total cost of the project is ₹ 66.84 lakhs. Of these toilet blocks, three of these have been declared open for the public in the third quarter of 2016-17.

### 6. Visit of Cancer Patients adopted by GIC Re

Cancer Patients Aids Association (CPAA) is an organisation through whom we are doing work in the Health Care section. One of the projects that GIC Re had contributed funds to them were for

adoption of Cancer afflicted patients. CPAA works towards "Total Management of Cancer" since 1969. We had as a CSR activity sponsored 40 cancer affected patients including some children in the last financial year. The funding would help the concerned person for post-surgical rehabilitation, transportation, economic support for patients and their families, guidance on spiritual, emotional and psychological problems faced by the entire family. GIC Re has supported funds for 30 cancer patients in the current financial year.

### 7. Rehabilitation programme for teenagers by National Association for the Blind.

GIC Re had funded some of the vocational programmes as well as the rehabilitation programmes. GIC Re has contributed part funds for sponsoring 2 batches of the rehabilitation programme. On 4<sup>th</sup> June, 2016 the second batch of the rehabilitation programme came to an end. Due to GIC Re's support the batch size was extended from 30 to 39. This rehab course aims at improving their mobility, personal grooming, physical health, domestic science, communication skills and vocational training. The candidates for the programme came not only from Mumbai and Thane but also from far off districts like Amravati, Nasik, Pune and Ahmednagar.

### 8. Contribution of Funds for Su Samannaya for a Mobile Medical Van

Su Samannaya is non-profit making organization working for welfare of women & child, with education and health and empowerment awareness programme etc with the community for the community and by the community in a participatory manner. GIC Re had contributed funds for a Mobile Medical Van. This van is being used in the surrounding slum villages of Champdani & Bhadrashwar Blocks, in Hooghly District. The basic population in this area is of the lower middle class like rickshaw pullers, hand embroidery artisans, etc. GIC Re had contributed ₹ 20.87 lakhs for this initiative.

## CSR ACTIVITIES

### 9. Exhibition cum Sale of products supported by GIC through BNGVN.

Bhagini Nivedita Gramin Vidnyan Niketan (BNGVN) is one of the NGOs that we have been associated with from the last financial year. The focus of the project was on livelihood generation. It was decided to fund the capital expenses for 55 tribal women from the rural areas of Bahadarpur, Jalgaon for setting up retail shops. On 8<sup>th</sup> June, 2016 CSR team had invited BNGVN team from Jalgaon to Mumbai for exhibition and display of their products (kurta tops and quilts) which have been supported by GIC Re under CSR scheme. GIC Re had contributed funds to support 55 tribal women. Instead of recovering the interest amount, it was decided that every beneficiary would contribute an amount per month towards a corpus from which another women entrepreneur would be benefitted.

### 10. Contribution of funds to the drought distressed in Yavatmal district, Vidarbha.

GIC Re has supported the drought hit farmers of Vidarbha region this year by providing seed packets (cotton seed + soyabean + tuvar + jowar) to about 1000 farmers. Seed distribution ceremony was organized in which 15 farmers from Village Pandhurna (Ghatanji Block of Yavatmal) were given seed packets. In all GIC Re has contributed funds for 1000 farmers in Vidarbha and Marathwada region. Especially in Yawatmal district, one hundred twenty two widows of suicide farmers are provided with these seeds. Dilasa Sanstha was started in 1994 and focuses creating infrastructure for sustaining livelihoods of marginalized communities like small marginal farmers, landless and women. Their focus areas are basically Marathwada and Vidarbha regions of Maharashtra.

### 11. Contribution of funds to Naya Savera

Naya Savera was established in 1950 and runs 3 de-addiction and rehabilitation facility in Delhi and Himachal Pradesh. It has earned reputation for commitment to the cause of effective treatment of

addiction/alcoholism and awareness generation. The de-addiction programme consists of 3 parts; Primary Care - De addiction, Secondary Care - Rehabilitation and Follow up. GIC Re has contributed funds for de-addiction programme of 30 patients amounting to ₹ 10.80 lakhs.

### 12. Rehabilitation and Resettlement of the Survivors of Trafficking and Child Labourers at Bal Ashram (Bachpan Bachao Andolan)

Bal Ashram is a rehabilitation-cum-training center of BBA (Save the Childhood Movement) to cater specifically to the special needs of victims of child labour. In the last 4 years itself Bal Ashram has rehabilitated 405 children. Bal Ashram has provided shelter to 30-40 children in the Ashram who do not have families or cannot return to their families for various reasons and are at risk of being trafficked. They have now requested us to contribute funds towards 75 children. The financial support that would be provided by us would be utilized in providing education, stationeries, food and clothing to all these. GIC Re has contributed approximately 24 lakhs against 75 children.

### 13. Contribution for providing Economic Aid to Disabled through BMVSS

During 2015-16, GIC Re has contributed funds towards the same project last year. We have contributed funds to provide livelihood to approximately 265 individuals. This scheme provides Economic Aid to the disabled and is implemented at their centre in Jaipur only. Disabled persons are given items like foot pedalled, sewing machine or hand sewing machine, tea shop kit dhaba shop kit, mobile shop or desktop computer which enable them to earn their livelihood and live with dignity. GIC Re has contributed funds for 278 individuals amounting to ₹ 10.01 lakhs.

### 14. Contribution of funds to MAHAN Trust Hospital for purchase of Medical Equipment's

MAHAN (an acronym for Meditation, AIDS, Health, Addiction, and Nutrition) is a non-government

## CSR ACTIVITIES

organization established in 1998 to improve health care in Melghat region. They have already devoted 17 years of their life to this cause. Their hospital provides facility of 25 beds, 5 ICU beds, 3 operation theatres, laboratory, radiology room, OPD, waiting room, dormitory for relatives of patients and trainees. GIC Re has contributed funds for purchase of solar inverter and a pneumometer amounting to ₹ 13.61 lakhs.

### 15. Contribution of funds for Bulundsahar camp

GIC Re has also contributed funds for the mobile camp at Bulundsahar in Uttar Pradesh. The camp was held from 25<sup>th</sup> to 29<sup>th</sup> July, 2016. Approx ₹ 5.00 lakhs were used to fund hand-pedalled tricycles and wheel chairs to amputees and polio patients not suitable for fitment of artificial limbs or callipers. The balance amount was used to fund Jaipur foot for the disabled as per their requirements. The camp was organized at Bulundsahar under the ageism of Bhagwan Mahavir Viklang Sahyata Samiti, Delhi centre. GIC Re has contributed ₹ 15.75 lakhs for this camp.

### 16. Contribution of funds for Samaritan Help Mission

GIC Re has been associated with Samaritan Help Mission from FY 2015-16. In the last financial year we had contributed funds for building classrooms for their school. This year the same was extended for building fencing around the pond within the school campus and also to install a filtration plant. GIC Re has contributed ₹ 19.34 lakhs for these activities this year.

### 17. Contribution of funds: Shiri Saradha Sakthi Peetam

SSSP was established in 1988 and caters to the medical, educational and orphanage services to the poor and downtrodden. They have basically take orphans who have been victims of Tsunami. The main aim of SSSP is to provide a shelter and care for the homeless children and also to ensure

their educational needs at least till 10<sup>th</sup> or 12<sup>th</sup> std. GIC Re has contributed funds amounting to ₹ 13.00 lakhs approx for setting up their computer lab.

### 18. Contribution of Funds to Samata Pratisthan.

SAMATA PRATISHTHAN is established on 3<sup>rd</sup> January 1987 and focuses on constructive movement for the up-liftment of the socio-economically backward people in the rural areas of the Yeola Taluka, Nasik. This NGO runs Four Normal schools, One Primary School, Two Balsanskar Kendra's and in special section also runs a Maiboli Residential School, Bahuudeshiy Apang Niwasi Karyashala and Study Centre for Diploma in Paithani Handicraft & Modern Garments for the Hearing Impaired and handicapped children across Yeola Taluka. There are 110 children in this school at present. GIC Re has initiated 2 projects here. The first project was to build a fencing/ compound wall for their school premises and the second was to help them set up the first floor of the vocational centre. The cost of both the projects is approx ₹ 32.00 lakhs.

### 19. Village Activities at Sapte and Dhumodi Nasik through MITTRA

Trimbak is one of tribal block of Nashik district with significant tribal population. Maharashtra Institute of Technology Transfer for Rural Areas (MITTRA) is an associate organisation of BAIF Development Research Foundation BAIF established in 1993 with the mission of creating opportunities of gainful self-employment for the poor rural families. The main activity conducted here was establishing drinking water supply scheme for safe drinking water for both proposed villages through community participation and creating primary health hygiene as well as strengthening the school infrastructure and setting up of solar street lamps. They set up women SHGs who monitor the successful implementation of these programmes. GIC Re has contributed about 20 lakhs each approximately for both the villages.

## CSR ACTIVITIES

### 20. Contribution of funds to Sri Chaitanya Seva Trust

Sri Chaitanya Seva Trust-not for profit organization and has been offering various community healthcare programs to the poor and the needy spectrum of the society staying in the rural and tribal areas of Thane and Palghar districts. They manage the Bhaktivedanta Hospital since its inception on 11th January, 1998 and cater to healthcare services in and around Mira-Bhayander localities of the Thane District. GIC Re contributed funds to conduct 5 health camps in the tribal and remote areas of Thane and Palghar district, specially to cater to eye related disorders.

### 21. Contribution of funds for Mobile Van for BMVSS Mumbai Center.

Bhagwan Mahavir Viklang Sahyata Samiti, Mumbai Center has been associated with GIC Re from the last financial year. We had conducted mobile Jaipur foot camps across the districts of Buldhana, Jalna and Mumbai in the last year. To facilitate these services, we have contributed ₹ 23.91 lakhs for a mobile van which would be used at various locations when they conduct their mobile camps.

### 22. Contribution of funds for Parivar

Parivar is a humanitarian service organization, based in 24 Parganas (S), West Bengal, and at present is chiefly working for total care and overall development of children from categories like orphans, girl children highly vulnerable to exploitation, victimization, and trafficking, street children, abandoned children, extremely impoverished children from tribal areas and other such highly vulnerable children at Parivar Ashram, Village- Barkalikapur, P.O. Bakhrahahat, District 24 Parganas (South), West Bengal. GIC Re has contributed ₹ 25.00 lakhs for construction of one floor of girl's hostel.

### 23. Contribution of funds to Gaudiya Mission, Kolkata

Gaudiya Mission is a philanthropic organization engaged in the service of society. It was established in 1918. It is a pan India association which is involved in the field of cultural, aesthetic and humanitarian activities wherein special care and stress is laid on the sufferings of the poor, ailing and destitute and neglected section of the society. GIC Re has contributed funds amounting to approximately ₹ 14.00 lakhs for a Force Traveller Minibus.

### 24. Contribution of funds for Government run Schools in Lahaul & Spiti, Himachal Pradesh

GIC has initiated Dyandeep Yojana in the current Financial Year. The scheme revolves around government run schools. The Deputy Commissioner, District Lahaul & Spiti (Himachal Pradesh) had approached us for upgradation of three schools for their library section. The names of the schools are a) GSSS Sissu, b) GSSS Keylong and c) GSSS Jahalman. All these districts are backward and the local tribal population relies on agriculture for their livelihood. To improve upon the current system, the DC has suggested that the text book learning be appended with the introduction of some of the geniuses of literacy world- fiction, nonfiction and competitive literature. GIC Re has contributed ₹ 15.30 lakhs for upgradation of these 3 schools.

### 25. Contribution of funds for Nirmal Gram Panchayat, Ambavali, Ratnagiri.

Ambavali village falls in Sangameshwar taluka of district Ratnagiri. It is part of the Konkan region. It is primarily agrarian society. Ambavali enjoys salubrious climate. Summers are warm and winters are not very chilly, though it experiences heavy rains. (400 cm to 500 cm rains every year). Rice, Cashew and Alphonso (Hapus) Mangoes are major

## CSR ACTIVITIES

crops here. Niramal Gram Panchayat had approached us to contribute funds for their local government run school for school painting and construction of toilet block amounting to ₹ 14.50 lakhs. The said school, Purna Primary Marathi School, Ambavali is No. 1. The school is approximately 60 years old and the students study up to 7<sup>th</sup> standard.

### 26. Contribution of funds for Kalinga Institute of Social Sciences.

Kalinga Institute of Social Sciences was founded by Mr. Achyuta Samanta in 1993. It is one of the world's largest residential institutions in the world meant to impart education to the tribal population. They have independent sprawling campus for all educational activities, administrative building, classrooms, library, separate hostel for boys and girls, laboratories, conference hall, computer lab, etc. They also have 100 bedded dispensaries with qualified doctors as well as a multi-specialty hospital to take care of the residential students. GIC Re has contributed funds for 80 students who are doing their post-graduation. The total contribution amounts to ₹ 24.00 lakhs.

### 27. Contribution of funds for Mobile Dispensary to Bharat Jodo Youth Academy

Kinwat is located in a remote place and the only tribal taluka of the Marathawada region in Maharashtra State. Bharat Jodo Youth Academy finds its roots in the Bharat Jodo Abhiyan, i.e. "KNIT INDIA" bicycle march led by renowned social reformer Hon. BABA AMTE. The academy aims at channelizing the YOUTH POWER in this country into socio-economic transformation for better tomorrow through national integration, work for downtrodden, struggle against injustice, constructive work, eco-friendly development in all aspects so as to build up or strengthen the country. They have requested us for a medical dispensary van which reaches out to the tribal villagers for basic primary health care. We have contributed approximately ₹ 24.00 lakhs for the mobile van and its running expenses.

### 28. Contribution of funds for Vocational center construction at "Gharonda"- Helpers of Handicap

In the last financial year, GIC Re has contributed funds for Cashew Processing Unit in Swapna Nagari Project near Sawantwadi. GIC Re has contributed funds for the construction of 2 training halls on the first floor of their existing Gharonda hostel with an access ramp. They intend to conduct skill development and training program in tailoring and needlework (embroidery), food processing, basic technology, computer operations, IT skills, and other soft skills which will make them self-employed or gainfully employed. We have agreed to contribute ₹ 25.00 lakhs towards this programme.

### 29. Contribution of funds to Malvi Educational and Charitable Trust, Navsari, Gujarat

Malvi educational and charitable Trust has achieved a reasonable successful height by running "Shantaba Vidyalaya" which is a school for adivasi students from 3 to 16 years of age. More than 90% of the students are orphans or those who have single parents. The trust have decided to make an humble effort of adorning a bright branch by providing shelter to orphans as well as children deprived of any of their parent or both under the bright and broad banner called "VATSALYADHAM". GIC Re has contributed funds for construction of toilet block in boys hostel as well as providing other school related accessories amounting to ₹ 15.5 lakhs.

### 30. Contribution for Mid-day Meal Scheme through Annamrita

The Mid-day Meal Scheme is a school meal programme of the Government of India designed to improve the nutritional status of school-age children nationwide. GIC Re has contributed for the mid-day meal scheme at Wada amounting to ₹ 15.00 lakhs. A majority of the student population in India is still unable to get even one complete square meal for the day, only because they are



## CSR ACTIVITIES

stuck in the vicious circle of poverty and illiteracy. This scheme helps to fight malnutrition, to improve the effectiveness of primary education.

### 31. **Contribution of funds for non stress machines for Rural Development Trust**

Rural Development Trust works in varied fields like education, livelihood generation, environment protection, rainwater harvesting and healthcare to mention some of them. RDT basically caters to the underprivileged in Anantpur district of Andhra Pradesh State. GIC Re has contributed funds for us for 6 NST fetal monitors for their gynaecology and obstetrics units in Bhathalapalli and Kalyandurg hospitals costing ₹ 21,90,000/-. These machines provide quality medical facilities especially to pregnant women and new born children. NST machines are used to visualize foetus during routine and emergency pre natal care. This would enable doctors to provide good ante natal care and delivery and help in reducing the infant mortality rate and mother mortality rates.

### 32. **Scholarship towards PGHI for 2016-17**

Insurance Institute of India (III) in association with the Autonomous of Economics, University of Mumbai has launched one year post graduate diploma in Health Insurance (PGDHI) Course. The course is designed to provide academic rigor and recognition of the University system along with the domain knowledge and expertise of insurance industry, the scheme is known as "GIC Re – III Vima Vidya Visharad (GIC-III-VVV)" and the main object to provide assistance to meritorious student from lower income candidates enrolled in the PGDHI Course at III. GIC Re has granted scholarship for the following students and contributed an amount of approx. ₹ 2.61 lakhs towards this initiative. The names of the meritorious students are as under:

Mr. Jagannath Mahato  
 Mr. Jayshil Katkar  
 Ms. Eishwari Satelkar

Mr. Mitheliesh Pancholi

Mr. Sanjay Bibnaware

Mr. Sachin D Rathod

### 33. **Contribution of funds for Skill development (Industrial Tailoring unit) through SHM, Howrah.**

This project aims at enhancing employability among the underprivileged adolescent girls and women of Tikiapara slum through up-gradation of the Conventional Tailoring unit into Industrial Tailoring unit. The project aims at giving the target community an honourable source of income to earn a basic living and to improve their living through industrial tailoring training and support programme. A total of 240 women are trained in the year 2016-17 in 3 batches. GIC Re has contributed ₹ 22.17 lakhs for this project. The project was inaugurated on 29<sup>th</sup> December, 2017 by GM, Mr. Ramulu.

### 34. **Contribution of funds for a fully equipped ambulance to Borderless World Foundation.**

Borderless World Foundation's founders are working in the Jammu & Kashmir state since 1997. BWF is working on grass root level and in the interior regions of J&K state, where conflict/armed-conflicts resulted loss of life, administration breakdown leading to a sense of hopelessness and aimlessness in the community. The widely spread out population coupled with the mountainous terrain, poor road connectivity, poverty and conflict, increases many times the need for emergency services in this area. GIC Re has contributed funds for a fully equipped ambulance for approximately ₹ 20.00 lakhs. The ambulance was used to help 17 pregnant women and 21 accident cases in the Kupwara district of Kashmir in the month of April, 2016.

### 35. **Contribution of funds for Nursing school**

Ramakrishna Mission Sevashrama, Vrindaban, provides the poor and distressed receive solace and support through our activities.



## CSR ACTIVITIES

The School of Nursing provides General Nursing and Midwifery (GNM) course of 3-year duration and is attached to the 175-bed Charitable Hospital. The course is free for the under provided students (girls). GIC Re has contributed funds for 80 students for the current academic year (2016-17) amounting to ₹ 24.00 lakhs.

### 36. Van for CPAA

CPAA was started in 1969 mainly to provide financial assistance to needy cancer patients. During the last forty seven years, the organisation has expanded its mission by addressing the root cause of the exponential increase in cancer cases in India, mainly over the lack of knowledge and information. CPAA does not treat cancer but complements the work being done by medical practitioners and hospitals, concentrating on education and awareness, early detection, insurance, support to treatment, guidance, counselling and rehabilitation or in other words the "Total Management of Cancer". GIC has contributed approximately ₹ 10.00 lakhs for purchase of 2 ECO A/C Vehicles. The same are used to ferry the patients from Dharamshalas to the respective hospitals for their treatment.

### 37. Construction of MYCO bacterial Lab at Anantpur Hospital through Rural Development Trust

Rural Development Trust (RDT) has been implementing its program activities across various sectors in 3268 villages spread across 102 Revenue Mandals in 4 districts of Andhra Pradesh and 2 districts of Telangana, South India. GIC Re has been associated with them for the past two years. RDT has been committed towards some of the interventions like Education, Women, Community Health including HIV/AIDS, Hospitals, Community Habitat, CBR (Community-based Rehabilitation), Ecology and Sports and Culture. The Board has given its approval for the upgradation of the MYCO bacterial Lab at the Bhathalapalli Hospital in Ananthpuram which is a dedicated hospital for infectious diseases. The cost of the project is approx.

₹ 68.00 lakhs. GIC Re has agreed to contribute approx. ₹ 63.00 lakhs for this project. One instalment of approx. ₹ 25.00 lakhs has been already transferred to their accounts.

### 38. Contribution to Pratibha Poshini

Pratibha Poshini is a group of likeminded senior citizens eager to give something back to society. It was formed in 1964 and basically focuses on informal education to the under privileged. Each year, Prathibha Poshini sends applications to schools around Trivandrum city to identify the eligible students. Ten kids from Class VI are then selected from a list of 50 recommended by the heads of the schools, after a screening test and interview. A stipend of ₹ 500 is given to each student on the first Sunday of every month. These children, for the next five years, are given special coaching on all Sundays on the academic subjects and also to help develop soft skills. GIC Re has sponsored an amount of ₹ 4.30 lakhs towards the meals and the informal education for 50 children.

### 39. Funds for Ambala General and Cancer Hospital

**Rotary Ambala Cancer Detection and Welfare Society** is a Non-profit NGO that has established Rotary Ambala Cancer and General Hospital with a motive to provide quality treatment at affordable price. GIC Re has been associated with them in the last financial year also. In the current financial year, we have contributed ₹ 45.00 lakhs premium ultrasound system. This machine is of great help to diagnose early breast cancer and liver cancer patients, as these are one of the most common forms of cancer in Ambala. The equipment has benefitted approximately 2441 cases in FY 2016-17.

### 40. Water Shed Management –Dilassa Sanstha

Dilassa Sanstha is a non-government organization established on 2nd October 1994 working in the field of rural development. Dilasa's focus is on creating infrastructure for sustaining livelihoods of marginalized communities like small marginal

## CSR ACTIVITIES

farmers, landless and women. GIC Re has selected 22 villages in the Ambad block in Jalna district (which is basically drought prone) for water shed activities to be implemented through Dilassa Sanstha. The entire project cost would amount to ₹ 4.37 crores. The object of the project is to create sustainable livelihood of distressed farmer community through Irrigation Development & Management with community participation to solve the drinking water problem permanently as enhancement in ground water table through water and soil conservation work.

### 41. **Contribution of funds to Dhan Tank Vayagalam Foundation**

In Karnataka, tanks have been the main source of water conservation for centuries, tanks were village properties that supported the villagers as a major source of livelihood in peninsular India. The Vayalagam Tank fed Agriculture Development Programme (VTADP) works for the development, management and conservation of tank systems. GIC Re has funded their project in Pavgada block in Tumkur district in Karnataka. The basic purpose of the project is renovation of tank cascade for enhance agricultural production and sustaining

the tank fed agriculture. The Pavgada block is perennially drought hit region in Karnataka. 50 ground water wells will be recharged (enabling them to increase their storage capacity) 245.5 acre of tank command area will be stabilised for the tank fed agriculture. GIC Re has contributed approx. ₹ 22.00 lakhs for this project.

### 42. **Construction of Aganwadis at Anantapur through Rural Development Trust.**

The objective of these Aganwadis project is to provide quality services to children and mothers through these Aganwadis. RDT was founded by Father Vicente Ferrer and Anne Ferrer in 1969 at Anantapur, Rayalaseema Region of Andhra Pradesh. **It basically focuses on areas like Education, Women empowerment, Community Health, including HIV/AIDS, Hospitals, Community Habitat, Green Initiatives, etc. The cost of this project is ₹ 24.45 lakhs. GIC Re has contributed funds to provide/construct permanent buildings to run Aganwadis centre with a view to enable RDT to cater to** a) 156 children (1-3 age group); b) 105 children (preschool); c) 35 pregnant mothers and d) 39 post natal mothers.

## ECONOMIC ENVIROMENT

India is today world's fourth fastest growing economy, according to the World Bank's latest edition of Global Economic Prospects. During the current fiscal its economy is expected to grow by 7.2%, slightly above the country's long-term growth.

Country's economy was expected to outperform fiscal 2015-16 in fiscal 2016-17 with favourable monsoon and wage increase post-implementation of the 7<sup>th</sup> Pay Commission. These and other positive sentiments were expected to spur consumption in the second half of the fiscal 2016-17.

Withdrawal of large denomination currency notes in end-2016, however, adversely impacted the economy and growth in the fourth quarter slowed down to 6.1% compared to 7.1% in the previous quarter. The World Bank also revised its outlook slightly down reflecting a more protracted recovery in private investment in the country than previously expected.

The gross domestic product grew 7.1% in the full financial year 2016-17, slower than 8% recorded in the previous year. Overall outlook however remains positive and growth is forecast to increase to 7.2 percent in FY 2017 (April 1, 2017 - March 31, 2018). Slowdown in growth due to demonetization was temporary and the expansion will pick up again as further economic reforms kick in.

Moreover, domestic demand is expected to remain strong, supported by ongoing policy reforms, especially with the roll out of the nationwide Goods and Services Tax (GST). Significant gains by the ruling party in some state elections should also support government's economic reform agenda, which aims at unlocking supply constraints, and creating a business environment that is more conducive to private investment.

With easing of cash shortage and rising exports, growth is expected to rebound in 2017-18. An increase in government spending including on capital formation has partially offset the soft-private investment environment. Contingent liabilities, however, are building up due to prospects of debt write-offs for farmers in several states of the country.

A normal monsoon along with ongoing reforms is likely to push up the growth rate in the current year. World Bank has also projected India to expand its GDP to 7.2% in 2017-18 as the country reaps the benefits of reforms such as GST.

No rate cuts from RBI in the near future are expected to spur growth but GST rollout could provide an impetus to the economy.

## INDIAN INSURANCE SECTOR DEVELOPMENTS

Indian insurance market comprises of 24 life insurance companies, 31 general insurance companies, two Indian reinsurers and 8 branches of overseas reinsurers. The country houses 17% of the global population, however, the Indian insurance market accounts for less than 1.5% of the total global insurance premium.

General insurance companies wrote gross direct premium of ₹ 1,27,212 crore during 2016-17, which was a growth of 32%. During 2015-16 the gross premium income of general insurance industry was ₹ 96,401 crore, a growth of over 14% over the previous year.

This sharp growth in the non-life sector was largely due to the traditional growth booster portfolios of health and motor insurance. The new crop insurance scheme Pradhan Mantri Fasal Beema Yojana also contributed substantially to this growth.

The crop insurance portfolio grew at 288 percent during 2016-17. The segment registered a premium income of ₹ 20,611 crore in the fiscal 2016-17 as compared to ₹ 5,310 crore collected in 2015-16. Its market share grew to 16.1 percent in FY 2017 from 5.5 percent in 2015-16.

While life insurance industry saw its new business premium at ₹ 1,75,022 crore as on March 2017 as compared to ₹ 1,387,60 crore in March 2016 a growth of 26.13%.

During the year 2016-17 the market saw the setting up of the second Indian reinsurer, ITI Re and the branches of five overseas reinsurers as also that of Lloyd's of London.

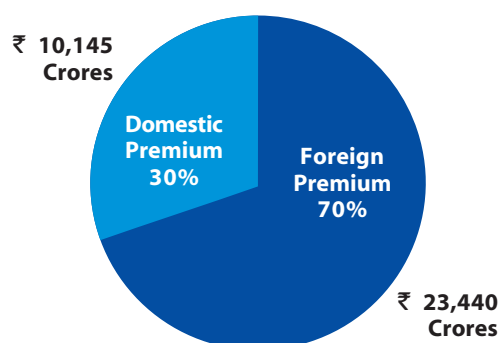
GIC Re, set up its office at the International Financial Services Centre (IFSC) in Gujarat International Finance Tec-City (GIFT City).

Fiscal 2016-17 also saw the first insurance company of India going public and being listed on the bourses. ICICI Prudential Life Insurance Company was listed on the bourses in September 2016.

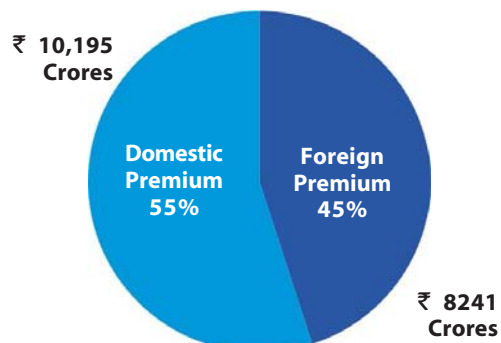
Reliance General Insurance Company, ICICI Lombard General Insurance Company and state-run New India Assurance Company and the Indian reinsurer General Insurance Corporation of India (GIC Re) are also slated to come out with their initial public offers in 2017-18.

## INTERNATIONAL AND DOMESTIC BUSINESS COMPOSITION

**Premium Split: 2016-17**

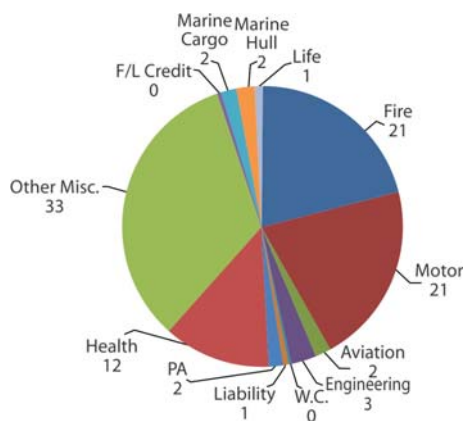


**Premium Split: 2015-16**

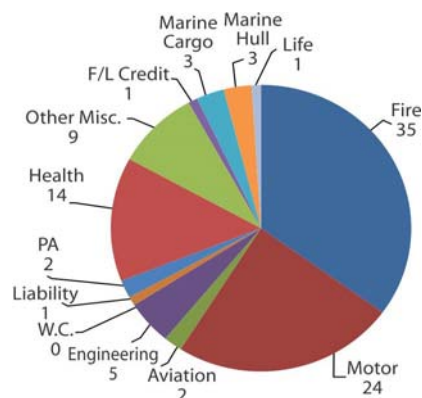


## EARNED PREMIUM BREAK-UP

**Earned Premium Share (%) 2016-17**



**Earned Premium Share (%) 2015-16**



## GIC'S BUSINESS PERFORMANCE

The Corporation's gross premium income during the year 2016-17 is ₹ 33585 crore and the income from investments was ₹ 4179.60 crore. Underwriting results show an overall loss of ₹ 606 crore in 2016-17 compared to an underwriting loss of ₹ 1183 crore in the previous year. The ratio of total business expenses to the earned premium i.e. Combined Ratio stood at 102.3%. The Solvency Margin of the Corporation as on 31<sup>st</sup> March, 2017 was 2.40.

## CLASS WISE PERFORMANCE

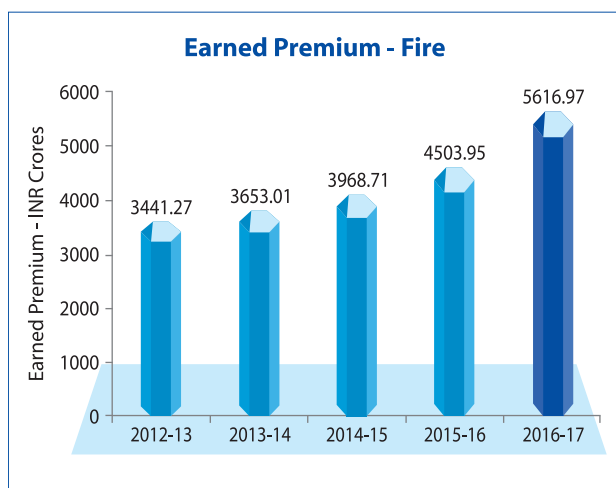
### FIRE:

GIC Re's Earned premium for Fire Business for the year 2016 -17 was ₹ 5616.97 crore as compared to ₹ 4503.95 crore in the previous year.

The domestic premium has reduced by 4.8% to ₹ 1104.15 crore from ₹ 1159.80 crore in the previous year. The foreign premium grew by 34.95 % to ₹ 4512.83 crore from ₹ 3344.15 crore in the previous year.

The incurred claims stood at ₹ 4385.03 crore compared to ₹ 3449.22 crore last year, which is an increase of almost 27.13 % - mainly due to Domestic Catastrophic Losses like Cyclone Vardah and Risk Losses like M B Power, Electrosteel, Subros, Bhilosa Industries and Foreign Catastrophic Losses like floods in Sri Lanka, Peru and China, Typhoon Meranti in China, Taiwan Earthquake and Ecuador Earthquake.

The fire portfolio made an underwriting loss of ₹ 496.24 crore as compared to the loss of ₹ 202.94 crore in the previous year. The combined ratio for fire stood at 108.8% as against 104.5% for last year



## MARINE HULL

Marine Hull business of GIC Re has shown a moderate de-growth in premium income this financial year over the previous year. The premium de-growth of this year can be attributed to soft market conditions and increased capacity globally resulting in premium reduction in the portfolio. The results were affected this year due to the major loss at L&T Katupally shipyard resulting from Vardah cyclone. The gross premium income this year stood at ₹ 672.72 crore as compared to ₹ 675.62 crore last year.

The shortfall of premium can also be attributed to competitive pricing and economic recession and soft Reinsurance market. Out of three Branch Offices of GIC, only London branch have shown phenomenal increase in hull premium while the other two branches attributed to the premium de-growth. GIC Re continued its effort to maintain the underwriting discipline in the domestic market; however the increased presence of international players, aggressive pricing to keep up their foothold in the market had its effects on the premium volume and pricing. The increased IBNR provisions do affect the results of the portfolio at Head Office as well as Branch Offices.

GIC Re continues to administer the Hull War Risk Scheme, Marine Hull Pool, monitor the rates & terms and tries to match it with London War Risk Scheme. GIC Re has started quoting & participating in the new line of business i.e., Port Package risks and the results has been encouraging. GIC Re would continue to look positively at the P&I portfolio & Builders Risk portfolio for both domestic as well as foreign portfolio. GIC Re is also exploring opportunities in other international markets like China, Brazil, Europe & Russia to improve the performance of the portfolio and better spread of the portfolio.

## MARINE CARGO

Cargo premiums continue to be under pressure following the economic slow-down and substantial capacity of domestic players further driving down prices. GIC Re's overall cargo premium for 2016-17 increased by 31.60 % over the previous year. The gross premium income this year stood at ₹ 444.60 Crs as against ₹ 337.76

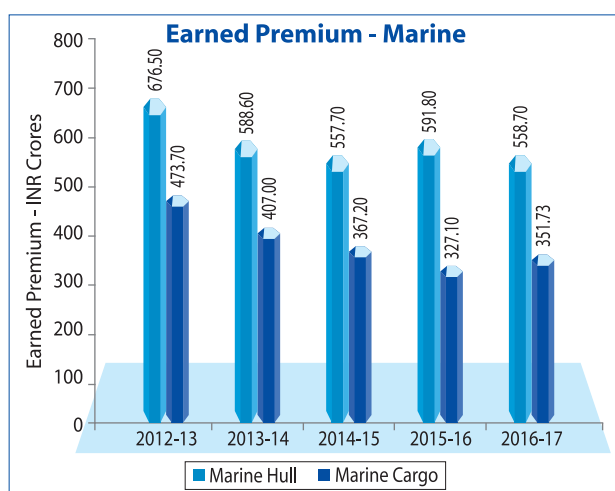
Crs last year in view of addition of few new accounts, while maintaining the selective & quality underwriting by the Department.

GIC Re has shown reasonable growth in the domestic premium level as compared to last year. The same trend is also seen in the performance of the foreign branches business. New regulatory requirements in China and Nigeria have resulted in GIC Re not getting the renewal signings on some treaty accounts. However, GIC Re continues to seek opportunities in both existing and alternate markets, especially Russia & Asian region.

There are no major losses affecting cargo portfolio. Besides other attritional losses on the direct side, coupled with IBNR provisioning has resulted in better incurred loss ratio of around 44.90% for this year as against 61.30% in the previous year.

GIC Re has renewed the two Marine Protection programs i.e. (i) Combined Marine & Energy and (ii) Foreign Hull & Cargo effective 1<sup>st</sup> May, 2017 with increased capacity, more relaxations & flexibility. These programs will enable GIC Re to write more domestic as well as international business with reinsurance protection.

The revival of Indian economy and new policies expected to drive growth, translate in increase in Marine Cargo business. GIC Re will be looking for more opportunities.



## OIL AND ENERGY

GIC Re's aim has been to develop the Oil & Energy portfolio whilst at the same time adopting a disciplined underwriting approach.

The strategy has worked well in the Off-shore Oil & Energy business segment, which continues to show growth albeit increase of 20% over the previous year. The combined ratio for 2016-17 stands at 60% due to one major loss i.e., Kwarmee FPSO, Offshore Ghana reported during this year. Foreign business predominates with 80.00% of total energy premium, thereby reflecting GIC Re's position as a recognized capacity provider.

The down-ward cycle in crude oil prices resulted in lower capital investment in the energy sector is one area of concern for premium growth. Coupled with substantial energy capacity and no major claims is further driving down prices.

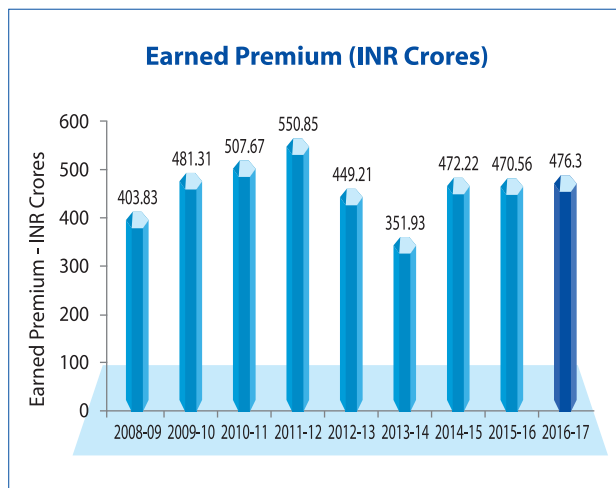
However, with increased capacity and protection in place, GIC Re would be able to explore more opportunities in the areas like Mexico, USA, China, Brazil, Europe & Russia.

## AVIATION

Although the year 2016-17 was an exception year as regards aviation safety, it did not translate into a good loss experience for reinsurers in view of continued to softening trends and abundance of capacity. Although there were no catastrophic losses, the year witnessed unusually high frequency of attritional losses. The market, however, remained much the same as in 2015-16 with rate reductions for risks that showed fleet growth and strong safety record. It was important for GIC Re to hold on to its position in the aviation reinsurance market. Considering the market conditions, GIC Re has widened its portfolio by participation in varied reinsurance arrangements which includes writing of space reinsurance business. The gross premium for 2016-17 of ₹ 662.39 cores which represented an increase of 47.60%. In 2016 Incurred loss for the year is ₹ 434 Cr. The major claims during the year were Egypt Air and Emirates Air.



The earned premium movement over the years may be summarized as below:



## LIABILITY

The Liability portfolio for Casualty and Financial Lines remained stable. Even though the reinsurance markets remained soft liability business continued to experience growth mainly due to increase in awareness of the corporate sector of the liability products like Directors and Officers Liability, Cyber Liability and Nuclear risk liability. With more companies expanding their liability portfolios, GIC Re has shown a growth of 55.1% as compared to 2015-16. Obligatory cessions continued to remain at 5% with increased capping limits of cession for both casualty and financial lines. No major losses have been reported for the financial year 2016-17.

₹ in crores

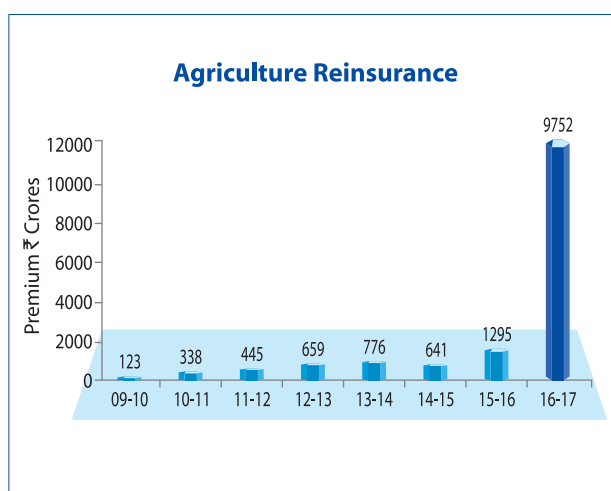
	2016-17	2015-16	Growth (%)
Gross Written Premium	<b>233.40</b>	150.53	<b>55.1</b>
Earned Premium	<b>178.02</b>	122.60	46.2
Incurred Claims	<b>101.41</b>	58.36	73.8

## AGRICULTURE REINSURANCE

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

GIC Re's Agriculture segment includes support to domestic Agriculture insurance industry for covering the Pradhan Mantri Fasal Bima Yojana insurance scheme (PMFBY), which comprises both a yield index based scheme and Restructured Weather Based Crop Insurance Scheme.

The total Reinsurance premium for Agriculture portfolio in 2016-17 is ₹ 9,752 Crores. Out of total premium in 2016-17, Indian market premium is ₹ 9,628 Crores while ₹ 124 Crores is written from rest of the world.

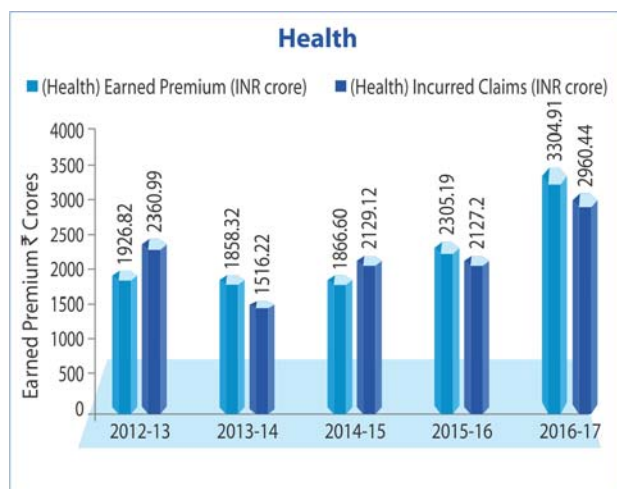


## HEALTH

Health GIC Re Health portfolio comprises mostly of Obligatory cessions, some selective domestic treaties besides the Health business written by the foreign branches. For the year 2016-17, more proportional treaties under the Health class has resulted in a growth rate of 66.6% over the year 2015-16.

₹ in crores

	2016-17	2015-16	Growth (%)
Gross Written Premium	<b>4172.88</b>	2504.19	<b>66.6</b>
Earned Premium	<b>3304.91</b>	2305.19	43.4
Incurred Claims	<b>2960.44</b>	2127.20	39.2



## MOTOR

The Gross/Net Motor Premium during this Fiscal Year was ₹ **6624.39 crore** as against ₹ **4,488.29 crore** in corresponding previous year, registering a growth rate of **47.59%**.

Earned premium for the year stands at ₹ **5592.06 crore** as compared to ₹ **4,146.88 crore** in the previous year, registering commendable growth rate of **34.85%**.

Incurred claims for the year were ₹ **5388.67 crore** as compared to ₹ **3,899.17 crore** in previous year, with an increase of **38.20%** over previous year.

(₹In Crore)

	2016-17	2015-16	Growth %
Gross Written Premium	6,624.39	4,488.29	47.59%
Earned Premium	5,592.06	4,146.88	34.85%
Incurred Claims	5,388.67	3,899.17	38.20%

Motor Portfolio has shown spectacular growth in the top line which is a true mark of our stronghold in the domestic market.

The boost in top line this year is propelled by our growth on the domestic front which registers year on year increase of 55.81%. This is largely on contribution from our domestic proportional arrangements.

Our Foreign book has shown year on year growth rate of 24.79%.

The incurred claims this year show an increase of 38.20% compared to previous year. This is attributed to cumulative losses from natural catastrophes in the previous year along with the attritional losses this year.

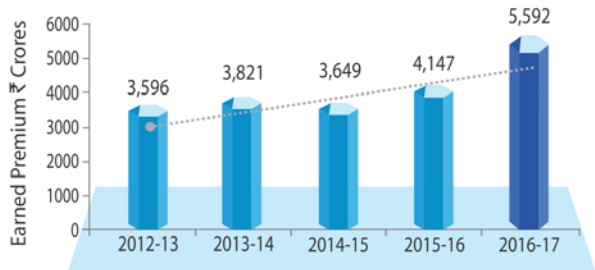
With prudent underwriting in new markets and stellar growth in established markets, our standing in domestic and foreign fronts is as under:

## Portfolio Contribution (Gross Written Premium)

(₹In Crore)

	GIC Re	Domestic Market	% of GIC Re	Foreign Market	% of GIC Re
2015-16	4,488.29	3,299.63	73.52%	1,188.67	26.48%
2016-17	6,624.39	5,141.09	77.61%	1,483.30	22.39%
Growth YOY %	47.59%	55.81%		24.79%	

## Earned Premium - Motor



## OTHER MISCELLANEOUS

Miscellaneous has shown positive growth of over 145.4% in the 2016-17. The department has been constantly endeavoring to provide sufficient capacity to cedants through treaty and facultative arrangements and also supporting new types of approved insurance covers

₹ in crores

	2016-17	2015-16	Growth (%)
Gross Written Premium	<b>987.94</b>	402.53	145.4
Earned Premium	<b>534.61</b>	356.11	50.1
Incurred Claims	<b>(46.217)</b>	193.91	-

## LIFE REINSURANCE

In Life Insurance Business, India is ranked 10th among the 88 countries. At present, there are 24 Life Insurance Companies operating in India.

Indian Life Insurance has shown growth of 26.2% for new business premium for year 2016-17. LIC has shown growth of 27.36% whereas Private Life Insurers have shown growth of 23.5%. (Source: IRDA).

Gross Life Re premium of the Corporation has increased to ₹ 362.57 crores from ₹ 230.65 crores in the previous year, a significant growth of 57.20%. Earned premium has decreased marginally to ₹ 234.97 crores from ₹ 237.56 crores in the last year.

GIC Re has continued to support Life Insurance Companies for PMJJBY scheme launched by Government of India in 2015.

## 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 reinsurer's post-9/11. The Pool has thus completed 14 years of successful operations. All Indian non-life insurance companies (excluding monoline insurers) and GIC Re are members of the Pool. The Pool is applicable to insurance of terrorism risk covered under property insurance policies. w.e.f. 01<sup>st</sup> April 2017 limit of indemnity has been increased to ₹ 2,000 crores per location. Premium rates were revised downward under the Terrorism Pool arrangement w.e.f 01<sup>st</sup> April 2014.

In order to improve the market penetration for Terrorism Risk Insurance with better marketing by Brokers/Agents, Brokerage of upto 5% was allowed 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 2016-17 was ₹ 503.67 crores and claims paid by the Pool during 2016-17 were ₹ 14.42 crores. No major losses were reported to the Pool during 2016-17.

