

37 वां वार्षिक प्रतिवेदन
37th Annual Report
2008-09



भारतीय साधारण बीमा निगम
General Insurance Corporation of India



VISION

To be a leading global reinsurance and risk solution provider

MISSION

To achieve our Vision by

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

CORE VALUES

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

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Note: Key to Indian Numbering System 10 Lakhs = 1 Million; 1 Crore = 10 Millions.

CORPORATE INFORMATION

DIRECTORS

Shri Yogesh Lohiya,	Chairman-cum-Managing Director
Shri Tarun Bajaj , IAS	
Shri T.S. Vijayan	upto 10.05.2009
Shri O.P. Bhatt	
Shri M. Ramadoss	
Shri M.B.N.Rao	upto 30.06.2008
Shri T. S. Narayansami	upto 31.05.2009
Shri Kamlesh Shivji Vikamsey	
Shri Rajeev Gowda	

MANAGEMENT

Chairman-cum-Managing Director	Shri Yogesh Lohiya	
General Managers	Smt. Bhagyam Ramani	
	Shri M. Ramaprasad	
	Shri A K Roy	w.e.f 23.06.2008
	Shri R Raghavan	w.e.f.23.06.2008
Chief Vigilance Officer	Smt. Gopa Ray	
Deputy General Managers	Shri H.G. Rokade	
	Shri P.N. Gandhi	
	Shri K. Raghunath	
	Shri P K Bhagat	
	Shri K K Mahajan	w.e.f. 31.07.2008
	Smt Alice Vaidyan	w.e.f. 31.07.2008
	Shri A K Mittal	w.e.f. 11.08.2008
	Shri Y Ramulu	w.e.f 11.08.2008
	Shri H L Teckchandani	w.e.f. 18.08.2008
COMPANY SECRETARY	Smt. Suchita Gupta	

AUDITORS

M/s S R Goyal & Co.Chartered Accountants
1 A Sangram Colony, C-Scheme, Jaipur 302 001

BANKERS

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

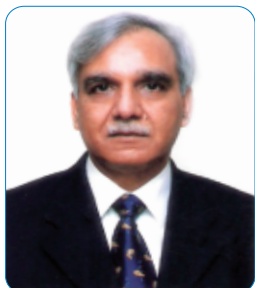
REGISTERED OFFICE

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

BOARD OF DIRECTORS



***Left to Right : Shri M. Ramadoss, Shri Rajeev Gowda, Shri Yogesh Lohiya (Chairman-cum-
Managing Director), Shri Tarun Bajaj, Shri O. P. Bhatt, Shri Kamlesh Shivji Vikamsey***



Mr. Yogesh Lohiya, Chairman-cum-Managing Director started his career in the Insurance Industry in 1977 as a direct recruit officer in The Oriental Insurance Company Ltd. Mr. Lohiya is a mechanical engineering graduate and an Associate of the Insurance Institute of India. He also holds a post-graduate diploma in management.

Mr. Lohiya is a Director on the Board of Life Insurance Corporation of India (LIC) and Registrar of Shipping. Mr. Lohiya is Chairman of GIC Housing Finance Co. Ltd and GIC Asset Management Co. Ltd. He is also a Director on the Boards of East Africa Reinsurance Co., Kenya and Kenindia Assurance Co. Ltd., Kenya and also a Council Member of Asian Reinsurance Company, Thailand & a Member of their Management Board. Mr. Lohiya is Executive member of various committees of Federation of Afro Asian

Insurers and Reinsurers (FAIR) and also member on various committees of trade/ commerce Associations as well as of Insurance Regulatory & Development Authority & Tariff Advisory Committee.

Mr. Lohiya is also a visiting faculty at several institutes of higher learning and has also authored several books on issues related to the Insurance sector.



Shri Tarun Bajaj (IAS) Joint Secretary in the Department of Financial Services in the Ministry of Finance, is an IAS officer of the 1988 batch of Haryana cadre. A post-graduate in Management from IIM Ahmedabad, he is also a Chartered Financial Analyst. Mr. Bajaj also holds a post graduate degree from the London School of Economics and Political Science.

Mr. Bajaj is also a Director on the Boards of New India Assurance Co. Ltd. , Agriculture Insurance Company of India Limited, Bank of India, Irrigation & Water Resources Finance Corporation Ltd.



Mr. O. P Bhatt is the Chairman of State Bank of India, a Fortune 500 company and the largest Public Sector Bank in the country. He also heads the State Bank Group. Mr. Bhatt has been conferred with the CNN- IBN Indian of the Year (Business) in 2007 and Business Standard Banker of the Year award in 2008. He has been awarded the “ Best Executive of the Year Award – 2008 ” by Asia Money and “ The Best Banker of the Year – 2008 ” by the Financial Express Group.



Shri M. Ramadoss Chairman and Managing Director of The Oriental Insurance Company Limited and Chairman of General Insurers Public Sector Association (GIPSA), is a Chartered Accountant. He is also a Fellow of Insurance Institute of India and an Associate of Chartered Insurance Institute of UK. He is the Chairman of Insurance and Pension Committee of ASSOCHAM. He is a Director on the Board of Deposit Insurance and Credit Guarantee Corporation, GIC Housing Finance Limited and India International Insurance Pte. Ltd., Singapore.



Shri T.S. Vijayan Chairman of Life Insurance Corporation of India has had a distinguished career in the Corporation. He is a science graduate with a diploma in Management and was the Managing Director of the Corporation before his current posting. He is also the Chairman of LIC Housing Finance Limited.

Under the stewardship of Mr. Vijayan, LIC has achieved many successes in the areas of IT and IT Enabled Services.



Mr. T S Narayanasami a distinguished banker and Chairman & Managing Director of Bank of India started his banking career as a Probationary Officer in Union Bank of India in 1969. In April 2004 Mr. Narayanasami was elevated as Chairman and Managing Director of Andhra Bank, a position he held till May 2005. In June 2005 he was appointed as Chairman and Managing Director of Indian Overseas Bank. Subsequently he took over the reins of Bank of India in June 2007.



Mr. Kamlesh Vikamsey, a Chartered Accountant by profession, is the Senior Partner of M/s. Khimji Kunverji & Co., Chartered Accountants. Mr. Vikamsey is the President of Confederation of Asian and Pacific Accountants (CAPA).

He was a part-time Member of Insurance Regulatory and Development Authority (IRDA) - 2005-2006 and has been a member of several committees constituted by various bodies and agencies of the Government of India.

Mr. Vikamsey was also a Member of Steering Committee of United Nations for independent external evaluation and comprehensive review of governance and oversight of its funds, programme & specialized agencies.

Mr. Vikamsey was the President of The Institute of Chartered Accountants of India (ICAI)

New Delhi in the year 2005-06.

Mr. Vikamsey is currently a Director on the Board of several organisations.



Dr. M V Rajeev Gowda is a Professor of Economics & Social Sciences at the Indian Institute of Management, Bangalore.

An Economics graduate from Bangalore University, Dr. Gowda did his Masters in Economics from Fordham University and Doctorate in Public Policy & Management from the Wharton School, University of Pennsylvania, USA. He was also a Post-doctoral Fellow in Law and Economics at the University of California, Berkeley, USA. Dr. Gowda has co-edited two books, Judgements, Decisions, and Public Policy (2002) and Integrating Insurance and Risk Management for Hazardous Wastes (1990). Dr. Gowda has also served as Consultant for Pricewaterhouse Coopers on Electricity Sector

Reforms in Karnataka He has also been actively involved in social and community activities.

MANAGEMENT



(Sitting L-R) General Managers : Shri R. Raghavan, Shri M. Ramaprasad, Smt. Bhagyam Ramani, Shri Yogesh Lohiya (Chairman-cum-Managing Director), Smt. Gopa Ray (Chief Vigilance Officer), Shri A. K. Roy.

(Standing L-R) Deputy. General Managers : Shri H. G. Rokade, Shri Y. Ramulu, Smt Alice Vaidyan, Shri K. K. Mahajan, Shri H.L. Teckchandani, Shri P. K. Bhagat, Shri A. K. Mittal, Shri K. Raghunath, Shri P. N. Gandhi.

NOTICE

NOTICE is hereby given that the **37th 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 Tuesday, the 11th August 2009 at 01.00 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Statements of Account for the year ended 31st March 2009.
2. To declare dividend on equity shares.
3. To fix the remuneration of Auditors for the year 2009-2010.

For and on behalf of the Board

(SUCHITA GUPTA)
COMPANY SECRETARY

Registered Office:

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

Dated : 27th July, 2009.

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 Thirty Seventh Annual Report on the working and affairs of the Corporation and the audited statements of account for the year ended 31st March, 2009.

FINANCIAL RESULTS:

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

	(Rs in Crores)		(Rs in Crores)	
	2008-09	2007-08	2008-09	2007-08
1. Net Premium	7402.33	8311.14		
2. Net Earned Premium	7806.17	7228.96		
3. Net Incurred Claims	6217.14	6011.49		
	79.6%	83.2%		
4. Net Commission	1749.18	2089.65		
	22.4%	28.9%		
5. Operating Expenses and Other Outgo less Other Income	53.21	55.21		
	0.7%	0.8%		
6. Investment Income Apportioned to Revenue less expenses	1136.86	1287.28		
7. Total Profit/Loss (-) (2+6-3-4-5)	923.50	359.89		
	11.8%	5.0%		
8. Interest, Dividends and Rents (gross)	648.99	744.17		
9. Other Income less Other Outgo	277.03	-2.67		
10. Reserve for Doubtful Debts and Investment incl. Amortisation of Investments Written off	38.15	31.01		
11. Distribution of LPA Assets	-0.22	3.08		
12. Profit before Tax (7+8+9-10-11)	1811.59	1067.30		
13. Income-tax Deducted at Source and Provision for tax incl. deferred taxes	404.39	74.52		
14. Profit after Tax (12-13)	1407.20	992.78		
15. Balance of Profit b/f from previous year	0.01	0.04		
16. Profit available for appropriation	1407.21	992.82		
17. Proposed Dividend incl. Dividend tax	327.00	231.41		
18. Transferred to General Reserves	1080.20	761.40		
19. Balance of Profit carried forward (15+16-17-18)	0.01	0.01		

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

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

PROPOSED DIVIDEND

The directors recommend declaration of dividend at the rate of 65 % for the year under review amounting to Rs 279.50 crores, as against Rs. 197.80 crores at the rate of 46 % in the previous year. An amount of Rs 47.50 crores has also been provided as dividend

distribution tax on the dividend declared during the year.

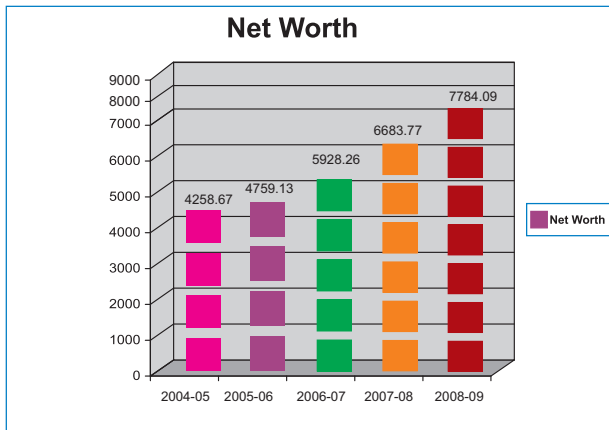
CAPITAL AND FUNDS

Capital and Funds of the Corporation stood at Rs.20073.82 crores as on 31st March, 2009 as against Rs. 18355.16 crores in the previous year, the details of which are given below:

(Rs in Crores)

	As on 31.03.2009	As on 31.03.2008
Shareholders' Funds		
Paid up Capital	430.00	430.00
General Reserve	7340.51	6259.61
Reserve for Pension & Gratuity	-6.47	-6.47
Foreign Currency Translation Reserve	19.99	0.62
Profit & Loss a/c	0.06	0.01
	7784.09	6683.77
Policyholders' Fund	12289.73	11671.39
Total Funds	20073.82	18355.16

Net worth (Shareholders' Funds) for the last 5 years (Rs. in Crores)



ASSETS

Total assets of the Corporation was Rs. 30019.64 crores as on 31st March, 2009 as compared to Rs. 36012.83 crores as on 31st March, 2008.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

INVESTMENTS

The total book value of investment of the Corporation in India (representing investments, loans and deposits) amounted to Rs.16726.47 crores as on 31.3.2009 as against Rs. 15895.26 crores in the previous year. The investment income of Rs.1788.93 was apportioned to Policyholders and Shareholders as under:

(Rs. in crores)

Apportioned to Policyholders	1138.83
Apportioned to Shareholders	650.10

The mean yield on funds (with profit on sale of investments) stood at 11%.The net NPA % (Non Performing Assets) was at 1.92 %.

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 Rs.430 crores 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 :

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 31.03.2009:

Class I	– Officers	264
Class III	– Clerical Employees	140
Class IV	– Sub-Staff	35
Total		439

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

Cadre	Total Employee Strength	Composition			
		SC	%	ST	%
Officers	264	36	13.64	12	4.55
Clerical	140	33	23.57	12	8.57
Sub-Staff	35	9	25.71	1	2.86
Total	439	78	-	25	-

III. WELFARE OF SC/ST/OBC

In consonance with the National Policy on reservation for SC/ST & OBC, GIC Re has framed rules accordingly which allow reservations and concessions/ relaxation for SC/ST and OBC in recruitment and promotion wherever applicable. Special coaching classes for SC/ST employees are held in order to enable them to acquire knowledge so that they will be able to give a better account of themselves in written test and interview.

Dr. Ambedkar Welfare Trust of GIC Re has been established during the centenary year of Dr. B.R. Ambedkar. On behalf of the Trust, various Welfare Schemes are also implemented for the benefit of SC/ST/OBC employees.

CORPORATE GOVERNANCE:

The Corporation has adopted the Best Global practices in the area of Corporate Governance. It follows the principles of integrity, fairness, transparency, disclosure and accountability, thereby protecting the interest of all stakeholders.

The Corporation looks upon Corporate Governance as an enterprise -wide endeavour to create value through optimum utilisation of all its resources.

This is sought to be achieved by an astute combination of delegation and accountability amongst the Managers in the Corporation, focused attention and transparency in operations of the Corporation, skill up-gradation through training and enhanced customer satisfaction through service that can match any international benchmark.

To achieve this, the Corporation has taken various measures and initiatives that include a well represented Board of Directors with rich experience and eminence in various fields of accounts, economy, management and administration. It has two committees on Investment and Audit, at the Board level, which closely monitor these two very vital areas of the Corporation's functioning.

The Corporation also has in-house Committees on Investments, Information Technology, Underwriting and Human Resource Development. It also has an Executive Committee for overall monitoring of Company's performance.

BOARD OF DIRECTORS:

Shri T.S. Narayanasami, Chairman, Indian Bank's Association and Chairman-cum-Managing Director, Bank of India was appointed as a Director of the Corporation w.e.f. 20.10.2008 and ceased to be a Director on the Board of the Corporation w.e.f. 31.05.2009.

Shri M.B.N.Rao Chairman-cum-Managing Director, Canara Bank and Chairman of Indian Bank's Association ceased to be a Director on the Board of the Corporation w.e.f. 30.06.2008.

Shri T.S. Vijayan, Chairman, Life Insurance Corporation of India ceased to be a Director on the Board of the Corporation w.e.f. 10.05.2009.

The Directors wish to place on record the co-operation received from Shri M.B.N. Rao, Shri T.S. Vijayan and Shri T.S. Narayanasami during his tenure as Director on the Board and also for his valuable contribution to the cause of the General Insurance Industry.

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 2008 TO MARCH 2009

Names of Directors	Dates of Meetings				
	23.05.2008	30.07.2008	10.10.2008	02.01.2009	13.03.2009
Shri Yogesh Lohiya	Present	Present	Present	Present	Present
Shri Tarun Bajaj	Present	Present	Absent	Present	Present
Shri T.S. Vijayan	Present	Absent	Present	Present	Absent
Shri O.P. Bhatt	Absent	Absent	Absent	Absent	Present
Shri M. Ramadoss	Present	Absent	Present	Absent	Present
Shri M.B.N. Rao	Absent	Ceased			
Shri Kamlesh S. Vikamsey	Present	Present	Present	Present	Present
Shri M.V. Rajeev Gowda	Absent	Present	Absent	Present	Present
Shri T.S. Narayansami				Absent (*)	Absent

(*) Appointed as Director w.e.f.20.10.2008

COMMITTEE OF THE BOARD

General Insurance Corporation of India has two Board level Committees, viz. Audit Committee and Investment Committee.

