

41ST

ANNUAL REPORT 2012-13

GIC Re
40 Glorious Years
1972-2012

'GIC Re Reinsures the World'



आपत्काले रक्षिष्यामि

GIC Re

भारतीय साधारण बीमा निगम

General Insurance Corporation of India

COMMAND



ENTS

VISION

To be a leading
global reinsurance and
risk solution provider

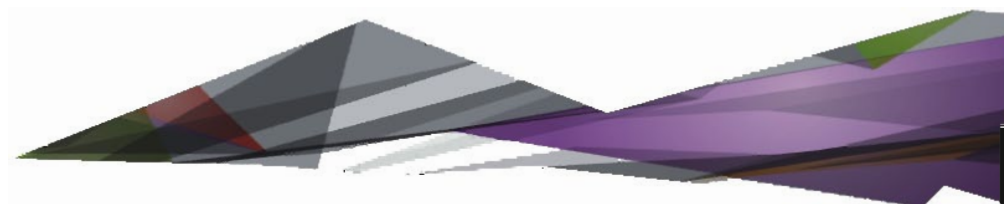
CORE VALUES

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

MISSION

To achieve our Vision by

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



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CORPORATE INFORMATION**DIRECTORS**

| | |
|---------------------------|--------------------------------|
| Shri A.K. Roy | Chairman-cum-Managing Director |
| Shri Sunil Soni | Upto 11.01.2013 |
| Smt. Snehlata Shrivastava | w.e.f. 11.01.2013 |
| Shri D Sarkar | |
| Shri Sushobhan Sarker | w.e.f. 01.10.2012 |
| Shri S.B. Mathur | Upto 31.08.2012 |
| Shri G. Srinivasan | Upto 07.08.2012 |
| Shri N.S.R. Chandraprasad | w.e.f. 01.10.2012 |
| Shri B. Chakrabarti | |
| Shri Sanjiv Kapoor | |
| Dr. Sunil Gupta | |
| Shri Doulat Raj Mohnot | w.e.f. 04.01.2013 |
| Shri S. Yugandhara Rao | w.e.f. 11.03.2013 |

MANAGEMENT

Chairman-cum-Managing Director
General Managers

| | |
|------------------------|-------------------|
| Shri A.K. Roy | |
| Shri S. Yugandhara Rao | w.e.f. 30.10.2012 |
| Shri Sujay Banarji | Upto 30.05.2013 |
| Shri P.K. Bhagat | Upto 30.05.2013 |
| Shri N. Mohan | |
| Smt. Alice Vaidyan | |

Chief Vigilance Officer
Deputy General Managers

| | |
|--------------------------|-------------------|
| Shri S. Nallakuttalam | |
| Shri P.N. Gandhi | |
| Shri A.K. Mittal | Upto 25.10.2012 |
| Shri Y. Ramulu | |
| Shri Ashwani Kumar | Upto 30.05.2013 |
| Shri R. Sundaram | |
| Shri B.N. Narasimhan | |
| Shri B.N. Prasad | Upto 25.10.2012 |
| Shri D.T.V. Sastri | |
| Smt. Reena Bhatnagar | w.e.f. 29.10.2012 |
| Shri V.C. Jain | w.e.f. 29.10.2012 |
| Shri Sushil Kumar | w.e.f. 29.10.2012 |
| Shri J.M. Gajendragadkar | w.e.f. 29.10.2012 |
| Shri Deepak Prasad | w.e.f. 29.10.2012 |

COMPANY SECRETARY

Smt. Suchita Gupta

AUDITORS

M/s. Contractor, Nayak & Kishnadwala,
5th floor, Narayan Chambers
Near Suncity Cinema Hall
M.G. Road, Vile Parle (E),
Mumbai – 400 057.

M/s. Manubhai & Co.
Chartered Accountants
2ndflr, 'B' Wing, Premium House,
Near Gandhigram Rly. Station,
Navrangpura, Ahmedabad - 9.

BANKERS

Bank of India
State Bank of India
Bank of Baroda
Central Bank of India
Axis Bank

REGISTERED OFFICE

“Suraksha”, 170, J. Tata Road,
Churchgate, Mumbai – 400020

CORPORATE CHRONICLE

| Sr. No. | Date and Year | Event |
|---------|--------------------|--|
| 1. | 22nd November 1972 | General Insurance Corporation of India formed in pursuance of section 9(1) of the GIBNA Act and also under the Companies Act 1956 as a Private Company Limited by Shares |
| 2. | 1st January 1973 | The general insurance business in India nationalized. 107 general Insurance companies merged and GIC Re of India formed as the holding Company with four subsidiaries viz., The New India Assurance Co. Ltd., National Insurance Co. Ltd., Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd. |
| 3. | 1st January 1978 | Loss Prevention Association of India formed by GIC Re and its 4 subsidiaries |
| 4. | 6th December 1978 | KenIndia Assurance Company Ltd., Incorporated by merging branch operations of subsidiaries of GIC Re and LIC, then operating in Kenya |
| 5. | 1st January 1988 | India International Insurance Pte. Ltd. set up as a locally incorporated wholly owned subsidiary Company of GIC Re and four PSU Companies in Singapore |
| 6. | 12th December 1989 | GIC Re Housing Finance Co. Ltd. set up by GIC Re of India and the four PSU Companies |
| 7. | 25th May 1993 | GIC Re Asset Management Co. Ltd. set up by GIC Re of India and the four PSU Companies |
| 8. | 19th April 2000 | Insurance Regulatory Development Authority (IRDA) formed |
| 9. | 3rd November 2000 | GIC Re notified as "Indian Reinsurer" |
| 10. | June 2001 | London representative office set up |
| 11. | April 2002 | Moscow representative office set up |
| 12. | 20th December 2002 | Agricultural Insurance Company of India set up by GIC Re, the 4 PSU Companies and NABARD |
| 13. | April 2003 | Life Reinsurance started assuming risk |
| 14. | 1st April 2002 | GIC Re appointed as managers to the Terrorism Pool |
| 15. | 7th August 2002 | GIBNA Act Amended |
| 16. | 21st March 2003 | GIC Re ceased to be holding Company |
| 17. | April 2005 | Dubai representative office set up |
| 18. | February 2006 | SAP went live |
| 19. | 27th April 2006 | Loss Prevention Association of India amalgamated with GIC Re |
| 20. | 1st January 2007 | Dubai representative office upgraded to a Branch office |
| 21. | 1st April 2007 | GIC Re appointed as manager of Motor Third Party Insurance Pool |
| 22. | 1st January 2008 | London representative office upgraded to branch office and commenced its operations |
| 23. | 19th June 2008 | Signing of Cooperation Agreement with Hannover Re for Life Re Business |
| 24. | 10th October 2008 | Retakaful...Vertical launched |
| 25. | 16th October 2008 | GIC Re mandated to form Nat Cat Pool for Afro-Asian Region |
| 26. | 16th January 2009 | GIC Re registered as Eventual Reinsurer in Brazil |
| 27. | 11 November 2010 | GIC Re Malaysia Branch starts functioning |
| 28. | 20 September 2011 | Launch of e-Thru platform by Mr. J. Harinarayan, Chairman, IRDA |
| 29. | 19 October 2011 | GIC Re won the Marine Insurance Award at the Seatrade Middle East and Indian Subcontinent Awards 2011 |
| 30. | 05 July 2012 | GIC Re establishes a joint venture reinsurance company 'GIC Re Bhutan Re Limited' in Bhutan |
| 31. | 26 November 2012 | GIC Re won the Marine Insurance Award, second time in a row, at the Seatrade Middle East and Indian Subcontinent Awards 2012 |



BOARD OF DIRECTORS

(Left to Right): Mr N S R Chandraprasad, Mr S Yugandhara Rao, Mr Sanjiv Kapoor, Mr D Sarkar, Mrs Snehlata Shrivastava, Mr A K Roy, Mr B Chakrabarti, Mr Sushobhan Sarker, Mr Doulat Raj Mohnot, Dr Sunil Gupta



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

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

In December 2011 Mr. Roy took over as officiating Chairman-cum-Managing Director of Agriculture Insurance Company of India. He was made officiating CMD of GIC Re in January 2012 and confirmed in that position as Chairman-cum-Managing Director of GIC Re in April 2012.

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

Mr. Roy has been a member of, Technical Sub Committee (Engineering) of TAC and was closely associated in Development of Core Insurance Solutions (INLIAS). He also headed the core group for development of Fire & Engineering Module.

Mr. Roy has been a speaker at several training programmes on Change Management, Negotiation skills, and Corporate Governance. He is known for his various initiatives in HR Development in GIC Re. Setting up of an Innovation Centre at GIC Re has been his latest initiative at GIC Re.



Snehlata Shrivastava
Additional Secretary,
Department of
Financial Services

Mrs Snehlata Shrivastava, Additional Secretary in the Department of Financial Services, Ministry of Finance, is a Post Graduate in Geography with specialization in Urban Geography and M Phil in Regional Planning and Economic Growth. She is an Indian Administrative Service (IAS) Officer of the 1982 batch (Madhya Pradesh Cadre).

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

Mrs Shrivastava was instrumental in framing various Regulations under FEMA when it was enacted. In the State of Madhya Pradesh, she has dealt with various sectors including education, mining, land management, power and Industry. She was also a Director, Budget, in the Finance Department of the State of Madhya Pradesh for three years.

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



D. Sarkar
Chairman and
Managing Director,
Union Bank of India

Mr. D. Sarkar, Chairman & Managing Director of Union Bank of India is a post-graduate in Commerce and a qualified Fellow Chartered Accountant. In addition, he is also a Certified Associate of the Indian Institute of Banking and Finance. A career banker, Mr. Sarkar was Executive Director of the Allahabad Bank before he took over as Chairman & Managing Director of the Union Bank of India in April, 2012. He is known for his expertise in Treasury & Corporate Credit, focusing mainly on credit deployment.

Mr. Sarkar has been a Director on the Board of Central Securities Depository Ltd. Mumbai and Board of Bank of Baroda (Botswana) Ltd. (an overseas banking subsidiary of Bank of Baroda).



Sushobhan Sarker
Managing Director,
LIC of India

Mr. Sushobhan Sarker, Managing Director of Life Insurance Corporation of India was earlier Executive Director (Strategic Business Unit - International Operations) in LIC of India. In a career of over three decades, Mr Sarker has acquired vast experience and insight into various facets of the financial services industry including investment management and retail marketing.

Mr. Sarker's experience spans life insurance marketing and administration, housing finance, mutual funds and portfolio management. Mr Sarker was also head of the Investment Department of LIC and Director & CEO of LIC Mutual Fund Asset Management Company Ltd.

An honours Graduate in Physics with a Diploma in Management Studies and Masters in Financial Management, Mr. Sarker is also on the Board of Infrastructure Leasing and Financial Services Ltd. (IL&FS) as a Nominee Director of LIC. He is also a Shareholder Director in Corporation Bank. Mr Sarker is also a Director in subsidiaries/associate companies of LIC.



N.S.R. Chandraprasad
Chairman-cum-Managing
Director,
National Insurance
Company Ltd.

Mr. N.S.R. Chandraprasad, Chairman-cum-Managing Director of National Insurance Company Limited is a Commerce graduate and also a Fellow of the Insurance Institute of India and a Certified Associate Member of the Indian Institute of Bankers, Mumbai.

With over 32 years of experience in the General Insurance Industry Mr. Chandraprasad has held a number of key positions, both in India and abroad, in Marketing Operations, Reinsurance, Personnel and Technical.

Mr. Chandraprasad has also held the position of Managing Director of Prestige Assurance Plc, Lagos (Nigeria), a subsidiary of 'New India'. He has also been the Director and General Manager of New India Assurance Company Limited before joining National Insurance Company Limited.

Mr. Chandraprasad is also a Director on the Board of India International Insurance Pte Ltd. Singapore and GIC Housing Finance Ltd., Mumbai.



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

Mr. Bimalendu Chakrabarti, ex-Chairman-cum-Managing Director, New India Assurance Company Limited, is an Independent Director on the Board of GIC Re.

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

Mr. Chakrabarti served United India in various capacities. He was also associated with GIC as General Manager (Investments).

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

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

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



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

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

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

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



Dr Sunil Gupta
M/s Sunil Ram & Co.
New Delhi

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

He is the elected Shareholders' Director on the board of Punjab National Bank since March 21, 2012 and has been co-opted as member of 'Risk management committee' and 'IT committee' of the Board. He was a Shareholders' Director on the board of Dena Bank and was co-opted as Chairman/member of the Management Committee, Audit Committee and Risk Management Committee.

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



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

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

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

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

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



S Yugandhara Rao
Director &
General Manager,
GIC Re

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

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

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

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



MANAGEMENT

Sitting (Left to Right): Mr Sujay Banarji, General Manager, Mr N Mohan, General Manager, Mr S Yugandhara Rao, Director & General Manager, Mr A K Roy, Chairman cum Managing Director, Mr P K Bhagat, General Manager, Mrs Alice Vaidyan, General Manager

Standing (Left to Right): Deputy General Managers: Mr D T V Sastri, Mr P N Gandhi, Mr R Sundaram, Mr B N Narasimhan, Mr V C Jain, Mr J. M. Gajendragadkar, Mr Sushil Kumar, Mr Ashwani Kumar, Mr Deepak Prasad, Mrs Reena Bhatnagar, Mr S. Nallakuttalam (CVO), Mr Y Ramulu

NOTICE

NOTICE is hereby given that the 41st **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 11th July, 2013 at 2.30 p.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Statements of Account for the year ended 31st March, 2013.
2. To declare dividend on equity shares.
3. To fix remuneration of auditors for the year 2013-2014.

For and on behalf of the Board

(Suchita Gupta)
Company Secretary

Registered Office:

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

Dated: 18th June, 2013

Note :

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Forty - first Annual Report on the working and affairs of the Corporation and the audited statements of account for the year ended 31st March 2013.

FINANCIAL RESULTS:

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

| | (₹ In crore) | |
|---|--------------|----------|
| | 2012-13 | 2011-12 |
| 1. Net Premium | 13771.23 | 12558.24 |
| 2. Net Earned Premium | 13321.79 | 11315.73 |
| 3. Net Incurred Claims | 10942.34 | 13986.41 |
| | 82.1% | 123.6% |
| 4. Net Commission | 2905.75 | 2066.63 |
| | 21.8% | 18.3% |
| 5. Operating Expenses and Other Outgo less Other Income | -14.26 | 92.40 |
| | 1.0% | 1.0% |
| 6. Investment Income Apportioned to Revenue less expenses | 2205.30 | 1417.07 |
| 7. Premium Deficiency | -141.46 | 141.46 |
| 8. Total Profit/Loss (-) (2+6-3-4-5-7) | 1834.72 | -3554.10 |
| 9. Interest, Dividends and Rents (gross) | 688.32 | 838.12 |
| 10. Other Income less Other Outgo | -109.22 | 412.36 |
| 11. Reserve for Doubtful Debts and Investment incl. Amortisation of Investments Written off | 31.65 | 187.05 |

| | (₹ In crore) | |
|--|--------------|----------|
| | 2012-13 | 2011-12 |
| 12. Interest on Service Tax | 0.00 | 0.00 |
| 13. Profit before Tax (8+9+10-11-12) | 2382.17 | -2490.67 |
| 14. Income-tax Deducted at Source and Provision for tax incl. deferred taxes | 37.55 | 21.92 |
| 15. Profit after Tax (13-14) | 2344.62 | -2468.75 |
| 16. Balance of Profit b/f from previous year | -2467.89 | 0.06 |
| 17. Profit available for appropriation | -123.27 | -2468.69 |
| 18. Proposed Dividend incl. Dividend tax | 548.35 | -0.80 |
| 19. Transferred to General Reserves | 234.46 | 0.00 |
| 20. Balance of Profit carried forward (15+16-18-19) | -906.08 | -2467.89 |

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

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

DIVIDEND

The directors recommend declaration of dividend at the rate of 109% for the year under review amounting to ₹ 468.70 crore. The Previous year no dividend was declared due to the losses incurred by the Corporation. An amount of ₹ 79.65 crore has also been provided as dividend

distribution tax on the dividend declared during the year.

CAPITAL AND FUNDS

Capital and Funds of the Corporation stood at ₹ 35683.63 crore as on 31st March 2013 as against ₹ 31548.51 crore in the previous year, the details of which are given below:

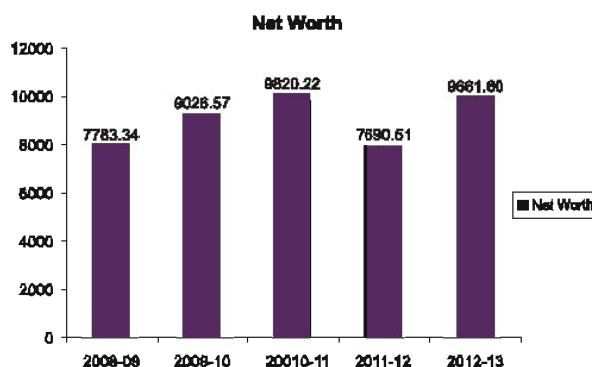
DIRECTORS' REPORT

(₹ in crore)

| | As on 31.03.2013 | As on 31.03.2012 |
|-----------------------------------|---------------------|---------------------|
| Shareholders Funds | | |
| Paid up Capital | 430.00 | 430.00 |
| General Reserve | 9723.92 | 9489.46 |
| Reserve for Pension & Gratuity | 0.00 | 0.00 |
| Foreign Currency | 413.76 | 238.94 |
| Translation Reserve | | |
| Profit & Loss a/c | -906.08 | -2467.89 |
| | 9661.60 | 7690.51 |
| Policyholders Fund | 26022.03 | 23858.00 |
| Total Funds | 35683.63 | 31548.51 |

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

(₹ In crore)

**ASSETS**

Total assets of the Corporation were ₹ 59939.89 crore as on 31st March, 2013 as compared to ₹ 53730.92 crore as on 31st March, 2012.

FINANCIAL RATING

A.M. Best Company, has affirmed the financial strength rating "A- (Excellent)" and issuer credit rating "a-". The outlook for both ratings is stable. The ratings reflect the corporation's strong risk-adjusted capitalization and its prominent business profile in the Indian and overseas reinsurance markets.

Credit Analysis & Research Limited (CARE) has reaffirmed AAA (In) Claims Paying Ability rating. Insurers with this rating have the highest financial strength to meet policyholders' obligations and the

Impact of any adverse business & economic factors on the claims paying ability is minimal.

GIC Re is ranked 15th among International Reinsurers by S & P, based on Net Reinsurance Premium Written (NRPW) in 2011-12.

SOLVENCY RATIO

The Solvency Margin of the Corporation as on 31st March 2013 stood at 2.39 as against 1.59 in the previous year.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

INVESTMENTS

The total book value of Investments of the Corporation in India (representing investments, loans and deposits) amounted to ₹ 26,132.04 crore as on 31.3.2013 as against ₹ 22,165.74 crore in the previous year. The investment income of ₹ 2,886.67 crore was apportioned to policyholders and shareholders as under:

(₹ in crore)

| | |
|------------------------------|---------|
| Apportioned to Policyholders | 2199.93 |
| Apportioned to Shareholders | 686.74 |

The mean yield on funds with profit on sale of investments stood at 11.95%. The net NPA% (Non-Performing Assets) was at 0.36%

**INSURANCE REGULATORY AND DEVELOPMENT
AUTHORITY (IRDA)**

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

PERSONNEL AND INDUSTRIAL RELATIONS**I. STATEMENT UNDER SECTION 217(A) OF
COMPANIES ACT, 1956:**

DIRECTORS' REPORT

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

II. STAFF POSITION AS ON 31.03.2013:

| | | | |
|--------------|---|--------------------|------------|
| Class I | - | Officers | 329 |
| Class III | - | Clerical Employees | 106 |
| Class IV | - | Sub-Staff | 28 |
| TOTAL | | | 463 |

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

| Cadre | Total Employee Strength | Composition | | | |
|--------------|-------------------------|-------------|--------------|-----------|-------------|
| | | SC | % | ST | % |
| Officers | 329 | 49 | 14.89 | 16 | 4.86 |
| Clerical | 106 | 25 | 23.58 | 11 | 10.38 |
| Sub-Staff | 28 | 7 | 25.00 | 1 | 3.57 |
| Total | 463 | 81 | 17.49 | 28 | 6.05 |

III. WELFARE OF SC/ST/OBC:

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

The Dr. Ambedkar Welfare Trust of GIC Re was established during the birth centenary year of Dr. B.R. Ambedkar. The Trust implemented various Welfare Schemes for the benefit of SC/ST/OBC employees.

FOREIGN EXCHANGE EARNINGS & OUTGO AND OTHER INFORMATION

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

i) Earnings: ₹ 1805.44 crore

ii) Outgo: ₹ 2075.05 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 ₹ 14,16,856/-, ₹ 2,92,02,232/- and ₹ 2,64,34,762/- respectively for the year under review.

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

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

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY OF THE CENTRAL GOVERNMENT

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

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

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

In-house quarterly journal KSHITIJ was published regularly. It was also made available on the corporation's website. During Hindi week celebrations, various competitions were held. The winners of these competitions were awarded prizes during the function. An Elocution Competition was organized specially for those officers whose mother tongue is not Hindi.

CMD's Shield was awarded to the Secretarial Department and certificates were given to the Personnel Department and Information Technology Management Group as

DIRECTORS' REPORT

these departments were found to be the best performing Departments of the Corporation, with regards to the Official Language Implementation.

The Deputy Director (Implementation), Ministry of Home Affairs, Mumbai, carried out an inspection and found that the implementation of the Official Language in the Corporation was satisfactory.

Senior executives and officials of the Official Language Department attended the Salahkar Samittee meeting and the Official Language Implementation Committee meeting of the Finance Ministry held at New Delhi and Chandigarh respectively.

All Officers and employees have working knowledge of the Official Language and everyone has undergone Hindi (Language, Typing and Stenography) training in GIC Re.

Out of 463 employees of GIC Re, 79 are proficient in Hindi.

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

VIGILANCE

The Vigilance Department of the Corporation is headed by a Chief Vigilance Officer in the rank of General Manager. The emphasis of the Vigilance Department is on preventive vigilance. The Department also focuses on various systems improvement initiatives.

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

Periodical discussions are held with the officials of

various departments/companies to ensure financial and office discipline and imbibe a culture of value and ethics in the organization.

INTERNAL AUDIT DEPARTMENT

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

The Internal Audit Department has utilized the services of professional Audit firm, M/s Mayra & Khatri, for Internal Audit and Concurrent Audit functions during the year 2012-13. The Internal Audit team conducts audit of business transactions from time to time and also reviews the prevalent systems. It presents its report and makes suitable recommendations for the consideration of the Audit Committee of the Board (ACB). Status of progress on the implementation of approved recommendation by the Audit Committee of the board is reported to ACB.

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

Treaty acceptances, Cash Call settlements and Settlement of Accounts were audited on a concurrent basis. Audit of Investment operations is also, on a concurrent basis. This covers the primary and secondary market transactions. The concurrent audit reports are submitted to RBI. Also, in line with RBI directions, Subsidiary Government Ledger (SGL) for Central and State Government Securities are subjected to concurrent audit and confirmation of correctness of balances, at the end of each month is sent to RBI. The same is placed before the ACB at its meetings.

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

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

RTI ACT, 2005

The Corporation has in place the stipulated structure to implement the RTI Act 2005, in the organization. The set-up is headed by a General Manager designated as the Transparency Officer. A Deputy General Manager functions as the First Appellate Authority (FAA), an Assistant General Manager is the Central Public Information Officer (CPIO), while a Chief Manager discharges the duties of Assistant Public Information Officer (APIO) under the provisions of the Act. The Corporate website www.gicofindia.in also hosts information as relevant to the Corporation, under the Act.

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

During the period under review (2012-13) the Corporation received thirty-nine Applications and five Appeals under the RTI Act, 2005. All the applications were duly replied and appeals were disposed of within the stipulated time period.

INFORMATION TECHNOLOGY MANAGEMENT GROUP (ITMG)

A highlight of the year under review is the launching of the SAP Functional upgrade project which has been declared as the "Project of the year for GIC Re". The project started in February 2013 after a detailed scoping exercise to estimate the effort required for the Functional upgrade. M/s SAP India Pvt. Ltd. were appointed as the implementation partners.