## SEGMENTWISE CLAIMS EXPERIENCE

(₹ in crore)

		INDIAN			FOREIGN		
		Earned Premium	Incurred Claims	Incurred Claims Ratio	Earned Premium	Incurred Claims	Incurred Claims Ratio
Fire	2016-17	1104.15	1368.03	124%	4512.83	3017.00	67%
Fire	2015-16	1159.80	1650.33	142%	3344.15	1798.89	54%
Engineering	2016-17	404.59	44.31	11%	412.83	325.24	79%
Engineering	2015-16	362.18	-34.14	-9%	372.81	268.41	72%
Marine	2016-17	432.60	401.75	93%	627.01	354.16	56%
Marine	2015-16	311.44	210.47	68%	632.09	422.33	67%
Misc. Other	2016-17	11557.08	8921.54	77%	1360.44	1046.49	77%
Misc. Other	2015-16	3038.70	3006.91	99%	1096.67	1177.11	107%
Life	2016-17	246.83	324.61	132%	-11.86	20.12	-170%
Life	2015-16	181.74	107.15	59%	55.82	62.84	113%
Aviation	2016-17	22.34	11.64	52%	453.99	422.85	93%
Aviation	2015-16	58.76	88.40	150%	411.80	242.00	59%
Motor	2016-17	4220.36	4394.86	104%	1371.70	993.81	72%
Motor	2015-16	3157.88	3017.36	96%	989.00	881.80	89%
<b>Total</b>	<b>2016-17</b>	<b>17987.95</b>	<b>15466.74</b>	<b>86%</b>	<b>8726.94</b>	<b>6179.67</b>	<b>71%</b>
Total	2015-16	8270.50	8046.48	97%	6902.34	4853.38	70%

## INVESTMENT

### Indian Economy 2016-17

The outcome of Brexit, demonetisation and the US Presidential elections were key highlights of 2017.

The Indian Economy has sustained a macro-economic environment of relatively lower inflation, fiscal discipline and moderate current account deficit coupled with broadly stable rupee-dollar exchange rate. The growth rate of GDP by the Central Statistics Office for the year 2016-17 is placed at 7.1%, less than 7.6% recorded in the previous year (2015-16).

The economy was expected to outperform in the fiscal year with favorable monsoon and wage increase, which was expected to spur consumption in the second half of the fiscal. However, demonetization had temporarily slowed down economic activities in the third & fourth quarter due to cash crunch. Almost all sectors, with the exception of agriculture, showed deceleration in the aftermath of demonetization. Thanks to good monsoon, the agricultural sector posted a huge jump in growth as it expanded by 4.9% during 2016-17 compared to dismal growth of 0.7% in the previous year. Demonetization has had short-term costs in the form of slow growth but holds the potential for long-term benefits. Long-term benefits include reduced corruption, greater digitalization of the economy, increased flows of financial savings, and greater formalization of the economy, all of which could eventually lead to higher GDP growth, better tax compliance and greater tax revenues.

Foreign direct investment (FDI) inflows into India in 2016 calendar year jumped 18%, at a time global FDI inflows fell. Data released by the Department of Industrial Policy and Promotion (DIPP) showed FDI inflows in 2016 were strongest in October 2016. According to UNCTAD India stood as the 10th most attractive destination in the world for FDIs.

Fresh investments by the corporate sector hit a new low in fiscal year (FY) 2016-17. The combined capital expenditure (capex) by the country in FY 2017, grew at the slowest pace. The combined capex by listed Indian private sector companies grew at a record low of 5 per

cent in FY 2017, against 9.4 per cent, this is the slowest growth in capex by the private sector companies in the last 12 years. High nonperforming assets of banks coupled with lack of credit growth continued to affect faster recovery in the economy. Poor earnings growth for most of Corporate India also contributed to slow pace of recovery in the economy. The inflation rate remained well under control and remained within Reserve Bank of India (RBI) comfort level. The Monetary Policy stance during this year was primarily to contain inflation and manage liquidity. During the year RBI reduced Repo Rate by 50 basis points to 6.25% and Reverse Repo Rate stood at 5.75%. As accommodative monetary stance, public investments in Infrastructure and Structural reform agenda along with the rollout of the GST should support growth going ahead.

According to The World Bank, the Indian economy will likely grow at 7.6 per cent in 2017-18 and 7.8 per cent in 2018-19 and demonetization is expected to have a positive impact on the Indian economy, which will help foster a clean and digitized economy in the long run. Based on IRDAI guidelines, the Corporation invests 45 per cent in Directed Sector comprising Central/State Government Securities, Government Guaranteed Bonds, Housing and Infrastructure Sector. Balance 55 per cent is invested in Market Sector and these investments are subject to prudential and exposure norms.

The book value of investment of the Corporation stood at ₹ 39,126.27 crores as against ₹ 34,050.25 crores showing an increase of ₹ 5,076.02 crores representing a growth of 14.90 per cent over the previous year. Income from investments stood at ₹ 4,515.61 Crores with a mean yield on funds at 12.34 per cent. The net non-performing assets percentage was at 0.80 per cent.

### 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 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 in place a Structured Solution Contract to which cessions under both domestic and foreign business are made across classes of business. Placements have been made with securities meeting the stipulations laid down by the Regulator.

## FUTURE OUTLOOK

During 2017-18 the insurance sector is likely to undergo further consolidation through mergers and acquisitions. The global players, as they bring with them benchmark global practices, are expected to further improve and streamline our prevailing market practices.

India's Budget for 2017-18 has enabled the sector to enlarge its footprint across rural India, in particular. As other economic activities and infrastructure sectors get a boost, it should spur the Indian insurance sector also to flourish.

Rural, agriculture and allied sectors get a tremendous thumbs-up in the 2017-18 Indian Budget. The allocation for this sector is enhanced by 24% and will now be ₹ 187,223 crore.

The announcement on the reduction in taxation for those with an income of 2.5 lakh to 5 lakh will help a large segment of Indians make substantial savings which could be used towards financial instruments such as health, home and life insurance.

Pradhan Mantri Fasal Beema Yojana, PMFBY, would also get enhanced resources of ₹ 13,240 crore, up from ₹ 5,500 crore in 2016-17. Also, coverage of the cropped area under the scheme would be increased to 40% in 2017-18 and 50% in 2018-19. It was 30% during 2016-17.

The onus now shifts to insurance companies on how they utilise technology and innovate to provide a hassle-free claims experience in agriculture insurance to gain farmers' trust.

The Union Budget 2017 has been termed as a fiscally prudent budget and it is expected that the focus on rural areas will help stimulate demand for insurance from the rural sector.

It also focusses on the development of a digital economy in India and the promotion of the digital economy will enable more Indians to choose online payment gateways and help in developing 'Digital' India.

Acko General Insurance Company, the first digital Indian insurance company, is all set to start functioning soon. It will set a new trend in the Indian insurance market by being 100 percent digital.

Currently about ₹ 300 crore of premium income of Indian insurance industry comes from online business, and this translates into 3-5% of total sales.

The low-penetration in the Indian insurance market offers immense potential for growth. With growing financial awareness and inclusion, specific awareness about the insurance sector also would grow, which in combination with affirmative actions by the Government and the insurers will usher in a positive change.



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 2016-17.

8. The Corporation's overall top ten exposures in other countries are as follows:

United Arab Emirates, Saudi Arabia, Israel, Taiwan, Turkey, Oman, South Korea, Kuwait, U.S.A., Indonesia.

Exposures written for above countries have been covered for a limit of USD 10 Mln. xs USD 10 Mln. under the Risk-cum-Cat XL cover.

Catastrophic protection beyond the Corporation's authorized retentions have been purchased up to a limit of USD 150/200 Mln. as applicable.

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. 20 of the Disclosures forming part of Financial Statements.
11. This 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. 9.
12. Declares that the review of asset quality and performance is as mentioned below for Loans and Investments:

## LOANS

Loan (including loans to employees) as on 31.3.2016 stood at ₹ 319.70 crores compared to ₹ 365.78 crores in the previous year. Out of the total loan amount of ₹ 319.70 crores, ₹ 315.01 crores are either secured or guaranteed by the Government bodies representing 97.9%



and the balance ₹ 6.84 crores are unsecured. Interest income from loans amounted to ₹ 36.62 crores. Standard performing assets account for ₹ 255.26 crores and an amount ₹ 66.86 crores has been provided for the non-performing assets.

## INVESTMENTS

The book value of the investment as on 31.3.2017 has increased to ₹ 39,126.27 crores from ₹ 34,050.25 crores. The realizable value of investments is at ₹ 69,152.69 crores as on 31.3.2016 showing an appreciation of 76.77% over book cost. Income from investment including Profit on Sale amounted to ₹ 4,515.61 crores as against ₹ 4,174.99 crores in the previous year. Of the total investment of ₹ 39,126.27 crores, ₹ 13,174.95 crores are invested in Government Securities and State guaranteed Bonds. Book Value of equity shares is at ₹ 7,970.41 crores and market value stood at ₹ 37,931.13 crores showing an appreciation of ₹ 29,960.72 crores (375.9%)

The Corporation has complied with the regulation of investments prescribed by IRDAI 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 IRDAI 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, 2013, 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**

**(Alice G Vaidyan)**

Chairman-cum-Managing Director

DATE:

To

**The Members of**

**GENERAL INSURANCE CORPORATION OF INDIA**

## 1. Report on Standalone Financial Statements

We have audited the accompanying standalone financial statements of **GENERAL INSURANCE CORPORATION OF INDIA ('the Corporation')**, which comprise the Balance sheet as at March 31, 2017, 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 branch auditors appointed by Comptroller and Auditor General of India, New Delhi and one Foreign Representative Office certified by the local Auditor appointed by the Corporation.

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

The Corporation's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to preparation and presentation of these standalone 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 of India (IRDAI) (Preparation of Financial Statements and Auditor's Report on Insurance Companies) Regulations, 2002 and orders or direction issued by the IRDAI including Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Corporation and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and

design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Corporation's Directors, 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 on the standalone financial statements.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, IRDAI (Preparation of Financial Statements and Auditor's Report on Insurance Companies) Regulations, 2002 and the Act, 2013, to the extent applicable and in the manner so required and the financial statements read with significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies of state of affairs of the Corporation as at 31st March, 2017 and of surplus of revenue accounts of Fire, Miscellaneous, Marine and Life business and its profit and its cash flows for the year ended on that date.

#### 5. Other matter

We did not audit the financial statements/information of three foreign branches and one foreign representative office included in the standalone financial statements of the Corporation whose financial statements/financial information reflect total assets of ₹ 56,30,64,00 thousand as at March 31, 2017 and total revenues of ₹ 3828,83,51 thousand for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches and representative office have been audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches and office, is based solely on the report of such other auditors. Our opinion is not qualified in respect of this matter.

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

As required by section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion proper books of account as required by law have been kept by the Corporation so far as it appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches and representative office not visited by us.
- c. The reports of three foreign branches on the accounts of the branch offices of the Corporation audited by branch auditors and one representative office certified by other auditor under section 143 (8) of the Act have been sent to us and have been properly dealt with by us in preparing this report.
- d. The Balance Sheet, Revenue Accounts, Profit and Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account and with the returns received from branches and representative office not visited by us.
- e. The Balance Sheet, The Revenue Accounts and the Profit and Loss Account have been drawn in accordance with the Insurance Act, 1938, the IRDAI Act, 1999 and the Act except for the Cash Flow Statement, (Refer Note 47) which is prepared under Indirect Method, whereas IRDAI 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 IRDAI.
- g. On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- h. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and are also in conformity

with the accounting principles as prescribed in the IRDAI Regulations.

- i. Investments have been valued in accordance with the provisions of the Insurance Act, 1938 (4 of 1938) and IRDAI (Auditor's report) Regulations, 2002.
- j. The accounting policies selected by the Corporation are appropriate and are in compliance with the applicable accounting standards and with the accounting principles, as prescribed in the IRDAI (Auditor's report) Regulations, 2002 or any order or direction issued by the IRDAI in this behalf.
- k. The Corporation being the Insurance Company, the Companies (Auditor's Report) Order, 2016 ("the order") as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable.
- l. With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer to our separate report in **"Annexure A"**.
- m. With respect to the directions issued by Comptroller and Auditor General of India as per Section 143 (5) of the Act, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Corporation has disclosed the impact in its financial statement due to difference between title of ownership in respect of CGS/SGS/Bonds/Debentures/Shares available in physical/demat format vis a vis amount shown in the books. [Refer note no. 6]
  - ii. The Corporation has accounted the reinsurance premium, commission and incurred claims under the 'Pradhan Mantri Fasal Bima Yojana (PMFBY) Scheme' from all the participating insurance companies in line with the respective reinsurance agreements and the basis of accounting of such premium is as per accounting policy of the Corporation.
- n. With respect to the other matters to be included

in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Corporation has disclosed the impact of pending litigations on its financial position in its financial statements. [Refer Note 42(h)];
- ii. The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts. [Refer Schedule 13 & 14];
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Corporation.
- j. We further certify that
  - i. We have reviewed the management report and there is no apparent mistake or material inconsistencies with the financial statements.
  - ii. The Corporation has complied with the terms and conditions of the registration stipulated by the Authority (IRDAI).
  - iii. 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 ₹ 1242 thousands as mentioned in Notes 1(a) to the accounts.
- iv. 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. From the current Financial Year, the Corporation has discontinued disclosing the investments, assets and liabilities pertaining to Terrorism Pool in accounts of the Corporation.
- v. 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.

- vi. The Company has provided requisite disclosures in the standalone financial statements (Refer Note No. 45) as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8,

2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the explanations and representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

**For, GBCA & Associates**  
**Chartered Accountants**  
**{ICAI Firm Regn. No. 103142W}**  
  
**Sanjeev Lalan**  
**Partner**  
**Membership No. 045329**

**For, Samria & Co.**  
**Chartered Accountants**  
**{ICAI Firm Regn. No. 109043W}**  
  
**Adhar Samria**  
**Partner**  
**Membership No.049174**

Place : Mumbai  
Date : May 29, 2017

## Annexure - A to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of General Insurance Corporation of India ("the Corporation") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Corporation for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Corporation's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Corporation's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Corporation's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about

whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Commensurate to the size and nature of the business, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Corporation's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A Corporation's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Corporation's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Corporation; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Corporation are being made only in accordance with authorisations of management and directors of the Corporation; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Corporation's assets that could have a material effect on the financial statements.



**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For GBCA & Associates**  
**Chartered Accountants**  
**{Firm Regn. No. 103142W}**

**Sanjeev Lalan**  
**Partner**  
**Membership No. 045329**

**Opinion**

In our opinion, commensurate with the size & nature of business, the Corporation has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Corporation considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Samria & Co.,**  
**Chartered Accountants**  
**{Firm Regn. No. 109043W}**

**Adhar Samria**  
**Partner**  
**Membership No. 049174**

Place : Mumbai

Date : May 29, 2017

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF GENERAL INSURANCE CORPORATION OF INDIA FOR THE YEAR ENDED 31 MARCH 2017

The preparation of financial statements of General Insurance Corporation of India for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Insurance Act, 1938 read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act, 2013 (the Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of General Insurance Corporation of India for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

For and on the be half of the  
Comptroller and Auditor General of India

(Roop Rashi)

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

Place : Mumbai

Dated : 24<sup>th</sup> August, 2017

## Financial Information



Registration No. 112

Date of Registration with IRDAI : 2<sup>nd</sup> April 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017  
IN RESPECT OF FIRE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹'000)	Previous Year (₹'000)
1. Premiums earned (Net)	1	56169 737	45039 525
2. Profit on sale of Investments (Net)		3881 559	3440 734
3. Forex Gain/( Loss)		(115 812)	491 493
4. Interest, Dividend & Rent - Gross		6417 824	5689 979
<b>Total (A)</b>		<b>66353 308</b>	54661 731
1. Claims Incurred (Net)	2	43850 303	34492 171
2. Commission (Net)	3	16540 122	12386 938
3. Operating Expenses related to Insurance Business	4	625 864	681 359
4. Expenses relating to Investments		8 584	7 273
5. Premium Deficiency		0	0
<b>Total (B)</b>		<b>61024 873</b>	47567 741
<b>Operating Profit/- Loss from Fire Business C = (A-B)</b>		<b>5328 435</b>	7093 990
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		5328 435	7093 990
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>5328 435</b>	7093 990

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.

The Schedules referred to above form integral part of the Revenue Account.

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner

Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner

Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

Registration No. 112

Date of Registration with IRDAI : 2<sup>nd</sup> April 2001
**REVENUE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**  
**IN RESPECT OF MISCELLANEOUS INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹'000)	Previous Year (₹'000)
1. Premiums earned (Net)	1	198033 421	94878 040
2. Profit on sale of Investments (Net)		6653 641	6092 484
3. Forex Gain/( Loss)		(165 928)	915 231
4. Interest, Dividend & Rent - Gross		11001 222	10075 205
<b>Total (A)</b>		<b>215522 356</b>	111960 960
1. Claims Incurred (Net)	2	161607 382	86478 471
2. Commission (Net)	3	35839 574	20627 929
3. Operating Expenses related to Insurance Business	4	1684 283	1029 407
4. Expenses relating to Investments		14 714	12 879
5. Premium Deficiency		0	0
<b>Total (B)</b>		<b>199145 953</b>	108148 686
<b>Operating Profit/-Loss from Miscellaneous Business C = (A-B)</b>		<b>16376 403</b>	3812 274
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		16376 403	3812 274
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>16376 403</b>	3812 274

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.

The Schedules referred to above form integral part of the Revenue Account.

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner

Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner

Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

Registration No. 112

Date of Registration with IRDAI : 2<sup>nd</sup> April 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017  
IN RESPECT OF MARINE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	10596 088	9435 249
2. Profit on sale of Investments (Net)		942 400	989 018
3. Forex Gain/( Loss)		(25 854)	151 896
4. Interest, Dividend & Rent - Gross		1558 177	1635 550
<b>Total (A)</b>		<b>13070 811</b>	12211 713
1. Claims Incurred (Net)	2	7559 059	6327 997
2. Commission (Net)	3	1603 210	1812 301
3. Operating Expenses related to Insurance Business	4	63 385	74 575
4. Expenses relating to Investments		2 084	2 091
5. Premium Deficiency		0	(584 596)
<b>Total (B)</b>		<b>9227 738</b>	7632 368
<b>Operating Profit/-Loss from Marine Business C = (A-B)</b>		<b>3843 073</b>	4579 345
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		3843 073	4579 345
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>3843 073</b>	4579 345

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.

The Schedules referred to above form integral part of the Revenue Account.

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329  
Mumbai  
Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary



Registration No. 112

Date of Registration with IRDAI : 2<sup>nd</sup> April 2001
**REVENUE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017  
IN RESPECT OF LIFE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums earned (Net)	1	2349 737	2375 574
2. Profit on sale of Investments (Net)		36 617	47 713
3. Forex Gain/( Loss)		( 718)	7 082
4. Interest, Dividend & Rent - Gross		60 542	78 904
<b>Total (A)</b>		<b>2446 178</b>	2509 273
1. Claims Incurred (Net)	2	3447 332	1699 960
2. Commission (Net)	3	61 100	76 403
3. Operating Expenses related to Insurance Business	4	23 738	21 633
4. Expenses relating to Investments		81	101
5. Premium Deficiency		0	0
<b>Total (B)</b>		<b>3532 251</b>	1798 097
<b>Operating Profit/-Loss from Life Business C = (A-B)</b>		(1086 073)	711 176
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		(1086 073)	711 176
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		(1086 073)	711 176

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.

The Schedules referred to above form integral part of the Revenue Account.

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
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**Alice G Vaidyan**  
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Director

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Director & GM

**V C Jain**  
GM Finance & CFO

**Usha Sangwan**  
Director

**G C Gaylong**  
Director & GM

**Suchita Gupta**  
Company Secretary

Registration No. 112  
Date of Registration with IRDAI : 2<sup>nd</sup> April, 2001

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

Particulars	Schedule	Current Year (₹'000)	Previous Year (₹'000)
1. Operating Profit/-Loss			
(a) Fire Insurance		5328 435	7093 990
(b) Marine Insurance		3843 073	4579 345
(c) Miscellaneous Insurance		16376 402	3812 274
(d) Life Insurance		(1086 073)	711 176
2. Income from Investments			
(a) Interest, Dividend & Rent - Gross		9552 386	8411 453
(b) Profit on sale of Investments		5777 371	5086 412
Less: Loss on sale of Investments		0	0
3. Other Income:			
Interest on Income-tax Refund		166 816	0
Miscellaneous Receipts		5 263	11 949
<b>Total (A)</b>		<b>39963 673</b>	<b>29706 599</b>
4. Provision for Doubtful Loans & Investments		293 993	420 091
5. Provision/(written off) for Doubtful Debts		2301 651	(1578 527)
6. Amortisation of premium on Investments		185 152	185 605
7. Diminution in the value of investments written off		556 439	1359 916
8. Other Expenses :			
Expenses relating to Investments		12 776	10 752
Forex Loss/(Gain)		156 455	(754 983)
(Profit)/Loss on sale of Assets (Net)		2 216	223
Interest & Others		56 165	7 519
Corporate Social Responsibility Expenses		160 272	490 936
<b>Total (B)</b>		<b>3725 119</b>	<b>141 532</b>
Profit Before Tax		36238 554	29565 067
Provision for Taxation :			
Current Tax		6620 000	5122 682
MAT Credit		(1442537)	(1884 959)
Deferred Tax		(109 973)	150 425
Provision for Tax in respect of earlier years		(224 937)	(101 341)
MAT Credit of earlier year		119 319	(2205 632)
<b>Profit After Tax</b>		<b>31276 682</b>	<b>28483 892</b>
<b>Appropriations</b>			
(a) Balance brought forward from last year		874	769
(b) Proposed Final dividend		0	8600 000
(c) Dividend distribution tax		0	1750 788
(d) Transfer to General Reserve		0	18133 000
Balance carried forward to Balance Sheet		31277 556	874
Basic and Diluted EPS		7.27	6.62

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329  
Mumbai  
Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

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Director

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Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

**Registration No. 112**  
**Date of Registration with IRDAI : 2nd April, 2001**  
**BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2017**

Particulars	Schedule		Current Year (₹'000)	Previous Year (₹'000)
<b>SOURCES OF FUNDS</b>				
Share Capital	5		4300 000	4300 000
Reserves and Surplus	6		180157 699	154018 207
Borrowings	7		0	0
Deferred Tax Liability			0	0
Fair Value Change Account			300363 137	234507 331
<b>Total</b>			<b>484820 836</b>	392825 538
<b>APPLICATION OF FUNDS</b>				
Investments	8 & 8A		647449 211	544359 624
Loans	9		3221 250	3657 759
Fixed Assets	10		1636 162	1702 666
Deferred Tax Asset			134 296	24 268
Current Assets:				
Cash and Bank Balances	11	121907 652		97614 005
Advances and Other Assets	12	175137 651		149967 476
<b>Sub-Total (A)</b>		<b>297045 303</b>		247581 481
Current Liabilities	13	332578 242		300175 919
Provisions	14	132087 144		104324 341
<b>Sub-Total (B)</b>		<b>464665 386</b>		404500 260
<b>Net Current Assets (C)=(A-B)</b>			(167620 083)	(156918 779)
Miscellaneous Expenditure	15		0	0
<b>Total</b>			<b>484820 836</b>	392825 538
<b>CONTINGENT LIABILITIES</b>			<b>33174 268</b>	27645 157

Significant Accounting Policies & Notes to Accounts form integral part of the Balance Sheet-Schedule 16

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

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Director

**Segar Sampathkumar**

Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

## 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	81264 913	64761 247
Less: Premium on Reinsurance ceded	21043 078	13454 793
Net Premium	60221 835	51306 454
Adjustment for change in reserve for unexpired risks	(4052 098)	(6266 929)
<b>Total Premium Earned (Net)</b>	<b>56169 737</b>	<b>45039 525</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	66243 947	44882 912
Less: Premium on Reinsurance ceded	0	0
Net Premium	66243 947	44882 912
Adjustment for change in reserve for unexpired risks	(10323 349)	(3414 131)
<b>Total Premium Earned (Net)</b>	<b>55920 598</b>	<b>41468 781</b>
<b>(2) AVIATION</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	6623 864	4531 748
Less: Premium on Reinsurance ceded	859 352	974 129
Net Premium	5764 512	3557 619
Adjustment for change in reserve for unexpired risks	(1001 288)	1148 004
<b>Total Premium Earned (Net)</b>	<b>4763 224</b>	<b>4705 623</b>
<b>(3) ENGINEERING</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	8781 597	8906 026
Less: Premium on Reinsurance ceded	281 906	1245 459
Net Premium	8499 691	7660 567
Adjustment for change in reserve for unexpired risks	(325 536)	(310 661)
<b>Total Premium Earned (Net)</b>	<b>8174 155</b>	<b>7349 906</b>

**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	353 727	253 526
Less: Premium on Reinsurance ceded	0	0
Net Premium	353 727	253 526
Adjustment for change in reserve for unexpired risks	(49 651)	(35 433)
<b>Total Premium Earned (Net)</b>	<b>304 076</b>	<b>218 093</b>
<b>(5) LIABILITY</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	2334 041	1505 296
Less: Premium on Reinsurance ceded	196 649	89 047
Net Premium	2137 392	1416 249
Adjustment for change in reserve for unexpired risks	(357 208)	(190 201)
<b>Total Premium Earned (Net)</b>	<b>1780 184</b>	<b>1226 048</b>
<b>(6) PERSONAL ACCIDENT</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	5103 570	3805 190
Less: Premium on Reinsurance ceded	0	5 142
Net Premium	5103 570	3800 048
Adjustment for change in reserve for unexpired risks	(633 980)	(575 996)
<b>Total Premium Earned (Net)</b>	<b>4469 590</b>	<b>3224 052</b>
<b>(7) HEALTH</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	41728 826	25041 895
Less: Premium on Reinsurance ceded	1112 266	0
Net Premium	40616 560	25041 895
Adjustment for change in reserve for unexpired risks	(7567 452)	(1990 028)
<b>Total Premium Earned (Net)</b>	<b>33049 108</b>	<b>23051 867</b>

**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	106610876	16463 329
Less: Premium on Reinsurance ceded	7640518	2381 912
Net Premium	98970358	14081 417
Adjustment for change in reserve for unexpired risks	(10839 029)	(1833 002)
<b>Total Premium Earned (Net)</b>	<b>88131 329</b>	<b>12248 415</b>
<b>(9) FINANCIAL LIABILITY/CREDIT</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	2010095	1766 695
Less: Premium on Reinsurance ceded	446000	450 000
Net Premium	1564095	1316 695
Adjustment for change in reserve for unexpired risks	(122 938)	68 560
<b>Total Premium Earned (Net)</b>	<b>1441 157</b>	<b>1385 255</b>
<b>TOTAL MISCELLANEOUS</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	239790543	107156 617
Less: Premium on Reinsurance ceded	10536691	5145 689
Net Premium	229253852	102010 928
Adjustment for change in reserve for unexpired risks	(31220 431)	(7132 888)
<b>Total Premium Earned (Net)</b>	<b>198033 421</b>	<b>94878 040</b>
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	4446 037	3377 551
Less: Premium on Reinsurance ceded	491 229	380 402
Net Premium	3954808	2997 149
Adjustment for change in reserve for unexpired risks	1054710	520 118
<b>Total Premium Earned (Net)</b>	<b>5009518</b>	<b>3517 267</b>



**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	6727 166	6756 228
Less: Premium on Reinsurance ceded	1790 291	1225 493
Net Premium	4936 875	5530 735
Adjustment for change in reserve for unexpired risks	649 695	387 247
<b>Total Premium Earned (Net)</b>	<b>5586 570</b>	<b>5917 982</b>
<b>TOTAL MARINE</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	11173 203	10133 779
Less: Premium on Reinsurance ceded	2281 520	1605 895
Net Premium	8891 683	8527 884
Adjustment for change in reserve for unexpired risks	1704 405	907 365
<b>Total Premium Earned (Net)</b>	<b>10596 088</b>	<b>9435 249</b>
<b>D LIFE INSURANCE</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	3625 715	2306 478
Less: Premium on Reinsurance ceded	247 518	403 897
Net Premium	3378 197	1902 581
Adjustment for change in reserve for unexpired risks	(1028 460)	472 993
<b>Total Premium Earned (Net)</b>	<b>2349 737</b>	<b>2375 574</b>
<b>E TOTAL ALL CLASSES</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	335854 374	184358 121
Less: Premium on Reinsurance ceded	34108 807	20610 274
Net Premium	301745 567	163747 847
Adjustment for change in reserve for unexpired risks	(34596 584)	(12019 459)
<b>Total Premium Earned (Net)</b>	<b>267148 983</b>	<b>151728 388</b>

**SCHEDULE 1**  
**PREMIUM EARNED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>AGRICULTURE</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	97523 269	12917 865
Less: Premium on Reinsurance ceded	6788 707	916 687
Net Premium	90734 562	12001 178
Adjustment for change in reserve for unexpired risks	(7863 800)	(3277 886)
<b>Total Premium Earned (Net)</b>	<b>82870 762</b>	<b>8723 292</b>
<b>OTHER MISCELLANEOUS (excluding agriculture)</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	9087 607	3545 464
Less: Premium on Reinsurance ceded	851 811	1465 225
Net Premium	8235 796	2080 239
Adjustment for change in reserve for unexpired risks	(2975 229)	1444 884
<b>Total Premium Earned (Net)</b>	<b>5260 567</b>	<b>3525 123</b>
<b>OTHER MISCELLANEOUS (as per Board approved Accounts)</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	106610 876	16463 329
Less: Premium on Reinsurance ceded	7640 518	2381 912
Net Premium	98970 358	14081 417
Adjustment for change in reserve for unexpired risks	(10839 029)	(1833 002)
<b>Total Premium Earned (Net)</b>	<b>88131 329</b>	<b>12248 415</b>

**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
<b>A FIRE INSURANCE</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	37979 025	38282 764
Less: Reinsurance ceded	7862 358	9209 430
Net Claims Paid	30116 667	29073 334
Add : Claims Outstanding at the end of the year	86734 697	73001 061
Less: Claims Outstanding at the beginning of the year	73001 061	67582 224
<b>Total Claims Incurred</b>	<b>43850 303</b>	<b>34492 171</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	36184 241	29418 461
Less: Reinsurance ceded	0	0
Net Claims Paid	36184 241	29418 461
Add : Claims Outstanding at the end of the year	78863 595	61161 102
Less: Claims Outstanding at the beginning of the year	61161 102	51587 884
<b>Total Claims Incurred</b>	<b>53886 734</b>	<b>38991 679</b>
<b>(2) AVIATION</b>		
Claims Paid		
Direct	(10)	(11 700)
Add : Reinsurance accepted	5856 166	3901 682
Less: Reinsurance ceded	1159 130	332 185
Net Claims Paid	4697 026	3557 797
Add : Claims Outstanding at the end of the year	8197 969	8550 135
Less: Claims Outstanding at the beginning of the year	8550 135	8803 936
<b>Total Claims Incurred</b>	<b>4344 860</b>	<b>3303 996</b>

**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(3) ENGINEERING</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	4320 751	4392 151
Less: Reinsurance ceded	495 356	164 800
Net Claims Paid	3825 395	4227 351
Add : Claims Outstanding at the end of the year	16367 961	16497 841
Less: Claims Outstanding at the beginning of the year	16497 841	18382 485
<b>Total Claims Incurred</b>	<b>3695 515</b>	<b>2342 707</b>
<b>(4) WORKMENS' COMPENSATION</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	119 396	89 996
Less: Reinsurance ceded	0	0
Net Claims Paid	119 396	89 996
Add : Claims Outstanding at the end of the year	358 439	210 187
Less: Claims Outstanding at the beginning of the year	210 187	161 463
<b>Total Claims Incurred</b>	<b>267 648</b>	<b>138 720</b>
<b>(5) LIABILITY</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	757 580	436 967
Less: Reinsurance ceded	0	0
Net Claims Paid	757 580	436 967
Add : Claims Outstanding at the end of the year	1982 656	1726 140
Less: Claims Outstanding at the beginning of the year	1726 140	1579 545
<b>Total Claims Incurred</b>	<b>1014 096</b>	<b>583 562</b>

**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(6) PERSONAL ACCIDENT</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	1604 186	1443 703
Less: Reinsurance ceded	0	0
Net Claims Paid	1604 186	1443 703
Add : Claims Outstanding at the end of the year	2772 646	2015 981
Less: Claims Outstanding at the beginning of the year	2015 981	1888 768
<b>Total Claims Incurred</b>	<b>2360 851</b>	<b>1570 916</b>
<b>(7) HEALTH</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	31490 150	21544 530
Less: Reinsurance ceded	821 479	0
Net Claims Paid	30668 671	21544 530
Add : Claims Outstanding at the end of the year	11364 043	12428 273
Less: Claims Outstanding at the beginning of the year	12428 273	12700 829
<b>Total Claims Incurred</b>	<b>29604 441</b>	<b>21271 974</b>
<b>(8) OTHER MISCELLANEOUS</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	12376 758	16887 122
Less: Reinsurance ceded	1730 248	1049 991
Net Claims Paid	10646 510	15837 131
Add : Claims Outstanding at the end of the year	65540 459	9924 875
Less: Claims Outstanding at the beginning of the year	9924 875	9707 154
<b>Total Claims Incurred</b>	<b>66262 094</b>	<b>16054 852</b>

**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(9) FINANCIAL LIABILITY/CREDIT</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	3270 043	1995 532
Less: Reinsurance ceded	0	0
Net Claims Paid	3270 043	1995 532
Add : Claims Outstanding at the end of the year	3773 875	6872 775
Less: Claims Outstanding at the beginning of the year	6872 775	6648 242
<b>Total Claims Incurred</b>	<b>171 143</b>	<b>2220 065</b>
<b>TOTAL MISCELLANEOUS</b>		
Claims Paid		
Direct	(10)	(11 700)
Add : Reinsurance accepted	95979 271	80110 144
Less: Reinsurance ceded	4206 213	1546 976
Net Claims Paid	91773 048	78551 468
Add : Claims Outstanding at the end of the year	189221 643	119387 309
Less: Claims Outstanding at the beginning of the year	119387 309	111460 306
<b>Total Claims Incurred</b>	<b>161607 382</b>	<b>86478 471</b>
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	2149 371	1863 470
Less: Reinsurance ceded	531	51 005
Net Claims Paid	2148 840	1812 465
Add : Claims Outstanding at the end of the year	5997 053	5899 043
Less: Claims Outstanding at the beginning of the year	5899 043	5556 870
<b>Total Claims Incurred</b>	<b>2246 850</b>	<b>2154 638</b>



**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	3377 253	4630 060
Less: Reinsurance ceded	263 929	516 246
Net Claims Paid	3113 324	4113 814
Add : Claims Outstanding at the end of the year	11939 858	9740 973
Less: Claims Outstanding at the beginning of the year	9740 973	9681 428
<b>Total Claims Incurred</b>	<b>5312 209</b>	<b>4173 359</b>
<b>TOTAL MARINE</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	5526 624	6493 530
Less: Reinsurance ceded	264 460	567 251
Net Claims Paid	5262 164	5926 279
Add : Claims Outstanding at the end of the year	17936 911	15640 016
Less: Claims Outstanding at the beginning of the year	15640 016	15238 298
<b>Total Claims Incurred</b>	<b>7559 059</b>	<b>6327 997</b>
<b>D LIFE INSURANCE</b>		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	2968 498	1802 156
Less: Reinsurance ceded	319 472	295 481
Net Claims Paid	2649 026	1506 675
Add : Claims Outstanding at the end of the year	1845 533	1047 227
Less: Claims Outstanding at the beginning of the year	1047 227	853 942
<b>Total Claims Incurred</b>	<b>3447 332</b>	<b>1699 960</b>
<b>E TOTAL ALL CLASSES</b>		
Claims Paid		
Direct	(10)	(11700)
Add : Reinsurance accepted	142453 418	126688 594
Less: Reinsurance ceded	12652 503	11619 138
Net Claims Paid	129800 905	115057 756
Add : Claims Outstanding at the end of the year	295738 784	209075 613
Less: Claims Outstanding at the beginning of the year	209075 613	195134 770
<b>Total Claims Incurred</b>	<b>216464 076</b>	<b>128998 599</b>

**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>AGRICULTURE</b>		
<b>Claims Paid</b>		
Direct	0	0
Add : Reinsurance accepted	9355 538	14774 660
Less: Reinsurance ceded	86 342	6 54 542
Net Claims Paid	9269 196	14120 118
Add : Claims Outstanding at the end of the year	59122 246	1594 774
Less: Claims Outstanding at the beginning of the year	1594 774	1569 391
<b>Total Claims Incurred</b>	<b>66796 668</b>	<b>14145 501</b>
<b>OTHER MISCELLANEOUS (excluding agriculture)</b>		
<b>Claims Paid</b>		
Direct	0	0
Add : Reinsurance accepted	3021 220	2112 462
Less: Reinsurance ceded	1643 906	395 449
Net Claims Paid	1377 314	1717 013
Add : Claims Outstanding at the end of the year	6418 213	8330 101
Less: Claims Outstanding at the beginning of the year	8330 101	8137 763
<b>Total Claims Incurred</b>	<b>(534 574)</b>	<b>1909 351</b>
<b>OTHER MISCELLANEOUS (as per Board approved Accounts)</b>		
<b>Claims Paid</b>		
Direct	0	0
Add : Reinsurance accepted	12376 758	16887 122
Less: Reinsurance ceded	1730 248	1049 991
Net Claims Paid	10646 510	15837 131
Add : Claims Outstanding at the end of the year	65540 459	9924 875
Less: Claims Outstanding at the beginning of the year	9924 875	9707 154
<b>Total Claims Incurred</b>	<b>66262 094</b>	<b>16054 852</b>

**SCHEDULE 3**  
**COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>A FIRE INSURANCE</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	16731 231	12683 791
Less: Commission on Reinsurance Ceded	191 109	296 853
Net Commission	16540 122	12386 938
Break-up of Commission		
Brokerage	3214 675	2406 922
Commision Paid	13325 447	9980 016
<b>Total Commission</b>	<b>16540 122</b>	<b>12386 938</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	11257 616	8218 799
Less: Commission on Reinsurance Ceded	0	0
Net Commission	11257 616	8218 799
Break-up of Commission		
Brokerage	460 817	341 300
Commision Paid	10796 799	7877 499
<b>Total Commission</b>	<b>11257 616</b>	<b>8218 799</b>
<b>(2) AVIATION</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	979 939	731 955
Less: Commission on Reinsurance Ceded	43 357	24 799
Net Commission	936 582	707 156
Break-up of Commission		
Brokerage	486 054	343 032
Commision Paid	450 528	364 124
<b>Total Commission</b>	<b>936 582</b>	<b>707 156</b>

**SCHEDULE 3  
COMMISSION**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
<b>(3) ENGINEERING</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	2021 888	2044 958
Less: Commission on Reinsurance Ceded	2 952	15 676
Net Commission	2018 936	2029 282
Break-up of Commission		
Brokerage	116 864	129 162
Commission Paid	1902 072	1900 120
<b>Total Commission</b>	<b>2018 936</b>	<b>2029 282</b>
<b>(4) WORKMENS' COMPENSATION</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	46 497	37 785
Less: Commission on Reinsurance Ceded	0	0
Net Commission	46 497	37 785
Break-up of Commission		
Brokerage	3 673	1 642
Commission Paid	42 824	36 143
<b>Total Commission</b>	<b>46 497</b>	<b>37 785</b>
<b>(5) LIABILITY</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	295 647	206 293
Less: Commission on Reinsurance Ceded	13 353	0
Net Commission	282 294	206 293
Break-up of Commission		
Brokerage	32 939	22 141
Commission Paid	249 355	184 152
<b>Total Commission</b>	<b>282 294</b>	<b>206 293</b>

**SCHEDULE 3**  
**COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(6) PERSONAL ACCIDENT</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1564 403	1350 952
Less: Commission on Reinsurance Ceded	0	26
Net Commission	1564 403	1350 926
Break-up of Commission		
Brokerage	81 662	47 068
Commision Paid	1482 741	1303 858
<b>Total Commission</b>	<b>1564 403</b>	<b>1350 926</b>
<b>(7) HEALTH</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	8155 196	5150 064
Less: Commission on Reinsurance Ceded	38 929	0
Net Commission	8116 267	5150 064
Break-up of Commission		
Brokerage	168 640	162 692
Commision Paid	7947 627	4987 372
<b>Total Commission</b>	<b>8116 267</b>	<b>5150 064</b>
<b>(8) OTHER MISCELLANEOUS</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	11331 979	2623 949
Less: Commission on Reinsurance Ceded	6 067	1 065
Net Commission	11325 912	2622 884
Break-up of Commission		
Brokerage	221 869	121 131
Commision Paid	11104 043	2501 753
<b>Total Commission</b>	<b>11325 912</b>	<b>2622 884</b>

**SCHEDULE 3  
COMMISSION**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
<b>(9) FINANCIAL LIABILITY/CREDIT</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	291 067	304 740
Less: Commission on Reinsurance Ceded	0	0
Net Commission	291 067	304 740
Break-up of Commission		
Brokerage	9 496	4 813
Commission Paid	281 571	299 927
<b>Total Commission</b>	<b>291 067</b>	<b>304 740</b>
<b>TOTAL MISCELLANEOUS</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	35944 232	20669 495
Less: Commission on Reinsurance Ceded	104 658	41 566
Net Commission	35839 574	20627 929
Break-up of Commission		
Brokerage	1582 014	1172 981
Commission Paid	34257 560	19454 948
<b>Total Commission</b>	<b>35839 574</b>	<b>20627 929</b>
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	973 306	707 360
Less: Commission on Reinsurance Ceded	6 408	0
Net Commission	966 898	707 360
Break-up of Commission		
Brokerage	82 778	87 698
Commission Paid	884 120	619 662
<b>Total Commission</b>	<b>966 898</b>	<b>707 360</b>

**SCHEDULE 3**  
**COMMISSION**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
<b>(2) MARINE HULL</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	686 020	1222 828
Less: Commission on Reinsurance Ceded	49 708	117 886
Net Commission	636 312	1104 942
Break-up of Commission		
Brokerage	341 163	363 841
Commission Paid	295 149	741 101
<b>Total Commission</b>	<b>636 312</b>	<b>1104 942</b>
<b>TOTAL MARINE</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1659 326	1930 188
Less: Commission on Reinsurance Ceded	56 116	117 886
Net Commission	1603 210	1812 302
Break-up of Commission		
Brokerage	423 941	451 539
Commission Paid	1179 269	1360 763
<b>Total Commission</b>	<b>1603 210</b>	<b>1812 302</b>
<b>D LIFE INSURANCE</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	61 100	76 403
Less: Commission on Reinsurance Ceded	0	0
Net Commission	61 100	76 403
Break-up of Commission		
Brokerage	14 625	17 850
Commission Paid	46 475	58 553
<b>Total Commission</b>	<b>61 100</b>	<b>76 403</b>
<b>E TOTAL ALL CLASSES</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	54395 889	35359 877
Less: Commission on Reinsurance Ceded	351 883	456 305
Net Commission	54044 006	34903 572
Break-up of Commission		
Brokerage	5235 255	4049 293
Commission Paid	48808 751	30854 280
<b>Total Commission</b>	<b>54044 006</b>	<b>34903 573</b>



**SCHEDULE 3  
COMMISSION**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
<b>AGRICULTURE</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	9553 567	1732 178
Less: Commission on Reinsurance Ceded	1 549	0
Net Commission	9552 018	1732 178
Break-up of Commission		
Brokerage	0	0
Commision Paid	9552 018	1732 178
<b>Total Commission</b>	<b>9552 018</b>	<b>1732 178</b>
<b>OTHER MISCELLANEOUS (excluding agriculture)</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1778 412	891 771
Less: Commission on Reinsurance Ceded	4 518	1 065
Net Commission	1773 894	890 706
Break-up of Commission		
Brokerage	221 869	121 131
Commision Paid	1552 025	769 575
<b>Total Commission</b>	<b>1773 894</b>	<b>890 706</b>
<b>OTHER MISCELLANEOUS (as per Board approved Accounts)</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	11331 979	2623 949
Less: Commission on Reinsurance Ceded	6 067	1 065
Net Commission	11325 912	2622 884
Break-up of Commission		
Brokerage	221 869	121 131
Commision Paid	11104 043	2501 753
<b>Total Commission</b>	<b>11325 912</b>	<b>2622 884</b>

**SCHEDULE 4**  
**OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
1 Employees' remuneration & welfare benefits	964 370	859 963
2 Travel, conveyance and vehicle running expenses	81 346	89 762
3 Training expenses	22 328	23 425
4 Rents, rates and taxes	64 815	60 272
5 Repairs	208 021	212 637
6 Printing & stationery	4 080	2 735
7 Communication	15 745	12 338
8 Legal & professional charges	87 214	50 940
9 Auditors' fees, expenses etc.		
(a) as auditor	7 129	8 239
(b) as advisor or in any other capacity, in respect of		
(i) Taxation matters	300	300
(ii) Others	0	2
10 Advertisement and publicity	61 442	54 412
11 Interest & Bank Charges	15 135	11 734
12 IT Expenses	98 690	121 269
13 Depreciation	96 805	95 789
14 Service Tax Expenses A/c	3 737	4 557
15 Swatchh Bharat Cess	349 399	0
16 Others	316 714	198 600
<b>Total</b>	<b>2397 270</b>	<b>1806 974</b>

**SCHEDULE 5  
SHARE CAPITAL**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
1 Authorised Capital 10,00,00,00,000 Equity Shares of ₹ 1/- Each	10000 000	10000 000
2 Issued & Subscribed Capital 4,30,00,00,000 Equity Shares of ₹ 1/- Each	4300 000	4300 000
3 Called-up Capital 430,00,00,000 (PY 430,00,00,000) Equity Shares of ₹ 1/- Each (Includes 4,06,00,00,000 shares of ₹ 1/ issued by capitalisation of Capital Redemption Reserve and General Reserve and 5,00,00,000 partly paid shares (₹ 0.50 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	Current Year		Previous Year	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters Indian	4,30,00,00,000	100%	4,30,00,00,000	100%