AUDIT COMMITTEE

In compliance with Section 292(A) of the Companies Act, 1956, the Corporation has an Audit Committee of the Board of Directors with the following Members for the financial year 2008-09:

1. Shri Tarun Bajaj
2. Shri T.S. Vijayan
3. Shri M. Ramadoss
4. Shri Kamlesh S Vikamsey

STATEMENT SHOWING NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2008 TO MARCH 2009

Names of Directors	Dates of Meetings		
	23.05.2008	10.10.2008	13.03.2009
Shri Tarun Bajaj	Present	Absent	Present
Shri T.S. Vijayan	Present	Present	Absent
Shri M. Ramadoss	Present	Present	Present
Shri Kamlesh S.Vikamsey	Present	Present	Present

INVESTMENT COMMITTEE

The Corporation has an Investment Committee of the Board of Directors with the following Members for the financial year 2008-09:

1. Shri Yogesh Lohiya
2. Shri Tarun Bajaj
3. Shri T.S. Vijayan
4. Shri M. Ramadoss

STATEMENT SHOWING NUMBER OF INVESTMENT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2008 TO MARCH 2009

Names of Directors	Dates of Meetings			
	23.05.2008	10.10.2008	02.01.2009	13.03.2009
Shri Yogesh Lohiya	Present	Present	Present	Present
Shri Tarun Bajaj	Present	Absent	Present	Present
Shri T.S. Vijayan	Absent	Present	Present	Absent
Shri M. Ramadoss	Present	Present	Absent	Present

FOREIGN EXCHANGE EARNINGS & OUTGO AND OTHER INFORMATION

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

- | | |
|-------------|--------------------|
| i) Earnings | Rs. 2114.88 crores |
| ii) Outgo | Rs. 1561.75 crores |

The earnings included all receipts denominated in foreign currencies in respect of premium, recovery of claims, commission on outward premium and investment earnings.

Expenses on (a) Entertainment (b) Foreign Tours and (c) Publicity and Advertisement amounted to Rs.11,09,450/- Rs. 69,95,203/-and Rs.1,87,84,454/- respectively for the year under review.

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

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

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY OF THE CENTRAL GOVERNMENT

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

For implementation of Official Language Policy of the Union, Inspections were carried out in different departments of the corporate office and in GIC Delhi office. Five Official Language Workshops were held during the year. Four meetings of Official Language Implementation Committee were held and the progress in connection with use of official language was reviewed.

During Hindi Week, various competitions were conducted and officers and employees took part in large number. A cultural programme was also held in K.C.Collage Auditorium. CMD's Shield was awarded

to the department performing best in field of Official Language.

Mrs. P.G.Manisha Chief Manager was felicitated for her work in the field of Hindi Implementation by a leading NGO "ASHIRWAD"

Regular Hindi programmes were organized for officials and staff to encourage/ motivate them to use official language in their official communication throughout the year.

Third Sub-Committee of Parliamentary Committee on Official Language inspected GIC Re along with 2 other offices in Mumbai, on 11th April 08. All the arrangements of their stay in Mumbai and inspection meeting were made by us and information questionnaire was prepared. Our efforts were praised by the committee.

VIGILANCE

The Vigilance Set-up of the Corporation is headed by Chief Vigilance Officer in the rank of General Manager. The emphasis of the vigilance department is on preventive & punitive vigilance and also on system improvements.

Since the focus of the Organisation, in concurrence with CVC guidelines, is to take proactive steps to avoid vigilance situation, Audit Reports are studied and remarks made by Auditors are analysed. Surprise Inspections are conducted periodically & lapses studied from vigilance angle; based on this, suggestions are advised for improvisation of systems and procedures of the Organisation. Importance of preventive vigilance are conveyed to all employees of GIC Re as an integral part of the training modules. 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 organizations.

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

INTERNAL AUDIT DEPARTMENT

The Corporation has systems and controls in place which covers almost all areas of operations such as underwriting, investment and finance.

The Corporation continues to utilize the services of professional audit firm M/s. Contractor, Nayak and Kishnadwala for Internal Audit and Concurrent Audit functions during the year 2008-09.

The internal audit team conducts audit of various departments on concurrent basis and also reviews the prevalent systems, and submits their report together with suitable recommendations, to the management on a monthly basis. The main audit findings and recommendations are placed before Audit Committee of the Board (ACB) for consideration. Status of progress on the implementation of approved recommendations by the Audit Committee of the Board is reported to ACB from time to time.

Reinsurance Underwriting Operations covering Treaty Acceptances and Cash Call Settlements and also Settlement of Accounts were audited on concurrent basis. Similarly, Investment operations were also subjected to audit on a concurrent basis, covering primary and secondary market transactions, Subsidiary Government Ledger (SGL) reconciliation for Central/State Government Securities and review of deployment of surplus funds. In line with RBI directions, auditors' confirmation of correctness of balances in SGL/CSGL account is sent to RBI, at the end of each month.

Besides major expenditure incurred, both Revenue and Capital were also subjected to audit. Other operational departments were covered by audit during the financial year.

RTI ACT 2005

The Corporation has in place the stipulated structure to implement the RTI Act 2005 in the organisation. The set-up is headed by a General Manager designated as the Chief Appellate Officer. A Deputy General Manager functions as the Central Public Information Officer while a Senior Manager discharges the duties of Assistant Public Information Officer under the provisions of the Act. Our corporate website www.gicofindia.com also hosts the information about the Act as relevant to the Corporation.

The Corporation, in view of its core activity of reinsurance business, does not have much

interaction with public at large and as such does not receive many applications under the Act. However, the fact that prior to the year 2000, GIC Re's was the holding company for the 4 public sector general insurance companies; their customers continue to send in their applications, under the Act, to the Corporation.

During the period under review (2008-09) the Corporation received 34 applications under the RTI Act 2005. All were duly replied well within the stipulated time period. The applications primarily related to personnel matters and mediclaim policies issued by the erstwhile GIC Re subsidiaries.

INFORMATION TECHNOLOGY MANAGEMENT GROUP (ITMG)

As the implementation of SAP at HO as well as branches at London and Dubai has stabilized, the support by the implementing agency has shifted from on-site to off-shore. Report generation needs of various departments are being reviewed and modified periodically. The reporting development environment is scheduled for up-gradation to the next level.

Majority of the MIS reports identified by the consulting agency have been configured in SAP and put into use. Additional reports are periodically modified or developed.

For implementing the Disaster Recovery Solution, the task is outsourced to a reputed IT firm and necessary hardware has been hosted at the data centre of the host-vendor at Bangalore. The Disaster Recovery site is now operational.

Document Management System (DMS) is operational in GIC Re's. Digitisation of historical as well as current documents is in progress.

The internal LAN network has been upgraded to current technology by acquiring new equipment. All employees are being provided IT related training and retraining periodically.

Electronic Data Interchange (EDI) features are being evaluated. Business requirements of GIC Re's have been identified and prioritized. Discussions with IT solution providers are underway.

The RMS solution software for Earthquake exposure analysis has been implemented. The process of finalizing Nat Cat models are also underway.

INDIAN MOTOR THIRD PARTY INSURANCE POOL (IMTPIP):

As per the directive of IRDA, Indian Motor Third Party Insurance Pool has been setup by all General Insurers in India to collectively service Commercial Vehicle Third Party Insurance business. This arrangement has become effective from 1st April 2007. GIC Re is the pool Manager.

The pooling of business among all insurers is achieved through a multi-lateral reinsurance arrangement between the Underwriting Insurer and GIC Re. The participation of GIC Re in the Pooled business is to the extent of statutory reinsurance cessions. The balance is shared among all the registered general insurers writing motor insurance business in proportion to their Market Share.

The Pool accounts for the second year (2008-09) has been audited and closed, the relevant information has been incorporated into the books of accounts of GIC Re and all Member Companies.

During the year 2008-09, 17 Member Companies including GIC Re, have participated in the pooling arrangement. The total premium pooled for the year 2008-09 (March 2008 to February 2009) is Rs. 2822.96 Crores with 82.96 Lakh policies. The net of expenses have been invested by the Investment department of GIC Re. The incurred claim amount is Rs. 3258.54 Crores with an operating loss of Rs. 650.30 Crores.

In the pooled business, Rs. 294.48 Crores has been booked for GIC Re account with incurred claims of Rs. 408.82 Crores and an operating loss of Rs. 74.69 Crores.

GIC Re has earned Pool Administrator Fee (2.5% of pooled premium) to meet all the expenses related to the Pool. For this purpose GIC Re has setup a separate Motor Pool department at 22nd Floor, BSE building with adequate manpower, hardware and software system. The net income earned of Rs. 67.63 Crores (service charges income Rs. 70.57 Crores less expenses Rs. 2.94 Crores) is included in Miscellaneous Income of GIC Re.

TRAINING/HRD

During the year under review training was imparted to all levels of employees both internally and externally. Different programmes were conducted for the employees at National Insurance Academy, Pune (NIA) and other Reputed Institutes.

GIC Re Training Department has been up-graded to a full fledged training academy from 2nd December 2008 and is functioning from the Stock Exchange Building premises of the Corporation. A total of 9 general awareness programmes for scale I & II officers and class III employees were arranged. One soft skill training programme for Scale IV officers was also organized at the Academy.

Skill development programmes were conducted with the assistance of Indo American Society. Over 40 employees benefited from these programmes.

The summary of various programmes organized by NIA, other reputed organizations and GIC Re Learning Academy:

Organization	No. of Programs	No. of Officers/ employees trainee
GIC Learning Academy	13	146
National Insurance Academy, Pune	14	53
Other reputed organizations	19	46
Seminars / Conferences in foreign countries	11	14

Training department has assisted other programmes conducted by Marketing department and Reinsurance Department of GIC Re also.

INVESTMENT IN INSURANCE COMPANIES DOMESTIC OPERATIONS

AGRICULTURE INSURANCE COMPANY OF INDIA LIMITED (AICIL)

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

OVERSEAS OPERATIONS

GIC Re's has 3 overseas offices viz; a Representative Office in Moscow and Branch Offices in London and Dubai.

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

LONDON BRANCH (U.K.)

The London Branch of the Corporation celebrated first full year of its operation in January 2009. During the year 2008-09, the Gross Premium written by the Branch was GBP 22.78 mn and profit after tax was GBP 3.28 mn.

DUBAI BRANCH (UAE)

During the current financial year 2008-09, the Gross Premium written by the Branch is AED 403.76 mn. The operations resulted into a profit of AED 56.54 mn.

KENINDIA ASSURANCE CO.LTD., KENYA

The paid up share capital of the Company was increased during the year from Kshs 310 mn to Kshs 362 mn by issue of rights shares to the existing shareholders at par for cash in proportion of one share for every six ordinary shares held. The Corporation subscribed to its rights entitlement. The Corporations' holding in the share capital of the Company is 9.2%.

The performance of the Company has improved drastically and a dividend of 5% has been proposed for the year 2008 as compared to 'nil' dividend for the previous year.

INDIA INTERNATIONAL INSURANCE PTE. LTD. , SINGAPORE

Corporation holds 20% shares in India International Insurance Pte. Ltd., which has a share capital of S\$ 25 million.

The Company has declared the dividend of 7.5 % for the financial year 2008, as in the previous years.

LIC (MAURITIUS) OFFSHORE LTD, MAURITIUS

The Corporation has a 30% holding in the share capital of LIC (Mauritius) Offshore Ltd., a joint venture company promoted by LIC of India in Mauritius. The Company's operation is in a dormant position. The Corporation is exploring various options including withdrawal of its participation.

ASIAN REINSURANCE CORPORATION, BANGKOK

The Corporation is holding 21.34% of the share capital as Associate Member of Asian Re in addition to holding 3.35% of the share capital as its Regular Member on behalf of the Government of India. Having posted good results consecutively, the

Company reported a loss in 2008 mainly due to the global financial crisis. In spite of this , the Company

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.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
2. Appropriate accounting policies have been selected and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year 2008-09 and of the profit or loss of the Corporation for that period;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
4. The annual accounts have been prepared on a going concern basis.

AUDITORS

M/s S R Goyal & Co., Chartered Accountants were appointed as Auditors to audit the accounts of the Corporation for the financial year 2008-09 by the Comptroller & Auditor General of India under Section 619 of the Companies Act, 1956.

SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Corporation for the year 2007-08 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:

In LOK SABHA and RAJYA SABHA on 23rd December 2008.

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

1st June 2009
Mumbai.

thankful for the guidance and support extended by Ministry of Finance, IRDA, and Principal Director of Commercial Audit and Ex-Officio Member, Audit Board- I, Mumbai.

For and on behalf of the Board

Yogesh Lohiya
Chairman-cum-Managing Director

**STATEMENT OF GROSS REMUNERATION FOR THE FINANCIAL YEAR 2008-09
U/S 217 (2A) (B) (II) OF COMPANIES ACT, 1956**

Sr. No.	Name of the Employee	Designation	Remuneration*	Age	Qualification	Last Employment	with effect from
1	Shri Yogesh Lohiya	CMD	1324976.00	57	B.E. (Hons) All, Dip. In Bus. Magt.	N.A.	28-05-2007
2	Shri Anil Sant	Asst. Gen. Manager	3436473.00	46	B.Sc., B.Sc (T) FIII	N.A.	01-07-86
3	Shri J.R. Wankhede	Chief Manager	3225729.00	52	D.E. (C) FIII	N.A.	01-07-88
4	Shri D.R. Arya	Chief Manager	3847934.00	44	M.Sc (Agri) Master Degree in HRDM	N.A.	27-11-89
5	Shri Sanjay Mokashi	Senior Manager	2552335.00	41	M. Com. Licentiate	N.A.	01-06-90
6	Shri Jetho Jamnani	Deputy Manager	2440905.00	41	B. Com. Associate	N.A.	16-11-89
7	Shri Rajesh Laheri	Deputy Manager	2585107.00	41	C.A., C.S(Int) ICWA Fellow	N.A.	17-04-98

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

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

ECONOMIC ENVIRONMENT

The global economic conditions deteriorated sharply during the year 2008 with several advanced economies experience their sharpest declines in the post World War II period. The global financial environment entered a critical phase in mid-September 2008 following the growing distress among large international financial institutions and declaration of bankruptcy.

The Indian economy, which was on a robust growth path upto 2007-08 averaging as 8.9% during the period 2003-04 to 2007-08 witnessed moderation on 2008-09 with the deceleration turning out to be somewhat sharper in the third quarter.

According to the Estimates released by the Central Statistical Organization (CSO), in February 2009, real GDP growth during the third quarter was lower at 5.3% as compared with 8.9% in corresponding period of 2007-08, reflecting in deceleration of growth in all its constituent Sectors. However, the overall growth rate was much higher than most of the economies in rest of the World. It is expected that domestic demand in the Indian economy would be well supported by strong rural consumption demand as well as coordinated monetary-fiscal stimulus.

INDIAN INSURANCE SECTOR DEVELOPMENTS

The happenings in the financial market and its consequential effect on the economic conditions in the country had a moderate impact on the growth of Indian Non-life Insurance sector. During the year, 3 more Companies viz. Shriram General Insurance Company Limited, Bharati Axa General Insurance Company Limited and a specialized Health Insurance Company Apollo DKV started their Commercial operations.

The Government followed their earlier proposal to liberalize foreign direct investment norms for the sector up to 49% by introducing a Bill in the Upper house of the Parliament. Since the General Elections of the country were due to elect the next Government, the Bill will be taken up for adoption in due course. The year also witnessed increased activity amongst Internationally reputed intermediary firms and

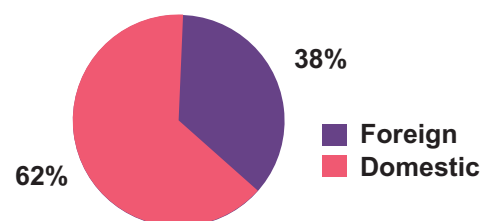
reinsurance companies showing interest in the Indian Market.

The Non-life Insurance Market registered a slowdown in growth rates compared to the previous years. The slowdown was more visible in the auto sector, which in turn affected the Motor Insurance portfolio, which forms a major portion of the total general insurance premium generated in the country. The year also witnessed the second full year of free price regime and intense competition to procure good viable commercial accounts visible amongst the players in the country.