Further impetus was provided during the year to the Electronic Data Interchange (Broker Connectivity) pilot project "eThru" with the extension of the platform to all the Indian brokers. Training workshops were conducted for the representatives nominated by the brokers and live access to the portal has been enabled. The second phase of this pilot project has also been initiated with the selection of M/s L&T Infotech Ltd. to develop an ACORD standards based Web Services gateway which will enable electronic exchange of data directly with

broker systems that have similar capabilities.

The Data centre which was hosted and managed internally at GIC Re and the Disaster Recovery site has been outsourced during the year to M/s Netmagic Solutions Pvt. Ltd.

The Corporate Website has been redesigned in line with guidelines for Indian government websites. A new web-based software has been developed and implemented for the Indian Motor Declined Risks Pool.

INDIAN MOTOR THIRD PARTY INSURANCE POOL (IMTPIP):-

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

The liabilities between the member companies for the past 5 years is to be settled along with interest to be charged from 01.04.2012 @7.50% p.a., as per the following schedule:

| UW Years | Settlement Due dates |
|----------|-------------------------|
| 2007-08 | on or before 30.06.2012 |
| 2008-09 | on or before 30.06.2012 |
| 2009-10 | on or before 30.06.2013 |
| 2010-11 | on or before 30.06.2014 |
| 2011-12 | on or before 30.06.2014 |

During the current year, GIC Re has settled its share of liabilities for UW year's 2007-08 and 2008-09 amounting to ₹ 255.65 crore and ₹ 328.47 crore respectively in addition to interest amount of ₹ 5.55 crore.

Incremental Liability towards outstanding losses for all 5 years of IMTPIP operations, following revision in ULR (Ultimate Loss Ratio) during 2011-12, totalling to ₹ 811.15 crore has been accounted in the year 2011-12, despite option of allocating the same in a 3 year period starting from 2011-12.

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

Subsequent to the dismantling of IMTPIP, as per the directive of IRDA, the Indian Motor Third Party Declined Risk Insurance Pool has been set-up by all General Insurers in India to service only Declined

DIRECTORS' REPORT

Stand-alone Third Party Policies of A, B & C categories of Commercial Vehicles. The IMTPDIR is operational from 1st April 2012.

Although, GIC Re is not a member to the Declined Risk Pool, It will receive obligatory cessions of 10% per risk to run-off its natural expiry basis on each and every policy on the declined risk policies. However, Declined Risk sharing between member companies will be on a clean cut basis based on the final ULR to be provided by the Appointed Actuary of the Pool.

GIC is assigned the role of Pool Administrator and actual expenses incurred for the operation of the pool, will be reimbursed by the Pool members.

During the year 2012-13, total number of member Companies of the Pool were 21 and have pooled Premiums (70%) to the tune of ₹ 294.03 crore from around 3.69 Lakh policies.

Expenses of management incurred by Pool administrator is reimbursed by the member companies in the ratio of their mandatory obligation as per IRDA order.

TRAINING/HRD

Keeping in view GIC Re's role as Global Reinsurer, GIC Re Learning Academy has been imparting training to all levels of employees both internally and externally.

In the year 2012-13 training was imparted to all levels of employees, both internally and externally. Various programmes were conducted for the employees at GIC Re Learning Academy, National Insurance Academy, Pune and other Reputed Institutes.

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

| Organization | No. of Programmes | No. of Officers/Employees trained |
|---|-------------------|-----------------------------------|
| GIC Re Learning Academy | 24 | 336 |
| National Insurance Academy, Pune | 18 | 49 |
| Other reputed organizations | 61 | 209 |
| Seminars/Conferences in foreign countries | 32 | 55 |

Training department has also been assisting other programmes being conducted by various departments of GIC Re.

A training workshop for participants from cedant companies from the Asian and African countries was conducted at the Insurance Institute of India, Mumbai, from 8th to 12th October, 2012.

On similar lines, a workshop on general insurance was held at NIA, Pune, for the delegates from Myanmar and Afghanistan from 27th August to 1st September, 2012.

OVERSEAS EXPANSION

Expansion, JV, M&A Department is engaged in expanding physical presence of GIC Re in different parts of the globe.

During the year under review, GIC Re entered into a joint venture in Bhutan for which Royal Monetary Authority, Bhutan, has accorded an in-principle approval. Further steps to operationalise the company are in progress.

Technical help was offered through information exchange as also training to the officials from insurance companies from two neighbouring countries, Afghanistan & Myanmar, which are in the process of setting up a robust insurance industry in their respective domains.

GIC Re is working on a plan for establishing a physical presence in South Africa and Brazil.

INVESTMENT IN INSURANCE COMPANIES

DOMESTIC OPERATIONS

AGRICULTURE INSURANCE COMPANY OF INDIA LTD. (AICL)

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 declared a dividend of 12.5% for the financial year 2011-12.

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 2012-13, the Gross Premium written by the Branch was GBP 39.57mn compared to GBP 46.1 mn last year and earned a profit of GBP 11.78 mn as against a profit of GBP 6.30 mn last year.

DUBAI BRANCH (UAE)

During the current financial year 2012-13, the Gross Premium written by the Branch is AED 1031.57 mn compared to AED 1195.85 mn last year and earned a profit of AED 221.48 mn as against a loss of AED 583.37 mn last year.

MALAYSIA BRANCH

GIC Re opened the Malaysia Branch in November, 2010. During the current financial year 2012-13, the Gross Premium written by the Branch is RM 385.20 compared to RM 261.80 mn in the previous year and earned a profit of RM 9.32 mn as compared to a loss of RM 188.23 mn in the previous year

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 31.12.2012. The Corporation's holding in the share capital of the Company is 9.19%.

Further, Kenindia has declared a dividend of Kshs 5/- per share for the year ended 31st December, 2012.

INDIA INTERNATIONAL INSURANCE PTE. LTD. SINGAPORE

Corporation holds 20% shares in India International

Insurance Pte. Ltd., which has a share capital of S\$ 50 million.

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

The Company has declared the dividend of 5% for the financial year 2012.

ASIAN REINSURANCE CORPORATION, BANGKOK

The Corporation is holding 20.25% of the share capital as Associate Member of Asian Re in addition to holding 3.17% 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 2012.

EAST AFRICA REINSURANCE COMPANY LTD., KENYA

The Corporation has 14.75% stake in the share capital of East Africa Reinsurance Company Ltd., an existing profit making reinsurance company in Kenya. The total shareholding of the Corporation is 1,18,017 shares of 1000 kshs.

During the year, the Company has declared bonus issue of shares in the proportion of one new share for every four existing shares. The Corporation has received 7,375 Bonus Shares during the year. The Company declared a dividend of 2% on the increased share capital for the year 2012

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

Appropriate accounting policies have been selected and have been applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year 2012-13 and of the profit or loss of the Corporation for that period.

DIRECTORS' REPORT

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

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

AUDITORS

M/s. Contractor, Nayak & Kishnadwala and M/s. Manubhai & Co. were appointed as Joint Auditors to audit the accounts of the Corporation for the financial year 2012-13 by the Comptroller & Auditor General of India under Section 619 of the Companies Act, 1956.

Commercial Audit and Ex-Officio Member, Audit Board-I, Mumbai.

For and on behalf of the Board

24th May 2013
Mumbai

A K Roy
Chairman-cum-Managing Director

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:

15th September 2012

20th September 2011

8th September 2010

SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Corporation for the year 2011-12 along with Directors' Report were placed before both the Houses of Parliament under Section 619(A) read with 619(B) of the Companies Act, 1956 as per details given below:

LOK SABHA 30th November 2012.

RAJYA SABHA 29th November 2012.

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, IRDA, and Principal Director of

CORPORATE GOVERNANCE

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 stakeholders.

GIC Re is a fully corporate governance compliant Company. Various requirements under the corporate governance regulatory framework which GIC Re has put in place discussed as follows.

Board of Directors:

GIC Re is governed by a Board of Directors under the chairmanship of the Chairman-cum-Managing Director. The Board of GIC Re has ten directors which includes seven independent directors. GIC Re Board has a full 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 thereunder and other statutory requirements applicable to it;
- It addresses conflicts of interest situations;
- It ensures fair treatment of ceding companies and employees;
- It ensures information sharing with and disclosures to stakeholders, including investors, ceding companies, employees, the regulators, consumers, financial analysts and rating agencies.
- It establishes through whistle-blowing mechanism an effective channel for encouraging and facilitating employees raising concerns or reporting a possible breach of law or regulations, with appropriate measures to protect against retaliation against reporting employees; A whistle-blowing Policy has been put in place.
- It provides a conducive environment for developing a corporate culture that recognizes and rewards adherence to ethical standards

Changes in the Composition of the Board during the year:

Shri Sunil Soni, Additional Secretary, Ministry of Finance, was appointed as a Director on the Board of the Corporation w.e.f. 04.05.2012 and ceased to be a Director on the Board of the Corporation w.e.f. 11.01.2013.

Shri Debabrata Sarkar, Chairman and Managing Director of Union Bank of India was appointed as a Director on the Board of the Corporation w.e.f. 21.05.2012.

Shri Sushobhan Sarker, Managing Director, Life Insurance Corporation of India was appointed as a Director on the Board of the Corporation w.e.f. 01.10.2012.

Shri N.S.R. Chandraprasad, Chairman, GIPSA and Chairman-cum-Managing Director, National Insurance Co. Ltd. was appointed as a Director on the Board of the Corporation w.e.f. 01.10.2012.

Shri Doulat Raj Mohnot, Chartered Accountant was appointed as a Director on the Board of the Corporation w.e.f. 04.01.2013.

Smt. Snehlata Shrivastava, Additional Secretary, Ministry of Finance, was appointed as a Director on the Board of the Corporation w.e.f. 11.01.2013.

Shri S. Yugandhara Rao, General Manager, General Insurance Corporation of India was appointed as a Director on the Board of the Corporation w.e.f. 11.03.2013.

Shri G. Srinivasan, Chairman, GIPSA and Chairman-cum-Managing Director, United India Insurance Co. Ltd. ceased to be a Director on the Board of the Corporation w.e.f. 07.08.2012.

Shri S.B. Mathur, Secretary General, Life Insurance Council of India, ceased to be a Director on the Board of the Corporation w.e.f. 31.08.2012..

The Directors wish to place on record the co-operation received from Shri G. Srinivasan, Shri S.B. Mathur and Shri Sunil Soni during their tenure as Directors on the Board and also for their valuable contribution to the cause of the General Insurance Industry.

The Board of Directors as on 31st March 2013 consists of:

| | |
|----------------------------|--------------------------------|
| Shri A.K. Roy | Chairman-cum-Managing Director |
| Smt. Snehlata Shrivastava | Government Nominee |
| Shri Debabrata Sarkar | Director |
| Shri Sushobhan Sarker | Director |
| Shri N.S.R. Chandraprasad | Director |
| Shri Bimalendu Chakrabarti | Director |
| Shri Sanjiv Kapoor | Director |
| Dr. Sunil Gupta | Director |
| Shri Doulat Raj Mohnot | Director |
| Shri S. Yugandhara Rao | Director & General Manager |

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 2012 TO MARCH 2013

| Names of Directors | Dates of Meetings | | | | | |
|--|-------------------|----------------|------------|--------------|---------------|--------------|
| | 01.06.2012 | 20.08.2012 | 15.09.2012 | 23.11.2012 | 11.01.2013 | 22.02.2013 |
| Functional or Executive Directors | | | | | | |
| Shri A.K. Roy | Present | Present | Present | Present | Present | Present |
| Shri S. Yugandhara Rao (*) | | | | | | |
| Government Directors | | | | | | |
| Shri Sunil Soni | Present | Present | Present | Absent | Absent (**) | |
| Smt. Snehlata Shrivastava | | | | | | Absent (***) |
| Non-Executive Directors | | | | | | |
| Shri S.B. Mathur | Absent | Present (****) | | | | |
| Shri G. Srinivasan | Present (*****) | | | | | |
| Shri D. Sarkar | Present (#) | Present | Absent | Absent | Present | Absent |
| Shri Sushobhan Sarker | | | | Present (##) | Present | Present |
| Shri N.S.R. Chandraprasad | | | | Present (##) | Present | Absent |
| Shri Bimalendu Chakrabarti | Present | Present | Absent | Present | Present | Absent |
| Shri Sanjiv Kapoor | Absent | Present | Present | Present | Absent | Present |
| Dr. Sunil Gupta | Present | Absent | Present | Present | Present | Present |
| Shri D.R. Mohnot | | | | | Present (###) | Present |

(*)Appointed as Director w.e.f. 11.03.2013 (**)Ceased as Director w.e.f. 11.01.2013 (***) Appointed as Director w.e.f. 11.1.2013 (****) Ceased as Director w.e.f. 31.08.2012 (*****) Ceased as Director w.e.f. 07.08.2012 (#) Appointed as Director w.e.f. 21.05.2012 (##) Appointed as Director w.e.f. 01.10.2012 (###) Appointed as Director w.e.f. 04.01.2013

COMMITTEES OF THE BOARD

General Insurance Corporation of India has the following Board level Committees, viz. Audit Committee, Investment Committee, Remuneration Committee, ERM Committee and Ethics Committee.

AUDIT COMMITTEE

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

- The Audit Committee oversees the financial statements, financial reporting, statement of cash flow 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, reviews 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 were the Members of the Audit Committee for the financial year 2012-13.

- Shri Sunil Soni w.e.f. 04.05.2012 up to 11.01.2013
- Smt. Snehlata Shrivastava w.e.f. 22.01.2013
- Shri S.B. Mathur up to 31.08.2012
- Shri Sushobhan Sarker w.e.f. 05.11.2012
- Shri B. Chakrabarti
- Shri Sanjiv Kapoor
- Dr Sunil Gupta
- Shri Doulat Raj Mohnot w.e.f. 22.01.2013.

**STATEMENT SHOWING NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED BY
THE MEMBERS DURING THE PERIOD APRIL 2012 TO MARCH 2013**

| Names of Members | Dates of Meetings | | | | | |
|---------------------------|-------------------|------------|--------------|---------------|------------|------------|
| | 18.05.2012 | 31.05.2012 | 20.08.2012 | 23.11.2012 | 11.01.2013 | 22.02.2013 |
| Shri Sunil Soni | Present | Present | Present | Absent | Absent(*) | |
| Smt. Snehlata Shrivastava | | | | | | Absent(**) |
| Shri S.B. Mathur | Present | Absent | Present(***) | | | |
| Shri Sushobhan Sarker | | | | Present(****) | Present | Present |
| Shri B. Chakrabarti | Present | Present | Present | Present | Present | Absent |
| Shri Sanjiv Kapoor | Present | Absent | Present | Present | Absent | Present |
| Dr. Sunil Gupta | Present | Absent | Absent | Present | Present | Present |
| Shri Doulat Raj Mohnot | | | | | | Present(#) |

(*) Ceased w.e.f. 11.01.2013 (**) Appointed w.e.f. 22.1.2013 (***) Ceased w.e.f. 31.08.2012

(****) Appointed as member w.e.f. 05.11.2012 (#) Appointed as member w.e.f. 22.01.2013

INVESTMENT COMMITTEE

GIC Re has an Investment Committee consisting of the CMD, 3 non-executive Directors, CIO, CFO and appointed Actuary.

- The Committee lays down annual investment policy and provides oversight to investment operations of the Corporation.
- The policy focuses on a prudential Asset Liability Management (ALM) supported by robust internal control systems. The investment policy and operational framework inter alia, encompass aspects concerning liquidity for smooth operations, compliance with prudential regulatory norms on investments, risk management/mitigation strategies to ensure commensurate yield on investments and above all, protection of policyholders' funds.

- The Committee is responsible for a periodic review of the Investment policy based on the performance of investments and the evaluation of dynamic market conditions.

The members of the Investment committee of the Board for the financial year 2012-13 were:

1. Shri A.K. Roy
2. Shri Sunil Soni (upto 11.01.2013)
3. Smt. Snehlata Shrivastava (w.e.f. 22.01.2013)
4. Shri S.B. Mathur (upto 31.08.2012)
5. Shri G. Srinivasan (upto 07.08.2012)
6. Shri Sushobhan Sarker (w.e.f. 05.11.2012)
7. Shri N.S.R. Chandraprasad (w.e.f. 05.11.2012)
8. Shri B. Chakrabarti
9. Shri A.K. Garg
10. Shri A.K. Mittal - CFO (upto 01.11.2012)
11. Shri N. Mohan - CIO
12. Shri S. Yugandhara Rao - CFO (w.e.f. 01.11.2012)

**STATEMENT SHOWING NUMBER OF INVESTMENT COMMITTEE MEETINGS
ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2012 TO MARCH 2013**

| Names of Members | Dates of Meetings | | | |
|---------------------------|-------------------|---------------|--------------|------------|
| | 01.06.2012 | 20.08.2012 | 23.11.2012 | 11.01.2013 |
| Shri A.K. Roy | Present | Present | Present | Present |
| Shri Sunil Soni | Present | Present | Absent | Absent |
| Smt. Snehlata Shrivastava | | | | |
| Shri S.B. Mathur | Absent | Present(*) | | |
| Shri G. Srinivasan | Present(**) | | | |
| Shri Sushobhan Sarker | | | Present(***) | Absent |
| Shri N.S.R. Chandraprasad | | | Present(***) | Present |
| Shri B. Chakrabarti | Present | Present | Present | Present |
| Shri A.K. Garg | Absent | Present | Present | Present |
| Shri A.K. Mittal | Present | Present(****) | | |
| Shri N. Mohan | Present | Present | Present | Absent |
| Shri S. Yugandhara Rao | | | Present(***) | Present |

(*) Ceased w.e.f. 31.08.2012 (**) Ceased w.e.f. 07.08.2012

(****) Appointed as member w.e.f. 05.11.2012 (****) Ceased w.e.f. 01.11.2012

CORPORATE GOVERNANCE**REMUNERATION COMMITTEE**

The Corporation has a Remuneration Committee of the Board of Directors with the following Members for the financial year 2012-13:

Shri Sunil Soni (w.e.f. 04.05.2012 upto 11.01.2013)

Smt. Snehlata Shrivastava (w.e.f. 22.02.2013)

Shri Sushobhan Sarker (w.e.f. 05.11.2012)

Shri S.B. Mathur (upto 31.08.2012)

Dr. Sunil Gupta

**STATEMENT SHOWING NUMBER OF REMUNERATION MEETINGS
ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2012 TO MARCH 2013**

| Names of Members | Dates of Meetings |
|-----------------------|-------------------|
| | 11.01.2013 |
| Shri Sunil Soni | Absent |
| Shri Sushobhan Sarker | Present |
| Dr. Sunil Gupta | Present |

ENTERPRISE RISK MANAGEMENT COMMITTEE

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

- The Committee 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-wise and aggregated view on the risk profile of the insurer in addition to the solo and individual risk profile;
- Report to the Board details on the risk exposures and the actions taken to manage the exposures;
- Advise the Board with regard to risk management; decisions in relation to strategic and operational matters such as corporate strategy, mergers and acquisitions and related matters.

The Corporation Enterprise Risk Management

Committee of the Board consists of the following members for the financial year 2012-13.

- Shri A.K. Roy
- Shri Sunil Soni (upto 11.01.2013)
- Smt. Snehlata Shrivastava (w.e.f. 22.01.2013)
- Shri S.B. Mathur (upto 31.08.2012)
- Shri B. Chakrabarti
- Shri Sushobhan Sarker (w.e.f. 05.11.2012)
- Shri N.S.R. Chandraprasad (w.e.f. 05.11.2012)

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

Shri R. Raghavan, General Manager
(upto 22.05.2012)

Shri S Yugandhara Rao, Director & General Manager
(w.e.f. 9.1.2013)

Shri Sujay Banarji, General Manager

Shri P.K. Bhagat, General Manager (upto 9.1.2013)

Shri N Mohan, General Manager (w.e.f. 9.1.2013)

Shri R. Sundaram, Deputy General Manager –
Chief Risk Officer

**STATEMENT SHOWING NUMBER OF ENTERPRISE RISK MANAGEMENT
COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD
APRIL 2012 TO MARCH 2013**

| Names of Members | Dates of Meetings | | | |
|---------------------------|-------------------|-------------|---------------|-------------|
| | 18.05.2012 | 31.05.2012 | 20.12.2012 | 26.03.2013 |
| Shri A.K. Roy | Present | Present | Present | Present |
| Shri Sunil Soni | Present | Present | Absent (*) | |
| Smt. Snehlata Shrivastava | | | | Present(**) |
| Shri S.B. Mathur | Present | Absent(***) | | |
| Shri Sushobhan Sarker | | | Present(****) | Absent |
| Shri N.S.R. Chandraprasad | | | Present(****) | Absent |
| Shri B. Chakrabarti | Present | Present | Present | Present |

(*) Ceased w.e.f. 11.01.2013 (**) Appointed w.e.f. 22.01.2013 (***) Ceased w.e.f. 31.08.2012 (****) Appointed as member w.e.f. 05.11.2012

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 2012-13 were:

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

The members of the Ethics Committee (Management) are:

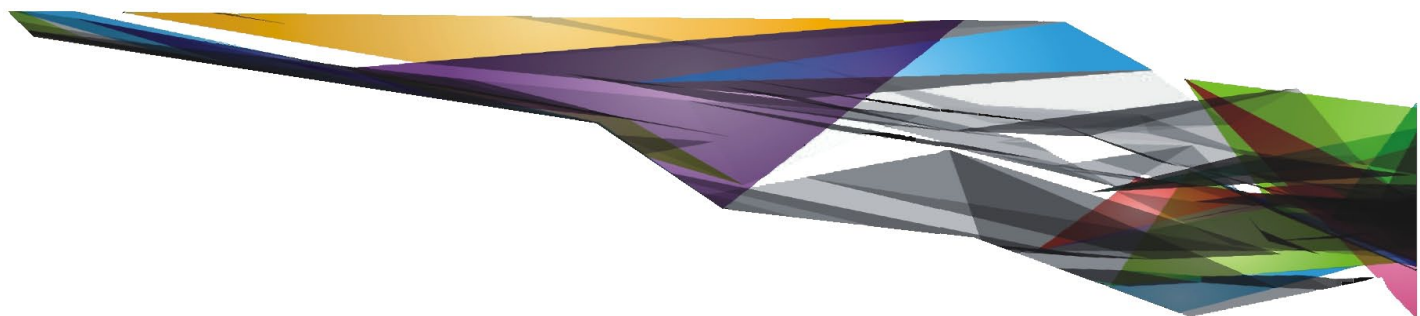
Shri N. Mohan , General Manager
Shri Y. Ramulu, Deputy General Manager
Smt. Suchita Gupta, Assistant General Manager

CERTIFICATE OF COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES

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

Suchita Gupta
Assistant General Manager & Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS REPORT



ECONOMIC ENVIRONMENT

Fiscal 2012-13 was one of low growth rate for the Indian economy. The country achieved a growth of 5 per cent during 2012-13 while during 2011-12 it was a much healthier 6.2 per cent. The overall macro-economic climate showed a downward trend.

This slowdown was mainly because of the weak growth rate of the Indian industry which registered just 1 percent growth during 2012-13. Agriculture and Services sector too experienced a slowdown.

Apart from the moderation in the GDP growth, high inflation, fiscal deficit and the widening current deficit account were also major concerns for the Indian economy during 2012-13.

Globally, however, there was softening of commodity prices and improvement in the economic conditions of the developed countries. The overall global financial market conditions improved in the latter half of the fiscal 2012-13 due to monetary stimulus and liquidity support.

On the whole, the economic scenario, both globally and nationally, is pretty challenging with the regulatory and prudential obligations becoming more stringent for us. At most times, the economy operates under constraints over which it has little control and also the external environment which is highly volatile and uncertain. For any economy there are multifarious challenges that emerge both from domestic and global factors and India is no exception to that.



