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CORPORATE INFORMATION

DIRECTORS	Shri D. Sengupta	Chairman (upto 30.06.2002)
	Shri P.C. Ghosh	Managing Director and Current-in-Charge (Chairman w.e.f. 04.10.2002)
	Shri Ajit M. Sharan, IAS	
	Shri G.N. Bajpai	(up to 21.02.2002)
	Shri S.S.Kohli	(w.e.f. 05.07.2001)
	Shri Janki Ballabh	(w.e.f. 05.07.2001)
	Shri K.N.Bhandari	(upto 01.03.2002)
	Shri P.B.Ramanujam	Managing Director (w.e.f. 31.05.2002)
COMPANY SECRETARY	Shri B.P.Deshmukh	
AUDITORS	M/s SHAH GUPTA & CO., Chartered Accountants, 38,Bombay Mutual Building, 2nd floor, Dr. D.N.Road, Fort, Mumbai – 400 023.	
BANKERS	BANK OF INDIA CENTRAL BANK OF INDIA STATE BANK OF INDIA	
REGISTERED OFFICE	"Suraksha", 170, J.Tata Road,Churchgate, Mumbai – 400 020.	

BOARD OF DIRECTORS

Shri P.C. Ghosh
Chairman

Shri Ajit M. Sharan, IAS,
Director

Shri S. S. Kohli
Director

Shri Janki Ballabh
Director

Shri P. B. Ramanujam
Managing Director

MANAGEMENT

Shri P.C. Ghosh
Chairman

Shri P. B. Ramanujam
Managing Director

Shri V. Mohan
Financial Advisor & General Manager

Shri V. Ramakrishnan
Chief Vigilance Officer

Shri M.Raghavendra
General Manager

Shri R. K. Joshi
General Manager

Shri P. K. Mor
General Manager

Shri B. P. Deshmukh
General Manager

Shri G. Krishna Rao
Assistant General Manager

Smt. Bhagyam Ramani
Assistant General Manager

Shri M. Ravindran
Assistant General Manager

Shri G. Muntaqua
Assistant General Manager

Smt. Sushila Venkatraman
Assistant General Manager

NOTICE

NOTICE is hereby given that the THIRTIETH 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 Monday, the 30th day of September, 2002 at 12.00 noon to transact the following business:

1. To receive and adopt the Directors' Report and Audited Statements of Account for the year ended 31st March, 2002
2. To declare dividend on equity shares
3. To fix remuneration of auditors for the year 2002-03

For and on behalf of the Board

(B.P. DESHMUKH)
Company Secretary

Registered Office :

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

Dated: 18th September, 2002.

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 Thirtieth Annual Report on the working and affairs of the Corporation and the audited statements of account for the year ended 31st March, 2002.

FINANCIAL RESULTS:

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

(Rs in Crores)

	2001-02	2000-01
Net Premium	***2671.23***	2186.54
Net Earned Premium	***2438.47***	2039.69
Net Claims	***2295.08***	1851.83
	94.12%	90.79%
Net Commission	***636.34***	496.11
	26.10%	24.32%
Operating Expenses and Other Outgo	***24.45***	27.35
	1.00%	1.34%
Investment Income Apportioned to Revenue	***569.33***	514.74
	23.35%	25.24%
Total Profit/Loss(-)	***51.93***	179.14
	2.13%	8.78%
Interest, Dividends and Rents (gross)	***392.47***	358.66
Other Income less Other Outgo	***14.80***	5.54
Reserve for Doubtful Debts and Investment Written off	***102.49***	67.33
Profit before Tax	***356.71***	476.01
Income-tax Deducted at Source and Provision for tax	***50.00***	75.00
Profit after Tax	***306.71***	401.01

(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 20% for the year under review amounting to Rs. 43 crores, same as last year.

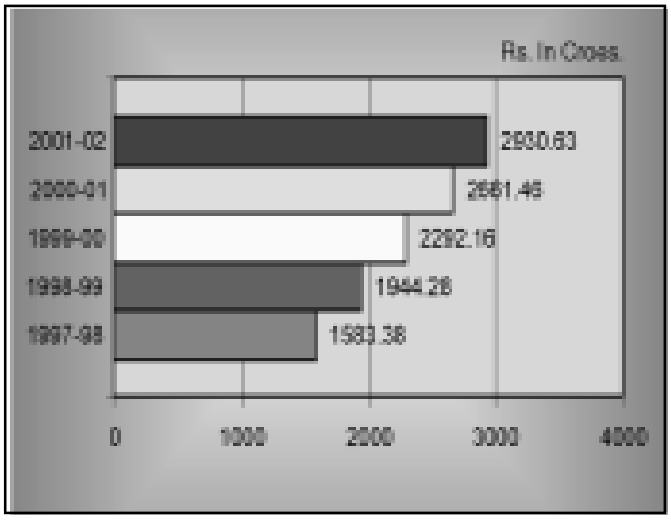
CAPITAL AND FUNDS

Capital and Funds of the Corporation stood at Rs.7500.33 crores as on 31st March, 2002 as detailed below:

(Rs in Crores)

	As on 31.03.2002	As on 31.03.2001
Shareholders' Funds		
Paid up Capital	***215.00***	215.00
General Reserve	***2715.60***	2446.45
Profit & Loss Appropriation Account	***0.03***	0.01
	2930.63	2661.46
Policyholders Funds	***4569.12***	3860.84
Other Funds	***0.58***	0.58
	7500.33	6522.88

Net Worth (Shareholders' Funds) for the last 5 years



ASSETS

Total assets of the Corporation increased to Rs.10378.84 crores as on 31st March, 2002 from Rs.7773.67 crores as on 31st March, 2001. Distribution of the assets of the Corporation into various classes and their percentages to total assets are given in Appendix I.

INVESTMENTS

Total investment of the Corporation in India during the year 2001-02 amounted to Rs. 7135.83 crores as against Rs. 6345.33 crores in previous year. Total investment income of the corporation including profit on sale of investments/securities amounted to Rs.961.80 crores as against Rs.873.40 crores for the previous year. As per the new accounting regulations the income was apportioned between revenue and profit/loss accounts.

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)

Under Section 6 of the Insurance Act, 1938, as amended by the IRDA Act, 1999, every reinsurer carrying on reinsurance business exclusively shall have a paid-up equity capital of Rs.200 crores and every insurer carrying on life or general insurance business shall have a paid-up equity capital of Rs.100 crores. The Corporation's existing paid-up equity capital of Rs.215 crores conforms to the provisions of the Section ibid.

The IRDA (Preparation of Financial Statements and Auditor's Report), Regulations, 2002 are incorporated in the accounts for the financial year 2001-02.

DE-LINKING FROM SUBSIDIARY COMPANIES:

General Insurance Business (Nationalisation) Amendment Act, 2002, (GIBNA) has been passed by both the Houses of Parliament and assented to by the President of India, on 7th August, 2002. The Act, however, will come into force from the date to be notified by the Government.

The main features of the Act are as follows:

The subsidiary companies viz. National Insurance Co. Ltd., New India Assurance Co. Ltd., Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd. will be totally de-linked from the Corporation. The shares of the above companies held by the Corporation will now be transferred to the Government of India with effect from the date of notification.

The other important provision of the Act is that Crop insurance, which is being managed by the Corporation at present, will have to be transferred to the new Company to be incorporated.

The GIBNA Act does not envisage any consideration for the transfer of the shareholdings. The corporation will not receive the dividend income from the subsidiaries, consequent to the delinking.

PERSONNEL AND INDUSTRIAL RELATIONS:

The remuneration particulars of employees in terms of Section 217(2A) of the Companies Act, 1956 is annexed. Staff position in the Corporation and the Subsidiaries as on 31st March, 2002 is given in Appendix II.

The relations between the Management and employees

were cordial. During the year meetings were held with unions/associations with the object of addressing issues concerning employees and also issues for augmenting reinsurance business.

WELFARE OF SC/ST

As per provisions of the Brochure on Reservation for Scheduled Castes and Scheduled Tribes, (1) reservation of posts in service (for direct recruit and promotions) was given to persons belonging to Scheduled Caste and Scheduled Tribe Communities and (2) reservation of posts for direct recruitment was given to persons belonging to Other Backward Classes.

BOARD OF DIRECTORS

Shri D.Sengupta, Chairman, GIC, ceased to be a Director of the Corporation w.e.f. 01-07-2002 on attaining the age of superannuation.

Shri G.N.Bajpai, Chairman, LIC, ceased to be a Director of the Corporation w.e.f. 21.02.2002 on his appointment as Chairman, SEBI.

Shri K.N.Bhandari, Chairman, GIPSA ceased to be a Director of the Corporation w.e.f. 01-03-2002 on attaining the age of superannuation.

Shri P.B.Ramanujam has been appointed as Managing Director of the Corporation w.e.f. 31-05-2002.

The Directors wish to place on record the co-operation received from Shri D.Sengupta, Shri G.N.Bajpai and Shri K.N.Bhandari during their tenure as Directors on the Board and also for their valuable contribution to the cause of the General Insurance Industry.

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

STATEMENT SHOWING NUMBER OF BOARD MEETINGS ATTENDED BY THE DIRECTORS DURING THE PERIOD APRIL 2001- MARCH 2002.

Name of Director	Dates of Meeting				
	23-05-2001	14-08-2001	07-09-2001	26-12-2001	29-01-2002
Shri D.Sengupta	Present	Present	Present	Present	Present
Shri Ajit M. Sharan	Present	Absent	Present	Present	Present
Shri G.N. Bajpai	Present	Present	Present	Present	Present
Shri K.J.Reddy	Present	Ceased			
Dr. N.L.Mitra	Present	Ceased			
Shri P.C.Ghosh	Present	Present	Present	Present	Present
Shri Janki Ballabh	Not on Board	Absent (*)	Absent	Present	Absent
Shri. S.S.Kohli	Not on Board	Present(**)	Present	Absent	Absent
Shri K.N. Bhandari	Not on Board	Absent (***)	Absent	Present	Present

(*) Appointed as Director with effect from 05-07-2001.

(**) Appointed as Director with effect from 05-07-2001.

(***) Appointed as Director with effect from 13-08-2001.

FOREIGN EXCHANGE EARNINGS & OUTGO

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

a) Earnings Rs. 313.74 crores

b) Outgo Rs. 282.56 crores

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

DONATIONS AND OTHER ITEMS OF EXPENSES OF MANAGEMENT

During the year under review the Corporation made the following donation:

Gujarat Chief Minister's Relief Fund Rs.1,00,00,000/-

In order to mitigate the huge losses suffered by the affected people of Gujarat by the devastating earthquake in January 2001 the Corporation had contributed rupees one crore towards the Gujarat Chief Minister's Relief Fund. The employees of the Corporation also contributed a day's salary to the Prime Minister's National Relief Fund to assist the grief-stricken people.

Expenses on (a) Entertainment (b) Foreign Tours and (c) Publicity and Advertisement amounted to Rs.10,25,993/-/-, Rs.1,04,52,513/- and Rs.1,19,42,584/- respectively.

ADDITIONAL INFORMATION REQIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OT 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/ performance in the implementation of Official Language Policy of the Government of India. The Corporation conducted four in-house workshops and also the All India Raj Bhasha Sammelan (for Banking and Insurance Industry) at Mumbai, during the year under review. A house journal of the Corporation, in Hindi, was also introduced during the year.

VIGILANCE

The Company has a vigilance set-up headed by a Chief Vigilance Officer, who is in the rank of General Manager.

Vigilance activities of the department are directed at preventive, detective as well as punitive aspects of vigilance. Thrust of the vigilance function was towards expeditious disposal of cases requiring departmental action. The activities undertaken to achieve the said objectives, were review of pending cases in vigilance

Sub-Committee Board Meetings of the Corporation and its subsidiaries and also regular follow up with each company.

As per the directive of the Central Vigilance Commission, Vigilance Awareness Week was observed from 31st October to 6th November, 2001 in all the offices of the Corporation and its subsidiaries with a view to creating awareness of vigilance amongst the employees. Steps were also taken to implement the instructions and guidelines issued by the Central Vigilance Commission and to complete the activities connected with vigilance within the prescribed time-frame.

SUBSIDIARY COMPANIES:

Indian Subsidiary Companies:

(i) Accounts:

Annual Accounts of the four Indian subsidiary companies, viz., National Insurance Co. Ltd., The New India Assurance Co. Ltd., The Oriental Insurance Co. Ltd., and United India Insurance Co. Ltd., for the year ended 31st March, 2002 are appended to the accounts of the Corporation as required under Section 212 of the Companies Act, 1956.

(ii) Performance of Companies:

The total gross direct premium of the four subsidiary companies in India during the year ended 31st March, 2002 amounted to Rs.11,808.43 crores, registering a growth rate of 20.4 %. Details of gross direct premium in India written by subsidiaries is given in Appendix III. The net premium income amounted to Rs.8744.92 crores with a growth rate of 8.15%. The net incurred claims ratio for all classes was 90.2% during the year as against 86.8 in the previous year. Details of large claims of Rs 5 crore or more intimated during the year are given in Appendix IV. Net premium income, class-wise claims experience and overall financial performance, are given in Appendices V, VI and VII, respectively.