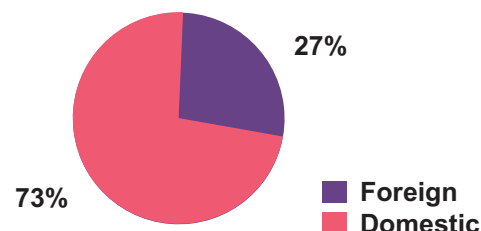
The Gross Direct premium of the Non-life Insurance Industry for the year ended March, 2009 witnessed a growth of 9% excluding specialized insurance of stand alone Insurance Companies. The Motor and Health portfolios

INTERNATIONAL AND DOMESTIC BUSINESS COMPOSITION

GIC Re Business Composition 2008-09

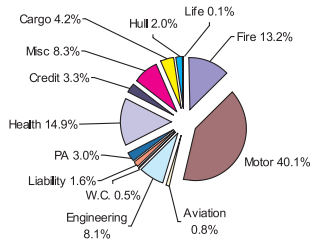


Previous Year 2007-08

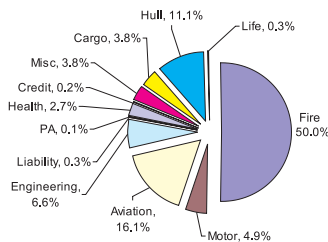


NET PREMIUM BREAKUP

Indian Class wise Premium - 2008-09



Foreign Classwise Premium - 2008-09



GIC Re's BUSINESS PERFORMANCE

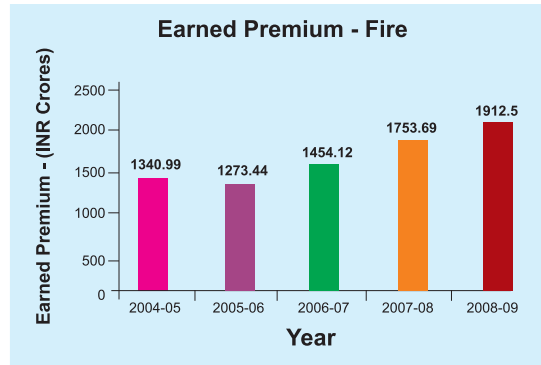
During 2008-09 the Corporation notched up a remarkable improvement in its foreign business with a growth rate of 44%. The premium growth in the domestic market was lukewarm reflecting the moderate growth achieved in the non-life direct business. The Corporation's gross premium income during the year 2008-09 is Rs. 8,061.13 crores and the income, during the year, from investments was registered at Rs. 1789 crores. Underwriting results show an overall loss of Rs. 213.36 crores in 2008-09 compared to an underwriting loss of Rs. 927 crores in the previous year. The ratio of total business expenses to the Earned Premium i.e. Combined Ratio stood at 102.7 %.

CLASS WISE PERFORMANCE

FIRE:

Fire Insurance business recorded growth of 9%. The Earned premium for the year was INR 1913 crores as compared to INR 1754 crores the previous year. The actual growth is from GIC Re foreign inward business which has grown by 34% (INR 1252 crs from INR 937 crs). This growth is because of GIC Re aggressive marketing, change towards becoming a global Reinsurer from its traditional role of being a regional reinsurer. The domestic premium has dropped by 20% (INR 661 cr from INR 817 cr). This fall is because of substantial drop in premium rate following detariffication. Incurred claims stood at INR 1669 crores. The Major loss in India during the year affecting the books of a GIC Re's on net basis was on account of a fire in a telecom company amounting to INR 39 crores.

Losses amounting to INR 35 crores were reported under Foreign Inward business on account of Hurricane Ike in the Carribean region.



MARINE CARGO

Cargo business continues to show a steady growth trend. Net Earned premiums has gone up from 233.26 Crs. in 2007-08 to Rs. 314.22 Crs. in 2008-09 which reflects growth of 34%.

Project cargo shipments continue notwithstanding the economic slow down in 2008-09. However, it is expected that the real effect of the slow down will only be seen in the 2009-10 cargo premiums.

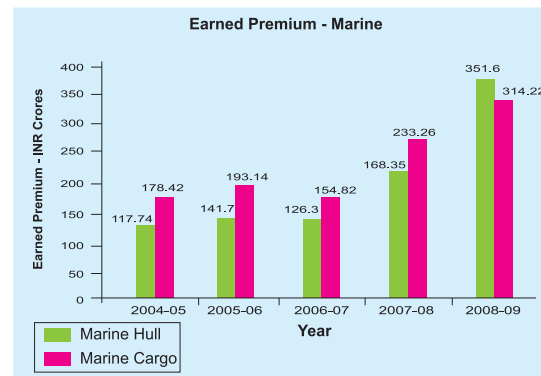
The cargo rates in the domestic market have stabilized to a large extent and this is seen in the growth in domestic facultative premiums by 36%.

One large claim has been reported during the year on account of crude oil contamination amounting to Rs. 3.70 Crs for GIC Re's domestic FAC share. Cargo overall loss ratio has come down from 85% (2007-08) to 75% (2008-09).

MARINE HULL

Marine Hull premiums (excluding Offshore energy) have come down by about 25% over the previous year on account of idle tonnage, slow down in new acquisitions, downwards revaluation of vessel values and competitive pricing.

GIC Re continues to administer the Government Hull War Risks scheme for Indian Flag vessels as also the Marine Hull Pool.



OIL AND ENERGY

GIC Re's Off shore energy business is a growing portfolio with good growth year on year both in domestic and international business.

GIC Re's overall offshore energy premium for underwriting year 2008/09 is US\$ 32 mln. which is an increase of 22% over the 2007/08 year. This includes the premium from London and Dubai branch offices.

There has been some large offshore losses reported during the year in the domestic market as under:

Offshore Construction: US\$ 92 mln. (5 losses)
 Package Policy: US\$ 11 mln. (2 losses)

GIC's capacity is well recognized in the international market with major energy brokers now offering business to GIC Re.

AVIATION

Airline insurance market continued to see the soft market conditions during the 1st half of the year and some signs of reversal of trend became apparent during the 2nd half of the year. Fatalities for 2008 at about 350 in airline insurance market were lowest since 2004.

The trend reversal was on account of aviation insurance market being in the negative territory for about 3 years in a row. However, the impact of this reversal on financials will only become apparent during the ensuing year 2009-10.

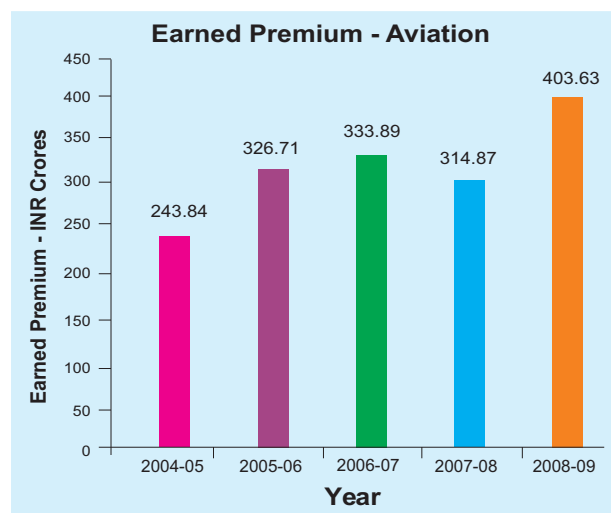
Net Premium for 2008-09 was INR 500.05 as compared to INR 321.57 crore for 2007-08 registering a growth of 55.5%. Net Earned Premium for 2008-09 was INR 403.63 as compared to INR 314.88 crore for 2007-08 registering a growth of 28.2%. A large part of the growth can be attributed to exchange rate fluctuation.

Higher claims ratio of 143.6% of earned premium is on account of significant growth in premium resulting in higher reserve strain. Higher claims ratio of 115.9% of net premium can be attributed to revaluation of outstanding claims reserves on account of exchange rate fluctuations as well as development of claims.

GIC Re's net losses from large airline accidents for the year amounted to INR 127.65 crore. The largest loss was Span Air loss with GIC Re's share of hull being INR 4.18 crore and liability being 32.11 crore.

LIABILITY

Beginning 2008, the International liability market showed some softening of rates except for Tech E&O covers where the Reinsurers were conservative in view of high frequency of claims. However, with the recession witnessed in the later half of 2008, the market started



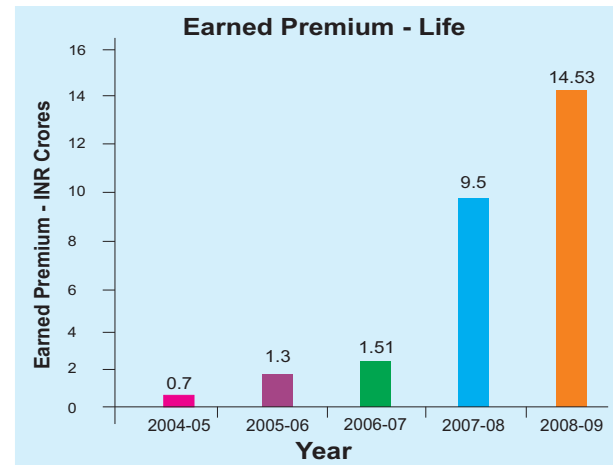
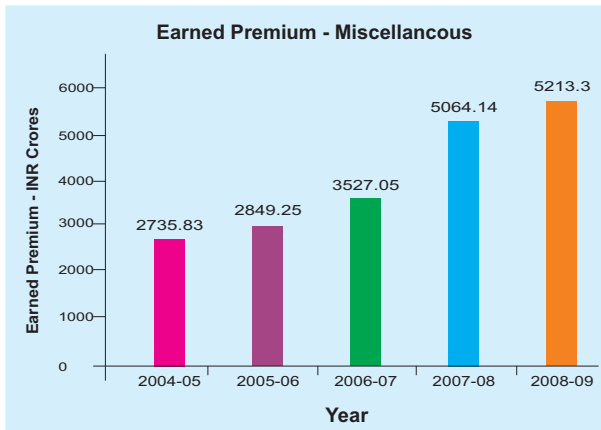
hardening and some of the major Reinsurers refrained from writing financial lines of business, especially D & O covers, where they perceived the situation to be grim with the expectation of claims from the financial sector.

On the domestic side, the market was insulated from hardening of international market as the local insurers had developed a healthy appetite to retain risks with back up protection from GIC Re's. However, some of the risks with US exposure saw a substantial increase in premium with limited capacity from professional Reinsurers. The casualty class continues to remain soft in view of excellent claim experience.

GIC Re's, sensing the opportunity in the later half 2008, filled the gap created by overseas Reinsurers, supporting the Indian market. This led to good growth in not only facultative business but also resulted in GIC Re's taking a lead in most of the treaty programmes of Indian Companies with higher shares in the 1st April 2009 renewals.

Quite a few loss incidents / losses have been reported particularly in the E&O and Product Recall covers. GIC Re's agreed for an out of court settlement of 2 Infosys BPO losses wherein GIC Re's share of loss is Rs.5.3 cr. As regards, Satyam D&O cover, although loss incident has been reported, the admissibility of claim is still under question. GIC Re's has an exposure of appx. US \$ 15.0 mln.

The Liability market in India is set to grow and GIC Re's will be extending support to the market commensurate with the demand.



LIFE REINSURANCE

Life insurance market in the country has seen marginal growth of 6.75% in 2008-09. The Corporation's reinsurance portfolio has grown substantially with earned premium for the year being Rs. 11.73 Crores as against earned premium figures of Rs. 9.50 Crores for 2007-08 showing a YOY growth of 23%. A revenue profit of Rs. 5.92 Crores has been achieved for 2008-09 as against Rs. 4.53 Crores for 2007-08. A Cooperation Agreement has been signed with Hannover Life Re, the 5th largest life reinsurer in the world for writing domestic life business which is expected to boost the domestic business income in the coming years.

AGRICULTURE REINSURANCE

GIC Re's continued its agriculture reinsurance portfolio during the year by providing reinsurance support for agriculture (crop/livestock) and weather insurance business of domestic as well as foreign insurers, under proportional treaties, stop loss contracts and facultative arrangements. The net reinsurance premium reduced from INR 27.3 crores in 2007-08 to INR 19.76 crores in 2008-09. The incurred claim for the year was INR 25.25 crores, giving a claim ratio of 127.78%.

SEGMENTWISE CLAIMS EXPERIENCE

	INDIAN			FOREIGN		
	Earned Premium	Incurred Claims	Incurred Claims Ratio	Earned Premium	Incurred Claims	Incurred Claims Ratio
Fire-2008-09	660.71	621.08	94%	1251.79	1047.46	84%
Fire-2007-08	817.00	914.33	112%	936.68	729.78	78%
Engineering-2008-09	394.50	193.31	49%	164.85	87.14	53%
Engineering-2007-08	382.52	253.27	66%	111.44	65.24	59%
Marine-2008-09	393.61	329.98	84%	272.22	358.73	132%
Marine-2007-08	238.06	339.80	143%	163.56	198.91	122%
Misc. Other-2008-09	1673.81	1339.05	80%	171.93	96.02	56%
Misc. Other-2007-08	1606.77	1379.42	86%	130.90	99.04	76%
Life-2008-09	5.53	3.73	67%	9.01	0.20	2%
Life-2007-08	9.50	1.77	19%	-	-	0%
Aviation-2008-09	48.19	41.90	85%	355.44	537.61	66%
Aviation-2007-08	52.00	56.48	109%	262.87	193.69	74%
Motor-2008-09	2314.12	1481.04	64%	90.45	79.89	88%
Motor-2007-08	2489.39	1758.65	71%	28.25	21.11	75%
2008-09	5490.47	4010.09	73%	2315.69	2207.05	95%
2007-08	5595.24	4703.72	84%	1633.70	1307.77	80%

CREDIT RATING.

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

Indian credit rating agency 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 impact of any adverse business & economic factors on the claims paying ability is minimal.

INVESTMENT

The Indian economy should be viewed in the backdrop of global financial crisis that had its beginning with the sub prime crisis in U.S, which spread throughout the world. Over the last few years, India has become increasingly integrated with the global economy both through trade and exposure to financial market.

The knock-on effect of unprecedented adverse global economic crisis along with cyclical factors contributed to the deceleration in growth. The slowdown in the Indian economy during 2008-09 has been associated lack of investment demand which has been an important driver of growth in recent years. The adverse conditions for access of external capital and the depressing effects of the global crisis on domestic business confidence contributed to the moderation in investment demand. Corporate performance remained subdued during the year, with the impact on profitability particularly adverse during the third quarter when growth in sales which had been strong in earlier quarters, also decelerated.

The year 2008-09 continued to be a dismal year for the stock markets. Beginning mid-September 2008, the Indian financial markets came under pressure owing to the global crisis. Mobilization of resources through private placement declined. The Stock Market was volatile during Jan-Feb 2009 and witnessed gains during March 2009. The BSE sensex was at 9709 as against 15644 in 31.3.2008. The sectoral indices viz., metals, consumer durables, capital goods, banking, IT, oil and gas,

auto, PSUs, healthcare and moving consumer goods sector witnessed selling pressure across the board.

Growth in monetary and liquidity aggregates witnessed some moderation reflecting net capital outflows and deceleration in expansion of bank credit to commercial sector. In response to the international financial turmoil and its possible impact on the domestic economy in the backdrop of downturn in headline inflation, RBI had taken a number of conventional and unconventional measures towards monetary easing thereby ensuring ample liquidity to the Banking system to make credit available for productive purposes with a view to revive growth momentum.

Headline inflation increased sharply from 7.7% at end March 2008 to an intra year peak of 12.9% on August 2, 2008 reflecting the impact on account of higher international crude oil prices to domestic prices as well as continued increase of prices of other commodities.

The year was characterized by a significantly higher level of Central Government market borrowing than budgeted in order to finance the expanding fiscal deficit in the wake of fiscal stimulus measures and various other committed expenditure of the Government. The gross and net market borrowing (dated securities & 364 days T Bills) of Central Government during 2008-09 amounted to Rs.318550 crores and Rs.242316 crores respectively accounting for 93% and 91% of revised market borrowings for the year.