INDIAN INSURANCE SECTOR DEVELOPMENTS

The Indian insurance industry too is no exception and during 2012-13 was impacted by the overall global and domestic economic environment. The problem of low insurance penetration has also been a major concern, like in the previous years. However, 2012-13 did see a turnaround for the better in the fortunes of the Indian insurance industry. It maintained its trend of registering a double digit growth despite slowdown in new business premium collection by the life insurance sector. Also, the overall profitability of the sector did show an upward trend.

Bancassurance has been a major driver of growth for the Insurance Industry. The commercial third party motor pool was dismantled from April 2012 and a declined risk pool has been put in place. This has led to reduction in losses for general Insurers on account of motor portfolio losses. Now with an increase in premiums, it is expected that these losses will be brought down further and profitability of the sector will improve.

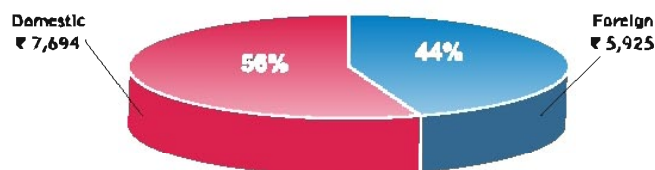
The overall Indian insurance scenario, despite the all-round tough operating environment, was able to put up a improved performance, during 2012-13.

INTERNATIONAL AND DOMESTIC BUSINESS COMPOSITION

GIC Re Business Composition 2012-13



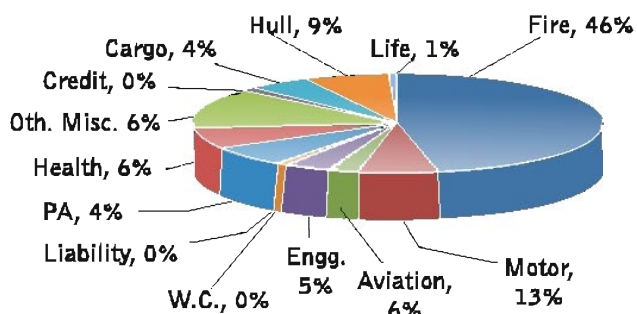
GIC Re Business Composition 2011-12



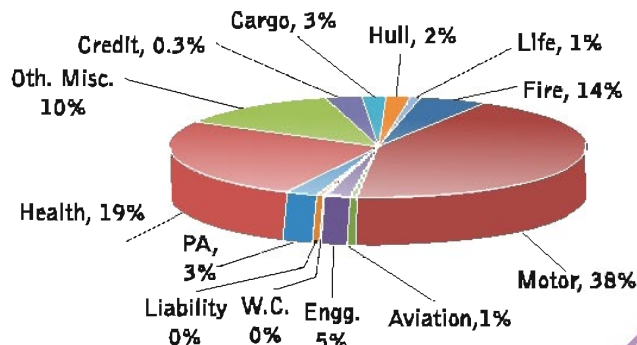
■ Domestic ■ Foreign

NET PREMIUM BREAK-UP

Indian Classwise Premium - 2012-13



Foreign Classwise Net Premium - 2012-13



GIC'S BUSINESS PERFORMANCE

During 2012-13 the Corporation registered a growth rate of 10.8 %. The Corporation's gross premium Income during the year 2012-13 was ₹ 15086 crore and the Income, during the year, from Investments, was registered at ₹ 2886.67 crore. Underwriting results show an overall loss of ₹ 370.78 crore in 2012-13 compared to an underwriting loss of ₹ 4971 crore in the previous year. The ratio of total business expenses to the earned Premium i.e. Combined Ratio stood at 104.1%. The Solvency margin of the Corporation as on 31st March 2013 was 2.39.

CLASSWISE PERFORMANCE

FIRE:

Fire Business recorded a growth of 9%. The earned premium for the year was ₹ 3441.27 crore as compared to ₹ 3157.63 crore in the previous year.

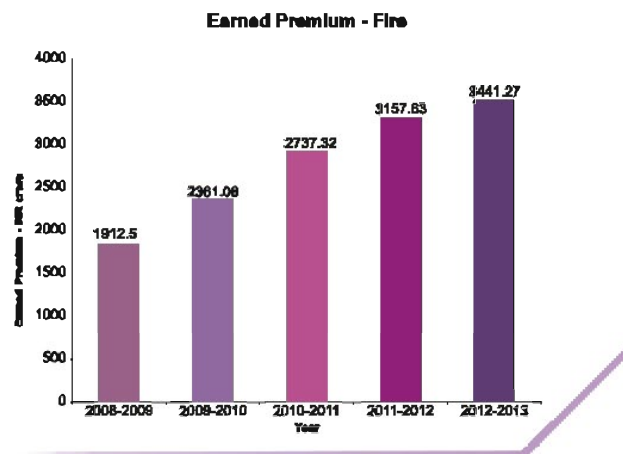
GIC Re's domestic premium grew by 3.16% (₹ 1011 crore from ₹ 980 crore). The commission levels under Company Surplus treaties were linked with performance. The commission as a percentage to earned premium for the fire portfolio stands at 16.9% as compared to 15.4% of the expiring year.

GIC Re's foreign inward business grew by 11.57% (₹ 2430 crore from ₹ 2178 crore). The growth was due to the contribution made by HO and the three foreign branches giving GIC Re's property book a global spread.

Incurred claims stood at ₹ 3006 crore. The major single loss during the year from the domestic market affecting the books of GIC Re on net basis was Hitachi Home and Life Solutions Ltd. which occurred on 19th July 2012. There was no major catastrophe loss in the domestic market.

On the global side, no major catastrophes were reported in the first half of 2012-13. However, the second half witnessed Super Storm Sandy in USA in October - November 2012.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

**MARINE HULL**

The Marine Hull business of GIC Re has shown stagnant premium income this year, in line with the premium income of the previous year. The stagnant premium income of this year can be attributed to cautious approach of GIC Re while underwriting both domestic and foreign hull business. However, the class has shown marked improvement along with other line of businesses by making a handsome revenue profit of ₹ 489.66 Crore, including Oil and Energy. The result for the year 2012-13 has been positive for the insurers and reinsurers worldwide with attractive profits reflected in their balance sheets. The net UW profit of the portfolio this year is on account of the selective and quality underwriting, moving out from loss making proportional treaties to non-proportional XOL treaties. This has been reflected in the incurred loss figures of this year, which stands at 31.90% against last year's ICR of 169%.

The stagnant premium volume was maintained despite the increased capacity of domestic players, competitive pricing and moderate economic recession and a soft Reinsurance market last year. The corrective measures to improve the rates and deductibles in the domestic market are continued and are implemented during this year. Other corrective measures include imposing loss corridor/loss participation clause in loss making treaties in both, the domestic & foreign sector and in the worst case scenario withdrawing treaty support completely.

No major loss has been reported during the last financial

year. The small loss figures are coming from attritional losses and from proportional/non-proportional treaty arrangements. In view of this, the portfolio has shown an underwriting profit of ₹ 339 Crore which is 50.20% of earned premium (EP), with a combined ratio of 49.80% as against the combined ratio of 198% during the same period, last financial year.

GIC Re of India continues to administer the Govt. of India Hull War risk scheme for Indian Flag, Owned or registered Vessels as also the Marine Hull pool. The ship owners continue to prefer the Institute of London War Risk Scheme which, though restrictive in coverage, is cheaper than the GOI War Risk Scheme. GIC Re is taking steps to match the rates and terms to support the Indian hull market. The incidence of Piracy & abduction in the Arabian ocean and Gulf of Aden has substantially reduced in the Indian Ocean and Arabian Ocean. GIC Re, with the help of other Government agencies, is trying to impress upon the Joint Hull committee, London, to remove the above notified areas from the excluded zone.

MARINE CARGO

Domestic Cargo business has seen a de-growth of 6%. This is mainly on account of shifting companies from loss making proportional treaties to non-proportional XOL treaties. The strategy has paid dividends in that the results for the class have improved significantly. Incurred claim ratio has come down from 186% in 2011-12 to 45% in 2012/13. The other reason for the de-growth is the general down trend in trade and economy. Project cargo shipments have almost come to a stop in view of the lack of infrastructural activity.

Foreign cargo premiums have also seen a de-growth in view of GIC Re coming out or reducing shares on consistently loss making treaties, and on treaties of reinsurance companies which produce an accumulation exposure. Also, GIC Re have withdrawn from treaties where premiums are long outstanding.

The Russian and certain European treaties require S&P rated securities on their treaties. Consequently

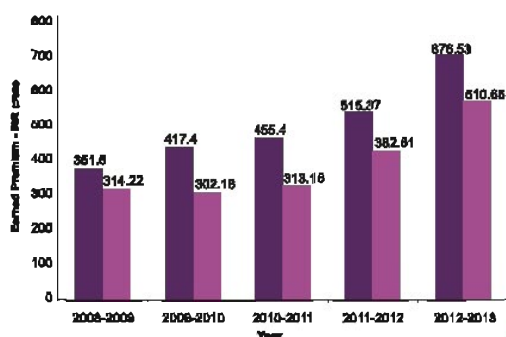
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GIC Re has not been giving signings on some of the treaties for the renewal.

The steps taken by GIC Re to improve the foreign portfolio resulted in significant improvement in the loss ratio from 167% in 2011-12 to 55% in 2012-13.

Major cargo global loss event has been the Super Storm Sandy off the USA coast. GIC Re's share of loss arising through various treaties was about USD 5 million. No significant individual loss was reported during the year. The outlook for 2013/14 for cargo appears positive.

Earned Premium - Marine



MARINE HULL

MARINE CARGO

OIL AND ENERGY

GIC Re's off-shore oil & energy business continues to show a steady growth with profitability. The aim is to develop the portfolio adopting a cautious underwriting approach.

70% of premiums come from foreign business which reflects GIC Re's position as a recognised energy reinsurance provider.

Offshore energy premium accounted for 2012/13 is about USD 36 mln as compared to USD 40 million in 2011/13. The lower premium is on account of bringing down GIC Re's exposure on inward retro treaties which overlap with GIC Re's portfolio.

There has been one major loss pertaining to ONGC – well going out of control (31.8.2012). The well has

since been brought under control. GIC Re's share of loss through various reinsurances is USD 15,000,000. Our share of net retained loss after recovery from the protection programme will be about USD 5 million.

The business has a good growth potential both in the domestic market and overseas and remains a prime area of focus for GIC Re.

OTHER MISCELLANEOUS

GIC Re's Other Miscellaneous business, including Agriculture and PA but excluding Motor Portfolio, continues to show a healthy growth year on year both in domestic and international business.

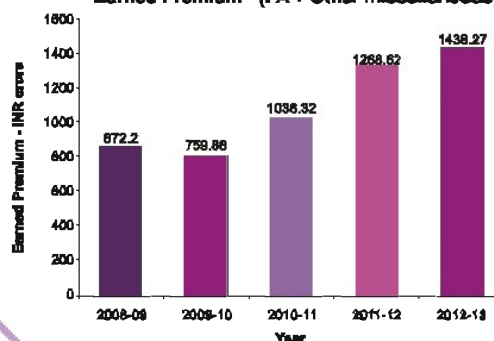
Other Miscellaneous portfolio has been showing constant growth in terms of Earned premium both in domestic as well as foreign business with an improved growth of 13.37% for 2012-13 over 2011-12.

The Earned premium for 2012-13 is ₹ 1438.27 crore, whereas for 2011-12 the figure was ₹ 1268.62 crore. Gross written premium for 2012-13 is ₹ 1657.89 crore as against ₹ 1435.20 crore for 2011-12.

Incurred claims stood at ₹ 1176.02 crore for 2012-13 (It was ₹ 1336.05 crore for 2011-12. Reduction of 11.98%). No significant losses were reported during the year.

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

Earned Premium - (PA + Other miscellaneous)

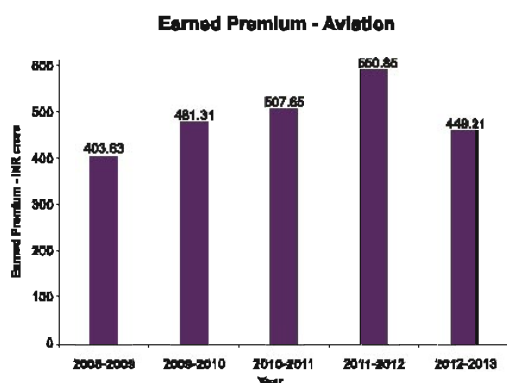


AVIATION

In the absence of major claims for the airline segment during calendar years 2011 and 2012, the market continued its softening rating trend and the same is expected to continue in 2013. Premium for Hull and Liability insurance fell about 11 percent to \$1.6 billion in Calendar 2012, while fleet value grew by an average of 5 per cent and passenger numbers by 4 per cent.

Gross Premium during 2012-13 at ₹ 444.32 crore as against ₹ 620.63 crore registered a de-growth of 28.40% over the previous year. Net Premium for the year was ₹ 339.76 crore as compared to ₹ 550.73 crore, showing decrease of 38.30%. Earned Premium for the year was ₹ 449.21 crore as compared to ₹ 550.85 crore for 2011-12, registering a decrease of 18.45%.

The total incurred claims for 2012-13 were ₹ 528.18 crore. The top 5 losses during the year were AI Nippon Airways, Sukhoi Civil Aircraft Company, Mombasa Air Safari, Trans Maldivian Airways, and Omni Taxi.



LIABILITY

The Liability Lines of business – both Casualty and Financial remained stable with more or less flat

renewals. There was adequate capacity available in the global as well as domestic market. The only exceptions were Product Liability as well as Recall Liability for Pharmaceutical companies having global exposure.

Market continued to experience a growth in Liability business, both in terms of quantum of premium as well as the number of policies sold, despite it being at its competitive best. One of the main growth drivers in Liability premium was the increasing awareness of the Corporate sector of the Liability products and the understanding of the protection therein. This led to an increase in purchase of Liability policies.

The Indian Liability Insurance Market witnessed a growth of around 10% representing about 2% of the Total Gross Domestic Non-Life premium.

GIC Re's Gross Liability premium for the year was ₹ 145.80 crore. There were no major losses in the Liability portfolio. Overall, the market continued to be soft on almost all lines other than hazardous risks like Pharmaceuticals and Chemicals. The premia dropped by about 15-20% across various classes of business.

The penetration levels increased on products like D&O, which is the fastest growing product. GIC Re continues to play an important role in providing need-based capacity to the Indian market.

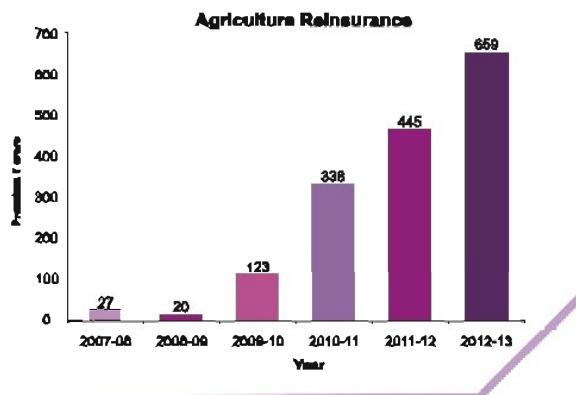
AGRICULTURE REINSURANCE

During the year, GIC Re continued its impressive strides in the field of Agriculture Reinsurance by providing support for yield-index and weather-index insurance schemes for crops, both in the domestic and overseas markets.

The total Reinsurance premium increased from ₹ 445.24 crore in 2011-12 to ₹ 658.63 crore in 2012-13, registering a growth rate of 47.93% with loss ratio of 47.45%. Out of total agriculture reinsurance premium, about 70% is contributed by

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

the Indian market while 30% is from overseas, predominantly in Asia.



HEALTH

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

GIC Re's Gross Written premium and Earned Premium during the Financial Year 2012-13 were ₹ 1717.67 crore and ₹ 1545.26 crore respectively.

Incurred claims for 2012-13 were ₹ 1798.50 crore whereas for 2011-12, it was ₹ 1842.45 crore, the reduction being 2.39%.

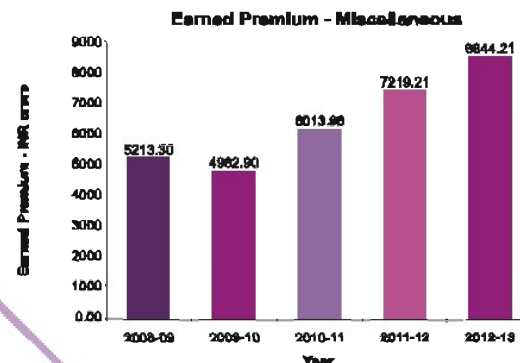
MOTOR

The Gross Motor premium of ₹ 4,198.79 crore for the year ending 2012-13 showed a growth rate of 41%, as compared to ₹ 2,971.33 crore as in 2011-12. The earned premium of ₹ 3,595.65 crore for the year ending 2012 - 13 showed a growth rate of 37.43%, as compared to ₹ 2,616.31 crore as in 2011-12. Domestic business accounts for 81.38% of GIC Re's motor portfolio which includes obligatory cession.

Incurred claims decreased from ₹ 3,114 crore to ₹ 2,790 crore as compared to previous year.

With the winding up of the Indian Motor Third Party

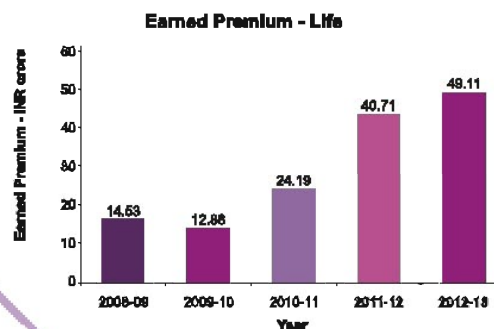
Liability Pool with effect from 1.4.2012 and formation of the Declined Pool, the third party liability of commercial vehicles is now being covered under the respective companies Motor Non-Proportional programme protecting their net retention.



LIFE REINSURANCE

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

Net Premium of the Corporation increased to ₹ 78.60 crore from ₹ 47.07 crore in the previous year, a growth of 65.87%. Earned premium increased to ₹ 49.11 crore from ₹ 40.71 crore in the previous year. Operating profit decreased to ₹ 2.16 crore from ₹ 22.94 crore.



TERRORISM INSURANCE POOL

GIC Re continues to successfully administer the Indian Market Terrorism Insurance Pool since its inception in 2002. All non-life Insurance companies in India are members of the Pool apart from GIC Re. GIC Re contributes capacity to the Pool and participates as a reinsurer on the Pool's excess of loss reinsurance protection.

The Pool is applicable to Insurance of terrorism risk covered under property Insurance policies. The Pool provides a cover limit of INR 10,000 million per

location for terrorism risk. Premium rates and terms of cover under the Pool arrangement are decided by the Pool Underwriting Committee.

The underwriting results of the Pool have been favourable, except for one major event loss arising from the terrorist attack in Mumbai in November 2008, which was successfully settled by the Pool. No major losses were reported to the Pool during 2012-13. For 2012-13, the total premium to the Pool was ₹ 482.53 crore, while the claim paid by the Pool was ₹ 6.73 crore.

SEGMENTWISE CLAIMS EXPERIENCE

(₹ in crore)

| | | INDIAN | | | FOREIGN | | |
|-------------|---------|----------------|-----------------|-----------------------|----------------|-----------------|-----------------------|
| | | Earned Premium | Incurred Claims | Incurred Claims Ratio | Earned Premium | Incurred Claims | Incurred Claims Ratio |
| Fire | 2012-13 | 1010.87 | 695.53 | 69% | 2430.40 | 2310.82 | 95% |
| Fire | 2011-12 | 979.96 | 799.01 | 82% | 2177.67 | 4431.33 | 203% |
| Engineering | 2012-13 | 405.37 | 221.48 | 55% | 278.70 | 227.70 | 82% |
| Engineering | 2011-12 | 422.47 | 307.90 | 73% | 268.55 | 200.81 | 75% |
| Marine | 2012-13 | 440.38 | 196.55 | 45% | 746.80 | 410.76 | 55% |
| Marine | 2011-12 | 387.31 | 411.10 | 106% | 510.71 | 853.12 | 167% |
| Misc. Other | 2012-13 | 2951.45 | 2761.24 | 94% | 963.83 | 751.45 | 78% |
| Misc. Other | 2011-12 | 2612.61 | 2036.89 | 78% | 748.42 | 1291.7 | 173% |
| Life | 2012-13 | 28.14 | 23.55 | 84% | 20.98 | 24.39 | 116% |
| Life | 2011-12 | 12.79 | 8.59 | 67% | 27.93 | 8.96 | 32% |
| Aviation | 2012-13 | 51.96 | 18.11 | 35% | 397.25 | 510.06 | 128% |
| Aviation | 2011-12 | 59.62 | 44.99 | 75% | 491.23 | 477.44 | 97% |
| Motor | 2012-13 | 2921.18 | 2184.56 | 75% | 674.47 | 606.12 | 90% |
| Motor | 2011-12 | 2183.68 | 2705.48 | 124% | 432.64 | 408.95 | 95% |
| | 2012-13 | 7809.36 | 6101.02 | 78% | 5512.43 | 4841.32 | 88% |
| | 2011-12 | 6658.48 | 6314.10 | 95% | 4657.23 | 7672.3 | 165% |

CREDIT RATING

International rating agency AM Best maintained the Corporation's rating at "A" - (Excellent). The rating reflects excellent risk adjusted capitalization and leading business position in the Indian market with the offsetting factor being reliance on investment income from portfolios highly concentrated in the Indian equity market.

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

INVESTMENT

Global financial market conditions have improved marginally since the Reserve Bank's Third Quarter Review (TQR) of January 2013, but global economic activity has weakened. On the domestic front too, growth has decelerated significantly, even as inflation remains at a level which is not conducive for sustained economic growth. Although there has been notable softening of non-food manufactured products inflation, food inflation remains high, driving a wedge between wholesale price and consumer price inflation, and is worsening the challenge for monetary management in anchoring inflationary expectations.

India's GDP growth in Q3 of 2012-13, at 4.5 per cent, was the weakest in the last 15 quarters. What is worrisome is that the services sector growth, hitherto the mainstay of overall growth, has also decelerated to its slowest pace in a decade.

Money supply and bank credit growth have broadly moved in alignment with their revised indicative trajectories. The reduction in the cash reserve ratio (CRR) of banks by 25 basis points, effective from February 9th and open market purchases of ₹ 200 billion since February have enabled money market rates to remain anchored to the policy repo rate. The Reserve Bank will continue to actively manage liquidity

through various instruments, including open market operations (OMO), so as to ensure adequate flow of credit to productive sectors of the economy.

The Union Budget for 2013-14 has made a firm commitment to fiscal consolidation. According to the revised budget estimates for 2012-13, the gross fiscal deficit (GFD)-GDP ratio, at 5.2 per cent, was contained around its budgeted level, mainly by scaling down plan and capital expenditures. The GFD-GDP ratio is programmed to decline to 4.8 per cent in 2013-14 and further down to 3.0 per cent by 2016-17, in line with the revised road map for fiscal consolidation.

Although capital inflows, mainly in the form of portfolio investment and debt flows, provided adequate financing, the growing vulnerability of the external sector to abrupt shifts in sentiment remains a key concern.

Key to strengthening growth is accelerating investment. Government has consistently played a critical role in this regard by remaining committed to fiscal consolidation, easing the supply bottlenecks and improving governance surrounding project implementation. Resilient commodity prices and weakening INR has kept headline inflation at a higher level. Monetary policy is expected to remain biased towards inflation management.

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

The investment portfolio of the Corporation stood at ₹ 26,132.04 crore as against ₹ 22,165.74 crore, showing an increase of ₹ 3,966.30 crore, representing a growth of 17.89% over the previous year. Income from investments stood at ₹ 2,886.67 crore (previous year ₹ 2,175.41cr.) with a mean yield on funds at 11.95%

(previous year 10.37%). The net non-performing assets percentage was at 0.36%.

GIC RE'S REINSURANCE PROGRAMME

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

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

FUTURE OUTLOOK

The outlook for 2013-14 is expected to be better than the previous one. Reserve Bank of India has projected a GDP growth of 5.7 per cent in 2013-14. Agriculture output too is expected to be better on account of the forecast of a normal monsoon during this season. The prospects of a pickup in the Indian export scene too have shown a rising trend. The industrial and services sector too are expected to put up a better performance due to the various economic reforms initiated by the Government during the latter half of the fiscal 2012-13.