DIVIDENDS FROM SUBSIDIARIES IN INDIA

For the year ended 31st March, 2001, National, New India and Oriental had declared dividends of 20 %, 20%, and 25%, respectively whereas United India had not declared any dividend. The dividends aggregating Rs.65 crores were received and accounted for by the Corporation during the year ended 31st March, 2002. New India and United India have declared dividend of 20% and 30% respectively whereas National and Oriental have not declared any dividend for the year ended 31st March, 2002. The paid up equity capital of each of the four subsidiary companies as on 31st March, 2002 was Rs.100 crores, the same as that in the previous year.

ORGANISATIONAL SET-UP OF INDIAN SUBSIDIARIES

The network of offices of the four subsidiary companies as on 31st March 2002 stood at 92 Regional Offices, 1360 Divisional Offices and 2699 Branch Offices. The company-wise position of network of offices is given in Appendix VIII.

CUSTOMER RELATIONS

Towards ensuring better customer relationships, the Corporation has taken measures to reduce response time for reinsurance acceptances and settlement of claims/accounts in relation to both direct and brokered businesses.

The key customer service parameters for companies, viz. promptness in issuance of documents and settlement of claims, continued to receive top priority. Vigorous monitoring of operating units in these areas was continued through age-wise analysis of documentation and claims settlement. Attention to quick redressal of customer grievances received emphasis. Citizen's charter and net-working of branch and divisional offices were the value drivers of the customer service improvement program.

During the year 2001-02, the companies were able to attain a document disposal ratio of 98.0%. As regards claims settlement, the companies registered a settlement ratio of 70.3% compared to last year's 71.5%. The performance with regard to claims settlement and issuance of documents during the year 2001-02 is given in Appendix IX.

FOREIGN OPERATIONS

The Corporation and subsidiary companies operate through branches or agencies or Associate/Subsidiary companies in 30 countries of the world as listed in Appendix X.

During the year ended March 31, 2002, direct overseas operations of the four subsidiary companies produced a gross premium income of Rs.938.29 crores as against Rs.693.09 crores in the previous year. Branch net premium income was Rs.835.65 crores as compared to Rs.668.29 crores in the previous year. The branch net claims during the year amounted to Rs.581.59 crores (69.6% of net premium) compared to Rs.406.77 crores (60.7% of net premium).

KENINDIA ASSURANCE CO. LTD.:

The performance during the year 2000 of Kenindia Assurance Co. Ltd., a joint venture company of GIC, its subsidiaries and LIC in Kenya was satisfactory in spite of continued adverse economic conditions prevailing in that country. The company maintained the dividend of 10% for the year 2001 on the increased share capital after issue of rights equity shares. The total gross premium of the Company during the year amounted to K.Shs 2273.54 million as against K.Shs 2130.32 million in 2000, representing a growth rate of 6.72% as against 0.52% recorded in the previous year. The long term(life) business also performed well during the year recording a net premium of K.Shs 572.25 million as against a premium income of K. Shs of 354.68 million in 2000, registering a growth rate of 61.34%. The net profit amounted to K.Shs. 47.04 million as against K.Shs 44.91 million in 2000.

India International Insurance Pte. Ltd., Singapore.

India International Insurance Pte. Ltd., had a share

capital of S$. 25 mn. held by the Corporation and its four Subsidiary Companies (20% each). The net premium income of the Company amounted to S$ 49.2mn. as against S$ 40.1 mn. in the previous year. The Company earned a net profit of S$ 13.8mn. as against S$ 12.1mn. in the previous year. An amount of S$ 2,83,125, being the net dividend on the shareholding of the Corporation for the year ended 2000, was received from the company during the year under review.

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 alongwith proper explanations relating to material departures;

2. Appropriate accounting policies have been selected and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year 2001-2002 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 SHAH GUPTA & CO., Chartered Accountants were re-appointed as Auditors to audit the accounts of the Corporation for the financial year 2001-02 by the Comptroller & Auditor General of India under Section 619 of the Companies Act, 1956.

Auditors' Report

Auditors in para 2(h)(i) of their report refer to conversion of foreign currency transaction in respect of reinsurance not adhering to Accounting Standard 11. Further in para 2(h)(ii) they mention that Cash Flow Statement is prepared under the Indirect method, as against the Direct Method required under the IRDA (Preparation of Financial Statements and Auditors Report of Insurance Companies) Regulations, 2002.

The Corporation would like to clarify that the accounting of reinsurance cessions is done based on bordereaux received from the reinsurers on quarterly basis. Accordingly, revenue transactions are converted at the average of buying and selling rates of exchanges at the last date of the previous quarter, and this practice is prevalent among the underwriters elsewhere in the world.

As regards the preparation of cash flow statements, the Corporation would be preparing the same under the direct method as soon as the accounting software to generate the same is put in place.

SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT:

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Corporation for the year 2000-2001 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	:	On 15th March, 2002
In RAJYA SABHA	:	On 18th December, 2001

ACKNOWLEDGEMENT:

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

For and on behalf of Board

P.C.Ghosh
Managing Director and
Current-in-Charge

7th September, 2002
New Delhi.

SEC. 217 (2A) (B) (ii) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 FOR THE YEAR ENDED 31 MARCH, 2002.

SR. NO.	NAME OF THE EMPLOYEE	DESIGNATION	REMUNERATION	AGE	QUALIFICATION	DATE OF COMMENCEMENT OF EMPLOYMENT	LAST EMPLOYMENT
1.	Shri R. Chandrasekaran	Manager	*23 93 050	49	B.Com., CAIIB, FIII	19.06.1978	Private Sector

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

Management's Discussion & Analysis Report

INTRODUCTION

The year ending 31st March 2002 is the first year of the Corporation's operations as a national reinsurer. Despite an increasing presence in the inter-national markets, the focus of the Corporation's operations continued to be the domestic business, which constituted about 94% of the portfolio.

The tragic event of September 11, 2001 terrorist attack in WTC, New York, changed the face of insurance in the world, with far reaching reverberations both in direct insurance and reinsurance. With the insured losses from the attacks touching $60bn, the combined ratio for the year for insurers overall touched an unprecedented 140%. The global reinsurance industry which was already showing signs of strain on account of major earthquake and storm losses further hardened due to insurance and reinsurance capacity shrinkage. The changes manifested in many companies ceasing to write reinsurance or reducing underwriting limits and otherwise restricting coverage. On one hand, hard reinsurance markets led to increased costs of protection, while on the other hand, it provided a window of opportunity to deal with insurers with underutilised capacities.

INDIAN ECONOMY- MACRO ECONOMIC PERSPECTIVES:

For the year under review, the economy maintained its momentum and the GDP growth was 5.5%.. The growth in the industrial sector remained sluggish and this had the effect on insurance premiums too. Credit off take remained stagnant and govt. securities and other fixed income instruments became the favorite mode of investment for banks and financial institutions. However, this was accompanied by a fall in interest rates, which meant that the cost of borrowing for both the Govt. and other borrowers were drastically reduced. This also had an effect in the yields of the portfolios held by the Corporation .

Insurance industry being a adjunct of the economy, its fortunes are inextricably tied with it. The current fiscal year kicked off on a healthy note what with the first quarter showing an impressive GDP growth of 6% and other macro economic factors being robust; but however it suffered a set back due to the belated onset of monsoon as the Indian economy is predominantly driven by the rural economic forces. There was inevitable deceleration with the diversion of both physical and financial resources to drought relief measures. Subsequent rainfall nevertheless seem to revive hopes of retrieving the lost ground. Notwithstanding global economic recession, the Indian economy like that of the Chinese counterpart has singularly remained on a sound track thanks to its in-built resilience. Impressive growth in exports and contraction of imports has resulted in lower trade deficit. The Balance of Payment position continues to be quite healthy and hygienic, with the foreign currency

reserve touching $63 billion by August, 2002 end. The Reserve Bank of Indian has projected a growth rate of GDP at 5 to 5.5% for the year 2002-03 which is no worse than that of previous year. If the first quarter performance is any indication, the GDP growth might possibly touch 6%. The services sector has again taken a preponderant share in the overall growth rate. Emphasis on infrastructure developments as exemplified by a Golden Quadrilateral highway projects connecting the length and breadth of the county, Special economic zones etc. augur well for the economy as well as for the insurance industry. Being high value projects, insurance industry would necessarily look to the reinsurance market for the support.

INDUSTRY STRUCTURE & DEVELOPMENT

De-linking from subsidiary companies:

General Insurance Business (Nationalisation) Amendment Act, 2002, has been passed by both the Houses of Parliament and assented to by the President of India, on 7th August, 2002. The Act, however, will come into force from the date to be notified by the Government.

The main features of the Act are as follows:

The subsidiary companies viz. National Insurance Co. Ltd., New India Assurance Co. Ltd., Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd. will be totally de-linked from the Corporation. The shares of the above companies held by the Corporation will now be transferred to the Government of India with effect from the date of notification.

The other important provision of the Act is that Crop insurance, which is being managed by the Corporation at present, will have to be transferred to the new Company to be incorporated.

Indian insurance horizon:- primary and secondary insurance market segments:

In the year under review, Indian industry witnessed a metamorphosis in the legislative & regulatory aspects, premium tariff restructuring, induction of new market players & insurance intermediaries, formation of new Terrorism Pool which are expected to have a profound impact on the subsequent years. A few of them are elaborated:

1. Indian Insurance Act, 1938 has been amended to provide for the following:

a) Co-operative Societies are permitted to do insurance business to tap vast potential in the semi-urban and rural areas.

b) Insurance intermediaries in the form of Brokers in the direct business areas would be allowed to enter, with attractive brokerage commission structure.

c) Corporate Agency rules have been relaxed to bring in larger number of corporates to register themselves as Insurance Agents. This would radically expand & accelerate distribution channels and points of sale.

d) Mode of payment of premium through credit cards and electronic modes have been introduced to enhance customer convenience.

2. Government of India is considering consolidation of different pieces of insurance legislation into one comprehensive enactment with further modifications in different areas of functioning in the light of experience gained ever since opening of insurance industry in the year 1999.

3. Insurance Regulatory Authority has put out draft Regulations on the Direct and Reinsurance Broking.

4. Government of India is considering a statutory codification for professionlising (i) Surveyors and Loss Assessors and (ii) Actuaries.

5. Two new players in the private sector have been given the license thereby effectively increasing the private participation in the insurance industry.

While the above are some of the catalysing developments contributing to the orderly growth and development of the insurance industry, there have been certain debilitating ones as well in as much as the performance of the public sector insurers have become rather a matter of concern with two of them, having headquarters in East and North, suffering overall operating loss mainly because of additional provisions required to be made in respect of vehicular third party liability business. As a measure of relief, this year Motor Premium tariff have been restructured to arrest continuous bleeding of the motor portfolio which does not have full reinsurance protection. Yet another redeeming feature of the Indian insurance is the advent of third party administrators in the areas of health insurance. These intermediaries when they stabilise themselves are expected to galvanise cash less hospitalisation services thereby inducting coverage of progressively larger and larger segments of population. While protecting the social health, this would also enlarge the insurance wealth in the form of premium income and the concomitant cash flows. As a reinsurance industry's fortunes are anchored to the direct insurance market, the aforesaid developments would mean expanded opportunities and enduring strength. With huge under-utilised capacity and on-going current expansion in direct insurance market, it is expected to consolidate its position further, enabling it to seek greater global participation with reinforced sinews of capacity.

OPPORTUNITIES

Deregulation inevitably changes the way in which industry works and a paradigm shift takes place; so has been the case in the insurance sector in India. The new environment provides immense opportunities for growth through increased competitiveness in the domestic/overseas markets. The Corporations hopes to exploit its synergies in the form of higher capacities and increasing retentions so as to widen its clientele base both in India & abroad.

THREATS

India being a signatory to the WTO, has to open reinsurance services in the Year 2005. This represents an immediate threat, but also a long term opportunity to upgrade the operations so as to maintain its pre-eminence as the National reinsurer.

It is quite possible that in the future, the Corporation, may lose its status as a monopoly reinsurer in view of the impending threat. The Corporation would have to exploit its synergies and capture business on the basis of its risk bearing capacity.

REVIEW OF PERFORMANCE

Direct Business:

Gross direct premium income (GDPI) of the Corporation for the year amounted to Rs.311.57 crores.

The premium from Aviation insurance business amounted to Rs.23.52 crores as against Rs.52.49 crores in the previous year ended 31st March, 2001. The Corporation, as an implementing agency, recorded premium of Rs.288.05 crores under the National Agricultural Insurance Scheme (NAIS) and Rs.0.1 lakh under the Pilot Scheme on Seed Crop Insurance (PSSCI) as against Rs. 227.59 crores in the previous year.