As per the resolution passed at the Extraordinary General Meeting held on 04<sup>th</sup> February 2016 it was approved to subdivide 10,00,00,000 (Ten crore) equity shares of ₹ 100/- (Rupee One hundred) each into 1000,00,00,000 (One Thousand Crore) equity shares of ₹ 1/- ( Rupee One) each. Accordingly, the number of equity shares and the face value thereof has been recorded at Rupee One per share for Authorized, Issued & Subscribed and Called-up Equity Share capital of the Corporation as on 31.03.2017

**SCHEDULE 6  
RESERVES AND SURPLUS**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
1 General Reserve		
Opening Balance	144023 000	125890 000
Add : Transfer from Profit & Loss A/c	0	18133 000
	144023 000	144023 000
2 Catastrophe Reserve	0	0
3 Foreign Currency Translation Reserve	4857 143	9994 333
4 Balance of Profit in Profit & Loss Account	31277 556	874
<b>Total</b>	<b>180157 699</b>	<b>154018 207</b>

**SCHEDULE 7  
BORROWINGS**

N I L

**SCHEDULE 8**  
**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	41648 993	37039 988
2 Other Approved Securities	894 200	1088 215
3 Other Investments		
(a) Shares		
(aa) Equity - Indian	118232 649	94491 125
Equity - Foreign	569 499	569 499
(bb) Preference	6 190	12 897
(b) Mutual Funds	0	0
(c) Derivative Instruments	0	0
(d) Debentures/Bonds Indian	8950 098	8021 383
Debentures/Bonds Foreign	0	0
(e) Other Securities		
Guaranteed Equity	167	162
(f) Subsidiaries	1407 143	734 593
(g) Associates - Indian	0	0
Associates - Foreign	159 479	159 479
4 Investments in Infrastructure and Social Sector		
(a) Equity	5535 338	4510 029
(b) Debentures/Bonds	21792 462	17827 480
5 Other than Approved Investments		
(a) Equity/Preference/Debentures/Venture Funds	2012 211	1609 749
(b) Preference	8 274	9 540
(c) Debentures/Bond	2322 831	2871 379
(d) Venture Funds	582 832	602 726
(e) Associate Indian	700 000	700 000
<b>Short Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	2368 531	2972 264
2 Other Approved Securities	235 629	203 949
3 Other Investments		
(a) Shares		
(aa) Equity	0	0
(bb) Preference	7 041	0
(b) Mutual Funds	6453 440	929 728
(c) Derivative Instruments	0	0
(d) Debentures/Bond Indian	1167 032	1133 904
Debentures/Bond Foreign	0	0
(e) Other Securities	0	0
Commercial Paper	77 138	0
(f) Subsidiaries	0	0
(g) Associates - Indian	0	0
Associates - Foreign	0	0
4 Investments in Infrastructure and Social Sector		
(a) Debentures/Bond	2287 382	2094 775
5 Other than Approved Investments		
(a) Preference Shares	1 500	0
(b) Debentures/Bond	781 295	740 204
(c) Mutual Funds	0	0
<b>Total</b>	<b>218201 354</b>	<b>178323 068</b>

**SCHEDULE 8 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	83011 267	76964 284
2 Other Approved Securities	1782 244	2261 170
3 Other Investments		
(a) Shares		
(aa) Equity - Indian	235651 364	196340 285
Equity - Foreign	0	0
(bb) Preference	12 338	26 799
(b) Mutual Funds	0	0
(c) Derivative Instruments	0	0
(d) Debentures/Bonds Indian	17838 583	16667 392
Debentures/Bonds Foreign	0	0
(e) Other Securities		
Guaranteed Equity	333	338
(f) Subsidiaries	0	0
(g) Associates - Indian	0	0
Associates - Foreign	0	0
4 Investments in Infrastructure and Social Sector		
(a) Equity	11032 571	9371 255
(b) Debentures/Bonds	43434 900	37043 188
5 Other than Approved Investments		
(a) Equity/Preference/Debentures/Venture Funds	4010 569	3344 850
(b) Preference	16 492	19 822
(c) Debentures/Bond	4629 672	5966 353
(d) Venture Funds	1161 651	1252 386
(e) Associate Indian	0	0
<b>Short Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	4720 757	6175 978
2 Other Approved Securities	469 636	423 779
3 Other Investments		
(a) Shares		
(aa) Equity	0	0
(bb) Preference	14 033	0
(b) Mutual Funds	12862 453	1931 854
(c) Derivative Instruments	0	0
(d) Debentures/Bond Indian	2326 030	2356 106
Debentures/Bond Foreign	0	0
(e) Other Securities		
Commercial Paper	153 745	0
(f) Subsidiaries	0	0
(g) Associates - Indian	0	0
Associates - Foreign	0	0
4 Investments in Infrastructure and Social Sector		
Debentures/Bond	4559 018	4352 670
5 Other Investments		
(a) Preference Shares	2 989	0
(b) Debentures/Bond	1557 212	1538 047
(c) Mutual Funds	0	0
<b>Total</b>	<b>429247 857</b>	<b>366036 556</b>

**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	549 175	735 423
(bb) Outside India	0	0
(b) On Shares, Bonds, Government Securities	0	0
(c) Investments In State Govt. Loans for Housing and Fire fighting	2603 688	2853 949
Unsecured	68 387	68 387
<b>Total</b>	<b>3221 250</b>	<b>3657 759</b>
<b>2 Borrower-Wise Classification</b>		
(a) Central and State Governments	2600 947	2853 949
(b) Banks and Financial Institutions	0	0
(c) Subsidiaries	0	0
(d) Industrial Undertakings	596 017	782 984
(e) Others	24 286	20 826
<b>Total</b>	<b>3221 250</b>	<b>3657 759</b>
<b>3 Performance-Wise Classification</b>		
(a) Loans classified as standard		
(aa) In India	2552 640	2955 623
(bb) Outside India	0	0
(b) Non-performing loans less provisions		
(aa) In India	0	0
(bb) Outside India	0	0
Provisions **	668 610	702 136
<b>Total</b>	<b>3221 250</b>	<b>3657 759</b>
<b>4 Maturity-Wise Classification</b>		
(a) Short - Term	345 318	296 986
(b) Long - Term	2875 932	3360 773
<b>Total</b>	<b>3221 250</b>	<b>3657 759</b>

\*\* Includes Provision for Bad and Doubtful Loans

**SCHEDULE 10  
FIXED ASSETS**

(₹ '000)

Particulars	Cost/Gross Block			Depreciation					Net Block	
	As at 01.04.2017	Additions	Deductions	As at 31.03.2017	Upto 31.03.2016	Twelve months ended 31.03.2017	On Sales/ Adjust ment	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Leasehold Land	247 253	-	-	247 253	89 285	3 434	-	92 719	154 534	157 968
Freehold Land	560 132	-	-	560 132	-	-	-	-	560 132	560 132
Buildings	1004 716	-	-	1004 716	249 658	13 564	-	263 222	741 494	755 058
Furniture & Fittings	21 134	11 812	-	32 946	18 897	844	(197)	19 938	13 008	2 237
I.T. Equipments	126 559	9 270	476	135 353	112 273	7 246	262	119 257	16 096	14 286
I.T. Software	355 697	59	-	355 756	178 202	63 446	-	241 648	114 108	177 495
Vehicles	52 102	11 187	11 978	51 311	22 571	6 016	9 070	19 517	31 794	29 531
Office Equipments	17 971	1 170	591	18 550	13 101	2 073	352	14 822	3 728	4 870
AC & Water Coolers	12 686	355	-	13 041	11 797	117	-	11 914	1 127	889
Elevators	2 073	-	-	2 073	2 073	-	-	2 073	-	-
Canteen Appliances	474	-	-	474	394	30	-	424	50	80
Electrical Installation	9 998	7	-	10 005	9 878	36	-	9 914	91	120
Fire Alarm Systems	3 408	-	-	3 408	3 408	-	-	3 408	-	-
<b>Total</b>	<b>2414 203</b>	<b>33 860</b>	<b>13 045</b>	<b>2435 018</b>	<b>711 537</b>	<b>96 806</b>	<b>9 487</b>	<b>798 856</b>	<b>1636 162</b>	<b>1702 666</b>
Previous years	1996 383	424 024	6 204	2414 203	620 113	95 789	4 365	711 537	1702 666	

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 & stamps	75	79
2 Bank Balances		
(a) Deposit Accounts - Short term (due within 12 months)	95270 533	85294 228
(b) Current Accounts	4992 418	4605 297
3 Money at Call and Short Notice		
(a) With Bank	418 744	298 940
(b) With other Institutions	21225 882	7415 461
<b>Total</b>	<b>121907 652</b>	<b>97614 005</b>
Balances with non-scheduled banks	Nil	Nil



**SCHEDULE 12**  
**ADVANCES AND OTHER ASSETS**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
<b>Advances</b>		
1 Reserve Deposits with Ceding Companies	39630 860	29847 168
2 Application Money for Investments	200 000	0
3 Prepayments	58 656	80 298
4 Advances to Directors/Officers	5 726	5 164
5 Advance Tax Paid and TDS	17272 936	11864 950
Less: Provision for Taxation	16751 319	10264 986
	521 617	1599 964
6 Others	171 824	2902 834
7 Deferred Commission	0	554 705
<b>Total (A)</b>	<b>40588 683</b>	<b>34990 133</b>
<b>Other Assets</b>		
1 Income accrued on investments	8389 392	8267 277
2 Due from other entities carrying on insurance business (including reinsurers)	107638 017	35225 913
3 Deposit U/S-7 of Insurance Act	0	0
4 Sundry Debtors	1336 813	174 340
5 Sundry Deposits	411 911	360 558
6 MAT Credit Entitlement	16368 625	15045 407
7 Service Tax Unutilised Credit	404 210	428 530
8 Terrorism Pool Assets ( Refer Note No 30)	0	55475 318
<b>Total (B)</b>	<b>134548 968</b>	<b>114977 343</b>
<b>Total (A+B)</b>	<b>175137 651</b>	<b>149967 476</b>

**SCHEDULE 13**  
**CURRENT LIABILITIES**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
1 Balances Due to other insurance companies	14996 763	16595 935
2 Deposits held on re-insurance ceded	20789 348	18336 851
3 Sundry Creditors	879 962	692 202
4 Claims Outstanding	295738 786	209075 613
5 Service Tax Liability	173 383	0
6 Terrorism Pool Liabilities (Refer Note No 30)	0	55475 318
<b>Total</b>	<b>332578 242</b>	<b>300175 919</b>

**SCHEDULE 14  
PROVISIONS**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
1 Reserve for Unexpired Risk	<b>121079 916</b>	86483 331
2 For proposed dividends	<b>0</b>	8600 000
3 For dividend distribution tax	<b>0</b>	1750 788
4 For Doubtful Loans, Investment and Debts	<b>7908 883</b>	5313 238
5 For Leave Encashment	<b>332 085</b>	245 182
6 Provision for Pension	<b>44 926</b>	93 972
7 Provision for Gratuity	<b>48 438</b>	33 473
8 Provision for Settlement	<b>15 216</b>	14 024
9 For PLLI Arrears	<b>25 000</b>	0
10 Provision for Taxation <b>12355 436</b>		12355 436
Less: Advance Tax Paid and TDS <b>9722 756</b>		10565 103
	<b>2632 680</b>	<b>1790 333</b>
<b>Total</b>	<b>132087 144</b>	104324 341

**SCHEDULE 15  
MISCELLANEOUS EXPENDITURE**

N I L

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

### I. 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 and to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements also conform to the stipulation specified under the Insurance Regulatory and Development Authority of India (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 Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, revenue and expenses for the year ended and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

##### 2.2 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 Insurance pool business, where GIC Re is one of the members of the Pool, only the Corporation's share of revenue is recorded in the books of accounts.

#### 2.3 Outstanding claims

**2.3.1** 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 claim figures in the books for submission of the data to the "Appointed Actuary" 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.

**2.3.2** Provision for claims incurred but not reported (IBNR) is made as certified by the appointed actuary based on accepted actuarial methods.

#### 2.4 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:

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.

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

**3.2** 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.

3.3 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. 5.

3.4 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 (URR)

The URR provisions are made as under:

##### 4.1 Non-Life Business:

(i) For HO and Malaysia Branch:

Reserve for Unexpired Risk in respect of Marine Insurance (Hull) 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) Marine Cargo – URR is made at 50% as per IRDAI circular Ref. IRDAI/F&A/CIR/CPM/056/03/2016 dated 04 April 2016, whereas till previous year URR was provided at 100% of net premium. The impact due to change in policy is shown in note no. 25 (a).

(iii) London and Dubai Branch –

Reserve for Unexpired Risk is provided as per local practice. Adjustment for excess or short provision in URR, as per IRDAI requirement, is accounted at Head Office.

##### 4.2 Life Business:

Reserve for Unexpired Risk is provided as determined by Appointed Actuary based on accepted Actuarial methods.

#### 5. 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.

#### 6. 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.

Tangible Fixed Assets are stated at cost (including incidental expenses relating to acquisition and installation) less accumulated depreciation.

Intangible Assets

Intangible Fixed Assets representing software are recorded at its acquisition price and are amortized over their estimated useful life on a straight-line basis, commencing from the date the assets are available for use. The management has estimated the useful life for such software as three years. The useful life of the asset is reviewed by the management at each Balance Sheet date.

##### 6.1 Depreciation

Depreciation is provided on straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 and residual value of the assets shall be ₹ 1/-.

Depreciation is provided on pro-rata basis on additions to fixed assets and on assets sold/discarded/demolished/destroyed during the year.

#### 7. 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.

#### 8. 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 8 (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.5.

## 9. INVESTMENTS

9.1 Prudential norms prescribed by Reserve Bank of India and the IRDAI are followed in regard to:

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

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

9.3 The cost of investments includes premium on acquisition, Securities Transaction Tax and their related expenses

9.4 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.

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

9.6 (a) Investment in actively traded equity shares are required to be valued as per the guidelines of IRDA issued vide circular ref.no.IRDA/F&I/INV/CIR/213/10/2013 dated October 30, 2013. The Corporation has chosen NSE as primary stock exchange and BSE as

secondary exchange. Accordingly, the valuation of equity shares is made on the closing price of NSE. If such security is not listed/not traded on NSE on closing day, the closing price of BSE is considered.

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

(c) In case of Equity Exchange Traded Funds (ETF) the investment is valued on the same basis as traded equity shares, in compliance with Para 3.1 of the IRDAI (Investment) Regulations, 2016 of August 2016.

Till previous year, ETF were valued at NAV on the same basis as the investments in Mutual funds as mentioned in para (b) above. However, from FY 2016-17, ETF are valued as per policy 9.6 (c). The effect of change in policy is shown in Note no. 14.

9.7 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 break-up 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).

9.8 Investments in Equity and Preference shares of

companies whose 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 or whose Net Worth has been fully impaired (negative Net Worth) are valued as under:

- |   |  |  |
|---|--|--|
| a)  | Where shares are Actively Traded and Book Value is less than Market Value    | : Fair Value Change Account at Market Value  |
| Diminution in value of investments is recognized in the following cases : |  |  |
| b)  | Where shares are Actively Traded and Book Value is greater than Market Value | : Written down to Market Value   |
| c)  | Thinly traded Equity Shares  | : Written down to nominal value of ₹ 1/- per company   |
| d)  | 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. |

9.9 Investment in Subsidiary and Associate entities are valued at cost as these are strategic investments.

## Impairment

The carrying amounts of all assets and strategic investments are reviewed by the Company at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life.

In assessing value in use the estimated future cash flows are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the asset, as determined by the management.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life, if any.

9.10 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.

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

9.12 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.

9.13 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.8.

9.14 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.

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



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

9.17 Investments are apportioned between Shareholders' fund & Policyholders' fund in the ratio of balance available in the respective funds at the beginning of the year.

#### 10. 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.

#### 11. COMPLIANCE WITH ACCOUNTING STANDARDS

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

#### 12. PREMIUM DEFICIENCY RESERVE (PDR):

**Non-Life Business:** Premium deficiency is worked out separately for each segmental revenue level basis viz. fire, marine and miscellaneous. As per IRDAI circular no. IRDAI/Reg/7/119/2016 dated 07 April 2016, PDR is calculated by Non-Life Appointed Actuary, as against earlier practice of providing PDR as the difference between incurred claim and earned premium.

**Life Re business:** As per IRDAI circular no. IRDAI/Reg/7/121/2016 dated 13 April 2016, PDR is calculated by Life Re Appointed Actuary, as against earlier practice of providing PDR as difference between incurred claim and earned premium.

The impact due to change in policy is shown in Note no. 27.

#### 13. DEFERRED COMMISSION

London BO has accounted for deferred commission as per the local laws. The same is accounted as Commission at Head Office, in compliance to IRDAI requirements.

#### II. NOTES FORMING PART OF THE ACCOUNTS:

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

##### ➤ Investments

1. (a) Out of Investment held in shares and debentures of the value of 496,352,888 Thousand (Previous Year 418,345,527 thousand) no confirmations regarding actual custody or other documentary evidence for investments in debenture of the value of 1,242 Thousand (Previous year 1,221 thousand) were available.  
 (b) The number of equity shares 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 726 thousand (Previous year 712 thousand).
2. The Fixed Maturity Mutual Fund Schemes are close ended mutual fund schemes with definite maturity date and with indicative returns.
3. (a) Provision includes provision for standard assets @ 0.40% as per IRDAI-Prudential norms for Income recognition, Asset Classification and provisioning and other related methods in respect of debt portfolio amounting to 460,032 thousand (Previous Year 419,704 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)

Sl. No	Particulars	Current Year	Previous Year
	Total Amount of assets subjected to restructuring under CDR	0	136,032
	The breakup of the same is given here under :		
(i)	Total amount of standard assets subjected to restructuring under CDR	0	0
(ii)	Total amount of sub-standard assets subjected to restructuring under CDR	0	0
(iii)	Total amount of doubtful assets subjected to restructuring under CDR	0	136,032
(iv)	Total amount of loss assets subjected to restructuring under CDR	0	0
	<b>TOTAL</b>	<b>0</b>	<b>136,032</b>

(c) Pending clarification from IRDAI 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 IRDAI for the said investments.

(d) 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 2017	14
31st March 2016	07
31st December 2016	08
30 September 2016	02

4. For valuation of actively traded equity shares, March 31, 2017 has been considered as closing day.

5. During the year, the corporation has waived/written off of debts, loans and interest as follows:

Waiver during the year

(₹ In thousand)

Particulars	No. of cases	Write off	Waiver
Compound Interest	55	0	461.39
Interest on Delayed payment of Principle	07	0	50.63
<b>Total</b>	<b>62</b>	<b>0</b>	<b>512.02</b>

Debts written off during the year

(₹ In thousand)

No of Companies	Amount written down/written off
Nil	Nil

Diminution in the value of Investments written off during the year

(₹ In thousand)

No of Companies	Amount written down/written off
18	556,439

6. There is no difference between title of ownership in respect of CGS/SGS available in physical/demat format vis-à-vis shown in books of accounts. As regards, difference between title of ownership in respect of bonds/debentures etc. available in physical/demat format vis a vis shown in books of accounts is very old difference. The Corporation has already fully provided for said difference in books of accounts wherever required. Hence during the year, there is no impact in the financial statements.

7. As at 31st March, 2017 all the assets of the Corporation in and outside India are free from encumbrances except for:

- (a) The Government of India Stock, 7.95% 2032 for ₹ 40,008 thousand and, 8.07% 2017 for ₹ Nil and 8.20% 2022 for ₹ 29,976 thousand, 8.24% 2027 for ₹ 56,015 thousand, 8.28% 2027 for ₹ 97,413 thousand and 8.33% 2026 for ₹ 19,782 thousand total amounting to ₹ 243,194 thousand (Previous year total amounting to ₹ 184,718 thousand) and cash deposit of ₹ 5,300 thousand (Previous year ₹ 4,100 thousand) with Clearing Corporation of India Limited as deposit towards Settlement Guarantee Fund.
- (b) In view of margin requirements as recommended by SEBI vide Circular dated 19/03/2008, Corporation has provided Fixed Deposits amounting to ₹ 150,000 thousand (Previous year ₹ 150,000 thousand) as margins in cash segments viz. FDR of ₹ 100,000 thousand (Previous year ₹ 100,000 thousand) as collateral is held with NSCCL and FDR of ₹ 50,000 thousand (Previous year ₹ 50,000 thousand) as collateral is held with BSE.
- (c) Margin FDR held by Bank for issue as LC/BG of ₹ 15,853,931 thousand (Previous year ₹ 10,607,018 thousand).
8. The Commitments made and outstanding for Loans, Investments and Fixed Assets (if any) as at 31st March, 2017 are ₹ 498,142 thousand (Previous year ₹ 256,685 thousand).
9. Value of contracts in relation to investments, for
- a) Purchases, where deliveries are pending ₹ NIL (Previous year ₹ NIL).
- b) Sales, where payments are overdue ₹ NIL (Previous year ₹ NIL).
10. The book value of investments valued on Fair Value basis is ₹ 75,923,101 thousand (Previous year ₹ 75,083,599 thousand).
11. The basis of amortization of debt securities is as stated in Significant Accounting Policy No. 9.14.
12. The Corporation does not hold any properties for investment purposes.
13. Provisions regarding unrealized gains/losses have been stated in the Significant Accounting Policies No. 9.7.

14. In view of the change in Valuation method of Equity Exchange Traded Fund (ETF) from NAV basis to Equity basis, the Fair Value of ETF holding is reduced by ₹ 547.8 thousand.

➤ **Reinsurance**

15. Underwriting of Direct business stopped from 1st April 2001. Figures included in Revenue Accounts pertaining to direct business are on account of run-off business. Run-off liabilities are sufficiently provided for based on advices received.

**16. Structured solution cover:**

In 2014-15, GIC Re entered into a new three year agreement i.e. Structured Solution incepting on 01.06.2014.

The Structured Solutions contract was reviewed and renewed w.e.f. 01.06.2015 on the expiring terms and conditions as under:

- For Non-Marine Domestic business, for risk and cat perils, the protection was renewed, as expiring i.e. from ground up cover of ₹ 20,000,000 thousand with a deductible of ₹ 1,000,000 thousand.
- For non-marine Foreign Inward business, for risk and cat perils, the arrangement was also renewed as expiring i.e. from ground up cover of USD 20 mln. with a deductible of USD 10 mln.
- The arrangement was also renewed to protect exposures of other classes of business both in domestic and foreign.

The Structured Solutions contract was reviewed and renewed for period of two years viz. 01.06.2015 to 31.5.2016 and 01.06.2016 to 31.05.2017 on the expiring terms and conditions. Following the Board decision to consider traditional markets for the classes ceded under the Structured Solutions, a Notice of non-renewal of the contract was issued to the Structured Solutions reinsurers, which is effective from 1st June 2017.

The Funds Withheld Experience Account (FWEA) has a negative balance of ₹ 1,793,197 thousand as on 31.03.2017 which is subject to change due to movements in premium and claim recoveries between 01.04.2017 to 31.05.2017 (Previous year negative balance ₹ 3,343,548 thousand).

17. Premiums, less reinsurance, written from business during the financial year 2016-17 in India are:

₹ 206,795,441 thousand (Previous year ₹ 87,363,257 thousand) and outside India are ₹ 94,950,125 thousand (Previous year ₹ 76,384,590 thousand).

18. Claims less reinsurance during the financial year 2016-17 paid in India are:

₹ 74,605,497 thousand (Previous year ₹ 68,825,911 thousand) and outside India are ₹ 55,195,405 thousand (Previous year ₹ 46,231,846 thousand).

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

## INDIAN BUSINESS

(₹ in 000)

Class of Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/-Loss on Exchange		Premium Deficiency		Underwriting Profit/Loss(-)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Fire	11041 450	11598021	13680 324	16503301	3474 447	2198996	175 545	198485	0	2	0	0	(6288 866)	(7302759)
Motor	42203 603	31578810	43948 595	30173634	7470 910	5041595	336 588	309482	0	0	0	0	(9552 490)	(3945901)
Aviation	223 365	587629	116 358	884003	85 469	8051	5 452	801	0	0	0	0	16 085	(305225)
Engineering	4045 904	3621825	443 072	(341 439)	676 621	773682	29 477	45220	0	0	0	0	2896 733	3144362
WC	193 730	181769	53 104	106138	27 541	31398	1 160	1972	0	0	0	0	111 925	42260
Liability	1143 261	821517	610 308	25453	125 861	109473	10 714	8777	0	0	0	0	396 377	677814
PA	3685 702	2728000	1772 039	1385038	1232 420	1206286	26 479	31253	0	0	0	0	654 764	105422
Health	23642 056	14807382	21633 872	11185338	6131 944	3697541	209 045	154445	0	0	0	0	(4332 805)	(229941)
Other Misc.	85614 918	10575984	65345 589	15110491	10284 853	2061292	676 763	137618	0	0	0	0	9307 714	(6733417)
FL/Credit	1291 261	1272284	(199 394)	2256631	240 997	265824	12 042	15374	0	0	0	0	1237 615	(1265545)
Marine Cargo	2754 189	1484472	1893 245	1363885	344 731	220815	11 396	12811	0	0	0	0	504 817	(113039)
Marine Hull	1571 798	1629920	2124 217	740803	91 991	302814	9 245	13767	0	442	0	(584 596)	(653 656)	1157575
Life	2468 299	1817366	3246 093	1071535	32 138	16746	23 854	17316	0	0	0	0	(833 786)	711770
TOTAL	179879 535	82704980	154667 422	80464812	30219 924	15934512	1527 763	947321	0	444	0	(584 596)	(6535 574)	(14056625)

## FOREIGN BUSINESS

(₹ in 000)

Class of Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/-Loss on Exchange		Premium Deficiency		Underwriting Profit/Loss(-)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Fire	45128 287	33441504	30169 979	17988870	13065 676	10187942	450 319	482874	(115 813)	491491	0	0	1326 500	5273309
Motor	13716 995	9889970	9938 139	8818044	3786 706	3177205	130 526	107860	(88 321)	411653	0	0	(226 697)	(1801485)
Aviation	4539 860	4117994	4228 502	2419994	851 113	699104	49 126	47950	(9 572)	71647	0	0	(598 453)	1022593
Engineering	4128 250	3728081	3252 442	2684146	1342 314	1255600	36 571	39588	(8 683)	127637	0	0	(511 760)	(123617)
WC	110 346	36324	214 544	32582	18 956	6387	1 288	535	-355	1468	0	0	(124 798)	(1713)
Liability	636 923	404531	403 788	558109	156 433	96819	5 240	5571	(2 565)	19070	0	0	68 898	(236899)
PA	783 889	496052	588 813	185877	331 983	144640	6 760	3497	(4 138)	18691	0	0	(147 805)	180728
Health	9407 052	8244485	7970 569	10086636	1984 323	1452524	119 164	99107	(26 382)	135236	0	0	(693 385)	(3258545)
Other Misc.	2516 411	1672432	916 505	944361	1041 060	561592	26 777	19199	(17 967)	87001	0	0	514 102	234281
FL/Credit	149 895	112971	370 535	(36565)	50 070	38916	1 110	1158	(7 945)	42828	0	0	(279 766)	152290
Marine Cargo	2255 329	2032796	353 606	790752	622 167	486545	14 654	12226	(9 397)	55621	0	0	1255 505	798894
Marine Hull	4014 772	4288061	3187 991	3432557	544 320	802128	28 088	35771	(16 457)	95833	0	0	237 915	113438
Life	(118 563)	558208	201 239	628426	28 962	59657	(117)	4317	(718)	7082	0	0	(349 365)	(127110)
TOTAL	87269 446	69023408	61796 654	48533788	23824 083	18969059	869 506	859653	(308 312)	1565258	0	0	470 891	2226165

**TOTAL BUSINESS (INDIAN+FOREIGN)**

(₹ in 000)

Class Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/-Loss on Exchange		Premium Deficiency		Underwriting Profit/Loss(-)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Fire	56169 737	45039525	43850 303	34492171	16540 122	12386938	625 864	681359	(115 813)	491493	0	0	(4962 365)	(2029450)
Motor	55920 598	41468780	53886 734	38991678	11257 616	8218799	467 115	417342	(88 321)	411653	0	0	(9779 187)	(5747387)
Aviation	4763 224	4705623	4344 860	3303996	936 582	707155	54 578	48750	(9 572)	71647	0	0	(582 368)	717368
Engineering	8174 155	7349906	3695 514	2342707	2018 936	2029282	66 049	84808	(8 683)	127637	0	0	2384 973	3020746
WC	304 076	218093	267 649	138720	46 497	37785	2 448	2508	(355)	1468	0	0	(12 873)	40547
Liability	1780 184	1226048	1014 096	583562	282 294	206293	15 954	14348	(2 565)	19070	0	0	465 275	440915
PA	4469 590	3224051	2360 852	1570915	1564 404	1350926	33 239	34750	(4 138)	18691	0	0	506 958	286151
Health	33049 109	23051867	29604 441	21271974	8116 267	5150064	328 209	253552	(26 382)	135236	0	0	(5026 191)	(3488486)
Other/Misc.	88131 329	12248415	66262 094	16054852	11325 913	2622884	703 539	156816	(17 967)	87001	0	0	9821 816	(6499136)
FL/Credit	1441 156	1385256	171 141	2220066	291 067	304740	13 153	16532	(7 945)	42828	0	0	957 849	(1113255)
Marine/Cargo	5009 517	3517268	2246 850	2154637	966 898	707360	26 050	25037	(9 397)	55621	0	0	1760 322	685855
Marine/Hull	5586 570	5917981	5312 209	4173360	636 312	1104942	37 334	49538	(16 457)	96275	0	(584596)	(415 741)	1271012
Life	2349 736	2375574	3447 332	1699960	61 100	76403	23 738	21633	(718)	7082	0	0	(1183 151)	584660
TOTAL	267148981	151728388	216464075	128998600	54044007	3403572	2397269	1803974	(308312)	1565702	0	(584596)	(6064683)	(11830460)

## 20. 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:

**Details as on 31.03.2017**

(₹ 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	30days	48	110,678	6	1,275	0	0	48	120,909	3	30,245	4	55,651	104	318,757
2	>30days upto six(6) Months	305	947,421	41	42,528	40	76,750	174	418,387	0	0	36	10,576	596	1,495,662
3	>6 months upto 1 year	360	1,354,088	77	659,734	76	148,875	159	560,720	10	57,191	19	7,574	701	2,788,182
4	>1 year upto 5 years	1260	4,151,721	327	1,476,463	493	2,225,087	1019	3,057,105	57	117,893	46	47,824	3202	11,076,094
5	Above 5 years	481	1,387,044	178	347,096	352	212,355	1302	2,901,357	13	492,654	23	70,123	2349	5,410,629
	Total	2454	7,950,952	629	2,527,096	961	2,663,067	2697	7,058,479	83	697,983	128	191,748	6952	21,089,324

**Details as on 31.03.2016**

(₹ 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	162	351,245	11	34,344	24	14,551	12	26,757	0	0	17	3,592	226	430,488
2	>30days upto six(6) months	343	1,675,181	90	462,934	87	156,874	100	414,701	2	3,330	19	6,669	641	2,719,688
3	>6 months upto 1 year	371	2,747,155	81	205,151	101	171,890	149	248,535	2	118	10	4,837	714	3,377,685
4	>1 year upto 5 years	1211	3,025,046	318	915,461	647	2,594,005	1098	3,381,714	120	264,913	42	120,536	3436	10,301,675
5	>5 years	329	2,201,713	160	331,455	351	219,745	1071	3,049,239	12	664,262	18	49,962	1941	6,516,376
	Total	2416	10,000,339	660	1,949,344	1210	3,157,065	2430	7,120,945	136	932,624	106	185,995	6958	23,345,913

**21.** Claims settled and remaining unpaid for a period of more than six months as on 31-03-2017 ₹ NIL (Previous Year ₹ NIL).

**22.** 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 ₹ 4,658,317 thousand (P.Y ₹ 2,356,666 thousand) for doubtful receivables.

The balances of amount due to/from other persons/ bodies carrying on insurance business and deposits held are subject to confirmation/reconciliation. Adjustments, if any, will be accounted for on receipt/ confirmation of the same after examination.

**23.** The Corporation has not provided for catastrophic reserves as IRDAI has not issued any guidelines in this respect.

**24.** The details of URR adjustment in respect of Dubai and London BO are as under:

Year	Dubai BO	London BO
2016-17	₹ 563,850 thousand (excess provision by BO, reduced at HO)	₹ 99,799 thousand (excess provision by BO, reduced at HO)
2015-16		101,517 thousand (shortfall in provision by BO, additional provision at HO)

**25. a. Non-Life Reinsurance Business -URR:**

The impact due to change in accounting policy of URR for marine cargo is given below:

In case of Marine Cargo, had the Corporation followed the earlier policy of providing URR on 100% basis, URR provision on Marine Cargo business would have been higher by ₹ 195,33,35 thousand and the profit after tax would have been lower by ₹ 153,64,54 thousand.

**b. Life Reinsurance Business:**

During the year, the Corporation has made a provision of ₹ 921,146 thousand (Previous Year ₹ 518,952 thousand) towards unexpired risk reserve for life business as determined by Life Appointed Actuary, as per IRDA guidelines. (Excluding Re-takaful business).

**26.** (i) The estimate of claims Incurred But Not Reported [IBNR] claims has been certified by the Company's Appointed Actuary. The Appointed Actuary has certified to the Company that the assumptions used for such are appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority of India [IRDAI] and Institute of Actuaries of India in concurrence with IRDAI.

(ii) The IBNR provision for Life Re business is certified by the Appointed Actuary - Life ₹ It is done using a delay days method. Based on the past experience, the delay days for claims settlement is estimated and applied on the higher of claims paid, incurred or earned premium. This method is same as used last year.

**27. Impact of change in accounting policy of Premium Deficiency Reserve**

In case of Non-Life Business segments, there is no impact of change.

In case of Life Re, had the Corporation followed the earlier policy of providing PDR on Life Re as difference between the earned premium and incurred claims, PDR provision on Life Re business would have been ₹ 1,097,596 thousand and the profit after tax would have been lower by ₹ 863,347 thousand.

**28.** The balance of amount of service tax is subject to reconciliation with service tax returns. The financial impact thereof is not material.

**29. (a)** The details on account of revaluation included in the net Outstanding Loss Reserves (OSLR) at the end of the year are as under:

(₹ In thousand)

Class of Business	Amount
Fire	920,038
Life	52,237
Marine	212,940
Miscellaneous	707,467
Total	18,92,682

(b) Reference/Benchmark Exchange Rates:

(₹ In thousand)

	Average INR Rate {April'16 to March'17}	Average INR Rate {April'15 to March'16}	Closing INR Rate {31.03.2017}	Closing INR Rate {31.03.2016}
AED	18.25300	17.80069	17.65683	18.03899
GBP	87.74551	98.44151	81.35433	95.12175
MYR	15.98200	16.22889	14.65868	16.98718
USD	67.03613	65.37612	64.85000	66.2500
EURO	73.57042	72.17484	69.07174	75.37925

**30. Terrorism Pool Assets and Liabilities:**

The Corporation has been managing Terrorism Pool funds in the capacity of pool manager and was showing Pool assets (Schedule 12) and liabilities (Schedule 13) of equal amounts in GIC Re books from inception till the FY 2015-16. As GIC Re is only the pool manager, the Assets and Liabilities of the Pool do not belong to GIC Re, therefore, Management has decided not to include the Assets and Liabilities of the Pool in GIC Re financial statements from the financial year 2016-17 onwards. The Pool had an accumulated fund of ₹ 63,310,760 thousand as on 31.03.2017 (Previous year ₹ 55,475,318 thousand).

➤ **Human Resources**

**31. Provision for Productivity Linked Lump-sum Incentive to the employees for the year ended 31<sup>st</sup> March 2017 ₹ 25,000 thousand (Previous Year ₹ NIL thousand).**

(₹ In thousand)

**32. Employees Benefits**

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

(i) Pension Superannuation Scheme

(ii) Defined Benefit Plan

(a) Leave Encashment

(b) Gratuity

(c) Provident Fund

(iii) **Settlement Benefit**

During the year Corporation has recognized the following amounts in the Profit And Loss Account based upon the actuary reports:

Particulars	Year ending 31st March, 2017	Year ending 31st March, 2016
Pension Superannuation Scheme (Employees' Pension Fund)	64,774	133,788
Leave Encashment (Earned leave and Sick Leave)	86,846	17,842
Gratuity (Employees Gratuity Fund)	48,438	33,473
Provident Fund (Employees Provident Fund)	0	0
Settlement Benefit	1,192	1,829



**A) Change in the Present Value of Obligation**

(₹ In thousand)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Present Value of Obligation as on 1 April	1,414,829	1,303,844	371,197	301,229	245,183	227,340	14,024	12,194
Interest Cost	107,781	96,865	28,287	22,802	17,898	17,778	1,024	954
Past Service Cost	0	0	0	0	0	0	0	0
Current Service Cost	49,766	41,209	22,698	22,524	17,061	37,263	705	697
Curtailement Cost/(Credit)	0	0	0	0	0	0	0	0
Settlement Cost/(Credit)	0	0	0	0	0	0	0	0
Benefit Paid	(73,139)	(130,312)	(20,293)	(19,279)	0	0	0	0
Actuarial Gain/(Loss) on Obligation	123,995	103,224	27,851	43,921	51,886	(37,199)	(537)	178
Present Value of Obligation at 31 March	1,623,232	1,414,830	429,740	371,197	332,028	245,183	15,216	14,024

\* EL + SL

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

(₹ in thousand)

Particulars	Pension		Gratuity		Leave Salary		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Fair Value of Plan Assets as on 1 April	1,320,858	1,272,735	337,724	225,554	0	0	0	0
Expected return on Plan Assets	121,164	111,959	27,676	20,319	0	0	0	0
Actuarial Gain/(Loss) on Obligation	95,603	(44,486)	2,721	35,455	0	0	0	0
Contribution	113,821	70,924	33,473	75,675	0	0	0	0
Benefit Paid	(73,140)	(130,312)	(20,292)	(19,279)	0	0	0	0
Fair Value of Plan Assets as on 31 March	1,578,306	1,320,857	381,302	337,724	0	0	0	0
Unpaid Amount	0	0	0	0	0	0	0	0
Fair Value of Plan (Net) Assets as on 31 March	1,578,306	1,320,857	381,302	337,724	0	0	0	0
Actual return	216,767	107,511	30,398	55,774	0	0	0	0

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

(₹ In thousand)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Present Value of Obligation	1,623,232	1,414,830	429,740	371,197	332,028	245,182	15,216	14,024
Fair Value of Plan Assets	1,578,306	1,320,857	381,302	337,724	0	0	0	0
Unfunded Net Asset/ (Liability) Recognized in Balance Sheet	(44,926)	(93,973)	(48,438)	(33,473)	(332,028)	(245,182)	(15,216)	(14,024)

\* EL + SL

**D) Expenses recognized in the Profit and Loss Account**

(₹ In thousand)

For year ending 31st March 2017	Pension	Gratuity	Leave Salary *	Settlement
Current Service Cost	49,766	22,698	17,061	705
Interest Cost	107,780	28,287	17,898	1,024
Curtailment Cost/(Credit)	0	0	0	0
Settlement Cost/(Credit)	0	0	0	0
Expected Return on Plan Assets	(121,164)	(27,677)	0	0
Net actuarial gains/(losses) recognized in the period	28,392	25,130	51,886	(537)
Total Expenses recognized in the Profit & Loss A/c	64,774	48,438	86,846	1,192

\* EL + SL

(₹ In thousand)

For year ending 31st March 2016	Pension	Gratuity	Leave Salary *	Settlement
Current Service Cost	41,209	22,524	37,263	697
Interest Cost	96,865	22,802	17,778	954
Curtailment Cost/(Credit)	0	0	0	0
Settlement Cost/(Credit)	0	0	0	0
Expected Return on Plan Assets	(111,959)	(20,319)	0	0
Net actuarial gains/(losses) recognized in the period	107,673	8,466	(37,199)	178
Total Expenses recognized in the Profit & Loss A/c	133,788	33,473	17,842	1,829

\* EL + SL

**E) Plan Assets**

(In %)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Government Securities {Central & State}	55.00	55.00	0.00	0.00	0.00	0.00	0.00	0.00
High quality Corporate Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	45.00	45.00	100.00	100.00	0.00	0.00	0.00	0.00

\* EL + SL

**F) Actuarial Assumption**

(In %)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Discount Rate	7.30	7.82	7.30	7.82	7.30	7.82	7.30	7.82
Expected return on assets	9.00	9.00	8.00	8.00	0.00	0.00	0.00	0.00
Salary Escalation*	8.00	8.00	10.00	10.00	10.00	10.00	10.00	10.00
Attrition/ withdrawal Rate	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Indian Assured Lives Mortality	2006-2008	2006-2008	2006-2008	2006-2008	2006-2008	2006-2008	1994-1996	1994-1996

\* EL + SL

## G) Other Disclosures

### Pension

(₹ in thousand)

Particulars	2016-17	2015-16	2014-15	2013 - 14	2012 - 13	2011 - 12
Experience Adjustment						
On obligation	123,995	103,224	16,205	183,129	42,677	121,258
On plan assets	(95,603)	4,448	(60,980)	9,392	4,330	45,829
Present Value of obligation	1,623,232	1,414,830	1,303,844	1,159,320	905,058	844,290
Fair Value of plan assets	1,578,306	1,320,857	1,272,735	923,723	845,167	740,697
Excess of obligation over plan assets	(44,926)	(93,972)	(31,109)	(235,597)	(59,891)	(103,594)

### Gratuity

(₹ in thousand)

Particulars	2016-17	2015-16	2014-15	2013 - 14	2012 - 13	2011 - 12
Experience Adjustment						
On obligation	27,851	43,921	93,092	(18,360)	(9,536)	20,905
On plan assets	(2,721)	(35,455)	18,615	629	7,322	(2,709)
Present Value of obligation	429,740	371,197	301,229	183,862	183,101	177,284
Fair Value of plan assets	381,302	337,724	225,554	195,961	187,826	138,960
Excess of obligation over plan assets	(48,438)	(33,473)	(75,675)	12,099	4,725	(38,324)

### Leave salary

(₹ in thousand)

Particulars	2016-17	2015-16	2014-15	2013 - 14	2012 - 13	2011 - 12
Experience Adjustment						
On obligation	51,886	(37,199)	(43,100)	1,320	(1,268)	65,463
On plan assets	0	0	0	0	0	0
Present Value of obligation	332,028	245,182	227,340	221,463	165,615	149,795
Fair Value of plan assets	0	0	0	0	0	0
Excess of obligation over plan assets	(332,028)	(245,182)	(227,340)	(221,463)	(165,615)	(149,795)

### Settlement

(₹ in thousand)

Particulars	2016-17	2015-16	2014-15	2013 - 14	2012 - 13	2011 - 12
Experience Adjustment						
On obligation	(537)	178	0	119	156	322
On plan assets	0	0	0	0	0	0
Present Value of obligation	15,216	14,024	12,195	10,648	8,800	7,250
Fair Value of plan assets	0	0	0	0	0	0
Excess of obligation over plan assets	15,216	14,024	12,195	10,648	8,800	7,250

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

➤ **Secretarial**

- 33.** As per the resolution passed at the Extraordinary General Meeting held on 04th February 2016 at GIC Re, Head Office, Mumbai, it was approved to subdivide 10,00,00,000 (Ten crore) equity shares of 100/- (Rupee One hundred) each into 1000,00,00,000 (One Thousand Crore) equity shares of 1/- ( Rupee One) each .

Accordingly, the number of equity shares and the face value thereof has been recorded at Rupee One per share for Authorized, Issued, Subscribed and Called-up Equity Share capital of the Corporation as on 31.03.2017 (refer schedule 5 and 5A).

**34. Investment in Subsidiary & Associate Companies (As on 31st March 2017)** (₹ In thousand)

Sl. No.	Name of the company	Currency	No. of Shares	Face value	% Holding	Acquisition Cost
<b>Subsidiary Company</b>						
1.	GIC Re South Africa Ltd.	Zar	126,950,000	2 Zar	100%	1,407,141
2.	GIC Re India Corporate Member Ltd.	GBP	01	1 GBP	100%	2
	Total Subsidiary Investments					1,407,143
<b>Associate Company</b>						
1.	Agriculture Ins. Co. of India Ltd	INR	70,000,000	10 INR	35%	700,000
2.	GIC Bhutan Re Ltd	Nu	13,000,000	10 Nu	26%	130,000
3.	India International Ins. Pte Ltd.	SGD	10,000,000	1 SGD	20%	29,479
	Total Associate Investments					859,479

**Investment in Subsidiary & Associate Companies (As on 31st March 2016)** (₹ In thousand)

Sl. No.	Name of the company	Currency	No. of Shares	Face value	% Holding	Acquisition Cost
<b>Subsidiary Company</b>						
1.	GIC Re South Africa Ltd.	Zar	55,750,000	2 Zar	100%	734,591
2.	GIC Re India Corporate Member Ltd.*	GBP	01	1 GBP	100%	2
	Total Subsidiary Investments					734,593
<b>Associate Company</b>						
1.	Agriculture Ins. Co. of India Ltd	INR	70,000,000	10 INR	35%	700,000
2.	GIC Bhutan Re Ltd	Nu	13,000,000	10 Nu	26%	130,000
3.	India International Ins. Pte Ltd.	SGD	10,000,000	1 SGD	20%	29,479
	Total Associate Investments					859,479

\*Note: GIC Re India Corporate Member has been treated as subsidiary of the Corporation as management control of the same passed on to the Corporation in the F.Y. 2013-14, even though the payment for transfer of shares was done on 29.01.2016.

**35.(i) Related party Disclosures as per Accounting Standard - 18 "Related Party Transaction" issued by ICAI:**

**a) Subsidiary Company:**

- GIC Re South Africa Ltd., Johannesburg, S.A.
- GIC Re India Corporate Member Limited, London, U.K.