Globally too the picture is expected to be much better and sharper compared to the previous year. The new momentum has been catalysed by the easing of the financial and monetary conditions. International Monetary Fund forecasts that during 2013 the world output growth would be 3.25 per cent.

The Indian Insurance industry expects the growth momentum to continue, however, it also anticipates some challenges in the fiscal 2013-14. According to industry pundits, the year 2013-14 will continue to

be a tough year for the industry and the industry will need to look at the bottom line too and give up its tendency to build the top-line at any cost.

The Union Budget for 2013-14 has set the tone for the coming years for the Indian insurance industry by providing for a branch of a public sector general insurance company and also one of LIC of India in every town with a population of 10,000 or more. The industry needs to look at the future that holds a hope. It gives an opportunity to develop India into one of the fastest growing financial services markets globally. Of course it also achieves the goal of financial inclusion for all.

MANAGEMENT REPORT

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

1. Confirms that the Registration No. 112 granted by the Authority continues to be valid.
2. Certifies that all the dues payable to the statutory authorities have been duly paid.
3. Confirms that the shareholding pattern as well as transfer of shares during the year is in accordance with the statutory or regulatory requirements.
4. Declares that the funds of the holders of policies in India are not directly or indirectly invested outside India.
5. Confirms that the required solvency margins have been maintained.
6. Certifies that the values of all the assets of the Corporation, including that of Terrorism Insurance Pool business for which GIC Re is acting as Manager, have been reviewed on the date of the Balance Sheet and that in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings – "Loans", "Investments", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Cash" and the several items specified under "Other Accounts".
7. Confirms that the Corporation's risk exposure consists of: a) Obligatory and Additional Quota Share Cessions; b) Facultative support given to Indian Insurance companies; c) The Corporation's share in Indian Insurance companies through First/Second Surplus Treaties and Excess of Loss programme; d) The Corporation's share in Market Surplus Treaties and e) Foreign Inward business accepted. The exposures are adequately protected by the Corporation's reinsurance programme for 2012-13.
8. The Corporation's overall top ten risk exposure is in the following countries:

United Arab Emirates, Saudi Arabia, Israel, Egypt, Oman, Taiwan, Kuwait, Indonesia, South Korea and Turkey.

For the above countries, catastrophic protection beyond the Corporation's authorized retentions have been purchased up to a limit of USD 70/100/125 Mln as applicable. Egypt is not considered to be a catastrophic prone territory and the exposures written have been covered for a limit of USD 10 Mln vs USD 10 Mln under the Risk-cum-Cat XL cover. The Corporation has a Reinsurance Protection Policy in place duly approved by the Board.
9. Certifies that the Corporation does not operate directly in any other country. It has its representative office at Moscow and branch Offices at Kuala Lumpur, Dubai and London.
10. The Corporation being a reinsurance company does not settle claims directly to the insured, except in the case of run off liabilities in the Aviation department. The portion of the claims recoverable under the reinsurance obligations of the Corporation are settled with the reinsured through periodical accounts statements. The position of outstanding claims under the categories of Indian, Foreign Inward and Aviation Business are as disclosed in Note No. 9.6 of the Disclosures forming part of Financial Statements.
11. 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. 7.
12. Declares that the review of asset quality and performance is as mentioned below for Loans and Investments:

LOANS

Loan Assets (including loans to employees as on 31.3.2013 stood at ₹462.91 crore compared to ₹499.19 crore in the previous year. Out of the total loan amount of ₹462.91 crore, ₹456.05 crore are either secured or

guaranteed by the Government bodies representing 98.52 % and the balance ₹ 6.86 crore are unsecured. Interest Income from loans amounted to ₹ 44.58 crore. Standard performing assets account for ₹ 377.78 crore and the net non performing assets is ₹ 10.22 crore after making provision of ₹ 74.92 crore.

INVESTMENTS

The book value of the Investment (including deposits) as on 31.3.2013 has increased to ₹ 25,671.42 crore from ₹ 21,669.21 crore. The realizable value of Investments is at ₹ 43,247.46 crore as on 31.3.2013, showing an appreciation of 68.47 % over book cost. Income from Investment, including Profit on Sale, amounted to ₹ 2842.02 crore as against ₹ 2,050.66 crore in the previous year. Of the total investment of ₹ 25,671.42 crore, ₹ 8,766.30 crore are invested in Government Securities and State guaranteed Bonds. Book Value of equity shares is at ₹ 6,506.32 crore and market value stood at ₹ 24,082.36 crore, showing an appreciation of ₹ 17,576.04 crore (270.13%)

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

13. Confirms that:

- i. In the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures.
- ii. The management has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit and net profit of the company for the year.
- iii. Proper and sufficient care for the maintenance of adequate accounting records in accordance

with the applicable provisions of the Insurance Act, 1938/Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.

- iv. The financial statements are prepared on a going concern basis.
- v. The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.
14. Certifies that no payment has been made to individuals, firms, companies and organisations in which the Directors of the Corporation are interested.

For and on behalf of the Board of Directors

24th May 2013

A K Roy
Chairman-cum-Managing Director

COMMENTS OF THE COMPTROLLER**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF GENERAL INSURANCE CORPORATION OF INDIA FOR THE YEAR ENDED 31 MARCH, 2013.**

The preparation of financial statements of General Insurance Corporation of India for the year ended 31 March, 2013 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, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 24 May, 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of General Insurance Corporation of India for the year ended 31 March, 2013. 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 the Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

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

(Y. N. THAKARE)

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

Place: Mumbai

Dated: 18.06.2013

To
The Members of
General Insurance Corporation of India

1. Report on Financial Statements

We have audited the accompanying financial statements of General Insurance Corporation of India (the Corporation), which comprise the Balance sheet as at March 31, 2013, the Revenue Accounts of Fire, Miscellaneous, Marine and Life Insurance and the Profit and Loss Account and the Cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information, in which are incorporated the returns of three Foreign Branches audited by local auditors and one Foreign Representative Office certified by the local Auditor appointed by the Corporation.

2. Management's Responsibility for the Financial Statements

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

3. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

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

- a. of state of affairs of the corporation, in so far it relates to the Balance sheet as at 31st March, 2013;
- b. of surplus, in so far it relates to the revenue accounts of Fire, Miscellaneous, Marine and Life business for the financial year ended on March 31, 2013;

AUDITORS' REPORT

- c. of profit, in so far it relates to the profit and loss account for the financial year ended on March 31, 2013.
- d. of the cash flows, in so far it relates to the cash flow statement for the financial year ended on 31st March, 2013.

5. Reports on Other Legal & Regulatory Requirements

- a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and found them satisfactory.
- b. In our opinion, proper books of account as required by law have been maintained by the Corporation so far as it appears from our examination of those books.
- c. The reports of three foreign branches audited by other auditors and one representative office certified by other auditors had been forwarded to us and considered by us and were found adequate for the purpose of our audit.
- d. The Balance Sheet, Revenue Accounts, Profit and Loss Account and Cash Flow Statement which are dealt with by this report are in agreement with the books of account and returns.
- e. The Balance Sheet, The Revenue Accounts and the Profit and Loss Account have been drawn in accordance with the Insurance Act, 1938, the IRDA Act, 1999 read with Section 211 of the Companies Act, 1956 except for the Cash Flow Statement, **(Refer Note 17)** which is prepared under Indirect Method, whereas IRDA regulations require Cash Flow Statement to be prepared under direct method.
- f. The actuarial valuation of liabilities is duly certified by the appointed actuary including to the effect that the assumptions for such valuation are in accordance with the guidelines issued by the Institute of Actuaries

of India to its members and has been forwarded to IRDA.

- g. As per General Circular No. 8/2002 dated 22/3/2002 of the Department of Company Affairs, the Directors of the Government Companies are exempt from the applicability of the provisions of Section 274(1) (g) of the Companies Act, 1956.
- h. In our opinion, the Balance Sheet, Revenue Accounts, Profit & Loss Account and Cash Flow Statement comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable to the Corporation, and are also in conformity with the accounting principles as prescribed in the IRDA Regulations.
- i. Investments have been valued in accordance with the provisions of the Insurance Act, 1938 (4 of 1938) and IRDA (Auditor's report) Regulations, 2002.
- 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 IRDA (Auditor's report) Regulations, 2002 or any order or direction issued by the IRDA in this behalf.
- k. We have reviewed the management report and there is no apparent mistake or material inconsistencies with the financial statements.
- l. The Corporation has complied with the terms and conditions of the registration stipulated by the Authority (IRDA).
- m. We further certify that
- 1. 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 ₹ 1221 thousand as mentioned in Notes 1.1 (a) to the accounts.

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

For, Contractor, Nayak & Kishnadwala

Chartered Accountants

Firm Regn. No. 101961W

Hiren C. Shah

Partner

Membership No.100052

For, Manubhai and Co.

Chartered Accountants

Firm Regn. No. 106041W

Krishnakant Solanki

Partner

Membership No.110299

Place: Mumbai

Dated: May 24, 2013

Helping you get
BACK ON TRACK

GIC Re
40 *Glorious*
Years
1972-2012

- Total assets: US\$ 11 billion
- A- (Excellent) by A.M. Best Co.
- Net worth: US\$ 1.8 billion
- AAA (In) by CARE
- Ranks 15th among Top 40 Global Reinsurance Groups (Standard and Poor's Ranking for 2012)



आपत्काले रक्षियामि

GIC Re

General Insurance Corporation of India
Global Reinsurance Solutions

"Suraksha", 170, Janshedji Tata Road, Churchgate, Mumbai-400 020, India. e-mail: info@gicofindia.com

Branch Offices: Dubai, London, Malaysia, Representative Office: Moscow

www.gicofindia.com



GIC Re Your Reinsurance Partner

- ◆ Total assets: **US\$ 11 billion**
- ◆ Net worth: **US\$ 1.8 billion**
- ◆ Rated **AAA (In)** by CARE for Claims Paying Ability
- ◆ Rated **A- (Excellent)** by A.M. Best Co. for Financial Strength
- ◆ Ranks **15th among Top 40 Global** Reinsurance Groups
(Standard and Poor's Ranking for 2012)

Branch offices:
Dubai, London, Kuala Lumpur

Representative office:
Moscow



आपका हमारे पक्ष में है
GIC Re

General Insurance Corporation of India
Global Reinsurance Solutions

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

e-mail: info@gicofindia.com

www.gicofindia.in

REVENUE ACCOUNT

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

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013 IN RESPECT OF FIRE INSURANCE BUSINESS

| Particulars | Schedule | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|----------|--------------------------|---------------------------|
| 1. Premiums earned (Net) | 1 | 34412 717 | 31576 337 |
| 2. Profit on sale of Investments (Net) | | 2691 304 | 724 455 |
| 3. Profit/-Loss on Exchange Fluctuation | | 303 051 | 2 218 |
| 4. Interest, Dividend & Rent - Gross | | 5036 451 | 3480 854 |
| Total (A) | | 42443 523 | 35783 864 |
| 1. Claims Incurred (Net) | 2 | 30063 580 | 52303 961 |
| 2. Commission (Net) | 3 | 8194 661 | 7176 222 |
| 3. Operating Expenses related to Insurance Business | 4 | 357 933 | 350 648 |
| 4. Expenses relating to Investments | | 11 116 | 8 403 |
| Total (B) | | 38627 290 | 59839 234 |
| Operating Profit /- Loss from Fire Business C = (A-B) | | 3816 233 | -24055 370 |
| APPROPRIATIONS | | | |
| Transfer to Shareholders' Account | | 3816 233 | -24055 370 |
| Transfer to Catastrophe Reserve | | | |
| Transfer to Other Reserves (to be specified) | | | |
| Total (C) | | 3816 233 | -24055 370 |

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

As per our report of even date
For MANUBHAI & CO.

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI
Partner
Membership No.: 110299

**For CONTRACTOR, NAYAK
& KISHNADWALA**

Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH
Partner
Membership No.: 100052

A K Roy

Chairman-cum-Managing Director

Snehlata Shrivastava
Director

B Chakrabarti
Director

S Yugandhara Rao
Director, General Manager & CFO

Sushobhan Sarker
Director

Doulat Raj Mohnot
Director

Suchita Gupta
Company Secretary

Mumbai
Dated : 24th May, 2013

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

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013
IN RESPECT OF MISCELLANEOUS INSURANCE BUSINESS**

| Particulars | Schedule | Current Year (₹ '000) | Previous Year (₹ '000) |
|---|----------|--------------------------|---------------------------|
| 1. Premiums earned (Net) | 1 | 86442 168 | 72192 080 |
| 2. Profit on sale of Investments (Net) | | 4140 200 | 1450 664 |
| 3. Profit/-Loss on Exchange Fluctuation | | 803 046 | 82 414 |
| 4. Interest, Dividend & Rent - Gross | | 7747 885 | 6970 140 |
| Total (A) | | 99133 299 | 80695 298 |
| 1. Claims Incurred (Net) | 2 | 72807 268 | 74741 586 |
| 2. Commission (Net) | 3 | 18490 653 | 10934 501 |
| 3. Operating Expenses related to Insurance Business | 4 | 682 795 | 602 158 |
| 4. Expenses relating to Investments | | 17 100 | 16 827 |
| 5. Premium Deficiency | | -1414 674 | 1414 674 |
| Total (B) | | 90583 142 | 87709 746 |
| Operating Profit/-Loss from Miscellaneous Business C = (A-B) | | 8550 157 | -7014 448 |
| APPROPRIATIONS | | | |
| Transfer to Shareholders' Account | | 8550 157 | -7014 448 |
| Transfer to Catastrophe Reserve | | | |
| Transfer to Other Reserves (to be specified) | | | |
| Total (C) | | 8550 157 | -7014 448 |

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

As per our report of even date

For MANUBHAI & CO.

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI
Partner
Membership No.: 110299

Mumbai
Dated : 24th May, 2013

**For CONTRACTOR, NAYAK
& KISHNADWALA**

Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH
Partner
Membership No.: 100052

A K Roy

Chairman-cum-Managing Director

Snehlata Shrivastava
Director

B Chakrabarti
Director

S Yugandhara Rao
Director, General Manager & CFO

Sushobhan Sarker
Director

Doulat Raj Mohnot
Director

Suchita Gupta
Company Secretary

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

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013
IN RESPECT OF MARINE INSURANCE BUSINESS**

| Particulars | Schedule | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|----------|--------------------------|---------------------------|
| 1. Premiums earned (Net) | 1 | 11871 835 | 8981 772 |
| 2. Profit on sale of Investments (Net) | | 848 684 | 266 124 |
| 3. Profit/-Loss on Exchange Fluctuation | | 156 537 | 24 218 |
| 4. Interest, Dividend & Rent - Gross | | 1588 209 | 1278 670 |
| Total (A) | | 14465 265 | 10550 784 |
| 1. Claims Incurred (Net) | 2 | 6073 096 | 12643 110 |
| 2. Commission (Net) | 3 | 2355 917 | 2531 111 |
| 3. Operating Expenses related to Insurance Business | 4 | 74 709 | 74 181 |
| 4. Expenses relating to Investments | | 3 505 | 3 087 |
| Total (B) | | 8507 227 | 15251 489 |
| Operating Profit/-Loss from Marine Business C = (A-B) | | 5958 038 | -4700 705 |
| APPROPRIATIONS | | | |
| Transfer to Shareholders' Account | | 5958 038 | -4700 705 |
| Transfer to Catastrophe Reserve | | | |
| Transfer to Other Reserves (to be specified) | | | |
| Total (C) | | 5958 038 | -4700 705 |

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

As per our report of even date
For MANUBHAI & CO.

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI
Partner
Membership No.: 110299

**For CONTRACTOR, NAYAK
& KISHNADWALA**

Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH
Partner
Membership No.: 100052

A K Roy

Chairman-cum-Managing Director

Snehlata Shrivastava
Director

B Chakrabarti
Director

S Yugandhara Rao
Director, General Manager & CFO

Sushobhan Sarker
Director

Doulat Raj Mohnot
Director

Suchita Gupta
Company Secretary

Mumbai
Dated : 24th May, 2013

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013
IN RESPECT OF LIFE INSURANCE BUSINESS**

| Particulars | Schedule | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|----------|--------------------------|---------------------------|
| 1. Premiums earned (Net) | 1 | 491 145 | 407 106 |
| 2. Profit on sale of Investments (Net) | | 11 172 | 4 855 |
| 3. Profit/-Loss on Exchange Fluctuation | | 1 371 | -2 363 |
| 4. Interest, Dividend & Rent - Gross | | 20 906 | 23 328 |
| Total (A) | | 524 594 | 432 926 |
| 1. Claims Incurred (Net) | 2 | 479 430 | 175 423 |
| 2. Commission (Net) | 3 | 16 271 | 24 484 |
| 3. Operating Expenses related to Insurance Business | 4 | 5 995 | 3 521 |
| 4. Expenses relating to Investments | | 46 | 56 |
| Total (B) | | 501 742 | 203 484 |
| Operating Profit/-Loss from Life Business C = (A-B) | | 22 852 | 229 442 |
| APPROPRIATIONS | | | |
| Transfer to Shareholders' Account | | 22 852 | 229 442 |
| Transfer to Catastrophe Reserve | | | |
| Transfer to Other Reserves (to be specified) | | | |
| Total (C) | | 22 852 | 229 442 |

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

As per our report of even date

For MANUBHAI & CO.

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI

Partner
Membership No.: 110299

Mumbai
Dated : 24th May, 2013

**For CONTRACTOR, NAYAK
& KISHNADWALA**

Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH

Partner
Membership No.: 100052

A K Roy

Chairman-cum-Managing Director

Snehlata Shrivastava

Director

B Chakrabarti

Director

S Yugandhara Rao

Director, General Manager & CFO

Sushobhan Sarker

Director

Doulat Raj Mohnot

Director

Suchita Gupta

Company Secretary

PROFIT & LOSS ACCOUNT

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

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

| Particulars | Schedule | Current Year (₹ '000) | Previous Year (₹ '000) |
|---|----------|--------------------------|---------------------------|
| 1. Operating Profit/-Loss | | | |
| (a) Fire Insurance | | 3816 233 | -24055 370 |
| (b) Marine Insurance | | 5958 037 | -4700 705 |
| (c) Miscellaneous Insurance | | 8550 157 | -7014 448 |
| (d) Life Insurance | | 22 852 | 229 442 |
| 2. Income from Investments | | | |
| (a) Interest, Dividend & Rent - Gross | | 4492 459 | 6937 370 |
| (b) Profit on sale of Investments (Net) | | 2400 613 | 1443 844 |
| 3. Other Income: | | | |
| Profit on Exchange | | 274 019 | 3381 161 |
| Profit on sale of Assets (Net) | | 0 | 895 |
| Interest on Income-tax Refund | | 307 530 | 490 633 |
| Motor Pool Service Charges | | 0 | 257 435 |
| Miscellaneous Receipts | | 7 856 | 10 292 |
| Total (A) | | 25829 756 | -23019 451 |
| 4. Provision for Doubtful Loans, Investment & Debts | | 95 680 | 1506 990 |
| 5. Amortisation of premium on Investments | | 188 507 | 202 050 |
| 6. Diminution in the value of investments written off | | 32 281 | 161 486 |
| 7. Other Expenses : | | | |
| Expenses relating to Investments | | 9 915 | 16 748 |
| Loss on sale of Assets (Net) | | 85 | 0 |
| Sundry Balances Written off (Net) | | 0 | 3 |
| Interest Others | | 1681 570 | 0 |
| Total (B) | | 2008 038 | 1887 277 |
| Profit / (Loss) Before Tax | | 23821 718 | -24906 728 |
| Provision for Taxation : | | | |
| Current Tax | | 4060 000 | 7 |
| Wealth Tax | | 2 028 | 2 728 |
| MAT Credit | | -3666 672 | 0 |
| Deferred Tax | | -19 855 | -35 340 |
| Provision for Tax in respect of earlier years | | 0 | -186 624 |
| Profit / (Loss) After Tax | | 23446 217 | -24687 499 |
| Balance brought forward from last year | | -24678 928 | 599 |
| Balance in Profit and Loss Account | | -1232 711 | -24686 900 |
| Appropriations | | | |
| (a) Proposed dividend | | 4687 000 | 0 |
| (b) Dividend distribution tax | | 796 556 | -7 972 |
| (c) Transfer to General Reserve | | 2344 622 | 0 |
| (d) Balance carried forward to Balance Sheet | | -9060 889 | -24678 928 |
| | | -1232 711 | -24686 900 |

EPS ₹ 545.26 (PY ₹ -574.13)

As per our report of even date
For MANUBHAI & CO.

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI
Partner
Membership No.: 110299

**For CONTRACTOR, NAYAK
& KISHNADWALA**
Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH
Partner
Membership No.: 100052

A K Roy

Chairman-cum-Managing Director

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Director

B Chakrabarti
Director

S Yugandhara Rao
Director, General Manager & CFO

Sushobhan Sarker
Director

Doulat Raj Mohnot
Director

Suchita Gupta
Company Secretary

Mumbai
Dated : 24th May, 2013

BALANCE SHEET

REGISTRATION NO. 112
DATE OF REGISTRATION WITH IRDA: 2ND APRIL, 2001
BALANCE SHEET AS AT 31ST MARCH, 2013

| Particulars | Schedule | Current Year (₹ '000) | Previous Year (₹ '000) |
|-------------------------------------|----------|--------------------------|---------------------------|
| SOURCES OF FUNDS | | | |
| Share Capital | 5 | 4300 000 | 4300 000 |
| Reserves and Surplus | 6 | 92315 993 | 72605 078 |
| Deferred Tax Liability | | 0 | 0 |
| Fair Value Change Account | | 175760 409 | 170727 874 |
| Total | | 272376 402 | 247632 952 |
| APPLICATION OF FUNDS | | | |
| Investments | 8 | 399761 002 | 369460 864 |
| Loans | 9 | 4629 109 | 4991 930 |
| Fixed Assets | 10 | 547 656 | 494 018 |
| Deferred Tax Asset | | 70 355 | 50 500 |
| Current Assets: | | | |
| Cash and Bank Balances | 11 | 82342 788 | 69143 742 |
| Advances and Other Assets | 12 | 112047 951 | 93168 102 |
| Sub-Total (A) | | 194390 739 | 162311 844 |
| Current Liabilities | 13 | 242153 961 | 213447 278 |
| Provisions | 14 | 84868 498 | 76228 926 |
| Sub-Total (B) | | 327022 459 | 289676 204 |
| Net Current Assets (C)=(A-B) | | -132631 720 | -127364 360 |
| Total | | 272376 402 | 247632 952 |
| CONTINGENT LIABILITIES | | 26115 210 | 11285 470 |

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

As per our report of even date

For MANUBHAI & CO.