Aviation Business

The Gross Direct Premium Income in the Aviation class of business for the year 2001-02 amounted to Rs.23.52 crores as against Rs.52.49 crores during the previous year. The decline was due to cessation of new direct business by the Corporation and collection of only the residual installments in respect of Indian Airlines for the policy period 01.10.2000-01. The Indian inward premium out of obligatory cessions increased from Rs 14.54 crores to Rs 26 crores mainly due to increase in satellite insurance premium. The foreign inward premium of the Corporation on gross basis increased from Rs 3.47 crores to Rs 20.80 crores and the net premium (net of retrocession) increased from Rs 2.66 crores to Rs 17.32 crores, reflecting the substantial hardening of the aviation market by way of higher premiums as also new business growth. The imposition of a war surcharge premium on liabilities in the global aviation insurance market also significantly contributed to the big jump in premium. Till the last financial year, the aviation premium was shared between the Corporation and its subsidiary companies whereas for the year under review the entire premium generated is accounted for by the Corporation alone. The claims on gross basis were Rs 15.64 crores compared to Rs 4.62 crores in the previous year whereas the claims on net basis stood at Rs 12.53 crores compared to Rs 3.71 crores recorded in the previous year.

The market retention on the general aviation portfolio increased during the year on account of excess of loss protection arranged. Market surplus treaty arrangement for the year reduced dependency on the facultative market for reinsurance support.

REINSURANCE:

Reinsurance Program for Indian Business:

Until 2000-01, the Corporation was the arranger of the reinsurance program for the entire Indian market. In the year 2001-02, consequent upon its delinking from its subsidiary companies, the Corporation purchased reinsurance protection for its own net account only. Being the “Indian Reinsurer” the Corporation however

played the role of reinsurance facilitator for the Indian insurance companies. The Corporation continued to act as the Manager of the Marine Hull Pool on behalf of the insurance industry. The Corporation's reinsurance programme for 2001-02 was designed to fulfil the following objectives:

a) Maximise retention within the country
b) Develop adequate capacity
c) Secure the best possible protection for the reinsurance costs incurred
d) Simplify the administration of business

During the year the Corporation continued to offer maximum support to the Indian insurers consistent with the above objectives. The results of fiscal 2001-02 were favorable to the Corporation despite the negative result of the Indian Market motor portfolio and the Gujarat riots which produced an estimated gross loss of Rs 149 crores. This event did not affect the Corporation's Catastrophe Excess of Loss programme.

Foreign Inward

The Corporation started accepting from April, 2002 international treaty and facultative reinsurance business for its own account only, emerging as a preferred reinsurer in the Afro-Asian region. The Corporation led the reinsurance arrangements for the insurance markets of Maldives, Kenya, Nepal, Malaysia, and Mauritius. The Corporation was also able to quote successfully on the various reinsurance offers received from the international market. The World Trade Centre (WTC) attack of 11th September, 2001 affected to a large extent the renewals that came up subsequently. The hardening of the insurance and reinsurance markets led to very limited covers being available in the market. The Corporation was able to take advantage of the reinsurance capacity shrinkage to increase its foreign inward business.

The Corporation did not cancel any of its reinsurance arrangements. On the other hand the Corporation increased its foreign inward premium income in the first year of its independent operation. The Corporation has renewed almost the entire existing reinsurance arrangements with higher shares and increased premium. Through effective marketing and communication strategies the Corporation was also able to create significant awareness about its strengths and capabilities as a professional reinsurer in various target markets.

The net foreign inward premium of Rs. 159.14 crores for the year 2001-02 over the previous year's Rs. 46.97 crores translated to a growth rate of 238.8%. The reduction in commission from 25.8% in 2000-01 to 20% in 2001-02 mirrored the hard market conditions. The paid claims during the year 2001-2002 increased to Rs. 62.47 crores during the year under review as against Rs 41.49 crores during the previous year. The net deficit after taking into account the incurred claims and the reserve strain stood at Rs. 80.51 crores as against 12.58 crores in the previous year. The percentage of net deficit to net premium increased to 50.59% from 26.78% in the previous year.

CROP INSURANCE:

National Agricultural Insurance Scheme (NAIS)

The Government of India introduced National Agricultural Insurance Scheme (NAIS) replacing the Comprehensive Crop Insurance Scheme (CCIS) with effect from Rabi 1999-2000 season. The salient features of the Scheme are as under:

1. The Scheme covers all farmers (both loanee and non-loanee).
2. In addition to crops covered under CCIS (Food crops and Oilseeds), annual commercial/horticulture crops (Sugarcane, Potato and Cotton) in the first year and Onion, Ginger, Garlic and Turmeric in the second year are also covered. During the third year, Jute, Tapioca, annual Banana and Pineapple are included and covered.
3. The premium rates are rationalized for Food crops and Oilseeds. For annual Commercial/ Horticultural crops actuarial premium rates are to be charged.
4. The sum insured limit has been increased from Rs 10,000/- per farmer (as under CCIS) to the value of 150% of Average Yield of the crop.
5. In case of localized calamities, loss assessment shall be done individually on an experimental basis in limited areas.
6. Small Area Crop Estimation Method (SACEM) is being implemented on experimental basis in few implementing States, in which the yield estimated at Block / Taluka level are scaled down to Gram Panchayat level on the basis of farmers' appraisals.

The NAIS was implemented during Rabi 1999-2000 season in 9 States/ Union Territory (U.T) viz., Assam, Goa, Gujarat, Himachal Pradesh, Kerala, Madhya Pradesh, Maharashtra, Orissa and Pondicherry. During Kharif 2000 season, in addition to above 9 States/U.Ts, the Scheme was implemented in 7 more States/U.Ts viz., Andhra Pradesh, Bihar, Karnataka, Meghalaya, Tamil Nadu, Uttar Pradesh and Andaman and Nicobar Islands. Three (3) more States, viz. West Bengal, Sikkim and Tripura have joined the Scheme from Rabi 2000-01 season, Kharif 2001 and Rabi 2001-02 season, respectively. Further, out of the three new states carved out during 2000, Chhattisgarh and Jharkhand are also implementing the Scheme, taking the total implementing States / Union territories to 21.

During Khariff 2001 season 85.69 lakh farmers were covered (Loanee – 78.48 lakh, Non-loanee – 7.21 lakh), for a sum-insured of Rs.7300.9 crores (Loanee – Rs. 6980.69 crores, Non-loanee – Rs.320.20 crores) and premium income generated was Rs. 256.96 crores (Loanee – Rs. 247.16 crores, Non-loanee – Rs. 9.80 crores). Claims reported for the season were for Rs. 508.10 crores (for the crops where the Yield Data is submitted by the State / UT Govts.).

As regards Rabi 2001-02, more than 20 lakh farmers are covered for an approximate sum-insured of Rs. 1600 crores.

INVESTMENTS

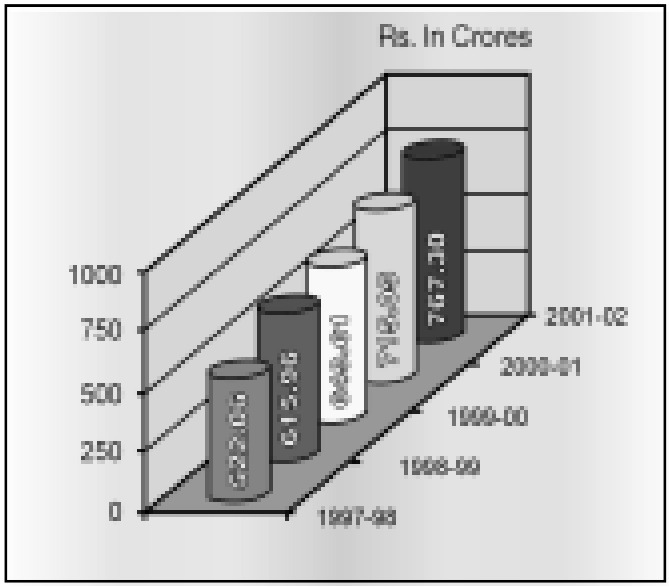
Total investment of the Corporation in India during the year 2001-02 amounted to Rs. 7135.83 crores as against Rs. 6345.33 crores in previous year. Fresh investible funds for the year 2001-02 increased to Rs. 790.50 crores as against Rs. 1082.39 crores for the previous year. Out of these, Rs 21.98 crores was NAIS funds. Investment Income (including profit on sale of investment.) increased to Rs. 961.80 crores from Rs. 873.40 crores, thus giving a Mean Yield (including dividend income from Subsidiaries) of 14.2% as against 14.8% in the previous year. The main reason for the decrease in the Mean Yield was the fact that the incremental investments were made during the year at the prevailing lower interest rates.

Non Performing Assets (NPAs) on net basis for the year under review stood at 6.3% as against last year's 11.3% in relation to the total financial assistance provided to the Corporate sector. The overall NPAs position is to be viewed in the context of continuing recessionary trends and declining commodity prices.

For speedy recovery of dues and to contain levels of NPAs, Institutions have recourse to Debt Recovery Tribunal (DRT) and enforcement of security under the recently promulgated Enforcement of Security Interest Ordinance, 2002. Besides, Institutions have also set up Corporate Debt Restructuring forum, the objective of which is to create timely and transparent mechanism for restructuring of Corporate Debts of viable corporate entities affected by internal and external factors outside the purview of BIFR, DRT and other legal proceedings. The Corporation is a member of the Corporate Debt Restructuring(CDR) forum.

The Corporation continued to be an active player in the Secondary Market and was able to book a net profit of Rs. 194.50 crores in the year under review, as against Rs. 158.35 crores in the previous year.

Investment Income (Excluding Sale of Investments) for the last 5 years.



OUTLOOK

New Role and Thrust Areas

Following the Corporation's re-designation as the 'Indian reinsurer' in terms of the Notification issued by the Government under Section 101(A)(8)(ii) of the Insurance Act, 1938 with effect from the financial year 2001-02 the Corporation ceased to do any direct business in India except crop insurance. As a professional reinsurer the Corporation followed the goal of maximizing retention of the insurance business

emanating in India while at the same time increasing the levels of acceptances from the international reinsurance markets.

The Corporation has also recently entered the area of reinsurance in life insurance business by setting up a separate department to cater to the specific reinsurance requirements of the life insurance business sector.

Foreign Representative Offices:

In pursuit of its new goal to reposition itself as a global reinsurer, the Corporation opened representative offices in London and Moscow to establish functional presence in United Kingdom and Russia respectively. The primary objectives of these representative offices are to interface with the reinsurance markets and intermediaries and to develop qualitative foreign inward business in meaningful volumes. The Corporation intends to establish, in course of time, similar strategic presence in certain other key reinsurance markets as well. Further, in order to be globally competitive, it is implementing comprehensive strategies in the areas of process, technology, human resources and marketing. Consistent with its net worth, the Corporation is now offering treaty and facultative covers with per risk limit of US$ 10 million and US$ 50 million, respectively.

Terrorism Pool:

Following the withdrawal of the cover for the risks of terrorism and sabotage by the international reinsurers, a 'Terrorism Pool' was formed by all the non-life insurance companies licensed to operate in India with effect from 01-04-02. The Corporation on behalf of all the non-life insurance companies manages this pool including maintenance of accounts, investment of funds, etc.. The cover is available only in respect of fire, engineering and fire/engineering sections of miscellaneous policies.

The rates charged for this cover are administered by Tariff Advisory Committee (TAC). The entire premium charged for this cover is ceded to the Pool after deducting 2% as service charges for the cedant company. The Corporation is also a member of this Pool and for this purpose a handling fee of 1% of the premium on the cessions is recovered from the participants.

The maximum loss payable by the Pool is Rs 200 crores per risk with 'per risk' as defined by the TAC. The member companies have a share in the loss retention of the Pool as per agreement signed by each of them. The Pool is protected by an excess of loss cover with an underlying of Rs 100 crores.

INTERNATIONAL CREDIT RATING

A M Best, the international credit rating agency, has affirmed "A (Excellent)" Financial Strength rating of the Corporation. The affirmation reflects the Corporation's excellent financial position, conservative investment portfolio and leading position in the Indian insurance market.

INFORMATION TECHNOLOGY

One of the inherent strengths of the Corporation is the extensive use of Information Technology in all facets

of operations both in front-end and back office operations. The skills of the personnel will also be upgraded in new IT platforms so as to take care of future requirements.

A project to reorient and redesign the Corporations' computerised framework in line with global standards is underway. The Indian Institute of Technology, Guwahati was appointed as consultants to facilitate the process.

RISKS AND CONCERNS

Deregulation in terms of tariffs has brought about volatility in margins and returns. Pricing of insurance products have to reflect international trends in order to protect margins. The incurred claim ratio, especially in the Motor Third Party Portfolio is a matter of serious concern. The hike in the Motor Third party premiums may marginally offset the losses, but the long term perspectives of the business especially in relation to the awards and the potential liability remains uncertain., because of lack of reinsurance. The long term effect of catastrophic losses due to floods in Europe and Far East is uncertain.

INTERNAL CONTROL SYSTEMS

The Corporation has established elaborate systems and controls which encompass almost all areas in operations such as underwriting, investments and reinsurance.

Procedures have been streamlined to bifurcate back office functions in key areas from front office areas with checks and balances. Periodical review of internal control procedures are undertaken regularly to pinpoint areas of weaknesses and strengthen the same.

The Corporation has an internal audit department to ensure that proper and adequate systems and procedures are in place. The focus of internal audit is both transaction and system based and covers the key functional areas of reinsurance underwriting and accounts, investments, information technology, communication and personnel. Concurrent audit of investment operations as directed by Reserve Bank of India is conducted by a specially designated Concurrent Auditor. The concurrent audit reports are forwarded to RBI.