**b) Associate Company :**

- India International Pte. Limited, Singapore
- Agriculture Insurance Company of India Limited, New Delhi, India
- GIC Bhutan Re Ltd, Bhutan

**c) Key Management Personnel:**

- Mrs. Alice G. Vaidyan, Chairman cum Managing Director
- Mr. Pauly Sukumar N, Chief Marketing Officer
- Mr. Satyajit Tripathy, Chief Investment Officer
- Mr. G C Gaylong, Chief of Internal Audit
- Mr. V C Jain, Chief Financial Officer
- Ms. Madhulika Bhaskar, Chief Risk Officer
- Ms. Suchita Gupta, Chief Compliance Officer
- Ms. Priscilla Sinha, Appointed Actuary (General Insurance)
- Ms. Padmaja R., Appointed Actuary (Life Insurance)

Nature and volume of transactions: With (a&b) above

**35. (ii) Statement Showing Related Party Disclosures as per AS-18 of ICAI.**

**a. Subsidiaries**

(₹ in thousand)

Name of the Company	GIC Re South Africa Ltd., Johannesburg, S.A.		GIC Re India Corporate Member Limited, London, U.K.	
	2016-17	2015-16	2016-17	2015-16
Premium Accepted	1,741,113	1,014,430	1,398,602	1,518,622
Premium Ceded	-	-	-	-
Net Premium	1,741,113	1,014,430	1,398,602	1,518,622
Commission Paid	515,973	271,547	552,870	641,510
Commission Recovered	-	-	-	-
Net Commission	515,973	271,547	552,870	641,510
Claims Paid	727,186	73,131	957,925	839,788
Claims Recovered	-	-	-	-
Net Claims	727,186	73,131	957,925	839,788
Balance as on 31st March (-) Indicates amount payable by GIC	-	(13,407)	-	113,985

**b. Associates**

(₹ in thousand)

Name of the Company	Agriculture Insurance Company of India Limited		India International Pte Limited		GIC Bhutan Re Ltd, Bhutan	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Premium Accepted	30,826,963	5,204,251	1,028,366	960,893	16,641	13,549
Premium Ceded	8619	149	3,969	3,539	-	-
Net Premium	30,818,344	5,204,102	1,024,397	957,353	16,641	13,549
Commission Paid	3,214,877	609,637	238,319	218,924	34	-
Commission Recovered	1549	-	-	428	-	-
Net Commission	3,213,327	609,637	238,319	218,497	34	-
Claims Paid	4,193,007	4,701,872	1,514,141	1,203,636	-	-
Claims Recovered	-	-	-	-	-	-
Net Claims	4,193,007	4,701,872	1,514,141	1,203,636	-	-
Balance as on 31st March (-) Indicates amount payable by GIC	-	-	-	52,430	-	8,657

**c. Details of Key Managerial Personnel Remuneration for the year ended 31.03.2017 is as follows:**

(₹ In thousand)

Sl. No	Name	Designation	Gross Salary	Corp.'s P.F.	House Perquisite	Loan Perquisite	Vehicle Perquisite	LTS Perquisite	Other Perquisite
1	Mrs. Alice G. Vaidyan	Chairman cum Managing Director	2,759	248	0	0	22		49
2	Mr. Pauly Sukumar N	Chief Marketing Officer	2,186	131	202	0	22		63
3	Mr. Satyajit Tripathy	Chief Investment Officer	1,971	122	178	53	22		78
4	Mr. G C Gaylong	Chief of Internal Audit	2,413	146	215	0	22		66
5	Mr. V C Jain	Chief Financial Officer	2,129	132	193	0	22		78
6	Ms. Madhulika Bhaskar	Chief Risk Officer	1,851	125	0	0	22		81
7	Ms. Suchita Gupta	Chief Compliance Officer	2,058	127	186	0	22		78
8	Ms. Priscilla Sinha	Appointed Actuary (General Insurance)	4,078	0	0	0	0		0
9	Ms. Padmaja R.	Appointed Actuary (Life Insurance)	3,403	0	0	0	0		0



Details of Key Managerial Personnel Remuneration for the year ended 31.03.2016 is as follows:

(₹ In thousand)

Sl. No	Name	Designation	Gross Salary	Corp.'s P.F.	House Perquisite	Loan Perquisite	Vehicle Perquisite	LTS Perquisite	Other Perquisite
1	Alice Vaidyan (23.01.16 to 31.03.16)	Chairman-cum-Managing Director	1,590	259	0	0	4	0	0
2	Alice Vaidyan (01.04.15 to 04.09.15)	Chief Financial Officer	665	30	0	0	9	0	0
3	K.Sanath Kumar (31.07.15 to 18.02.16)	Acting Chairman-cum-Managing Director	2,212	280	0	0	0	0	0
4	A.K. Roy (01.04.15 to 31.07.15)	Chairman-cum-Managing Director	720	32	33	0	7	0	183
5	G.C.Gaylong (27.01.16 to 31.03.16)	Director	979	141	19	0	4	0	0
6	V.C.Jain (04.09.15 to 31.03.16)	Chief Financial Officer	1,808	248	61	0	12	0	3
7	Suchita Gupta (01.04.15 to 31.03.16)	Company Secretary	2,312	309	107	0	22	0	3

**35.(iii)** 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.

### 36. Proposed Dividend for the year 2016-17

On 30th March 2016, the Ministry of Corporate Affairs has notified the Companies (Accounting Standards) Amendment Rules, 2016, which became applicable w.e.f 30.03.2016 for Companies not yet following Ind AS.

As per the amendment to AS 4 (Contingencies and Event Occurring after Balance Sheet Date), if an entity declares dividend to shareholders after the balance sheet date, the entity should not recognize those dividends as a liability on the balance sheet date (because no obligation exists at that time). Such dividends are required to be disclosed in the Notes to Financial Statements.

In view of the amendment to AS 4 as per the Companies (Accounting Standards) Amendment Rules, 2016, the Corporation has not made any provision for Dividend in the Annual Accounts for the year 2016-17. The proposed dividend for the year 2016-17 is ₹ 10,020,000 thousand and the corresponding Dividend Distribution Tax is ₹ 2,039,872 thousand, which will be settled after approval at the AGM in the year 2017-18. (Previous year dividend paid ₹ 8,600,000 thousand, dividend distribution tax ₹ 1,750,788 thousand).

**37. Details of the penalty payable by the Corporation during the year 2016-17 are given below:**

Sl No.	Authority	Non-Compliance/ Violation	Amount in ₹ in thousand		
			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, 2013	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

➤ **Corporate Accounts****38. Earnings per Share (EPS) as per Accounting Standards 20 issued by ICAI:**

	2016-17	2015-16
Profit after Tax	₹ 31,276,682 thousand	₹ 28,483,892 thousand
Number of equity shares	4,300,000,000	4,300,000,000
Nominal value of share	₹ 1/-	₹ 1/-
Basic and Diluted EPS	₹ 7.27	₹ 6.62

Basic earnings per share are calculated by dividing the profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the profit or loss after tax for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares

are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented.

### 39. Disclosures as per Accounting Standard – 22 “Accounting for Taxes on Income”:

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.

The breakup of Net Deferred Tax Assets is as under:

(₹ In thousand)

Particulars	As on 31.03.2017		As on 31.03.2016	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Timing difference on account of difference in book depreciation & depreciation under Income Tax Act, 1961.	5,759	-	-	109,544
Provision for employees benefits	128,846	-	133,812	-
Others	-	-	-	-
Foreign Branches	-	-	-	-
TOTAL	134,605	-	133,812	109,544
Net Deferred Tax	134,605	-	24,268	-

40. The basis of apportionment of operating expenses to the Revenue Accounts has been stated in the Significant Accounting Policy No. 8.

41. (a) Till the F.Y.2013-14, depreciation on fixed assets was 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 was made over the period of lease/use. From the F.Y. 2014 – 15, the Corporation has changed the method of depreciation from written down value to straight line method. However, there is no material impact on the financial statements due to such change in depreciation method.

(b) Pursuant to the enactment of the Companies Act 2013, the corporation has applied the estimated useful lives as specified in schedule II. Accordingly the un-amortized carrying value is being depreciated/amortized over the revised/remaining useful lives. The written down value of fixed assets whose lives have expired as at April 01, 2014 had been charged to Profit and Loss Account in the F.Y.2014-15.

### 42. 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: ₹ 11,000 thousand (Previous year ₹ 11,000 thousand)
- (d) Guarantees/LC given by or on behalf of the Corporation ₹ 15,864,369 thousand (Previous year ₹ 10,617,681 thousand).

- (e) Statutory demand/liabilities in dispute - Income-tax demands disputed, not provided for ₹ 17,298,899 thousand (Previous year ₹ 17,027,139 thousand).

**(f) Year-wise break up as follows:**

(₹ In thousand)

1	2000-01	32 316
2	2002-03	694 362
3	2003-04	757 312
4	2004-05	1 879 038
5	2005-06	1 849 956
6	2006-07	2 680 573
7	2007-08	3 126 779
8	2008-09	3 149 757
9	2009-10	1 809 812
10	2011-12	4 252
11	2012-13	1 079 551
12	2013-14	163 957
13	2014-15	71 234
	<b>Total</b>	<b>17 298 899</b>

- (g) Reinsurance obligations to the extent not provided for in the accounts (Previous year NIL) in view of Significant Accounting Policy No. 2.2.

- (h) Majority of the pending legal/arbitration matters with the Legal Department are very old.

These cases are primarily against the erstwhile subsidiary companies and the Corporation has been impleaded as a proforma respondent because of its erstwhile status of the holding company. In MACT/Hit and Run matters, GIC is wrongly impleaded despite not being the administrator of the Solatium Scheme.

Consequently, no financial impact of such cases is envisaged.

### 43. Performance of Overseas Branches:

(₹ In thousand)

	Dubai	Malaysia	London
Gross Premium	23,819,997	8,468,867	7,477,800
Net Premium	23,028,125	8,145,632	6,703,309
Earned Premium	21,629,141	8,495,638	5,637,205
Incurred Claims	19,119,216	4,167,542	2,492,660
Net Commission	5,585,085	2,374,478	2,064,687
Expenses of Management	289,107	45,940	138,997
Profit/(Loss) on Exchange	(479,940)	1,649,338	781,877
Underwriting Profit/(Loss)	(3,844,207)	3,557,016	1,722,738
Net Inv. Income in Rev. A/c	239,654	249,864	85,575
Revenue Profit/( Loss)	(3,604,553)	3,806,880	1,808,313

#### ➤ GENERAL

44. 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.

45. During the year, the Corporation had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11. 2016	12,500	8,678	21,178
(+) Permitted receipts #	16,000	300,700	316,700
(-) Permitted payments	-	301,477	301,477
(-) Amount deposited in Banks	28,500	2,320	30,820
Closing cash in hand as on 30.12. 2016	-	5,581	5,581

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

# The Corporation has accepted SBNs from employees at the time of settlement of travel advance given to them and deposited the same in bank.

**46. Major Events occurring after Balance Sheet Date:**

Following is the detail of one major loss reported by New India Assurance Co. Ltd., which occurred during the month of April 2017:

(₹ In thousand)

Name of Insured	Cause of loss	DOL	100% loss	GIC's share of Gross loss	GIC's share of Net loss
Vedanta Ltd	Fire	17.04.2017	1,650,000	715,700	715,700

- 47.** The Corporation has prepared Cash flow statement adopting the indirect method.
- 48.** Tax liabilities in respect of foreign operation, if any, is accounted on actual basis.
- 49.** Prior period items have not been separately disclosed, as the amount is not material.
- 50.** The summary of the financial statements of the Corporation for the last five years is as per Annexure I.
- 51.** The Dubai Branch of the Corporation had faced a case of internet fraud which had resulted in improper transfer of USD 1,427,040 from the Branch office USD Account with Bank of Baroda, Dubai BO to PNC Bank A/C of Washington, US.
- Through concerted efforts, the amount of USD 1,427,025 (USD 1,427,040 less bank charges of USD 25) was recovered and remitted back to the account with Bank of Baroda Dubai BO on 20.08.2016. The said amount is placed in a fixed deposit with the said Bank since recovery.
- 52.** The Accounting Ratios of the Corporation are stated in Annexure II.
- 53.** Figures relating to the previous year have been regrouped/rearranged, wherever necessary.

As per our report of even date

**For GBCA & ASSOCIATES**Chartered Accountants  
{Firm Regn No. 103142W}**SANJEEV LALAN**Partner  
Membership No.: 045329  
Mumbai  
Dated: 29.05.2017**For SAMRIA & CO**Chartered Accountants  
{Firm Regn No.  
109043W}**ADHAR SAMRIA**Partner  
Membership No.: 049174**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director &amp; GM

**V C Jain**

GM Finance &amp; CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director &amp; GM

**Suchita Gupta**

Company Secretary

## SUMMARY OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2017

### Annexure - I

(₹ in lakh)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
<b>OPERATING RESULTS</b>					
1 Gross Premium	<b>3358544</b>	1843581	1518397	1468012	1508587
2 <b>Net Premium Income</b>	<b>3017456</b>	1637478	1385701	1321262	1377123
3 Income from investments (net)	<b>305265</b>	280272	302482	256880	220530
4 Profit on Exchange Fluctuation	<b>(3 083)</b>	15657	(5 843)	23855	12640
5 <b>Total Income</b>	<b>3319638</b>	1933407	1682340	1601997	1610293
6 Commissions (Net) (Including Brokerage)	<b>540440</b>	349036	278425	244899	290575
7 Operating Expenses	<b>23973</b>	18070	15944	17829	11214
8 Net Incurred Claims	<b>2164641</b>	1289986	1189177	1210729	1094234
9 Change in Unexpired Risk Reserve	<b>345966</b>	120195	29876	(39 620)	44945
9a Premium Deficiency	<b>0</b>	(5 846)	5846	0	(14 147)
10 <b>Operating Profit/loss</b>	<b>244618</b>	161966	163072	168160	183472
<b>NON-OPERATING RESULT</b>					
11 Total Income under Shareholders account (Net)	<b>117768</b>	133685	119651	62184	54745
12 Profit/(loss) before tax	<b>362386</b>	295651	282723	230344	238217
13 Provision for tax	<b>49619</b>	10812	13351	5026	3755
14 Profit/(loss) after tax	<b>312767</b>	284839	269372	225318	234462
<b>MISCELLANEOUS</b>					
15 <u>Policy holders Account :</u>					
Total funds	<b>4168187</b>	2955589	2701832	2702451	2602203
Total Investments	<b>4292479</b>	3660366	3948334	3356775	3034009
Yield on Investments (%)	<b>12.35</b>	12.91	14.08	12.13	10.13
16 <u>Shareholders Account :</u>					
Total funds	<b>1794663</b>	1482996	1300161	1096858	965456
Total Investments	<b>2182014</b>	1783231	1624172	1208808	963601
Yield on Investments (%)	<b>12.35</b>	12.91	14.08	12.13	10.13



(₹ lakh)

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13
17 Paid up equity Capital	43000	43000	43000	43000	43000
18 Net worth	1794663	1482996	1300161	1096858	965456
19 Total assets	9494862	7973258	7809332	6699186	5993989
20 Yield on total investments (%)	12.35	12.91	14.08	12.13	10.13
21 Earnings per share ₹	7.27	6.62	6.26	5.24	5.45
22 Book Value per share ₹	41.74	34.49	30.24	25.51	22.45
23 Total Dividend	0	86000	54000	44935	46870
24 Dividend per share ₹	0	2.00	1.26	1.05	1

As per our report of even date

**For GBCA & ASSOCIATES**Chartered Accountants  
{Firm Regn No. 103142W}**SANJEEV LALAN**Partner  
Membership No.: 045329  
Mumbai  
Dated: 29.05.2017**For SAMRIA & CO**Chartered Accountants  
{Firm Regn No. 109043W}**ADHAR SAMRIA**Partner  
Membership No.: 049174**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director &amp; GM

**V C Jain**

GM Finance &amp; CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director &amp; GM

**Suchita Gupta**

Company Secretary

## RATIOS FOR NON - LIFE COMPANIES

## Annexure - II

Performance Ratio	Ratio/Percentage			
	Current Period Ending		Previous Period Ending	
	31.03.2017		31.03.2016	
	Domestic	Foreign	Domestic	Foreign
	Total		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	26.7	24.9	26.2	44.1
Motor Insurance	55.8	24.8	9.4	42.2
Aviation Insurance	875.6	30.2	(94.3)	(17.1)
Engineering insurance	(6.6)	4.8	9.5	14.9
W.C.	(15.7)	308.3	37.2	46.8
Liability	74.9	22.5	2.5	136.8
PA	21.4	123.9	55.7	(14.1)
Health	93.9	14.3	25.2	8.5
Other Miscellaneous Insurance	604.5	81.0	38.0	4.4
FL/Credit	12.2	33.8	20.9	27.6
Marine Cargo	27.4	36.5	3.4	(23.9)
Marine Hull	(3.8)	0.9	(17.2)	(1.1)
Life	97.4	(103.9)	41.1	74.0
<b>2 Gross Premium to Net worth ratio :</b> (Gross premium for the current year divided by paid up capital and free reserves)	187.1		124.3	
<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)	21.0		14.1	
<b>4 Net retention ratio (segment wise)</b> (Net premium divided by gross premium)				
Fire Insurance	38.3	91.7	55.5	90.7
Motor Insurance	100.0	100.0	100.0	100.0
Aviation Insurance	72.3	89.1	(182.5)	83.5
Engineering insurance	95.5	98.2	77.6	95.9
W.C.	100.0	100.0	100.0	100.0
Liability	88.0	100.0	90.5	100.0
PA	100.0	100.0	99.8	100.0
Health	96.5	100.0	100.0	100.0
Other Miscellaneous Insurance	92.8	93.9	83.8	100.0
FL/Credit	75.8	100.0	72.5	100.0
Marine Cargo	91.6	86.0	92.8	83.9
Marine Hull	47.6	83.4	80.3	82.5
Life	93.2	100.0	78.1	100.0

## RATIOS FOR NON - LIFE COMPANIES

## Annexure - II

Performance Ratio	Ratio/Percentage			
	Current Period Ending		Previous Period Ending	
	31.03.2017		31.03.2016	
	Domestic	Foreign	Domestic	Foreign
	Total		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	33.8	26.2	18.7	25.8
Motor Insurance	14.5	25.5	15.3	26.7
Aviation Insurance	14.2	16.5	(5.2)	18.8
Engineering insurance	15.7	31.9	20.7	32.0
W.C.	15.5	10.7	14.9	14.8
Liability	8.7	22.4	12.9	17.0
PA	30.5	31.3	36.3	30.6
Health	33.4	10.6	12.5	6.5
Other Miscellaneous Insurance	6.4	65.2	30.1	81.1
FL/Credit	17.3	29.3	22.4	30.5
Marine Cargo	16.2	34.0	13.1	37.2
Marine Hull	10.3	13.5	19.3	20.3
Life	0.9	(162.4)	1.2	13.0
<b>6 Expenses of management to gross premium ratio</b> (Expenses of management divided by Gross premium)	0.7		1.0	
<b>7 Expenses of management to Net written premium ratio</b> (Expenses of management divided by Net written premium)	0.8		1.1	
<b>8 Net Incurred Claims to Net Earned Premium</b>	81.0		85.0	
<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)	99.7		107.4	
<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)	138.1		180.5	

RATIOS FOR NON - LIFE COMPANIES

Annexure - II

Performance Ratio	Ratio/Percentage			
	Current Period Ending		Previous Period Ending	
	31.03.2017		31.03.2016	
	Domestic	Foreign	Domestic	Foreign
	Total		Total	
<b>11 Underwriting balance ratio:</b>	(2.0)		(7.6)	
<b>12 Operating profit ratio:</b> (Underwriting profit/loss plus investment income divided by net premium)	8.1		9.9	
<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))	38.9		41.5	
<b>14 Net earnings ratio:</b> (Profit after tax divided by net premium)	10.4		17.4	
<b>15 Return on net worth</b> (Profit after tax divided by net worth)	17.4		19.2	
<b>16 Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio</b> (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.	2.40		3.48	
<b>17 NPA ratio</b>	0.78		1.10	

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 AS PER INDIRECT METHOD

(₹ In thousands)

Particulars	31st March 2017	31st March 2016
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<i>Net Profit before taxation as per Profit &amp; Loss A/c</i>	36238 557	29565 068
<i>Adjustments for:</i>		
Exchange -Loss/Gain charged	464 766	(2320 685)
Provision for diminution in value of investment	556 439	1359 916
Provision for doubtful loans, investments & Debts	2595 645	(1158 436)
Amortisation of Premium on Investment	185 152	185 605
Depreciation	96 805	95 789
Profit/Loss on sale of Assets	2 216	223
Provision for Leave Encashment & Salary Arrears	79 014	(106467)
Sundry Balances Written off/-back	0 3980 037	0 (1944 055)
<i>Operating Profit before working capital changes</i>	40218 594	27621 013
Changes in Unexpired Risk Reserves	34596 585	12019 459
Changes in Premium Deficiency Reserve	0	(584 596)
Changes in Provisions for Outstanding Claims	86663 173	13940 843
Changes in Income accrued on Investments	(122 115)	(717 106)
Changes in Balances with Insurance Companies	(81342 470)	2993 839
Changes in Advance and Deposits	56069 390	(8971 612)
Changes in other Current Liabilities	(55114 175) 40750 388	7674 907 26355 734
<i>Cash generated from operations</i>	80968 982	53976 747
Income Tax Paid (Net)	(3151 207)	4043 785
<i>Net Cash from Operating Activities</i>	77817 775	58020 532
<b>B ) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(33 859)	(424 024)
Proceeds from sale of Fixed Assets	1 342	1 617
Foreign Currency Translation Reserve	(5137 193)	2248 603
Changes in net Investments	(37538 864)	(35334 950)
<i>Net Cash used in Investing Activities</i>	(42708 574)	(33508 754)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017  
AS PER INDIRECT METHOD**

(₹ In thousands)

Particulars	31st March 2017	31st March 2016
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(8600 000)	(5400 000)
Dividend Tax Paid	(1750 788)	(1099 332)
<b>Net Cash from Financing Activities</b>	<b>(10350 788)</b>	<b>(6499 332)</b>
<b>D) Effect of Foreign Exchange on Cash &amp; Cash equivalents (Net)</b>	<b>(464 766)</b>	<b>2320 685</b>
<b>Net increase in Cash and Cash equivalents (A+B+C+D)</b>	<b>24293 647</b>	<b>20333 131</b>
<b>Cash and Cash equivalents at beginning of period</b>	<b>97614 005</b>	<b>77280 874</b>
<b>Cash and Cash equivalents at the end of period</b>	<b>121907 652</b>	<b>97614 005</b>

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

2016 - 17

**I. Registration Details**

Registration No.	16133	State Code	11
Balance Sheet Date	3/31/2017		

**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	484820 836	Total Assets	484820 836
Sources of Funds			
Paid-up Capital	4300 000	Reserve & Surplus	180157 699
Secured Loans	N I L	Unsecured Loans	N I L
Deferred Taxation Liability	0	Fair Value Change Account	300363 137

**Application of Funds**

Net Fixed Assets	1636 162	Investment	650670 461
Net Current Assets	-167620 083	Misc. Expenditure	N I L
Accumulated Losses	N I L	Deffered Tax Asset	134 296

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

Turnover	312894 487	Total Expenditure	276655 932
Profit/Loss Before Tax	36238 554	Profit/Loss After Tax	31276 682
Earning per Share in (₹)	7.27	Dividend @ %	233.00

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

Item Code No.	NOT APPLICABLE
Product Discription	REINSURANCE SERVICE



(₹ & \$ in '000)

	As on 31.03.2017		As on 31.03.2016	
	₹	\$	₹	\$
Gross Premium	335 854 374	5 178 942	184 358 121	2 782 764
Net Premium	301 745 567	4 652 977	163 747 847	2 471 666
Net Earned Premium	267 148 981	4 119 491	151 728 388	2 290 240
Net Claims	216 464 075	3 337 919	128 998 600	1 947 149
% to Earned Premium	81.0%	81.0%	85.0%	85.0%
Net Commission	54 044 007	833 369	34 903 573	526 846
% to Earned Premium	20.2%	20.2%	23.0%	23.0%
Operating Expenses and Other Outgo less Other Income	2 705 582	41 721	241 272	3 642
Premium Deficiency	0	0	(584,596)	(8,824)
Investment Income Less Expenses apportioned to Revenue a/c	30 526 517	470 725	28 027 245	423 053
Revenue Profit/Loss(-)	24 461 834	377 206	16 196 784	244 480
Investment Income Less Expenses apportioned to P/L a/c	15 316 980	236 191	13 487 114	203 579
Other Income less Other Outgo	(203,025)	(3,131)	1 846 781	27 876
Res. for Doubtful Debts, Investment W/off & Amortisation of Prem. on Inv.	3 337 235	51 461	1 965 612	29 670
<b>PROFIT BEFORE TAX</b>	<b>36 238 554</b>	<b>558 806</b>	29 565 067	446 265
Provision for tax including deferred tax	4 961 873	76 513	1 081 175	16 320
<b>PROFIT AFTER TAX</b>	<b>31 276 682</b>	<b>482 293</b>	28 483 892	429 946
<b>ASSETS:</b>				
Investments	647 449 211	9 983 797	544 359 624	8 216 749
Loans	3 221 250	49 672	3 657 759	55 211
Fixed Assets	1 636 161	25 230	1 702 666	25 701
Deferred Tax Asset	134 296	2 071	24 268	366
Cash and Bank Balances	121 907 652	1 879 840	97 614 005	1 473 419
Advances and Other Assets	175 137 651	2 700 658	149 967 476	2 263 660
<b>TOTAL ASSETS</b>	<b>949 486 221</b>	<b>14 641 268</b>	797 325 798	12 035 106
<b>LIABILITIES:</b>				
Share Capital	4 300 000	66 307	4 300 000	64 906
Reserve and Surplus	180 157 699	2 778 068	154 018 207	2 324 803
Deferred Tax Liabilities	0	0	0	0
Fair Value Change Account	300 363 137	4 631 660	234 507 331	3 539 733
Current Liabilities & Provisions	464 665 385	7 165 233	404 500 260	6 105 664
<b>TOTAL LIABILITIES</b>	<b>949 486 221</b>	<b>14 641 268</b>	797 325 798	12 035 106

1 US\$ = ₹ 64.85 as on 31.03.2017

1 US\$ = ₹ 66.25 as on 31.03.2016

(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

**USD Exchange Rate**

**64.8500**

**66.250**



## CONSOLIDATED FINANCIAL STATEMENTS (CFS) YEAR 2016-17

### **A: SUBSIDIARIES:**

- (i) GIC Re South Africa Ltd.
- (ii) GIC Re, India, Corporate Member Ltd.

### **B: ASSOCIATES:**

- (i) Agriculture Insurance Company of India Ltd.
- (ii) GIC Bhutan Re Ltd.
- (iii) India International Insurance Pte. Ltd.

## INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Members of

GENERAL INSURANCE CORPORATION OF INDIA

### 1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of General Insurance Corporation of India ("the Holding Company") and its subsidiaries and its associates (collectively referred to as "the Corporation" or "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Revenue Accounts, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### 2. Management's Responsibility for the Consolidated Financial Statements

The Holding Corporation's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Corporation in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014. The Board of Directors of the Corporation is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Corporation and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness

of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Corporation, as aforesaid.

### 3. Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Corporation's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Corporation's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements are prepared in accordance with the requirements of the Insurance Act, 1938, IRDAI (Preparation of Financial Statements and Auditor's Report on Insurance Companies) Regulations, 2002 and the Act, 2013, to the extent applicable and in the manner so required and the financial statements read with significant accounting policies and notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies of state of affairs of the Corporation as at 31st March, 2017 and of surplus of revenue accounts of Fire, Miscellaneous, Marine and Life business and its profit and its cash flows for the year ended on that date.

#### 5. Emphasis of Matter

Attention is drawn to Significant Accounting Policy No. 1.7, the impact on Profit for the year or Assets and Liabilities due to deviation in Accounting Policies of the Corporation and its Subsidiaries cannot be evaluated for the reasons stated therein. As the impact thereof is not material our opinion is not modified in respect of this matter.

#### 6. Other Matter

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets (net) ₹ 938,90,29 thousand as at 31<sup>st</sup> March, 2017, total revenues of ₹ 32,65,49 thousand and net cash flows amounting to ₹ 22,70,10 thousand for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 397,71,24 thousand for the year ended 31<sup>st</sup> March, 2017, as considered in the consolidated financial statements, in respect of three associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management except for an Indian Associate Agricultural Insurance Company of India Limited, whose unaudited accounts are considered for the purpose of consolidation and our opinion on the Consolidated

Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) and (11) of section 143 of the Act, in so far as it relates the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

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

As required by Section 143(3) of the Act, to the extent applicable, we report that:

- (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and beliefs were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, Consolidated Revenue Accounts, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) With respect to the adequacy of the internal financial controls over financial reporting of the Corporation and the operating effectiveness of such controls, refer our separate Report in "Annexure A".
- (f) On the basis of the written representations received from the directors of the Holding Corporation as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors of the Holding Corporation and the reports of the statutory

auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

- (g) In our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - The Corporation has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Corporation and its subsidiaries incorporated in India.
- The Company has provided requisite disclosures in the consolidated financial statements (Refer Note No.12) as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the explanations and representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

**For, GBCA & Associates**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 103142W**  
**Sanjeev Lalan**  
**Partner**  
**Membership No. 045329**

**For, Samria & Co.**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 109043W**  
**Adhar Samria**  
**Partner**  
**Membership No. 049174**

Place : Mumbai  
 Date : May 29, 2017

## Annexure - A to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Corporation as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of General Insurance Corporation of India ("the Holding Corporation") and its subsidiaries and its associates (collectively referred to as "the Corporation" or "the Group") which are companies incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Corporation's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial

controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention

or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**For GBCA & Associates**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 103142W**

**Sanjeev Lalan**  
**Partner**  
**Membership No. 045329**

Place : Mumbai

Date : May 29, 2017

#### **Opinion**

In our opinion, the Holding Corporation and its associate company, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### **Other Matters**

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operation effectiveness of the internal financial control over financial reporting in so far as it relates to an associate which is company incorporated in India, is based on the corresponding information provided by the auditor.

**For Samria & Co.,**  
**Chartered Accountants**  
**ICAI Firm Regn. No. 109043W**

**Adhar Samria**  
**Partner**  
**Membership No. 049174**



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GENERAL INSURANCE CORPORATION OF INDIA FOR THE YEAR ENDED 31 MARCH 2017**

The preparation of consolidated financial statements of General Insurance Corporation of India for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Insurance Act, 1938 read with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act, 2013 (the Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with Section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with Section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with Section 129(4) of the Act of the consolidated financial statements of General Insurance Corporation of India for the year ended 31 March 2017. We conducted a supplementary audit of the financial statements of General Insurance Corporation of India but did not conduct supplementary audit of the financial statements of Agriculture Insurance Company of India Limited, GIC Re South Africa Limited, GIC Re India Corporate Member Limited, Indian International Insurance Pte. Limited and GIC Bhutan Re Limited for the year ended on that date. Further, section 139(5) and 143(6)(b) of the Act are not applicable to GIC Re South Africa Limited, GIC Re India Corporate Member Limited, Indian International Insurance Pte. Limited and GIC Bhutan Re Limited being entities incorporated in Foreign countries under the respective laws, for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C & AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

(Roop Rashi)

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

Place : Mumbai

Dated : 24<sup>th</sup> August, 2017

## Financial Information



Registration No. 112

Date of Registration with IRDAI : 2<sup>nd</sup> April 2001
**CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**  
**IN RESPECT OF FIRE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹'000)	Previous Year (₹'000)
1. Premiums Earned (Net)	1	56635 928	46235 952
2. Profit on sale of Investments (Net)		3883 973	3440 837
3. Forex Gain/( Loss)		(140 154)	493 701
4. Interest, Dividend & Rent - Gross		6431 184	5692 524
<b>Total (A)</b>		<b>66810931</b>	55863 014
1. Claims Incurred (Net)	2	42505 597	35070 446
2. Commission (Net)	3	16708 297	12555 948
3. Operating Expenses related to Insurance Business	4	710 173	738 349
4. Expenses relating to Investments		10 106	7 577
5. Premium Deficiency		0	0
<b>Total (B)</b>		<b>59934 173</b>	48372 320
<b>Operating Profit/- Loss from Fire Business C = (A-B)</b>		<b>6876 758</b>	7490 694
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		6876 758	7490 694
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>6876 758</b>	7490 694

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.

The Schedules referred to above form integral part of the Revenue Account.

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**  
Director

**Segar Sampathkumar**  
Director & GM

**V C Jain**  
GM Finance & CFO

**Usha Sangwan**  
Director

**G C Gaylong**  
Director & GM

**Suchita Gupta**  
Company Secretary

Registration No. 112

Date of Registration with IRDAI : 2<sup>nd</sup> April 2001

**CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017  
IN RESPECT OF MISCELLANEOUS INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums Earned (Net)	1	198118 924	94913 993
2. Profit on sale of Investments (Net)		6655 641	6092 645
3. Forex Gain/( Loss)		(186 102)	918 694
4. Interest, Dividend & Rent - Gross		11012 297	10079 196
<b>Total (A)</b>		<b>215600 760</b>	112004 528
1. Claims Incurred (Net)	2	161679 858	86508 174
2. Commission (Net)	3	35828 252	20622 450
3. Operating Expenses related to Insurance Business	4	1715 680	1059 898
4. Expenses relating to Investments		15 976	13 355
5. Premium Deficiency		0	0
<b>Total (B)</b>		<b>199239 766</b>	108203 877
<b>Operating Profit/-Loss from Miscellaneous Business C = (A-B)</b>		<b>16360 994</b>	3800 651
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		16360 994	3800 651
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>16360 994</b>	3800 651

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.

The Schedules referred to above form integral part of the Revenue Account.

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329  
Mumbai  
Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**  
Director

**Segar Sampathkumar**  
Director & GM

**V C Jain**  
GM Finance & CFO

**Usha Sangwan**  
Director

**G C Gaylong**  
Director & GM

**Suchita Gupta**  
Company Secretary

Registration No. 112

Date of Registration with IRDAI : 2<sup>nd</sup> April 2001
**CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**  
**IN RESPECT OF MARINE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums Earned (Net)	1	10613 366	9443 297
2. Profit on sale of Investments (Net)		942 665	989 040
3. Forex Gain/( Loss)		(28 535)	152 359
4. Interest, Dividend & Rent - Gross		1559 650	1636 084
<b>Total (A)</b>		<b>13087 146</b>	12220 780
1. Claims Incurred (Net)	2	7560 956	6330 217
2. Commission (Net)	3	1601 637	1811 133
3. Operating Expenses related to Insurance Business	4	67 904	79 411
4. Expenses relating to Investments		2 252	2 154
5. Premium Deficiency		0	(584 596)
<b>Total (B)</b>		<b>9232 749</b>	7638 319
<b>Operating Profit/-Loss from Marine Business C = (A-B)</b>		<b>3854 397</b>	4582 461
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		3854 397	4582 461
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>3854 397</b>	4582 461

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.

The Schedules referred to above form integral part of the Revenue Account.

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner

Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner

Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

Registration No. 112

Date of Registration with IRDAI : 2<sup>nd</sup> April 2001

**CONSOLIDATED REVENUE ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017  
IN RESPECT OF LIFE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Premiums Earned (Net)	1	2391 444	2411 272
2. Profit on sale of Investments (Net)		38 434	47 906
3. Forex Gain/( Loss)		(19 042)	11 253
4. Interest, Dividend & Rent - Gross		70 600	83 712
<b>Total (A)</b>		<b>2481 436</b>	2554 143
1. Claims Incurred (Net)	2	3490 565	1750 283
2. Commission (Net)	3	59 354	74 359
3. Operating Expenses related to Insurance Business	4	25 000	26 025
4. Expenses relating to Investments		1 227	674
5. Premium Deficiency		0	0
<b>Total (B)</b>		<b>3576 146</b>	1851 341
<b>Operating Profit/-Loss from Life Business C = (A-B)</b>		<b>(1094 710)</b>	702 802
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		(1094 710)	702 802
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves (to be specified)		0	0
<b>Total (C)</b>		<b>(1094 710)</b>	702 802

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.

The Schedules referred to above form integral part of the Revenue Account.

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner

Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner

Membership No.: 049174

**Alice G Vaidyan**

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Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

Registration No. 112  
Date of Registration with IRDAI : 2<sup>nd</sup> April, 2001

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
1. Operating Profit/-Loss			
(a) Fire Insurance		6876 758	7490 694
(b) Marine Insurance		3854 397	4582 460
(c) Miscellaneous Insurance		16360 994	3800 651
(d) Life Insurance		(1094 710)	702 801
2. Income from Investments			
(a) Interest, Dividend & Rent - Gross		9545 328	8317 204
(b) Profit on sale of Investments		5784 575	5087 417
Less: Loss on sale of Investment		0	0
3. Other Income:			
Forex Gain/( Loss)		11	777 981
Profit on sale of Assets (Net)		0	0
Sundry Balances Written Back (Net)		0	0
Interest on Income-tax Refund		166 816	0
Provision for Doubtful Debts written back		0	1573 298
Miscellaneous Receipts		14 381	23 340
<b>Total (A)</b>		<b>41508 550</b>	<b>32355 846</b>
4. Provision for Doubtful Loans & Investment		293 993	420 091
5. Provision for Doubtful Debts		2305 578	0
6. Amortisation of premium on Investments		185 152	185 605
7. Diminution in the value of investments written off		556 439	1359 916
8. Other Expenses :			
Expenses relating to Investments		17 318	13 752
Loss on Exchange		229 905	0
Loss on sale of Assets (Net)		2 223	223
Sundry Balances Written off (Net)		0	0
Interest & Others		56 293	7 519
Corporate Social Responsibility Expenses		160 272	490 936
<b>Total (B)</b>		<b>3807 173</b>	<b>2478 042</b>



Particulars	Schedule	Current Year (₹ '000)	Previous Year (₹ '000)
Profit Before Tax		37701 377	29877 804
Provision for Taxation :			
Current Tax		6620 000	5123 792
MAT Credit		(1442 537)	(1884 959)
Deferred Tax		(109 196)	150 425
Provision for Tax in respect of earlier years		(224 937)	(101 341)
MAT Credit of earlier year		119 319	(2205 632)
<b>Profit After Tax</b>		<b>32738 728</b>	<b>28795 519</b>
<b>Share of Profit in Associates Companies</b>		<b>3977 124</b>	<b>1373 349</b>
<b>Profit for the year</b>		<b>36715 852</b>	<b>30168 868</b>
<b>Appropriations</b>			
(a) Balance brought forward from last year		12179 002	10493 923
(b) Interim Dividend		0	0
(c) Proposed Final Dividend		0	8600 000
(d) Dividend Distribution Tax		0	1750 788
(e) Transfer to General Reserve		0	18133 000
Balance carried forward to Balance Sheet		48894 858	12179 002
Basic and Diluted EPS		8.54	7.02

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329  
Mumbai  
Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

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**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

Registration No. 112

Date of Registration with IRDAI : 2<sup>nd</sup> April, 2001CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2017

Particulars	Schedule		Current Year (₹ '000)	Previous Year (₹ '000)
<b>SOURCES OF FUNDS</b>				
Share Capital	5		4300 000	4300 000
Reserves and Surplus	6		197526 143	166275 413
Borrowings	7		0	0
Deferred Tax Liability			0	0
Fair Value Change Account			300371 513	234514 802
<b>Total</b>			<b>502197 656</b>	405090 215
<b>APPLICATION OF FUNDS</b>				
Investments	8 & 8A		664812 580	556807 227
Loans	9		3221 250	3657 759
Fixed Assets	10		1642 173	1709 509
Goodwill on consolidation			273 832	273 832
Deferred Tax Asset			163 151	51 063
Current Assets:				
Cash and Bank Balances	11	122314 294		97793 636
Advances and Other Assets	12	180712 763		156181 138
<b>Sub-Total (A)</b>		<b>303027 057</b>		253974 774
Current Liabilities	13	338035 699		306196 033
Provisions	14	132906 688		105187 916
<b>Sub-Total (B)</b>		<b>470942 387</b>		411383 949
<b>Net Current Assets (C)=(A-B)</b>			<b>(167915 330)</b>	(157409 175)
Miscellaneous Expenditure	15		0	0
<b>Total</b>			<b>502197 656</b>	405090 215
<b>CONTINGENT LIABILITIES</b>			<b>33174 267</b>	27655 820

Significant Accounting Policies &amp; Notes to Accounts form integral part of the Balance Sheet -Schedule 16

As per our report of even date

**For GBCA & ASSOCIATES**Chartered Accountants  
{Firm Regn No. 103142W}**SANJEEV LALAN**

Partner

Membership No.: 045329

Mumbai

Dated: 29.05.2017

**For SAMRIA & CO**Chartered Accountants  
{Firm Regn No. 109043W}**ADHAR SAMRIA**

Partner

Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director &amp; GM

**V C Jain**

GM Finance &amp; CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director &amp; GM

**Suchita Gupta**

Company Secretary

## 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	81845 656	65095 823
Less: Premium on Reinsurance ceded	20523 919	12947 195
Net Premium	61321 737	52148 628
Adjustment for change in reserve for unexpired risks	(4685 809)	(5912 676)
<b>Total Premium Earned (Net)</b>	<b>56635 928</b>	<b>46235 952</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	66243 947	44882 912
Less: Premium on Reinsurance ceded	0	0
Net Premium	66243 947	44882 912
Adjustment for change in reserve for unexpired risks	(10323 349)	(3414 131)
<b>Total Premium Earned (Net)</b>	<b>55920 598</b>	<b>41468 781</b>
<b>(2) AVIATION</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	6623 863	4531 748
Less: Premium on Reinsurance ceded	859 352	974 129
Net Premium	5764 511	3557 619
Adjustment for change in reserve for unexpired risks	(1001 288)	1148 004
<b>Total Premium Earned (Net)</b>	<b>4763 223</b>	<b>4705 623</b>
<b>(3) ENGINEERING</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	8781 597	8906 026
Less: Premium on Reinsurance ceded	281 906	1245 459
Net Premium	8499 691	7660 567
Adjustment for change in reserve for unexpired risks	(325 536)	(310 661)
<b>Total Premium Earned (Net)</b>	<b>8174 155</b>	<b>7349 906</b>

**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	353 727	253 526
Less: Premium on Reinsurance ceded	0	0
Net Premium	353 727	253 526
Adjustment for change in reserve for unexpired risks	(49 651)	(35 433)
<b>Total Premium Earned (Net)</b>	<b>304 076</b>	<b>218 093</b>
<b>(5) LIABILITY</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	2334 040	1505 296
Less: Premium on Reinsurance ceded	196 649	89 047
Net Premium	2137 391	1416 249
Adjustment for change in reserve for unexpired risks	(357 208)	(190 201)
<b>Total Premium Earned (Net)</b>	<b>1780 183</b>	<b>1226 048</b>
<b>(6) PERSONAL ACCIDENT</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	5103 570	3805 190
Less: Premium on Reinsurance ceded	0	5 142
Net Premium	5103 570	3800 048
Adjustment for change in reserve for unexpired risks	(633 980)	(575 996)
<b>Total Premium Earned (Net)</b>	<b>4469 590</b>	<b>3224 052</b>
<b>(7) HEALTH</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	41728 826	25041 895
Less: Premium on Reinsurance ceded	1112 266	0
Net Premium	40616 560	25041 895
Adjustment for change in reserve for unexpired risks	(7567 452)	(1990 028)
<b>Total Premium Earned (Net)</b>	<b>33049 108</b>	<b>23051 867</b>

**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	107402 642	16943 188
Less: Premium on Reinsurance ceded	8317 419	2808 719
Net Premium	99085 223	14134 469
Adjustment for change in reserve for unexpired risks	(10868 388)	(1850 101)
<b>Total Premium Earned (Net)</b>	<b>88216 835</b>	<b>12284 368</b>
<b>(9) FINANCIAL LIABILITY/CREDIT</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	2010094	1766 695
Less: Premium on Reinsurance ceded	446 000	450 000
Net Premium	1564 094	1316 695
Adjustment for change in reserve for unexpired risks	(122 938)	68,560
<b>Total Premium Earned (Net)</b>	<b>1441 156</b>	<b>1385 255</b>
<b>TOTAL MISCELLANEOUS</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	240582 306	107636 476
Less: Premium on Reinsurance ceded	11213 592	5572 496
Net Premium	229368 714	102063 980
Adjustment for change in reserve for unexpired risks	(31249 790)	(7149 987)
<b>Total Premium Earned (Net)</b>	<b>198118 924</b>	<b>94913 993</b>
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	4590 756	3470 179
Less: Premium on Reinsurance ceded	615 766	461 193
Net Premium	3974 990	3008 986
Adjustment for change in reserve for unexpired risks	1051 807	516 330
<b>Total Premium Earned (Net)</b>	<b>5026 797</b>	<b>3525 316</b>

**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	6727 165	6756 228
Less: Premium on Reinsurance ceded	1790 291	1225 493
Net Premium	4936 874	5530 735
Adjustment for change in reserve for unexpired risks	649 695	387 247
<b>Total Premium Earned (Net)</b>	<b>5586 569</b>	<b>5917 982</b>
<b>TOTAL MARINE</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	11317 921	10226 407
Less: Premium on Reinsurance ceded	2406 057	1686 686
Net Premium	8911 864	8539 721
Adjustment for change in reserve for unexpired risks	1701 502	903 577
<b>Total Premium Earned (Net)</b>	<b>10613 366</b>	<b>9443 298</b>
<b>D LIFE INSURANCE</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	3662 018	2383 760
Less: Premium on Reinsurance ceded	261 070	432 025
Net Premium	3400 948	1951 735
Adjustment for change in reserve for unexpired risks	(1009 504)	459 537
<b>Total Premium Earned (Net)</b>	<b>2391 444</b>	<b>2411 272</b>
<b>E TOTAL ALL CLASSES</b>		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	337407 901	185342 466
Less: Premium on Reinsurance ceded	34404 638	20638 402
Net Premium	303003 263	164704 064
Adjustment for change in reserve for unexpired risks	(35243 601)	(11699 549)
<b>Total Premium Earned (Net)</b>	<b>267759 662</b>	<b>153004 515</b>