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI

Partner

Membership No.: 110299

Mumbai

Dated : 24th May, 2013

For CONTRACTOR, NAYAK

& KISHNADWALA

Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH

Partner

Membership No.: 100052

A K Roy

Chairman-cum-Managing Director

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Director

S Yugandhara Rao
Director, General Manager & CFO

Sushobhan Sarker

Director

Doulat Raj Mohnot

Director

Suchita Gupta
Company Secretary

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31ST MARCH, 2013
SCHEDULE 1
PREMIUM EARNED (NET)

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|--------------------------|---------------------------|
| A FIRE INSURANCE | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 40699 240 | 42007 735 |
| Less: Premium on Reinsurance ceded | 8139 611 | 6524 474 |
| Net Premium | 32559 629 | 35483 261 |
| Adjustment for change in reserve for unexpired risks | 1853 088 | -3906 924 |
| Total Premium Earned (Net) | 34412 717 | 31576 337 |
| B MISCELLANEOUS INSURANCE | | |
| (1) MOTOR | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 41987 919 | 29713 273 |
| Less: Premium on Reinsurance ceded | 0 | 0 |
| Net Premium | 41987 919 | 29713 273 |
| Adjustment for change in reserve for unexpired risks | -6031 409 | -3550 133 |
| Total Premium Earned (Net) | 35956 510 | 26163 140 |
| (2) AVIATION | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 4443 180 | 6206 311 |
| Less: Premium on Reinsurance ceded | 1045 538 | 699 000 |
| Net Premium | 3397 642 | 5507 311 |
| Adjustment for change in reserve for unexpired risks | 1094 453 | 1 213 |
| Total Premium Earned (Net) | 4492 095 | 5508 524 |
| (3) ENGINEERING | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 7499 613 | 8081 814 |
| Less: Premium on Reinsurance ceded | 875 037 | 1172 068 |
| Net Premium | 6624 576 | 6909 746 |
| Adjustment for change in reserve for unexpired risks | 216 147 | 362 |
| Total Premium Earned (Net) | 6840 723 | 6910 108 |

FOR THE PERIOD ENDED 31ST MARCH, 2013
SCHEDULE 1
PREMIUM EARNED (NET)

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|--------------------------|---------------------------|
| (4) WORKMENS' COMPENSATION | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 427 814 | 407 710 |
| Less: Premium on Reinsurance ceded | 0 | 0 |
| Net Premium | 427 814 | 407 710 |
| Adjustment for change in reserve for unexpired risks | -9 675 | -101 837 |
| Total Premium Earned (Net) | 418 139 | 305 873 |
| (5) LIABILITY | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 1521 796 | 1833 037 |
| Less: Premium on Reinsurance ceded | 269 668 | 125 501 |
| Net Premium | 1252 128 | 1707 536 |
| Adjustment for change in reserve for unexpired risks | 232 580 | -9 721 |
| Total Premium Earned (Net) | 1484 708 | 1697 815 |
| (6) PERSONAL ACCIDENT | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 5138 553 | 4103 450 |
| Less: Premium on Reinsurance ceded | 15 716 | 19 096 |
| Net Premium | 5122 837 | 4084 354 |
| Adjustment for change in reserve for unexpired risks | -518 401 | -632 317 |
| Total Premium Earned (Net) | 4604 436 | 3452 037 |
| (7) HEALTH | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 20676 993 | 17603 628 |
| Less: Premium on Reinsurance ceded | 0 | 0 |
| Net Premium | 20676 993 | 17603 628 |
| Adjustment for change in reserve for unexpired risks | -1408 771 | -719 451 |
| Total Premium Earned (Net) | 19268 222 | 16884 177 |

FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013SCHEDULE 1
PREMIUM EARNED (NET)

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|--------------------------|---------------------------|
| (8) OTHER MISCELLANEOUS | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 12449 149 | 10248 581 |
| Less: Premium on Reinsurance ceded | 587 796 | 696 800 |
| Net Premium | 11861 353 | 9551 781 |
| Adjustment for change in reserve for unexpired risks | -1127 619 | -317 568 |
| Total Premium Earned (Net) | 10733 734 | 9234 213 |
| (9) FINANCIAL LIABILITY/CREDIT | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 2779 228 | 2507 973 |
| Less: Premium on Reinsurance ceded | 0 | 0 |
| Net Premium | 2779 228 | 2507 973 |
| Adjustment for change in reserve for unexpired risks | -135 627 | -471 780 |
| Total Premium Earned (Net) | 2643 601 | 2036 193 |
| TOTAL MISCELLANEOUS | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 96924 245 | 80705 777 |
| Less: Premium on Reinsurance ceded | 2793 755 | 2712 465 |
| Net Premium | 94130 490 | 77993 312 |
| Adjustment for change in reserve for unexpired risks | -7688 322 | -5801 232 |
| Total Premium Earned (Net) | 86442 168 | 72192 080 |
| C MARINE INSURANCE | | |
| (1) MARINE CARGO | | |
| Premium from Direct Business Written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 4747 395 | 5224 863 |
| Less: Premium on Reinsurance ceded | 378 179 | 195 096 |
| Net Premium | 4369 216 | 5029 767 |
| Adjustment for change in reserve for unexpired risks | 737 265 | -1201 667 |
| Total Premium Earned (Net) | 5106 481 | 3828 100 |

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 1
PREMIUM EARNED (NET)**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|--------------------------|---------------------------|
| (2) MARINE HULL | | |
| Premium from Direct Business Written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 7533 159 | 7742 795 |
| Less: Premium on Reinsurance ceded | 1660 718 | 1137 438 |
| Net Premium | 5872 441 | 6605 357 |
| Adjustment for change in reserve for unexpired risks | 892 913 | -1451 685 |
| Total Premium Earned (Net) | 6765 354 | 5153 672 |
| TOTAL MARINE | | |
| Premium from Direct Business Written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 12280 554 | 12967 658 |
| Less: Premium on Reinsurance ceded | 2038 897 | 1332 534 |
| Net Premium | 10241 657 | 11635 124 |
| Adjustment for change in reserve for unexpired risks | 1630 178 | -2653 352 |
| Total Premium Earned (Net) | 11871 835 | 8981 772 |
| D LIFE INSURANCE | | |
| Premium from Direct Business written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 954 699 | 498 298 |
| Less: Premium on Reinsurance ceded | 174 148 | 27 567 |
| Net Premium | 780 551 | 470 731 |
| Adjustment for change in reserve for unexpired risks | -289 406 | -63 625 |
| Total Premium Earned (Net) | 491 145 | 407 106 |
| E TOTAL ALL CLASSES | | |
| Premium from Direct Business Written | 0 | 0 |
| Add: Premium on Reinsurance accepted | 150858 738 | 136179 468 |
| Less: Premium on Reinsurance ceded | 13146 411 | 10597 040 |
| Net Premium | 137712 327 | 125582 428 |
| Adjustment for change in reserve for unexpired risks | -4494 462 | -12425 133 |
| Total Premium Earned (Net) | 133217 865 | 113157 295 |

FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 2
CLAIMS INCURRED (NET)**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|---|--------------------------|---------------------------|
| A FIRE INSURANCE | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 30402 101 | 23970 278 |
| Less: Reinsurance ceded | 4468 888 | 1968 193 |
| Net Claims Paid | 25933 213 | 22002 085 |
| Add : Claims Outstanding at the end of the year | 68743 345 | 64612 978 |
| Less: Claims Outstanding at the beginning of the year | 64612 978 | 34311 102 |
| Total Claims Incurred | 30063 580 | 52303 961 |
| B MISCELLANEOUS INSURANCE | | |
| (1) MOTOR | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 22412 192 | 22914 760 |
| Less: Reinsurance ceded | 0 | 0 |
| Net Claims Paid | 22412 192 | 22914 760 |
| Add : Claims Outstanding at the end of the year | 53975 419 | 48480 865 |
| Less: Claims Outstanding at the beginning of the year | 48480 865 | 40251 415 |
| Total Claims Incurred | 27906 746 | 31144 210 |
| (2) AVIATION | | |
| Claims Paid | | |
| Direct | 83 | 3 332 |
| Add : Reinsurance accepted | 3486 084 | 4196 542 |
| Less: Reinsurance ceded | 485 879 | 642 016 |
| Net Claims Paid | 3000 288 | 3557 858 |
| Add : Claims Outstanding at the end of the year | 9253 362 | 6971 867 |
| Less: Claims Outstanding at the beginning of the year | 6971 868 | 5305 467 |
| Total Claims Incurred | 5281 782 | 5224 258 |
| (3) ENGINEERING | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 2818 570 | 2804 199 |
| Less: Reinsurance ceded | 24 596 | 167 199 |
| Net Claims Paid | 2793 974 | 2637 000 |
| Add : Claims Outstanding at the end of the year | 10769 022 | 9071 131 |
| Less: Claims Outstanding at the beginning of the year | 9071 131 | 6620 777 |
| Total Claims Incurred | 4491 865 | 5087 354 |

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 2
CLAIMS INCURRED (NET)**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|---|--------------------------|---------------------------|
| (4) WORKMENS' COMPENSATION | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 92 323 | 71 593 |
| Less: Reinsurance ceded | 0 | 0 |
| Net Claims Paid | 92 323 | 71 593 |
| Add : Claims Outstanding at the end of the year | 230 487 | 210 407 |
| Less: Claims Outstanding at the beginning of the year | 210 407 | 100 365 |
| Total Claims Incurred | 112 403 | 181 635 |
| (5) LIABILITY | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 434 785 | 504 122 |
| Less: Reinsurance ceded | 391 543 | 0 |
| Net Claims Paid | 43 242 | 504 122 |
| Add : Claims Outstanding at the end of the year | 1231 056 | 974 245 |
| Less: Claims Outstanding at the beginning of the year | 974 245 | 636 110 |
| Total Claims Incurred | 300 053 | 842 257 |
| (6) PERSONAL ACCIDENT | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 3347 145 | 2476 668 |
| Less: Reinsurance ceded | 0 | 0 |
| Net Claims Paid | 3347 145 | 2476 668 |
| Add : Claims Outstanding at the end of the year | 3452 075 | 514 464 |
| Less: Claims Outstanding at the beginning of the year | 514 464 | 651 469 |
| Total Claims Incurred | 6284 756 | 2339 663 |
| (7) HEALTH | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 19728 337 | 14260 254 |
| Less: Reinsurance ceded | 0 | 7 |
| Net Claims Paid | 19728 337 | 14260 247 |
| Add : Claims Outstanding at the end of the year | 10014 824 | 6133 249 |
| Less: Claims Outstanding at the beginning of the year | 6133 249 | 1968 987 |
| Total Claims Incurred | 23609 912 | 18424 509 |

FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 2
CLAIMS INCURRED (NET)**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|---|--------------------------|---------------------------|
| (8) OTHER MISCELLANEOUS | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 5365 024 | 5026 757 |
| Less: Reinsurance ceded | -3 907 | 14 496 |
| Net Claims Paid | 5368 931 | 5012 261 |
| Add : Claims Outstanding at the end of the year | 10079 799 | 12546 077 |
| Less: Claims Outstanding at the beginning of the year | 12546 077 | 6537 537 |
| Total Claims Incurred | 2902 653 | 11020 801 |
| (9) FINANCIAL LIABILITY/CREDIT | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 1020 969 | 763 274 |
| Less: Reinsurance ceded | 0 | 0 |
| Net Claims Paid | 1020 969 | 763 274 |
| Add : Claims Outstanding at the end of the year | 3479 268 | 2583 139 |
| Less: Claims Outstanding at the beginning of the year | 2583 139 | 2869 514 |
| Total Claims Incurred | 1917 098 | 476 899 |
| TOTAL MISCELLANEOUS | | |
| Claims Paid | | |
| Direct | 83 | 3 332 |
| Add : Reinsurance accepted | 58705 429 | 53018 169 |
| Less: Reinsurance ceded | 898 111 | 823 718 |
| Net Claims Paid | 57807 401 | 52197 783 |
| Add : Claims Outstanding at the end of the year | 102485 312 | 87485 444 |
| Less: Claims Outstanding at the beginning of the year | 87485 445 | 64941 641 |
| Total Claims Incurred | 72807 268 | 74741 586 |
| C MARINE INSURANCE | | |
| (1) MARINE CARGO | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 3033 246 | 2939 318 |
| Less: Reinsurance ceded | 12 615 | 4 540 |
| Net Claims Paid | 3020 631 | 2934 778 |
| Add : Claims Outstanding at the end of the year | 5891 192 | 4999 539 |
| Less: Claims Outstanding at the beginning of the year | 4999 539 | 4006 594 |
| Total Claims Incurred | 3912 284 | 3927 723 |

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 2
CLAIMS INCURRED (NET)**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|---|--------------------------|---------------------------|
| (2) MARINE HULL | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 4676 827 | 4697 624 |
| Less: Reinsurance ceded | 948 127 | 561 191 |
| Net Claims Paid | 3728 700 | 4136 433 |
| Add : Claims Outstanding at the end of the year | 7893 011 | 9460 899 |
| Less: Claims Outstanding at the beginning of the year | 9460 899 | 4881 945 |
| Total Claims Incurred | 2160 812 | 8715 387 |
| TOTAL MARINE | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 7710 073 | 7636 942 |
| Less: Reinsurance ceded | 960 742 | 565 731 |
| Net Claims Paid | 6749 331 | 7071 211 |
| Add : Claims Outstanding at the end of the year | 13784 203 | 14460 438 |
| Less: Claims Outstanding at the beginning of the year | 14460 438 | 8888 539 |
| Total Claims Incurred | 6073 096 | 12643 110 |
| D LIFE INSURANCE | | |
| Claims Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance accepted | 409 817 | 224 187 |
| Less: Reinsurance ceded | 36 972 | 1 447 |
| Net Claims Paid | 372 845 | 222 740 |
| Add : Claims Outstanding at the end of the year | 217 743 | 111 158 |
| Less: Claims Outstanding at the beginning of the year | 111 158 | 158 475 |
| Total Claims Incurred | 479 430 | 175 423 |
| E TOTAL ALL CLASSES | | |
| Claims Paid | | |
| Direct | 83 | 3 332 |
| Add : Reinsurance accepted | 97227 420 | 84849 576 |
| Less: Reinsurance ceded | 6364 713 | 3359 089 |
| Net Claims Paid | 90862 790 | 81493 819 |
| Add : Claims Outstanding at the end of the year | 185230 603 | 166670 018 |
| Less: Claims Outstanding at the beginning of the year | 166670 019 | 108299 757 |
| Total Claims Incurred | 109423 374 | 139864 080 |

FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 3
COMMISSION**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|---------------------------------------|--------------------------|---------------------------|
| A FIRE INSURANCE | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 8405 506 | 7433 866 |
| Less: Commission on Reinsurance Ceded | 210 845 | 257 644 |
| Net Commission | 8194 661 | 7176 222 |
| Break-up of Commission | | |
| Brokerage | 1212 340 | 1160 922 |
| Commission Paid | 6982 321 | 6015 300 |
| Total Commission | 8194 661 | 7176 222 |
| B MISCELLANEOUS INSURANCE | | |
| (1) MOTOR | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 7935 522 | 3083 341 |
| Less: Commission on Reinsurance Ceded | 0 | 0 |
| Net Commission | 7935 522 | 3083 341 |
| Break-up of Commission | | |
| Brokerage | 191 487 | 140 925 |
| Commission Paid | 7744 035 | 2942 416 |
| Total Commission | 7935 522 | 3083 341 |
| (2) AVIATION | | |
| Commission Paid | | |
| Direct | 0 | - 41 |
| Add : Reinsurance Accepted | 647 994 | 1005 764 |
| Less: Commission on Reinsurance Ceded | 69 318 | 64 046 |
| Net Commission | 578 676 | 941 677 |
| Break-up of Commission | | |
| Brokerage | 284 430 | 365 705 |
| Commission Paid | 294 246 | 575 972 |
| Total Commission | 578 676 | 941 677 |
| (3) ENGINEERING | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 2094 982 | 1858 474 |
| Less: Commission on Reinsurance Ceded | 10 349 | 33 986 |
| Net Commission | 2084 633 | 1824 488 |
| Break-up of Commission | | |
| Brokerage | 87 695 | 93 716 |
| Commission Paid | 1996 938 | 1730 772 |
| Total Commission | 2084 633 | 1824 488 |

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 3
COMMISSION**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|---------------------------------------|--------------------------|---------------------------|
| (4) WORKMENS' COMPENSATION | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 73 223 | 58 724 |
| Less: Commission on Reinsurance Ceded | 0 | 0 |
| Net Commission | 73 223 | 58 724 |
| Break-up of Commission | | |
| Brokerage | 1 545 | 630 |
| Commission Paid | 71 678 | 58 094 |
| Total Commission | 73 223 | 58 724 |
| (5) LIABILITY | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 216 804 | 296 704 |
| Less: Commission on Reinsurance Ceded | 1 536 | 796 |
| Net Commission | 215 268 | 295 908 |
| Break-up of Commission | | |
| Brokerage | 16 263 | 20 589 |
| Commission Paid | 199 005 | 275 319 |
| Total Commission | 215 268 | 295 908 |
| (6) PERSONAL ACCIDENT | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 943 366 | 703 801 |
| Less: Commission on Reinsurance Ceded | 1 260 | 2 105 |
| Net Commission | 942 106 | 701 696 |
| Break-up of Commission | | |
| Brokerage | 53 741 | 50 486 |
| Commission Paid | 888 365 | 651 210 |
| Total Commission | 942 106 | 701 696 |
| (7) HEALTH | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 3287 546 | 1839 019 |
| Less: Commission on Reinsurance Ceded | 0 | 0 |
| Net Commission | 3287 546 | 1839 019 |
| Break-up of Commission | | |
| Brokerage | 88 618 | 80 053 |
| Commission Paid | 3198 928 | 1758 966 |
| Total Commission | 3287 546 | 1839 019 |

FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013SCHEDULE 3
COMMISSION

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|---------------------------------------|--------------------------|---------------------------|
| (8) OTHER MISCELLANEOUS | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 2871 127 | 1665 931 |
| Less: Commission on Reinsurance Ceded | 459 | 337 |
| Net Commission | 2870 668 | 1665 594 |
| Break-up of Commission | | |
| Brokerage | 125 901 | 80 602 |
| Commission Paid | 2744 767 | 1584 992 |
| Total Commission | 2870 668 | 1665 594 |
| (9) FINANCIAL LIABILITY/CREDIT | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 503 011 | 524 054 |
| Less: Commission on Reinsurance Ceded | 0 | 0 |
| Net Commission | 503 011 | 524 054 |
| Break-up of Commission | | |
| Brokerage | 6 945 | 4 553 |
| Commission Paid | 496 066 | 519 501 |
| Total Commission | 503 011 | 524 054 |
| TOTAL MISCELLANEOUS | | |
| Commission Paid | | |
| Direct | 0 | - 41 |
| Add : Reinsurance Accepted | 18573 575 | 11035 812 |
| Less: Commission on Reinsurance Ceded | 82 922 | 101 270 |
| Net Commission | 18490 653 | 10934 501 |
| Break-up of Commission | | |
| Brokerage | 856 625 | 837 259 |
| Commission Paid | 17634 028 | 10097 242 |
| Total Commission | 18490 653 | 10934 501 |
| C MARINE INSURANCE | | |
| (1) MARINE CARGO | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 1219 477 | 1069 659 |
| Less: Commission on Reinsurance Ceded | 90 509 | - 561 |
| Net Commission | 1128 968 | 1070 220 |
| Break-up of Commission | | |
| Brokerage | 85 555 | 66 650 |
| Commission Paid | 1043 413 | 1003 570 |
| Total Commission | 1128 968 | 1070 220 |

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 3
COMMISSION**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|---------------------------------------|--------------------------|---------------------------|
| (2) MARINE HULL | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 1445 327 | 1606 543 |
| Less: Commission on Reinsurance Ceded | 218 378 | 145 652 |
| Net Commission | 1226 949 | 1460 891 |
| Break-up of Commission | | |
| Brokerage | 268 665 | 244 146 |
| Commission Paid | 958 284 | 1216 745 |
| Total Commission | 1226 949 | 1460 891 |
| TOTAL MARINE | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 2664 804 | 2676 202 |
| Less: Commission on Reinsurance Ceded | 308 887 | 145 091 |
| Net Commission | 2355 917 | 2531 111 |
| Break-up of Commission | | |
| Brokerage | 354 220 | 310 796 |
| Commission Paid | 2001 697 | 2220 315 |
| Total Commission | 2355 917 | 2531 111 |
| D LIFE INSURANCE | | |
| Commission Paid | | |
| Direct | 0 | 0 |
| Add : Reinsurance Accepted | 16 378 | 24 484 |
| Less: Commission on Reinsurance Ceded | 107 | 0 |
| Net Commission | 16 271 | 24 484 |
| Break-up of Commission | | |
| Brokerage | 5 573 | 11 582 |
| Commission Paid | 10 698 | 12 902 |
| Total Commission | 16 271 | 24 484 |
| E TOTAL ALL CLASSES | | |
| Commission Paid | | |
| Direct | 0 | - 41 |
| Add : Reinsurance Accepted | 29660 263 | 21170 364 |
| Less: Commission on Reinsurance Ceded | 602 761 | 504 005 |
| Net Commission | 29057 502 | 20666 318 |
| Break-up of Commission | | |
| Brokerage | 2428 758 | 2320 559 |
| Commission Paid | 26628 744 | 18345 759 |
| Total Commission | 29057 502 | 20666 318 |

FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013
SCHEDULE 4
OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

| Particulars | | Current Year (₹ '000) | Previous Year (₹ '000) |
|--------------------|--|----------------------------------|-----------------------------------|
| 1 | Employees' remuneration & welfare benefits | 480 499 | 512 865 |
| 2 | Travel, conveyance and vehicle running expenses | 42 914 | 24 910 |
| 3 | Training expenses | 5 614 | 7 291 |
| 4 | Rents, rates and taxes | 21 645 | 25 434 |
| 5 | Repairs | 229 156 | 138 339 |
| 6 | Printing & stationery | 3 610 | 3 153 |
| 7 | Communication | 11 831 | 11 204 |
| 8 | Legal & professional charges | 41 782 | 44 802 |
| 9 | Auditors' fees, expenses etc. | | |
| | (a) as auditor | 7 861 | 6 015 |
| | (b) as advisor or in any other capacity, in respect of | | |
| | (i) Taxation matters | 250 | 250 |
| | (ii) Others | 236 | 624 |
| 10 | Advertisement and publicity | 26 435 | 43 532 |
| 11 | Interest & Bank Charges | 16 828 | 32 397 |
| 12 | Others | 176 347 | 135 754 |
| 13 | Depreciation | 56 424 | 43 938 |
| | Total | 1121 432 | 1030 508 |

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 5
SHARE CAPITAL**

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

**SCHEDULE 5A
SHARE CAPITAL PATTERN OF SHAREHOLDING
[AS CERTIFIED BY THE MANAGEMENT]**

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

**SCHEDULE 6
RESERVES AND SURPLUS**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|--------------------------|---------------------------|
| 1 General Reserve | | |
| Opening Balance | 94894 588 | 94959 300 |
| Less: Transfer from Reserve for Pension, Gratuity & Leave Encashment | 0 | 64 712 |
| Add: Transfer from Profit & Loss A/c | 2344 622 | 0 |
| | 97239 210 | 94894 588 |
| 2 Opening Balance | | |
| 3 Reserve for Pension, Gratuity & Leave encashment | 0 | -64 712 |
| Less: Transfer to General Reserve | 0 | 64 712 |
| | 0 | 0 |
| 4 Foreign Currency Translation Reserve | 4137 672 | 2389 418 |
| 5 Balance of Profit in Profit & Loss Account | -9060 889 | -24678 928 |
| Total | 92315 993 | 72605 078 |

**SCHEDULE 7
BORROWINGS**

NIL

FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE B
INVESTMENTS - SHAREHOLDERS' FUND**

| Particulars | | Current Year (₹ '000) | Previous Year (₹ '000) |
|---|--|--------------------------|---------------------------|
| Long-Term Investments | | | |
| 1. Government securities and Government guaranteed bonds Including Treasury Bills | | 18804 258 | 25283 163 |
| 2. Other Approved Securities | | 1126 794 | 1892 859 |
| 3. Approved Investments | | | |
| (a) Shares | | | |
| (aa) Equity - Indian | | 52369 996 | 77780 126 |
| Equity - Foreign | | 7 816 | 7 816 |
| (bb) Preference | | 9 411 | 15 640 |
| (b) Mutual Funds/Venture Funds | | | |
| (c) Debentures /Bond | | 4893 312 | 6667 715 |
| (d) Debentures Foreign | | 350 354 | 350 559 |
| (e) Guaranteed Equity | | 119 | 186 |
| (f) Subsidiaries | | | |
| (g) Associates - Indian | | | |
| Associates - Foreign | | 591 162 | 591 162 |
| 4. Investments In Infrastructure and Social Sector | | 11584 516 | 17140 559 |
| 5. Other Investments (Excl. Associate Co.) | | | |
| (a) Equity/Preference/Debentures/Venture Funds | | 3063 015 | 4350 353 |
| (b) Associates Equity - Indian | | 700 000 | 700 000 |
| (c) Equity - Foreign | | | |
| Short-Term Investments | | | |
| 1. Government securities and Government guaranteed bonds Including Treasury Bills | | 753 878 | 1020 035 |
| 2. Other Approved Securities | | 58 524 | 69 170 |
| 3. Approved Investments | | | |
| (a) Shares | | | |
| (aa) Equity | | | |
| (bb) Preference | | | |
| (b) Mutual Funds/Venture Funds | | 0 | 0 |
| (c) Debentures /Bond | | 594 530 | 572 393 |
| (d) Debentures Foreign | | | |
| (e) Guaranteed Equity | | | |
| (f) Subsidiaries | | | |
| (g) Associates - Indian | | | |
| Associates - Foreign | | | |
| (h) Commercial Paper | | 126 703 | 548 704 |
| 4. Investments In Infrastructure and Social Sector | | 1066 991 | 1086 559 |
| 5. Other Investments | | 258 719 | 140 884 |
| Total | | 96360 098 | 138217 883 |

Figures for the previous year have been regrouped where necessary.