Internal audit reports together with auditee departments' action taken reports with regard to recommendations contained in audit reports are placed before the Audit Committee of the Board from time to time.

The Corporation also has a joint audit-vigilance committee set up in accordance with the directives of the Ministry of Finance, Insurance Division, to examine areas prone to corruption based on internal audit findings.

The internal audit department is headed by Financial Advisor who is in the rank of General Manager and reports directly to Chairman.

FINANCIAL RESULTS

The Corporation mainly transacts reinsurance business. The results of Fire, Miscellaneous and Marine Insurance Businesses for the year under review are summarized below

(Rs in Crores)

	Fire		***Miscellaneous***		***Marine***		***Total***	
	2001-02	2000-01	***2001-02***	2000-01	***2001-02***	2000-01	***2001-02***	2000-01
Net Premium	***634.99***	379.16	***1828.65***	1580.63	***207.59***	226.75	***2671.23***	2186.54
Net Earned Premium	***507.08***	415.12	***1704.64***	1391.21	***226.75***	233.28	***2438.47***	2039.69
Net Claims	***356.23***	230.76	***1807.83***	1531.2	***131.02***	89.87	***2295.08***	1851.83
	70.25%	55.59%	***106.05%***	110.06%	***57.78%***	38.52%	***94.12%***	90.79%
Net Commission	***212.05***	129.32	***381.24***	330.73	***43.05***	36.06	***636.34***	496.11
	41.82%	31.15%	***22.36%***	23.77%	***18.99%***	15.46%	***26.10%***	24.32%
Operating Expenses	***7.66***	7.34	***15.77***	14.85	***1.71***	2.03	***25.14***	24.22
	1.51%	1.77%	***0.93%***	1.07%	***0.75%***	0.87%	***1.03%***	1.19%
Other Outgo	***-1.61***	0.34	***1.17***	2.4	***-0.25***	0.4	***-0.69***	3.14
	-0.32%	-0.08%	***0.07%***	-0.17%	***-0.11%***	-0.17%	***-0.03%***	-0.15%
Underwriting Profit/Loss(-)	***-67.25***	47.36	***-501.37***	-487.89	***51.22***	104.92	***-517.40***	-335.61
	-13.26%	11.41%	***-29.41%***	-35.07%	***22.59%***	44.98%	***-21.22%***	-16.45%
Investment Income Apportioned to Revenue	***65.88***	69.39	***446.92***	381.1	***56.53***	64.25	***569.33***	514.74
	12.99%	16.72%	***26.22%***	27.39%	***24.93%***	27.54%	***23.35%***	25.24%
Total Classwise Profit/Loss(-)	***-1.37***	116.75	***-54.45***	-106.79	***107.75***	169.17	***51.93***	179.13
	-0.27%	28.12%	***-3.19%***	-7.68%	***47.52%***	72.52%	***2.13%***	8.78%

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

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

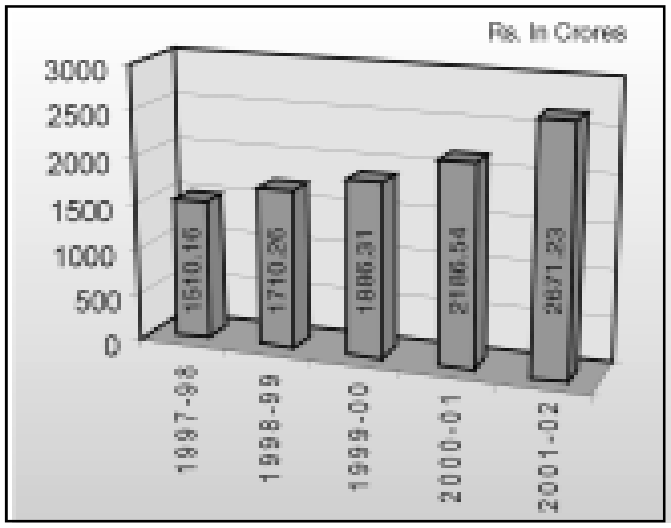
Class-wise analysis of results reveal the growth in fire portfolio was 67.5%, Misc. portfolio was 15.7%, while Marine business showed a decrease of 8.5%.

The incurred claims in the respective segments of Fire, Misc. and Marine were 70.3%, 106.0% and 57.8% as compared to 55.6%, 110.1% and 38.5% last year. The increase in fire and marine losses as a consequence of Gujarat earthquake and flood losses has impacted underwriting results.

The hardening reinsurance rates had also the effect of reducing the commissions on cessions , especially in Fire business. Operating expenses remained under control, despite increase in staff costs.

Total net premium income of the Corporation recorded a growth rate of 22.17% in the year under review as against 15.9% in the previous year. Excluding the crop insurance business, the growth rate recorded was 21.65% as against 4.01% in the previous year. The premium income of the Corporation consisted of premia accepted under obligatory cessions, other inward reinsurance arrangements by the four subsidiary companies and the new private insurers and premia on reinsurances accepted from the international market.

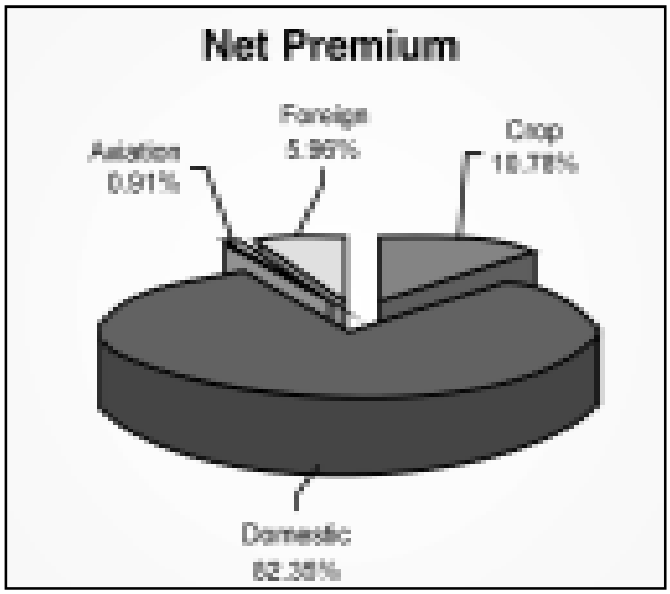
Growth of Net Premium for the last 5 years

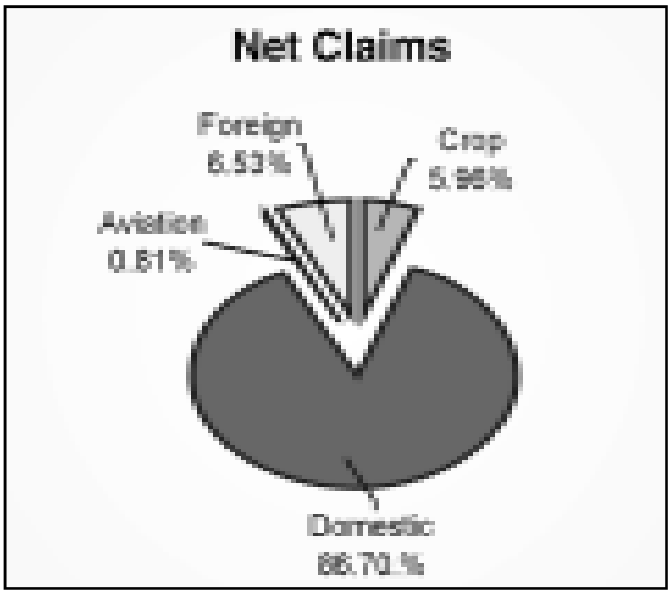


Break-up of Net Premium Income and Net Incurred Claims of the Corporation were as under:

(Rupees in Crores)

Department	Premium		Claims	
	2001-02	2000-01	***2001-02***	2000-01
Crop	***288.06***	227.59	***136.76***	181.20
Indian Business	***2199.63***	1904.69	***1989.82***	1618.94
Aviation	***24.41***	7.26	***18.61***	7.5
Foreign Inward	***159.14***	46.99	***149.89***	44.19
Total	***2671.23***	2186.54	***2295.08***	1851.83

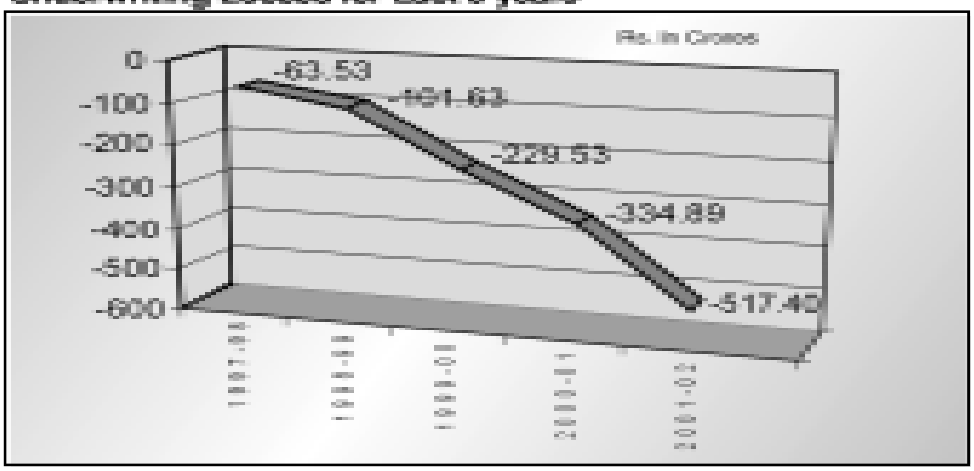




The overall loss in underwriting operations rose from Rs.334.89 crores in the previous year to Rs.517.40 crores in the current year primarily due to losses under the motor business and to a smaller extent on account of the reduction in marine premium. The rise was also attributable to increase in the loss levels of the subsidiaries and certain major losses such as Gujarat Earthquake, World Trade Centre tragedy etc.

Investment incomes were also affected by steady decline in interest rates. The stock markets were also flat throughout the year. The Corporation could however take measures to improve the yields by undertaking trading operations both in equity and fixed income instruments, by churning the portfolio. The Corporation also took proactive measures to arrest its Non Performing portfolio by stopping further investments in loans and also made additional provisions towards the same.

Underwriting Losses for Last 5 years



HUMAN RESOURCES DEVELOPMENT (HRD)

To encourage and motivate employees to take up the challenges posed by the opening of the insurance market, empowerment of employees through training programs was taken up during the year under review. Various training programmes, designed to give awareness/exposures in reinsurance, were conducted for the employees at National Insurance Academy in addition to the other on-going training programs. Training was also arranged to address the specific need of facilitating preliminary documentation of the existing systems for ISO 9001 certification that the Corporation is pursuing through the Bureau of Indian Standards (BIS).

A new library with video-conferencing facility and access to a large variety of books and periodicals is being set up, reflecting the Corporation's desire to transform itself into a learning organization.

The Corporation considers its personnel as its key assets and continuous up-gradation of their skills and knowledge alone will equip them to attain the organisational objectives of becoming a national reinsurer of repute. Key performance area related appraisal system is in place and measures to strengthen the same so as to motivate personnel including job empowerment and job enrichment are being undertaken.

FUTURE OUTLOOK

The Corporation plans to capitalize its strenghts and capabilities in the international market. It will also consolidate its operations in the Indian Market and continue to provide the expertise and technical skills to the local players. The Corporation is confident of meeting the future challenges through affirmative action and strenuous efforts in meeting the Corporate objective of becoming a lending international reinsurer in the years to come.