In terms of IRDA guidelines, Corporation invests not less than 45% of the total assets in Directed Sector comprising of investment in Securities issued by both Central and State Governments; treasury bills; government guaranteed bonds; housing sector and infrastructure category. 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 16726.47 crores as against Rs.15895.26 crores showing an increase of Rs.831.21 crores representing a growth of 5.23% over the previous year. Income from investments stood at Rs.1788.93 crores with a mean yield on funds at 11%. The net non performing assets percentage was at 1.92%.

INFORMATION TECHNOLOGY MANAGEMENT GROUP (ITMG)

After stabilization of the SAP Module, the Implementing Agency has been moved off-shore. The accounts closing for the year happened quiet smoothly, majorly on account of the efficiency imparted by the ERP System. Currently the ERP is on SAP R/3 Version 4.7 and it is contemplated to upgrade to the latest version ECC 6.0. IRDA also carried out an audit of this system particularly in the Investment Vertical but with substantial scrutiny of the I.T. system, we have adequately responded to the concerns expressed.

The Document Management System has been implemented in GIC Re with historical records numbering around 20 lacs already been scanned and digitised.

The RMS EQ Model for India has been acquired, installed and reports developed. Also, GIC Re's has entered into an MOU with AIR (Applied Insurance Research) to collaborate and develop a Windstorm Model for India.

The Disaster Recovery Solution has been tested and found to be reliable. MIS Reports have been finalized and are being circulated for use. We have initiated dialogue with possible vendors for the implementation of Electronic Exchange of Information (EEI) and expected to have the pilot in place by end of fiscal 2010. An ERM Solution is also being looked at, which will also involve suitable tuning of the ERP.

GIC Re's REINSURANCE PROGRAM

The Corporation has arranged Risk and Catastrophe Excess of Loss Protections for its net Retained Portfolios in respect of various classes of business. Separate CAT protection has been arranged for some territories in respect of Foreign Business. ART arrangement has been continued covering top end in excess of the underlying excess of loss programme as well as GIC Re's retained share for both domestic and foreign business.

FUTURE OUTLOOK

Domestic Market continues to grow on a single digit basis. However, the loss events are on the increase. With the pricing in Property and Engineering totally disproportionate to the exposures, and the investment income levels also suffering impact, the outlook in the domestic market does not appear very encouraging. It is also expected that there will be some more players in the direct market with a result that competition might increase and lead to market share led practices.

In the International Market there is clearly dry up of non-traditional capacity which used to come from hedge funds etc. Hence, there is more demand for traditional reinsurance, particularly in catastrophe programs. The pressure of solvency requirements is also forcing Insurers / Reinsurers to retain less and buy more reinsurance. Nevertheless, the regional market capacities have not eroded and are expected to fulfill the capacity requirements in the territories they operate. Hence, the renewals during the year 2009-10 may not see any significant increase in pricing.

GIC Re's will be endeavouring to further its share of business from the international market and will position itself to encash on the demand for secure reinsurance arising in the developed markets. There are also plans to open branches in Malaysia and South Africa which will bring the markets closer for servicing.

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 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 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. All these exposures are adequately protected by the Corporation's reinsurance programme for 2008-09.
8. The Corporations overall top ten risk exposure is in the following countries United Arab Emirates, South Korea, Saudi Arabia, Egypt, Taiwan, Oman, Indonesia, Kuwait, Russian Federation and Jordan For the top 10 countries as above, protection beyond Corporations authorized retention has been purchased for all countries except Egypt upto a limit of US \$ 60/100 Mln. Egypt is not considered to be a catastrophe prone territory and the exposures written are retained to the Corporations Net account.
9. Certifies that the Corporation does not operate directly in any other country. It has its representative offices at Moscow and Branch Office at Dubai and London. However, the entire reinsurance strategy is adopted at the Head Office and no acceptance is done at the representative offices.
10. The Corporation being a reinsurance company does not settle claims directly to the insured except in the case of run off liabilities in Aviation department. The portion of the claims recoverable under the reinsurance obligations of the Corporation are settled with the reinsured through periodical accounts statements. The position of outstanding claims under the categories of Indian, Foreign Inward and Aviation Business are as disclosed in Note No. 10.6 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 31.3.2009 stood at Rs 719.32 crores as compared to Rs. 680.05 crores in the previous year. Out of the total loan assets of Rs.719.32 crores, Rs 710.06 crores are either secured or guaranteed by the Government bodies representing 98.7% and the balance Rs. 9.26 crores are unsecured. Interest income from loans amounted to Rs.58.67 Crores. Standard performing assets account for Rs. 555.82 crores and the net non performing assets is Rs 86.85 crores after making provision of Rs.76.65 Crores.

INVESTMENTS

The book value of the investment (including deposits) as on 31.3.2009 has increased to Rs. 16010.30 crores from Rs. 15218.61 crores. The realizable value of investment is Rs. 22085.04 crores as on 31.3.2009 showing an appreciation of 38.0 % over book cost. Income from investment including Profit on Sale amounted to Rs. 1597.66 crores as against Rs. 1891.88 crores in the previous year. Of the total investment of Rs. 16010.30 crores, Rs. 5046.43 crores are invested in Government Securities and State Guaranteed Bonds. Book value of Equity shares is at Rs. 5956.18 crores and market value stood at Rs. 12030.52 crores showing an appreciation of Rs. 6074.34 crores (101.98 %).

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

13. Confirms that :

- i. In the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures.
- ii. The management has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgments and estimates that are

reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit and net profit of the company for the year.

- iii. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938/Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.
- iv. The financial statements are prepared on a going concern basis.
- v. The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

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

For and on behalf of the Board of Directors

Yogesh Lohiya
Chairman-cum-Managing Director

1st June 2009

**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 2009.**

The preparation of financial statements of General Insurance Corporation of India, for the year ended 31 March 2009 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 auditor appointed by the Comptroller and Auditor General of India under section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with 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 1 June 2009.

I on the 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 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory 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**

(MRIDULA SAPRU)
Principal Director of Commercial Audit and
Ex-Officio Member, Audit Board-I, Mumbai

Place : Mumbai
Date: 9th July, 2009

AUDITORS' REPORT

**To the Members of
General Insurance Corporation of India**

1. We have audited the attached Balance Sheet of **GENERAL INSURANCE CORPORATION OF INDIA, as at 31st March, 2009**, and also the Revenue Accounts of Fire, Miscellaneous, Marine and Life Insurance and the Profit and Loss Account and the Cash flow statement for the year ended on that date annexed thereto, in which are incorporated the returns of One Foreign Branch and Trial Balance of another Foreign Branch, audited by local auditors appointed by the company and as approved by C & AG and One foreign representative office certified by the local Auditor appointed by the company.

These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. We draw your attention to:

Accounting Policy No. 2. for booking of liabilities for outstanding claims and Premium, where advices are not received, on estimation basis, based on available information, current trends, past underwriting experience of the management and actuarial estimation. We have relied upon such estimation.

3. We further report that,

- (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 Dubai branch and Moscow representative office has been forwarded to us and considered by us and were adequate for the purpose of our audit. ***In respect of London branch only, Trial Balance was made available and Compliance with Indian statutory requirements have been certified by the management.***
- (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 Regulatory and Development Authority (IRDA) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002 read with Section 211 of the Companies Act, 1956 except for the Cash Flow Statement, prepared under Indirect Method, where 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 Actuarial Society of India to its members and are in concurrence with the 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) In our opinion, to the best of our information and according to the explanation given to us, subject to;
- (i) **Note No. 4 of Notes on Accounts, regarding certain amounts due to/from other persons or bodies carrying on Insurance Business and deposits, advances, held/given are subject to confirmation and have not**

been fully analyzed / reconciled, the effect of which on the financial statements is not ascertainable;

- (ii) **Short provision of Rs. 34.39 Crores on doubtful loans, outstanding towards various State Governments, due to which the Profit for the year and Reserve and Surplus are overstated by Rs. 34.39 Crores, Provisions for Doubtful debts is understated and Secured Loans are overstated by the same amount and**
- (iii) **Loans given to various State Governments amounting to Rs. 391.64 Crores have been classified as secured in stead of unsecured.**

the financial statements are prepared in accordance with the requirements of the Insurance Act, 1938 (4 of 1938), the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) and the Companies Act, 1956 (1 of 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

- (i) of state of affairs of the corporation, in so far it relates to the Balance sheet as at 31st March, 2009;
- (ii) of Surplus, in so far it relates to the revenue accounts of Miscellaneous and life businesses for the financial year ended on 31st March, 2009
- (iii) of Deficit, so far it relates to revenue account of Fire and Marine businesses for the financial year ended on 31st March, 2009;
- (iv) of profit, in so far it relates to the profit and loss account for the financial year ended on 31st March, 2009;
- (v) of the cash flows, in so far it relates to the cash Flow statement for the financial year ended on 31st March, 2009;

4. We further certify that:

- (a) We have verified the cash balances and securities relating to loans given by the Corporation and investments, by actual inspection or by production of certificates or other documentary evidence except to the extent of investments of the value aggregating to Rs. 0.12 Crores as mentioned in Notes 2.1 (a) to the accounts.
- (b) 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.

- (c) 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 S. R. Goyal & Co.
Chartered Accountants**

**(Praveen Goyal)
Partner
Membership No. :74789**

**Place : New Delhi
Dated : 1st June, 2009**

**ADDENDUM TO DIRECTORS REPORT DATED AS PER SECTION 217(3) OF
THE COMPANIES ACT 1956- RESPONSE TO THE QUALIFICATIONS IN
THE AUDITORS REPORT DATED 1st June 2009**

The Management's explanations for the reservation, qualification or adverse remarks contained in the above report, are as follows.

1. Para 3(m)(i)

As regards para 3(m)(i) of the Auditors Report, in the course of business, Corporation is regularly dealing with Re-Insurers, and deposits/Advances held/given. These accounts are periodically, reviewed and in the opinion of the management these are recoverable/payable as the case may be as per the agreed terms with the parties. The Corporation is reconciling these accounts on a periodical basis.

2. Para 3(m)(ii)

Loans to Government for Housing and Fire Fighting equipment has been treated as secured loans since these Loans are extended directly to State Government and hence secured upon the Consolidated Fund of the State. Moreover, these loans are disbursed only on obtaining approval under article 293(3) of the Constitution of India. As such, the Corporation has treated such loans as secured and the provision for doubtful debts of Rs. 34.39 Crore is not required.

3. Para 3(m)(iii)

Loans to Government for Housing and Fire Fighting equipment has been treated as secured loans since these Loans are extended directly to State Government and hence secured upon the Consolidated Fund of the State. Moreover, these loans are disbursed only on obtaining approval under article 293(3) of the Constitution of India. As such, the Corporation has treated such loans as Secured.

For and on behalf of the Board

Yogesh Lohiya
Chairman-cum-Managing Director

1st June 2009
Mumbai.

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

**REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 IN RESPECT OF
FIRE INSURANCE BUSINESS**

Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1. Premiums earned (Net)	1	19125 008	17536 943
2. Profit on sale of Investments (Net)		744 230	1230 645
3. Profit/-Loss on Exchange Fluctuation		98 987	216 867
4. Interest, Dividend & Rent - Gross		1922 177	1472 371
Total (A)		21890 402	20456 826
1. Claims Incurred (Net)	2	16685 300	16441 141
2. Commission (Net)	3	5409 070	6172 336
3. Operating Expenses related to Insurance Business	4	178 597	141 218
4. Expenses relating to Investments		4 593	5 190
Total (B)		22277 560	22759 885
Operating Profit /- Loss from Fire Business C = (A-B)		-387 158	-2303 059
APPROPRIATIONS			
Transfer to Shareholders' Account		-387 158	-2303 059
Total (C)		-387 158	-2303 059

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 S.R.GOYAL & CO.
Chartered Accountants

Yogesh Lohiya
Chairman-cum-Managing Director

Tarun Bajaj
Director

M. Ramadoss
Director

Praveen Goyal
Partner
Membership No.: 74789

Kamlesh S. Vikamsey
Director

Rajeev Gowda
Director

New Delhi
1st June 2009

Bhagyam Ramani
General Manager (Finance)

Suchita Gupta
Company Secretary

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 IN RESPECT OF MISCELLANEOUS INSURANCE BUSINESS

Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1. Premiums earned (Net)	1	52133 030	50641 445
2. Profit on sale of Investments (Net)		2076 307	4125 052
3. Profit/-Loss on Exchange Fluctuation		15 985	-153 863
4. Interest, Dividend & Rent - Gross		5362 631	4935 304
Total (A)		59587 953	59547 938
1. Claims Incurred (Net)	2	38559 647	38268 917
2. Commission (Net)	3	10395 450	13118 038
3. Operating Expenses related to Insurance Business	4	383 258	367 342
4. Expenses relating to Investments		12 813	17 396
Total (B)		49351 168	51771 693
Operating Profit/-Loss from Miscellaneous Business C = (A-B)		10236 785	7776 245
APPROPRIATIONS			
Transfer to Shareholders' Account		10236 785	7776 245
Total (C)		10236 785	7776 245

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 S.R.GOYAL & CO.
Chartered Accountants

Yogesh Lohiya
Chairman-cum-Managing Director
Director

Tarun Bajaj
Director

M. Ramadoss
Director

Praveen Goyal
Partner
Membership No.: 74789

Kamlesh S. Vikamsey
Director

Rajeev Gowda
Director

New Delhi
1st June 2009

Bhagyam Ramani
General Manager (Finance)

Suchita Gupta
Company Secretary

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 IN RESPECT OF MARINE INSURANCE BUSINESS

Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1. Premiums earned (Net)	1	6658 277	4016 150
2. Profit on sale of Investments (Net)		355 143	515 514
3. Profit/-Loss on Exchange Fluctuation		-26 622	-68 627
4. Interest, Dividend & Rent - Gross		917 255	616 772
Total (A)		7904 053	5079 809
1. Claims Incurred (Net)	2	6887 136	5387 160
2. Commission (Net)	3	1673 710	1574 816
3. Operating Expenses related to Insurance Business	4	48 767	35 338
4. Expenses relating to Investments		2 191	2 174
Total (B)		8611 804	6999 488
Operating Profit/-Loss from Marine Business C = (A-B)		-707 751	-1919 679
APPROPRIATIONS			
Transfer to Shareholders' Account		-707 751	-1919 679
Total (C)		-707 751	-1919 679

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 S.R.GOYAL & CO.
Chartered Accountants

Yogesh Lohiya
Chairman-cum-Managing Director

Tarun Bajaj
Director

M. Ramadoss
Director

Praveen Goyal
Partner
Membership No.: 74789

Kamlesh S. Vikamsey
Director

Rajeev Gowda
Director

New Delhi
1st June 2009

Bhagyam Ramani
General Manager (Finance)

Suchita Gupta
Company Secretary

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009 IN RESPECT OF LIFE INSURANCE BUSINESS

Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1. Premiums earned (Net)	1	145 363	95 015
2. Profit on sale of Investments (Net)		2 933	874
3. Profit/-Loss on Exchange Fluctuation		-8 922	-1 544
4. Interest, Dividend & Rent - Gross		7 575	1 046
Total (A)		146 949	95 391
1. Claims Incurred (Net)	2	39 286	17 732
2. Commission (Net)	3	13 521	31 270
3. Operating Expenses related to Insurance Business	4	915	1 036
4. Expenses relating to Investments		18	4
Total (B)		53 740	50 042
Operating Profit/-Loss from Life Business C = (A-B)		93 209	45 349
APPROPRIATIONS			
Transfer to Shareholders' Account		93 209	45 349
Total (C)		93 209	45 349

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 S.R.GOYAL & CO.
Chartered Accountants

Yogesh Lohiya
Chairman-cum-Managing Director

Tarun Bajaj
Director

M. Ramadoss
Director

Praveen Goyal
Partner
Membership No.: 74789

Kamlesh S. Vikamsey
Director

Rajeev Gowda
Director

New Delhi
1st June 2009

Bhagyam Ramani
General Manager (Finance)