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE B A
INVESTMENTS - POLICYHOLDERS' FUND**

| Particulars | | Current Year (₹ '000) | Previous Year (₹ '000) |
|-------------------------------|--|--------------------------|---------------------------|
| Long-Term Investments | | | |
| 1. | Government securities and Government guaranteed bonds including Treasury Bills | 60238 440 | 42810 462 |
| 2. | Other Approved Securities | 3609 624 | 3205 065 |
| 3. | Approved Investments | | |
| | (a) Shares | | |
| | (aa) Equity - Indian | 167764 498 | 131700 418 |
| | Equity - Foreign | | |
| | (bb) Preference | 30 148 | 26 482 |
| | (b) Mutual Funds/Venture Funds | | |
| | (c) Debentures /Bond | 15675 465 | 11290 042 |
| | (d) Debenture Foreign | | |
| | (e) Guaranteed Equity | 381 | 314 |
| | (f) Subsidiaries | | |
| | (g) Associates Indian | | |
| | Associates Foreign | | |
| 4. | Investments In Infrastructure and Social Sector | 37110 380 | 29023 080 |
| 5. | Other Investments (Excl. Associate Co.) | | |
| | (a) Equity/Preference/Debentures/Venture Funds | 9812 205 | 7366 192 |
| | (b) Associates - Indian | | |
| | (c) Equity - Foreign | | |
| Short Term Investments | | | |
| 1. | Government securities and Government guaranteed bonds including Treasury Bills | 2415 008 | 1727 164 |
| 2. | Other Approved Securities | 187 480 | 117 122 |
| 3. | Approved Investments | | |
| | (a) Shares | | |
| | (aa) Equity | | |
| | (bb) Preference | | |
| | (b) Mutual Funds | | |
| | (c) Debentures/ Bonds | 1904 545 | 969 199 |
| | (d) Debentures Foreign | | |
| | (e) Guaranteed Equity | | |
| | (f) Subsidiaries | | |
| | (g) Associates - Indian | | |
| | Associates - Foreign | | |
| | (h) Commercial Paper | 405 888 | 929 087 |
| 4. | Investments In Infrastructure and Social Sector | 3418 050 | 1839 804 |
| 5. | Other Investments | 828 792 | 238 550 |
| | Total | 303400 904 | 231242 981 |

Figures for the previous year have been regrouped where necessary.

FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013
SCHEDULE 9
LOANS**

| Particulars | | Current Year (₹ '000) | Previous Year (₹ '000) |
|---|-----------------|--------------------------|---------------------------|
| 1. Security-wise Classification | | | |
| Secured | | | |
| (a) On mortgage of property | | | |
| (aa) In India* | 921 840 | 1016 517 | |
| (bb) Outside India | 0 | 0 | |
| (b) On Shares, Bonds, Government Securities | 0 | 0 | |
| (c) Others (to be specified) | 3638 682 | 3906 826 | |
| Unsecured | 68 587 | 68 587 | |
| Total | 4629 109 | 4991 930 | |
| 2. Borrower-wise Classification | | | |
| (a) Central and State Governments | 3638 682 | 3906 826 | |
| (b) Banks and Financial Institutions | 0 | 0 | |
| (c) Subsidiaries | 0 | 0 | |
| (d) Industrial Undertakings | 949 591 | 1009 146 | |
| (e) Others | 40 836 | 75 958 | |
| Total | 4629 109 | 4991 930 | |
| 3. Performance-wise Classification | | | |
| (a) Loans classified as standard | | | |
| (aa) In India | 3777 767 | 4089 838 | |
| (bb) Outside India | 0 | 0 | |
| (b) Non-performing loans less provisions | | | |
| (aa) In India | 102 186 | 114 959 | |
| (bb) Outside India | 0 | 0 | |
| Provisions ** | 749 156 | 787 133 | |
| Total | 4629 109 | 4991 930 | |
| 4. Maturity-wise Classification | | | |
| (a) Short-Term | 372 765 | 382 405 | |
| (b) Long-Term | 4256 344 | 4609 525 | |
| Total | 4629 109 | 4991 930 | |

*Includes Term Loans of ₹ 400000/- on which creation of security is pending (Previous year ₹ 400000/-)

**Includes Provision for Bad and Doubtful Loans

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 10
FIXED ASSETS**

(₹ in thousand)

| Particulars | Cost/Gross Block | | | | Depreciation | | | | Net Block | |
|---------------------------|---------------------|-----------|------------|---------------------|---------------------|-----------------------------------|-------------------------|---------------------|---------------------|---------------------|
| | As at 01.04.2012 | Additions | Deductions | As at 31.03.2013 | Up to 31.03.2012 | Twelve months ended 31.03.2013 | On Sales/ Adjustment | Up to 31.03.2013 | As at 31.03.2013 | As at 31.03.2012 |
| Leasehold Land & Building | 247 253 | 0 | 0 | 247 253 | 75 549 | 3 434 | 0 | 78 983 | 168 270 | 171 704 |
| Buildings | 434 029 | 0 | 0 | 434 029 | 203 080 | 13 135 | 0 | 216 215 | 217 814 | 230 949 |
| Furniture & Fittings | 19 024 | 683 | 28 | 19 679 | 17 516 | 342 | 46 | 17 812 | 1 867 | 1 508 |
| I.T. Equipments | 95 001 | 12 652 | 1 594 | 106 139 | 73 375 | 16 864 | 1 640 | 88 599 | 17 540 | 21 706 |
| I.T. Software | 51 296 | 82 090 | 0 | 133 386 | 6 720 | 15 320 | 0 | 22 040 | 111 346 | 44 576 |
| Vehicles | 23 262 | 12 647 | 0 | 35 909 | 8 808 | 5 815 | 0 | 14 623 | 21 286 | 14 454 |
| Office Equipments | 12 890 | 1 918 | 820 | 13 988 | 7 093 | 1 005 | 632 | 7 466 | 6 522 | 5 797 |
| AC & Water Coolers | 12 345 | 59 | 0 | 12 404 | 11 414 | 144 | 0 | 11 558 | 846 | 931 |
| Elevators | 2 073 | 0 | 0 | 2 073 | 2 053 | 3 | 0 | 2 056 | 17 | 20 |
| Canteen Appliances | 440 | 34 | 0 | 474 | 275 | 27 | 0 | 302 | 172 | 165 |
| Electrical Installation | 11 584 | 103 | 0 | 11 687 | 10 737 | 131 | 0 | 10 868 | 819 | 847 |
| Fire Alarm Systems | 3 408 | 0 | 0 | 3 408 | 2 047 | 204 | 0 | 2 251 | 1 157 | 1 361 |
| Total | 912 685 | 110 186 | 2 442 | 1020 429 | 418 667 | 56 424 | 2 318 | 472 773 | 547 656 | 494 018 |
| Previous years | 848 328 | 90 316 | 25 959 | 912 685 | 399 383 | 43 938 | 24 654 | 418 667 | | |

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

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 11
CASH AND BANK BALANCES**

| Particulars | | Current Year (₹ '000) | Previous Year (₹ '000) |
|-------------|--|--------------------------|---------------------------|
| 1. | Cash and stamps (Previous Year Cheques on Hands of ₹ 514,05,59,038) | 340 | 5140 859 |
| 2. | Bank Balances | | |
| | (a) Deposit Accounts - Short-term (due within 12 months) | 74233 842 | 62661 263 |
| | (b) Current Accounts | 666 992 | 1185 479 |
| | (c) Remittances In Transit | 0 | 0 |
| 3. | Money at Call and Short Notice | | |
| | (a) With Bank | 107 270 | 144 148 |
| | (b) With other Institutions | 7334 344 | 11 993 |
| | Total | 82342 788 | 69143 742 |
| | Balances with non-scheduled banks | NII | NII |

FINANCIAL STATEMENTS

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 12
ADVANCES AND OTHER ASSETS**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|--------------------------|---------------------------|
| Advances | | |
| 1. Reserve Deposits with Ceding Companies | 21428 778 | 14116 973 |
| 2. Application Money for Investments | 0 | 0 |
| 3. Prepayments | 62 217 | 49 067 |
| 4. Advances to Directors/Officers | 2 950 | 3 097 |
| 5. Advance Tax Paid and TDS | 23346 180 | 19062 408 |
| Less: Provision for Taxation | 13837 744 | 9786 811 |
| | 9508 436 | 9275 597 |
| 6. Others | 62 968 | 18 781 |
| 7. Deferred Commission | 427 852 | 400 651 |
| Total (A) | 31493 201 | 23864 166 |
| Other Assets | | |
| 1. Income accrued on Investments | 6043 149 | 5257 383 |
| 2. Due from other entities carrying on insurance business (including reinsurers) * | 36548 670 | 36115 081 |
| 3. Deposit U/S-7 of Insurance Act | 299 425 | 301 481 |
| 4. Sundry Debtors | 7 625 | 140 138 |
| 5. Sundry Deposits | 269 472 | 237 527 |
| 6. LPA Assets | 0 | 0 |
| 7. MAT Credit Entitlement | 3666 672 | 0 |
| 8. Terrorism Pool Assets | 33719 737 | 27252 326 |
| Total (B) | 80554 750 | 69303 936 |
| Total (A+B) | 112047 951 | 93168 102 |

* (Includes ₹ 2,095,304 thousand (PY ₹ 2,095,304 thousand) for provision for bad and doubtful debts)

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013**

**SCHEDULE 13
CURRENT LIABILITIES**

| Particulars | Current Year (₹ '000) | Previous Year (₹ '000) |
|--|--------------------------|---------------------------|
| 1. Balances Due to other Insurance companies | 12034 737 | 9764 729 |
| 2. Deposits held on re-Insurance ceded | 11031 960 | 9323 677 |
| 3. Sundry Creditors | 136 924 | 436 528 |
| 4. Claims Outstanding | 185230 603 | 166670 018 |
| 5. LPA Liabilities | 0 | 0 |
| 6. Terrorism Pool Liabilities | 33719 737 | 27252 326 |
| Total | 242153 961 | 213447 278 |

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31ST MARCH, 2013
SCHEDULE 14
PROVISIONS**

| Particulars | | Current Year (₹ '000) | Previous Year (₹ '000) |
|--------------------|---|----------------------------------|-----------------------------------|
| 1. | Reserve for Unexplred Risk | 74989 739 | 70495 275 |
| 2. | Reserve for Premium Deficiency | 0 | 1414 674 |
| 3. | For proposed divldends | 4687 000 | 0 |
| 4. | For dividend distribution tax | 796 556 | 0 |
| 5. | For Doubtful Loans, Investments and Debts | 4115 696 | 4020 016 |
| 6. | For Leave Encashment | 165 616 | 149 796 |
| 7. | Provision for Pension | 59 891 | 103 593 |
| 8. | Provision for Gratulty | 0 | 38 322 |
| 9. | Provision for Settlement | 8 800 | 7 250 |
| 10. | For Salary Arrears | 29 700 | 0 |
| 11. | For PLLI Arrears | 15 500 | 0 |
| Total | | 84868 498 | 76228 926 |

**SCHEDULE 15
MISCELLANEOUS EXPENDITURE**

NIL

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

1. ACCOUNTING CONVENTION

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

2. REINSURANCE BUSINESS

2.1 Reinsurance Revenues

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

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

2.2 Outstanding Claims

2.2.1 Estimated liability for outstanding claims in respect of Reinsurance business carried out in India is based on advices received as of

different dates up to the date of finalisation of accounts and wherever such advices are not received, on estimates based on available information, current trends, past underwriting experience of the management and actuarial estimation basis.

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

3. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

3.5 Foreign operations

Foreign branch operations is 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

Reserve for Unexpired Risk in respect of Marine Insurance and Terrorism Risk Business (included in Fire and Engineering) is made at 100% of Net Premium, while for all other classes of Insurance, is made at 50% of Net Premium and for London Branch as per local practice. Any additional provision as required by IRDA, shall be provided for foreign branches.

The Unexpired Risk Reserve of Life Reinsurance Business has been accounted as determined by Life appointed Actuary.

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

5.1 Depreciation

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

5.2 Retirement Benefits to Employees

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

5.3 Apportionment of Expenses

Balance of operating expenses relating to

insurance business are apportioned to the Revenue Accounts on the basis of Gross Direct Premium plus Reinsurance Premium accepted, giving weight of 75% for Marine business and 100% for Fire, Miscellaneous and Life Reinsurance business.

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

6. APPORTIONMENT OF INTEREST, DIVIDENDS AND RENTS

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

7. INVESTMENTS

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

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

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

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

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Break up value is computed from the annual

reports of companies, not beyond 21 months in case of those companies which close their annual accounts on dates other than 31st March or beyond 12 months in case of those companies which close their accounts on 31st March.

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

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

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

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

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

realization/payment.

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

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

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

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

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

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

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

8. FIXED ASSETS

Fixed assets are stated at cost less depreciation.

Cost of shares in Co-operative Societies/Companies for property rights acquired is included under the head 'Buildings', under Fixed Assets.

9. COMPLIANCE WITH ACCOUNTING STANDARDS

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

1. NOTES FORMING PART OF THE ACCOUNTS:

1. The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 have been adopted for presentation of the accounts.
 - 1.1 (a) Out of Investment held in shares and debentures of the value of ₹ 317,016,826 thousand (Previous year ₹ 297,142,249 thousand), no confirmations regarding actual custody or other documentary evidence for investments of the book value of ₹ 1,221 thousand (Previous year ₹ 1221 thousand) were available.
 - (b) The number of shares / debentures actually held by the Corporation / Custodian of the Corporation is in excess of number held as per the books of the Corporation. The face value of such excess is ₹ 556 thousand (Previous year ₹ 599 thousand).
 - (c) Sale of equity shares of a company contracted through public offer in 1995-96 for ₹ 4,000 thousand (Previous year ₹ 4,000 thousand) has not been accounted for till date, on account of the significant uncertainty regarding completion of the sale, as the matter is sub-judice.
 - (d) The Fixed Maturity Mutual Fund Schemes

NOTES FORMING PART OF THE ACCOUNTS

are close ended mutual fund schemes with definite maturity date and with Indicative returns.

2. (a) Provision for standard assets @ 0.40% has been made as per IRDA-Prudential norms for Income recognition, Asset Classification and provisioning and other related methods in respect of debt portfolio amounting to ₹ 308,051 thousand (Previous Year ₹ 261,825 thousand).
- (b) During the year, the Corporation has undertaken under CDR (Corporate Debt Restructuring) System, following fresh cases of restructuring of corporate debt / loans etc., as under:

(₹ in thousand)

| Sr. No. | Particulars | Current Year | Previous Year |
|---------|--|----------------|---------------|
| | Total Amount of assets subjected to restructuring under CDR | 227,732 | 35,509.09 |
| | The break-up of the same is given hereunder: | | |
| (i) | Total amount of standard assets subjected to restructuring under CDR | 100,000 | 35,509.09 |
| (ii) | Total amount of sub-standard assets subjected to restructuring under CDR | 127,732 | - |
| (iii) | Total amount of doubtful assets subjected to restructuring under CDR | - | - |
| (iv) | Total amount of loss assets subjected to restructuring under CDR | - | - |
| | TOTAL | 227,732 | 35,509.09 |

3. A provision of ₹ 15,500 thousand (previous year ₹ Nil) has been made for Productivity Linked Lump-sum Incentive to the employees for the year ended 31st March, 2013.
4. 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.

The Corporation has carried out extensive reconciliation of amount Due To/From deposits, debtors, creditors, other person / bodies carrying on Insurance business and deposits held / given. The statements received from the various brokers and cedant companies up to 31.03.2013 have been reviewed and necessary adjustment entries have been passed.

Receivables in respect of Companies in Liquidation and all over 3 years are fully provided, excluding balances of Domestic Companies. Thus the Corporation has maintained a cumulative provision of ₹ 2,095,304 thousand for doubtful receivables.

5. Disclosure as per Accounting Standard – 22 "Accounting for Taxes on Income":

Deferred Tax assets are recognised 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 break-up of Net Deferred Tax Assets is as under.

(₹ in thousand)

| Particulars | As on 31.03.2013 Deferred Tax | | As on 31.03. 2012 Deferred Tax | |
|---|----------------------------------|---------------|-----------------------------------|--------------|
| | Asset | Liability | Asset | Liability |
| Timing difference on account of Difference in book depreciation & Depreciation under Income Tax Act, 1961 | - | 13,842 | - | 6,287 |
| Provision for employees benefits | 84,320 | - | 56,787 | - |
| Others | - | - | - | - |
| Foreign Branches | - | 123 | - | - |
| TOTAL | 84,320 | 13,965 | 56,787 | 6,287 |
| Net Deferred Tax | 70,355 | - | 50,500 | - |

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

6. Other Income include following net income of Motor Pool.

(₹ in thousand)

| Details | Administrator Fees | Expenses | Net Income |
|---------|--------------------|----------|------------|
| 2012-13 | NIL | NIL | NIL |
| 2011-12 | 277,494 | 20,059 | 257,435 |

The motor Pool after 01.04.2012 has no income as only the expenses incurred by the Corporation as Pool Administrator are reimbursed by the Member companies.

7. ART Cover:

The Corporation has entered into ART agreement with Swiss Re for providing: (1) top end umbrella protection for both domestic and foreign inward business and further (2) to take exposures from the net retained shares on other protections. The two contracts were combined and renewed for a three-year period from 1st May 2010 for a cover of ₹ 2,000,000 thousand for domestic and \$ 20 million for foreign business. This agreement provides a cost effective complement to the traditional excess of loss protection and protects the Corporation's portfolio suitably.

8. Underwriting of Direct business stopped from 1st April, 2001. Figures shown in Revenue Accounts pertain to run-off business. Run-off liabilities are sufficiently provided for based on advices received.

9. Disclosures forming part of financial statements as required by the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002:

9.1 Contingent Liabilities:

- Partly paid up investments ₹ Nil (Previous year ₹ NIL).
- Underwriting commitments outstanding ₹ NIL (Previous year ₹ Nil).

- (c) Claims, other than under policies not acknowledged as debts: ₹ NIL (Previous year ₹ Nil).
- (d) Guarantees / LC given by or on behalf of the Corporation ₹ 6,595,916 thousand (Previous year ₹ 5,811,173 thousand).
- (e) Statutory demand / liabilities in dispute – Income-tax demands disputed, not provided for ₹ 19,519,294 thousand (Previous year ₹ 4,604,563 thousand).
- (f) Reinsurance obligations to the extent not provided for in the accounts ₹ Nil in view of Significant Accounting Policy No. 2.1.

9.2 As at 31st March, 2013 all the assets of the Corporation in and outside India are free from encumbrances except for:

- [a] The Government of India stock 12.30%, 2016 for ₹ 299,425 thousand (Previous year 12.30%, 2016 for ₹ 301,480 thousand) deposited with Bank of India as security under Section 7 of the Insurance Act, 1938 and,
- [b] The Government of India Stock, 7.95% 2032 for ₹ 10,111 thousand, 8.07% 2017 for ₹ 10,153 thousand, 8.20% 2022 for ₹ 29,976 thousand, 8.13% 2022 for ₹ 39,512 thousand, 8.24% 2018 for ₹ 39,100 thousand, 8.79% 2021 for ₹ 20,294 thousand and 8.33% 2026 for ₹ 19,914 thousand total amounting to ₹ 169,060 thousand (Previous year total amounting to ₹ 149,150 thousand) and cash deposit of ₹ 2,900 thousand (Previous year ₹ 2900 thousand) with Clearing Corporation of India Limited as deposit towards Settlement Guarantee Fund.
- [c] In view of margin requirements as recommended by SEBI vide Circular dated 19/03/2008, Corporation has provided

Fixed Deposits amounting to ₹ 80,000 thousand (Previous year ₹ 80,000 thousand) as margins in cash segments viz. FDR of ₹ 50,000 thousand (Previous year ₹ 50,000 thousand) as collateral is held with NSCCL and FDR of ₹ 30,000 thousand (Previous year ₹ 30,000 thousand) as collateral is held with BSE.

- [d] Margin FDR held by Bank for issue as LC/BG of ₹ 6,595,916 thousand (Previous year ₹ 5,811,173 thousand).

9.3 The Commitments made and outstanding for Loans, Investments and Fixed Assets (If any) as at 31st March, 2013 are ₹ 437,965 thousand (Previous year ₹ 445,800 thousand).

9.4 Disclosures of Claims less reinsurance during the financial year 2012-13 paid in India are ₹ 49,156,263 thousand (Previous year ₹ 51,627,746 thousand) and outside India are ₹ 41,706,528 thousand (Previous year ₹ 29,866,073 thousand).

9.5 Actuarial assumptions for determination of claim liabilities in the case of claims where the claim payments period exceeds four years – Nil, as there are no such liabilities reported.

9.6 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 31.03.2013

(₹ In thousand)

| Sl. No. | Outstanding Period | FIRE | | MARINE | | ENGINEERING | | AVIATION | | LIABILITY | | MISCELLANEOUS | | TOTAL | |
|---------|--------------------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|------------------|---------------|-----------------|---------------|-----------------|---------------|--------------------|
| | | No. of Claims | Amount | No. of Claims | Amount | No. of Claims | Amount | No. of Claims | Amount | No. of Claims | Amount | No. of Claims | Amount | No. of Claims | Amount |
| 1 | 30 days | 73 | 1,60,371 | 20 | 19,649 | 28 | 54,899 | 39 | 26,758 | 3 | 1,308 | 5 | 3,990 | 168 | 2,66,975 |
| 2 | > 30 days up to six (6) months | 290 | 22,08,068 | 53 | 67,245 | 149 | 79,356 | 156 | 2,79,383 | 1 | 53,996 | 12 | 18,767 | 661 | 27,06,815 |
| 3 | > 6 months up to 1 year | 245 | 7,89,076 | 110 | 11,07,008 | 116 | 3,84,437 | 152 | 2,91,902 | 3 | 448 | 4 | 3,606 | 630 | 25,76,476 |
| 4 | > 1 year to up to 5 years | 1184 | 53,64,096 | 445 | 11,01,478 | 873 | 10,75,601 | 1341 | 29,89,064 | 19 | 2,39,382 | 46 | 1,49,171 | 3908 | 1,09,18,793 |
| 5 | > 5 years | 150 | 8,92,026 | 56 | 58,205 | 136 | 81,621 | 440 | 14,16,522 | 6 | 61,172 | 5 | 9,548 | 793 | 25,39,095 |
| | Total | 1942 | 94,13,656 | 684 | 23,33,586 | 1302 | 16,73,914 | 2128 | 50,03,630 | 32 | 3,56,306 | 72 | 1,83,083 | 6160 | 1,89,88,134 |

Details as on 31.03.2012

(₹ 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 | 54 | 37,392 | 12 | 7,905 | 16 | 3,135 | 49 | 116,163 | 0 | 0 | 2 | 713 | 135 | 165,307 |
| 2 | > 30 days up to six (6) months | 254 | 1,840,622 | 84 | 216,704 | 162 | 504,043 | 197 | 487,041 | 4 | 2,054 | 17 | 41,414 | 718 | 5,091,878 |
| 3 | > 6 months up to 1 year | 300 | 2,888,414 | 80 | 240,122 | 229 | 198,261 | 173 | 547,663 | 2 | 963 | 4 | 44,183 | 788 | 3,939,606 |
| 4 | > 1 year to up to 5 years | 1065 | 3,685,822 | 407 | 766,415 | 752 | 423,256 | 1,403 | 3,404,885 | 20 | 227,852 | 29 | 64,287 | 3676 | 8,572,518 |
| 5 | > 5 years | 41 | 368,747 | 9 | 12,249 | 44 | 14,919 | 134 | 922,258 | 2 | 56,625 | 2 | 7,441 | 232 | 1,382,238 |
| | Total | 1714 | 8,620,996 | 592 | 1,243,395 | 1203 | 1,143,614 | 1956 | 5,478,009 | 28 | 287,494 | 54 | 158,838 | 5547 | 17,131,547 |

9.7 Premiums, less reinsurance, written from business during the financial year 2012-13 in India are ₹ 84,156,570 thousand (Previous year ₹ 70,925,116 thousand) and outside India are ₹ 53,555,758 thousand (Previous year ₹ 54,657,313 thousand).