APPENDIX I

ASSETS OF THE CORPORATION

(Rupees in Crores)

	As on 31.3.2002		As on 31.3.2001	
	Amount	**% of total assets**	Amount	% of total assets
Government Securities and Government guaranteed bonds including Treasury Bills	2066.82	19.9	1954.66	25.1
Other Approved Securities	229.28	2.2	159.54	2.1
Equity Shares	2789.15	26.9	1094.04	14.1
Preference Shares	7.50	0.1	26.32	0.3
Mutual Funds	69.81	0.7	56.34	0.7
Debentures/Bonds	652.87	6.3	572.76	7.4
Guaranteed Equity	0.05	0.0	0.05	0.0
Investment in subsidiary companies	41.00	0.4	41.00	0.5
Investment in infrastructure and social sectors	688.40	6.6	209.37	2.7
Other than Approved Investments	587.93	5.7	604.84	7.8
Loans on Mortagages	242.16	2.3	244.06	3.1
Loans for Housing schemes of State Government	535.49	5.2	526.18	6.8
Loans to staff for Housing and vehicles	6.04	0.1	5.33	0.1
Loans to Banks under Bills rediscounting scheme, certificate of deposit and under commercial paper.	28.88	0.3	4.74	0.1
Other Loans	3.32	0.0	53.61	0.7
Land, House Property and Fixed Assets	41.11	0.4	25.90	0.3
Short term deposits	1088.05	10.5	1088.16	14.0
Cash and Bank balances	22.75	0.2	123.10	1.6
Reserve deposits with ceding companies	136.74	1.3	65.62	0.8
Application money for investments	19.30	0.2	26.00	0.3
Deposits with Reserve Bank of India	29.27	0.3	--	--
Sundry Debtors	37.66	0.4	38.92	0.5
Advance tax paid and income tax deducted at source	356.83	3.4	418.74	5.4
Amount due from other insurance companies	522.68	5.0	270.58	3.5
Amount due from subsidiary companies	1.76	0.0	3.68	0.0
Other Advances and deposits	2.81	0.0	9.20	0.1
Income accrued on investments	171.18	1.6	150.93	1.9
Total	***10378.84***	***100.0***	7773.67	100.0

APPENDIX II

STAFF POSITION IN THE CORPORATION AND THE INDIAN SUBSIDIARY COMPANIES AS ON 31ST MARCH, 2002 WAS AS UNDER

Category	GIC	National	New India	Oriental	United India	Total as on 31.3.2002	Total as on 31.3.2001
Officers	327	4,055	5,229	4,397	4,684	**18,692**	17,878
Development Officers	--	2,662	3,720	2,821	2,844	**12,047**	12,499
Supervisory & Clerical Staff	254	9,800	11,700	9,271	10,907	**41,932**	42,747
Subordinate Staff	116	2,366	2,635	2,380	2,481	**9,978**	9,918
Total	697	18,883	23,284	18,869	20,916	**82,649**	83,042

APPENDIX III

GROSS DIRECT PREMIUM INCOME IN INDIA

(Rupees in Crores)

Name of the Company	Fire		Miscellaneous		Marine		Total	
	2001-2002	2000-2001	2001-2002	2000-2001	2001-2002	2000-2001	2001-2002	2000-2001
National	491.83	408.09	1667.26	1505.99	207.16	203.80	2366.25	2117.88
New India	1106.7	654.24	2728.64	2073.09	326.73	313.84	4162.07	3041.17
Oriental	531.03	471.28	1753.00	1540.49	214.60	187.90	2498.63	2199.67
United India	636.99	526.11	1889.28	1635.42	255.21	279.56	2781.48	2441.09
Total	2766.55	2059.72	8038.18	6754.99	1003.70	985.10	11808.43	9799.81

APPENDIX IV

DETAILS OF INSURANCE CLAIMS REPORTED DURING THE YEAR ENDED 31ST MARCH 2002, WHERE THE ESTIMATED LIABILITY (GROSS) OF THE GENERAL INSURANCE CORPORATION OF INDIA AND THE SUBSIDIARY COMPANIES IS RS. 5 CRORES OR MORE

Department	Date of occurrence/ intimation of loss	Details of loss	Estimated loss (Rupees in Crores)
Fire	07.08.2001	A.P. Power Gas Corpn.Ltd.- Breakdown to Generator	9.49
	16.09.2001	Searchchem Industries Ltd.- Failure of Gas Turbine	15.58
	20.12.2001	Kohinoor Footware Pvt. Ltd.- Short Circuit	6.00
	14.03.2002	Arraycom India Ltd.- Fire	25.00
Marine Cargo	16.10.2001	Nabil Z- Sinking of Vessel	8.10
	22.11.2001	Mikhal Dudin- Gas Turbing and Spare Parts	5.00
Marine Hull	07.01.2001	M. V. Jag rekha- Grounding in Panama	6.58
	14.02.2001	M. V. Amar Energy- Collision with Pilot Boat “Derdman”	9.26
	08.07.2001	OSV Sindhu- 11- Flooding of Engine Room	5.00

APPENDIX V

NET PREMIUM INCOME

(Rupees in Crores)

Name of the Company	Fire		Miscellaneous		Marine		Total	
	2001-2002	2000-2001	2001-2002	2000-2001	2001-2002	2000-2001	2001-2002	2000-2001
National	367.6	365.51	1312.71	1289.92	132.81	149.12	1813.12	1804.55
New India	758.84	599.64	2099.3	1883.72	210.09	188.12	3068.23	2671.48
Oriental	392.22	393.43	1287.17	1210.21	139.11	121.71	1818.5	1725.35
United India	480.28	412.33	1438.18	1329.27	126.61	142.78	2045.07	1884.38
Total	1998.94	1770.91	6137.36	5713.12	608.62	601.73	8744.92	8085.76

APPENDIX VI

CLASSWISE NET INCURRED CLAIM RATIOS

(In Percentages)

Name of the Company	Fire		Miscellaneous		Marine		Total	
	2001-2002	2000-2001	2001-2002	2000-2001	2001-2002	2000-2001	2001-2002	2000-2001
National	52.3	49.0	110.8	95.0	58.8	38.2	95.1	81.0
New India	49.0	65.5	97.7	92.7	62.5	75.4	83.3	85.3
Oriental	49.1	67.7	121.3	94.6	53.4	75.1	100.5	87.1
United India	36.6	69.9	105.9	103.1	64.5	83.3	87.1	94.3
Total	46.6	63.6	107.4	96.0	60.0	68.0	90.2	86.8

APPENDIX VII

UNDERWRITING EXPERIENCE AND PROFITS OF THE INDIAN SUBSIDIARY COMPANIES

(Rupees in Crores)

	National		New India		Oriental		United India		Total	
	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01	2001-02	2000-01
Net Premium	1813.12	1804.55	3068.23	2671.48	1818.50	1725.35	2045.07	1884.38	8744.92	8085.76
Net Claims Payable	1725.11 95.1%	1461.63 81.0%	2555.14 83.3%	2279.74 85.3%	1827.92 100.5%	1502.06 87.1%	1780.83 87.1%	1776.93 94.3%	7889.00 90.2%	7020.36 86.8%
Commission, expenses of management and other charges	551.87 30.4%	488.44 27.1%	895.58 29.2%	742.76 27.8%	585.96 32.2%	457.41 26.5%	558.26 27.3%	465.45 24.7%	2591.67 29.6%	2154.06 26.6%
Increase in Reserve for Unexpired Risks	-3.86 -0.2%	99.84 5.5%	209.36 6.8%	95.02 3.6%	-2.22 -0.1%	41.48 2.4%	72.27 3.5%	62.33 3.3%	275.55 3.2%	298.67 3.7%
Underwriting profit/loss	-460.00 -25.4%	-245.36 -13.6%	-591.85 -19.3%	-446.04 -16.7%	-593.16 -32.6%	-275.60 -16.0%	-366.29 -17.9%	-420.33 -22.3%	-2011.30 -23.0%	-1387.33 -17.2%
Gross Investment Income	439.78	377.68	800.81	737.55	409.33	396.23	538.56	484.29	2188.48	1995.75
Other income less other outgo	-74.02	-42.94	-57.07	-52.67	-79.30	-45.50	-101.34	-54.89	-311.73	-196.00
Profit before tax	-94.24	89.38	151.89	238.84	-263.13	75.13	70.93	9.07	-134.55	412.42
Income tax deducted at source and provision for tax	0.1	2.60	66.20	65.30	0.00	0.95	3.85	0.92	70.15	69.77
Net Profit	-94.34	86.78	85.69	173.54	-263.13	74.18	67.08	8.15	-204.70	342.65

(Figures showing percentage reflects percentages to net premium income)

APPENDIX VIII

ORGANISATIONAL SET UP AS ON 31ST MARCH, 2002

Company	Regional Offices	Divisional Offices	Branch Offices
National	20 (20)	286 (272)	662 (670)
New India	26 (26)	397 (383)	688 (714)
Oriental	21 (21)	309 (291)	626 (663)
United India	25 (25)	368 (352)	723 (742)
Total	92 (92)	1360 (1299)	2699 (2783)

(Figures in bracket indicate the number as on 31st March, 2001)

APPENDIX IX

THE FOLLOWING APPENDIX INDICATES THE PERFORMANCE OF THE SUBSIDIARY COMPANIES WITH REGARD TO SETTLEMENT OF CLAIMS AND ISSUE OF DOCUMENTS DURING 2001-2002

(A) SETTLEMENT OF CLAIMS DURING 2001-2002

Company	No. of Claims Outstanding As on 1.4.2001	No. of Claims Intimated During 2001-2002	No. of Claims Settled During 2001-2002	No. of Claims Outstanding As on 31.3.2002	Claims Settlement (In %) (3)/(1)+(2)	Corres-ponding percentage for 2000-2001
	(1)	(2)	(3)	(4)	(5)	(6)
National	249,397	682,442	672,001	259,838	72.1	72.4
New India	311,539	1,183,235	1,139,223	355,551	76.2	77.2
Oriental	271,585	662,699	638,401	295,883	68.3	67.5
United India	274,752	842,099	699,294	417,557	62.6	64.5
Total	1,107,273	3,370,475	3,148,919	1,328,829	70.3	71.5

(B) DOCUMENTS ISSUED DURING THE YEAR 2001-2002

Company	No. of Documents Outstanding As on 1.4.2001	No. of Documents Incepted During 2001-2002	No. of Documents Issued During 2001-2002	No. of Documents Outstanding As on 31.3.2002	Documention (In %) (3)/(1)+(2)	Corres-ponding percentage for 2000-2001
	(1)	(2)	(3)	(4)	(5)	(6)
National	153,545	8,626,577	8,660,890	119,232	98.6	98.1
New India	305,336	13,919,193	14,016,361	208,168	98.5	97.7
Oriental	153,043	8,210,060	8,231,282	131,821	98.4	98.2
United India	434,124	9,064,224	9,123,756	374,592	96.1	94.8
Total	1,046,048	39,820,054	40,032,289	833,813	98.0	97.3

APPENDIX X

LIST OF FOREIGN COUNTRIES IN WHICH THE CORPORATION OR A SUBSIDIARY COMPANY IS OPERATING

A.	***Directly***		
1.	Aruba	9.	Nepal
2.	Australia	10.	Netherlands Antilles
3.	Bahrain	11.	Oman
4.	Fiji	12.	Philippines
5.	Hong Kong	13.	Saudi Arabia
6.	Japan	14.	Thailand
7.	Kuwait	15.	United Arab Emirates
8.	Mauritius	16.	United Kingdom
B.	***Through Subsidiary Companies and Associated Companies***		
1.	Barbados	8.	Nigeria
2.	Dominica	9.	Sierra Leone
3.	Guyana	10.	Trinidad & Tobago
4.	Ghana	11.	St. Lucia
5.	Jordan	12.	Antigua
6.	Kenya	13.	Liberia
7.	Malaysia	14.	Singapore

Certificate of the Directors

Certificate as required under Regulatory 7 of Part I of the First Schedule to the Insurance Act, 1938
(Forming Part of the Balance Sheet)

We certify that:

1. The holdings in subsidiary companies in India have been shown at the amount payable under Section 11 of the General Insurance Business (Nationalisation) Act, 1972 for acquiring the shares and undertakings of the insurers.
2. Valuation of Investments has been done in accordance with the stated significant accounting policies.

   2.1 Investments in equity shares that are actively traded in stock markets are stated at the lowest of the last quoted closing price within the last one-month prior to the end of the financial year.

   2.2 Other than actively traded equity shares, other securities are valued as under:

   a) Securities, bonds issued or guaranteed by Government.

      At cost subject to amortisation.

   b) Debentures:

      At cost subject to amortisation and provision for NPAs as per RBI guidelines.

   c) Other than Actively equity shares and unlisted equity shares:

      At cost subject to provision for diminution in value when the break up value falls below cost.

   d) Preference Shares:

      At cost subject to amortisation of redeemable preference shares.

   e) Foreign Investments:

      At book value in Indian currency.

3. The values of all the assets have been reviewed as at 31st March, 2002 and after taking into account credit balances under the heads "Provision for Doubtful Loans, Investments & Debts" and "Investment Reserve" appearing on the liabilities side of the Balance Sheet, are shown in the aggregate amounts not exceeding their realisable or market value under the several headings: "Loans", "Investments", "House Property in India","Interest and Dividends outstanding", "Interest accruing but not due", "Amounts due from other persons or bodies carrying on insurance business"."Reserve Deposits with ceding companies", "Sundry Debtors", Advances and Deposits", Taxes paid in advance", "Cash", "Application money for investments", "Furniture, fixtures, Motor cars, Office equipments, etc." and "Loans against vehicles".

P. C. Ghosh	*Managing Director & Current-in-Charge*
P. B. Ramanujam	*Managing Director*
Ajit Sharan	*Director*
S. S. Kohli	*Director*

New Delhi,
Dated : 7th September, 2002

Statement of Interest in the Subsidiary Companies under Section 212 of the Companies Act, 1956

	National Insurance Company Limited	The New India Assurance Company Limited
	For the year ended 31st March, 2002	
(a) The extent of the Corporation's interest in the Subsidiary at the end of the financial year of the Subsidiary Company	Out of the10,00,00,000 shares of the face value of Rs.10/- each fully paid, the Corporation holds 9,99,99,990 shares (99.99%)	Out of the10,00,00,000 shares of the face value of Rs.10/- each fully paid, the Corporation holds 9,99,99,980 shares (99.99%)
(b) The net aggregate amount of the Subsidiary's profit after deducting its losses or vice versa so far as it concerns the members of the Corporation and is not dealt with in the Corporation's accounts		
(i) For the current financial year of the Subsidiary	Loss Rs.94.34 crores	Profit Rs.142.00 crores
(ii) For the previous financial years of the Subsidiary since it became the Corporation's Subsidiary	Profit Rs.911.60 crores	Profit Rs.2521.62 crores
(c) The net aggregate amount of the Subsidiary's profit after deducting its losses or vice versa so far as these are dealt with in the Corporation's accounts		
(i) For the current financial year of the Subsidiary	Nil	Nil
(ii) For the previous financial years of the Subsidiary since it became the Corporation's Subsidiary	Profit Rs.243.30 crores	Profit Rs.311.81 crores

There has been no change in the Corporation's interest in India International Insurance Pte Ltd., Singapore between 31st December, 2001 and 31st March, 2000. During the period, investments of the Company increased by Sing. $ 75,38,360/-. Apart from this, there are no other material changes in respect of the Subsidiary's fixed assets, moneys lent by it and moneys borrowed by it for any purpose other than meeting current liabilities.