Suchita Gupta
Company Secretary

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1. Operating Profit/-Loss			
(a) Fire Insurance		-387 158	-2303 058
(b) Marine Insurance		-707 751	-1919 679
(c) Miscellaneous Insurance		10236 785	7776 245
(d) Life Insurance		93 209	45 349
2. Income from Investments			
(a) Interest, Dividend & Rent - Gross		4686 547	4061 412
(b) Profit on sale of Investments (Net)		1814 540	3394 631
3. Other Income:			
Profit on Exchange		1874 134	0
Profit on sale of Assets (Net)		366	231
Interest on Income-tax Refund		130 845	196 234
Motor Pool services charges		738 967	485 564
Miscellaneous Receipts		26 027	29 279
Total (A)		18506 511	11766 208
4. Provision for Doubtful Loans, Investment & Debts		-13 066	-94 490
5. Amortisation of premium on Investments		296 921	338 864
6. Diminution in the value of investments written off		97 725	65 731
7. Other Expenses :			
Expenses relating to Investments		11 198	14 315
Loss on Exchange		0	735 616
Sundry Balances Written off (Net)		8	2 422
Loss on Distribution of LPAAssets		-2 160	30 793
Total (B)		390 626	1093 251
Profit Before Tax		18115 885	10672 957
Provision for Taxation :			
Current Tax		3915 860	1474 353
Wealth Tax		1 259	50
Deferred Tax		-219 846	-740 742
Fringe Benefit Tax		18 500	11 470
Provision for Tax in respect of earlier years		328 159	0
Profit after Tax		14071 953	9927 826
Balance brought forward from last year		128	462
Profit available for appropriation		14072 081	9928 288
Appropriations			
(a) Proposed dividend		2795 000	1978 000
(b) Dividend distribution tax		475 010	336 161
(c) Transfer to General Reserve		10802 000	7614 000
(d) Balance carried forward to Balance Sheet		71	127
		14072 081	9928 288

EPS Rs. 327/- (PY Rs. 231/-)

As per our report of even date

For S.R.GOYAL & CO.
Chartered Accountants

Praveen Goyal

Partner

Membership No.: 74789

New Delhi

1st June 2009

Yogesh Lohiya

Chairman-cum-Managing Director

Tarun Bajaj

Director

Kamlesh S. Vikamsey

Director

Bhagyam Ramani

General Manager (Finance)

M. Ramadoss

Director

Rajeev Gowda

Director

Suchita Gupta

Company Secretary

Registration No. 112
Date of Registration with IRDA : 2nd April, 2001

BALANCE SHEET AS AT 31ST MARCH, 2009

Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
SOURCES OF FUNDS			
Share Capital	5	4300 000	4300 000
Reserves and Surplus	6	73533 394	62537 681
Deferred Tax Liability		19 127	0
Fair Value Change Account		60747 417	142874 276
Total		138599 938	209711 957
APPLICATION OF FUNDS			
Investments	8	209947 118	285137 803
Loans	9	7193 180	6801 682
Fixed Asssets	10	436 144	410 244
Deferred Tax Asset		0	1394 372
Current Assets:			
Cash and Bank Balances	11	31327 002	25275 891
Advances and Other Assets	12	51292 939	41108 336
Sub-Total (A)		82619 941	66384 227
Current Liabilities	13	114404 390	100470 564
Provisions	14	47192 055	49945 807
Sub-Total (B)		161596 445	150416 371
Net Current Assets (C)=(A-B)		-78976 504	-84032 144
Total		138599 938	209711 957
CONTINGENT LIABILITIES		4610 842	22 43 666

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

As per our report of even date

For S.R.GOYAL & CO.
Chartered Accountants
Praveen Goyal
Partner
Membership No.: 74789

New Delhi
1st June 2009

Yogesh Lohiya
Chairman-cum-Managing Director

Tarun Bajaj
Director

Kamlesh S. Vikamsey
Director

Bhagyam Ramani
General Manager (Finance)

M. Ramadoss
Director

Rajeev Gowda
Director

Suchita Gupta
Company Secretary

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 1
PREMIUM EARNED (NET)**

A FIRE INSURANCE

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	22932 615	23630 175
Less: Premium on Reinsurance ceded	2570 277	5423 487
Net Premium	20362 338	18206 688
Adjustment for change in reserve for unexpired risks	-1237 330	-669 745
TOTAL PREMIUM EARNED (NET)	19125 008	17536 943

B MISCELLANEOUS INSURANCE

(1) MOTOR

Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	19577 377	28571 453
Less: Premium on Reinsurance ceded	900	26 628
Net Premium	19576 477	28544 825
Adjustment for change in reserve for unexpired risks	4469 262	-3368 394
TOTAL PREMIUM EARNED (NET)	24045 739	25176 431

(2) AVIATION

Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	6003 543	4432 617
Less: Premium on Reinsurance ceded	1003 011	1216 927
Net Premium	5000 532	3215 690
Adjustment for change in reserve for unexpired risks	-964 162	-66 906
TOTAL PREMIUM EARNED (NET)	4036 370	3148 784

(3) ENGINEERING

Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	6705 668	6961 018
Less: Premium on Reinsurance ceded	1154 268	1261 294
Net Premium	5551 400	5699 724
Adjustment for change in reserve for unexpired risks	42 093	-760 172
TOTAL PREMIUM EARNED (NET)	5593 493	4939 552

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 1
PREMIUM EARNED (NET)**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(4) W.C.		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	251 524	328 686
Less: Premium on Reinsurance ceded	0	0
Net Premium	251 524	328 686
Adjustment for change in reserve for unexpired risks	38 482	18 545
TOTAL PREMIUM EARNED (NET)	290 006	347 231
(5) Liability		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	860 472	782 530
Less: Premium on Reinsurance ceded	67 287	125 898
Net Premium	793 185	656 632
Adjustment for change in reserve for unexpired risks	-69199	-12544
TOTAL PREMIUM EARNED (NET)	723 986	644 088
(6) PA		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	1407 965	1387 515
Less: Premium on Reinsurance ceded	19 213	5 964
Net Premium	1388 752	1381 551
Adjustment for change in reserve for unexpired risks	-3 748	-123 585
TOTAL PREMIUM EARNED (NET)	1385 004	1257 966
(7) Health		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	7526 164	7110 107
Less: Premium on Reinsurance ceded	4 782	23 484
Net Premium	7521 382	7086 623
Adjustment for change in reserve for unexpired risks	-233 995	-2693 579
TOTAL PREMIUM EARNED (NET)	7287 387	4393 044

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 1
PREMIUM EARNED (NET)**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(8) Oth. Misc.		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	5333 866	10571 399
Less: Premium on Reinsurance ceded	469 331	764 325
Net Premium	4864 535	9807 074
Adjustment for change in reserve for unexpired risks	2472 605	176 896
TOTAL PREMIUM EARNED (NET)	7337 140	9983 970
(9) FL/Credit		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	1545 460	1322 348
Less: Premium on Reinsurance ceded	0	0
Net Premium	1545 460	1322 348
Adjustment for change in reserve for unexpired risks	-111 556	-571 970
TOTAL PREMIUM EARNED (NET)	1433 904	750 378
TOTAL MISCELLANEOUS		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	49212 039	61467 674
Less: Premium on Reinsurance ceded	2718 792	3424 519
Net Premium	46493 247	58043 155
Adjustment for change in reserve for unexpired risks	5639 782	-7401 710
TOTAL PREMIUM EARNED (NET)	52133 029	50641 445
C MARINE INSURANCE		
(1) MARINE CARGO		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	3286 733	3383 111
Less: Premium on Reinsurance ceded	318 585	215 475
Net Premium	2968 148	3167 636
Adjustment for change in reserve for unexpired risks	174 102	-835 022
TOTAL PREMIUM EARNED (NET)	3142 250	2332 614

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 1
PREMIUM EARNED (NET)**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(2) MARINE HULL		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	5062 550	4501 171
Less: Premium on Reinsurance ceded	980 365	980 595
Net Premium	4082 185	3520 576
Adjustment for change in reserve for unexpired risks	-566 158	-1837 038
TOTAL PREMIUM EARNED (NET)	3516 027	1683 538
(3) TOTAL MARINE		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	8349 283	7884 282
Less: Premium on Reinsurance ceded	1298 950	1196 070
Net Premium	7050 333	6688 212
Adjustment for change in reserve for unexpired risks	-392 056	-2672 060
TOTAL PREMIUM EARNED (NET)	6658 277	4016 152
D) LIFE INSURANCE		
Premium from Direct Business written	0	0
Add: Premium on Reinsurance accepted	117 350	173 377
Less: Premium on Reinsurance ceded	0	0
Net Premium	117 350	173 377
Adjustment for change in reserve for unexpired risks	28 014	-78 361
TOTAL PREMIUM EARNED (NET)	145 364	95 016
E) TOTAL ALL CLASSES		
Premium from Direct Business Written	0	0
Add: Premium on Reinsurance accepted	80611 287	93155 507
Less: Premium on Reinsurance ceded	6588 019	10044 077
Net Premium	74023 268	83111 430
Adjustment for change in reserve for unexpired risks	4038 410	-10821 877
TOTAL PREMIUM EARNED (NET)	78061 678	72289 553

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 2
CLAIMS INCURRED (NET)**

A. FIRE INSURANCE

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	14089 618	13487 005
Less: Reinsurance ceded	2160 184	2124 363
Net Claims Paid	11929 434	11362 642
Add : Claims Outstanding at the end of the year	22849 850	17974 360
Less: Claims Outstanding at the beginning of the year	18093 984	12895 861
TOTAL CLAIMS INCURRED	16685 300	16441 141
B. MISCELLANEOUS INSURANCE		
(1) MOTOR		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	18104 164	21116 957
Less: Reinsurance ceded	7 033	10 714
Net Claims Paid	18097 131	21106 243
Add : Claims Outstanding at the end of the year	30597 952	33079 604
Less: Claims Outstanding at the beginning of the year	33085 745	36388 260
TOTAL CLAIMS INCURRED	15609 338	17797 587
(2) AVIATION		
Claims Paid		
Direct	5 532	7 803
Add : Reinsurance accepted	4195 652	3111 697
Less: Reinsurance ceded	1031 443	-122 803
Net Claims Paid	3169 741	3242 303
Add : Claims Outstanding at the end of the year	5760 611	3135 388
Less: Claims Outstanding at the beginning of the year	3135 265	3875 946
TOTAL CLAIMS INCURRED	5795 087	2501 745
(3) ENGINEERING		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	2913 988	2474 354
Less: Reinsurance ceded	665 361	460 522
Net Claims Paid	2248 627	2013 832
Add : Claims Outstanding at the end of the year	5647 953	5083 188
Less: Claims Outstanding at the beginning of the year	5092 053	3911 978
TOTAL CLAIMS INCURRED	2804 527	3185 042

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009
SCHEDULE 2
CLAIMS INCURRED (NET)**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(4) WC		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	76 922	96 213
Less: Reinsurance ceded	0	0
Net Claims Paid	76 922	96 213
Add : Claims Outstanding at the end of the year	26 026	2 932
Less: Claims Outstanding at the beginning of the year	2 932	92 100
TOTAL CLAIMS INCURRED	100 016	7 045
(5) Liability		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	110 730	95 134
Less: Reinsurance ceded	9 918	0
Net Claims Paid	100 812	95 134
Add : Claims Outstanding at the end of the year	422 978	216 419
Less: Claims Outstanding at the beginning of the year	216 419	146 748
TOTAL CLAIMS INCURRED	307 371	164 805
(6) PA		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	1383 358	1003 414
Less: Reinsurance ceded	0	0
Net Claims Paid	1383 358	1003 414
Add : Claims Outstanding at the end of the year	364 462	183 696
Less: Claims Outstanding at the beginning of the year	183 739	467 680
TOTAL CLAIMS INCURRED	1564 081	719 430
(7) Health		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	7221 036	5105 436
Less: Reinsurance ceded	18 012	12 469
Net Claims Paid	7203 024	5092 967
Add : Claims Outstanding at the end of the year	508 025	550 296
Less: Claims Outstanding at the beginning of the year	575 628	540 013
TOTAL CLAIMS INCURRED	7135 421	5103 250

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 2
CLAIMS INCURRED (NET)**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(8) Oth. Misc.		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	3860 949	8697 289
Less: Reinsurance ceded	140 813	376 244
Net Claims Paid	3720 136	8321 045
Add : Claims Outstanding at the end of the year	5357 199	4902 501
Less: Claims Outstanding at the beginning of the year	4905 739	4879 701
TOTAL CLAIMS INCURRED	4171 596	8343 845
(9) FL/Credit		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	620 295	297 392
Less: Reinsurance ceded	0	0
Net Claims Paid	620 295	297 392
Add : Claims Outstanding at the end of the year	652 599	200 683
Less: Claims Outstanding at the beginning of the year	200 683	51 907
TOTAL CLAIMS INCURRED	1072 211	446 168
TOTAL MISCELLANEOUS		
Claims Paid		
Direct	5 532	7 803
Add : Reinsurance accepted	38487 095	41997 886
Less: Reinsurance ceded	1872 580	737 145
Net Claims Paid	36620 047	41268 544
Add : Claims Outstanding at the end of the year	49337 804	47354 706
Less: Claims Outstanding at the beginning of the year	47398 204	50354 334
TOTAL CLAIMS INCURRED	38559 647	38268 916
C) MARINE INSURANCE		
(1) MARINE CARGO		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	1884 498	2581 600
Less: Reinsurance ceded	31 166	126 367
Net Claims Paid	1853 332	2455 233
Add : Claims Outstanding at the end of the year	3014 794	2476 574
Less: Claims Outstanding at the beginning of the year	2484 885	2434 115
TOTAL CLAIMS INCURRED	2383 241	2497 692

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 2
CLAIMS INCURRED (NET)**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(2) MARINE HULL		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	2643 967	1871 829
Less: Reinsurance ceded	630 072	210 127
Net Claims Paid	2013 895	1661 702
Add : Claims Outstanding at the end of the year	6294 772	3780 278
Less: Claims Outstanding at the beginning of the year	3804 772	2552 510
TOTAL CLAIMS INCURRED	4503 895	2889 470
TOTAL MARINE		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	4528 465	4453 429
Less: Reinsurance ceded	661 238	336 495
Net Claims Paid	3867 227	4116 934
Add : Claims Outstanding at the end of the year	9309 566	6256 852
Less: Claims Outstanding at the beginning of the year	6289 657	4986 625
TOTAL CLAIMS INCURRED	6887 136	5387 161
D) LIFE INSURANCE		
Claims Paid		
Direct	0	0
Add : Reinsurance accepted	4 120	3 240
Less: Reinsurance ceded	0	0
Net Claims Paid	4 120	3 240
Add : Claims Outstanding at the end of the year	56 600	21 435
Less: Claims Outstanding at the beginning of the year	21 435	6 943
TOTAL CLAIMS INCURRED	39 285	17 732
E) TOTAL ALL CLASSES		
Claims Paid		
Direct	5 532	7 803
Add : Reinsurance accepted	57109 298	59941 560
Less: Reinsurance ceded	4694 002	3198 003
Net Claims Paid	52420 828	56751 360
Add : Claims Outstanding at the end of the year	81553 820	71607 353
Less: Claims Outstanding at the beginning of the year	71803 279	68243 763
TOTAL CLAIMS INCURRED	62171 369	60114 950

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 3
COMMISSION**

A FIRE INSURANCE

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	5663 925	6440 709
Less: Commission on Reinsurance Ceded	254 855	268 373
NET COMMISSION	5409 070	6172 336
B) MISCELLANEOUS INSURANCE		
(1) MOTOR		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	4416 010	5627 599
Less: Commission on Reinsurance Ceded	938	8 288
NET COMMISSION	4415 072	5619 311
(2) AVIATION		
Commission Paid		
Direct	-336	10
Add : Reinsurance Accepted	946 304	666 953
Less: Commission on Reinsurance Ceded	101 201	18 505
NET COMMISSION	844 767	648 458
(3) ENGINEERING		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1862 898	2051 921
Less: Commission on Reinsurance Ceded	129 821	163 968
NET COMMISSION	1733 077	1887 953
(4) W.C.		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	50 803	65 733
Less: Commission on Reinsurance Ceded	0	0
NET COMMISSION	50 803	65 733
(5) Libility		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	167 643	123 456
Less: Commission on Reinsurance Ceded	590	3 854
NET COMMISSION	167 053	119 602