**SCHEDULE 1**  
**PREMIUM EARNED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>AGRICULTURE</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	97523 269	12917 865
Less: Premium on Reinsurance ceded	6788 707	916 687
Net Premium	90734 562	12001 178
Adjustment for change in reserve for unexpired risks	(7863 800)	(3277 886)
<b>Total Premium Earned (Net)</b>	<b>82870 762</b>	<b>8723 292</b>
<b>OTHER MISCELLANEOUS (excluding agriculture)</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	9879 373	4025 323
Less: Premium on Reinsurance ceded	1528 712	1892 032
Net Premium	8350 661	2133 291
Adjustment for change in reserve for unexpired risks	(3004 588)	1427 785
<b>Total Premium Earned (Net)</b>	<b>5346 073</b>	<b>3561 076</b>
<b>OTHER MISCELLANEOUS (as per Board approved Accounts)</b>		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	107402 642	16943 188
Less: Premium on Reinsurance ceded	8317 419	2808 719
Net Premium	99085 223	14134 469
Adjustment for change in reserve for unexpired risks	(10868 388)	(1850 101)
<b>Total Premium Earned (Net)</b>	<b>88216 835</b>	<b>12284 368</b>



**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
<b>A FIRE INSURANCE</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	37828 334	37610 929
Less: Reinsurance ceded	7590 711	7896 159
Net Claims Paid	30237 623	29714 770
Add: Claims Outstanding at the end of the year	85214 158	72946 184
Less: Claims Outstanding at the beginning of the year	72946 184	67590 508
<b>Total Claims Incurred</b>	<b>42505 597</b>	<b>35070 446</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
<b>Claims Paid</b>		
Direct	0	0
Add: Reinsurance accepted	36184 241	29418 461
Less: Reinsurance ceded	0	0
Net Claims Paid	36184 241	29418 461
Add: Claims Outstanding at the end of the year	78863 595	61161 102
Less: Claims Outstanding at the beginning of the year	61161 102	51587 884
<b>Total Claims Incurred</b>	<b>53886 734</b>	<b>38991 679</b>
<b>(2) AVIATION</b>		
<b>Claims Paid</b>		
Direct	(10)	(11 700)
Add: Reinsurance accepted	5856 166	3901 682
Less: Reinsurance ceded	1159 130	332 185
Net Claims Paid	4697 026	3557 797
Add: Claims Outstanding at the end of the year	8197 969	8550 135
Less: Claims Outstanding at the beginning of the year	8550 135	8803 936
<b>Total Claims Incurred</b>	<b>4344 860</b>	<b>3303 996</b>

**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(3) ENGINEERING</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	4320 751	4392 151
Less: Reinsurance ceded	495 356	164 800
Net Claims Paid	3825 395	4227 351
Add: Claims Outstanding at the end of the year	16367 961	16497 841
Less: Claims Outstanding at the beginning of the year	16497 841	18382 485
<b>Total Claims Incurred</b>	<b>3695 515</b>	<b>2342 707</b>
<b>(4) WORKMENS' COMPENSATION</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	119 396	89 996
Less: Reinsurance ceded	0	0
Net Claims Paid	119 396	89 996
Add: Claims Outstanding at the end of the year	358 439	210 187
Less: Claims Outstanding at the beginning of the year	210 187	161 463
<b>Total Claims Incurred</b>	<b>267 648</b>	<b>138 720</b>
<b>(5) LIABILITY</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	757 580	436 967
Less: Reinsurance ceded	0	0
Net Claims Paid	757 580	436 967
Add: Claims Outstanding at the end of the year	1982 656	1726 140
Less: Claims Outstanding at the beginning of the year	1726 140	1579 545
<b>Total Claims Incurred</b>	<b>1014 096</b>	<b>583 562</b>

**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
<b>(6) PERSONAL ACCIDENT</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	1604 186	1443 703
Less: Reinsurance ceded	0	0
Net Claims Paid	1604 186	1443 703
Add: Claims Outstanding at the end of the year	2772 646	2015 981
Less: Claims Outstanding at the beginning of the year	2015 981	1888 768
<b>Total Claims Incurred</b>	<b>2360 851</b>	<b>1570 916</b>
<b>(7) HEALTH</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	31490 150	21544 530
Less: Reinsurance ceded	821 479	0
Net Claims Paid	30668 671	21544 530
Add: Claims Outstanding at the end of the year	11364 043	12428 273
Less: Claims Outstanding at the beginning of the year	12428 273	12700 829
<b>Total Claims Incurred</b>	<b>29604 441</b>	<b>21271 974</b>
<b>(8) OTHER MISCELLANEOUS</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	12759 541	16974 816
Less: Reinsurance ceded	2066 069	1129 986
Net Claims Paid	10693 472	15844 830
Add: Claims Outstanding at the end of the year	65640 920	9999 821
Less: Claims Outstanding at the beginning of the year	9999 821	9760 096
<b>Total Claims Incurred</b>	<b>66334 571</b>	<b>16084 555</b>

**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(9) FINANCIAL LIABILITY/CREDIT</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	3270042	1995 532
Less: Reinsurance ceded	0	0
Net Claims Paid	3270042	1995 532
Add: Claims Outstanding at the end of the year	3773875	6872 775
Less: Claims Outstanding at the beginning of the year	6872775	6648 242
<b>Total Claims Incurred</b>	<b>171 142</b>	<b>2220 065</b>
<b>TOTAL MISCELLANEOUS</b>		
Claims Paid		
Direct	(10)	(11 700)
Add: Reinsurance accepted	96362053	80197 838
Less: Reinsurance ceded	4542034	1626 971
Net Claims Paid	91820009	78559 167
Add: Claims Outstanding at the end of the year	189322 104	119462 255
Less: Claims Outstanding at the beginning of the year	119462 255	111513 248
<b>Total Claims Incurred</b>	<b>161679 858</b>	<b>86508 174</b>
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	2174741	1872 029
Less: Reinsurance ceded	22 595	58 708
Net Claims Paid	2152 146	1813 321
Add: Claims Outstanding at the end of the year	6002720	5906 120
Less: Claims Outstanding at the beginning of the year	5906 120	5562 583
<b>Total Claims Incurred</b>	<b>2248746</b>	<b>2156 858</b>

**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	3377 253	4630 060
Less: Reinsurance ceded	263 928	516 246
Net Claims Paid	3113 325	4113 814
Add: Claims Outstanding at the end of the year	11939 858	9740 973
Less: Claims Outstanding at the beginning of the year	9740 973	9681 428
<b>Total Claims Incurred</b>	<b>5312 210</b>	<b>4173 359</b>
<b>TOTAL MARINE</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	5551 994	6502 089
Less: Reinsurance ceded	286 523	574 954
Net Claims Paid	5265 471	5927 135
Add: Claims Outstanding at the end of the year	17942 578	15647 093
Less: Claims Outstanding at the beginning of the year	15647 093	15244 011
<b>Total Claims Incurred</b>	<b>7560 956</b>	<b>6330 217</b>
<b>D LIFE INSURANCE</b>		
Claims Paid		
Direct	0	0
Add: Reinsurance accepted	3042 766	1898 958
Less: Reinsurance ceded	341 614	344 708
Net Claims Paid	2701 152	1554 250
Add: Claims Outstanding at the end of the year	1845 552	1056 139
Less: Claims Outstanding at the beginning of the year	1056 139	860 106
<b>Total Claims Incurred</b>	<b>3490 565</b>	<b>1750 283</b>
<b>E TOTAL ALL CLASSES</b>		
Claims Paid		
Direct	( 10)	(11 700)
Add: Reinsurance accepted	142785 147	126209 814
Less: Reinsurance ceded	12760 882	10442 792
Net Claims Paid	130024 255	115755 322
Add: Claims Outstanding at the end of the year	294324 392	209111 671
Less: Claims Outstanding at the beginning of the year	209111 671	195207 873
<b>Total Claims Incurred</b>	<b>215236 976</b>	<b>129659 120</b>

**SCHEDULE 2**  
**CLAIMS INCURRED (NET)**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>AGRICULTURE</b>		
<b>Claims Paid</b>		
Direct	0	0
Add : Reinsurance accepted	9355 538	14774 660
Less: Reinsurance ceded	86 342	654 542
Net Claims Paid	9269 196	14120 118
Add : Claims Outstanding at the end of the year	59122 246	1594 774
Less: Claims Outstanding at the beginning of the year	1594 774	1569 391
<b>Total Claims Incurred</b>	<b>66796 668</b>	<b>14145 501</b>
<b>OTHER MISCELLANEOUS (excluding agriculture)</b>		
<b>Claims Paid</b>		
Direct	0	0
Add : Reinsurance accepted	3404 003	2200 156
Less: Reinsurance ceded	1979 727	475 444
Net Claims Paid	1424 276	1724 712
Add : Claims Outstanding at the end of the year	6518 674	8405 047
Less: Claims Outstanding at the beginning of the year	8405 047	8190 705
<b>Total Claims Incurred</b>	<b>(462 097)</b>	<b>1939 054</b>
<b>OTHER MISCELLANEOUS (as per Board approved Accounts)</b>		
<b>Claims Paid</b>		
Direct	0	0
Add : Reinsurance accepted	12759 541	16974 816
Less: Reinsurance ceded	2066 069	1129 986
Net Claims Paid	10693 472	15844 830
Add : Claims Outstanding at the end of the year	65640 920	9999 821
Less: Claims Outstanding at the beginning of the year	9999 821	9760 096
<b>Total Claims Incurred</b>	<b>66334 571</b>	<b>16084 555</b>

**SCHEDULE 3**  
**COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>A FIRE INSURANCE</b>		
Commission Paid		
Direct	346,294	0
Add : Reinsurance Accepted	16751 270	12675 662
Less: Commission on Reinsurance Ceded	389 267	119 714
Net Commission	16708 297	12555 948
Break-up of Commission		
Brokerage	3100 153	2406 922
Commision Paid	13608 144	10149 026
<b>Total Commission</b>	<b>16708 297</b>	<b>12555 948</b>
<b>B MISCELLANEOUS INSURANCE</b>		
<b>(1) MOTOR</b>		
Commission Paid		
Direct	23,189	0
Add : Reinsurance Accepted	11259 587	8218 799
Less: Commission on Reinsurance Ceded	25 004	0
Net Commission	11257 772	8218 799
Break-up of Commission		
Brokerage	460 816	341 300
Commision Paid	10796 956	7877 499
<b>Total Commission</b>	<b>11257 772</b>	<b>8218 799</b>
<b>(2) AVIATION</b>		
Commission Paid		
Direct	32,125	0
Add : Reinsurance Accepted	982 670	731 955
Less: Commission on Reinsurance Ceded	77 996	24 799
Net Commission	936 799	707 156
Break-up of Commission		
Brokerage	486 054	343 032
Commision Paid	450 745	364 124
<b>Total Commission</b>	<b>936 799</b>	<b>707 156</b>



**SCHEDULE 3  
COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(3) ENGINEERING</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	2021 888	2044 958
Less: Commission on Reinsurance Ceded	2 952	15 676
Net Commission	2018 936	2029 282
Break-up of Commission		
Brokerage	116 864	129 162
Commission Paid	1902 072	1900 120
<b>Total Commission</b>	<b>2018 936</b>	<b>2029 282</b>
<b>(4) WORKMENS' COMPENSATION</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	46 497	37 785
Less: Commission on Reinsurance Ceded	0	0
Net Commission	46 497	37 785
Break-up of Commission		
Brokerage	3 673	1 642
Commission Paid	42 824	36 143
<b>Total Commission</b>	<b>46 497</b>	<b>37 785</b>
<b>(5) LIABILITY</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	295 647	206 293
Less: Commission on Reinsurance Ceded	13 353	0
Net Commission	282 294	206 293
Break-up of Commission		
Brokerage	32 939	22 141
Commission Paid	249 355	184 152
<b>Total Commission</b>	<b>282 294</b>	<b>206 293</b>

**SCHEDULE 3**  
**COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(6) PERSONAL ACCIDENT</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1564 404	1350 952
Less: Commission on Reinsurance Ceded	0	26
Net Commission	1564 404	1350 926
Break-up of Commission		
Brokerage	81 663	47 068
Commision Paid	1482 741	1303 858
<b>Total Commission</b>	<b>1564 404</b>	<b>1350 926</b>
<b>(7) HEALTH</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	8155 196	5150 064
Less: Commission on Reinsurance Ceded	38 929	0
Net Commission	8116 267	5150 064
Break-up of Commission		
Brokerage	168 641	162 692
Commision Paid	7947 626	4987 372
<b>Total Commission</b>	<b>8116 267</b>	<b>5150 064</b>
<b>(8) OTHER MISCELLANEOUS</b>		
Commission Paid		
Direct	236,128	0
Add : Reinsurance Accepted	11522 361	2769 037
Less: Commission on Reinsurance Ceded	444 273	151 632
Net Commission	11314 216	2617 405
Break-up of Commission		
Brokerage	225 780	121 131
Commision Paid	11088 436	2496 274
<b>Total Commission</b>	<b>11314 216</b>	<b>2617 405</b>

**SCHEDULE 3  
COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(9) FINANCIAL LIABILITY/CREDIT</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	291 067	304 740
Less: Commission on Reinsurance Ceded	0	0
Net Commission	291 067	304 740
Break-up of Commission		
Brokerage	9 496	4 813
Commision Paid	281 571	299 927
<b>Total Commission</b>	<b>291 067</b>	<b>304 740</b>
<b>TOTAL MISCELLANEOUS</b>		
Commission Paid		
Direct	291,442	0
Add : Reinsurance Accepted	36139 317	20814 583
Less: Commission on Reinsurance Ceded	602 507	192 133
Net Commission	35828 252	20622 450
Break-up of Commission		
Brokerage	1585 926	1172 981
Commision Paid	34242 326	19449 469
<b>Total Commission</b>	<b>35828 252</b>	<b>20622 450</b>
<b>C MARINE INSURANCE</b>		
<b>(1) MARINE CARGO</b>		
Commission Paid		
Direct	83,346	0
Add : Reinsurance Accepted	1024 634	732 763
Less: Commission on Reinsurance Ceded	142 655	26 572
Net Commission	965 325	706 191
Break-up of Commission		
Brokerage	83 886	87 697
Commision Paid	881 439	618 494
<b>Total Commission</b>	<b>965 325</b>	<b>706 191</b>

**SCHEDULE 3**  
**COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>(2) MARINE HULL</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	686 020	1222 828
Less: Commission on Reinsurance Ceded	49 708	117 886
Net Commission	636 312	1104 942
Break-up of Commission		
Brokerage	341 163	363 841
Commission Paid	295 149	741 101
<b>Total Commission</b>	<b>636 312</b>	<b>1104 942</b>
<b>TOTAL MARINE</b>		
Commission Paid		
Direct	83,346	0
Add : Reinsurance Accepted	1710 654	1955 591
Less: Commission on Reinsurance Ceded	192 363	144 458
Net Commission	1601 637	1811 133
Break-up of Commission		
Brokerage	425 049	451 538
Commission Paid	1176 588	1359 595
<b>Total Commission</b>	<b>1601 637</b>	<b>1811 133</b>
<b>D LIFE INSURANCE</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	61 784	77 536
Less: Commission on Reinsurance Ceded	2 430	3 178
Net Commission	59 354	74 358
Break-up of Commission		
Brokerage	14 625	17 850
Commission Paid	44 729	56 508
<b>Total Commission</b>	<b>59 354</b>	<b>74 358</b>
<b>E TOTAL ALL CLASSES</b>		
Commission Paid		
Direct	721,082	0
Add : Reinsurance Accepted	54663 025	35523 372
Less: Commission on Reinsurance Ceded	1186 567	459 483
Net Commission	54197 540	35063 889
Break-up of Commission		
Brokerage	5125 753	4049 291
Commission Paid	49071 787	31014 598
<b>Total Commission</b>	<b>54197 540</b>	<b>35063 889</b>

**SCHEDULE 3  
COMMISSION**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>AGRICULTURE</b>		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	9553 567	1732 178
Less: Commission on Reinsurance Ceded	1 549	0
Net Commission	9552 018	1732 178
Break-up of Commission		
Brokerage	0	0
Commision Paid	9552 018	1732 178
Total Commission	9552 018	1732 178
<b>OTHER MISCELLANEOUS (excluding agriculture)</b>		
Commission Paid		
Direct	236 128	0
Add : Reinsurance Accepted	1968 794	1036 859
Less: Commission on Reinsurance Ceded	442 724	151 632
Net Commission	1762 198	885 227
Break-up of Commission		
Brokerage	225 780	121 131
Commision Paid	1536 418	764 096
<b>Total Commission</b>	<b>1762 198</b>	<b>885 227</b>
<b>OTHER MISCELLANEOUS (as per Board approved Accounts)</b>		
Commission Paid		
Direct	236 128	0
Add : Reinsurance Accepted	11522 361	2769 037
Less: Commission on Reinsurance Ceded	444 273	151 632
Net Commission	11314 216	2617 405
Break-up of Commission		
Brokerage	225 780	121 131
Commision Paid	11088 436	2496 274
<b>Total Commission</b>	<b>11314 216</b>	<b>2617 405</b>

**SCHEDULE 4**  
**OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Employees' remuneration & welfare benefits	1007 157	902 407
2 Travel, conveyance and vehicle running expenses	85 346	93 414
3 Training expenses	22 560	23 696
4 Rents, rates and taxes	76 233	70 572
5 Repairs	211 744	223 579
6 Printing & stationery	5 410	3 152
7 Communication	17 075	13 257
8 Legal & professional charges	108 671	66 283
9 Auditors' fees, expenses etc.		
(a) as auditor	11 549	11 190
(b) as advisor or in any other capacity, in respect of		
(i) Taxation matters	300	300
(ii) Others	0	2
10 Advertisement and publicity	65 508	56 192
11 Interest & Bank Charges	16 198	12 992
12 IT Expenses	98 690	121 269
13 Depreciation	99 479	98 110
14 Service Tax A/c	3 737	4 557
15 Swatchh Bharat Cess	349 399	0
16 Others	339 702	202 710
<b>Total</b>	<b>2518 758</b>	<b>1903 682</b>

**SCHEDULE 5  
SHARE CAPITAL**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
1 Authorised Capital 10,00,00,00,000 Equity Shares of ₹ 1/- Each	10000 000	10000 000
2 Issued & Subscribed Capital 430,00,00,00,000 Equity Shares of ₹ 1/- Each	4300 000	4300 000
3 Called-up Capital 4,30,00,00,00,000 Equity Shares of ₹ 1/- Each (Includes 4,06,00,00,00,000 shares of ₹ 1/ issued by capitalisation of Capital Redemption Reserve and General Reserve and 5,00,00,00,00,000 partly paid shares (₹ 0.50 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	Current Year		Previous Year	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters Indian	4,30,00,00,000	100%	4,30,00,00,000	100%

As per the resolution passed at the Extraordinary General Meeting held on 04th February 2016 it was approved to subdivide 10,00,00,00,000 (Ten crore) equity shares of ₹ 100/- (Rupee One hundred) each into 1000,00,00,000 (One Thousand Crore) equity shares of ₹ 1/- (Rupee One) each. Accordingly, the number of equity shares and the face value thereof has been recorded at Rupee One per share for Authorized, Issued & Subscribed and Called-up Equity Share capital of the Corporation as on 31.03.2017

**SCHEDULE 6  
RESERVES AND SURPLUS**

Particulars	Current Year (₹'000)	Previous Year (₹'000)
1 General Reserve		
Opening Balance	144081 038	125948 038
Add : Transfer from Profit & Loss A/c	0	18133 000
	144081 038	144081 038
2 Catastrophe reserve	0	0
3 Transfer to reserve revaluation on inv	(331)	(1 222)
4 Foreign Currency Translation Reserve	4549 025	10016 594
5 Balance of Profit in Profit & Loss Account	48896 411	12179 003
<b>Total</b>	<b>197526 143</b>	<b>166275 413</b>

**SCHEDULE 7  
BORROWINGS**

N I L

**SCHEDULE 8**  
**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	41676 934	37039 988
2 Other Approved Securities	2105 948	1088 215
3 Other Investments		
(a) Shares		
(aa) Equity - Indian	118232 649	94491 125
Equity - Foreign	611 025	569 499
(bb) Preference	15 925	12 897
(b) Mutual Funds	79 040	0
(c) Derivative Instruments	0	0
(d) Debentures/Bonds Indian	8950 098	8021 383
Debentures/Bonds Foreign	0	0
(e) Other Securities		
Guaranteed Equity	167	162
(f) Subsidiaries	0	0
(g) Associates - Indian	0	0
Associates - Foreign	3757 106	3477 328
4 Investments in Infrastructure and Social Sector		
(a) Equity	5535 338	4510 029
(b) Debentures/Bonds	21792 462	17827 480
5 Other than Approved Investments		
(a) Equity/Preference/Debentures/Venture Funds	2012 211	1609 749
(b) Preference	8 274	9 540
(c) Debentures/Bond	2322 831	2871 379
(d) Venture Funds	582 832	602 726
(e) Associate Indian	12998 431	9252 226
<b>Short Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	2368 531	2972 264
2 Other Approved Securities	235 629	203 949
3 Other Investments		
(a) Shares		
(aa) Equity	0	0
(bb) Preference	7 041	0
(b) Mutual Funds	6453 440	929 728
(c) Derivative Instruments	0	0
(d) Debentures/Bond Indian	1167 032	1133 904
Debentures/Bond Foreign	0	0
(e) Other Securities	0	0
Commercial Paper	77 138	0
(f) Subsidiaries	0	0
(g) Associates - Indian	0	0
Associates - Foreign	0	0
4 Investments in Infrastructure and Social Sector		
(a) Debentures/Bond	2287 382	2094 775
5 Other than Approved Investments		
(a) Preference Shares	1 500	0
(b) Debentures/Bond	781 295	740 204
(c) Mutual Funds	0	0
<b>Total</b>	<b>234060 259</b>	<b>189458 550</b>



**SCHEDULE 8 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	83036 471	77110 527
2 Other Approved Securities	2875 261	2462 232
3 Other Investments		
(a) Shares		
(aa) Equity - Indian	235651 364	196340 285
Equity - Foreign	37 457	18 009
(bb) Preference	21 119	26 799
(b) Mutual Funds	71 296	19 672
(c) Derivative Instruments	0	0
(d) Debentures/Bonds Indian	17838 583	17594 527
Debentures/Bonds Foreign	0	0
(e) Other Securities		
Guaranteed Equity	333	338
(f) Subsidiaries	0	0
(g) Associates - Indian	0	0
Associates - Foreign	0	0
4 Investments in Infrastructure and Social Sector		
(a) Equity	11032 571	9371 255
(b) Debentures/Bonds	43434 900	37043 188
5 Other than Approved Investments		
(a) Equity/Preference/Debentures/Venture Funds	4279 279	3344 850
(b) Preference	16 492	19 822
(c) Debentures/Bond	4629 672	5966 353
(d) Venture Funds	1161 650	1252 386
(e) Associate Indian	0	0
<b>Short Term Investments</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	4720 757	6175 978
2 Other Approved Securities	469 636	423 779
3 Other Investments		
(a) Shares		
(aa) Equity	0	0
(bb) Preference	14 033	0
(b) Mutual Funds	12862 453	1931 854
(c) Derivative Instruments	0	0
(d) Debentures/Bond Indian	2326 030	2356 106
Debentures/Bond Foreign	0	0
(e) Other Securities	0	0
Commercial Paper	153 745	0
(f) Subsidiaries	0	0
(g) Associates - Indian	0	0
Associates - Foreign	0	0
4 Investments in Infrastructure and Social Sector		
(a) Debentures/Bond	4559 018	4352 670
5 Other Investments		
(a) Preference Shares	2 989	0
(b) Debentures/Bond	1557 212	1538 047
(c) Mutual Funds	0	0
<b>Total</b>	<b>430752 321</b>	<b>367348 677</b>

**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	549 175	735 423
(bb) Outside India	0	0
(b) On Shares, Bonds, Government Securities	0	0
(c) Investments In State Govt. Loans for Housing and Fire fighting	2603 688	2853 949
Unsecured	68 387	68 387
<b>Total</b>	<b>3221 250</b>	<b>3657 759</b>
<b>2 Borrower-Wise Classification</b>		
(a) Central and State Governments	2600 947	2853 949
(b) Banks and Financial Institutions	0	0
(c) Subsidiaries	0	0
(d) Industrial Undertakings	596 017	782 984
(e) Others	24 286	20 826
<b>Total</b>	<b>3221 250</b>	<b>3657 759</b>
<b>3 Performance-Wise Classification</b>		
(a) Loans classified as standard		
(aa) In India	2552 640	2955 623
(bb) Outside India	0	0
(b) Non-performing loans less provisions		
(aa) In India	0	0
(bb) Outside India	0	0
Provisions **	668 610	702 136
<b>Total</b>	<b>3221 250</b>	<b>3657 759</b>
<b>4 Maturity-Wise Classification</b>		
(a) Short - Term	345 318	296 986
(b) Long - Term	2875 932	3360 773
<b>Total</b>	<b>3221 250</b>	<b>3657 759</b>

\*\* Includes Provision for Bad and Doubtful Loans

**SCHEDULE 10  
FIXED ASSETS**

(₹ '000)

Particulars	Cost/Gross Block				Depreciation				Net Block	
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	Upto 31.03.2016	Twelve months ended 31.03.2017	On Sales/Adjustment	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Leasehold Land	247 253	-	-	247 253	89 285	3 434	-	92 719	154 534	157 968
Freehold Land	560 132	-	-	560 132	-	-	-	-	560 132	560 132
Buildings	1004 716	1	-	1004 717	249 658	13 565	-	263 223	741 494	755 058
Furniture & Fittings	25 225	12 494	1 829	35 890	21 798	1 177	1 682	21 293	14 597	3 427
I.T. Equipments	133 967	9 876	5 031	138 812	117 612	8 518	4 940	121 190	17 622	16 355
I.T. Software	355 697	60	-	355 757	178 202	63 446	-	241 648	114 109	177 495
Vehicles	56 115	11 187	11 978	55 324	23 856	6 872	9 271	21 457	33 867	32 259
Office Equipments	20 635	1 301	1 468	20 468	14 909	2 284	1 275	15 918	4 550	5 726
AC & Water Coolers	12 686	355	-	13 041	11 797	117	-	11 914	1 127	889
Elevators	2 073	-	-	2 073	2 073	-	-	2 073	-	-
Canteen Appliances	474	-	-	474	394	30	-	424	50	80
Electrical Installation	9 998	7	-	10 005	9 878	36	-	9 914	91	120
Fire Alarm Systems	3 408	-	-	3 408	3 408	-	-	3 408	-	-
<b>Total</b>	<b>2432 379</b>	<b>35 281</b>	<b>20 306</b>	<b>2447 354</b>	<b>722 870</b>	<b>99 479</b>	<b>17 168</b>	<b>805 181</b>	<b>1642 173</b>	<b>1709 509</b>
Previous years	2012 655	425 928	6 204	2432 379	629 272	97 963	4 365	722 870	1709 509	

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 & stamps	131	140
2 Bank Balances		
(a) Deposit Accounts - Short term (due within 12 months)	95290 624	85294 229
(b) Current Accounts	5344 947	4749 627
3 Money at Call and Short Notice		
(a) With Bank	452 710	334 179
(b) With other Institutions	21225 882	7415 461
<b>Total</b>	<b>122314 294</b>	<b>97793 636</b>
Balances with non-scheduled banks	Nil	Nil

**SCHEDULE 12  
ADVANCES AND OTHER ASSETS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
<b>Advances</b>		
1 Reserve Deposits with Ceding Companies	39630 859	32346 246
2 Application Money for Investments	200 000	0
3 Prepayments	60 672	80 298
4 Advances to Directors/Officers	5 726	5 165
5 Advance Tax Paid and TDS	17272 936	11864 950
Less: Provision for Taxation	16751 319	10264 986
	521 617	1599 964
6 Service Tax & Others	225 448	2920 696
7 Deferred Commission	17 451	541 799
<b>Total (A)</b>	<b>40661 773</b>	<b>37494 168</b>
<b>Other Assets</b>		
1 Income accrued on investments	8389 392	8267 277
2 Due from other entities carrying on insurance business (including reinsurers)	113130 900	38934 185
3 Deposit U/S-7 of Insurance Act	0	0
4 Sundry Debtors	1345 952	175 695
5 Sundry Deposits	411 911	360 558
6 MAT Credit Entitlement	16368 625	15045 407
7 Service Tax Unutilised Credit	404 210	428 530
8 Terrorism Pool Assets	0	55475 318
<b>Total (B)</b>	<b>140050 990</b>	<b>118686 970</b>
<b>Total (A+B)</b>	<b>180712 763</b>	<b>156181 138</b>

**SCHEDULE 13  
CURRENT LIABILITIES**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Balances Due to other insurance companies	18583 880	19392 591
2 Deposits held on re-insurance ceded	23782 621	20022 801
3 Sundry Creditors	1047 822	778 866
4 Claims Outstanding	294447 992	210526 459
5 Service Tax Liability	173 384	0
6 Terrorism Pool Liabilities	0	55475 318
<b>Total</b>	<b>338035 699</b>	<b>306196 035</b>

**SCHEDULE 14  
PROVISIONS**

Particulars	Current Year (₹ '000)	Previous Year (₹ '000)
1 Reserve for Unexpired Risk	121899 460	87346 906
2 Reserve for Premium Deficiency	0	0
3 For proposed dividends	0	8600 000
4 For dividend distribution tax	0	1750 788
5 For Doubtful Loans, Investment and Debts	7908 883	5313 238
6 For Leave Encashment	332 085	245 182
7 Provision for Pension	44 926	93 973
8 Provision for Gratuity	48 438	33 473
9 Provision for Settlement	15 216	14 024
10 Provision for Taxation	12355 436	12355 436
Less: Advance Tax Paid and TDS	9722 756	10565 103
	2632 680	1790 333
11 For PLLI arrears	25 000	0
<b>Total</b>	<b>132906 688</b>	<b>105187 917</b>

**SCHEDULE 15  
MISCELLANEOUS EXPENDITURE**

N I L

## SCHEDULE 16

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (CFS) AS ON 31ST MARCH 2017

#### I. SIGNIFICANT ACCOUNTING POLICIES:

##### 1 PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements relate to General Insurance Corporation of India

("the Corporation"), its subsidiary companies and the Corporation's share of profit/loss in its associate companies (together referred as the group). The list of subsidiary companies and associates which are included in the consolidation of financial statements are as under:

Sr.No.	Name of the company	Ownership %	Country of incorporation
	<b>Subsidiaries</b>		
1.	GIC Re South Africa Ltd.	100	Johannesburg, SA
2.	GIC Re India Corporate Member Ltd.	100	London, U.K.
	<b>Associates</b>		
1.	Agriculture Insurance Company of India Ltd.	35	India
2.	Indian International Insurance Pte. Ltd.	20	Singapore
3.	GIC Bhutan Re Ltd.	26	Bhutan

The consolidated financial statements have been prepared on the following basis:

- 1.1** The financial statements of the Corporation and its subsidiary companies have been combined on a line-by-line basis by adding together the value of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions and resulting profits or losses (unless cost cannot be recovered) in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- 1.2** The difference between the costs of investment in the subsidiaries over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve on Consolidation as the case may be. The 'Goodwill'/'Capital Reserve' is determined separately for each subsidiary company.
- 1.3** Investments in Associate Companies are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for Investments in Associates in consolidated financial statements". Accordingly, the share of profit/loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to/deducted from the cost of investments. The carrying value is reduced for the distributions received from the associates.
- 1.4** The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is described as Goodwill or Capital Reserve as the case may be. Goodwill or Capital Reserve is included in the carrying amount of investment in associate.
- 1.5** The Corporation accounts for its share in the change in the net assets of the associate, post-acquisition, after eliminating unrealised profits and losses resulting from the transaction between the Corporation and its associate to the extent of its share, through its statement of profit and loss to the extent such change is attributable to the associates' Statement of Profit and Loss.
- 1.6** Financial Statements of Foreign Subsidiaries, being non integral operations, have been converted in Indian Rupees at following exchange rates –
  - (i) Revenue and Expenses: At the average of the year

- (ii) Assets and Liabilities: At the end of the year. The resultant translation exchange difference is transferred to "Foreign Currency Translation Reserve".

**1.7** The financial statements of the Subsidiaries and Associates used in the consolidation are drawn up to the same reporting date as that of the Corporation i.e. March 31, 2017 or up to 31st December 2016 in case where the subsidiaries or associates close their financial year on that date. The subsidiaries of GIC Re have prepared the accounts in accordance with International Financial Reporting Standards (IFRS)/UK Generally Accepted Accounting Principles (GAAP) as per the required local laws of the respective country, resulting in to some variations as compared to Indian GAAP followed by the holding company. GIC Re, India, Corporate Member Ltd., retrocedes full 100% of the business to GIC Re while GIC Re South Africa Ltd. retrocedes almost 90% of the business to GIC Re. Since the business retained by the Subsidiary is very insignificant, for the purpose of preparing the CFS, accounting adjustments have not been made to align the accounts of the subsidiaries to confirm with the accounting policies followed by the Corporation.

**1.8** Following are the material differences with the accounting policies followed by the Corporation:

- 1.8.1** Unexpired risk reserve (URR) – GIC Re South Africa Ltd. has calculated Unexpired Risk Reserve (URR) at 50% on treaty business and 1/36 5th method for facultative business. No provision for URR is required by GIC Re India Corporate Member Ltd. since the subsidiary reinsures all of its underwriting business to GIC Re.
- 1.8.2** IBNR provisions are recognised as per the terms provided by the Financial Services Board (FSB) of South Africa. No provision for IBNR is required by GIC Re India Corporate Member Ltd. since the subsidiary reinsures all of its underwriting business to GIC Re.
- 1.8.3** Provision for taxation including deferred tax is accounted as per local tax laws and in accordance with the provisions of local GAAP.

**1.8.4** Statutory Reserves are created in accordance with the requirements of local laws.

**1.8.5** Deferred Commission is accounted in accordance with the provisions of local GAAP.

**1.8.6** Depreciation is accounted in accordance with the provisions of local GAAP.

**1.8.7** The amounts lying under Fixed Deposits and Negotiable Certificates of Deposits with a validity of less than one year relating to GIC Re South Africa Ltd. have been classified as investments by the Statutory Auditors of the Subsidiary. The same classification has been adopted while preparing the Consolidated Financial Statements.

**2. ACCOUNTING CONVENTION** The Balance Sheet, the Profit and Loss Account, Revenue Accounts and Cash Flow Statement are drawn up in accordance with the provisions of Section 11(1) of the Insurance Act, 1938 and to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. 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.

## 3 REINSURANCE BUSINESS

### 3.1 Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, revenue and expenses for the year ended and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant



facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

## 3.2 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 Insurance Pool Business where GIC Re is one of the members of the Pool, only the Corporation's share of revenue is recorded in the books of accounts.

## 4 OUTSTANDING CLAIMS

4.1 Estimated liability for outstanding claims in respect of Reinsurance business is based on advices received as of different dates up to the date of finalization of claim figures in the books for submission of the data to the "Appointed Actuary" 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.

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

## 5 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.

## 6 FOREIGN CURRENCY TRANSACTIONS:

Revenue transactions in foreign currencies are converted at the daily rate of exchange on the day accounts are received and transactions are booked.

6.1 Non-Monetary items including fixed assets and investments abroad are reported using the

exchange rate applicable on the date of acquisition.

6.2 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.

6.3 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 is apportioned between Revenue Account and Profit and Loss Account in same proportion as stated in Significant Accounting Policy No.8.

## 7 RESERVE FOR UNEXPIRED RISK (URR)

The URR provisions are made as under:

7.1 Non-Life Business;

(i) For HO and Malaysia Branch:

Reserve for Unexpired Risk in respect of Marine Insurance (Hull) 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) Marine Cargo – URR is made at 50% as per IRDAI circular Ref. IRDAI/F&A/CIR/CPM/056/03/2016 dated 04 April 2016, whereas till previous year URR was provided at 100% of net premium. The impact due to change in policy is shown in note no. 2.

(iii) London and Dubai Branch –

Reserve for Unexpired Risk is provided as per local practice. Adjustment for excess or short provision in URR, as per IRDAI requirement, is accounted at Head Office.

## 7.2 Life Business:

Reserve for Unexpired Risk is provided as determined by Appointed Actuary based on accepted actuarial methods.

## 8. 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.

## 9. 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.

Tangible Fixed Assets are stated at cost (including incidental expenses relating to acquisition and installation) less accumulated depreciation.

### Intangible Assets

Intangible Fixed Assets representing software are recorded at its acquisition price and are amortized over their estimated useful life on a straight-line basis, commencing from the date the assets are available for use. The management has estimated the useful life for such software as three years. The useful life of the asset is reviewed by the management at each Balance Sheet date.

## 10. DEPRECIATION

Depreciation is provided on straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 and residual value of the assets shall be ₹ 1/-.

Depreciation is provided on pro-rata basis on additions to fixed assets and on assets sold/ discarded/demolished/destroyed during the year.

## 11. 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.

## 12. 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 Note - 8 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. 8.

## 13 INVESTMENTS

**13.1** Prudential norms as prescribed by appropriate regulatory authority are followed in regard to:

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

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

**13.3** 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.

**13.4 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.

13.5 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.

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

13.7 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.

13.8 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.

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

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

13.11 Investments are apportioned between Shareholders' fund & Policy holders' fund in the ratio of balance available in the respective funds at the beginning of the year.

## 14. 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.

## 15. COMPLIANCE WITH ACCOUNTING STANDARDS

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

## 16. PREMIUM DEFICIENCY:

**Non-Life Business:** Premium deficiency is worked out separately for each segmental revenue level basis viz. fire, marine and miscellaneous. As per IRDAI circular no. IRDAI/Reg/7/119/2016 dated 07 April 2016, PDR is calculated by Non-Life Appointed Actuary as against earlier practice of providing PDR as difference between incurred claim and earned premium -The impact due to change in policy is shown in Note no. 4.

**Life Re business:** As per IRDAI circular no. IRDAI/Reg/7/121/2016 dated 13 April 2016, PDR is calculated by Life Re Appointed Actuary as against earlier practice of providing PDR as difference between incurred claim and earned premium. The impact due to change in policy is shown in Note no. 5.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS AS ON 31ST MARCH 2017.

The accounts of the subsidiary company, GIC Re India Corporate Member Ltd., London, UK, and Associates, Agricultural Insurance Company of India Limited, India International Pte.Ltd., Singapore and GIC Re Bhutan Ltd., Bhutan, which are combined in the consolidated financial statements, are prepared on calendar year basis in accordance with the local requirements and these have been consolidated as such. There is no material change during the quarter January 2017 to March 2017 requiring adjustments to the figures reported in the audited/unaudited accounts as received.

### 1. Investments

- 1.1. Provision of ₹ 460,032 thousand (Previous Year ₹ 419,704 thousand) for assets has been made as per Prudential norms for Income recognition, Asset Classification and provisioning and other related methods as prescribed by appropriate regulatory authorities.
- 1.2. The book value of investments valued on Fair Value basis is ₹ 75,923,101 thousand (Previous year ₹ 75,661,126 thousand).

### 2. Re-insurance -Non-Life Reinsurance Business - URR:

The impact due to change in accounting policy of URR for marine cargo is given below:

In case of Marine Cargo, had the Corporation followed the earlier policy of providing URR on 100% basis, URR provision on Marine Cargo business would have been higher by ₹ 195,33,35 thousand and the profit after tax would have been lower by ₹ 153,64,54 thousand.

### 3. Re-insurance - Life Reinsurance Business -URR:

During the year, the Corporation has made a provision of ₹ 988,005 thousand (Previous Year ₹ 599,267 thousand) towards unexpired risk reserve for life business as determined by Life Appointed Actuary.

### 4. Impact of change in accounting policy of Premium Deficiency Reserve (PDR)

In case of Non-Life Business segments, there is no impact of change.

### 5. Impact of change in accounting policy of Premium Deficiency Reserve (PDR)

In case of Life Re, had the Corporation followed the earlier policy of providing PDR on Life Re as difference between the earned premium and incurred claims, PDR provision on Life Re business would have been ₹ 1,097,596 thousand and the profit after tax would have been lower by ₹ 863,347 thousand.

### 6. Employees Benefits

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

- (i) Pension Superannuation Scheme
- (ii) Defined Benefit Plan
- (a) Leave Encashment
- (b) Gratuity
- (c) Provident Fund
- (iii) Settlement Benefit

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

(₹ In thousand)

Particulars	Year ending 31st March, 2017	Year ending 31st March, 2016
Pension Superannuation Scheme (Employees' Pension Fund)	64,774	133,788
Leave Encashment (Earned leave and Sick Leave)	86,846	17,842
Gratuity (Employees Gratuity Fund)	48,438	33,473
Provident Fund (Employees Provident Fund)	0	0
Settlement Benefit	1,192	1,829

**A) Change in the Present Value of Obligation**

(₹ In thousand)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Present Value of Obligation as 1 April	<b>1,414,829</b>	1,303,844	<b>371,197</b>	301,229	<b>245,183</b>	227,340	<b>14,024</b>	12,194
Interest Cost	<b>107,781</b>	96,865	<b>28,287</b>	22,802	<b>17,898</b>	17,778	<b>1,024</b>	954
Past Service Cost	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0
Current Service Cost	<b>49,766</b>	41,209	<b>22,698</b>	22,524	<b>17,061</b>	37,263	<b>705</b>	697
Curtailment Cost/(Credit)	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0
Settlement Cost/(Credit)	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0	<b>0</b>	0
Benefit Paid	<b>(73,139)</b>	(130,312)	<b>(20,293)</b>	(19,279)	<b>0</b>	0	<b>0</b>	0
Actuarial (Gain)/Loss on Obligation	<b>123,995</b>	103,224	<b>27,851</b>	43,921	<b>51,886</b>	(37,199)	<b>(537)</b>	178
Present Value of Obligation at 31 March	<b>1,623,232</b>	1,414,830	<b>429,740</b>	371,197	<b>332,028</b>	245,183	<b>15,216</b>	14,024

\* EL + SL

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

(₹ In thousand)

Particulars	Pension		Gratuity		Leave Salary		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Fair Value of Plan Assets as at 1 April	1,320,858	1,272,735	337,724	225,554	0	0	0	0
Expected return on Plan Assets	121,164	111,959	27,676	20,319	0	0	0	0
Actuarial Gain/ (Loss) on Obligation	95,603	(44,486)	2,721	35,455	0	0	0	0
Contribution	113,821	70,924	33,473	75,675	0	0	0	0
Benefit Paid	(73,140)	(130,312)	(20,292)	(19,279)	0	0	0	0
Fair Value of Plan Assets at 31 March	1,578,306	1,320,857	381,302	337,724	0	0	0	0
Unpaid Amount	0	0	0	0	0	0	0	0
Fair Value of Plan (Net) Assets at 31 March	1,578,306	1,320,857	381,302	337,724	0	0	0	0
Actual return	216,767	107,511	30,398	55,774	0	0	0	0

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

(₹ In thousand)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Present Value of Obligation	1,623,232	1,414,830	429,740	371,197	332,028	245,182	15,216	14,024
Fair Value of Plan Assets	1,578,306	1,320,857	381,302	337,724	0	0	0	0
Unfunded Net Asset/ (Liability) Recognized in Balance Sheet	(44,926)	(93,973)	(48,438)	(33,473)	(332,028)	(245,182)	(15,216)	(14,024)

\* EL + SL

**D) Expenses recognized in the Profit and Loss Account**

(₹ In thousand)

For year ending 31st March 2017	Pension	Gratuity	Leave Salary *	Settlement
Current Service Cost	49,766	22,698	17,061	705
Interest Cost	107,780	28,287	17,898	1,024
Curtailment Cost/(Credit)	0	0	0	0
Settlement Cost/(Credit)	0	0	0	0
Expected Return on Plan Assets	(121,164)	(27,677)	0	0
Net actuarial (gains)/losses recognized in the period	28,392	25,130	51,886	(537)
Total Expenses recognized in the Profit & Loss A/c	64,774	48,438	86,846	1,192

\*EL + SL

(₹ In thousand)

For year ending 31st March 2016	Pension	Gratuity	Leave Salary *	Settlement
Current Service Cost	41,209	22,524	37,263	697
Interest Cost	96,865	22,802	17,778	954
Curtailment Cost/(Credit)	0	0	0	0
Settlement Cost/(Credit)	0	0	0	0
Expected Return on Plan Assets	(111,959)	(20,319)	0	0
Net actuarial (gains)/losses recognized in the period	107,673	8,466	(37,199)	178
Total Expenses recognized in the Profit & Loss A/c	133,788	33,473	17,842	1,829

**E) Plan Assets**

(In %)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Government Securities {Central & State}	55.00	55.00	0.00	0.00	0.00	0.00	0.00	0.00
High quality Corporate Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	45.00	45.00	100.00	100.00	0.00	0.00	0.00	0.00

\* EL+SL

## F) Actuarial Assumption

(In %)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Discount Rate	7.30	7.82	7.30	7.82	7.30	7.82	7.30	7.82
Expected return on assets	9.00	9.00	8.00	8.00	0.00	0.00	0.00	0.00
Salary Escalation*	8.00	8.00	10.00	10.00	10.00	10.00	10.00	10.00
Attrition/ withdrawal Rate	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Indian Assured Lives Mortality	2006-08	2006-08	2006-08	2006-08	2006-2008	2006-2008	1994-96	1994-96

\* EL+SL

## G) Other Disclosures

### Pension

(₹ in thousand)

Particulars	2016-17	2015-16	2014-15	2013-14	2012 - 13	2011 - 12
Experience Adjustment						
On obligation	123,995	103,224	16,205	183,129	42,677	121,258
On plan assets	(95,603)	4,448	(60,980)	9,392	4,330	45,829
Present Value of obligation	1,623,232	1,414,830	1,303,844	1,159,320	905,058	844,290
Fair Value of plan assets	1,578,306	1,320,857	1,272,735	923,723	845,167	740,697
Excess of obligation over plan assets	(44,926)	(93,972)	(31,109)	(235,597)	(59,891)	(103,594)

### Gratuity

(₹ in thousand)

Particulars	2016-17	2015-16	2014-15	2013-14	2012 - 13	2011 - 12
Experience Adjustment						
On obligation	27,851	43,921	93,092	(18,360)	(9,536)	20,905
On plan assets	(2,721)	(35,455)	18,615	629	7,322	(2,709)
Present Value of obligation	429,740	371,197	301,229	183,862	183,101	177,284
Fair Value of plan assets	381,302	337,724	225,554	195,961	187,826	138,960
Excess of obligation over plan assets	(48,438)	(33,473)	(75,675)	12,099	4,725	(38,324)

**Leave salary**

(₹ in thousand)

Particulars	2016-17	2015-16	2014-15	2013-14	2012 - 13	2011 - 12
Experience Adjustment						
On obligation	<b>51,886</b>	(37,199)	(43,100)	1,320	(1,268)	65,463
On plan assets	<b>0</b>	0	0	0	0	0
Present Value of obligation	<b>332,028</b>	245,182	227,340	221,463	165,615	149,795
Fair Value of plan assets	<b>0</b>	0	0	0	0	0
Excess of obligation over plan assets	<b>(332,028)</b>	(245,182)	(227,340)	(221,463)	(165,615)	(149,795)

**Settlement**

(₹ in thousand)

Particulars	2016-17	2015-16	2014-15	2013-14	2012 - 13	2011 - 12
Experience Adjustment						
On obligation	<b>(537)</b>	178	0	119	156	322
On plan assets	<b>0</b>	0	0	0	0	0
Present Value of obligation	<b>15,216</b>	14,024	12,195	10,648	8,800	7,250
Fair Value of plan assets	<b>0</b>	0	0	0	0	0
Excess of obligation over plan assets	<b>15,216</b>	14,024	12,195	10,648	8,800	7,250

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

**7. Related party Disclosures as per Accounting Standard - 18 "Related Party Transaction" issued by ICAI:****7.1 Key Management Personnel:**

- Mrs. Alice G. Vaidyan, Chairman cum Managing Director
- Mr. Pauly Sukumar N, Chief Marketing Officer
- Mr. Satyajit Tripathy, Chief Investment Officer
- Mr. G C Gaylong, Chief of Internal Audit
- Mr. V C Jain, Chief Financial Officer
- Ms. Madhulika Bhaskar, Chief Risk Officer
- Ms. Suchita Gupta, Chief Compliance Officer
- Ms. Priscilla Sinha, Appointed Actuary (General Insurance)
- Ms. Padmaja R., Appointed Actuary (Life Insurance)



**Details of Key Managerial Personnel Remuneration is as follows:**

(₹ In thousand)

Sl. No	Name	Designation	Gross Salary	Corp's P.F.	House Perquisite	Loan Perquisite	Vehicle Perquisite	LTS Perquisite	Other Perquisite
1	Mrs. Alice G. Vaidyan	Chairman cum Managing Director	2,759	248	0	0	22	0	49
2	Mr. Pauly Sukumar N	Chief Marketing Officer	2,186	131	202	0	22	0	63
3	Mr. Satyajit Tripathy	Chief Investment Officer	1,971	122	178	53	22	0	78
4	Mr. G C Gaylong	Chief of Internal Audit	2,413	146	215	0	22	0	66
5	Mr. V C Jain	Chief Financial Officer	2,128	132	193	0	22	0	78
6	Ms. Madhulika Bhaskar	Chief Risk Officer	1,851	125	0	0	22	0	81
7	Ms. Suchita Gupta	Chief Compliance Officer	2,057	1278	186	0	22	0	78
8	Ms. Priscilla Sinha	Appointed Actuary (General Insurance)	4,078.00	0	0	0	0	0	0
9	Ms. Padmaja R.	Appointed Actuary (Life Insurance)	3,403.10	0	0	0	0	0	0

Previous year for Key managerial as on 31.03.2016

(₹ In thousand)

Sl. No	Name	Designation	Gross Salary	Corp's P.F.	House Perquisite	Loan Perquisite	Vehicle Perquisite	LTS Perquisite	Other Perquisite
1	Alice Vaidyan (01.04.15 to 04.09.15)	CFO	665	30	0	0	9	0	0
2	Alice Vaidyan (23.01.16 to 31.03.16)	CMD	1,590	259	0	0	4	0	0
3	K. Sanath Kumar (31.07.15 to 18.02.16)	Acting CMD	2,212	280	0	0	0	0	0
4	A.K. Roy (01.04.15 to 31.07.15)	CMD	720	32	33	0	7	0	183
5	G.C.Gaylong (27.01.16 to 31.03.16)	Director	979	141	19	0	4	0	0
6	V.C. Jain (04.09.15 to 31.03.16)	CFO	1,808	248	61	0	12	0	3
7	Suchita Gupta (01.04.15 to 31.03.16)	Company Secretary	2,312	309	107	0	22	0	3

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

	2016-17	2015-16
Profit after Tax (₹ 000)	36,715,852	30,168,868
Number of equity shares (000)	4,300,000	4,300,000
Nominal value of share (₹)	1.00	1.00
Basic and Diluted EPS (in ₹)	8.54	7.02

## 9. Disclosures as per Accounting Standard – 22 “Accounting for Taxes on Income”:

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. The breakup of Net Deferred Tax Assets is as under:

(₹ In thousand)

Particulars	As on 31.03.2017		As on 31.03.2016	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Timing difference on account of difference in book depreciation & depreciation under Income Tax Act, 1961.	5,759	-	-	109,544
Provision for employees benefits	128,846	-	133,812	-
Others	-	-	27,174	379
TOTAL	134,605	-	160,986	109,923
Net Deferred Tax	134,605	-	51,063	-

## 10. Contingent Liabilities:

- 10.1 Partly paid up investments ₹ Nil (Previous year ₹ NIL)
- 10.2 Underwriting commitments outstanding ₹ NIL (Previous year ₹ NIL)
- 10.3 Claims, other than under policies not acknowledged as debts: ₹ 11,000 thousand (Previous year ₹ 11,000 thousand)
- 10.4 Guarantees/LC given by or on behalf of the Corporation ₹ 15,864,369 thousand (Previous year ₹ 10,617,681 thousand).
- 10.5 Statutory demand/liabilities in dispute - Income-tax demands disputed, not provided for ₹ 17,298,899 thousand (Previous year ₹ 17,027,139 thousand).