The Oriental Insurance Company Limited	United India Insurance Company Limited	India International Insurance Pte. Limited, Singapore For the period ended 31st December, 2001
For the year ended 31st March, 2002		
Out of the 10,00,00,000 shares of the face value of Rs.10/- each fully paid, the Corporation holds 9,99,99,980 shares (99.99%)	Out of the 10,00,00,000 shares of the face value of Rs.10/- each fully paid, the Corporation holds 9,99,99,980 shares (99.99%)	Out of the 2,50,00,000 shares of the face value of Sing. $ 1/- each fully paid, the Corporation and its four Indian Subsidiary Companies hold 50,00,000 shares (20%) each
Loss Rs.235.49 crores	Profit Rs.152.84crores	Profit Sing. $ 1.38 crores
Profit Rs.752.88 crores	Profit Rs.1015.31 crores	Profit Sing. $ 8.37 crores
Nil	Nil	Nil
Profit Rs.276.81 crores	Profit Rs.267.11 crores	Profit Sing. $ 1.65 crores

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh	*Managing Director & Current-in-Charge*
P. B. Ramanujam	*Managing Director*
Ajit Sharan	*Director*
S. S. Kohli	*Director*
B. P. Deshmukh	*Company Secretary*

New Delhi,
Dated : 7th September, 2002

Management Report

As per the regulations outlined in Part IV of Regulations, 2002 on Preparation of Financial Statements and Auditor's Report of Insurance Companies of the Insurance Regulatory and Development Authority, 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 except for an amount of Rs 24,02,184/- deducted as TDS on account of brokerage paid as per Section 194H of the Income Tax Act, 1961 as on 31st March, 2002 and which has been subsequently paid.

3. Confirms that the shareholding pattern as well as transfer of Shares during the year are in accordance with the statutory or regulatory requirements.

4. Declares that the funds of the holders of policies in India have 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 have 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", "Agents Balances", "Outstanding Premiums", "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", "Bills Receivable", "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 2001-02.

8. Certifies that the Corporation does not operate directly in any other country except through its representative offices at London and Moscow. However, the entire reinsurance strategy is adopted at the head office and no acceptance is done at the representative offices.

9. The Corporation being a reinsurance company does not settle claims directly to the insured. The portion of the claims recoverable under the reinsurance obligations of the Corporation are settled with the

reinsureds through periodical accounts statement. The position of outstanding claims under the categories of Indian, Foreign Inward and Aviation Business are as disclosed in Note No.12.6 of the Disclosures forming part of Financial Statements.

10. The holding in the subsidiary companies in India are shown at the amount payable under Section 11 of the General Insurance Business (Nationalisation) Act, 1972 for acquiring the shares and undertakings of the insurers. The market value of equity shares quoted on the Stock Exchanges, which are actively traded has been ascertained by a reference to the official quotations of the Stock Exchange published for the last working day of the year. Investments quoted at stock exchange but thinly traded are valued at or below cost. Securities, bonds and shares issued or guaranteed by the Government and debentures/preference shares are valued at cost subject to amortisation. Equity shares which are actively traded are valued at fair value.

11. Declares that the review of asset quality and performance is as mentioned below for Loans and Investments:

Loans:

Loan assets as on 31st March, 2002 is at Rs 809.85 crores, as compared to Rs 792.80 crores in the previous year. Out of the total loan assets of Rs 809.85 crores, Rs 767.20 crores are either secured or guaranteed by the Government Bodies representing 94.7% and balance of Rs 42.65 crores are unsecured. Income from Loans amounted to Rs 90.78 crores and the gross yield is 11.3%. Standard Performing Assets account for Rs 666.61 crores and the net Non-performing Assets(NPA) is Rs 68.58 crores after making a provision of Rs 74.66 crores.

Investments:

Book value of the investment as on 31st March, 2002 have increased to Rs 5623.05 crores from Rs 4718.93 crores showing an increase of Rs 904.12 crores. The realisable value of the investment is Rs 7162.09 crores as at 31st March, 2002 showing an appreciation of 27.4% over book cost. Income from investment amounted to Rs 569.28 crores as against an income of Rs 504.77 crores in the previous year. Out of the total investments of Rs 5623.05 crores, Rs 2077.36 crores are invested in Government securities/guaranteed bonds. Profit on sale of investments booked during the year is Rs 194.50 crores as compared to Rs 158.35 crores during the previous year.

12. Confirms that :

a) In the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures.

b) 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 and net profit of the company for the year.

c) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938(4 of 1938)/ Companies Act, 1956(1 of 1956), for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.

d) The financial statements are prepared on a going concern basis

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

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

For and on behalf of the Board of Directors

P.C. GHOSH
Managing Director and
Current-in-charge

REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF GENERAL INSURANCE CORPORATION OF INDIA FOR THE YEAR ENDED 31ST MARCH, 2002

(Rupees in Crores)

		1999-00	2000-01	2001-02
1.	**FINANCIAL POSITION**			
	LIABILITIES : (A)			
(a)	Paid up Capital	215.00	215.00	215.00
(b)	Reserves & Surplus			
(i)	Free Reserves & Surplus	2077.74	2447.04	2716.21
(ii)	Committed Reserves	85.01	123.69	193.15 (*)
(iii)	Fair Value Change Account	--	--	1539.03
(c)	Reserve for unexpired risks	1059.80	1206.65	1439.41
(d)	Estimated Liabilities in respect of outstanding claims	2229.80	2654.19	3129.71
(e)	Current Liabilities & Provisions			
(i)	Provisions	541.30	386.23	329.26
(ii)	Other current liabilities	332.01	740.50	817.06
		6540.66	7773.30	10378.83
ASSETS:	**(B)**			
	Gross Block	48.26	47.94	65.83
	Less: Cumulative Depreciation	21.18	22.04	24.73
(f)	Net Block	27.08	25.90	41.10
(g)	Investments & Loans			
(i)	Long Term Investments	3958.08 (@)	4484.14	6692.69
(ii)	Short Term Investments	941.46 (@)	234.77	440.15
(h)	Current Assets, Loans & Advances	1614.04 (@)	3028.49	3204.89
		6540.66	7773.30	10378.83
	Capital Employed [f+g(ii)+h-A(e)]	1709.27	2162.43	2539.82
	Net worth [a+b(i)]	2292.74	2662.04	2931.21
	Net worth/share (Rs.)	1066.39	1238.16	1363.35

(*) The Corporation does not have any committed reserves. Provisions for doubtful loans, investment and debts (Rs. 190.40 Crore) and Provision for leave encashment (Rs. 2.75 Crore)shown in the schedule 14 forming part of accounts have been considered as committed reserves as per the practice followed in previous years.

(@) The Balance Sheet format has been changed as at 31.03.2002. Consequently Long Term & Short Term Investments and Current Assets, Loans & Advances have been re-grouped, of which comparative figures are available only for the previous year. Hence, the figures for the year 1999-2000 is not comparable.

(Rupees in Crores)

		1999-00	2000-01	2001-02
2.	**RESERVES**			
	FREE RESERVES			
	(i) General Reserve	2077.15	2446.45	2715.60
	(ii) Investment Reserve	0.58	0.58	0.58
	(iii) Profit and Loss Appropriation A/c	0.01	0.01	0.03
		2077.74	2447.04	2716.21
	COMMITTED RESERVE			
	(i) Capital Reserve	--	--	--
	(ii) Reserve for doubtful debts	82.94	121.00	190.40
	(iii) Reserve for gratuity	--	--	--
	(iv) Reserve for leave encashment	2.07	2.69	2.75
		85.01	123.69	193.15
	Balance of Accounts	1059.80	1206.65	1439.41
	Estimated Liability in respect of O/S Claims whether due or intimated	2229.80	2654.19	3129.71
3.	**INVESTMENTS (SHORT TERM)**			
	(i) To Banks under Certificate of Deposit Scheme	9.75	234.79	440.15
	(ii) Short term loans with Non-banking Companies	14.64	--	--
	(iii) Cash at Bankers on FD A/c	890.85	--	--
	(iv) Cash at Bankers on Call Deposit	0.86	--	--
	(v) Loan to Banks under Commercial Paper Scheme	25.36	--	--
		941.46	234.79	440.15
4.	**CURRENT ASSETS, LOANS & ADVANCES**			
	(i) Sundry Debtors	7.09	38.92	37.66
	(ii) Cash & Bank Balances	34.14	1211.26	1110.80
	(iii) Loans & Advances (Total of loans minus items(i),(ii) and (v) of investments)	681.47	833.92	815.89
	(iv) Current Assets:			
	(a) Deposits with Foreign Governments as security for policy holders	--	--	--
	(b) Foreign Agencies balances	--	--	--
	(c) Agents balances	--	--	--
	(d) Outstanding Premium	--	--	--
	(e) Interest, Dividends & Rents O/S	10.60	--	--
	(f) Interest, Dividends and Rents accruing but not due	124.60	150.93	171.18
	(g) Amounts due from other persons or bodies carrying on Insurance Business	179.59	274.26	524.44
	(h) Advances, Deposits & Prepaid Expenses including Taxes	509.56	427.95	388.88
	(i) Reserve Deposit with Ceding Cos.	53.20	65.62	136.74
	(j) Application money for Investments	13.00	26.00	19.30
	(k) Vehicles on contribution basis & loans against vehicles	0.79	--	--
	TOTAL CURRENT ASSETS	1614.04	3028.86	3204.89
	Less : (iv)(f),(h) & (k)	634.95	578.88	560.06
	QUICK ASSETS	979.09	2449.98	2644.83

(Rupees in Crores)

	1999-00	2000-01	2001-02
5. CURRENT LIABILITIES & PROVISIONS			
Total Liabilities	6540.66	7773.30	10378.83
Less : Reserve & Surplus, Committed Reserves & Paid-up capital	5667.35	6646.57	7693.48
	873.31	1126.73	2685.35
Less : Provisions	541.30	386.23	329.26
Current Liabilities	332.01	740.50	2356.09

6. LIQUIDITY & SOLVENCY

(a) The percentage of Current Assets to Total Net Assets decreased from 24.68 in 1999-00 to 24.26 in 2000-01 and increased to 30.88 in 2001-02.

(b) The percentage of Current Assets to Current Liabilities (including Provisions) decreased from 184.82 in 1999-00 to 167.40 in 2000-01 and to 119.35 in 2001-02.

(c) The percentage of Total Assets to Total Liabilities (excluding paid up capital and free reserve) decreased from 153.97 in 1999-00 to 152.08 in 2000-01 and to 139.36 in 2001-02.

(d) The percentage of Quick Assets (Sundry Debtors,Advances,Cash and Bank balances) to Current Liabilities (excluding provisions) decreased from 294.90 in 1999-00 to 178.72 in 2000-01 and to 112.26 in 2001-02.

7. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 1049.60 crores from Internal and External Sources were generated and utilised during the year 2001-02 as given below :

Sources of funds	***1999-00***	***2000-01***	***2001-02***
(a) Addition to Reserves and Surplus	347.88	369.30	269.17
(b) Increase in Insurance Funds	424.48	609.92	777.74
(c) Addition to Cumulative Depreciation	1.56	0.86	2.69
	773.92	980.08	1049.60
Utilisation of funds			
(a) Addition to Gross Block	0.87	(-) 0.32	17.89
(b) Addition to Investments	769.78	(-) 181.00	2414.30
(c) Increase in Working Capital	3.27	1161.40	(-) 1382.59
	773.92	980.08	1049.60

(Rupees in Crores)

		1999-00	2000-01	2001-02
8.	**WORKING RESULTS**			
	The working results of the Company for the last three years are given below :			
(a)	Net Premium	1886.31	2186.54	2671.23
(b)	Expenses, Commission(Net), Claims, Increase in unexpired risk reserve and other outgo	2115.84	2521.43	3188.63
(c)	Net underwriting Income (a-b)	- 229.53	- 334.89	- 517.40
(d)	Net of other Income (Investment, etc.)	635.20	652.56	874.10
(e)	Net Profit as per Accounts	405.67	317.67	356.70
(f)	Profit before tax	405.67	317.67	356.70
(g)	Provision for taxation (net)	92.07	75.38	44.53
(h)	Profit after tax	313.60	242.29	312.17
(i)	Percentage of incurred claims to net premium	80.35	84.69	85.92
(j)	Percentage of expenses of management to net premium	1.24	1.08	0.94

Net commission in the three years 1999-00, 2000-01 and 2001-02 was Rs. 486.42 crores, Rs. 496.10 crores and Rs.636.34 crores respectively.