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 3
COMMISSION**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(6) P.A.		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	292 008	340 208
Less: Commission on Reinsurance Ceded	0	103
NET COMMISSION	292 008	340 105
(7) Health		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1455 026	1735 217
Less: Commission on Reinsurance Ceded	1 035	6 980
NET COMMISSION	1453 991	1728 237
(8) OTHER MISCELLANEOUS		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1143 994	2611 150
Less: Commission on Reinsurance Ceded	9 626	84 032
NET COMMISSION	1134 368	2527 118
(9) FL/Credit		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	304 311	181 521
Less: Commission on Reinsurance Ceded	0	0
NET COMMISSION	304 311	181 521
TOTAL MISCELLANEOUS		
Commission Paid		
Direct	-336	10
Add : Reinsurance Accepted	10638 997	13403 758
Less: Commission on Reinsurance Ceded	243 211	285 730
NET COMMISSION	10395 450	13118 038

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 3
COMMISSION**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
C MARINE INSURANCE		
(1) MARINE CARGO		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	757 869	869 813
Less: Commission on Reinsurance Ceded	-11 184	17 237
NET COMMISSION	769 053	852 576
(2) MARINE HULL		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1012 834	772 931
Less: Commission on Reinsurance Ceded	108 177	50 690
NET COMMISSION	904 657	722 241
(3) TOTAL MARINE		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	1770 703	1642 743
Less: Commission on Reinsurance Ceded	96 993	67 927
NET COMMISSION	1673 710	1574 816
D LIFE INSURANCE		
Commission Paid		
Direct	0	0
Add : Reinsurance Accepted	13 521	31 270
Less: Commission on Reinsurance Ceded	0	0
NET COMMISSION	13 521	31 270
E TOTAL ALL CLASSES		
Commission Paid		
Direct	- 336	10
Add : Reinsurance Accepted	18087 146	21518 480
Less: Commission on Reinsurance Ceded	595 059	622 030
NET COMMISSION	17491 751	20896 460

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

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

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1 Employees' remuneration & welfare benefits	301 050	213 554
2 Travel, conveyance and vehicle running expenses	13 305	19 197
3 Training expenses	1 965	13 852
4 Rents, rates and taxes	28 053	27 789
5 Repairs	113 588	106 009
6 Printing & stationery	3 402	2 655
7 Communication	8 179	8 580
8 Legal & professional charges	19 326	20 370
9 Auditors' fees, expenses etc.		
(a) as auditor	3 741	1 977
(b) as advisor or in any other capacity, in respect of		
(i) Taxation matters	125	125
(ii) Others	824	707
10 Advertisement and publicity	18 784	42 692
11 Interest & Bank Charges	5 548	6 591
12 Others	49 184	30 663
13 Depreciation	44 461	50 174
TOTAL	611 535	544 935

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 5
SHARE CAPITAL**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1 Authorised Capital 10,00,00,000 Equity Shares of Rs.100/- Each	10000 000	10000 000
2 Issued & Subscribed Capital 4,30,00,000 Equity Shares of Rs.100/- Each	4300 000	4300 000
3 Called-up Capital 4,30,00,000 Equity Shares of Rs.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	Current Year		Previous year	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters Indian	4,30,00,000	100%	4,30,00,000	100%

**SCHEDULE 6
RESERVES AND SURPLUS**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1 General Reserve		
Opening Balance	62596 099	54982 099
Add : Transfer from Profit & Loss A/c	10802 000	7614 000
Less: Utilised for issue of Bonus Equity Shares	0	0
	73398 099	62596 099
2 Reserve for Pension,Gratuity & Leave encashment	-64 712	-64 712
3 Foreign Currency Translation Reserve	199 936	6 166
4 Balance of Profit in Profit & Loss Account	71	127
TOTAL	73533 394	62537 680

**SCHEDULE 7
BORROWINGS**

NIL

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 8
INVESTMENTS - SHAREHOLDERS' FUND**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
Long Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	14866 942	13610 917
2 Other Approved Securities	2727 421	2819 677
3 Approved Investments		
(a) Shares		
(aa) Equity - Indian	38048 477	61161 607
Equity - Foreign	7 816	7 816
(bb) Preference	154 429	16 917
(b) Mutual Funds/ Venture Funds	421 482	366 679
(c) Debentures/ Bonds	3888 549	3743 272
(d) Guaranteed Equity	182	183
(e) Subsidiaries	0	0
(f) Associates - Indian	700 000	700 000
Associates - Foreign	598 732	587 403
4 Investments in Infrastructure and Social Sector	9845 941	13396 954
5 Other Investments	3875 719	6917 953
Short Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	615 398	1073 995
2 Other Approved Securities	35 190	104 877
3 Approved Investments		
(a) Shares		
(aa) Equity	0	0
(bb) Preference	0	0
(b) Mutual Funds	649 545	0
(c) Debentures/ Bonds	239 548	230 113
(d) Subsidiaries	0	0
4 Investments in Infrastructure and Social Sector	484 071	406 162
5 Other Investments	113 138	122 233
TOTAL	77272 580	105266 758

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 8A
INVESTMENTS - POLICYHOLDERS' FUND**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
Long Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	25965 088	23546 923
2 Other Approved Securities	4763 436	4878 048
3 Approved Investments		
(a) Shares		
(aa) Equity - Indian	66451 597	105809 748
(bb) Preference	269 710	29 267
(b) Mutual Funds/ Venture Fund	736 118	634 355
(c) Debentures/ Bonds	6791 343	6475 871
(d) Guaranteed Equity	318	317
(e) Subsidiaries	0	0
(f) Associates	0	0
4 Investments in Infrastructure and Social Sector	17195 918	23176 766
5 Other Investments	6768 936	11968 078
Short Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	1074 791	1858 014
2 Other Approved Securities	61 460	181 437
3 Approved Investments		
(a) Shares		
(aa) Equity	0	0
(bb) Preference	0	0
(b) Mutual Funds	1134 428	0
(c) Debentures/ Bonds	418 370	398 096
(d) Subsidiaries	0	0
4 Investments in Infrastructure and Social Sector	845 429	702 661
5 Other Investments	197 596	211 463
TOTAL	132674 538	179871 044

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 9
LOANS**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1 Security-wise Classification		
Secured		
(a) On mortgagage of property		
(aa) In India*	2784 166	2709 453
(bb) Outside India	0	0
(b) On Shares, Bonds, Government Securities	0	0
(c) Others	4316 397	3982 610
Unsecured	92 617	109 619
TOTAL	7193 180	6801 682
2 Borrower-Wise Classification		
(a) Central and State Governments	4316 397	3982 610
(b) Banks and Financial Institutions	0	0
(c) Subsidiaries	0	0
(d) Industrial Undertakings	2296 822	2232 485
(e) Others	579 961	586 587
TOTAL	7193 180	6801 682
3 Performance-Wise Classification		
(a) Loans classified as standard		
(aa) In India	5558 165	5173 464
(bb) Outside India	0	0
(b) Non-performing loans less provisions		
(aa) In India	868 549	883 508
(bb) Outside India	0	0
Provisions **	766 466	744 710
TOTAL	7193 180	6801 682
4 Maturity-Wise Classification		
(a) Short - Term	187 180	1394 218
(b) Long - Term	7006 000	5407 464
TOTAL	7193 180	6801 682

* Regrouped to include Loans to State Governments

** Includes Term Loans of Rs. 4,34,70,455/- on which creation of security is pending (Previous year Rs. 4,34,70,455/-)

** Provision consists of Bad and Doubtful Loans

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 10
FIXED ASSETS**

(Rs.'000)

Particulars	Cost/Gross Block			Depreciation					Net Block	
	As at 01.04.08	Additions	Deductions	As at 31.03.09	Upto 31.03.08	For the Year	On Sales/ Adjustment	Upto 31.03.09	As at 31.03.09	As at 31.03.08
Leasehold Land	247 253			247 253	61 813	3 434		65 247	182 006	185 440
Buildings	331 656	48 205		379 861	148 411	13 554		161 965	217 896	183 245
Furniture & Fittings	18 162	57	26	18 193	16 162	368	25	16 505	1 688	2 000
I.T. Equipments	139 556	17 190	5 053	151 693	110 894	24 755	5 006	130 643	21 050	28 662
Vehicles	12 281	3 316	1 619	13 978	7 686	1 390	1 032	8 044	5 934	4 595
Office Equipments	8 988	287	25	9 250	6 038	453	-12	6 503	2 747	2 950
AC & Water Coolers	12 096	298	146	12 248	10 834	211	93	10 952	1 296	1 262
Elevators	2 073			2 073	2 034	6		2 040	33	39
Canteen Appliances	345	34	10	369	227	18	9	236	133	118
Electrical Installation	11 585			11 585	10 042	215		10 257	1 328	1 543
Fire Alarm Systems	1 534	1 703		3 237	1 145	59		1 204	2 033	389
Total	785 529	71 090	6 879	849 740	375 286	44 463	6 153	413 596	436 144	410 243
Previous years	762 779	24 404	1 654	785 529	325 839	50 173	726	375 286		
Capial Work in Progress										
Grand Total	785 529	71 090	6 879	849 740	375 286	44 463	6 153	413 596	436 144	410 243

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 11
CASH AND BANK BALANCES**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1 Cash & stamps (includes cheques on hand of Rs. 3,01,29,857/- PY Rs. 86,63,28,010/-)	30 216	866 388
2 Bank Balances		
(a) Deposit Accounts - Short term (due within 12 months)	29986 412	23101 794
(b) Current Accounts (includes cash at Bank of Rs. 5,21,92,999/- pertaining to Terrorism Pool Previous year Rs. 3,24,299/-)	1051 417	560 264
(c) Remittances in Transit	329	0
3 Money at Call and Short Notice		
(a) With Bank	206 642	30 586
(b) With other Institutions	51 986	716 859
TOTAL	31327 002	25275 891
Balances with non-scheduled banks	Nil	Nil

**SCHEDULE 12
ADVANCES AND OTHER ASSETS**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
Advances		
1 Reserve Deposits with Ceding Companies	13837 626	9599 965
2 Application Money for Investments	0	1063 790
3 Prepayments	136 325	22 552
4 Advances to Directors/Officers	1 680	1 869
5 Advance Tax Paid and TDS	18078 506	13645 522
Less: Provision for Taxation	14739 431	10100 429
	3339 075	3545 093
6 Others	14 528	39 665
TOTAL (A)	17329 234	14272 934
Other Assets		
1 Income accrued on investments	3217 167	2834 548
2 Due from other entities carrying on insurance business (including reinsurers) *	15061 769	10963 267
3 Deposit U/S-7 of Insurance Act	307 652	309 707
4 Sundry Debtors	145 865	23 498
5 Sundry Deposits	101 878	52 145
6 LPA Assets	0	0
7 Terrorism Pool Assets	15129 374	12652 236
TOTAL (B)	33963705	26835 401
TOTAL (A+B)	51292 939	41108 335

* (Includes Rs. 697,325,731/- (P.Y. Rs. 697,325,731/-) for provision for Bad and doubtful debts)

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2009**

**SCHEDULE 13
CURRENT LIABILITIES**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1 Balances Due to other insurance companies	10087 098	9576 267
2 Deposits held on re-insurance ceded	6059 489	5773 155
3 Sundry Creditors	1551 530	825 447
4 Claims Outstanding	81553 820	71599 643
5 LPA Liabilities	23 079	23 079
6 Terrorism Pool Liabilities	15129 374	12672 973
TOTAL	114404 390	100470 564

**SCHEDULE 14
PROVISIONS**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1 Reserve for Unexpired Risk	41343 471	45114 294
2 For Fringe Benefit Tax	7 500	100
3 For proposed dividends	2795 000	1978 000
4 For dividend distribution tax	475 010	336 161
5 For Doubtful Loans, Investment and Debts	2292 545	2305 610
6 For Leave Encashment	70 736	65 435
7 Provision for Pension	142 399	123 184
8 Provision for Gratuity	4 385	1 738
9 Provision for Settlement	6 833	6 285
10 For Salary Arrears	39 176	0
11 For PLLI Arrears	15 000	15 000
TOTAL	47192 055	49945 807

**SCHEDULE 15
MISCELLANEOUS EXPENDITURE**

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
	NIL	NIL
TOTAL	NIL	NIL

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

1. ACCOUNTING CONVENTION

The Balance Sheet, the Profit and Loss Account and the Revenue Accounts are drawn up in accordance with the provisions of Section 11(1) of the Insurance Act, 1938 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 bases.

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 of the day accounts are received and transactions are booked.

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.

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, for all other classes of insurance, is made at 50% of Net Premium and for London Branch as per local practice.

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, amortization is made over the period of lease.
- (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 Policyholder's 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.

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

SIGNIFICANT ACCOUNTING POLICIES

quoted closing price at NSE/BSE in the month of March.

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

- 7.7** a) Unrealized gains/losses arising due to changes in the fair value of listed equity shares and mutual fund units are taken under the head "Fair Value Change Account" and on realization reported in Profit and Loss Account.
- b) Pending realization, the credit balance in the "Fair Value Change Account" is not available for distribution.
- c) Provision is made for diminution in value of investments relating to thinly traded and unlisted shares equivalent to the amount of difference in average book cost and 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 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 Re.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' Funds and Policyholders' Funds 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 consist of Share Capital and Free Reserves. Policyholders' fund consist 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. MISCELLANEOUS RECEIPTS

Miscellaneous receipts include Administration Fee from Motor Pool, net of expenses incurred thereof.

10. COMPLIANCE WITH ACCOUNTING STANDARDS

The Corporation has complied with relevant accounting standards prescribed by ICAI as modified by IRDA, in preparation of their financial statements.

II. 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.

2.1 (a) Out of investment held in shares and debentures of the value of Rs. 1,65,438,143 thousands (Previous year Rs. 2,45,042,884 thousands), no confirmations regarding actual custody or other documentary evidence for investments of the value of Rs. 1221 thousands (previous year 1221 thousands) 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 Rs. 568 thousands (Previous year Rs. 496 thousands).

(c) Sale of equity shares of a company contracted through public offer in 1995-96 for Rs. 4000 thousands (Previous year Rs. 4000 thousands) 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) Direct Loans to State Government :
Loans to Government for Housing Rs. 4045,309 thousands (Previous year Rs. 3707,762 thousands) & Purchase of Fire Fighting equipment Rs 270,847 thousands (Previous year Rs. 274,847 thousands) are sovereign borrowing. These loans are disbursed only after approval under Article 293(3) of the Constitution of India received from Ministry of Finance, Department of

f expenditure (Plan Finance I Division), New Delhi. These loans are secured on the Consolidated Fund of the State and accordingly provision has been made in respect of loans which are classified NPA.

- (e) The Fixed Maturity Mutual Fund Schemes are close ended mutual fund schemes with definite maturity date and with indicative returns.
- 2.2 (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 Rs. 191,342 thousands (Previous Year Rs. 182,255 thousands)
- (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 :

(Rs. in thousands)

Sr. No.	Particulars	Current Year	Previous Year
	Total Amount of assets subjected to restructuring under CDR	161840	154060
	The breakup of the same is given hereunder :		
(i)	Total amount of standard assets subjected to restructuring under CDR	141274	130700
(ii)	Total amount of sub-standard assets subjected to restructuring under CDR	11704	-
(iii)	Total amount of doubtful assets subjected to restructuring under CDR	-	-
(iv)	Total amount of loss assets subjected to restructuring under CDR	8862	23360
	TOTAL	161840	154060

2.3 The revenue figures for the current year are not comparable to previous years as the current year's figures are for business of 4 quarters, whereas the previous year's figures are for 5 quarters.

3 It is proposed to evolve a scheme of Productivity Linked Lump-sum Incentive to the employees. In this regard an ad-hoc provision of Rs. 15,000 thousands has been made for the year ended 31st March, 2009 based on wage bill of 31st July, 2002.

4 The amounts due to/from other persons or bodies carrying on insurance business include:

(a) Amounts due to/from Indian companies include Rs 860,561 thousands debit and Rs 359,371 thousands credit (Previous year Rs. 2982,328 thousands debit and Rs. 5244311 thousands credit) is subject to reconciliation from respective parties.

(b) Amounts due to/from foreign companies Rs 433,264 thousands debit and Rs 6198,818, thousands credit (Previous year Rs. 7980,939 thousands debit and Rs. 4331956 thousands credit) is subject to reconciliation from respective parties. The adjustment, if any, will be made upon analysis /reconciliation.

5. Taxes paid in advance include an amount of Rs. 13716,385 thousands (Previous year Rs. 11,368,003 thousands) pertaining to assessments completed but in appeal either by Corporation or by the Income Tax Department as at 31st March, 2009.