## Year –wise break up as follows:

(₹ In thousand)

Sl No.	Assessment Year	Amount
1	2000-01	32 316
2	2002-03	694 362
3	2003-04	757 312
4	2004-05	1 879 038
5	2005-06	1 849 956
6	2006-07	2 680 573
7	2007-08	3 126 779
8	2008-09	3 149 757
9	2009-10	1 809 812
10	2011-12	4 252
11	2012-13	1 079 551
12	2013-14	163 957
13	2014-15	71 234
	<b>Total</b>	<b>17 298 899</b>

10.6 Reinsurance obligations to the extent not provided for in the accounts NIL (Previous year NIL) in view of Significant Accounting Policy No.3.1.

11. Majority of the pending legal/arbitration matters with the Legal Department are very old. These cases are primarily against the erstwhile subsidiary companies and the Corporation has been impleaded as a proforma respondent because of its erstwhile status of the holding company. In MACT/Hit and Run matters, GIC is wrongly impleaded despite not being the administrator of the Solatium Scheme.

Consequently, no financial impact of such cases is envisaged.

## 12. Segment Reporting:

Segment reporting as per Accounting Standard - 17 "Segment Reporting of ICAI, has been compiled with as required by IRDAI (Preparation of Financial Statements and Auditors Report of Insurance companies) Regulation, 2002

### TOTAL BUSINESS

(₹ in thousand)

Class of Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/-Loss on Exchange		Premium Deficiency		Underwriting Profit/Loss(-)	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Fire	56635 928	46235952	42505 596	35070446	16708 297	12555948	621 811	738349	(115,813)	498701	0	0	(3,315,590)	(1,635,090)
Motor	55920598	41468780	53886734	38991678	11257773	8218799	489 981	417342	(88,321)	411653	0	0	(9,802,210)	(5,747,387)
Aviation	4763 224	4705623	4344 860	3303996	936 799	707155	48 994	48750	(9,572)	71647	0	0	(577,001)	717368
Engineering	8174 155	7349906	3695 514	2342707	2018 936	2029282	64 954	84808	(8,683)	127637	0	0	2386 067	3020746
W.C.	304 076	218093	267 649	138720	46 497	37785	2 616	2508	(355)	1468	0	0	(13,041)	40547
Liability	1780 184	1226048	1014 096	583562	282 294	206293	17 264	14348	(2,565)	19070	0	0	463,965	440915
PA	4469 590	3224051	2360 852	1570915	1564 404	1350926	37 749	34750	(4,138)	18691	0	0	502,448	286151
Health	33049 109	23051867	29604 441	21271974	8116 267	5150064	308 652	253552	(26,382)	135236	0	0	(5,006,634)	(3,488,486)
Other/Misc.	88216 835	12284368	66334 572	16084554	11314 216	2617405	829 405	187307	(17,967)	90463	0	0	9720 676	(6514435)
FL/Credit	1441 156	1385256	171 141	2220066	291 067	304740	14 868	16532	(7,945)	42828	0	0	956 134	(1,113,255)
Marine/Cargo	5026 798	3525316	2248 745	2156858	965 324	706191	26 211	29873	(9,397)	56084	0	0	1777 120	688478
Marine/Hull	5586 570	5917981	5312 209	4173360	636 312	1104942	37 319	49538	(16,457)	96275	0	(584,596)	(415,726)	1271012
Life	2391 444	2411272	3490 564	1750283	59 354	74359	27 087	26025	(718)	11253	0	0	(1,186,278)	571857
TOTAL	267759667	153004513	215236973	128659120	54197540	35063880	2526912	1908883	(308,312)	1576006	0	(584,596)	(4,510,069)	(11,461,578)

**13. Financial Information pursuant to schedule III of Companies Act, 2013**

Name of the Entities	Net Worth		Share in Profit/(Loss)	
	Percentage of Net Assets	Amount In ₹ '000	Percentage of Profit/(Loss)	Amount In ₹ '000
Parent Company				
General Insurance Corporation of India (GIC Re)	96.99	484,820,837	85.19	31,276,682
Subsidiaries Companies (Foreign)				
a. GIC Re South Africa Ltd., Johannesburg	0.19	946,414	(0.41)	(139,072)
b. GIC Re India Corporate Member Ltd., London , UK	0.00	3,572	(0.01)	(3922)
Associates Foreign (investment as per Equity method)				
a. India International Pte. Ltd., Singapore	0.71	3,555,363	0.53	177,916
b. GIC Re Bhutan Ltd., Bhutan	0.00	2504	0.02	6,074
Associates Indian (investment as per Equity method)				
a. Agriculture Insurance Company of India Ltd. New Delhi	2.46	12,298,431	11.06	3,746,204
Total				
Adjustments arising out of consolidation	(0.35)	(1,756,175)	(4.50)	(1,653,626)
Share of Minority in Subsidiaries				
Consolidated Net Assets/Net Profit	100 %	499,870,945	100 %	36,715,852

14. During the year, the Corporation had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11. 2016	12,500	8,678	21,178
(+) Permitted receipts #	16,000	300,700	316,700
(-) Permitted payments	-	301,477	301,477
(-) Amount deposited in Banks	28,500	2,320	30,820
Closing cash in hand as on 30.12. 2016	-	5,581	5,581

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

# The Corporation has accepted SBNs from employees at the time of settlement of travel advance given to them and deposited the same in bank.

15. The Corporation has prepared Cash flow statement adopting the indirect method.
16. Prior period items have not been separately disclosed, as the amount is not material.
17. Figures relating to the previous year have been regrouped/rearranged, wherever necessary.

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329  
Mumbai  
Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

**Anil Kumar Khachi**

Director

**Segar Sampathkumar**

Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 AS PER INDIRECT METHOD

(₹ '000)

Particulars	31st March 2017	31st March 2016
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation as per Profit & Loss A/c	37701 377	29877803
<b>Adjustments for:</b>		
Exchange-Loss/Gain charged	602 942	(2353 986)
Provision for diminution in value of investment	556 439	1359916
Provision for doubtful loans, investments & Debts	2595 645	(1153 207)
Amortisation of Premium on Investment	185 152	185 605
Depreciation	99 479	98 110
-Profit/Loss on sale of Assets	2 216	223
Provision for Leave Encashment & Salary Arrears	79 014	(106 467)
Sundry Balances Written off/-back	0 4120887	0 (1969806)
<b>Operating Profit before working capital changes</b>	<b>41822 264</b>	<b>27907997</b>
Changes in Unexpired Risk Reserves	35254658	11556330
Changes in Premium Deficiency Reserve	0	(584 596)
Changes in Provisions for Outstanding Claims	83797 934	14728606
Changes in Income accrued on Investments	(122 115)	(717 106)
Changes in Balances with Insurance Companies	(78840 756)	3035232
Changes in Advance and Deposits	54981 431	(8976 788)
Changes in other Current Liabilities	(54730 926) 40340 226	7763279 26804957
<b>Cash generated from operations</b>	<b>82162 490</b>	<b>54712954</b>
Income Tax Paid (Net)	(3150 430)	4046844
<b>Net Cash from Operating Activities</b>	<b>79012 060</b>	<b>58759798</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(35 278)	(425 927)
Proceeds from sale of Fixed Assets	1 424	1 616
Foreign Currency Translation Reserve	(5191 664)	2190849
Changes in net Investments	(39000 293)	(47108 468)
Issuance of Share capital	688 141	0
<b>Net Cash used in Investing Activities</b>	<b>(43537 670)</b>	<b>(45341 930)</b>



**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017  
AS PER INDIRECT METHOD**

(₹ '000)

Particulars	31st March 2017	31st March 2016
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(8600 000)	5632 354
Dividend Tax Paid	(1750 788)	(1099 332)
<b>Net Cash from Financing Activities</b>	<b>(10350 788)</b>	<b>4533 022</b>
<b>D) Effect of Foreign Exchange on Cash &amp; Cash equivalents (Net)</b>	<b>(602 942)</b>	<b>2353 986</b>
<b>Net increase in Cash and Cash equivalents (A+B+C+D)</b>	<b>24520 660</b>	<b>20304 876</b>
<b>Cash and Cash equivalents at beginning of period</b>	<b>97793 634</b>	<b>77488 758</b>
<b>Cash and Cash equivalents at the end of period</b>	<b>122314 294</b>	<b>97793 634</b>

As per our report of even date

**For GBCA & ASSOCIATES**

Chartered Accountants  
{Firm Regn No. 103142W}

**SANJEEV LALAN**

Partner  
Membership No.: 045329  
Mumbai  
Dated: 29.05.2017

**For SAMRIA & CO**

Chartered Accountants  
{Firm Regn No. 109043W}

**ADHAR SAMRIA**

Partner  
Membership No.: 049174

**Alice G Vaidyan**

Chairman-cum-Managing Director

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**Segar Sampathkumar**

Director & GM

**V C Jain**

GM Finance & CFO

**Usha Sangwan**

Director

**G C Gaylong**

Director & GM

**Suchita Gupta**

Company Secretary



आपत्काले रक्षिष्यामि  
GIC Re SA Ltd.

## **GIC RE SOUTH AFRICA LTD**

### **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

The financial statements have been audited in compliance with Section 30 of the South African Companies Act 71 of 2008.

Prepared under the supervision of:  
D. Prasad  
Managing Director and Chief Executive Officer



आपत्काले रक्षिष्यामि  
GIC Re SA Ltd.

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## DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation and fair presentation of the annual financial statements of GIC Re South Africa Ltd, comprising the statement of financial position as at 31 March 2017, and the statements of comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition the directors are responsible for preparing the Directors' report.

The directors are also responsible for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework.

### Approval of the annual financial statements

The annual financial statements of GIC Re South Africa Ltd, as identified in the first paragraph, were approved by the board of directors on 15 May 2017 and are signed on their behalf by

**D Prasad**

Authorised Managing Director

**A G Vaidyan**

Chairman

### Declaration of the Company Secretary

In terms of S88 (2)(e) of the Companies Act 71 of 2008, I certify that in respect of the financial period ended 31 March 2017, the company has lodged with the Registrar of Companies all such returns that are required by the Companies Act, and that all such returns are to the best of my knowledge and belief, true, correct and up to date.

**W Mwase**

Company Secretary

## AUDIT COMMITTEE REPORT

In addition to having specific statutory responsibilities, the audit committee is a sub-committee of the board of directors. It assists the board through advising and making recommendations on financial reporting, oversight of financial risk management and internal financial controls, external audit functions and statutory and regulatory compliance of the company. General risk management remains the responsibility of the board.

### Terms of reference

The audit committee has adopted the formal terms of reference that have been approved by the board of directors, and has executed its duties during the past financial year in accordance with these terms of reference.

### The composition of the audit committee

### Guests

A G Vaidyan (Chairman of the Board, Non-executive)	No	Yes	No	Yes
D Prasad (Managing Director & Chief Executive Officer Designate)	Yes	Yes	Yes	Yes
S Karmarkar (Chief Operating Officer)	No	Yes	Yes	Yes
S K Jangir	Yes	Yes	Yes	Yes
A Malherbe (External Auditor)	Yes	No	No	No
A Vos (External Auditor)	Yes	No	No	No
N Bikhani (External Auditor)	No	No	Yes	Yes
M Mia (Internal Auditor)	No	Yes	Yes	Yes
C Falconer (Life Actuary)	Yes	No	No	No

Name	Appointed	Resigned	Qualifications	Position	Independent
S Bhikha	24-Apr-14		B Compt Hons CA(SA)	Chairman	Yes
J Bagg	24-Apr-14		B.Sc.FASSA, FIA, ASA	Member	Yes
B Balachandra	13-Jul-15	4-Feb-16	B.Sc., AllI	Member	No

The executive directors and external auditor attend the committee meetings by invitation only. The external and internal auditors have unrestricted access to the audit committee.

### Meetings

The audit committee held three meetings during the year. Attendance at the meetings is shown below:

	23-Jun-16	15-Sep-16	14-Nov-16	16-Mar-17
<b>Members</b>				
S Bhikha	Yes	Yes	Yes	Yes
J Bagg	Yes	Yes	Yes	Yes
B N Narasimhan	No	Yes	Yes	Yes

### Statutory duties

In the execution of its statutory duties, as required in terms of the Companies Act, during the past financial year the audit committee has:

- Ensured the re-appointment as external auditor of the company of a registered auditor who, in the opinion of the audit committee, is independent of the company.
- Determined the fees to be paid to the external auditor and such auditor's terms of engagement.
- Ensured that the appointment of the external auditor complies with this Act and any other legislation relating to the appointment of such auditor.

- Considered the independence of the external auditor and has concluded that the external auditor has been independent of the company throughout the year taking into account all other non-audit services performed and circumstances known to the committee.
- Confirmed that there were no complaints relating to the accounting practices of the company, the content or auditing of its financial statements, the internal financial controls of the company, or to any related matter.
- Based on reports from the external auditors, internal auditors and appropriate inquiries, made submissions to the board on any matter concerning the company's accounting policies, financial control, records and reporting, including input to the board's statement regarding control effectiveness

## Legal requirements

The audit committee has complied with all applicable legal, regulatory and other responsibilities for the year under review.

## Annual financial statements

Following our review of the annual financial statements of GIC Re South Africa Ltd for the year ended 31 March 2017, we are of the opinion that, in all material respects, they comply with the relevant provisions of the Companies Act and International Financial Reporting Standards, and that they fairly present the financial position at 31 March 2017 and the results of operations and cash flows for the year then ended.

**S Bhikha**

Chairman of the audit committee

15 May 2017

## INDEPENDENT AUDITOR'S REPORT

### To the shareholder of GIC Re South Africa Ltd

#### Opinion

We have audited the financial statements of GIC Re South Africa Limited set out on pages 15 to 49 which comprise the statement of financial position as at 31 March 2017, and the statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of GIC Re South Africa Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee Report and the certificate by the Company Secretary as required by the Companies Act of South Africa and Statement of Responsibility by the Board of Directors and Statutory Actuary's Report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of GIC Re South Africa Ltd for 4 years.

KPMG Inc.  
Registered Auditor

Per Antoinette Malherbe  
Chartered Accountant (SA)  
Registered Auditor  
Director  
Wednesday, May 17, 2017

KPMG Crescent  
85 Empire Road  
Parktown  
2193



## GIC RE SOUTH AFRICA LTD

### STATUTORY ACTUARY'S REPORT (LIFE BUSINESS)

AS AT 31 MARCH 2017

#### STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND CAPITAL REQUIREMENTS

Particulars	Year ended 31 March 2017 R'000	Year ended 31 March 2016 R'000
<b>Published Reporting Basis</b>		
<b>Total value of life assets as per statement of financial position</b>	<b>32,399</b>	<b>42,607</b>
Actuarial value of policy liabilities	13,835	17,898
Current and other liabilities as per the life statement of financial position	278	5,868
<b>Total value of liabilities</b>	<b>14,113</b>	<b>23,766</b>
<b>Excess Assets</b>	<b>18,286</b>	<b>18,841</b>
<b>Statutory Basis</b>		
Total value of assets as per life statement of financial position	32,399	42,607
Disallowed assets	(546)	(684)
<b>Value of assets on the Statutory Basis</b>	<b>31,853</b>	<b>41,923</b>
Actuarial value of life policy liabilities	13,835	17,898
Current and other liabilities as per life statement of financial position	278	5,868
<b>Total value of liabilities</b>	<b>14,113</b>	<b>23,766</b>
<b>Excess Assets</b>	<b>17,740</b>	<b>18,157</b>
<b>Capital Adequacy Requirements</b>	<b>10,000</b>	<b>10,000</b>
<b>CAR Cover</b>	<b>177%</b>	<b>182%</b>
<b>Analysis of change in Excess Assets on Published Reporting Basis</b>		
The excess of the value of assets over the value of liabilities has changed as follows over the reporting period:		
Excess Assets at end of reporting period	18,286	18,841
Excess Assets as at beginning of reporting period	18,841	21,868
<b>Change in Excess Assets over the reporting period</b>	<b>(555)</b>	<b>(3,027)</b>

# GIC RE SOUTH AFRICA LTD

## STATUTORY ACTUARY'S REPORT (LIFE BUSINESS)

AS AT 31 MARCH 2017

### STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND CAPITAL REQUIREMENTS

Particulars	Year ended 31 March 2017 R'000	Year ended 31 March 2016 R'000
<b>The change in the excess assets is due to the following factors:</b>		
Investment return generated by excess assets over liabilities:		
Investment income	1,308	1,083
Capital appreciation	324	332
<b>Total investment return on excess assets</b>	<b>1,632</b>	<b>1,415</b>
Operating loss	(2,721)	(2,161)
Changes in valuation methods or assumptions	534	(2,280)
<b>Reported profit in annual financial statements</b>	<b>(555)</b>	<b>(3,026)</b>
<b>Total change in Excess Assets</b>	<b>(555)</b>	<b>(3,026)</b>
Reconciliation of Excess Assets between Published Reporting Basis and Statutory Basis		
Excess Assets on Published Reporting Basis	18,286	18,841
Less: Asset Adjustments in terms of Schedule 3 of the Act	(546)	(684)
<b>Excess Assets on Statutory Basis</b>	<b>17,740</b>	<b>18,157</b>

## GIC RE SOUTH AFRICA LTD

### STATUTORY ACTUARY'S REPORT (LIFE BUSINESS)

AS AT 31 MARCH 2017

#### NOTES TO THE STATEMENT OF ASSETS, LIABILITIES, EXCESS ASSETS AND CAPITAL REQUIREMENTS

##### Changes in Published Reporting Valuation Methods or Assumptions

The value of net liabilities as at 31 March 2017 reduced by R0.5 million.

The basis changes include the following main items:

- The expense budget dropped significantly due to the Company's decision to recapture the remaining business and keep the Company dormant. This impacted on the contingency reserve.
- We have included a margin in the IBNR of approximately R1.2 million to allow for any recaptures that are not favourable or not completed (where the loss ratio may be above 100%).
- The UPR on some of the business remaining was released following Management's confirmation that it is all monthly premium business.
- The interest rate assumptions was reduced for Term business from 8.5% p.a. to 8.0% p.a.

##### Published Reporting Valuation Methods and Assumptions

The valuation was performed using the Statutory Valuation Method for insurance contracts. Assets and policy liabilities have been valued on methods and assumptions that are consistent with each other.

The result of the valuation methods and assumptions is that profits are released appropriately over the term of each policy, to avoid premature recognition of profits that may give rise to losses in later years.

##### Published Reporting Liability Valuation Methods and Assumptions

In the calculation of liabilities, provision has been made for:

- The best-estimate of the future experience, plus
- The compulsory margins prescribed by SAP104, plus
- Discretionary margins to ensure the release of profits consistent with policy design and to allow for any additional uncertainty.

The effect of the discretionary margins amounts to R822 867.

The reserves for term, Disability (PHI) and Waiver of Premium (WOP) classes were established by discounting the future expected net claims and net expense and commission outgo, less the future net office premiums (if any) on a policy-by-policy basis. The main assumptions (inclusive of compulsory margins as outlined in SAP104) were:

Investment return	: 7.75% p.a.
Renewal expenses	: 30% of net premiums
Mortality	: 134.4% of SA85/90 plus 5.4% Doyle Pattern II
Lapse rate	: 7.5% in all years
Commission	: 24% of net premiums

A UPR was established for Annual premium business. An additional loading was added if the operating ratio exceeded 100%.

There are no more PHI and WOP policies on the book.

An Incurred But Not Reported (IBNR) reserve of 1.02 months claims was established. A margin of approximately R1.2 million (gross of retrocession) was included in the IBNR (i.e. an additional month of claims) to allow for the risk of the recaptures being unfavourable or not being completed.

The Profit Commission reserve is the sum of all outstanding payments to be made to cedants plus interest owing on these amounts. No profit commission remains owing on the remaining business.

Where credible experience data existed, the parameters were based on experience investigations undertaken during the financial year.

Policyholder reasonable benefit expectations have been allowed for. All contractual obligations have been taken into account. All business is written on a non-profit basis.

### **Published Reporting Asset Valuation Methods and Assumptions**

All assets (including the excess of assets over liabilities) have been valued as described in the notes to the company accounts.

### **Statutory Capital Adequacy Requirements**

The Statutory Capital Adequacy Requirement (CAR) is the additional amount required, over and above the actuarial liabilities, to enable the company to meet material deviations in the main parameters affecting the life insurer's business.

The Statutory CAR was calculated in accordance with SAP104 issued by the Actuarial Society of South Africa.

For the purpose of grossing up the Immediate Ordinary Capital Adequacy Requirements (IOCAR) to determine the Ordinary Capital Adequacy Requirements (OCAR), it has been assumed that assets backing the CAR are invested in cash.

The OCAR exceeded the Terminal Capital Adequacy Requirements (TCAR), and thus the CAR has been based on the OCAR.

In terms of the Board Notice of 2010, a minimum Capital Adequacy Requirement (MCAR) applies. The MCAR for the Company is R10 million which exceeds the OCAR described above, and thus the CAR has been based on the MCAR.

### **Certificate of Financial Position**

I hereby certify that:

- The valuation on the Statutory Basis of GIC Re South Africa Ltd as at 31 March 2017, the results of which are summarised above, has been conducted in accordance with, and this Statutory Actuary's Report has been produced in accordance with, applicable Actuarial Society of South Africa's Advisory Practice Notes and Standard of Actuarial Practice;
- In terms of Section 31(c) of the Long-Term Act of 1998, some of the Company's assets exceed the maximum allowable level. However, after adjusting the assets for the asset spreading restrictions, the Company is still in a financially sound position.
- The Company was financially sound on the Statutory basis as at the valuation date, and in my opinion is likely to remain financially sound for the foreseeable future.

PC Falconer  
 Statutory Actuary  
 15-May-17

## **GIC RE SOUTH AFRICA LTD DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The directors have pleasure in presenting their report for the year ended 31 March 2017.

### **Business**

GIC Re South Africa Ltd is a 100% owned subsidiary of General Insurance Corporation of India (GIC Re), which is fully owned by the Government of India. GIC Re acquired saXum Reinsurance Limited, a composite (Life and Non-Life) reinsurer in April 2014. The Company name was changed from saXum Reinsurance Limited to GIC Re South Africa Ltd after the approval from the Financial Services Board and the Companies and Intellectual Property Commission.

GIC Re South Africa Ltd holds a composite licence, but to date only short-term reinsurance has been activated. Life Reinsurance business is in run-off.

GIC Re South Africa Ltd's vision is to become a truly African Reinsurer. The core business philosophy includes reinsurance capacity development in Sub-Saharan Africa, application of state of the art technology, mutually beneficial relationships, benchmarking reinsurance and service delivery mechanisms and professional attitude

The company was rated BB+ (Global) and zaA+ (National) with a stable outlook by S&P ratings in July 2016. GIC Re South Africa Ltd's operation in Johannesburg commenced underwriting business on 1 January 2015. For the year ended 31 March 2017, the company recorded a growth of 108% in GWP as accounted.

### **South Africa Economic Outlook:**

Global growth in 2016 is at a post-crisis low of 2.3% and is projected to rise to 2.7% in 2017. Stagnant global trade, subdued investments and heightened policy uncertainty marked another difficult year for the world economy. A moderate recovery is expected for 2017 with receding obstacles to activity in commodity-exporting emerging markets and developing economies. However, fiscal stimulus in key major economies, if implemented, may

boost global growth above expectations.

Growth in Sub-Saharan Africa is estimated to have decelerated to 1.5 percent in 2016, the lowest level in over two decades, as commodity exporters adjust to low commodity prices. South Africa and oil exporters account for most of the slowdown, while activity in non-resource intensive countries - agricultural exporters and commodity importers - generally remained robust.

A dismal performance in the mining and manufacturing sectors caused GDP to contract in Q4 2016. Due to the weaker-than-expected result, South Africa's economy grew just 0.3% in the full year 2016 which represented the weakest pace of growth in seven years. The economy has been consistently falling behind the government's growth targets which is having serious implications for business and consumer confidence. Persistent weak economic fundamentals, a high current account deficit, the growing trend of fiscal debt and other structural constraints in the South African economy raised concerns with credit rating agencies about the outlook for South Africa. On April 3, 2017, the international rating agency - S & P - lowered foreign currency sovereign rating on Republic of South Africa to BB+/B from BBB-/A-3 considering elevated political risks which could undermine fiscal and economic growth. This could lead to increased capital outflows, higher cost of and reduced access to funding and lower business confidence and corporate profits.

### **Share capital**

The company issued 71 200 000 ordinary shares of no par value totalling R142.40 million during 2017 (2016: Nil)

### **Overview for the year**

The results for the year and the financial position of the company are fully disclosed in the attached financial statements.

### **Holding company**

The company is a wholly owned subsidiary of General Insurance Corporation of India (GIC Re).

**Dividends**

No dividends were paid or declared during the year (2016 : Nil)

**Directors**

The directors in office at the date of this report are :	Date Appointed	Date Resigned
A G Vaidyan (Chairman, non-executive)	23-Jan-16	
B N Narasimhan (non-executive)	23-Jun-16	
D Prasad (Managing Executive)	22-Feb-16	
S Bhikha (Independent, non-executive)	24-Apr-14	
C Moosa (Independent, non-executive)	24-Apr-14	
J Bagg (Lead Independent, non-executive)	24-Apr-14	

**Directors' interest**

No directors have an interest in the company.

**Secretary and registered office**

W Mwase is the company secretary. The registered office and office of the secretary are:

First Floor, Block C  
 Riviera Road Office Park  
 No. 6-9 Riviera Road  
 Houghton - 2193

**Auditor**

KPMG Inc.

**Company registration number**

1956/003037/06

**Number of employees**

The number of people employed by the company at 31 March 2017 is 20 (2016: 14).

## GIC RE SOUTH AFRICA LTD

### STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

Particulars	Note	Year ended 31 March 2017 R	Year ended 31 March 2016 R
<b>ASSETS</b>			
Equipment	5	1,243,485	1,524,957
Technical assets under insurance contracts		776,433,850	417,919,918
Retroceded outstanding claims	6	405,829,555	202,901,429
Retroceded policyholder liabilities	7	3,059,190	5,832,763
Retroceded unearned premium reserve	8	287,805,264	165,324,413
Gross deferred acquisition costs	9	79,739,841	43,861,313
Investments	10	539,218,376	292,403,805
Deferred taxation	11	5,971,195	5,971,195
Amounts due from companies on reinsurance contracts		343,620,234	200,469,156
Other accounts receivable		1,891,299	302,174
Cash at bank and on hand		77,673,244	37,541,978
<b>Total assets</b>		<b>1,746,051,683</b>	<b>956,133,183</b>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>			
Technical liabilities under insurance contracts		903,576,353	491,441,445
Gross outstanding claims	6	478,388,281	237,563,814
Gross policyholder liabilities under life insurance contracts	7	16,894,528	23,730,776
Gross unearned premium reserve	8	332,164,908	183,409,426
Retroceded deferred acquisition cost	9	76,128,636	46,737,429
Deposits withheld from retrocessionaires		619,411,431	375,711,021
Amounts due to companies on reinsurance contracts		26,778,839	8,461,983
Other accounts payable	12	439,485	534,431
<b>Total liabilities</b>		<b>1,550,206,108</b>	<b>876,148,880</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	13	253,900,000	111,500,000
Revaluation reserve	14	1,733,310	1,664,865
Retained earnings		(59,787,735)	(33,180,562)
<b>Total shareholder's equity</b>		<b>195,845,575</b>	<b>79,984,303</b>
<b>Total liabilities and shareholder's equity</b>		<b>1,746,051,683</b>	<b>956,133,183</b>

# GIC RE SOUTH AFRICA LTD

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Note	Year ended 31 March 2017 R	Year ended 31 March 2016 R
Gross premiums written		688,644,606	331,818,342
Retroceded premiums		(592,848,686)	(291,781,769)
Net premiums written		95,795,920	40,036,573
Change in provision for unearned premiums	8	(26,274,630)	(9,323,665)
Gross		(148,755,482)	(95,795,938)
Reinsured		122,480,852	86,472,273
<b>Net premium earned</b>		<b>69,521,290</b>	<b>30,712,908</b>
Commission income	17	137,398,775	61,933,115
Net investment income	15	22,279,312	8,087,125
Decrease/(increase) in net life policyholder liabilities	7	4,062,675	(2,806,547)
<b>Net income</b>		<b>233,262,052</b>	<b>97,926,601</b>
Claims incurred, net of reinsurance	16	(74,345,058)	(32,603,728)
Commission expense	17	(126,667,050)	(57,982,690)
Interest paid		(3,563,617)	(80,882)
Investment management expenses		(1,805,492)	(917,816)
Management expenses		(23,717,580)	(18,583,626)
Increase in provision for doubtful debts		(820,639)	(1,090,621)
Foreign exchange (loss)/gain		(28,881,344)	6,676,603
Loss before taxation	18	(26,538,728)	(6,656,159)
Taxation	19	-	-
Loss for the year		(26,538,728)	(6,656,159)
Other comprehensive income for the year, net of taxation		-	-
<b>Total comprehensive loss for the year</b>		<b>(26,538,728)</b>	<b>(6,656,159)</b>



## GIC RE SOUTH AFRICA LTD

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Share capital R	Revaluation reserve R	Retained earnings R	Total R
<b>31 March 2017</b>				
Balance as at 1 April 2016	111,500,000	1,664,865	(33,180,562)	79,984,303
Share issue	142,400,000	-	-	142,400,000
Non-life	142,400,000	-	-	142,400,000
Total comprehensive profit for the period	-	-	(26,538,728)	(26,538,728)
Non-life	-	-	(25,984,392)	(25,984,392)
Life	-	-	(554,336)	(554,336)
Transfer to reserves				
Revaluation of investments	-	68,445	(68,445)	-
Balance as at 31 March 2017	253,900,000	1,733,310	(59,787,735)	195,845,575
<b>31 March 2016</b>				
Balance as at 1 April 2015	111,500,000	1,392,622	(26,252,160)	86,640,462
Share issue	-	-	-	-
Non-life	-	-	-	-
Total comprehensive profit for the year	-	-	(6,656,159)	(6,656,159)
Non-life	-	-	(3,630,115)	(3,630,115)
Life	-	-	(3,026,044)	(3,026,044)
Transfer from reserves				
Revaluation of investments	-	272,243	(272,243)	-
Balance as at 31 March 2016	111,500,000	1,664,865	(33,180,562)	79,984,303

# GIC RE SOUTH AFRICA LTD

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

Particulars	Note	Year ended 31 March 2017 R	15 months ended 31 March 2016 R
<b>Cash flows from operating activities</b>			
Cash generated by operations	25.1	126,107,562	215,355,019
Interest received		18,840,459	7,717,401
Interest paid		(3,563,617)	(80,882)
Dividends received		574,665	60,649
Net cash inflow from operating activities		141,959,069	223,052,187
<b>Cash flows from investing activities</b>			
Net acquisition of investments		(243,950,383)	(218,369,831)
Additions to property and equipment		(293,754)	(424,206)
Proceeds on disposal of property and equipment		16,334	-
Net cash outflow from investing activities		(244,227,803)	(218,794,037)
Net (decrease)/increase in cash and cash equivalents		(102,268,734)	4,258,150
<b>Cash flows from financing activities</b>			
Shares issued		142,400,000	-
<b>Cash and cash equivalents</b>			
At the beginning of year		37,541,978	33,283,828
At the end of year	25.2	77,673,244	37,541,978

## GIC RE SOUTH AFRICA LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 1 Accounting policies

##### 1.1 Statement of compliance

The financial statements of the company are prepared on the going concern basis and in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. The accounting policies set out below have been applied consistently to all years presented in the financial statements.

##### 1.2 Basis of preparation

The company is domiciled in South Africa and its reporting currency is Rand.

##### *Basis of measurement*

The financial statements are prepared on the historical cost basis, adjusted by the revaluation of investments to fair value.

##### *Use of estimates*

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant judgements, estimates and assumptions relate to technical provisions and liabilities under insurance contracts detailed in note 4. In addition, assumptions are made about the recoverability of insurance receivables and credit control is strictly monitored.

#### 1.3 Classification of contracts

Contracts under which the company accepts significant insurance risk from another party (the policyholder) through reinsurance inwards by agreeing to compensate the policyholder or other beneficiary if a specific uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. The same definition is applied to reinsurance outwards. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specific interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Contracts that do not meet the above definition are classified as investment contracts and are deposit accounted.

#### 1.4 Equipment

Equipment, furniture and motor vehicles are stated at cost less accumulated depreciation which is calculated to write off the cost of the assets to its residual value over their useful lives in a pattern that reflects their economic benefits.

The current estimated useful lives are as follows:

- Equipment
 

Office Equipment	6 years
Computer equipment	3 years
- Furniture and fittings 6 years
- Motor vehicles 5 years

The useful lives and depreciation methods are reassessed annually. The residual values, if not insignificant, are also reassessed annually. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the assets and are included in profit or loss.

### 1.5 Outstanding and unexpired claims

Provisions are made for claims incurred up to the reporting date. The provisions exclude Value Added Tax but include an estimate for future claims handling costs.

### 1.6 Policyholder liabilities for life insurance contracts

The liabilities under life insurance contracts are valued in terms of the Financial Soundness Valuation ("FSV") basis contained in SAP104 issued by the Actuarial Society of South Africa and are reflected as policyholder liabilities under life insurance contracts in the statement of financial position. The operating surpluses or losses arising from insurance contracts are determined by the annual actuarial valuation. These surpluses or losses are arrived at after taking into account the movement in actuarial liabilities under unexpired policies, provisions for profit commissions accrued and adjustments to contingency and other reserves within the policyholder liabilities as well as recoveries under retrocession agreements.

### 1.7 Deposits

Deposits retained on retrocession placed are stated at amortised cost.

### 1.8 Revaluation reserve

The company has chosen to disaggregate equity into more classes than the minimum required by creating a revaluation reserve as an additional class within

equity. This is to present unrealised gains and losses on investments separately from other profits or losses and is shown separately on the statement of financial position.

The revaluation reserve comprises of the revaluation of investments above or below their original cost, after deferred tax is recognised on the revaluation. A gain or loss arising from a change in fair value is recognised in net profit or loss for the period in which it arises and thereafter is transferred to a revaluation reserve.

When investments are disposed of, the cumulative gain or loss previously recognised in the revaluation reserve is transferred to retained income.

### 1.9 Premiums

Premium income on insurance contracts is brought to account at the earlier of the date of notification or the date of receipt. At year end, an estimate is raised for premiums where notification has not been timely received.

### 1.10 Unearned premium provision

The provision for unearned premium comprises the portion of premiums written which are estimated to be earned in future periods. The unearned premium provision is calculated separately for each contract at the balance sheet date using principally the 50% method basis for proportional treaty business and the 365 days basis for facultative business and non-proportional business.

### 1.11 Commission expense

Acquisition costs comprise commission and other variable costs directly connected with the acquisition or renewal of insurance policies. Commission expenses are charged to profit or loss as incurred and include commission, brokerage, taxes, and profit commission which is paid to cedants based on the performance of the contracts underwritten.

## 1.12 Investment income

Interest income is recognised as it accrues, using the effective interest method. Dividends are recognised when the right of receipt is established.

## 1.13 Gain or loss on realisation of investments

Gains or losses on realisation of investments are calculated on a weighted average basis.

## 1.14 Income tax

Income tax on profit and loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity, or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## 1.15 Provisions

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past

event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## 1.16 Impairment

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset is impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount. In assessing the value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of amortisation) had an impairment loss not been recognised in prior years.

## 1.17 Financial instruments

Financial assets are recognised when the company becomes a party to the contractual terms that comprise an asset. On initial recognition these instruments are recognised at fair value or for financial instruments not carried at fair value, the cost thereof, including transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

### *Investments*

Investments are classified at fair value through profit or loss. The investments are managed and their performance evaluated and reported internally on a fair value basis in terms of a documented investment strategy. The fair value of listed investments is measured with reference to their quoted bid prices at the reporting date.

### **Trade and other receivables**

Trade and other receivables are stated at amortised cost using the effective interest rate method, less any impairment losses.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Cash and cash equivalents are stated at amortised cost.

### **Financial liabilities**

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

### **Derecognition**

A financial asset is derecognised when the company loses control over the contractual rights that comprise an asset and consequently transfers the risks and benefits associated with the asset on trade date. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is legally extinguished.

### **Offset**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **1.19 Foreign currencies**

Assets and liabilities in foreign currencies are translated to South African Rand at rates of exchange ruling at the reporting date.

Foreign currency transactions during the year are recorded at rates of exchange ruling at the transaction date. Realised and unrealised gains or losses on exchange are accounted for in profit and loss during the period that they arise.

## **1.20 Retrocession**

The company retrocedes insurance risk in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risk. Retrocession arrangements do not relieve the company from its direct obligation to cedants. Amounts recoverable under retrocession contracts are recognised in the same year as the related claim. Amounts recoverable under retrocession agreements are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition that the company may not recover all amounts due.

Premiums retroceded, claims reimbursed and commission income are presented in the statement of comprehensive income and statement of financial position separately from the gross amounts. Deferred retrocession income is recognised on a basis consistent with the provision for earned premiums.

## **2 Reinsurance risk management**

### **2.1 Non-life reinsurance contracts**

#### **2.1.1 Risk management objectives and policies for mitigating reinsurance risk**

The company reactivated its underwriting non-life reinsurance business as of 1 January 2015 after having been in run off since 2002. The cover periods for all historical reinsurance contracts, which were annual in nature, had expired by the end of 2005. The company's exposure is therefore limited to the uncertainty surrounding the timing of payment and severity of claims already incurred under historical reinsurance contracts. This is commonly referred to as claims development risk.

Sound underwriting principles are applied when the reinsurance contracts are underwritten. In order to ensure that each contract was comprehensively evaluated for underwriting and rating purposes, strict underwriting guidelines, agreed to with the parent

company, are followed. The underwriting guidelines stipulate the type of risks that could be underwritten, as well as the exposure per risk that was acceptable.

The reinsurance contracts underwritten by the company comprise:

- Property reinsurance: contracts that indemnify against physical loss or damage and the financial consequences from a loss or damage to land and buildings.
- Transport reinsurance: contracts that indemnify against losses from the possession, use or ownership of a vessel, aircraft or other craft for the conveyance of persons or goods.
- Accident reinsurance: contracts that indemnify against losses from a variety of risks. These include:
  - Motor
  - Personal accident and health
  - Guarantee
  - Liability
  - Engineering
  - Miscellaneous

The claims liabilities recognised for each of these classes at year end are disclosed in note 6.

The largest claims development uncertainty is concentrated in those classes that are classified as long tail, such as liability and engineering. Long tail business is defined as reinsurance contracts under which claims are typically not settled within one year of the occurrence of the events giving rise to the claims. In long tail classes, there is still significant scope for future development, positive or negative, both in number of claims, as well as the value of the claims. The claims development risk from reinsurance contracts is largely managed through the following actions:

- GIC Re South Africa Limited commenced its operations from 1st January, 2015 and underwriting non-life reinsurance business emanating from Sub-Saharan Africa. Currently, the company has underwritten business from across 32 countries of the region. Although, the business is well-diversified, a significant portion of the premium is written from South Africa comprising almost 59% and Kenya around 15% of the total book of business.
- The company has regarded its concentration in South Africa as a primary concern from the point of view of hailstorm and earthquake exposures. To mitigate the underwriting risk, it has in place a 15% Whole Account Quota Share Treaty. Further based on internal assessment, the company has calculated realistic disaster scenario in any one catastrophe and as a matter of abundant precaution procured an excess of loss protection for USD 14.5 Mln. Xs. USD 0.5 Mln. The cover is currently in place. These arrangements will protect the capital of the company in any catastrophic event.
- Further, plans are afoot to model the portfolio based on 1 in 250 year return period for Earthquake and Hailstorm exposures arising from South Africa and to obtain adequate excess of loss cover effective 1st April, 2017.
- A portion of the historical risks underwritten by the company pertaining to the run-off book of business was historically retroceded in order to mitigate its net exposure. The retrocession contracts entered into comprise a combination of proportional and non-proportional treaties. These contracts were recaptured and, as such, the company has no protection for the run-off book of business.
- The company follows robust claims assessment procedures to ensure, that the liability it accepts for claims covered by reinsurance contracts is valid and accurate.



## 2.1.2 Concentrations of reinsurance risk

Concentrations of risk may arise with a particular event or series of events for example in one geographical location.

## 2.1.3 Claims development information

Consistent with practice in the reinsurance industry, quarterly statements received from reinsurers under proportional reinsurance contracts, do not detail the date of loss of reinsurance claims. Proportional reinsurance contracts make up the largest part of the company's business. The majority of the business underwritten is classified as "short-tail" meaning that claims are settled within a year after the loss date. In terms of IFRS 4, an insurer need only disclose claims run-off information where uncertainty exists about the amount and timing of claim payments not resolved within one year.