BALVINDER SINGH
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board - I

Place : Mumbai,
Date : 27th September, 2002

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, 2002, and also the Revenue Accounts of Fire, Miscellaneous and Marine Insurance and the Profit and Loss Account for the year ended on that date annexed thereto, in which are incorporated the returns under various Crop Insurance Schemes (referred to in Note 2 on the accounts) which have been duly audited by the Statutory Auditors appointed by the CAG. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

   We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain resonable 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 resonable basis for our opinion.

2. We Report that :

   (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

   (b) In our opinion, proper Books of Account as required by law have been kept by the Corporation so far as it appears from our examination of those books.

   (c) In our opinion, proper returns, audited, from other offices have been received and were adequate for the purpose of our audit.

   (d) The Balance Sheet, Revenue Accounts and Profit and Loss Account dealt with by this report are in agreement with the Books of Account and Returns.

   (e) The Corporation has been exempted from determination of claim liabilities on acturial basis as explained in the Note No.10.5

   (f) In our opinion, the investments have been valued in accordance with the provisions of the Insurance Act, 1938 and the applicable IRDA Regulations.

(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 and Profit & Loss Account 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 except relating to:

(i) Foreign Currency Transation in respect of reinsurance have been translated as per Accounting Policy No. 3, which is not in accordance with the Accounting Standard 11 on ' Accounting for the Effects of Changes in Foregin Exchange Rates'.

The effect of this on the financial statements is not ascertainable.

(ii) Cash Flow Statement has been prepared under ' Indirect Method' which is not in accordance with part I, Schedule B of The Insurance Regulatory And Development (Preparation of Financial Statement And Auditors Report of Insurance Companies) Regulations, 2002.

(i) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and Notes thereon gives the information as required by the Insurance Act, 1938, the Insurance Regulatory Development Authority Act, 1999 and the Companies Act, 1956 to the extent applicable and in the manner so required and subject to following:

(a) Note No. 4 regarding properties of the cost of Rs. 47.39 crores, for which conveyance deeds are yet to be executed and included in House Property.

(b) Note No. 5 regarding Certain amounts due to/from other persons or bodies carrying on Insurance Business and Reserve Deposits held are subject to confirmation and have not been fully identified/analysed/reconciled. Pending such confirmation/reconciliation, its impact on the accounts is not ascertainable.

(c) Non compliance of Accounting Standards 11 and preparation of Cash

Flow Statement as per 'Indirect Method' as mentioned in para 2(h) above.

give a true and fair view:

i) in the case of the Balance Sheet, of the state of affairs of the Corporation as at 31st March, 2002

ii) in the case of the Revenue Accounts, of the surplus/deficit for the year ended on that date

iii) in the case of the Profit and Loss Account, of the Profit of the Corporation for the year ended on that date.

3. Further, we certify that:

(a) We have reviewed the management report and there is no apparent mistake or material inconsistency with the financial statements.

(b) The company has complied with the terms and conditions of the registration stipulated by the Insurance Regulatory and Development Authority.

(c) We have verified the cash and bank balances, investments and securities relating to loans given by the Corporation, by actual inspection or by production of certificates or other documentary evidence except to the extent of investments of the value aggregating to Rs.0.17 crores as mentioned in Notes 3(a), 3(c), and 3(d) on the accounts.

(d) To the best of our information and explanations given to us and represention made by the company, the company is not the trustee of any trust.

(e) 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 relating to the application and investments of the policyholders' funds.

For ***SHAH GUPTA & CO.***
Chartered Accountants

VIPUL K. CHOKSI
Partner

New Delhi,
Dated : 7th September, 2002

Comments of the Comptroller & Auditor General of India under Section 619 (4) of the Companies Act, 1956, on the Accounts of General Insurance Corporation of India for the year ended 31st March, 2002	***Directors' reply to the comments of the Comptroller & Auditor general of India under Section 619(4) of the Companies Act, 1956, on the Accounts of General Insurance Corporation of India for the year ended 31st March, 2002.***
BALANCE SHEET ***Application of Funds*** ***Investments (Schedule 8),*** ***Long Term Investments:*** ***Other Investments:***	
1(a) Equity Shares : Rs. 2,78,915.44 Lakh : The above includes Rs. 105.19 lakh being the value of 1,47,600 equity shares of a Company which has been referred to BIFR and its net worth has been fully eroded. Thus, provision for diminution in the value of Investment should have been made in accounts. Non-provision has resulted in overstatement of 'Investments' and profit for the year by Rs. 105.19 lakh.	Equity Shares of Companies referred to BIFR or otherwise are written down / written off subject to parameters laid down in our Accounting Policies and the provisions of IRDA Guidelines. Because the cited case did not fulfill the requirements of Accounting Policies, no adjustments was made during the current year.
2.(c) Debenture/ Bonds : Rs. 5,42,50.51 lakh : The Company has invested Rs. 345.05 lakh in the Debenture/Term loan of four companies, which have been referred to BIFR. As per Accounting practice followed by the Company, 100 percent provision is being made for Debenture/Term loan in respect of BIFR referred Companies. The Company, instead of making provision of Rs. 345.05 lakh has provided for Rs. 189.75 lakh only in the accounts, which resulted in the short provision of Rs. 155.30 lakh. The short provision of doubtful Investment resulted in overstatement of 'Investment' as well as profit by Rs. 155.30 lakh.	Debt Securities shall be considered as held to maturity as per IRDA Guidelines. For any impairment the necessary provision will be made as per RBI Guidelines. In the cases cited by CAG the necessary provision as per RBI Guidelines has been made in the accounts.

BALVINDER SINGH
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-I

Mumbai,
Dated : 27th September, 2002

P. C. Ghosh
Managing Director & Current-in-Charge

P. B. Ramanujam
Managing Director

Ajit Sharan
Director

S. S. Kohli
Director

Mumbai,
Dated : 30th September, 2002

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002 IN RESPECT OF FIRE INSURANCE BUSINESS

	Particulars	Schedule	*Current Year (Rupees)*	Previous Year (Rupees)
1.	Premiums earned (Net)	1	***507 07 91 525***	415 12 41 234
2.	Profit on sale of Investments (Net)		***13 32 29 981***	12 58 08 171
3.	Profit/-Loss on Exchange Fluctuation		***1 60 71 139***	- 34 46 155
4.	Interest, Dividend & Rent - Gross		***52 55 93 475***	56 80 82 298
	Total (A)		***574 56 86 120***	484 16 85 548
1.	Claims Incurred (Net)	2	***356 23 64 849***	230 75 59 530
2.	Commission (Net)	3	***212 05 08 082***	129 32 36 457
3.	Operating Expenses related to Insurance Business	4	***7 65 64 361***	7 34 01 465
	Total (B)		***575 94 37 292***	367 41 97 452
	Operating Profit/(-)Loss from Fire Business C = (A-B)		***-1 37 51 172***	116 74 88 096
	APPROPRIATIONS			
	Transfer to Shareholders' Accounts		***-1 37 51 172***	116 74 88 096
	Total (C)		***-1 37 51 172***	116 74 88 096

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh	*Managing Director & Current-in-Charge*
P. B. Ramanujam	*Managing Director*
Ajit Sharan	*Director*
S. S. Kohli	*Director*
B. P. Deshmukh	*Company Secretary*

New Delhi,
Dated : 7th September, 2002

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002 IN RESPECT OF MISCELLANEOUS INSURANCE BUSINESS

	Particulars	Schedule	*Current Year (Rupees)*	Previous Year (Rupees)
1.	Premiums earned (Net)	1	***1704 63 59 561***	1391 28 53 877
2.	Profit on sale of Investments (Net)		***90 37 72 343***	69 09 64 335
3.	Profit/-Loss on Exchange Fluctuation		***-1 16 66 072***	-2 39 50 545
4.	Interest, Dividend & Rent - Gross		***356 53 90 042***	312 00 24 742
	Total (A)		***2150 38 55 874***	1769 98 92 409
1.	Claims Incurred (Net)	2	***1807 83 31 930***	1531 19 62 140
2.	Commission (Net)	3	***381 23 78 063***	330 72 63 937
3.	Operating Expenses related to Insurance Business	4	***15 77 18 507***	14 85 32 418
	Total (B)		***2204 84 28 500***	1876 77 58 495
	Operating Profit/(-) Loss from Miscellaneous Business C=(A-B)		***-54 45 72 626***	-106 78 66 086
	APPROPRIATIONS			
	Transfer to Shareholders' Accounts		***-54 45 72 626***	-106 78 66 086
	TOTAL (C)		***-54 45 72 626***	-106 78 66 086

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh	*Managing Director & Current-in-Charge*
P. B. Ramanujam	*Managing Director*
Ajit Sharan	*Director*
S. S. Kohli	*Director*
B. P. Deshmukh	*Company Secretary*

New Delhi,
Dated : 7th September, 2002

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002 IN RESPECT OF MARINE INSURANCE BUSINESS

	Particulars	Schedule	*Current Year (Rupees)*	Previous Year (Rupees)
1.	Premiums earned (Net)	1	***226 75 46 522***	233 28 32 838
2.	Profit on sale of Investments (Net)		***11 43 25 165***	11 64 90 634
3.	Profit/-Loss on Exchange Fluctuation		***24 63 190***	- 40 35 382
3a.	Misc. Income (Claims settlement Fees)		***29 096***	2 740
4.	Interest, Dividend & Rent - Gross		***45 10 13 804***	52 60 09 292
	Total (A)		***283 53 77 777***	297 13 00 122
1.	Claims Incurred (Net)	2	***131 01 51 013***	89 86 66 170
2.	Commission (Net)	3	***43 04 64 886***	36 05 61 496
3.	Operating Expenses related to Insurance Business	4	***1 71 45 037***	2 03 21 914
	Total (B)		***175 77 60 936***	127 95 49 580
	Operating Profit/(-) Loss from Marine Business C = (A-B)		***107 76 16 841***	169 17 50 542
	APPROPRIATIONS			
	Transfer to Shareholders' Accounts		***107 76 16 841***	169 17 50 542
	TOTAL (C)		***107 76 16 841***	169 17 50 542

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh	*Managing Director & Current-in-Charge*
P. B. Ramanujam	*Managing Director*
Ajit Sharan	*Director*
S. S. Kohli	*Director*
B. P. Deshmukh	*Company Secretary*

New Delhi,
Dated : 7th September, 2002

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

Particulars	Schedule	***Current Year (Rupees)***	Previous Year (Rupees)
1. Operating Profit/-Loss			
(a) Fire Insurance		***-1 37 51 172***	116 74 88 096
(b) Marine Insurance		***107 76 16 841***	169 17 50 542
(c) Miscellaneous Insurance		***-54 45 72 626***	-106 78 66 086
2. Income from Investments			
(a) Interest, Dividend & Rent - Gross		***313 10 06 564***	293 63 44 843
(b) Profit on sale of Investments (Net)		***79 36 62 715***	65 02 86 368
3. Other Income:			
(a) Profit on Exchange		***11 48 61 630***	-
(b) Compensation for Surrender of Premises		***-***	2 88 66 000
(c) Prior Period Adjustment		***-***	3 44 24 873
(d) Miscellaneous Receipts		***3 97 55 919***	2 90 61 575
Total (A)		***459 85 79 871***	547 03 56 211
4. Provisions (other than taxation)			
(a) for diminution in the value of investments		***33 08 83 814***	29 27 17 439
(b) for Doubtful Loans, Investment & Debts		***69 40 00 000***	38 06 00 000
5. Other Expenses :			
(a) Expenses of Management Relating to Central Crop Insurance Fund (See Note No. 2 (a))		***-***	1 10 75 357
(b) Other Expenses (Investment)		***43 59 882***	49 50 370
(c) Interest Payable under Section 13 (2) of the General Insurance Business (Nationalisation) Act, 1972		***51 600***	51 600
(d) Loss on Exchange		***-***	2 05 62 784
(e) Loss on sale of Assets (Net)		***79 798***	72 432
(f) Sundry Balances Written off (Net)		***22 01 127***	1 56 213
Total (B)		***103 15 76 221***	71 01 86 195
Profit Before Tax		***356 70 03 650***	476 01 70 016
Provision for Taxation		***50 00 00 000***	75 00 00 000
Provision for Tax in respect of earlier years written back		***5 47 10 945***	16 05 12 946
Profit after Tax		***312 17 14 595***	417 06 82 962
Profit available for appropriation		***312 17 14 595***	417 06 82 962
Appropriations			
(a) Proposed final dividend		***43 00 00 000***	43 00 00 000
(b) Dividend distribution tax		***-***	4 38 60 000
(c) Transfer to General Reserve		***269 15 00 000***	369 67 64 162
Balance brought forward from last year		***1 24 225***	65 425
Balance carried forward to Balance Sheet		***3 38 820***	1 24 225

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh *Managing Director & Current-in-Charge*
P. B. Ramanujam *Managing Director*
Ajit Sharan *Director*
S. S. Kohli *Director*
B. P. Deshmukh *Company Secretary*