During the year 2007-08, additional tax liability of Rs.4679,471 thousands in respect of assessment for the AY 2006-07 (FY 2005-06) was raised, however, subsequently CIT (Appeals) has allowed relief and demand is reduced to Rs. 969,105 thousands and the Corporation has filed the appeal against the balance amount.

Also additional tax liability has been raised for assessment year 2005-06 (F.Y.2004-05) by reopening the assessment, amounting to Rs.

- (f) Reinsurances obligations to the extent not provided for in the accounts Nil in view of accounting policy no. 2.1.
- (g) Others Nil (P.Y, Nil).
- 10.2 As at 31st March, 2009 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 Rs 307,651 thousands (Previous year 12.30%, 2016 Rs. 309,707 thousands) 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 Rs. 10,134 thousands, 7.55% 2010 for Rs. 102 thousands and, 8.07% 2017 for Rs. 36,104 thousands total amounting to Rs.46,340, thousands (P.Y. total amounting to Rs. 46,490 thousands) and cash deposit of Rs. 2,900 thousands (P.Y. Rs . 2900 thousands) 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 Rs.50000 thousands (P.Y. NIL) as margins in cash segments viz. FDR of Rs. 30000 thousands (P.Y.NIL) as collateral is held with NSCCL and FDR of Rs. 20000 thousands (P.Y.NIL) as collateral is held with BSE.
- 10.3 The Commitments made and outstanding for Loans, Investments and Fixed Assets (if any) as at 31st March, 2009 is Rs.228,700 thousands (Previous year Rs. 397,110 thousands).
- 10.4 Disclosures of Claims less reinsurance during the financial year 2008-09 paid in India are Rs. 38779,832 thousands (Previous year Rs. 46963,880 thousands) and outside India are Rs. 13640,997 thousands (Previous year Rs. 9787,480 thousands).
- 10.5 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.
- 10.6 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:

(Rs. in thousands)

SL. No.	Out Standing 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	23	352876	3	107,947	29	86,812	65	317,605	0	-	7	2,041	127	867,281
2	>30 Days upto	53	306414	12	82,310	60	38,061	126	342,420	0	-	0	-	251	769,205
3	>6 Months upto 1 Year	57	257013	22	297,705	77	32,186	189	741,396	0	-	0	-	345	1,328,300
4	>1 Year to upto 5 Years	347	1055864	36	246,834	204	240,225	1501	2,278,349	4	79,486	0	-	2092	3,900,758
5	>5 Years	0		0	-	0		16	37,682	0	-	0	-	16	37,682
	Total	480	1972167	73	734796	370	397284	1897	3717452	4	79486	7	2041	2831	6,903,226

Previous year's figures as per last year's grouping

(Rs. in thousands)

	2007-08	
	Number	Amount
A) Foreign Inward Business		
Claims o/s more than 6 months	303	211,535
Claims o/s less than 6 months	246	252,249
B) Indian Business		
Claims o/s more than 6 months	219	708,020
Claims o/s less than 6 months	163	754,696
C) Aviation Business		
Claims o/s more than 6 months	271	987,459
Claims o/s less than 6 months	560	994,774

10.7 Premiums, less reinsurance, written from business during the financial year 2008-09 in India are Rs. 45,310,277 thousands (Previous year Rs. 63480,213 thousands) and outside India are Rs. 28,712,991 thousands (Previous year Rs. 19,631,216 thousands).

10.8 Claims settled and remaining unpaid for a period of more than six months as on 31-03-2009: Nil (P.Y. Nil).

10.9 Value of contracts in relation to investments, for

a) Purchases, where deliveries are pending Rs. Nil (Previous year Rs Nil)

b) Sales, where payments are overdue Rs. Nil (Previous Year Nil)

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

10.11 The historical cost of investments valued on Fair Value basis is Rs 59750,534 thousands (Previous year Rs. 57028,394 thousands).

10.12 Computation of Managerial Remuneration is as follows:

Sr. No	Name	Designation	Gross Salary Rs.	Corp.'s P.F. Rs.	House Perquisite Rs.	Loan Perquisite Rs.	Vehicle Perquisite Rs.
1.	Shri Yogesh Lohiya	Chairman cum Managing Director	11,87,417	61,543	1,44,360	NIL	NIL

10.13 The basis of amortisation of debt securities is as stated in accounting policy No. 7.13.

10.14 Provisions regarding unrealised gains/losses has been stated in the accounting policies No. 7.7.

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

11. Micro and medium scale business entities;
There are no Micro, Small And Medium Enterprises to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2009. This information as required to be disclosed under the Micro, Small And Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

12. Segment Reporting as per AS-17 of ICAI, have been complied with as required by IRDA

(Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

INDIAN BUSINESS

(Rs. in crores)

Class of Business	Earned Premium		Incurred Claims		Net Commission		Operating Expenses		Exchange Gain/-Loss		Net Result	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Fire Insurance	660.71	817.00	621.08	914.33	186.29	321.72	5.94	6.96	(1.26)	3.59	(153.86)	(422.42)
Motor Insurance	2,314.12	2,489.39	1,481.04	1,758.65	414.26	554.84	14.16	16.74	(0.01)	0.01	404.65	159.17
Aviation Insurance	48.19	52.00	41.90	56.48	2.88	6.13	0.50	0.53	(0.37)	0.29	2.54	(10.85)
Engineering insurance	394.50	382.52	193.31	253.27	114.11	144.94	3.72	3.27	0.01	(2.54)	83.37	(21.50)
Other Miscellaneous Insurance	1,673.81	1,606.77	1,339.05	1,379.42	290.93	460.71	11.59	11.96	(0.13)	(1.87)	32.11	(247.19)
Marine Cargo	242.63	185.78	194.09	220.00	42.67	60.67	1.28	1.18	(1.19)	(0.49)	3.40	(96.56)
Marine Hull	150.98	52.28	135.89	119.80	16.08	33.95	0.96	1.07	(2.01)	(0.26)	(3.96)	(102.80)
Life	5.53	9.50	3.73	1.77	-	3.13	0.02	0.10	(0.89)	(0.15)	0.89	4.35
Total	5,490.47	5,595.24	4,010.09	4,703.72	1,067.22	1,586.09	38.17	41.81	(5.85)	(1.42)	369.14	(737.80)

FOREIGN BUSINESS

Class of Business	Earned Premium		Incurred Claims		Net Commission		Operating Expenses		Exchange Gain/-Loss		Net Result	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Fire Insurance	1,251.79	936.68	1,047.46	729.78	354.61	295.52	11.92	7.11	11.15	18.10	(151.05)	(77.63)
Motor Insurance	90.45	28.25	79.89	21.11	27.24	7.09	1.09	0.27	(1.27)	(0.48)	(19.04)	(0.70)
Aviation Insurance	355.44	262.87	537.61	193.69	81.60	58.72	4.16	2.11	3.49	(0.41)	(264.44)	7.94
Engineering insurance	164.85	111.44	87.14	65.24	59.20	43.85	1.50	0.87	(0.47)	(4.79)	16.54	(3.31)
Other Miscellaneous Insurance	171.93	130.90	96.02	99.04	49.33	35.52	1.61	0.84	0.35	(5.59)	25.32	(10.09)
Marine Cargo	71.60	47.48	44.23	29.76	34.24	24.59	0.63	0.33	(1.63)	(1.63)	(9.13)	(8.83)
Marine Hull	200.62	116.08	314.50	169.15	74.38	38.27	2.00	0.94	2.17	(4.49)	(188.09)	(96.77)
Life	9.01	-	0.20	-	1.35	-	0.07	-	-	-	7.39	-
Total	2,315.69	1,633.70	2,207.05	1,307.77	681.95	503.56	22.98	12.47	13.79	0.71	(582.50)	(189.39)

TOTAL

Class of Business	Earned Premium		Incurred Claims		Net Commission		Operating Expenses		Exchange Gain/-Loss		Net Result	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Fire Insurance	1,912.50	1,753.68	1,668.54	1,644.11	540.90	617.24	17.86	14.07	9.89	21.69	(304.91)	(500.05)
Motor Insurance	2,404.57	2,517.64	1,560.93	1,779.76	441.50	561.93	15.25	17.01	(1.28)	(0.47)	385.61	158.47
Aviation Insurance	403.63	314.87	579.51	250.17	84.48	64.85	4.66	2.64	3.12	(0.12)	(261.90)	(2.91)
Engineering insurance	559.35	493.96	280.45	318.51	173.31	188.79	5.22	4.14	(0.46)	(7.33)	99.91	(24.81)
Other Miscellaneous Insurance	1,845.74	1,737.67	1,435.07	1,478.46	340.26	496.23	13.20	12.80	0.22	(7.46)	57.43	(257.28)
Marine Cargo	314.23	233.26	238.32	249.76	76.91	85.26	1.91	1.51	(2.82)	(2.12)	(5.73)	(105.39)
Marine Hull	351.60	168.36	450.39	288.95	90.46	72.22	2.96	2.01	0.16	(4.75)	(192.05)	(199.57)
Life	14.54	9.50	3.93	1.77	1.35	3.13	0.09	0.10	(0.89)	(0.15)	8.28	4.35
Total	7,806.16	7,228.94	6,217.14	6,011.49	1,749.17	2,089.65	61.15	54.28	7.94	(0.71)	(213.36)	(927.19)

13. Related party Disclosures as per AS-18 of ICAI:

- a) Associate Company:
Kenindia Assurance Co. Ltd, Nairobi, Kenya.
LIC (Mauritius) Offshore Limited., Mauritius
India International Pte Limited. Singapore
Agriculture Insurance Company of India Limited
East Africa Reinsurance Co., Kenya
- b) Key Management Personnel:
Shri Yogesh Lohiya - Chairman cum Managing Director
Nature and volume of transactions: With (a) above

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

(Rs. in thousands)

Name of the Company	Kenindia Assurance Company		LIC Mauritius Limited		India International Pte Ltd	
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Premium Accepted	213,307	173,894	-	-	664,937	314,832
Premium Ceded	-	-	-	-	-	-
Net Premium	213,307	173,894	-	-	664,937	314,832
Commission Paid	93,185	88,448	-	-	353,094	154,640
Commission Recovered	-	-	-	-	-	-
Net Commission	93,185	88,448	-	-	353,094	154,640
Claims Paid	65,495	204,611	-	-	239,613	141,564
Claims Recovered	-	-	-	-	-	-
Net Claims	65,495	204,611	-	-	239,613	141,564
Balance on 31st March (-) Indicates amount payable by GIC	(129,214)	(119,165)	-	-	225,617	18,628

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

(Rs. in thousands)

Name of the Company	Agriculture Insurance Company of India Ltd		East Africa Re	
	2008-09	2007-08	2008-09	2007-08
Premium Accepted	75,070	239,189	2,327	3,649
Premium Ceded	-	-	-	-
Net Premium	75,070	239,189	2,327	3,649
Commission Paid	14,763	46,488	346	705
Commission Recovered	-	-	-	-
Net Commission	14,763	46,488	346	705
Claims Paid	173,150	33,910	-	(848)
Claims Recovered	-	-	-	-
Net Claims	173,150	33,910	-	(848)
Balance on 31st March (-) Indicates amount payable by GIC	4,624	19,449	2,337	3,792

* Figures are reported Net With (b) above

The same is disclosed as per Note no. 10.12 of the Disclosures forming part of the financial statements.

14 Employees Benefit

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

		Year ending 31st March, 2009	Year ending 31st March, 2008
Pension Superannuation Scheme	(Employees Pension Fund)	71,030,000.00	51,815,084.00
Leave Encashment	(Earned leave and Sick Leave)	5,301,387.00	4,822,782.00
Gratuity	(Employees Gratuity Fund)	4,385,000.00	5,489,695.00
Provident Fund	(Employees Provident Fund)	2,604,026.00	2,655,309.00
Settlement Benefit		548,501.00	1,758,171.00

A) Change in the Present Value of Obligation

	Pension 31 March, 2009	Pension 31 March, 2008	Gratuity 31 March, 2009	Gratuity 31 March, 2008	Leave Salary 31 March, 2009	Leave Salary 31 March, 2008	Settlement 31 March, 2009	Settlement 31 March, 2008
Present Value of Obligation as 1 April	400839238	390896003	85244608	80109783	65434929	60612147	6101228	5735179
Interest Cost	27119000	30794755	5815000	6337234	4475017	4749176	427086	451468
Past Service Cost	0	0	0	0	0	0	0	0
Current Service Cost	156694000	10009071	4991000	3573725	5207400	4207348	366074	364201
Curtailment Cost /(Credit)	0	0	0	0	0	0	0	0
Settlement Cost /(Credit)	0	0	0	0	0	0	0	0
Benefit Paid	-26843000	-11923134	-4345000	-1788718	-3012225	-2494887	0	-183646
Actuarial Gain/Loss on Obligation	-5946000	-18937457	946000	-2987416	-1368805	-1638855	-244659	-265974
Present Value of Obligation at 31 March	551863238	400839238	92651608	85244608	70736316	65434929	6649729	6101228

B) Change in the Fair value of Plan Assets

	Pension 31 March, 2009	Pension 31 March, 2008	Gratuity 31 March, 2009	Gratuity 31 March, 2008	Leave Salary 31 March, 2009	Leave Salary 31 March, 2008	Settlement 31 March, 2009	Settlement 31 March, 2008
Fair Value of Plan Assets as at 1 April	334039567	319527475	83506267	81129613	0	0	0	0
Expected return on Plan Assets	27722000	26142682	5754000	6585435	0	2494887	0	0
Actuarial Gain/Loss on	22732000	-56091397	1613000	-2420063	0	0	0	0
Contribution	51815000	56383941	1738000	0	3012225	-2494887	0	183646
Benefit Paid	-26843000	-11923134	-4345000	-1788718	-3012225	0	0	-183646
Fair Value of Plan Assets at 31 March	409465567	334039567	88266267	83506267	0	0	0	0
Unpaid Amount	0	0	0	0	0	0	0	0
Fair Value of Plan (Net) Assets at 31 March	818931134	668079134	176532534	167012534	0	0	0	0

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

	Pension 31 March, 2009	Pension 31 March, 2008	Gratuity 31 March, 2009	Gratuity 31 March, 2008	Leave Salary 31 March, 2009	Leave Salary 31 March, 2008	Settlement 31 March, 2009	Settlement 31 March, 2008
Present Value of Funded / (unfunded) Obligation as at 1 April	-551863238	-400839238	-92651608	-85244608	-70736316	-65434929	-6649729	-6101228
Fair Value of Plan Assets at 31 March	-409465567	-334039567	-88266267	-83506267	0	0	0	0
Funded Status	142397671	66799671	4385341	1738341	70736316	65434929	6649729	6101228
Present Value of unfunded Obligation as at 31 March	0	0	0	0	0	0	0	0
Unrecognized Actuarial (gains)/losses	0	0	0	0	0	0	0	0
Unfunded Net Asset/(Liability) Recognised in Balance Sheet	142397671	66799671	4385341	1738341	70736316	65434929	6649729	6101228

Expenses recognised in the Profit and Loss Account

For year ending 31st March, 2008	Pension	Gratuity	Leave Salary	Settlement
Current Service Cost	10009071	3573725	4207348	364201
Interest Cost	30794755	6337234	4749176	451468
Curtailment Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net actuarial (gains)/losses recognized in the period	11011258	-4421264	-4133742	942502
Total Expenses recognized in the Profit & Loss A/c	51815084	5489695	4822782	1758171

Expenses recognised in the Profit and Loss Account

For year ending 31st March, 2009	Pension	Gratuity	Leave Salary	Settlement
Current Service Cost	156694000	4991000	5207400	366074
Interest Cost	27119000	5815000	4475017	427086
Curtailment Cost / (Credit)	Nil	Nil	Nil	Nil
Settlement Cost / (Credit)	Nil	Nil	Nil	Nil
Net actuarial (gains)/losses recognized in the period	-112783000	-6421000	-4381030	-244659
Total Expenses recognized in the Profit & Loss A/c	71030000	4385000	5301387	548501

The guidance of implementing AS 15 (revised 2005) Employee Benefits States benefits involving employer established provident funds, which require interest shortfall to be provided, are to be considered as defined benefit plans. Pending determination of Liability in view of issue in making reasonable actuarial assumption by the Actuarial Society of India, effect in this respect has not been ascertained.