Claims development is monitored in aggregate for all loss years. Note 6 provides details of the overall changes in estimates of claims liabilities created in earlier years.

## 2.2 Life reinsurance contracts

### 2.2.1 Risk management objectives and policies for mitigating reinsurance risk

The company ceased underwriting life reinsurance business during 2002, and entered into a run-off phase. The company remains on risk for life reinsurance contracts underwritten in the past that have cover periods that extend into the future. The company is exposed to the uncertainty surrounding the timing, severity and frequency of claims under reinsurance contracts.

Sound underwriting principles were applied historically when the reinsurance contracts were underwritten. In order to ensure that each contract was comprehensively evaluated for underwriting and rating purposes, strict underwriting guidelines,

agreed to with the then parent company were followed. The underwriting guidelines stipulated the type of risks that could be underwritten, as well as the exposure per risk that was acceptable.

The significant types of reinsurance contracts underwritten in the past, where the company remains on risk are summarised below.

#### Term

- Policy is limited to a defined term. The sum assured is payable at death should this occur during the term.

#### Risk premium

- Sum assured is payable at death. Premiums received are based on current age, sum at risk and may be reviewed in some cases. Cover may be extended to include disability and dread disease.

#### Disability

- A benefit which is paid out if the assured is totally and permanently disabled from carrying out his/her occupation as defined in the policy conditions.

#### Permanent health insurance

- Compensates the assured for loss of income in case of temporary disability or total and permanent disability during the policy term.

The risk that arises from the reinsurance contracts underwritten in the past is largely managed through the following actions:

- The company has no further exposure to treaties that have been commuted.
- As from 1 January 2010 the life retrocession agreements with Revios Ruckversicherung AG (Scor Germany), which ended on 31 December



2009, was replaced with a single agreement with Scor Africa Limited (Scor Africa), whereby the company's net retention on any one risk is reduced to a maximum of R750,000, as compared to the previous R2,500,000. The agreement is for a quota share of 75% on all risks, previously 50%, with sums assured capped at R750,000.

Scor Africa carries the remaining 25% on quota share risk to R1,000,000, as well as the excess of loss treaty which provides for the remaining cover over R1,000,000. An over-rider commission of 10% on all retrocession premiums ceded to Scor Africa is payable to the company as an expense recovery together with a profit commission of 50% on Scor Africa's annual profits.

- The company follows robust claims assessment procedures to ensure that it pays valid and accurate claims. The company uses medical officers to assess claims, where appropriate.

## 2.2.2 Concentrations of reinsurance risk

Concentrations of risk may arise where a particular event or series of events impact heavily on the company's resources. The company is not aware of any undue concentrations of risk and its portfolio is generally representative of the risk profiles of the major life offices in South Africa.

## 2.2.3 Claims development

In terms of IFRS 4: Insurance Contracts, claims development information need only be presented where uncertainty exists about the amount and timing of claims payments not resolved within one year following the date of the loss. The company has been in run-off for approximately 12 years. The number of new claims reported is limited and as a result run-off information is erratic. Claims development information is therefore not presented. Refer to note 7 for the estimates maturity profile.

## 3 Financial risk

Transactions in financial instruments result in the company assuming financial risks. These include market risk, liquidity risk and credit risk. Each of these risks is described below, together with ways in which the company manages these risks.

### 3.1 Market risk

Market risk can be described as the risk of a change in the fair value of a financial instrument brought about by changes in interest rates, equity prices, or foreign exchange rates.

#### • Equity price risk

The portfolio of listed equities, which are stated at fair value at reporting date, has exposure to price risk, being the potential loss in market value resulting from adverse changes in prices. The company's objective is to earn competitive relative returns by investing in a diverse portfolio of securities. Portfolio characteristics are analysed on a regular basis. The portfolio is invested in various industries as detailed in note 10, and the largest investment in any one company comprises 0.23% (2016: 0.14%) of the total assets.

At 31 March 2017, the company's ordinary listed equities were recorded at their fair value of R16.3 million (2016: R4.01 million). A hypothetical 25% decline in each share's price would have decreased profit before taxation by R4.08 million (2016: R1.0 million).

#### • Interest rate risk

Fluctuations in interest rates impact on the value of government securities and corporate bonds and the interest returns from these investments. The maturity profile of these instruments is set out in note 10. It is estimated that a 2% increase in interest rates for these investments would have increased the company's 2017 profit before taxation by less than R250,000 (2016: R150,000).

- Foreign currency risk

The company is exposed to foreign currency risk for transactions that are denominated in a currency other than Rand. The company is writing business in sub-Saharan African countries. In more than 55% of the contracts, the transacting currency is US dollar. Initially the company's focus is to build foreign currency reserves and match dollar liabilities with dollar assets.

### 3.2 Liquidity risk

The company ensures that the solvency of the company meets the regulatory requirements at all times by maintaining a high level of liquidity. The company follows the regulatory provisions, in conjunction with prudential norms laid out by the Board, with regard to the investment of its funds. The general investment strategy is to use cash as the default asset class. In the initial years of operations equity exposure will be maintained at lower levels.

Expected cashflows of liabilities:

	Carrying amount	1 year	2 years	More than 2 years
Deposits withheld from retrocessionaires	<b>619,411,431</b>	619,411,431	-	-
Amounts due to companies on reinsurance contracts	<b>26,778,839</b>	26,778,839	-	-
Other accounts payable	<b>439,485</b>	439,485	-	-

Maturity of Technical liabilities under insurance contracts have been included in Note 6 - 9.

The company is accumulating foreign currency reserves and not intending to convert foreign currency funds into Rand during the next year. All these funds are invested in short-term deposits in the form of fixed or call deposits.

For Rand funds, the fund managers are instructed to keep funds invested in such a way as to offer maximum flexibility and high liquidity.

Over and above these liquidity measures, a letter of comfort given by the parent company provides support to the company in order to maintain adequate capital, to meet solvency and policy holder liability requirements and financial obligations.

### 3.3 Credit risk

The company has several exposures to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- amounts due from reinsurance policyholders;
- amounts due from reinsurance contract intermediaries;
- investments excluding equities and cash equivalents; and
- retroceded technical liabilities.

Exposure to individual policyholders and groups of policyholders are monitored as part of the credit control process. Reputable financial institutions are used for investing and cash handling purposes.

Under the terms of the retrocession agreements, retrocessionaires agree to reimburse the ceded amount in the event that a gross claim is paid. However, the company remains liable to its cedants regardless of whether the retrocessionaire meets the obligations it has assumed. Consequently, the company is exposed to credit risk.

GIC Re South Africa Ltd reinsures with its parent, General Insurance Corporation of India (GIC Re) which has been continuously rated A- (Excellent) by AM Best for at least the last 6 years and AAA (In) for Claim Paying ability by the Indian rating agency, Credit Analysis & Research Ltd (CARE). The parent company is wholly owned by the Government of India with sovereign security. As per AM Best, GIC Re ranked 14th among the Top 50 Global reinsurance groups in terms of Gross Written Premium. As at 31 March 2016, it has a net worth of approximately USD 2.24 billion and total assets of USD 12 billion.

From Calendar year 2016, GIC Re South Africa Ltd arranged a 85% whole account quota share treaty whereby 85% of the claims incurred are recovered from GIC Re India. In addition to this GIC Re South Africa Ltd continues to withhold 40% of the premium as an unearned premium reserve deposit and retain 100% of the outstanding claims reserve as an outstanding claims reserve deposit.

None of the company's financial assets exposed to credit risk are past due or impaired.

## Age analysis of amounts due from companies on reinsurance contracts

	Total	Current	30 days	60 days	90 days	More than 120 days
Amounts due	343,620,234	308,548,038	5,425,171	3,868,109	8,302,071	17,476,845

**Analysis of the credit quality of the company's assets**

	AAA R	AA R	A R	BBB and lower R	Not Rated R	Total R
<b>2017</b>						
Technical assets under insurance contracts	-	-	696,694,009	-	79,739,841	776,433,850
Investments						
Government securities	-	-	-	10,997,343	-	10,997,343
Negotiable Certificate of Deposit	-	48,296,384	-	110,958,220	-	159,254,604
Fixed Deposits	-	-	-	317,680,722	-	317,680,722
Accounts receivable	1,451,631	309,258	68,924,636	202,252,308	72,573,699	345,511,532
Cash and cash equivalents	-	425,690	-	77,247,554	-	77,673,244
	1,451,631	49,031,332	765,618,645	719,136,147	152,313,540	1,687,551,294
<b>2016</b>						
Technical assets under insurance contracts	-	-	374,058,605	-	43,861,313	417,919,918
Investments						
Government securities	-	-	-	6,779,132	-	6,779,132
Negotiable Certificate of Deposit	-	-	-	25,810,763	-	25,810,763
Fixed Deposits	-	-	-	206,610,408	-	206,610,408
Accounts receivable	3,672,300	2,555,538	63,200,612	58,498,035	72,844,845	200,771,330
Cash and cash equivalents		-	-	37,541,978	-	37,541,978
	3,672,300	2,555,538	437,259,217	335,240,316	116,706,158	895,433,529

The company's maximum exposure to credit risk is analysed in the table above.

The assets as above are based on external credit ratings obtained from various reputable rating agencies like Fitch and Standard and Poor's. The international rating scales are based on long-term investment horizons under the following broad investment grade definitions:

**AAA** The financial instrument is judged to be of the highest quality, with minimal credit risk and indicates the best quality issuers that are reliable and stable.

**AA** The financial instrument is judged to be of high quality and is subject to very low credit risk and indicates quality issuers.

**A** The financial instrument is considered upper-medium grade and is subject to very low credit risk although certain economic situations can more readily affect the issuers' financial soundness adversely than those rated AAA or AA.

**BBB** The financial instrument is subject to moderate credit risk and indicate medium class issuers, which are currently satisfactory.

\* Amount receivable is net of provision for doubtful debts of R1.91 million (2016 : R1.09 million).

## Fair value hierarchy

The table below analyses assets carried at fair value, by valuation method. The different levels have been defined as follows:

### Level 1

Quoted market price in an active market for an identical instrument.

### Level 2

Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly observable from market data.

### Level 3

Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1	Level 2	Level 3	Total
<b>2017</b>				
Financial assets designated at fair value through profit or loss	31,173,333	31,109,717	-	62,283,050
	31,173,333	31,109,717	-	62,283,050
	Level 1	Level 2	Level 3	Total
<b>2016</b>				
Financial assets designated at fair value through profit or loss	15,176,307	44,806,327	-	59,982,634
	15,176,307	44,806,327	-	59,982,634

The unit trust is valued with the unitisation pricing methodology based on quoted market prices.

Collective Investment schemes are valued based on its unit price or the net asset value (NAV), depending on the market value of the underlying investments in which the pool of money is invested. Its yield is calculated by taking the interest and income receivable of all the instruments in the fund divided by the net asset value, expressed as a nominal annual rate.

### Capital management

The company recognises equity and reserves as capital and Management closely monitors the company's capital position relative to the economic and regulatory requirements. The company submits quarterly and annual returns to the Financial Services Board in terms of the Short-term Insurance Act, 1998 and the Long - term Insurance Act, 1998. The company is required to at all times to maintain a minimum capital adequacy requirement as defined in the Short-term Insurance Act and the Long-term Insurance Act.

Under the new regulatory regime, Solvency Assessment and Management (SAM), the legislative requirements will change significantly. The company with the assistance of its consulting actuary, has addressed the capital needs under the new regime and have complied with the transitional reporting requirements as communicated by the Regulator.

## 4 Technical provisions and liabilities under insurance contracts

Insurance risks are unpredictable and the company recognises that it is impossible to forecast with absolute precision claims payable under insurance contracts. Over time, the company has developed a methodology that is aimed at establishing insurance provisions and liabilities that have a reasonable likelihood of being adequate to settle all its insurance obligations.

### 4.1 Non-life reinsurance contracts

#### 4.1.1 Claim provisions

The outstanding claims provisions include notified claims as well as incurred but not yet reported claims. Outstanding claims provisions are not discounted.

#### Notified claims

Claims notified by cedants are assessed with due regard to the specific circumstances, information available from the cedant and/or loss adjuster and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about current circumstances. Estimates are therefore reviewed regularly and followed up with the cedant to ensure that it is still current.

#### Incurred but not reported claims (IBNR)

IBNR provisions were recognised in terms of the interim measures communicated by the Financial Services Board (FSB). These are deemed appropriate for IFRS purposes based on the reporting delays experienced by the company.

#### 4.1.2 Premium provisions and deferred commission

Unearned premium provisions and deferred commission assets have been recognised. Proportional treaties are provided for at 50%, Non-Proportional treaties at 75% and for Facultative the 1/365th basis is used.

#### 4.1.3 Assumptions

As a reinsurer it is necessary to estimate proportional premiums earned, but not yet reported by cedants (pipeline premiums estimates). These have been estimated with reference to the estimated premium income (EPI) from the signed treaty agreements.

Assumptions based on actual claims experience to date have been used in determining the claim provisions.

Profit commissions are payable to cedants based on the performance of the contracts underwritten and are estimated with reference to premiums and claims recorded in the financial statements.

## 4.1.4 Recoverability of Insurance Receivables

Amounts due from cedants have been assessed for an indication of impairment due to significant financial difficulty, a breach of contract or other observable data indicating a measurable decrease in the future cash recoverable. This may include adverse changes in the payment status of cedants or economic conditions that may lead to default of amounts due.

The carrying amount of insurance receivables has been reduced by a provision for doubtful debts and the amount of the loss has been recognised in the statement of comprehensive income. If in future the amount becomes recoverable the previously recognised provisions for doubtful debts will be reversed through the statement of comprehensive income.

## 4.2 Life reinsurance contracts

### 4.2.1 Outstanding claims

#### Notified claims

Claims notified by cedants are assessed with due regard to the specific circumstances, information available from the cedant and/or loss adjuster and past experience with similar claims. The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about current circumstances. Estimates are therefore reviewed regularly and followed up with the cedant to ensure that it is still current.

### 4.2.2 Policyholder liabilities

The basis adopted in calculating the policyholder liabilities is set out in the notes to the statement of actuarial values of life assets and liabilities that precede the financial statements. The statement also details the effect of the changes in assumptions from 2016.

### 4.2.3 Sensitivities in assumptions

The table below demonstrates the impact on the loss before tax for a hypothetical worse than expected experience in material assumptions for policyholder liabilities, net of reinsurance.

	2017 R	2016 R
10% worse than expected claims experience	(707,000)	(2,883,000)
10% higher expenses	(1,076,000)	(601,000)
1% lower investment margins	(303,000)	(525,000)
2.5% decrease in lapses	146,000	(1,000)

Each scenario was considered in isolation.

## 5 Equipment

Particulars	31 March 2017 R	31 March 2016 R
<b>At cost</b>		
Equipment	1,267,005	2,244,397
Furniture	674,164	911,530
Motor vehicles	894,325	894,325
	2,835,494	4,050,252
<b>Accumulated depreciation</b>		
Equipment	781,045	1,592,357
Furniture	345,656	646,495
Motor vehicles	465,308	286,443
	1,592,009	2,525,295
<b>Net book value</b>		
Equipment	485,960	652,040
Furniture	328,508	265,035
Motor vehicles	429,017	607,882
	1,243,485	1,524,957
<b>Equipment</b>		
Net book value at beginning of year	652,040	503,366
Additions	152,646	394,602
Disposals	(8,567)	-
Depreciation	(310,159)	(245,928)
Net book value at end of year	485,960	652,040
<b>Furniture</b>		
Net book value at beginning of year	265,035	294,891
Additions	141,108	29,604
Disposals	(7,767)	-
Depreciation	(69,868)	(59,460)
Net book value at end of year	328,508	265,035
<b>Motor vehicles</b>		
Net book value at beginning of year	607,882	786,747
Additions	-	-
Disposals	-	-
Depreciation	(178,865)	(178,865)
Net book value at end of year	429,017	607,882
<b>Total</b>		
Net book value at beginning of year	1,524,957	1,585,004
Additions	293,754	424,206
Disposals	(16,334)	-
Depreciation	(558,892)	(484,253)
Net book value at end of year	1,243,485	1,524,957



## 6 Provision for outstanding claims

	31 March 2017			31 March 2016		
	Non-Life R	Life R	Total R	Non-Life R	Life R	Total R
Balance at beginning of the period	32,803,692	1,858,693	34,662,385	15,324,490	1,285,595	16,610,085
Gross	234,363,318	3,200,496	237,563,814	41,103,151	1,714,127	42,817,278
Retroceded	(201,559,626)	(1,341,803)	(202,901,429)	(25,778,661)	(428,532)	(26,207,193)
Amounts transferred (to)/from profit or loss	39,751,284	(1,854,943)	37,896,341	17,479,202	573,098	18,052,300
Gross	244,019,963	(3,195,496)	240,824,467	193,260,167	1,486,369	194,746,536
Retroceded	(204,268,679)	1,340,553	(202,928,126)	(175,780,965)	(913,271)	(176,694,236)
Balance at end of the period	72,554,976	3,750	72,558,726	32,803,692	1,858,693	34,662,385
Gross	478,383,281	5,000	478,388,281	234,363,318	3,200,496	237,563,814
Retroceded	(405,828,305)	(1,250)	(405,829,555)	(201,559,626)	(1,341,803)	(202,901,429)
Property	50,593,505			15,696,461		
Miscellaneous	20,788,811			15,631,166		
Transport	1,172,660			1,476,065		
	72,554,976			32,803,692		
<b>Estimated maturity profile:</b>						
Gross	478,383,281	5,000	478,388,281	234,363,318	3,200,496	237,563,814
Within one year	343,093,243	5,000	343,098,243	180,196,491	2,991,407	183,187,898
Thereafter	135,290,038	-	135,290,038	54,166,827	209,089	54,375,916
Retroceded	(405,828,305)	(1,250)	(405,829,555)	(201,559,626)	(1,341,803)	(202,901,430)
Within one year	(296,254,663)	(1,250)	(296,255,913)	(161,247,701)	(1,289,530)	(162,537,231)
Thereafter	(109,573,642)	-	(109,573,642)	(40,311,925)	(52,273)	(40,364,198)
Net	72,554,976	3,750	72,558,726	32,803,692	1,858,693	34,662,384
Within one year	46,838,580	3,750	46,842,330	18,948,790	1,701,877	20,650,667
Thereafter	25,716,396	-	25,716,396	13,854,902	156,816	14,011,718

As the company obtains further data on loss run-off, further information will be provided in future periods on claim development.

**7 Policyholder liabilities for life insurance contracts**

Particulars	31 March 2017 R	31 March 2016 R
Balance at beginning of year	17,898,013	15,091,466
Gross	23,730,776	20,356,542
Retroceded	(5,832,763)	(5,265,076)
Amounts transferred (to)/from profit and loss	4,062,675	(2,806,547)
Gross	6,836,248	(3,374,234)
Retroceded	(2,773,573)	567,687
Balance at end of year	13,835,338	17,898,013
Gross	16,894,528	23,730,776
Retroceded	(3,059,190)	(5,832,763)
<b>Estimated maturity profile:</b>		
Gross	16,894,528	23,730,776
Within one year	11,967,288	14,978,958
Thereafter	4,927,240	8,751,818
Retroceded	(3,059,190)	(5,832,763)
Within one year	(2,478,177)	(3,883,334)
Thereafter	(581,013)	(1,949,429)
Net	13,835,338	17,898,013
Within one year	9,489,111	11,095,624
Thereafter	4,346,227	6,802,389

## 8 Unearned premium reserve

Particulars	31 March 2017 R	31 March 2016 R
Balance at beginning of year	<b>18,085,013</b>	<b>8,761,348</b>
Gross	183,409,426	87,613,488
Reinsured	(165,324,413)	(78,852,140)
Amounts transferred through profit and loss	<b>26,274,630</b>	<b>9,323,665</b>
Gross	148,755,482	95,795,938
Reinsured	(122,480,852)	(86,472,273)
Balance at end of year	<b>44,359,644</b>	<b>18,085,013</b>
Gross	332,164,908	183,409,426
Reinsured	(287,805,264)	(165,324,413)

## 9 Deferred acquisition costs

Particulars	31 March 2017 R	31 March 2016 R
Balance at beginning of year	<b>(2,876,116)</b>	<b>(2,510,186)</b>
Gross	43,861,313	14,329,153
Reinsured	(46,737,429)	(16,839,339)
Amounts transferred through profit and loss	<b>6,487,321</b>	<b>(365,930)</b>
Gross	35,878,528	29,532,160
Reinsured	(29,391,207)	(29,898,090)
Balance at end of year	<b>3,611,205</b>	<b>(2,876,116)</b>
Gross	79,739,841	43,861,313
Reinsured	(76,128,636)	(46,737,429)

Both the gross and retroceded unearned premium provisions are expected to mature within one year.

Deferred acquisition costs have been recognised on the same bases as the unearned premium reserve.

**10 Investments**

Particulars	31 March 2017		31 March 2016	
	R Cost	R Carrying Value	R Cost	R Carrying Value
Negotiable certificates of deposits	156,000,000	159,254,604	25,220,000	25,810,763
Fixed deposits	316,297,698	317,680,722	205,574,264	206,610,408
Ordinary shares - listed	14,377,142	16,344,255	3,964,183	4,013,260
Collective investment schemes - listed	30,781,583	31,109,717	44,550,004	44,806,327
Preference shares - listed	3,461,018	3,831,735	-	-
Corporate bonds - listed	-	-	-	-
Government bonds - listed	10,895,395	10,997,343	6,812,381	6,779,132
Unit Trust - listed	-	-	1,937,437	4,383,915
Total investments at fair value through profit or loss	<b>531,812,836</b>	<b>539,218,376</b>	<b>288,058,269</b>	<b>292,403,805</b>

**Listed ordinary shares portfolio analysis**

	% 2017	% 2016
Basic materials	37	18
Consumer services	12	5
Financials	36	60
Industrials	15	17
	<b>100</b>	<b>100</b>

**Maturity profile of fixed interest securities**

	Less than one year R	One to five years R	More than five years R	Total R
<b>2017</b>				
Negotiable certificates of deposits	159,254,604	-	-	159,254,604
Fixed deposits	317,680,722	-	-	317,680,722
Government bonds	5,144,413	3,020,884	2,832,046	10,997,343
<b>2016</b>				
Negotiable certificates of deposits	25,810,763	-	-	25,810,763
Fixed Deposits	206,610,408	-	-	206,610,408
Government bonds	-	4,532,003	2,247,129	6,779,132

The weighted average interest rate of these securities for 2017 is 4.57% (2016: 2.61%).

Details of shareholdings held in companies other than subsidiaries are recorded in a register. This register is available for inspection at the company's business premises.

Presented below are the effective interest rates of the company's interest bearing investments:

	31 March 2017	31 March 2016
Negotiable certificates of deposits	8.26%	7.54%
Fixed deposits*	2.66%	1.78%
Government bonds	8.42%	9.00%

\* Interest rate for fixed deposits is low as 88% of the fixed deposits are held in foreign currencies.

## 11 Deferred taxation

	Non-Life R	Life R	Total R
<b>31 March 2017</b>			
Asset at beginning and end of year	5,425,210	545,985	5,971,195
<b>The year-end deferred tax balance comprises:</b>			
Unrealised loss on revaluation of investments	-	160,872	160,872
Provisions	102,871	-	102,871
S24 j interest adjustment	(213,582)	(4,964)	(218,546)
Calculated loss	5,535,921	390,077	5,925,998
	5,425,210	545,985	5,971,195
<b>31 March 2016</b>			
Asset at beginning and end of year	5,425,210	545,985	5,971,195
<b>The year-end deferred tax balance comprised:</b>			
Unrealised gain on revaluation of investments	-	441,063	441,063
Provisions	105,957	-	105,957
S24 j interest adjustment	(38,958)	(45,547)	(84,505)
Calculated loss	5,358,211	150,469	5,508,680
	5,425,210	545,985	5,971,195

**12 Other accounts payable**

Particulars	31 March 2017 R	31 March 2016 R
Accrual for leave pay	367,398	378,419
VAT	-	-
Other	72,087	156,012
	<b>439,485</b>	<b>534,431</b>

**13 Share capital**

Particulars	31 March 2017 R	31 March 2016 R
<b>Authorised</b>		
300 000 000 ordinary shares of no par value		
<b>Issued</b>		
At beginning of the year		
55 750 000 ordinary shares of no par value	111,500,000	111,500,000
Issued during the year		
71 200 000 ordinary shares of no par value	142,400,000	-
At end of the year		
126 950 000 ordinary shares of no par value	253,900,000	111,500,000

The unissued shares are under the control of the directors.

**14 Revaluation reserve**

Particulars	31 March 2017 R	31 March 2016 R
Investments	1,733,310	1,664,865
	<b>1,733,310</b>	<b>1,664,865</b>

The revaluation reserve represents the revaluation of investments which is net of deferred tax.

## 15 Net investment income

	Non-Life R	Life R	Total R
<b>31 March 2017</b>			
Dividends received - listed	457,833	116,832	574,665
Interest received	16,339,966	2,500,493	18,840,459
Realised gain/(loss) on disposal of investments	(28,779)	2,797,905	2,769,126
Net movement in unrealised gains and losses on revaluation and disposal of investments	2,325,086	(2,230,024)	95,062
	<b>19,094,106</b>	<b>3,185,206</b>	<b>22,279,312</b>
<b>31 March 2016</b>			
Dividends received - listed	21,916	38,733	60,649
Interest received	5,332,933	2,384,468	7,717,401
Realised gain/(loss) on disposal of investments	(154,074)	85,033	(69,041)
Net movement in unrealised gains and losses on revaluation and disposal of investments	(184,094)	562,210	378,116
	<b>5,016,681</b>	<b>3,070,444</b>	<b>8,087,125</b>

## 16 Claims incurred

	Non-Life R	Life R	Total R
<b>31 March 2017</b>			
Claims paid	<b>(25,553,534)</b>	<b>(10,895,183)</b>	<b>(36,448,717)</b>
Gross	(205,810,787)	(15,523,437)	(221,334,224)
Retroceded	180,257,253	4,628,254	184,885,507
Change in provision for outstanding claims	<b>(39,751,284)</b>	<b>1,854,943</b>	<b>(37,896,341)</b>
Gross	(244,019,962)	3,195,496	(240,824,466)
Retroceded	204,268,678	(1,340,553)	202,928,125
Claims incurred	<b>(65,304,817)</b>	<b>(9,040,240)</b>	<b>(74,345,058)</b>

	Non-Life R	Life R	Total R
<b>31 March 2016</b>			
Claims paid	<b>(4,628,842)</b>	<b>(9,922,586)</b>	<b>(14,551,428)</b>
Gross	(53,733,177)	(20,189,681)	(73,922,858)
Retroceded	49,104,335	10,267,095	59,371,430
Change in provision for outstanding claims	<b>(17,479,202)</b>	<b>(573,098)</b>	<b>(18,052,300)</b>
Gross	(193,260,167)	(1,486,369)	(194,746,536)
Retroceded	175,780,965	913,271	176,694,236
Claims incurred	<b>(22,108,044)</b>	<b>(10,495,684)</b>	<b>(32,603,728)</b>

**17 Commission**

Particulars	31 March 2017 R	31 March 2016 R
<b>Commission expense</b>		
Gross commission and brokerage paid	(162,545,578)	(87,514,850)
Gross deferred acquisition cost	35,878,528	29,532,160
	<b>(126,667,050)</b>	<b>(57,982,690)</b>
<b>Commission income</b>		
Retrocession commission and brokerage received	166,339,126	91,241,976
Retroceded overriding commission received	450,856	589,229
Retroceded deferred commission revenue	(29,391,207)	(29,898,090)
	<b>137,398,775</b>	<b>61,933,115</b>



## 18 Profit before taxation

Particulars	31 March 2017 R	31 March 2016 R
Profit before taxation is stated after charging:		
Employee costs		
- salaries and bonuses	8,268,998	6,869,417
- employer contributions to defined contribution retirement fund	-	69,207
	<b>8,268,998</b>	<b>6,938,624</b>
External auditor's remuneration		
- audit services	526,150	417,300
- non-audit services	-	20,000
	<b>526,150</b>	<b>437,300</b>
Consulting fees paid	<b>2,896,309</b>	<b>1,979,734</b>
Depreciation of equipment	<b>558,892</b>	<b>484,253</b>
Operating lease expense	<b>1,259,028</b>	<b>1,009,398</b>

## 19 Taxation

	Non-Life R	Life R	Total R
<b>31 March 2017</b>			
South African normal tax			
Current taxation			
- current year	-	-	-
Deferred taxation			
- current year	-	-	-
	-	-	-

	Non-Life R	Life R	Total R
<b>Tax rate reconciliation:</b>	%	%	
<b>Standard tax rate</b>	28	28	
Dividends received	1	-	
Return transfers previously not recognised and other four funds tax losses	-	(6)	
Calculated tax loss for which no deferred tax asset is raised	(32)	(36)	
Other	3	14	
Effective tax rate	(0)	(0)	
<b>31 March 2016</b>			
South African normal tax			
Current taxation			
- current year	-	-	-
Deferred taxation			
- current year	-	-	-
	-	-	-
<b>Tax rate reconciliation:</b>	%	%	
<b>Standard tax rate</b>	28	28	
Dividends received	0	-	
Return transfers previously not recognised and other four funds tax losses	-	(10)	
Calculated tax loss for which no deferred tax asset is raised	(28)	(21)	
Other	-	3	
Effective tax rate	0	0	

The policyholder funds relating to life insurance contracts have calculated tax losses. At year end a deferred tax asset was not raised for these losses as it is not probable that the company will generate sufficient taxable income in the foreseeable future to utilise the loss and the benefit does not accrue to the company.

Deferred tax has been raised in respect of non-life business to the extent of R5,4 million (2016: R5,4 million). Assessed losses of R35,7 million (2016: R7,3 million) have not been recognised as it is uncertain whether further losses will be offset by taxable income in future.

## 20 Related party transactions

### 20.1 Identity of related parties

The current holding company is General Insurance Corporation of India (GIC Re India), which acquired 100% of the company's shares on 24 April 2014.

### 20.2 Transactions with key management personnel

The remuneration of the executive general management, who are key management personnel of the company, is set out below in aggregate.

Particulars	2017 R	2016 R
Directors emoluments are set out below:		
- Salaries and bonuses		
D Prasad Managing director	1,802,967	-
YR Sunkara Managing director	-	2,188,272 <sup>#</sup>
	1,802,967	2,188,272
- Fees		
S Bhikha Non-executive director	280,000	215,000
CI Moosa Non-executive director	160,000	165,000
J Bagg Non-executive director	300,000	200,000
	740,000	580,000

Other non-executive directors of GIC Re South Africa Ltd are appointed by GIC Re India (parent company) do not earn any remuneration for their services pertaining to the company.

Key personnel		
- Salaries and bonuses		
I Blaikie Public Officer, Company Secretary, General Manager - Life	1,032,739 <sup>##</sup>	1,093,010
S Karmarkar Chief Operating Officer	766,548	660,314
SK Jangir Chief Finance Officer, Manager - HR	559,940	412,536
Z Ahmad Chief Underwriting Officer	531,226	332,054
SKR Chintapalli Chief Technology Officer	506,037	332,048
F Mosam Chief Technical Accounts Officer	107,344 <sup>*</sup>	-
W Mwase Public Officer, Company Secretary, Manager - Admin	44,230 <sup>**</sup>	-
	<b>3,548,064</b>	<b>2,829,962</b>

Apart from above, R1,13 million was paid as rent for accommodation provided to executive officers.

<sup>#</sup>Resigned on 19 February 2016

<sup>##</sup>Resigned on 31 December 2016

<sup>\*</sup>From December 2016 to March 2017

<sup>\*\*</sup>From February 2017 to March 2017

### 20.3 Other related party transactions

The following transactions were entered with the current holding company:

	2017 R	2016 R
<b>Statement of comprehensive income effects :</b>		
Retroceded premiums to holding company	590,016,049	285,915,150
Retroceded claims from holding company	(350,593,132)	(224,885,299)
Retroceded commission from holding company	(166,281,972)	(91,168,479)
<b>Statement of financial position effects :</b>		
Retroceded outstanding claims	371,895,505	201,559,626
Retroceded unearned premium provision	287,805,264	165,324,413
Retroceded deferred acquisition cost	(76,128,636)	(46,737,429)
Retroceded reserve deposit	585,478,632	375,711,021
Retroceded receivables	6,462,917	20,643,312

### 21 Commitments and contingencies

Particulars	2017 R	2016 R
The company entered into a lease agreement for the rental of its premises for a period of three years with an escalation of 9% per annum. Future rentals payable under the operating lease as at year end is:		
Within one year	91,495	791,932
One to five years	2,501,209	1,412,060
	<b>2,592,704</b>	<b>2,203,992</b>

The operating lease expires on 31 March 2020.

## 22 Other company information

### Business

The company is a composite reinsurer that was previously in run-off and as of 1 January 2015 began writing non-life reinsurance business.

### Dividends

No dividends were paid during the year (2016 : Nil)

### Going concern

The directors believe that the company will be a going concern in the future.

## 23 New standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2017, and have not been applied in preparing these financial statements.

Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early. These will be adopted in the period that they become mandatory unless otherwise indicated:

### IFRS 9 Financial instruments - periods beginning on or after 1 January 2018

On 24 July 2014, the IASB issued the final IFRS 9 Financial instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement.

This standard will have a significant impact on the Company, which will include changes in the measurement basis of the Company's financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition,

the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model, which is expected to increase the provision for bad debts recognised in the Company. The assessment of the impact of this standard will be considered closer to the effective date.

### Disclosure initiative (Amendments to IAS 7) - periods beginning on or after 1 January 2017

The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flow and non-cash changes.

This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities. The impact of this standard is not known or cannot be reasonably estimated.

### Recognition of deferred tax assets for unrealised losses (Amendments to IAS 12) - periods beginning on or after 1 January 2017

The amendments provide additional guidance on the existence of deductible temporary differences, which depend solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised.

Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this. Guidance is provided for deductible temporary differences related to unrealised losses that are not assessed separately for recognition.

These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type. The impact of this standard is not known or cannot be reasonably estimated.

## 24 Revenue account split between non-life and life reinsurance contracts

Note	Total		Non-life		Life	
	31 March 2017 R	31 March 2016 R	31 March 2017 R	31 March 2016 R	31 March 2017 R	31 March 2016 R
Gross premiums written	688,644,606	331,818,342	681,056,377	315,699,944	7,588,229	16,118,398
Retroceded premiums	(592,848,686)	(291,781,769)	(590,016,049)	(285,915,150)	(2,832,637)	(5,866,619)
Gross UPR movement	(148,755,482)	(95,795,938)	(148,755,482)	(95,795,938)	-	-
Retro UPR movement	122,480,852	86,472,273	122,480,852	86,472,273	-	-
Net premiums written and earned	<b>69,521,290</b>	<b>30,712,908</b>	<b>64,765,698</b>	<b>20,461,129</b>	<b>4,755,592</b>	<b>10,251,779</b>
<b>Claims incurred</b>	<b>(74,345,058)</b>	<b>(32,603,728)</b>	<b>(65,304,818)</b>	<b>(22,108,044)</b>	<b>(9,040,240)</b>	<b>(10,495,684)</b>
Claims paid	16 (36,448,717)	(14,551,428)	(25,553,534)	(4,628,842)	(10,895,183)	(9,922,586)
Gross	(221,334,224)	(73,922,858)	(205,810,787)	(53,733,177)	(15,523,437)	(20,189,681)
Retroceded	184,885,507	59,371,430	180,257,253	49,104,335	4,628,254	10,267,095
Change in provision for outstanding claims	6 (37,896,341)	(18,052,300)	(39,751,284)	(17,479,202)	1,854,943	(573,098)
Gross	(240,824,466)	(194,746,536)	(244,019,962)	(193,260,167)	3,195,496	(1,486,369)
Retroceded	202,928,125	176,694,236	204,268,678	175,780,965	(1,340,553)	913,271
Net commission	<b>10,731,725</b>	<b>3,950,425</b>	<b>10,366,851</b>	<b>3,524,003</b>	<b>364,874</b>	<b>426,422</b>
Commissions (paid)/received	4,244,404	4,316,355	3,879,530	3,889,933	364,874	426,422
Gross	(162,545,578)	(87,514,850)	(162,402,442)	(87,278,547)	(143,136)	(236,303)
Retroceded	166,789,982	91,831,205	166,281,972	91,168,480	508,010	662,725
Net change in deferred acquisition cost	9 6,487,321	(365,930)	6,487,321	(365,930)	-	-
Gross	35,878,528	29,532,160	35,878,528	29,532,160	-	-
Retroceded	(29,391,207)	(29,898,090)	(29,391,207)	(29,898,090)	-	-
Change in provision for policyholder liabilities	7 <b>4,062,675</b>	<b>(2,806,547)</b>	-	-	<b>4,062,675</b>	<b>(2,806,547)</b>
Gross	6,836,248	(3,374,234)	-	-	6,836,248	(3,374,234)
Retroceded	(2,773,573)	567,687	-	-	(2,773,573)	567,687
Underwriting result	9,970,632	(746,942)	9,827,731	1,877,088	142,901	(2,624,030)
Gross	(42,100,368)	(94,003,914)	(44,053,768)	(84,835,725)	1,953,400	(9,168,189)
Retroceded	52,071,000	93,256,972	53,881,499	86,712,813	(1,810,499)	6,544,159
Management expenses	(23,717,580)	(18,583,626)	(20,154,036)	(15,424,375)	(3,563,544)	(3,159,251)
Net income/(loss) before other income and expenses	<b>(13,746,948)</b>	<b>(19,330,568)</b>	<b>(10,326,305)</b>	<b>(13,547,287)</b>	<b>(3,420,643)</b>	<b>(5,783,281)</b>
Net investment income	20,473,670	7,088,427	17,607,363	4,331,190	2,866,307	2,757,237
Interest paid on retrocession deposits	(3,563,467)	-	(3,563,467)	-	-	-
Increase in provision for doubtful debts	(820,639)	(1,090,621)	(820,639)	(1,090,621)	-	-
Foreign exchange gain/(loss)	(28,881,344)	6,676,603	(28,881,344)	6,676,603	-	-
Profit (Loss) before taxation	18 (26,538,728)	(6,656,159)	(25,984,392)	(3,630,115)	(554,336)	(3,026,044)
Taxation	19 -	-	-	-	-	-
Profit (Loss) after taxation	<b>(26,538,728)</b>	<b>(6,656,159)</b>	<b>(25,984,392)</b>	<b>(3,630,115)</b>	<b>(554,336)</b>	<b>(3,026,044)</b>

## 25 Notes to the statement of cash flows

### 25.1 Cash utilised by operations

Particulars	31 March 2017 R	31 March 2016 R
<b>Loss before taxation</b>	<b>(26,538,728)</b>	<b>(6,656,159)</b>
Adjustments for:		
- depreciation of equipment	558,892	484,253
- realised (gain)/loss on disposal of investments	(2,769,126)	69,041
- interest received	(18,840,459)	(7,717,401)
- dividends received	(574,665)	(60,649)
- interest paid	3,563,617	80,882
- increase in net provision for unearned premium	26,274,630	9,323,665
- increase in net deferred acquisition costs	(6,487,321)	365,930
- increase in net provision for outstanding claims	37,896,341	18,052,300
- (decrease)/increase in net policyholder liabilities for life insurance contracts	(4,062,675)	2,806,547
- unrealised gain on revaluation of investments	(95,062)	(378,116)
<b>Cash generated by operations before working capital changes</b>	<b>8,925,444</b>	<b>16,370,293</b>
Increase in amounts receivable from insurance companies	(143,151,078)	(88,376,759)
(Increase)/decrease in other accounts receivable	(1,589,124)	1,720,867
Increase/(decrease) in amounts payable to insurance companies	18,316,856	(9,212,463)
(Decrease)/increase in other accounts payable	(94,946)	(465,695)
Increase in deposits withheld from retrocessionaires	243,700,410	295,318,776
	<b>126,107,562</b>	<b>215,355,019</b>

### 25.2 Cash and cash equivalents

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts :

Cash on call and on deposit	7,028,731	7,853,065
Cash at bank	70,632,967	29,675,241
Cash on hand	11,546	13,672
	<b>77,673,244</b>	<b>37,541,978</b>

# Categorisation of Assets and Liabilities

## Categorisation of assets and liabilities

	Note	Total	Financial assets and liabilities				Other non - financial assets and liabilities	Current/non - current distinction	
			Financial assets designated at fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost			Current assets and liabilities	Non - current assets and liabilities
2017		R	R	R	R	R	R	R	R
<b>ASSETS</b>									
Equipment	5	1,243,485	-	-	-	-	1,243,485	-	1,243,485
<b>Technical assets under insurance contracts</b>									
Retroceded outstanding claims	6	776,433,850	-	-	-	-	776,433,850	666,279,195	110,154,655
Retroceded unearned premium reserve	8	405,829,555	-	-	-	-	405,829,555	296,255,913	109,573,642
Gross deferred acquisition costs	9	287,805,264	-	-	-	-	287,805,264	287,805,264	-
Retroceded policyholder liabilities	7	79,739,841	-	-	-	-	79,739,841	79,739,841	-
		3,059,190	-	-	-	-	3,059,190	2,478,177	581,013
<b>Investments</b>									
Government securities	10	539,218,376	62,283,050	476,935,326	-	-	-	528,221,033	10,997,343
Fixed deposits		10,997,343	10,997,343	-	-	-	-	-	10,997,343
Negotiable certificates of deposits		317,680,722	-	317,680,722	-	-	-	317,680,722	-
Listed Unit Trust		159,254,604	-	159,254,604	-	-	-	159,254,604	-
Listed ordinary shares		16,344,255	16,344,255	-	-	-	-	16,344,255	-
Listed preference shares		3,831,735	3,831,735	-	-	-	-	3,831,735	-
Listed collective investment schemes		31,109,717	31,109,717	-	-	-	-	31,109,717	-
Deferred tax	11	5,971,195	-	-	-	-	5,971,195	-	5,971,195
Amounts receivable from insurance companies		343,620,234	-	343,620,234	-	-	-	342,509,193	1,111,041
Other accounts receivable		1,891,299	-	1,891,299	-	-	-	1,891,299	-
Cash on call and on deposit		7,028,731	-	7,028,731	-	-	-	7,028,731	-
Cash at bank and on hand		70,644,513	-	70,644,513	-	-	-	70,644,513	-
<b>Total assets</b>		<b>1,746,051,683</b>	<b>62,283,050</b>	<b>900,120,103</b>	-	-	<b>783,648,530</b>	<b>1,616,573,965</b>	<b>129,477,719</b>
<b>LIABILITIES</b>									
<b>Technical liabilities under insurance contracts</b>									
Gross outstanding claims	6	903,576,353	-	-	-	-	903,576,353	763,359,075	140,217,278
Gross unearned premium reserve	8	478,388,281	-	-	-	-	478,388,281	343,098,243	135,290,038
Retroceded deferred acquisition cost	9	332,164,908	-	-	-	-	332,164,908	332,164,908	-
Gross policyholder liabilities	7	76,128,636	-	-	-	-	76,128,636	76,128,636	-
Deposits with held from retrocessionaires		16,894,528	-	-	-	-	16,894,528	11,967,288	4,927,240
Amounts payable to insurance companies		619,411,431	-	-	-	-	-	619,411,431	-
Other accounts payable	12	26,778,839	-	-	-	-	-	26,778,839	-
		439,485	-	-	-	-	367,398	439,485	-
<b>Total liabilities</b>		<b>1,550,206,108</b>	-	-	-	-	<b>903,943,751</b>	<b>1,409,988,830</b>	<b>140,217,278</b>



## Categorisation of assets and liabilities

	Note	Total	Financial assets and liabilities				Other non - financial assets and liabilities	Current/non - current distinction	
			Financial assets designated at fair value through profit and loss	Loans and receivables	Financial liabilities at amortised cost	R		Current assets and liabilities	Non - current assets and liabilities
2016		R	R	R	R	R	R	R	R
<b>ASSETS</b>									
Equipment	5	1,524,957	-	-	-	1,524,957	-	-	1,524,957
<b>Technical assets under insurance contracts</b>									
Retrocaded outstanding claims	6	417,919,918	-	-	-	417,919,918	375,606,291	42,313,627	42,313,627
Retrocaded unearned premium reserve	8	202,901,429	-	-	-	202,901,429	162,537,231	40,364,198	40,364,198
Gross deferred acquisition costs	9	165,324,413	-	-	-	165,324,413	165,324,413	-	-
Retrocaded policyholder liabilities	7	43,861,313	-	-	-	43,861,313	43,861,313	-	-
		5,832,763	-	-	-	5,832,763	3,883,334	1,949,429	1,949,429
<b>Investments</b>									
Government securities	10	292,403,805	59,982,634	232,421,171	-	-	285,624,673	6,779,132	6,779,132
Fixed deposits		6,779,132	6,779,132	-	-	-	-	-	6,779,132
Negotiable certificates of deposits		206,610,408	-	206,610,408	-	-	206,610,408	-	-
Listed Unit Trust		25,810,763	-	25,810,763	-	-	25,810,763	-	-
Listed ordinary shares		4,383,915	4,383,915	-	-	-	4,383,915	-	-
Listed preference shares		4,013,260	4,013,260	-	-	-	4,013,260	-	-
Listed collective investment schemes		-	-	-	-	-	-	-	-
		44,806,327	44,806,327	-	-	-	44,806,327	-	-
<b>Deferred tax</b>									
Amounts receivable from insurance companies	11	5,971,195	-	-	-	5,971,195	-	-	5,971,195
Other accounts receivable		200,469,156	-	200,469,156	-	-	147,234,404	53,234,752	53,234,752
Cash on call and on deposit		302,174	-	302,174	-	-	302,174	-	-
Cash at bank and on hand		7,853,065	-	7,853,065	-	-	7,853,065	-	-
		29,688,913	-	29,688,913	-	-	29,688,913	-	-
<b>Total assets</b>		<b>956,133,183</b>	<b>59,982,634</b>	<b>470,734,479</b>	<b>-</b>	<b>425,416,070</b>	<b>846,309,520</b>	<b>109,823,663</b>	<b>109,823,663</b>
<b>LIABILITIES</b>									
<b>Technical liabilities under insurance contracts</b>									
Gross outstanding claims	6	491,441,445	-	-	-	491,441,445	428,313,711	63,127,734	63,127,734
Gross unearned premium reserve	8	237,563,814	-	-	-	237,563,814	183,187,898	54,375,916	54,375,916
Retrocaded deferred acquisition cost	9	183,409,426	-	-	-	183,409,426	183,409,426	-	-
Gross policyholder liabilities	7	46,737,429	-	-	-	46,737,429	46,737,429	-	-
Deposits withheld from retrocessionaires		23,730,776	-	-	-	23,730,776	14,978,958	8,751,818	8,751,818
Amounts payable to insurance companies		375,711,021	-	-	-	375,711,021	375,711,021	-	-
Other accounts payable	12	8,461,983	-	-	-	8,461,983	8,461,983	-	-
		534,431	-	-	-	156,012	534,431	-	-
<b>Total liabilities</b>		<b>876,148,880</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>491,819,864</b>	<b>813,021,146</b>	<b>63,127,734</b>	<b>63,127,734</b>

# **GIC RE, INDIA, CORPORATE MEMBER LIMITED**

**Annual Report and Accounts  
31 December 2016**

Registered number: 07792458

# GIC RE, INDIA, CORPORATE MEMBER LIMITED

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# GIC RE, INDIA, CORPORATE MEMBER LIMITED

## Directors and Administration

### Directors

Alice Geevarghese Vaidyan  
(appointed as on 30 November 2016)

Devesh Srivastava  
(appointed 30 November 2016)

Balaji Thiagarajan

### Secretary

Leadenhall Insurance Consultants Limited  
Suite 835 at Lloyd's  
One Lime Street  
London  
EC3M 7DQ

### Registered Office

Suite 835 at Lloyd's  
One Lime Street  
London  
EC3M 7DQ

### Registered Number

07792458

### Auditors

PKF Littlejohn LLP  
1 Westferry Circus  
Canary Wharf  
London  
E14 4HD

### Tax Advisors

Mazars LLP  
Tower Bridge House  
St Katharine's Way  
London  
E1W 1DD

### Banker

Lloyds TSB  
113-116 Leadenhall Street  
London  
EC3A 4AX

The Directors submit their Strategic Report for GIC Re, India, Corporate Member Limited (the Company) for the year ended 31<sup>st</sup> December 2016.