9.8 Claims settled and remaining unpaid for a period of more than six months as on 31-03-2013 Nil (Previous Year Nil).

9.9 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).

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

9.11 The historical cost of investments valued on Fair Value basis is ₹ 63,317,578 thousand (Previous year ₹ 60,641,764 thousand).

9.12 Computation of Managerial Remuneration is as follows:

(₹ in thousand)

| Sr.No. | Name | Designation | Gross Salary | Corp.'s P.F. | House Perquisite | Loan Perquisite | Vehicle Perquisite |
|--------|---------------|--------------------------------|--------------|--------------|------------------|-----------------|--------------------|
| 1 | Shri A.K. Roy | Chairman-cum-Managing Director | 2,010 | 90 | 128 | 1.71 | 21 |

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

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

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

10. The Corporation generally makes payments to its creditors within a period of 45 days as stipulated in

Micro, Small and Medium Enterprises Act 2006. The Corporation is in the process of identifying Micro, Small and Medium Enterprises as defined in above referred act. Hence relevant disclosures are not made. The Corporation has neither received any claims for interest nor provided any interest payable to Micro, Small and Medium Enterprises as required by aforesaid act.

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

(₹ In thousand)

| Class of Business | Earned Premium | | Incurred Claims | | Net Commission | | Operating Expenses | | Exchange Gain /-Loss | | Net Result | |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|--------------------|--------------------|----------------------|-------------------|---------------------|-----------------------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Fire Insurance | 1,01,08,742.88 | 97,99,644.39 | 69,55,344.71 | 79,90,700.09 | 17,09,272.93 | 15,07,496.11 | 80,896.64 | 97,959.23 | 7,475.90 | (1,819.64) | 13,70,703.09 | 2,01,669.33 |
| Motor Insurance | 3,06,26,506.79 | 2,18,36,769.44 | 2,18,45,573.71 | 2,70,54,728.99 | 62,69,407.92 | 20,24,823.17 | 2,14,081.83 | 1,71,562.22 | 144.53 | 32.21 | 22,98,587.87 | (74,16,112.73) |
| Aviation Insurance | 5,19,596.85 | 5,96,252.11 | 1,81,135.31 | 4,49,894.40 | 56,407.75 | 61,079.82 | 4,635.52 | 5,376.67 | (1,059.56) | (5,252.41) | 2,76,358.72 | 7,648.81 |
| Engineering Insurance | 40,53,746.83 | 42,24,643.01 | 22,14,847.94 | 30,79,226.13 | 11,67,076.31 | 10,04,382.33 | 29,517.50 | 38,075.80 | 692.89 | (383.98) | 6,42,997.98 | 1,02,574.77 |
| Other Miscellaneous Insurance | 2,95,14,494.11 | 2,61,26,136.29 | 2,76,12,359.42 | 2,03,68,824.15 | 58,02,531.29 | 34,17,408.25 | 2,08,570.81 | 1,93,964.59 | 35,575.39 | 3,055.40 | (60,73,392.00) | 21,48,994.70 |
| Marine Cargo | 24,15,165.86 | 24,46,334.20 | 22,12,680.25 | 19,27,411.73 | 3,69,173.40 | 3,56,250.01 | 12,420.74 | 14,887.67 | 2,340.86 | (7,660.89) | 23,232.54 | 1,40,123.89 |
| Marine Hull | 17,88,663.56 | 14,27,099.32 | (2,47,199.95) | 21,84,429.40 | 70,333.34 | 2,48,167.85 | 8,620.90 | 12,163.21 | (11,975.08) | 348.20 | 19,41,934.19 | (10,17,312.92) |
| Life | 2,81,377.44 | 1,27,851.37 | 2,35,526.79 | 85,854.27 | 268.81 | 781.34 | 2,802.52 | 815.51 | - | - | 42,779.32 | 40,600.24 |
| Total | 7,95,08,294.93 | 6,65,84,750.12 | 6,10,10,368.16 | 6,31,41,049.17 | 1,54,49,477.15 | 86,20,388.07 | 5,61,546.46 | 5,34,604.94 | 13,392.94 | (9,601.39) | 25,26,881.48 | (57,21,013.91) |

| Class of Business | Earned Premium | | Incurred Claims | | Net Commission | | Operating Expenses | | Exchange Gain /-Loss | | Net Result | |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------------|--------------------|----------------------|--------------------|-----------------------|-------------------------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Fire Insurance | 2,43,03,974.13 | 2,17,76,492.64 | 2,31,08,255.71 | 4,43,13,260.65 | 64,85,386.94 | 56,68,725.78 | 2,76,430.22 | 2,52,488.77 | (11,623.64) | 4,037.55 | 155,77,903.79 | (2,84,53,945.09) |
| Motor Insurance | 67,44,702.90 | 43,26,370.82 | 60,61,172.60 | 40,89,481.20 | 16,67,114.16 | 10,58,517.37 | 64,643.65 | 43,749.33 | (36,340.18) | (5,850.43) | (10,84,567.48) | (8,71,227.54) |
| Aviation Insurance | 39,72,498.09 | 49,12,271.79 | 51,00,447.28 | 47,74,363.79 | 5,22,266.23 | 8,80,597.73 | 31,759.65 | 46,473.29 | 210,044.87 | 42,510.91 | (14,72,112.19) | (7,46,852.11) |
| Engineering Insurance | 27,86,976.34 | 26,85,464.97 | 22,77,016.80 | 20,08,127.25 | 9,17,556.97 | 8,20,105.25 | 50,684.98 | 23,488.54 | 7,898.76 | 29,930.30 | (4,30,473.64) | (1,36,525.77) |
| Other Miscellaneous Insurance | 96,38,345.99 | 74,84,171.40 | 75,14,515.42 | 1,29,16,940.47 | 20,89,290.87 | 16,67,586.86 | 95,697.65 | 79,267.38 | 1,13,594.61 | 16,372.25 | 59,493.65 | (71,63,251.89) |
| Marine Cargo | 24,91,314.68 | 13,81,765.73 | 16,99,603.56 | 20,90,310.48 | 7,59,794.15 | 7,13,970.22 | 17,307.09 | 14,392.10 | 52,555.97 | 13,689.08 | 67,163.85 | (73,53,297.98) |
| Marine Hull | 49,76,690.56 | 37,26,572.82 | 24,08,012.27 | 65,30,958.04 | 11,56,616.15 | 12,12,722.59 | 36,270.38 | 32,738.58 | 16,741.80 | 17,921.81 | 13,99,533.56 | (40,31,924.60) |
| Life | 2,09,767.84 | 2,79,254.98 | 2,43,903.63 | 89,568.44 | 16,001.94 | 23,702.72 | 3,178.51 | 2,705.47 | 96.07 | (2,363.19) | (53,220.18) | 1,60,915.24 |
| Total | 5,51,34,278.53 | 4,65,72,565.15 | 4,84,13,107.27 | 7,67,23,010.91 | 1,56,14,090.80 | 1,20,45,928.31 | 5,58,182.19 | 4,95,988.48 | 1,52,870.35 | 1,16,368.39 | (71,88,140.62) | (4,25,74,388.80) |

Total (Indian + Foreign)

| Class of Business | Earned Premium | | Incurred Claims | | Net Commission | | Operating Expenses | | Exchange Gain /-Loss | | Net Result | |
|-------------------------------|----------------------------|------------------------|------------------------|----------------------------|-----------------------|-----------------------|---------------------|---------------------|----------------------|--------------------|-----------------------|-------------------------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Fire Insurance | 3,44,12,717.00 | 3,15,76,337.03 | 3,00,63,580.42 | 5,23,03,960.74 | 81,94,660.68 | 71,76,221.89 | 3,57,526.86 | 3,50,448.00 | (4,149.74) | 2,217.91 | (42,07,200.70) | (2,82,52,273.69) |
| Motor Insurance | 3,73,71,209.70 | 2,61,63,140.26 | 2,79,06,746.30 | 3,11,44,210.19 | 79,35,522.08 | 30,83,340.54 | 2,80,725.48 | 2,15,111.57 | (36,195.63) | (5,878.22) | 12,12,020.19 | (82,85,340.27) |
| Aviation Insurance | 64,92,094.93 | 55,08,523.90 | 92,81,782.58 | 52,24,258.19 | 9,76,575.98 | 9,41,677.33 | 36,375.17 | 52,049.96 | 2,08,985.33 | 39,258.50 | (11,43,793.47) | (6,70,203.30) |
| Engineering Insurance | 68,40,723.17 | 69,10,107.98 | 44,91,864.74 | 50,87,353.38 | 20,84,535.28 | 18,24,487.38 | 60,202.47 | 61,764.34 | 8,501.66 | 2,12,524.34 | 2,12,524.34 | (33,991.00) |
| Other Miscellaneous Insurance | 3,91,52,800.10 | 3,36,10,307.69 | 3,31,26,874.83 | 3,32,85,764.62 | 78,91,822.16 | 50,84,995.11 | 3,09,268.46 | 2,73,237.97 | 1,49,169.99 | 19,427.65 | (40,20,955.37) | (50,14,236.33) |
| Marine Cargo | 21,06,480.50 | 38,28,099.93 | 39,12,283.80 | 39,27,722.21 | 11,28,967.94 | 10,70,220.23 | 29,727.83 | 29,279.77 | 54,896.83 | 5,948.19 | 90,998.18 | (11,43,174.09) |
| Marine Hull | 67,63,354.12 | 51,53,672.10 | 23,60,812.32 | 87,13,387.94 | 12,26,949.09 | 14,60,890.46 | 40,891.28 | 44,901.77 | 4,766.72 | 18,270.01 | 33,37,467.75 | (50,49,237.52) |
| Life | 4,91,105.27 | 4,07,106.33 | 4,79,430.42 | 1,75,022.71 | 16,270.75 | 24,484.06 | 5,981.03 | 3,520.96 | 96.07 | (2,363.13) | (10,440.86) | 2,01,313.46 |
| Total | 13,46,32,364,841.51 | 10,94,23,375.27 | 10,94,23,375.27 | 13,46,32,364,841.51 | 2,90,57,901.95 | 2,06,46,317.38 | 11,19,698.99 | 11,38,388.57 | 1,56,071.19 | 1,86,487.23 | (68,81,099.90) | (4,82,77,222.73) |

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

a) Associate Company :

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

• India International Pte Limited, Singapore

• East Africa Reinsurance Company, Kenya

• Agriculture Insurance Company of India Limited, India

b) Key Management Personnel :

- Shri A.K.Roy, CMD

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

Nature and volume of transactions:

With (a) above

(₹ in thousand)

| Name of the Company | KenIndia Assurance Company Limited | | Asian Reinsurance Corporation | | India International Pte Ltd. | |
|--|------------------------------------|-----------|-------------------------------|---------|------------------------------|---------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Premium Accepted | 294,955 | 159,259 | 194,091 | 188,591 | 1,864,444 | 588,229 |
| Premium Ceded | - | - | 15,143 | 33,616 | (481) | - |
| Net Premium | 294,955 | 159,259 | 178,948 | 154,975 | 1,864,925 | 588,229 |
| Commission Paid | 78,832 | 58,511 | 58,279 | 60,816 | 464,430 | 152,599 |
| Commission Recovered | - | - | 3,178 | 4,849 | (146) | - |
| Net Commission | 78,832 | 58,511 | 55,101 | 55,967 | 464,576 | 152,599 |
| Claims Paid | (150,630) | 298,662 | 1,054,344 | 139,802 | 1,513,739 | 729,815 |
| Claims Recovered | - | - | 9,391 | 31,324 | 227 | - |
| Net Claims | (150,630) | 298,662 | 1,044,953 | 108,478 | 1,513,739 | 729,815 |
| Balance on 31st March (-) Indicates amount payable by GIC | 82,125 | (321,206) | 118,030 | 19,014 | 16,027 | 163,291 |

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

(₹ in thousand)

| Name of the Company | Agriculture Insurance Company of India Ltd. | | East Africa Reinsurance Company | |
|--|---|-----------|---------------------------------|---------|
| | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| Premium Accepted | 4,043,768 | 3,501,124 | 20,298 | 10,527 |
| Premium Ceded | 105,966 | 3,075 | - | - |
| Net Premium | 3,937,802 | 3,498,049 | 20,298 | 10,527 |
| Commission Paid | 755,788 | 706,562 | 1,701 | 1,103 |
| Commission Recovered | - | - | - | - |
| Net Commission | 755,788 | 706,562 | 1,701 | 1,103 |
| Claims Paid | 1,717,994 | 1,343,673 | 7,854 | 6,467 |
| Claims Recovered | - | - | - | - |
| Net Claims | 1,717,994 | 1,343,673 | 7,854 | 6,467 |
| Balance on 31st March (-) Indicates amount payable by GIC | - | - | 2,503 | 909 |

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

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

13. Investment in Associate Companies (as on 31st March, 2013)

(₹ in thousand)

| Sr. No. | Name of Company | Currency | No. of Shares | Face Value | % Holding | Acquisition Cost |
|---------|--|----------|---------------|------------|-----------|------------------|
| 1. | KenIndia Assurance Co. Ltd, Kenya | Kshs | 5,15,777 | 100 Kshs | 9.19% | 7,247 |
| 2. | India International Ins. Pte Ltd. | S.D. | 1,00,00,000 | 1 S.D. | 20.00% | 29,479 |
| 3. | Asian Reinsurance Corporation, Bangkok | USD | 7,222 | 1000 USD | 23.42% | 4,74,519 |
| 4. | East Africa Reinsurance Co. Ltd. Kenya | Kshs | 118,016 | 1000 Kshs | 14.75% | 79,917 |
| | Total Foreign Investments | | | | | 591,162 |
| 1. | Agriculture Ins. Co. of India Ltd | INR | 7,00,00,000 | 10 INR | 35.00% | 700,000 |
| | Total Indian Investments | | | | | 700,000 |

Investment in Associate Companies (as on 31st March, 2012)

(₹ in thousand)

| Sr. No. | Name of Company | Currency | No. of Shares | Face Value | % Holding | Acquisition Cost |
|---------|--|----------|---------------|------------|-----------|------------------|
| 1. | KenIndia Assurance Co. Ltd, Kenya | Kshs | 5,15,777 | 100 Kshs | 9.19% | 7,247 |
| 2. | India International Ins. Pte Ltd. | S.D. | 1,00,00,000 | 1 S.D. | 20.00% | 29,479 |
| 3. | Asian Reinsurance Corporation, Bangkok | USD | 7,222 | 1000 USD | 23.42% | 4,74,519 |
| 4. | East Africa Reinsurance Co. Ltd. Kenya | Kshs | 118,016 | 1000 Kshs | 14.75% | 79,917 |
| | Total Foreign Investments | | | | | 591,162 |
| 1. | Agriculture Ins. Co. of India Ltd | INR | 7,00,00,000 | 10 INR | 35.00% | 700,000 |
| | Total Indian Investments | | | | | 700,000 |

14. Employees Benefits

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

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

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

(₹ in thousand)

| | Year ending 31st March, 2013 | Year ending 31st March, 2012 |
|--|---------------------------------|---------------------------------|
| Pension Superannuation Scheme (Employees Pension Fund) | 59,891 | 103,593 |
| Leave Encashment (Earned Leave and Sick Leave) | 165,615 | 79,463 |
| Gratuity (Employees Gratuity Fund) | -4,725 | 38,322 |
| Provident Fund (Employees Provident Fund) | 4,811 | 348* |
| Settlement Benefit | 1,678 | 400 |

*Provident Fund for last year is adjusted with reversal of ₹ 43 lakh of previous year.

A) Change in the Present Value of Obligation

(₹ In thousand)

| | Pension 31/03/2013 | Pension 31/03/2012 | Gratuity 31/03/2013 | Gratuity 31/03/2012 | Leave Salary 31/03/2013 | Leave Salary 31/03/2012 | Settlement 31/03/2013 | Settlement 31/03/2012 |
|---|-----------------------|-----------------------|------------------------|------------------------|-------------------------------|-------------------------------|--------------------------|--------------------------|
| Present Value of Obligation at 1 April | 844,290 | 701,951 | 177,284 | 148,538 | 149,795 | 81,672 | 7,250 | 6,850 |
| Interest Cost | 65,086 | 53,873 | 13,904 | 11,378 | 10,396 | 6,080 | 5,202 | 522 |
| Past Service Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Current Service Cost | 24,552 | 24,294 | 10,581 | 9,090 | 0 | 7,920 | 1,000 | 200 |
| Curtailment Cost / (Credit) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Settlement Cost / (Credit) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Benefit Paid | -71,545 | -57,086 | -9,130 | -12,627 | 5,320 | -11,340 | -128 | 0 |
| Actuarial (Gain)/Loss on Obligation | 42,677 | 121,258 | -9,536 | 20,905 | -1,268 | 65,463 | 156 | -322 |
| Present Value of Obligation at 31 March | 905,058 | 844,290 | 183,101 | 177,284 | 165,615 | 149,795 | 8,800 | 7,250 |

B) Change in the Fair value of Plan Assets

(₹ in thousand)

| | Pension 31/03/2013 | Pension 31/03/2012 | Gratuity 31/03/2013 | Gratuity 31/03/2012 | Leave Salary 31/03/2013 | Leave Salary 31/03/2012 | Settlement 31/03/2013 | Settlement 31/03/2012 |
|---|-----------------------|-----------------------|------------------------|------------------------|-------------------------------|-------------------------------|--------------------------|--------------------------|
| Fair Value of Plan Assets as at 1 April | 740,697 | 602,006 | 138,961 | 101,650 | 0 | 0 | 0 | 0 |
| Expected return on Plan Assets | 68,093 | 50,002 | 12,352 | 5,760 | 0 | 0 | 0 | 0 |
| Actuarial Gain/(Loss) on Obligation | 4,330 | 45,829 | 7,322 | -2,709 | 0 | 0 | 0 | 0 |
| Contribution | 103,593 | 99,946 | 38,322 | 46,887 | 5,320 | 11,340 | 0 | 0 |
| Benefit Paid | -71,545 | -57,086 | 9,130 | -12,627 | -5,320 | -11,340 | 0 | 0 |
| Fair Value of Plan Assets at 31 March | 845,167 | 740,697 | 187,826 | 138,961 | 0 | 0 | 0 | 0 |
| Unpaid Amount | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fair Value of Plan (Net) Assets at 31 March | 845,167 | 740,697 | 187,826 | 138,961 | 0 | 0 | 0 | 0 |
| Actual return | 73,423 | 95,831 | 19,674 | 3,050 | 0 | 0 | 0 | 0 |

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

(₹ In thousand)

| | Pension 31/03/2013 | Pension 31/03/2012 | Gratuity 31/03/2013 | Gratuity 31/03/2012 | Leave* Salary 31/03/2013 | Leave* Salary 31/03/2012 | Settlement 31/03/2013 | Settlement 31/03/2012 |
|--|-----------------------|-----------------------|------------------------|------------------------|--------------------------------|--------------------------------|--------------------------|--------------------------|
| Present Value of Obligation | 905,058 | 844,290 | 183,101 | 177,283 | 165,615 | 149,795 | 8,800 | 7,250 |
| Fair Value of Plan Assets | 845,167 | 740,696 | 187,826 | 138,960 | 0 | 0 | 0 | 0 |
| Unfunded Net Asset / (Liability) Recognised In Balance Sheet | (59,891) | (103,593) | 4,725 | (38,323) | (165,615) | (149,795) | (8,800) | (7,250) |

* EL + SL

D) Expenses recognised in the Profit and Loss Account

(₹ In thousand)

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

* EL + SL

(₹ in thousand)

| For year ending 31st March, 2012 | Pension | Gratuity | Leave Salary* | Settlement |
|---|----------|----------|---------------|------------|
| Current Service Cost | 24,294 | 9,090 | 7,920 | 200 |
| Interest Cost | 53,873 | 11,378 | 6,080 | 522 |
| Curtailment Cost / (Credit) | 0 | 0 | 0 | 0 |
| Settlement Cost / (Credit) | 0 | 0 | 0 | 0 |
| Expected Return on Plan Assets | (50,002) | (5760) | 0 | 0 |
| Net actuarial (gains)/losses recognized in the period | 75,428 | 17,854 | 65,463 | -322 |
| Total Expenses recognized in the Profit & Loss A/c | 103,593 | 38,322 | 79,463 | 400 |

* EL + SL

E) Plan Assets

(In %)

| | Pension | Pension | Gratuity | Gratuity | Leave* | Leave | Settlement | Settlement |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| | 31/03/2013 | 31/03/2012 | 31/03/2013 | 31/03/2012 | 31/03/2013 | 31/03/2012 | 31/03/2013 | 31/03/2012 |
| Government Securities {Central & State} | 53.60 | 48.80 | 54.84 | 36.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| High quality Corporate Bonds | 45.80 | 50.70 | 21.51 | 59.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Others | 0.60 | 0.50 | 23.65 | 5.00 | 0.00 | 0.00 | 0.00 | 0.00 |

* EL + SL

F) Actuarial Assumption

(In %)

| | Pension | Pension | Gratuity | Gratuity | Leave* | Leave | Settlement | Settlement |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 31/03/2013 | 31/03/2012 | 31/03/2013 | 31/03/2012 | 31/03/2013 | 31/03/2012 | 31/03/2013 | 31/03/2012 |
| Discount Rate | 8.05 | 8.00 | 8.05 | 8.00 | 8.05 | 8.00 | 8.05 | 8.00 |
| Expected return on assets | 9.00 | 8.00 | 8.05 | 8.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Salary Escalation | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Attrition/ withdrawal Rate | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Indian Assured Lives Mortality | 1994-96 | 1994-96 | 2006-08 | 1994-96 | 2006-08 | 1994-96 | 1994-96 | 1994-96 |

* EL + SL

G) Other Disclosures**Pension**

(₹ in thousand)

| Particulars | 2012 - 13 | 2011 - 12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Experience Adjustment | | | | | |
| On obligation | 42,677 | 121,258 | 59,993 | 433 | -5,946 |
| On plan assets | 4,330 | 45,829 | 29,683 | 30,647 | 22,732 |
| Present Value of obligation | 905,058 | 844,290 | 701,951 | 626,304 | 551,863 |
| Fair Value of plan assets | 845,167 | 740,697 | 0 | 521,165 | 409,466 |
| Excess of obligation over plan assets | 59,891 | 103,594 | 701,951 | 105,139 | 142,398 |

Gratuity

(₹ in thousand)

| Particulars | 2012 - 13 | 2011 - 12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---------------------------------------|----------------|-----------|-----------|-----------|-----------|
| Experience Adjustment | | | | | |
| On obligation | -9,536 | 20,905 | 32,456 | 2,276 | 946 |
| On plan assets | 7,322 | -2,709 | -5,504 | 106 | 1,613 |
| Present Value of obligation | 183,101 | 177,284 | 148,538 | 106,398 | 92,652 |
| Fair Value of plan assets | 187,826 | 138,960 | 101,650 | 97,215 | 88,266 |
| Excess of obligation over plan assets | -4,725 | 38,324 | 46,888 | 9,183 | 4,385 |

Leave salary

(₹ in thousand)

| Particulars | 2012 - 13 | 2011 - 12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---------------------------------------|----------------|-----------|-----------|-----------|-----------|
| Experience Adjustment | | | | | |
| On obligation | -1,268 | 65,463 | 6,199 | 40 | -1,369 |
| On plan assets | 0 | 0 | 0 | 0 | 0 |
| Present Value of obligation | 165,615 | 149,795 | 81,672 | 73,112 | 70,736 |
| Fair Value of plan assets | 0 | 0 | 0 | 0 | 0 |
| Excess of obligation over plan assets | 165,615 | 149,795 | 81,672 | 73,112 | 70,736 |

Settlement

(₹ in thousand)

| Particulars | 2012 - 13 | 2011 - 12 | 2010 - 11 | 2009 - 10 | 2008 - 09 |
|---------------------------------------|--------------|-----------|-----------|-----------|-----------|
| Experience Adjustment | | | | | |
| On obligation | 156 | 322 | -522 | -527 | -245 |
| On plan assets | 0 | 0 | 0 | 0 | 0 |
| Present Value of obligation | 8,800 | 7,250 | 6,850 | 6,850 | 6,650 |
| Fair Value of plan assets | 0 | 0 | 0 | 0 | 0 |
| Excess of obligation over plan assets | 8,800 | 7,250 | 6,850 | 6,850 | 6,650 |

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

15. Additional Provision of ₹ 45,697 thousand has been made in respect of Reserve for Unexpired Risk as required by IRDA for 2012-13 for London Branch (Previous year ₹ 7,647 thousand).