15. Earnings per Share (EPS) as per Accounting Standards 20 of the ICAI:

	2008-09	2007-08
Basic and Diluted EPS	Rs. 327/-	Rs. 231/-
Profit after Tax	Rs. 14071,952 thousands	Rs. 9927,826 thousands
Number of equity shares	4,30,00,000	4,30,00,000
Nominal value of share	Rs.100/-	Rs.100/-

16. The Corporation has prepared Cash flow statement adopting the indirect method.
17. Tax liabilities in respect of foreign operation, if any, is accounted on actual basis.

18. Prior period items have not been separately disclosed, as the amount is not material.
19. The summary of the financial statements of the Corporation for the last five years is as per Annexure I.
20. The Accounting Ratios of the Corporation are stated in Annexure II.
21. Figures relating to the previous year have been regrouped / rearranged, wherever necessary.

As per our report of even date

For S. R. GOYAL & CO.
Chartered Accountants

Yogesh Lohiya
Tarun Bajaj
T S Vijayan
M Ramadoss
Kamlesh S Vikamsey
Bhagyam Ramani
Suchita Gupta

Chairman-cum-Managing Director
Director
Director
Director
Director
General Manager (Finance)
Company Secretary

Praveen Goyal

Partner
Membership No.: 74789

New Delhi
Dated : 1st June 2009

SUMMARY OF FINANCIAL STATEMENTS
Year ended 31.03.2009

(Rs. In lakhs)

Particulars	2008-09	2007-08	2006-07	2005-06	2004-05
OPERATING RESULTS					
1 Gross Premium Written	806113	931555	740417	488077	512155
2 Net Premium Income	740233	831114	642087	423488	461387
3 Income from investments (net)	113883	128976	123224	109728	85165
4 Profit on Exchange Fluctuation	794	-72	-98	74	379
5 Total Income	854910	960018	765213	533290	546931
6 Commissions & Brokerage	174918	208965	167012	110293	120749
7 Brokerage	-	-	-	-	-
8 Operating Expenses	6312	5697	4811	4533	4060
9 Claims, increase in Unexpired Risk Reserve and Other outgoes	584005	709255	477978	434912	394299
10 Operating Profit/loss	89675	36101	115412	-16448	27823
NON-OPERATING RESULT					
11 Total Income under Shareholders account (Net)	91484	70628	63535	60742	52185
12 Profit/(loss) before tax	181159	106730	178946	44294	80008
13 Provision for tax	40439	7451	25811	-15557	60006
14 Profit/(loss) after tax	140720	99279	153135	59851	20002
MISCELLANEOUS					
15 Policy holders Account :					
Fire	334305	272312	214939	186463	154000
Miscellaneous	728465	764353	720384	690603	528223
Marine	165050	129394	90026	69748	67910
Life	1153	1081	153	95	308
Total funds	1228973	1167140	1025502	946909	750441
Total Investments	1573195	1996337	1683465	1521962	1027674
Yield on Investments	10.7	13.4	13.3	14.4	13.6
16 Shareholders Account :					
Total funds	776982	668962	592826	475913	425867
Total Investments	898073	1154075	846102	864051	661406
Yield on Investments	10.7	13.4	13.3	14.4	13.6

SUMMARY OF FINANCIAL STATEMENTS

(Rs. In lakhs)

Particulars	2008-09	2007-08	2006-07	2005-06	2004-05
17 Paid up equity Capital	43000	43000	43000	43000	21500
18 Net worth	776982	668962	592826	475913	425867
19 Total assets	3001964	3601283	2852398	2642403	1955184
20 Yield on total investments	10.7	13.4	13.3	14.4	13.6
21 Earnings per share (Rs.)	327	231	356	139	47
22 Book Value per share (Rs.)	1807	1556	1379	1107	1981
23 Total Dividend	27950	19780	30960	8600	6450
24 Dividend per share (Rs.)	65	46	72	20	15

As per our report of even date

For S.R.GOYAL & CO.
Chartered Accountants

Yogesh Lohiya
Chairman-cum-Managing Director

Tarun Bajaj
Director

M. Ramadoss
Director

Praveen Goyal
Partner
Membership No.: 74789

Kamlesh S. Vikamsey
Director

Rajeev Gowda
Director

New Delhi
1st June 2009

Bhagyam Ramani
General Manager (Finance)

Suchita Gupta
Company Secretary

RATIOS FOR NON - LIFE COMPANIES

Performance Ratio	Ratio / Percentage	
	2008-09	2007-08
1 Gross Premium Growth Rate (segment wise) (Gross premium for the current year divided by the gross premium for the previous year)		
Fire Insurance	-3.0	8.1
Motor Insurance	-31.5	30.7
Aviation Insurance	35.4	-3.3
Engineering insurance	-3.7	28.0
W.C.	-23.5	-10.3
Liability	10.0	9.0
PA	1.5	19.7
Health	5.9	318.4
Other Miscellaneous Insurance	-49.5	-3.3
FL/Credit	16.9	641.2
Marine Cargo	-2.8	26.2
Marine Hull	12.5	77.1
Life	-32.3	941.1
2 Gross Premium to shareholders fund ratio : (Gross premium for the current year divided by paid up capital plus free reserves)	103.7	139.3
3 Growth rate of shareholders' funds (Shareholders' funds as at the current balance sheet date divided by shareholders' funds as at the previous balance sheet date)	16.1	12.8
4 Net retention ratio (segment wise) (Net premium divided by gross premium)		
Fire Insurance	88.8	77.0
Motor Insurance	100.0	99.9
Aviation Insurance	83.3	72.5
Engineering insurance	82.8	81.9
W.C.	100.0	100.0
Liability	92.2	83.9
PA	98.6	99.6
Health	99.9	99.7
Other Miscellaneous Insurance	91.2	92.8
FL/Credit	100.0	100.0

RATIOS FOR NON - LIFE COMPANIES

Performance Ratio	Ratio / Percentage	
	2008-09	2007-08
Marine Cargo	90.3	93.6
Marine Hull	80.6	78.2
Life	100.0	100.0
5 Net commission ratio (segment wise) (Commission net of reinsurance for a class of business divided by net premium)		
Fire Insurance	26.6	33.9
Motor Insurance	22.6	19.7
Aviation Insurance	16.9	20.2
Engineering insurance	31.2	33.1
W.C.	20.2	20.0
Liability	21.1	18.2
PA	21.0	24.6
Health	19.3	24.4
Other Miscellaneous Insurance	23.3	25.8
FL/Credit	19.7	13.7
Marine Cargo	25.9	26.9
Marine Hull	22.2	20.5
Life	11.5	18.0
6 Expenses of management to gross premium ratio (Expenses of management divided by the total gross premium)	0.8	0.6
7 Combined ratio : (Claims paid plus expenses divided by gross premium)	65.8	61.5
8 Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	166.0	140.4
9 Underwriting balance ratio (Segment wise) (Underwriting profit divided by net premium for the respective class of business)		
Fire Insurance	-1.9	-12.6
Motor Insurance	43.2	26.3
Aviation Insurance	-43.1	20.4
Engineering insurance	32.0	8.9
W.C.	61.0	93.4
Liability	37.2	54.6

RATIOS FOR NON - LIFE COMPANIES

Performance Ratio	Ratio / Percentage	
	2008-09	2007-08
PA	-28.6	23.1
Health	-12.8	-32.5
Other Miscellaneous Insurance	60.4	2.9
FL/Credit	8.9	10.0
Marine Cargo	16.6	-14.4
Marine Hull	-29.4	-41.6
Life	79.4	26.2
10 Operating profit ratio (Underwriting profit plus investment income divided by net premium)	21.3	13.3
11 Liquid assets to liabilities ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	26.9	24.2
12 Net earnings ratio: (Profit after tax divided by net premium)	19.0	11.9
13 Return on net worth (Profit after tax divided by net worth)	18.1	14.9
14 Reinsurance ratio : (Risk reinsured divided by gross premium)	8.2	10.8

As per our report of even date

For S.R.GOYAL & CO.
Chartered Accountants

Praveen Goyal
Partner
Membership No.: 74789

New Delhi
1st June 2009

Yogesh Lohiya
Chairman-cum-Managing Director

Tarun Bajaj
Director

Kamlesh S. Vikamsey
Director

Bhagyam Ramani
General Manager (Finance)

M. Ramadoss
Director

Rajeev Gowda
Director

Suchita Gupta
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

As per Indirect Method

(Rs. in thousands)

	31st March, 2009	31st March, 2008
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before taxation as per Profit & Loss A/c	18115 885	10672 959
Adjustments for:		
Exchange -Loss / Gain charged	-1953 562	742 782
Provision for diminution in value of investment	97 725	65 731
Provision for doubtful loans, investments & Debts	-13 066	-94 490
Amortisation of Premium on Investment	296 921	338 864
Depreciation	44 461	50 174
-Profit /Loss on sale of Assets	-366	- 231
Provision for Leave Encashment & Salary Arrears	66 887	157 979
Sundry Balances Written off/ -back	-2 152 -1463 152	33 215 1294 024
Operating Profit before working capital changes	16652 733	11966 983
Changes in Unexpired Risk Reserves	-3770 823	10810 577
Changes in Provisions for Outstanding Claims	9954 177	3353 141
Changes in Income accrued on Investments	-382 619	-451 054
Changes in Balances with Insurance Companies	-7538 998	-384 186
Changes in Advance and Deposits	-1669 687	-1043 869
Changes in other Current Liabilities	3182 485 -225 465	2826 576 15111 185

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

As per Indirect Method

(Rs. in thousands)

	31st March, 2009	31st March, 2008
Cash generated from operations	16427 268	27078 168
Income Tax Paid (Net)	-2417 015	-4239 604
Net Cash from Operating Activities	14010 253	22838 564
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-71 087	-24 405
Proceeds from sale of Fixed Assets	1 092	1 159
Foreign Currency Translation Reserve	1 93 771	
Changes in net Investments	-7722 319	-11211 950
Net Cash used in Investing Activities	-7598 543	-11235 196
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	-1978 000	-3096 000
Dividend Tax Paid	-336 161	-526 165
Net Cash from Financing Activities	-2314 161	-3622 165
D) Effect of Foreign Exchange on Cash & Cash equivalents(Net)	1953 562	-742 782
Net increase in Cash and Cash equivalents (A+B+C+D)	6051 111	7238 421
Cash and Cash equivalents at beginning of period	25275 891	18037 470
Cash and Cash equivalents at the end of period	31327 002	25275 891

Yogesh Lohiya

Chairman-cum-Managing Director

As per our report of even date

For S.R.GOYAL & CO.
Chartered Accountants

Tarun Bajaj
Director

M. Ramadoss
Director

Praveen Goyal
Partner
Membership No.: 74789

Kamlesh S. Vikamsey
Director

Rajeev Gowda
Director

New Delhi
1st June 2009

Bhagyam Ramani
General Manager (Finance)

Suchita Gupta
Company Secretary

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.

1	6	1	3	3
---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet Date

3	1	0	3	2	0	0	9
---	---	---	---	---	---	---	---

II. Capital Raised During the year (Amount in Rs. Thousand)

Public Issue

N	I	L
---	---	---

 Right Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

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

Total Liabilities

1	3	8	5	9	9	9	3	8
---	---	---	---	---	---	---	---	---

 Total Assets

1	3	8	5	9	9	9	3	8
---	---	---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

4	3	0	0	0	0	0
---	---	---	---	---	---	---

 Reserve & Surplus

7	3	5	3	3	3	9	4
---	---	---	---	---	---	---	---

Secured Loans

N	I	L
---	---	---

 Unsecured Loans

N	I	L
---	---	---

Deferred Taxation Liability

1	9	1	2	7
---	---	---	---	---

 Fair Value Change Account

6	0	7	4	7	4	1	7
---	---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

4	3	6	1	4	4
---	---	---	---	---	---

 Investment

2	1	7	1	4	0	2	9	8
---	---	---	---	---	---	---	---	---

Net Current Assets

(-)	7	8	9	7	6	5	0	4
-----	---	---	---	---	---	---	---	---

 Misc. Expenditure

N	I	L
---	---	---

Accumulated Losses

N	I	L
---	---	---

 Deferred Tax Asset

N	I	L
---	---	---

IV. Performance of Company (Amount in Rs. Thousand)

Turnover

9	8	8	0	0	7	8	3
---	---	---	---	---	---	---	---

 Total Expenditure

8	0	6	8	4	8	9	8
---	---	---	---	---	---	---	---

Profit/Loss Before Tax

1	8	1	1	5	8	8	5
---	---	---	---	---	---	---	---

 Profit/Loss After Tax

1	4	0	7	2	0	8	1
---	---	---	---	---	---	---	---

Earning per Share (Rs.)

3	2	7
---	---	---

 Dividend @ %

6	5
---	---

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

Item Code No.

N	O	T	A	P	P	L	I	C	A	B	L	E
---	---	---	---	---	---	---	---	---	---	---	---	---

Product Discription

R	E	I	N	S	U	R	A	N	C	E	S	E	R	V	I	C	E
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

PERFORMANCE HIGHLIGHTS

(Rs. & US\$ in '000)

	2008-09		2007 - 08	
	Rs.	US \$	Rs.	US \$
Net Earned Premium	78 061 678	1 527 028	72 289 553	1 813 586
Net Claims	62 171 369	1 216 185	60 114 950	1 508 152
% To Earned Premium	79.6%	79.6%	83.2%	83.2%
Net Commission	17 491 751	342 170	20 896 460	524 246
% To Earned Premium	22.4%	22.4%	28.9%	28.9%
Operating Expenses and Other Outgo less Other Income	532 108	10 409	552 101	13 851
Investment Income less expenses Apportioned to Revenue a/c	11 368 634	222 391	12 872 817	322 951
Revenue Profit/Loss(-)	9 235 085	180 655	3 598 860	90 288
Investment Income less expenses apportioned to P/L a/c	6 489 890	126 954	7 441 728	186 697
Other Income less Other Outgo	2 770 331	54 193	- 26 730	- 671
Reserve for Doubtful Debts, Investment W/off & Amortisation of Premium on Investment	381 580	7 464	310 106	7 780
PROFIT BEFORE TAX	18 113 725	354 337	10 703 752	268 534
Provision for tax including deferred tax	4 043 933	79 107	745 132	18 694
PROFIT AFTER TAX	14 069 792	275 231	9 958 620	249 840
ASSETS:				
Investments	209 947 118	4 106 947	285 137 803	7 153 482
Loans	7 193 180	140 712	6 801 682	170 639
Fixed Assets	436 144	8 532	410 244	10 292
Cash and Bank Balances	31 327 002	612 813	25 275 891	634 117
Advances and Other Assets	51 292 938	1 003 383	41 108 336	1 031 318
Deferred Tax Asset	0	0	1 394 372	34 982
TOTAL ASSETS	300 196 383	5 872 387	360 128 328	9 034 830
LIABILITIES:				
Share Capital	4 300 000	84 116	4 300 000	107 878
Reserve and Surplus	73 533 394	1 438 447	62 537 681	1 568 933
Deferred Tax Liabilities	19 127	374	0	0
Fair Value Change Account	60 747 417	1 188 330	142 874 276	3 584 402
Current Liabilities & Provisions	161 596 445	3 161 120	150 416 371	3 773 617
TOTAL LIABILITIES	300 196 383	5 872 387	360 128 328	9 034 830

1 US \$ = Rs. 51.12 as on 31st March, 2009

1 US \$ = Rs. 39.186 as on 31st March, 2008

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

Solely for the convenience of readers, performance highlights have been converted into United States Dollar as on 31st March



भारतीय साधारण बीमा निगम
GENERAL INSURANCE CORPORATION OF INDIA

NOTES

2008-09

Presentation of Dividend for the year 2008-09



***From Right to left : Shri Yogesh Lohiya, Chairman - cum - Managing Director, GIC Re presenting the dividend cheque for Rs. 279.5 crores to the Hon'ble Union Finance Minister Shri Pranab Mukherjee in New Delhi on the 13th of August 2009.
Also Present are Smt Bhagyam Ramani and Shri M Ramaprasad, General Managers, GIC Re.***



भारतीय साधारण बीमा निगम

170, सुरक्षा जे. टाटा रोड, चर्चगेट, मुंबई - 400 020, भारत

☎: +91 22 2286 7000 वेबसाइट: www.gicofindia.in ईमेल: info@gicofindia.com
(भारत सरकार के पूर्णतः स्वामित्व वाला उद्दम)

General Insurance Corporation of India

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(Wholly owned Govt. Of India undertaking)