### Principal Activities

The Company is incorporated in the United Kingdom ('U.K.') and is a corporate member of the Society of Lloyd's (Lloyd's). The Company underwrites (on a limited liability basis) on Lloyd's Syndicate 6118, Syndicate 6119, Syndicate 2014, and Syndicate 6126 ('the Syndicates'). The table below summarises the Company's insurance capacity on the Syndicates by underwriting year.

	Syndicate 6118£000		Syndicate 6119£000			Syndicate 6126 £000	Syndicate 2014 £000
Year of Account	2015	2016	2014	2015	2016	2016	2016
Company insurance capacity	5,000	5,000	14,055	13,473	14,906	4,000	8,000
Total Syndicate insurance capacity	48,100	89,850	14,055	13,473	14,906	40,000	130,000
Percent of total	10.4%	5.6%	100%	100%	100%	10%	6.2%

Underwriting years normally close at the end of three calendar years. After the 2012 underwriting year, the Company discontinued underwriting on Syndicate 4242.

Syndicate 6118 was established since the 2014 Year of Account to provide a dedicated vehicle for external investors to participate on Barbican Syndicate 1955 via quota share reinsurance, net of quota share cession to Syndicate 6113.

Syndicate 6119 was established since the 2014 year of account as a 'Special Purpose Syndicate' to underwrite whole account quota share reinsurance of Catlin Syndicate 2003. This is the only inwards contract that the Syndicate writes.

Syndicate 6126 was established in the 2016 year of account as a 'Special Purpose Syndicate' to underwrite 90% quota share of Syndicate 1897's property classes.

Syndicate 2014 was previously a 'Special Purpose Syndicate' and became the first SPS in Lloyd's history to convert to a standalone Syndicate in 2014.

General Insurance Corporation of India ('the Parent Reinsurer') proportionately reinsures 100% of all of the Company's underwriting business from the Syndicates.

### Change in functional and presentational currency

The Company changed its functional currency from US Dollars ('USD') to British Pound ('GBP') on 1 January 2016.

GBP is the functional currency of the Syndicate's the Company participates on.

### Business Review

#### Key Financial Performance Indicators

In the opinion of the Directors, the key financial performance indicators below best represent the performance and position of the Company before reinsurance of all of its underwriting business from the Syndicate to the Parent reinsurer.

	2016 Syndicate Results £000	2016 Quota Share £000	2016 Technical Account £000
Gross written premiums	33,025	(33,025)	-
Outward reinsurance premiums	(5,975)	5,975	-
Loss for the financial year	(1,197)	1,144	(53)
Loss on capacity	3.75%		

### Non-financial Key Performance Indicators

Due to the nature of the Company's operations as a Lloyd's corporate member, the Syndicates carry out the majority of the Company's activities. The Company is not

directly involved in the management of each Syndicate's activities, including the employment of staff. The Syndicate Managing Agents are responsible for the management of their Syndicates. The Managing Agents also have responsibility for the environmental activities of the Syndicates, though by their nature, insurers generally do not produce significant environmental emissions. Therefore, the Directors do not consider it appropriate to monitor and report any performance indicators for staff or environmental matters.

#### **Member Outward Reinsurance Arrangement**

The Company proportionally reinsures all of its underwriting business from each Syndicate to the Parent Reinsurer. Outward reinsurance premiums equal the Company's share of Syndicate gross premiums, less Syndicate outward reinsurance premiums; reinsured liabilities equal the Company's share of Syndicate losses and expenses, less investment income. The reinsurance contract limits the Company's net reinsurance recoveries to the reinsurer's related funds at Lloyd's. The Parent Reinsurer reimburses the Company for member administrative expenses (including audit and accounting fees and other expenses) up to a limit of £100,000.

#### **Risk Review**

##### **Insurance risks**

As a corporate member of Lloyd's, most of the significant insurance risks and uncertainties facing the Company arise from its participation on the Syndicates. The Company's role in managing these risks is limited to monitoring Syndicate performance. This starts in advance of committing support to each Syndicate for the following underwriting year, with a review of each Syndicate business plan as prepared by the Syndicate's Managing Agent. During the year, the Directors monitor and, if necessary, enquire into Syndicate quarterly reports and annual accounts together with any other information made available by the Managing Agents. If the Directors deems a particular risk in a Syndicate to be excessive, he will seek confirmation from the relevant Managing Agent that adequate management of the risk is in place and, if considered appropriate, may withdraw the Company's support from the next underwriting year if he is not satisfied with the Managing Agent's response.

The Annual Reports of the Directors of the Managing Agents on the audited annual accounts for each

Syndicate detail the significant risks and uncertainties facing the Syndicates. The Managing Agents manage these risks together with the Syndicate service providers.

Since the Company proportionately reinsures all of its underwriting business from the Syndicates to the Parent Reinsurer, the risks it faces from its participation on the Syndicates are significantly reduced. The Company, however, faces the risk that the Parent Reinsurer will not meet its reinsurance obligations, though the Directors consider this risk remote, since the Parent Reinsurer provided a £22.5 million letter of credit to Lloyd's (Funds at Lloyd's) to collateralise its reinsurance obligations to the Company.

##### **Operational Risk**

Since the Company only undertakes in a few transactions of its own, it has limited systems and staffing requirements. Therefore, the Directors do not consider the Company's operational risks to be significant. Close involvement of the Directors in the Company's key decision making and the fact that the Syndicates conduct a majority of the Company's operations provides control over any remaining operational risk.

##### **Foreign Exchange**

The Company is exposed to foreign exchange risk through the Syndicates' liabilities under policies of insurance denominated in currencies other than Sterling. The most significant currencies to which the syndicate is exposed are US Dollar, Canadian Dollar and the Euro. Where possible, the Syndicates seek to mitigate the risk by matching the estimated foreign currency denominated liabilities with assets denominated in the same currency. There is a natural matching to currency risk as claims are normally paid in the currency of the original policy. The Company did not undertake any transactions of its own during the year except for administrative expenses and a payment to a broker made directly by the Corporate Member.

##### **Market, Credit, and Liquidity Risk**

Other significant risks faced by the Company include its investment of available funds within its own custody. The elements of these risks are interest rate, investment price, and liquidity risk. Liquidity risk would arise if the Syndicates have inadequate liquid resources for a large claim and sought funds from the Company to pay the claim. In order to minimise interest rate, investment price,

and liquidity risk, the Company is supported by the letter of credit provided by the Parent Reinsurer.

Since the Company did not undertake many transactions of its own, the Directors do not consider currency or credit risk to be significant.

### ***Regulatory and Compliance Risk***

The Company is subject to continuing approval by Lloyd's to be a corporate member of the Syndicates. The Company reduces the risk of this approval being revoked by monitoring and fully complying with all of its Lloyd's membership requirements.

The capital requirements to support the proposed amount of Syndicate insurance capacity for future years are set by Lloyd's. Lloyd's takes a variety of factors into account when setting these requirements including market conditions and Syndicate performance. Though Lloyd's intends for the process to be fair and reasonable, the requirements can fluctuate from one year to the next, which may constrain the amount of Syndicate insurance capacity that the Company can support going forward.

### **Future Developments**

The Company will be participating on the following Syndicates for the 2017 Year of Account:

- Syndicate 6118 - managed by Barbican Managing Agency Limited.
- Syndicate 6126 - managed by Asta Managing Agency Limited.
- Syndicate 2014 - managed by Pembroke Managing Agency Limited.
- Syndicate 1492 - managed by Capita Managing Agency.
- Syndicate 1884 - managed by Charles Taylor Managing Agency.

Approved by the Board on 24<sup>th</sup> May 2017

And signed on its behalf by

### **Balaji Thiagarajan**

Director

Suite 835 at Lloyd's  
One Lime Street  
London  
EC3M 7DQ

**Registered Number: 07792458**

**Director's Report  
31 December 2016**

The Directors present their report below, together with the audited accounts for GIC Re, India, Corporate Member Limited, for the year ended 31 December 2016 on pages 11 to 37.

## **Results**

The Company underwrites on the 2014, 2015 and 2016 Year of Account of Syndicate 6119, the 2015 and 2016 Year of Account for Syndicate 6118 and on the 2016 Year of Account for Syndicate 2014 and Syndicate 6126.

Losses for the year ended 31 December 2016 were £33,000 (2015: Profits of £41,000).

## **Dividend**

The Directors do not recommend the payment of a dividend (2015: Nil).

## **Going Concern**

On the basis of their assessment of the Company's financial position and after making appropriate enquiries, the Directors reasonably expect the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the annual accounts are prepared on a going concern basis.

## **Directors**

Below are the names of the people who were Directors of the Company during the period and to the date of this report.

Alice Geevarghese Vaidyan (appointed 30 November 2016)

Devesh Srivastava (appointed 30 November 2016)

Balaji Thiagarajan

## **Directors and Officers Liability Insurance**

The Directors are covered against liabilities arising in relation to the Company through the global Directors and Officers policy in place by the Parent Reinsurer. This is limited to 500,000,000 Indian Rupees (£5,965,424).

## **Donations**

The Company made no political or charitable donations during the period.

## **Disclosure of Information to Auditors**

The Directors who held office at the approval date of this report confirm to the best of their knowledge, that there is no relevant audit information of which the Company's auditors are unaware, and they took all actions necessary as a Directors to become aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

## **Auditors**

PKF Littlejohn LLP was appointed as the Company's new external auditor during the year. Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PKF Littlejohn will therefore continue in office.

On behalf of the Board

**Balaji Thiagarajan**

Director

24<sup>th</sup> May 2017

Suite 835 at Lloyd's

One Lime Street

London

EC3M 7DQ



## **GIC RE, INDIA, CORPORATE MEMBER LIMITED**

**Registered Number: 07792458**

### **Statement of Director's Responsibilities in respect of the Strategic Report, the Director's Report and the Financial Statements 31 December 2016**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under Company law the directors must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable him to ensure that the financial statements comply with the Companies Act 2006. The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF GIC RE, INDIA, CORPORATE MEMBER LIMITED

We have audited the financial statements of GIC Re, India, Corporate Member Limited for the year ended 31 December 2016 set out on pages 11 to 37. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### Neil Coulson (Senior statutory auditor)

### For and on behalf of PKF Littlejohn LLP, Statutory Auditor

1 Westferry Circus  
Canary Wharf  
London  
E14 4HD  
Date:

# Profit and Loss Account

Year Ended 31<sup>st</sup> December 2016

Particulars	Note	2016 £000	2015 £000
<b>I. TECHNICAL ACCOUNT – GENERAL BUSINESS:</b>			
<b>Earned premiums, net of reinsurance:</b>			
Gross premiums written	6	33,025	22,055
Outward reinsurance premiums		(33,025)	(22,055)
Net premiums written		-	-
Change in the gross provision for unearned premiums	14	(3,834)	(2,966)
Change in the provision for unearned premiums reinsurers' share	14	3,834	2,966
Net change in provision for unearned premiums		-	-
<b>Earned premiums, net of reinsurance</b>		-	-
<b>Allocated investment return transferred from the Non-technical Account</b>	7	-	-
<b>Claims incurred, net of reinsurance:</b>	6		
Claims paid:			
Gross amount		(1,651)	(126)
Reinsurers' share		1,651	126
Claims paid, net of reinsurance		-	-
Change in the provision for claims:	14		
Gross amount		(18,417)	(9,959)
Reinsurers' share		18,417	9,959
Change in provision for claims, net of reinsurance		-	-
<b>Claims incurred, net of reinsurance</b>		-	-
<b>Net operating expenses</b>	8, 11	(53)	-
<b>Balance on Technical Account- General business</b>		(53)	-
<b>II. NON TECHNICAL ACCOUNT – GENERAL BUSINESS:</b>			
<b>Balance on the Technical Account – General business</b>		(53)	-
Investment income		-	-
Foreign exchange gain		-	14
Other income		100	115
Other charges		(89)	(77)
(Loss)/profit on ordinary activities before tax	9	(42)	52
Tax on profit on ordinary activities	10	9	(11)
(Loss)/profit on ordinary activities after tax		(33)	41
<b>(Loss)/profit for the financial year</b>		(33)	41
Other comprehensive income:			
Foreign exchange differences arising due to presentation currency		-	4
<b>Total comprehensive income</b>		(33)	45

All operations relate to continuing activities.

The notes on pages 17 to 37 form part of these annual accounts.

# Balance Sheet

As 31<sup>st</sup> December 2016

GIC RE,  
INDIA,  
CORPORATE  
MEMBER  
LIMITED

Particulars	Note	2016 £000	2015 £000
<b>Assets:</b>			
<b>Investments:</b>			
Other financial investments	12	3,206	-
<b>Reinsurers' share of technical provisions:</b>	14		
Provision for unearned premiums		13,375	8,432
Claims outstanding		37,755	14,543
		51,130	22,975
<b>Debtors:</b>			
Debtors arising out of direct insurance operations		399	-
Debtors arising out of reinsurance operations		51,265	26,279
Other debtors		631	183
		52,295	26,462
<b>Other assets:</b>			
Cash at bank and in hand		134	114
Other		240	-
Deferred tax asset		9	-
		383	114
<b>Prepayments and accrued income:</b>			
Deferred acquisition costs		4,034	2,640
Other prepayments and accrued income		24	-
		4,058	2,640
<b>Total assets</b>		111,072	52,191
<b>Liabilities:</b>			
<b>Capital and reserves:</b>	13		
Called up share capital		-	-
Profit and loss account		46	79
		46	79

Particulars	Note	2016 £000	2015 £000
<b>Technical provisions:</b>	14		
Provision for unearned premiums:			
Gross amount		17,409	11,072
<b>Claims outstanding:</b>			
Gross amount		37,755	14,543
		<b>55,164</b>	<b>25,615</b>
<b>Creditors:</b>			
Creditors arising out of direct insurance operations		-	-
Creditors arising out of reinsurance operations		53,887	25,636
Other creditors including taxation	15	1,783	829
		55,670	26,465
<b>Accruals and deferred income</b>		192	32
<b>Total liabilities</b>		<b>111,072</b>	<b>52,191</b>

The financial statements on pages 11 to 37 were approved by the Board of GIC Re, India, Corporate Member Limited on 24th May 2017 and signed on its behalf by:

Balaji Thiagarajan

Director

Registered Number: 07792458

The notes on pages 17 to 37 form part of these annual accounts.

# Statement of Changes in Equity

Particulars	Called up Share Capital £000	Profit and loss account £000	Total equity £000
<b>At 1 January 2015</b>	-	34	34
Profit for the year	-	41	41
Other comprehensive income	-	4	4
Total comprehensive income for the period	-	79	79
<b>As at 31 December 2015</b>	-	<b>79</b>	<b>79</b>
(Loss) for the year	-	(33)	(42)
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	(33)	(42)
<b>As at 31 December 2016</b>	-	<b>46</b>	<b>37</b>

The notes on pages 17 to 37 form part of these annual accounts.

## Cash Flow Statement

Particulars	Note	2016 £000	2015 £000
<b>Cash flow from operating activities</b>			
(Loss)/profit before taxation		(42)	52
Movement in creditors		58,897	25,099
Movement in debtors		(55,405)	(25,497)
Tax paid		16	7
<b>Net cash generated from operating activities</b>		<b>3,466</b>	<b>(339)</b>
Cash flow from investing activities			
Net (outflow)/inflow from purchases and sales of investments	16	(3,446)	94
<b>Net cash generated from investing activities</b>		<b>(3,446)</b>	<b>94</b>
Net increase/(decrease) in cash and cash equivalents		20	(245)
Cash and cash equivalents at the beginning of the year		114	359
<b>Cash and cash equivalents at the end of the year</b>		<b>134</b>	<b>114</b>

The notes on pages 17 to 37 form part of these annual accounts.

## **(1) General Information**

GIC Re, India, Corporate Member Limited ("the Company") is a limited company incorporated in the United Kingdom. The address of its registered office is Suite 835 at Lloyd's, One Lime Street, London, EC3M 7DQ. The nature of the Company's operations and its principal activities are set out in the Strategic report on page 2.

These financial statements have been presented in GBP as this is the Company's functional currency, being the primary economic environment in which the Company operates.

## **(2) Basis of Preparation**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102'), Financial Reporting Standard 103 – 'Insurance Contracts' ('FRS 103') and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

In the prior year, the Company's functional currency was USD. On 1 January 2016, the functional currency was changed to GBP. The reason for the change is because the Company has increased its participation on various Syndicates during the year and believes aligning the Company's functional currency with that of the Syndicates it participates on is a true representation of the functional currency of the Company. For comparability purposes, the Company has chosen to present the comparative information in GBP for the 2015 year end. The exchange rates used to translate the comparative information into GBP were USD1.5261, as the closing rate and USD1.4833, as the average rate. The assets and liabilities have been translated at the closing rate and the income and expenses at the average rate. The exchange differences arising on the change of presentational currency has been recognised in other comprehensive income.

The Directors, based on their assessment of the Company's financial position and after making appropriate enquiries, reasonably expect that the Company has adequate resources to continue in

operational existence for the foreseeable future. For this reason, these annual accounts are prepared on a going concern basis.

## **(3) Basis of Accounting for Underwriting Activities**

The Company underwrites insurance business on an underwriting year basis through its participation on Lloyd's Syndicate 6118, Syndicate 6119, Syndicate 2014 and Syndicate 6126 (the Syndicates) under agency agreements with the Syndicates; each underwriting year is a separate annual venture. Agency agreements grant underwriting control to the Managing Agent of the Syndicates, and the Company has no access to funds controlled by the Syndicates. The Syndicates release funds to the Company from the Syndicate Premium Trust Funds when underwriting years close (normally after three calendar years). The Managing Agent assesses the result and net assets for each underwriting year based on the insurance policies incepting in that year for the membership of that year. The Syndicates may also release funds early on open underwriting years if the Managing Agent can determine the ultimate profitability of the year with enough accuracy (generally at the end of two calendar years).

The Company reports its share of Syndicate underwriting transactions, investment return, and operating expenses in its profit and loss account, and its share of the Syndicate assets and liabilities on its balance sheet. The Directors calculate these shares based on the Company's participation in the Syndicates as a percentage of the each Syndicate's total insurance capacity.

The Syndicates hold assets subject to trust deeds for the benefit of the Company's insurance creditors.

## **(4) Accounting Policies**

The Directors consistently applied the material accounting policies below in preparing these annual accounts.

### **(a) Gross Premiums Written**

Gross premiums written consist of the Company's share of premiums on insurance contracts that each Syndicate bound during the year, together with any adjustments arising in the year to such premiums receivable in respect of business written in prior



years. The Company shows premiums gross of commissions payable to intermediaries and excludes taxes and fees levied on them.

**(b) Outward Reinsurance Premiums**

Outward reinsurance premiums consist of (a) the Company's share of Syndicate reinsurance premiums on the outward reinsurance contract bound during the period and (b) the Company's reinsurance premiums on the outward reinsurance contracts that it has with its Parent reinsurer to proportionally reinsure all of its underwriting business from the Syndicates. Reinsurance transactions do not relieve the Company of its primary obligations to its policyholders.

The Company offsets actual or estimated assets and liabilities under the outward reinsurance contract with its Parent reinsurer that proportionately reinsures all of its underwriting business from the Syndicates into single net balances, because they do not represent separate assets and liabilities.

**(c) Provision for Unearned Premiums**

Unearned premiums represent the proportion of premiums written in the year that relate to the unexpired terms of policies in force at the Balance Sheet date, calculated on the basis of established earnings patterns or time apportionment as appropriate.

**(d) Provision for Unexpired Risks**

At the balance sheet date, the Company makes a provision for unexpired risks where the value of claims and administrative expenses expected to arise after the balance sheet date from the insurance contracts entered into before the balance sheet date exceeds the provision for unearned premiums, the amount of premiums receivable under those contracts, after the deduction of any deferred acquisition costs.

No provision for unexpired risks was recorded in 2015 or 2016.

**(e) Closed Years of Account**

At the end of the third calendar year that an underwriting year is open, the year normally closes by way of reinsurance into the following open

underwriting year. The Managing Agents determine the amount of the reinsurance to close premium payable, generally by estimating the cost of claims notified but not settled at 31 December, together with the estimated cost of claims incurred but not reported at that date, and an estimate of future claims handling expenses. The open underwriting year into which the closed underwriting year is reinsured bares the risk of any subsequent variation in the ultimate liabilities of the closed year.

The payment of a reinsurance to close premium does not relieve the closed year from its primary obligations for outstanding claims. If the reinsuring syndicate is unable to meet its obligations and the other elements of Lloyd's chain of security failed, then the closed underwriting year would have to settle the outstanding claims. The Directors consider the likelihood of such a reinsurance to close failure to be remote and therefore deem reinsurance to close as settlement of the liabilities outstanding at the closure of an underwriting year. The Company includes its share of the reinsurance to close premiums payable in its technical provisions at the balance sheet date, and the Company makes no further provision for any potential risk of variation in the ultimate liability of closed years.

**(f) Run - Off Years of Account**

If an underwriting year is not closed at the end of the third calendar year that it is open (a "run-off" year), the Company makes a provision for the estimated cost of all known and unknown outstanding liabilities of that year. The Managing Agent first determines the provision on a similar basis to the reinsurance to close. The Company, however, determines any subsequent variation in the ultimate liabilities for that year. Therefore, the Company will continue to report movements in its results from any run-off year after the third calendar year until it secures reinsurance to close.

The Company had no run-off years at 31 December 2015 or 2016.

**(g) Claims Incurred, Net of Reinsurance**

Gross claims incurred consist of the estimated cost of settling all claims occurring during the period, whether reported or not, including related claims

handling expenses. The Company anticipates subrogation recoveries when it sets provisions for reported claims. The Company accounts for reinsurance recoveries when it incurs the related losses.

The provision for claims outstanding includes the estimated cost of claims incurred but not reported ('IBNR') at the balance sheet date. A variety of estimation techniques are used generally based upon statistical analyses of historical experience and includes adjustments for catastrophes and other significant events, changes in historical trends, economic and social conditions, judicial decisions, and legislation, as necessary. In evaluating the provision, the Directors use the findings of the Syndicate actuaries, which include an associated third party claims administrator's loss estimates for large catastrophes.

Large claims impacting each relevant business class are generally assessed separately, being measured on a case by case basis or projected separately in order to allow for the possible distorting effect of the development and incidence of these large claims.

Due to the Syndicates' limited history and small population of insured and reinsured claims, the provision for claims outstanding is subject to significant variability. While the Directors believe that the recorded provision for gross claims and reinsurance recoveries is adequate, establishing this liability is a judgmental and inherently uncertain process. Therefore, it is possible that actual losses may not conform to the assumptions that have been used in determining the amount of this provision. Accordingly, the ultimate provision may be significantly greater or less than the outstanding amount held at the balance sheet date. The Company recognises adjustments to the provision for claims outstanding in the profit and loss account when known. Due to its inherent nature Claims IBNR may not be apparent to the insurer until many years after the event giving rise to the claim has happened. Classes of business where the IBNR proportion of the total reserve is high will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty

of estimating these reserves. Classes of business where claims are typically reported relatively quickly after the claim event tend to display lower levels of volatility.

The Directors base the reinsurers' share of the provision for claims outstanding on the provisions for reported claims and IBNR, net of estimated irrecoverable amounts from potential reinsurer insolvencies based on the type of balance and security ratings of the involved reinsurers.

#### **(h) Acquisition Costs, Net of Reinsurance**

Acquisition costs consist of the Company's share of Syndicate related coverholder and ceding commissions (on inward reinsurance acceptances) primarily related to the production of new and renewal business. The Company defers acquisition costs to the extent that they are attributable to unearned premiums at the balance sheet date and expenses them as it earns the underlying insurance contract premiums. The Company includes acquisition costs in net operating expenses. The Company defers recoveries of acquisition costs (ceding commissions) from outward reinsurers and includes them in accruals and deferred revenue. The Company earns ceding commissions as it expenses underlying reinsurance contract premiums and includes them in net operating expenses under reinsurance commissions and profit participation.

#### **(i) Investments**

Investments consist of the Company's share of the Syndicates' shares and other variable yield securities and debt securities and other fixed-income securities. The Company carries investments at current or market value.

#### **(j) Investment Return**

Investment return primarily consists of income from the Company's share of the Syndicates' investments, gains and losses on the realisation of investments, and movements in unrealised gains and losses on investments, net of investment management expenses. Income from investments consists of interest, which the Company recognises when earned. The Company bases realised gains and losses on investments on the difference between the sale proceeds and the cost of the investment. Movements

in unrealised gains and losses on investments represent the difference between the carrying value of investments at the balance sheet date and the purchase price of investments in earlier accounting periods, after considering investment disposals. Investment management expenses consist of investment custodian and management fees.

The Company first records its investment return in the non-technical account. The Company then transfers this return to the general business technical account to reflect the investment return on funds supporting the Syndicates' underwriting business; no funds outside of those in the Syndicate support the Company's underwriting business.

#### **(k) Net Operating Expenses**

The Company recognises operating expenses when incurred. Operating expenses include acquisition costs and the change in deferred acquisition costs, administrative expenses, and reinsurance commissions and profit participation. Administrative expenses consist of:

- i. the Company's share of Syndicate operating costs,
- ii. Managing Agent fees and profit commissions,
- iii. Lloyd's membership costs, and
- iv. the reimbursement of administrative expenses from the Parent reinsurer that proportionately reinsures all of the Company's underwriting business from the Syndicate.

The Company also includes its share of the Syndicates' brokerage sharing from reinsurance brokers that place reinsurance coverage for the Syndicate in administrative expenses. The Company recognises brokerage sharing as revenue when brokers place the reinsurance coverage.

Reinsurance commissions and profit participation consist of (a) the Company's share of the Syndicates' ceding and contingent profit commissions from outward reinsurers and (b) the recovery of acquisition costs from the Parent reinsurer that proportionately reinsures all of the Company's underwriting business from the Syndicate.

#### **(l) Current Taxation**

The Company makes a provision for current U.K. taxes based on its taxable result for the period after considering permanent and timing differences between the treatment of certain items for book and tax. The Company also makes a provision for current U.S. federal tax where due based on U.S. taxable income for the period.

#### **(m) Deferred Taxation**

The Company makes a full provision for deferred taxation on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when these items reverse based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the annual accounts. The Company recognises deferred tax assets to the extent that it is probable that they will be recovered. The Company does not discount deferred tax assets and liabilities.

#### **(n) Foreign Currency Translation**

The Company's functional and reporting currency is GBP. The Company measures foreign currency monetary assets and liabilities at the closing exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities at the balance sheet date are maintained at the rate of exchange ruling when the contract was entered into except for non-monetary assets and liabilities arising out of insurance contracts which are treated as monetary items in accordance with FRS 103 Insurance Contracts ("FRS 103"). Foreign currency revenues and expenses are measured at the historical exchange rates in effect at the time of the related transactions.

#### **(o) Critical accounting judgements and key sources of estimation uncertainty**

In applying the Company's accounting policies, the Directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The Directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made,

and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ. The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The management and control of each Syndicate the Company participates on is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate. The critical accounting judgements and key sources of estimation uncertainty set out below therefore relate to those made by the Directors in respect of the Company only, and do not include estimates and judgements made in respect of the Syndicates.

The critical judgements that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

#### **Assessing indicators of impairment**

In assessing whether there have been any indicators of impairment assets, the Syndicates have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### **Recoverability of receivables**

The Company establishes a provision for receivables

that are estimated not to be recoverable. When assessing recoverability the Directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers. No provisions have been recognised at the year end.

### **(5) Management of Financial Risk**

The Company is exposed to the following financial risks in the course of its operating and financing activities:

- Credit risk
- Liquidity risk
- Interest rate risk; and
- Foreign exchange risk

The management and control of each Syndicate is carried out by the managing agent of that Syndicate, and the Company looks to the managing agent to implement appropriate policies, procedures and internal controls to manage each Syndicate, including those in respect of financial risk management. The following qualitative risk management disclosures made by the Directors relate to the Corporate activity only. The quantitative disclosures are made in respect of both the Corporate and the Syndicates.

#### **Credit risks**

Credit risk is the risk that a counterparty to the Company's financial instruments will cause a loss to the Company through failure to perform its obligations. The key areas of exposure to credit risk for the Company result through its reinsurance programme, investments and bank deposits.

The risk of default by the Parent Reinsurer is mitigated by a £22.5m letter of credit provided by the Parent to Lloyd's (Funds at Lloyd's) to collateralise its reinsurance obligations to the Company.

The Company manages credit risk at the Corporate level by ensuring that investments and cash and cash equivalent deposits are placed only with highly rated credit institutions. The carrying amount of the Company's financial assets represents the Company's maximum exposure to credit risk.

The tables below show the credit quality of financial assets that are neither past due or impaired.

	2016 Syndicate participation £000						
	AAA	AA	A	BBB	BBB or lower	Not rated	Total
Shares and other variable yield securities and unit trusts	-	1,178	173	-	-	-	1,351
Debt securities	715	1,105	35	-	-	-	1,855
Overseas deposits as investments	-	-	240	-	-	-	240
Deposits with ceding undertakings	-	-	-	-	-	-	-
Reinsurers share of claims outstanding	-	231	37,388	2	6	128	37,755
Reinsurance debtors	-	592	50,673	-	-	-	51,265
Cash at bank and in hand	-	80	54	-	-	-	134
Total	715	3,186	88,563	2	6	128	92,600

	2015 Syndicate participation £000						
	AAA	AA	A	BBB	BBB or lower	Not rated	Total
Shares and other variable yield securities and unit trusts	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Overseas deposits as investments	-	-	-	-	-	-	-
Deposits with ceding undertakings	-	129	287	-	-	130	546
Reinsurers share of claims outstanding	-	1,235	12,043	-	1	719	13,998
Reinsurance debtors	-	23,151	3,128	-	-	-	26,279
Cash at bank and in hand	-	-	-	-	-	-	-
Total	-	24,515	15,458	-	1	849	40,823

The tables below show the ageing and impairment of financial assets by class on instruments.

	2016 Syndicate participation £000						
	Neither due nor impaired	Up to three months	Three to six months	Six months to one year	Greater than one year	Financial assets that have been impaired	Total
Shares and other variable yield securities and unit trusts	1,351	-	-	-	-	-	1,351
Debt securities	1,855	-	-	-	-	-	1,855
Overseas deposits as investments	240	-	-	-	-	-	240
Reinsurer share of claims outstanding	37,711	38	2	2	1	-	37,754
Reinsurance debtors	51,260	5	-	-	-	-	51,265
Cash at bank and in hand	134	-	-	-	-	-	134
Insurance debtors	212	50	52	54	31	-	399
Other debtors	111	198	157	165	-	-	631
Total	92,874	291	211	221	32	-	93,629

	2015 Syndicate participation £000						
	Neither due nor impaired	Up to three months	Three to six months	Six months to one year	Greater than one year	Financial assets that have been impaired	Total
Shares and other variable yield securities and unit trusts	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Deposits with credit institutions	-	-	-	-	-	-	-
Overseas deposits as investments	-	-	-	-	-	-	-
Reinsurer share of claims outstanding	14,527	10	5	2	-	-	14,544
Reinsurance debtors	26,177	63	28	10	2	-	26,280
Cash at bank and in hand	-	-	-	-	-	-	-
Insurance debtors	-	-	-	-	-	-	-
Other debtors	183	-	-	-	-	-	183
Total	40,887	73	33	12	2	-	41,007

At the Corporate level the Company is not exposed to significant credit risk. Consequently a sensitivity analysis for credit risk has not been presented for the Corporate.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments. At the Corporate level the Company manages liquidity by continuously monitoring forecast and actual cash flows.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date of which the Company can be required to pay.



	2016 Syndicate participation £000					
	No stated maturity	Less than 1 year	1 to 3 years	3 to 5 years	Greater than 5 years	Total
Derivatives	-	-	-	-	-	-
Deposits received from reinsurers	-	-	-	-	-	-
Claims outstanding	-	15,201	21,838	716	-	37,755
Creditors	-	748	956	-	79	1,783
Other	-	-	-	-	-	-
Total	-	15,949	22,794	716	79	39,538

	2015 Syndicate participation £000					
	No stated maturity	Less than 1 year	1 to 3 years	3 to 5 years	Greater than 5 years	Total
Derivatives	-	-	-	-	-	-
Deposits received from reinsurers	-	-	-	-	-	-
Claims outstanding	-	-	-	-	-	-
Creditors	-	-	-	-	-	-
Other	-	-	829	-	-	829
Total	-	-	829	-	-	829

At the Corporate level the Company is not exposed to significant liquidity risk. Consequently a maturity profile has not been presented for the Corporate.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company is exposed to the risk of interest rate fluctuations in respect of cash and cash equivalents.

The table below shows the impact of changes in interest rates on the profit or loss for the period and on the equity of the Company.

	2016 £000	2015 £000
Impact of 50 basis points increase/(decrease) on result	-	-
Impact of 50 basis points increase/(decrease) on net assets	-	-

The impact of interest rates on the Company's share of the Syndicate results is nil as the Parent Reinsurer' proportionately reinsures 100% of all of the Company's underwriting business from the Syndicates.



At the Company level the Company is not exposed to significant cash flow interest, consequently a sensitivity analysis for interest rate risk has not been presented for the Corporate.

#### Currency risk

The Company holds both assets and liabilities denominated in currencies other than Sterling, its functional currency. It is therefore exposed to currency risk as the value of the foreign currency assets and liabilities will fluctuate in line with changes in foreign exchange rates.

At the Corporate level the Company manages currency risk by ensuring that exchange rate exposures are managed within the approved policy parameters.

The Company has delegated sole management and control of its underwriting through each Syndicate to the managing agent of the Syndicate and it has further undertaken not to interfere with the exercise of such management and control. The managing agents of the Syndicates are therefore responsible for determining the insurance transactions to be recognised. As such, disclosures in respect of the assumptions and judgements made, and the objectives, policies and processed for managing currency risk arising from assets and liabilities are only presented for the Corporate in these financial statements.

#### (6) Segment Reporting

The tables below detail the Company's underwriting results before investment return by class of business.

	2016 £000					
	Gross premiums written	Gross premiums earned	Gross claims incurred	Net operating expenses	Reinsurance Balance	Total
Accident and health	4,028	4,316	(2,880)	(1,485)	(2)	(51)
Motor – third party liability	505	440	(271)	(204)	(3)	(38)
Motor - other classes	52	21	(12)	(10)	(5)	(6)
Marine, aviation and transport	2,904	2,595	(1,500)	(767)	(76)	252
Fire and other damage to property	9,366	9,286	(5,367)	(3,187)	(110)	622
Third party liability	2,222	1,125	(929)	(400)	(156)	(360)
Credit and suretyship	299	140	(68)	(50)	(38)	(16)
Legal expenses	17	6	(4)	(3)	(1)	(2)
Miscellaneous	2,785	2,424	(1,294)	(531)	-	600
Reinsurance	10,847	8,837	(7,743)	6,584	(8,732)	(1,054)
Total	33,024	29,191	(20,068)	(53)	(9,123)	(53)

	2015 £000					
	Gross premiums written	Gross premium earned	Gross claims incurred	Net operating expenses	Reinsurance Balance	Total
Accident and health	5,680	5,292	(3,389)	(1,847)	(284)	(228)
Motor – third party liability	288	250	(142)	(100)	(17)	(9)
Marine, aviation and transport	5,876	4,945	(2,739)	(1,222)	(679)	305
Fire and other damage to property	10,211	8,602	(3,815)	(3,247)	(948)	592
Reinsurance	-	-	-	6,416	(7,076)	(660)
Total	22,055	19,089	(10,085)	-	(9,004)	-

Included in the reinsurance balance are reinsurance commissions and profit participation of £391k (2015: income of £2k).

All insurance business is underwritten in the UK in the Lloyd's insurance market, which has been treated as one geographical segment for the purpose of Segmental Reporting.

#### (7) Investment Return

	2016 £000	2015 £000
Income from investments	378	126
Realised gains on investments	11	1
Unrealised loss on investments	(10)	(4)
<i>Investment expenses and charges</i>	(22)	(6)
Reinsurer share of investment return	(357)	(117)
	-	-

#### (8) Net Operating Expenses

	2016 £000	2015 £000
Acquisition costs	(7,855)	(5,702)
Change in deferred acquisition costs	840	212
Administrative expenses	(1,195)	(406)
Personal expenses	(775)	(575)
Reinsurance commissions and profit participations	8,932	6,471
Total	(53)	-

Net operating expenses represent the Company's share of expenses incurred directly by the Syndicates, less the recovery of these expenses from the Parent Reinsurer that proportionately reinsures all of the Company's underwriting business from the Syndicates.

During the year the Company paid brokerage fee of £53,000 which is paid from the over-rider provided by the Parent Reinsurer.

**(9) Profit on Ordinary Activities Before Tax**

This table details the charges (credits) to profit on ordinary activities before taxation in the non-technical account under other income and charges.

	2016 £000	2015 £000
Professional fees	89	65
Foreign exchange gain	-	(14)
Other expenses	53	12
Reinsurer reimbursements of member expenses	(100)	(115)
	42	(52)

Agreed fees for the audit of these annual accounts are £5,880 (2015: £9,600). The total balance payable (including fees accrued but not yet due) to the Company's auditor at 31 December 2016 was £5,880 (2015: £9,600).

**(10) Tax on Profit on Ordinary Activities****(a) Analysis of Tax Charge During the Period**

This table summarises the tax charge/(credit) on the Company's profit on ordinary activities during the period.

	2016 £000	2015 £000
Current tax:		
UK corporation tax	-	11
Foreign tax	-	-
Total current tax	-	11
Deferred tax:	(9)	-
Tax on profit on ordinary activities	(9)	11

The deferred tax asset is recognised in respect of tax losses carried forward as the directors are of the opinion, based on all available evidence, that it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

The deferred tax asset has been calculated at a rate of 20% being the corporation tax rate that has been enacted and will be in force when the tax losses are expected to be utilised.

**(b) Factors Affecting the Tax for the Period**

This table summarises why the current tax charge/(credit) for the period is different than the tax from applying the main U.K. corporation tax rate to the Company's profit on ordinary activities.

	2016 £000	2015 £000
(Loss)/profit on ordinary activities before tax	(42)	52
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015:20.25%)	(9)	11

**(c) Factors Affecting Tax Charges in Future Years**

The UK corporation tax rate was reduced from 21% to 20% (effective from 1 April 2014, enacted in Finance Act 2014) and to 19% (effective from 1 April 2017, enacted in Finance Act (No. 2) 2016). Further reductions have been made, to 17% (effective from 1 April 2020, enacted in Finance Act 2016). These changes in the tax rate will reduce the Company's future current tax charge accordingly.

**(11) Directors' Compensation and Staffing**

The Directors did not receive any compensation for their services during 2016 (2015: £Nil).

The Company has no employees.

**(12) Other Financial Investments**

	2016 £000		2015 £000	
	Market value	Cost	Market value	Cost
Shares and other variable yield securities	1,351	1,351	-	-
Debt securities and other fixed income securities	1,855	1,871	-	-
Overseas deposits				
Total	3,206	3,222	-	-

All shares and other variable yield securities are listed.

The Company did not have any financial investments at 31 December 2015.

The investments held at 31 December 2016 are carried at fair value through profit and loss and have been categorised between the three levels of the fair value hierarchy that reflects the observability and significance of inputs used when establishing the fair value.

**Level 1**

Inputs to Level 1 fair values are quoted prices in active markets for identical assets. An active market is one in which transactions for the asset occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Examples are listed debt securities in active markets or listed equities in active markets or listed deposits held with credit institutions in active markets.

**Level 2**

Inputs to Level 2 fair values are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e.

derived from prices) and fair value is determined through the use of models or other valuation methodologies. Level 2 inputs include quoted prices for similar (i.e. not identical) assets in active markets, quoted prices for identical or similar assets in markets that are not active or in which little information is released publicly, unlisted deposits held with credit institutions in active markets, low volatility hedge funds where tradeable net asset values are published.

**Level 3**

Inputs to Level 3 fair values are inputs that are unobservable for the asset. Unobservable inputs have been used to measure fair value where observable inputs are not available, allowing for situations where there is little or no market activity. Unobservable inputs reflect assumptions that the Society considers that market participants would use in pricing the asset and have been based on a combination of independent third party evidence and internally developed models.

The table below sets out the Company's financial investments held at fair value through profit and loss by level of hierarchy.

2016 Fair value hierarchy	Level 1 2016 £000	Level 2 2016 £000	Level 2016 £000	Held at amortised cost 2016 £000	Total 2016 £000
Shares and other variable yield securities	1,351	-	-	-	1,351
Debt securities and other fixed income securities	1,855	-	-	-	1,855
Overseas deposits	240	-	-	-	240
	3,446	-	-	-	3,446

**(13) Capital and Reserves**

The Company had one authorised, issued, and fully paid up ordinary share with a nominal value of £1 at the balance sheet date. At 31 December 2016 this share was issued and paid.

This table reconciles the movement in the profit and loss account during the period.

	2016 £000	2015 £000
Profit and loss account at beginning of year	79	34
(Loss)/profit for the financial year	(42)	45
Profit and loss account at end of year	37	79

**(14) Technical Provisions**

	2016 £000	
	Provision for unearned premiums	Claims outstanding
Gross technical provisions:		
At 1 January 2016	8,432	14,543
Foreign exchange differences	1,110	4,794
Movement in provision	3,834	18,417
At 31 December 2016	13,375	37,755
Reinsurers' share of technical provisions:		
At 1 January 2016	11,072	14,543
Foreign exchange differences	2,504	4,794
Movement in provision	3,834	18,417
At 31 December 2016	17,409	37,755
Net technical provisions:		
At 1 January 2016	(2,640)	-
Foreign exchange differences	(1,394)	-
At 31 December 2016	(4,034)	-

This table summarises the gross and reinsurers' share of claims outstanding by category.

	2016 £000	
	Gross	Reinsurers' share
Claims notified	9,923	9,923
Claims IBNR	27,832	27,832
Total	37,755	37,755

**(15) Other Creditors**

	2016 £000	2015 £000
US federal excise taxes and other taxes payable	-	-
Amounts owed to associated and group companies	-	-
Amounts recoverable from Syndicate	-	-
Amounts owed to others	1,783	829
Total	1,783	829

**(16) Net Portfolio Investment**

	At 1 January 2016 £000	Change in Market Value £000	Cash Flow £000	At 31 December 2016 £000
<b>Movement in net portfolio investment</b>				
Shares and other variable yield securities	-	-	1,351	1,351
Debt securities and other fixed income securities	-	(16)	1,871	1,855
Overseas deposits	-	-	240	240
	-	(16)	3,462	3,446

	At 1 January 2015 £000	Change in Market Value £000	Cash Flow £000	At 31 December 2015 £000
<b>2015 Movement in net portfolio investment</b>				
Shares and other variable yield securities	-	-	-	-
Debt securities and other fixed income securities	90	-	(90)	-
Overseas deposits	3	-	(3)	-
	93	-	(93)	-

**(17) Funds at Lloyd's**

The Company's Parent company proportionately reinsures all of the Company's underwriting results from the Syndicate and provided a £22.5 million letter of credit to Lloyd's to collateralise its reinsurance obligations to the Company.

**(18) Immediate and Ultimate Parent**

The Company's immediate and also its ultimate parent is the General Insurance Corporation of India, a company registered in India. The ultimate controlling party is the Government of India.

**(19) Related Parties**

The Parent Company, General Insurance Corporation of India (wholly owned by the Government of India), proportionally reinsures all of the Company's Underwriting results from the Syndicates.

**(20) Contingent Liabilities****Legal Proceedings**

The Syndicates and wider group are regularly involved in various legal proceedings in the ordinary course of their insurance business. The Directors believe the outcome of these proceedings will not have a material adverse effect on the Company's financial position or future profitability.









आपत्काले रक्षिष्यामि

**GIC Re**

**General Insurance Corporation of India**

**भारतीय साधारण बीमा निगम**

Global Reinsurance Solutions

"Suraksha", 170, Jamshedji Tata Road, Churchgate, Mumbai 400020, India.

Telephone (Board): +91 22 2286 7000 Email: [info@gicofindia.com](mailto:info@gicofindia.com)

visit us at [www.gicofindia.in](http://www.gicofindia.in)

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