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

| | 2012-13 | 2011-12 |
|-------------------------|-----------------------|------------------------|
| Basic and Diluted EPS | ₹ 545 | ₹ -574 |
| Profit after Tax | ₹ 23,446,216 thousand | ₹ -24,687,499 thousand |
| Number of equity shares | 43,000,000 | 43,000,000 |
| Nominal value of share | ₹ 100/- | ₹ 100/- |

17. The Corporation has prepared Cash flow statement adopting the indirect method.
18. Tax liabilities in respect of foreign operation, if any, is accounted on actual basis.
19. Prior period items have not been separately disclosed, as the amount is not material.
20. The summary of the financial statements of the Corporation for the last five years is as per Annexure I.
21. The Accounting Ratios of the Corporation are stated in Annexure II.
22. a) The details of exchange (gain)/loss on account of revaluation included in the

Claims Incurred net are as under:

| (₹ in thousand) | |
|-------------------|------------------|
| Class of Business | Amount |
| Fire | 1,177,430 |
| Life | -190 |
| Marine | 279,292 |
| Miscellaneous | 453,861 |
| Total | 1,910,393 |

b) Reference / Benchmark Exchange Rates :

| | Average INR Rate {April'12 to March'13} | Average INR Rate {April'11 to March'12} | Closing INR Rate {31.03.2013} | Closing INR Rate {31.03.2012} |
|-------------|---|---|----------------------------------|----------------------------------|
| AED | 14.7958826 | 13.0066893 | 14.7785130 | 13.8516000 |
| GBP | 85.8435832 | 76.1843170 | 82.5327400 | 81.4428700 |
| MYR | 17.5739580 | 15.6171167 | 17.5549810 | 16.6214670 |
| USD | 54.3425323 | 47.7720723 | 54.2800000 | 50.8700000 |
| EURO | 69.9705639 | 65.6726137 | 69.5435360 | 67.8758410 |

- c) During the year Corporation has reclassified the exchange gain / loss relating to revenue transaction due to conversion of foreign currencies has been apportioned between Revenue Accounts and Profit and Loss Account hitherto same was classified under only in Profit and Loss Account, however there is no impact on Profit for the Year.

23. Details of the penalty payable by the Corporation during the year 2012-13 are given below:

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

24. Performance of Overseas Branches:

(₹ in thousand)

| | Dubai | Malaysia | London |
|-----------------------------|------------|-----------|-----------|
| Gross Premium | 15,262,947 | 6,769,507 | 3,979,200 |
| Net Premium | 14,706,070 | 6,566,911 | 3,393,275 |
| Earned Premium | 15,548,271 | 5,217,659 | 3,396,342 |
| Incurred Claims | 10,294,191 | 3,778,703 | 1,766,860 |
| Net Commission | 3,602,050 | 1,944,744 | 682,346 |
| Expenses of Management | 225,142 | 24,581 | 101,173 |
| Profit/-Loss on Exchange | -91,516 | 43,915 | -18,111 |
| Underwriting Profit/Loss | 1,335,372 | -486,455 | 827,852 |
| Net Inv. Income in Rev. A/c | 332,327 | 235,438 | 166,056 |
| Revenue Profit Loss | 1,667,699 | -251,017 | 993,908 |

25. During the year, Corporation has settled the Commission rates with respect to financial year 2011-12 for three domestic insurance companies and accordingly Corporation has made provision of ₹ 2,097,566 thousand for commission.
26. As per the Ministry of Finance guidelines, Corporation has proposed dividend of ₹ 5,483,556 thousand (including dividend distribution tax), out of the current year profit.
27. During the year, the Corporation has made a provision of ₹ 516,723 thousand towards unexpired risk reserve for life business as determined by Life Appointed Actuary as per IRDA guidelines.
28. Figures relating to the previous year have been regrouped / rearranged, wherever necessary.

As per our report of even date

As per our report of even date
For **MANUBHAI & CO.**

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI
Partner
Membership No.: 110299

Mumbai
Dated : 24th May, 2013

For **CONTRACTOR, NAYAK
& KISHNADWALA**

Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH
Partner
Membership No.: 100052

A K Roy

Chairman-cum-Managing Director

Snehlata Srivastava
Director

B Chakrabarti
Director

S Yugandhara Rao
Director, General Manager & (CFO)

Sushobhan Sarkar
Director

Daulat Raj Mohnot
Director

Suchita Gupta
Company Secretary

SUMMARY OF FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH 2013

(₹ In lakhs)

| Particulars | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|----------------|----------------|----------------|----------------|---------------|
| OPERATING RESULTS | | | | | |
| 1 Gross Premium | 1508587 | 1361795 | 1168127 | 973692 | 806113 |
| 2 Net Premium Income | 1377123 | 1255824 | 1051258 | 877687 | 740233 |
| 3 Income from Investments (net) | 220530 | 141707 | 133713 | 129570 | 113883 |
| 4 Profit on Exchange Fluctuation | 12640 | 1065 | -2041 | -82 | 794 |
| 5 Total Income | 1610293 | 1398596 | 1182930 | 1007175 | 854910 |
| 6 Commissions (Net) (Including Brokerage) | 290575 | 206663 | 192635 | 193025 | 174918 |
| 7 Operating Expenses | 11214 | 10305 | 7603 | 7146 | 6312 |
| 8 Net Incurred Claims | 1094234 | 1398641 | 862578 | 685639 | 624389 |
| 9 Change in Unexpired Risk Reserve | 44945 | 124251 | 96854 | 70044 | -40384 |
| 9a Premium Deficiency | -14147 | 14147 | 0 | 0 | 0 |
| 10 Operating Profit/loss | 183472 | -355411 | 23260 | 51321 | 89675 |
| NON-OPERATING RESULT | | | | | |
| 11 Total Income under Shareholders account (Net) | 54745 | 106344 | 95675 | 77699 | 91484 |
| 12 Profit/(loss) before tax | 238217 | -249067 | 118935 | 129020 | 181159 |
| 13 Provision for tax | 3755 | -2192 | 15594 | -48440 | 40439 |
| 14 Profit/(loss) after tax | 234462 | -246875 | 103341 | 177460 | 140720 |
| MISCELLANEOUS | | | | | |
| 15 Policy holders Account : | | | | | |
| Total funds | 2602203 | 2385800 | 1663700 | 1375264 | 1228973 |
| Total Investments | 3034009 | 2748688 | 2513658 | 2257069 | 1573195 |
| Yield on Investments | 10.13 | 10.37 | 12.56 | 11.93 | 10.70 |
| 16 Shareholders Account : | | | | | |
| Total funds | 965456 | 768546 | 992599 | 913326 | 776982 |
| Total Investments | 963601 | 1622452 | 1651028 | 1430637 | 898073 |
| Yield on Investments | 10.13 | 10.37 | 12.56 | 11.93 | 10.70 |

SUMMARY OF FINANCIAL STATEMENTS

(₹ In lakhs)

| Particulars | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|-------------------------------|---------|---------|---------|---------|---------|
| 17 Paid up equity Capital | 43000 | 43000 | 43000 | 43000 | 43000 |
| 18 Net worth | 965456 | 768546 | 992599 | 913326 | 776982 |
| 19 Total assets | 5993989 | 5373092 | 4972856 | 4384213 | 3001964 |
| 20 Yield on total Investments | 10.10 | 10.37 | 12.56 | 11.93 | 10.70 |
| 21 Earnings per share (Rs.) | 545 | -574 | 240 | 413 | 327 |
| 22 Book Value per share (Rs.) | 2151 | 1733 | 2308 | 2124 | 1807 |
| 23 Total Dividend | 46870 | 0 | 20640 | 35260 | 27950 |
| 24 Dividend per share (Rs.) | 109 | 0 | 48 | 82 | 65 |

As per our report of even date
For **MANUBHAI & CO.**

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI
Partner
Membership No.: 110299

Mumbai
Dated : 24th May, 2013

For **CONTRACTOR, NAYAK
& KISHNADWALA**

Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH
Partner
Membership No.: 100052

A K Roy

Chairman-cum-Managing Director

Snehlata Srivastava
Director

B Chakrabarti
Director

S Yugandhara Rao
Director, General Manager & (CFO)

Sushobhan Sarkar
Director

Daulat Raj Mehnot
Director

Suchita Gupta
Company Secretary

PERFORMANCE RATIOS

| Performance Ratio | Ratio / Percentage | | | |
|--|--------------------|---------|----------|---------|
| | 2012-13 | | 2011-12 | |
| | Domestic | Foreign | Domestic | Foreign |
| 1 Gross Premium Growth Rate (segment wise) (Gross premium for the current year divided by the gross premium for the previous year) | | | | |
| Fire Insurance | -6.9 | -1.3 | 51.3 | 89.3 |
| Motor Insurance | 40.9 | 43.1 | 73.9 | 146.7 |
| Aviation Insurance | -2.8 | -32.0 | 18.5 | 15.1 |
| Engineering insurance | -12.6 | 3.5 | 59.2 | 31.4 |
| W.C. | -1.1 | 109.0 | 122.9 | 290.0 |
| Liability | 11.3 | -64.4 | 34.3 | 34.3 |
| PA | 41.8 | 10.5 | 23.8 | 166.8 |
| Health | 25.2 | -9.6 | 37.3 | 173.1 |
| Other Miscellaneous Insurance | 14.9 | 43.9 | 83.5 | 83.4 |
| FL/Credit | 11.5 | -0.4 | 176.3 | 25.8 |
| Marine Cargo | -5.9 | -12.9 | 49.1 | 97.3 |
| Marine Hull | -20.1 | 4.6 | 57.1 | 51.3 |
| Life | 287.6 | 32.5 | 137.3 | 214.2 |
| 2 Gross Premium to Net worth ratio : (Gross premium for the current year divided by paid up capital and free reserves) | 163.3 | | 182.9 | |
| 3 Growth rate of Net Worth (Net worth as at the current balance sheet date divided by Net worth as at the previous balance sheet date) | 24.1 | | -21.7 | |
| 4 Net retention ratio (segment wise) (Net premium divided by gross premium) | | | | |
| Fire Insurance | 73.1 | 83.2 | 78.3 | 87.5 |
| Motor Insurance | 100.0 | 100.0 | 100.0 | 100.0 |
| Aviation Insurance | 76.9 | 76.4 | 61.8 | 92.5 |
| Engineering Insurance | 81.4 | 100.0 | 78.2 | 100.1 |
| W.C. | 100.0 | 100.0 | 100.0 | 100.0 |
| Liability | 78.9 | 100.0 | 89.1 | 99.9 |
| PA | 99.4 | 100.0 | 99.0 | 100.0 |
| Health | 100.0 | 100.0 | 100.0 | 100.0 |
| Other Miscellaneous Insurance | 93.6 | 100.0 | 91.2 | 100.0 |
| FL/Credit | 100.0 | 100.0 | 100.0 | 100.0 |
| Marine Cargo | 85.7 | 100.0 | 93.1 | 100.0 |
| Marine Hull | 54.6 | 85.5 | 77.9 | 88.4 |
| Life | 100.0 | 65.7 | 100.0 | 92.8 |

Annexure - II

PERFORMANCE RATIOS

| Performance Ratio | Ratio / Percentage | | | |
|---|--------------------|---------|----------|---------|
| | 2012-13 | | 2011-12 | |
| | Domestic | Foreign | Domestic | Foreign |
| 5 Net commission ratio (segment wise) (Commission paid net of reinsurance commission divided by net written premium for that segment) | | | | |
| Fire Insurance | 18.1 | 28.1 | 13.9 | 23.0 |
| Motor Insurance | 18.3 | 21.3 | 8.3 | 19.4 |
| Aviation Insurance | 9.9 | 18.5 | 13.0 | 17.5 |
| Engineering Insurance | 30.4 | 32.9 | 23.8 | 30.4 |
| W.C. | 17.9 | 10.4 | 14.7 | 8.9 |
| Liability | 15.7 | 23.3 | 14.5 | 21.5 |
| PA | 16.3 | 20.7 | 12.4 | 21.3 |
| Health | 10.8 | 28.8 | 7.8 | 15.3 |
| Other Miscellaneous Insurance | 33.1 | 13.7 | 19.5 | 18.6 |
| FL/Credit | 17.1 | 36.4 | 21.2 | 15.8 |
| Marine Cargo | 16.3 | 36.1 | 13.6 | 29.6 |
| Marine Hull | 7.0 | 23.7 | 13.9 | 25.2 |
| Life | 0.1 | 4.8 | 0.7 | 6.7 |
| 6 Expenses of management to gross premium ratio (Expenses of management divided by Gross premium) | 0.7 | | 0.8 | |
| 7 Expenses of management to Net written premium ratio (Expenses of management divided by Net written premium) | 0.8 | | 0.8 | |
| 8 Net Incurred Claims to Net Earned Premium | 82.1 | | 123.6 | |
| 9 Combined ratio : (Net Incurred Claims divided by Net Earned Premium plus expenses of management (including net commission) divided by Net written premium) | 104.1 | | 140.9 | |
| 10 Technical reserves to net premium ratio: (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) | 189.0 | | 190.0 | |
| 11 Underwriting balance ratio: | -3.3 | | -39.6 | |
| 12 Operating profit ratio: (Underwriting profit/ loss plus investment income divided by net premium) | 13.3 | | -28.3 | |

PERFORMANCE RATIOS

| | Ratio / Percentage | | | |
|--|--------------------|---------|----------|---------|
| | 2012-13 | | 2011-12 | |
| | Domestic | Foreign | Domestic | Foreign |
| 13 Liquid assets to liabilities ratio: (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)) | 36.4 | | 33.0 | |
| 14 Net earnings ratio: (Profit after tax divided by net premium) | 17.0 | | -19.7 | |
| 15 Return on net worth (Profit after tax divided by net worth) | 25.4 | | -33.2 | |
| 16 Available Solvency Margin (ASM) to Required Solvency Margin: (RSM) ratio (Ratio of Available Solvency Margin (ASM) at the end of the Quarter to the Required Solvency Margin (RSM) required to be maintained as per regulations. | 2.39 | | 1.59 | |
| 17 NPA ratio | 0.36 | | 0.17 | |

As per our report of even date
For **MANUBHAI & CO.**

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI
Partner
Membership No.: 110299

Mumbai
Dated : 24th May, 2013

For **CONTRACTOR, NAYAK
& KISHNADWALA**
Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH
Partner
Membership No.: 100052

A K Roy

Chairman-cum-Managing Director

Snehlata Srivastava
Director

B Chakrabarti
Director

S Yugandhara Rao
Director, General Manager & CFO

Sushobhan Sarker
Director

Doulat Raj Mohnot
Director

Suchita Gupta
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013
AS PER INDIRECT METHOD**

(₹ in thousand)

| | 31st March, 2013 | 31st March, 2012 |
|--|------------------|------------------|
| A) CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before taxation as per Profit & Loss A/c | 23821 718 | -24906 729 |
| Adjustments for: | | |
| Exchange -Loss/Gain charged | -1538 025 | -3487 648 |
| Provision for diminution in value of Investment | 32 281 | 161 486 |
| Provision for doubtful loans, Investments & Debts | 95 680 | 1506 990 |
| Amortisation of Premium on Investment | 188 507 | 202 050 |
| Depreciation | 56 424 | 43 938 |
| -Profit /Loss on sale of Assets | 85 | - 895 |
| Provision for Leave Encashment & Salary Arrears | -19 454 | 46 806 |
| Sundry Balances Written off/ -back | 0 | 3 |
| Operating Profit before working capital changes | 22637 216 | -26433 999 |
| Changes in Unexpired Risk Reserves | 4494 463 | 12425 134 |
| Changes in Premium Deficiency Reserve | -1414 674 | 1414 674 |
| Changes in Provisions for Outstanding Claims | 18560 585 | 58370 260 |
| Changes in Income accrued on Investments | -785 766 | -1350 281 |
| Changes in Balances with Insurance Companies | -3767 103 | -12565 535 |
| Changes in Advance and Deposits | -10115 850 | -4796 548 |
| Changes in other Current Liabilities | 6167 806 | 4436 467 |
| Cash generated from operations | 35776 677 | 31500 172 |
| Income Tax Paid (Net) | -628 195 | 5081 211 |
| Net Cash from Operating Activities | 35148 482 | 36581 383 |
| B) CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | -110 186 | -90 317 |
| Proceeds from sale of Fixed Assets | 40 | 2 201 |

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 AS PER INDIRECT METHOD

| | 31st March, 2013 | 31st March, 2012 |
|---|-------------------|-------------------|
| Foreign Currency Translation Reserve | 1748 255 | 3382 415 |
| Changes in net Investments | -25125 570 | -18518 246 |
| Net Cash used in Investing Activities | -23487 461 | -15223 947 |
| C) CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend Paid | 0 | -2064 000 |
| Dividend Tax Paid | 0 | -334 832 |
| Net Cash from Financing Activities | 0 | -2398 832 |
| D) Effect of Foreign Exchange on Cash & Cash equivalents(Net) | 1538 025 | 3487 648 |
| Net increase in Cash and Cash equivalents (A+B+C+D) | 13199 046 | 22446 252 |
| Cash and Cash equivalents at beginning of period | 69143 742 | 46697 490 |
| Cash and Cash equivalents at the end of period | 82342 788 | 69143 742 |

As per our report of even date
For MANUBHAI & CO.

Chartered Accountants
Firm Regn No. 106041W

KRISHNAKANT B. SOLANKI
Partner
Membership No.: 110299

Mumbai
Dated : 24th May, 2013

For **CONTRACTOR, NAYAK
& KISHNADWALA**
Chartered Accountants
Firm Regn No. 101961W

HIREN C. SHAH
Partner
Membership No.: 100052

| | |
|--|---|
| A K Roy Chairman-cum-Managing Director | |
| Snehlata Srivastava Director | Sushobhan Sarkar Director |
| B Chakrabarti Director | Daulat Raj Mohnot Director |
| S Yugandhara Rao Director, General Manager & (CFO) | Suchita Gupta Company Secretary |

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

| | | | |
|--------------------|------------|------------|----|
| Registration No. | 16133 | State Code | 11 |
| Balance Sheet Date | 31/03/2013 | | |

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

| | | | |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Right Issue | NIL |
| Bonus Issue | NIL | Private Placement | NIL |

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

| | | | |
|-------------------|--------------|--------------|--------------|
| Total Liabilities | 27 23 76 402 | Total Assets | 27 23 76 402 |
|-------------------|--------------|--------------|--------------|

Sources of Funds

| | | | |
|-----------------------------|-----------|---------------------------|--------------|
| Paid-up Capital | 43 00 000 | Reserves & Surplus | 9 23 15 993 |
| Secured Loans | NIL | Unsecured Loans | NIL |
| Deferred Taxation Liability | 0 | Fair Value Change Account | 17 57 60 409 |

Application of Funds

| | | | |
|--------------------|---------------|--------------------|--------------|
| Net Fixed Assets | 5 47 656 | Investment | 40 43 90 111 |
| Net Current Assets | -13 26 31 720 | Misc. Expenditure | NIL |
| Accumulated Losses | NIL | Deferred Tax Asset | 70 355 |

IV. Performance of Company (Amount in ₹ thousand)

| | | | |
|--------------------------|--------------|------------------------|--------------|
| Turnover | 15 65 66 681 | Total Expenditure | 13 82 19 401 |
| Profit/ Loss Before Tax | 2 38 21 718 | Profit/ Loss After Tax | 2 34 46 217 |
| Earning per Share in (₹) | 545.26 | Dividend @ % | 109 |

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

| | |
|---------------------|---------------------|
| Item Code No. | NOT APPLICABLE |
| Product Description | REINSURANCE SERVICE |

PERFORMANCE HIGHLIGHTS

(₹ & \$ in '000)

| | as on 31.03.2013 | | as on 31.03.2012 | |
|--|--------------------|-------------------|--------------------|-------------------|
| | ₹ | \$ | ₹ | \$ |
| Net Earned Premium | 133 217 865 | 2 454 272 | 113 157 295 | 2 224 441 |
| Net Claims | 109 423 375 | 2 015 906 | 139 864 079 | 2 749 441 |
| % to Earned Premium | 82.1% | 82.1% | 123.6% | 123.6% |
| Net Commission | 29 057 502 | 535 326 | 20 666 317 | 406 257 |
| % to Earned Premium | 21.8% | 21.8% | 18.3% | 18.3% |
| Operating Expenses and Other Outgo less Other Income | - 142 574 | - 2 627 | 924 021 | 18 164 |
| Premium Deficiency | -1 414 674 | - 26 063 | 1 414 674 | 27 810 |
| Investment Income Less Expenses apportioned to Revenue a/c | 22 053 043 | 406 283 | 14 170 716 | 278 567 |
| Revenue Profit/Loss(-) | 18 347 279 | 311 949 | -35 541 080 | - 698 665 |
| Investment Income Less Expenses apportioned to P/L a/c | 6 883 157 | 126 808 | 8 364 466 | 164 428 |
| Other Income less Other Outgo | -1 092 250 | - 20 123 | 4 140 412 | 81 392 |
| Res. for Doubtful Debts, Investment W/off & Amortisation of Prem.on Inv. | 316 467 | 5 830 | 1 870 527 | 36 771 |
| PROFIT BEFORE TAX | 23 821 719 | 412 805 | -24 906 728 | - 489 615 |
| Provision for tax including deferred tax | 375 501 | 6 918 | - 219 229 | - 4 310 |
| PROFIT AFTER TAX | 23 446 217 | 405 887 | -24 687 499 | - 485 306 |
| ASSETS: | | | | |
| Investments | 399 761 002 | 7 364 794 | 369 460 864 | 7 262 844 |
| Loans | 4 629 109 | 85 282 | 4 991 930 | 98 131 |
| Fixed Assets | 547 656 | 10 089 | 494 018 | 9 711 |
| Deferred Tax Asset | 70 355 | 1 296 | 69 143 742 | 1 359 224 |
| Cash and Bank Balances | 82 342 788 | 1 517 001 | 93 168 102 | 1 831 494 |
| Advances and Other Assets | 112 047 951 | 2 064 258 | 50 500 | 993 |
| TOTAL ASSETS | 599 398 860 | 11 042 720 | 537 309 156 | 10 562 397 |
| LIABILITIES: | | | | |
| Share Capital | 4 300 000 | 79 219 | 4 300 000 | 84 529 |
| Reserve and Surplus | 92 315 993 | 1 700 737 | 72 605 078 | 1 427 267 |
| Deferred Tax Liabilities | 0 | 0 | 0 | 0 |
| Fair Value Change Account | 175 760 409 | 3 238 033 | 170 727 874 | 3 356 160 |
| Current Liabilities & Provisions | 327 022 458 | 6 024 732 | 289 676 204 | 5 694 441 |
| TOTAL LIABILITIES | 599 398 860 | 11 042 720 | 537 309 156 | 10 562 397 |

1 US\$ = ₹ 54.28 as on 31.3.2013

1 US\$ = ₹ 50.87 as on 31.3.2012

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

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

NOTES

NOTES



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Branch offices: Dubai, London, Kuala Lumpur, Representative office: Moscow



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