New Delhi,
Dated : 7th September, 2002

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

BALANCE SHEET AS AT 31ST MARCH, 2002

Particulars	Schedule		*Current Year (Rupees)*	Previous Year (Rupees)
SOURCES OF FUNDS				
Share Capital	5		***215 00 00 000***	215 00 00 000
Reserves and Surplus	6		***2716 21 83 561***	2447 04 68 966
Fair Value Change Account			***1539 03 35 127***	-
Total			***4470 25 18 688***	2662 04 68 966
APPLICATION OF FUNDS				
Investments	8		***7132 82 24 819***	4718 92 67 610
Loans	9		***815 89 41 583***	833 91 76 503
Fixed Asssets	10		***41 10 70 387***	25 89 63 342
Current Assets:				
Cash and Bank Balances	11	***1110 80 22 062***		1211 25 89 802
Advances and Other Assets	12	***1278 21 96 730***		983 67 15 585
Sub-Total (A)		***2389 02 18 792***		2194 93 05 387
Current Liabilities	13	***3946 77 09 892***		3394 68 37 635
Provisions	14	***1961 82 27 001***		1716 94 06 241
Sub-Total (B)		***5908 59 36 893***		5111 62 43 876
Net Current Assets (C)=(A-B)			***-3519 57 18 101***	-2916 69 38 489
Total			***4470 25 18 688***	2662 04 68 966
CONTINGENT LIABILITIES				
Statutory demands/liabilities in dispute, not provided for			***50 00 000***	50 00 000

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh *Managing Director & Current-in-Charge*
P. B. Ramanujam *Managing Director*
Ajit Sharan *Director*
S. S. Kohli *Director*
B. P. Deshmukh *Company Secretary*

New Delhi,
Dated : 7th September, 2002

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 1

PREMIUM EARNED (NET)

A FIRE INSURANCE

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
Premium from Direct Business written	***-***	-
Add: Premium on Reinsurance accepted	***993 24 85 208***	873 29 85 848
Less:Premium on Reinsurance ceded	***358 24 97 895***	494 13 90 110
Net Premium	***634 99 87 313***	379 15 95 738
Adjustment for change in reserve for unexpired risks	***-127 91 95 788***	35 96 45 496
Total Premium Earned (Net)	***507 07 91 525***	415 12 41 234

B MISCELLANEOUS INSURANCE

(1) MOTOR

Premium from Direct Business written	***-***	-
Add: Premium on Reinsurance accepted	***842 77 92 589***	767 32 56 819
Less:Premium on Reinsurance ceded	***-***	-
Net Premium	***842 77 92 589***	767 32 56 819
Adjustment for change in reserve for unexpired risks	***-37 72 67 885***	-39 65 56 910
Total Premium Earned (Net)	***805 05 24 704***	727 66 99 909

(2) AVIATION

Premium from Direct Business written	***23 51 84 569***	52 48 66 729
Add: Premium on Reinsurance accepted	***85 71 57 534***	18 01 73 215
Less:Premium on Reinsurance ceded	***84 82 62 670***	63 23 12 779
Net Premium	***24 40 79 433***	7 27 27 165
Adjustment for change in reserve for unexpired risks	***-8 56 76 134***	- 61 05 659
Total Premium Earned (Net)	***15 84 03 299***	6 66 21 506

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 1

PREMIUM EARNED (NET)

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
(3) ENGINEERING		
Premium from Direct Business written	***-***	-
Add: Premium on Reinsurance accepted	***175 73 29 372***	180 75 65 123
Less:Premium on Reinsurance ceded	***22 52 22 465***	55 58 18 238
Net Premium	***153 21 06 907***	125 17 46 885
Adjustment for change in reserve for unexpired risks	***-14 01 80 011***	-4 15 97 943
Total Premium Earned (Net)	***139 19 26 896***	121 01 48 942
(4) CROP		
Premium from Direct Business written	***288 05 54 270***	227 58 76 567
Add: Premium on Reinsurance accepted	***-***	-
Less:Premium on Reinsurance ceded	***-***	-
Net Premium	***288 05 54 270***	227 58 76 567
Adjustment for change in reserve for unexpired risks	***-30 23 38 852***	-112 39 49 717
Total Premium Earned (Net)	***257 82 15 418***	115 19 26 850
(5) OTHER MISCELLANEOUS		
Premium from Direct Business written	***-***	-
Add: Premium on Reinsurance accepted	***584 95 61 511***	480 76 79 026
Less:Premium on Reinsurance ceded	***64 76 40 362***	27 50 21 687
Net Premium	***520 19 21 149***	453 26 57 339
Adjustment for change in reserve for unexpired risks	***-33 46 31 905***	-32 52 00 670
Total Premium Earned (Net)	***486 72 89 244***	420 74 56 669

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 1

PREMIUM EARNED (NET)

C MARINE INSURANCE

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
(1) MARINE CARGO		
Premium from Direct Business Written	***-***	-
Add: Premium on Reinsurance accepted	***184 94 17 704***	232 08 19 814
Less:Premium on Reinsurance ceded	***24 79 21 256***	38 86 03 959
Net Premium	***160 14 96 448***	193 22 15 855
Adjustment for change in reserve for unexpired risks	***33 07 19 407***	12 02 07 948
Total Premium Earned (Net)	***193 22 15 855***	205 24 23 803
(2) MARINE HULL		
Premium from Direct Business Written	***-***	-
Add: Premium on Reinsurance accepted	***103 50 97 026***	80 26 77 931
Less:Premium on Reinsurance ceded	***56 07 21 257***	46 73 47 264
Net Premium	***47 43 75 769***	33 53 30 667
Adjustment for change in reserve for unexpired risks	***-13 90 45 102***	-5 49 21 632
Total Premium Earned (Net)	***33 53 30 667***	28 04 09 035

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 2

CLAIMS INCURRED (NET)

A FIRE INSURANCE

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
Claims Paid		
Direct	***-***	-
Add : Reinsurance accepted	***465 33 09 167***	376 86 84 115
Less: Reinsurance ceded	***261 90 59 833***	185 39 46 833
Net Claims Paid	***203 42 49 334***	191 47 37 282
Add : Claims Outstanding at the end of the year	***410 00 20 684***	257 19 05 169
Less: Claims Outstanding at the beginning	***257 19 05 169***	217 90 82 921
Total Claims Incurred	***356 23 64 849***	230 75 59 530
B MISCELLANEOUS INSURANCE		
(1) MOTOR		
Claims Paid		
Direct	***-***	-
Add : Reinsurance accepted	***878 09 58 553***	760 73 67 617
Less: Reinsurance ceded	***-***	-
Net Claims Paid	***878 09 58 553***	760 73 67 617
Add : Claims Outstanding at the end of the year	***2052 44 12 751***	1755 59 65 912
Less: Claims Outstanding at the beginning	***1755 59 65 912***	1552 60 68 929
Total Claims Incurred	***1174 94 05 392***	963 72 64 600
(2) AVIATION		
Claims Paid		
Direct	***42 19 37 974***	100 22 91 107
Add : Reinsurance accepted	***23 07 91 601***	28 49 92 098
Less: Reinsurance ceded	***54 44 15 146***	121 63 64 722
Net Claims Paid	***10 83 14 429***	7 09 18 483
Add : Claims Outstanding at the end of the year	***21 84 94 000***	14 06 74 000
Less: Claims Outstanding at the beginning	***14 06 74 000***	13 66 00 000
Total Claims Incurred	***18 61 34 429***	7 49 92 483

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 2

CLAIMS INCURRED (NET)

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
(3) ENGINEERING		
Claims Paid		
Direct	***-***	-
Add : Reinsurance accepted	***100 75 94 623***	121 06 64 323
Less: Reinsurance ceded	***29 40 96 290***	55 07 99 481
Net Claims Paid	***71 34 98 333***	65 98 64 842
Add : Claims Outstanding at the end of the year	***81 18 90 377***	80 29 29 207
Less: Claims Outstanding at the beginning	***80 29 29 207***	92 90 63 037
Total Claims Incurred	***72 24 59 503***	53 37 31 012
(4) CROP		
Claims Paid		
Direct	***195 78 07 519***	46 76 232
Add : Reinsurance accepted	***-***	-
Less: Reinsurance ceded	***-***	-
Net Claims Paid	***195 78 07 519***	46 76 232
Add : Claims Outstanding at the end of the year	***121 71 45 000***	180 73 46 023
Less: Claims Outstanding at the beginning	***180 73 46 023***	-
Total Claims Incurred	***136 76 06 496***	181 20 22 255
(5) OTHER MISCELLANEOUS		
Claims Paid		
Direct	***-***	-
Add : Reinsurance accepted	***409 11 81 075***	355 18 55 085
Less: Reinsurance ceded	***61 31 86 402***	64 08 69 950
Net Claims Paid	***347 79 94 673***	291 09 85 135
Add : Claims Outstanding at the end of the year	***267 15 74 465***	209 68 43 028
Less: Claims Outstanding at the beginning	***209 68 43 028***	175 38 76 373
Total Claims Incurred	***405 27 26 110***	325 39 51 790

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 2

CLAIMS INCURRED (NET)

C MARINE INSURANCE

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
(1) MARINE CARGO		
Claims Paid		
Direct	***-***	-
Add : Reinsurance accepted	***100 80 66 670***	101 94 29 921
Less: Reinsurance ceded	***15 06 29 847***	13 89 17 851
Net Claims Paid	***85 74 36 823***	88 05 12 070
Add : Claims Outstanding at the end of the year	***98 71 56 747***	91 58 40 194
Less: Claims Outstanding at the beginning	***91 58 40 194***	121 72 61 991
Total Claims Incurred	***92 87 53 376***	57 90 90 273
(2) MARINE HULL		
Claims Paid		
Direct	***-***	-
Add : Reinsurance accepted	***98 55 30 892***	72 12 42 743
Less: Reinsurance ceded	***72 01 67 290***	49 60 29 528
Net Claims Paid	***26 53 63 602***	22 52 13 215
Add : Claims Outstanding at the end of the year	***76 64 00 665***	65 03 66 630
Less: Claims Outstanding at the beginning	***65 03 66 630***	55 60 03 948
Total Claims Incurred	***38 13 97 637***	31 95 75 897

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 3

COMMISSION

A FIRE INSURANCE

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
Commission Paid		
Direct	***-***	-
Add : Reinsurance accepted	***385 44 87 364***	297 72 25 460
Less: Commission on Reinsurance ceded	***173 39 79 282***	168 39 89 003
Net Commission	***212 05 08 082***	129 32 36 457

B MISCELLANEOUS INSURANCE

(1) MOTOR

Commission Paid		
Direct	***-***	-
Add : Reinsurance accepted	***209 26 99 441***	190 75 59 169
Less: Commission on Reinsurance ceded	***-***	-
Net Commission	***209 26 99 441***	190 75 59 169

(2) AVIATION

Commission Paid		
Direct	***-***	-
Add : Reinsurance accepted	***6 42 95 101***	2 67 16 328
Less: Commission on Reinsurance ceded	***9 23 72 666***	6 11 88 027
Net Commission	***-2 80 77 565***	-3 44 71 699

(3) ENGINEERING

Commission Paid		
Direct	***-***	-
Add : Reinsurance accepted	***44 66 04 729***	50 84 72 041
Less: Commission on Reinsurance ceded	***3 02 79 032***	18 91 81 013
Net Commission	***41 63 25 697***	31 92 91 028

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 3

COMMISSION

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
(4) CROP		
Commission Paid		
Direct	***-***	-
Add : Reinsurance accepted	***-***	-
Less: Commission on Reinsurance ceded	***-***	-
Net Commission	***-***	-
(5) OTHER MISCELLANEOUS		
Commission Paid		
Direct	***-***	-
Add : Reinsurance accepted	***138 11 02 851***	116 57 74 898
Less: Commission on Reinsurance ceded	***4 96 72 361***	5 08 89 459
Net Commission	***133 14 30 490***	111 48 85 439
C MARINE INSURANCE		
(1) MARINE CARGO		
Commission Paid		
Direct	***-***	-
Add : Reinsurance accepted	***38 19 19 264***	44 09 78 785
Less: Commission on Reinsurance ceded	***1 69 53 669***	9 73 93 119
Net Commission	***36 49 65 595***	34 35 85 666
(2) MARINE HULL		
Commission Paid		
Direct	***-***	-
Add : Reinsurance accepted	***14 26 83 568***	11 50 24 766
Less: Commission on Reinsurance ceded	***7 71 84 277***	9 80 48 936
Net Commission	***6 54 99 291***	1 69 75 830

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 4

OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
1. Employees' Remuneration & Welfare Benefits	***10 27 15 641***	10 88 09 339
2. Travel, Conveyance and Vehicle Running Expenses	***2 13 27 114***	1 61 94 692
3. Training expenses	***35 99 836***	--
4. Rents, Rates and Taxes	***1 09 08 067***	2 36 25 965
5. Repairs	***1 33 32 149***	92 83 588
6. Printing & Stationery	***16 80 421***	14 59 772
7. Communication	***78 74 678***	73 84 446
8. Legal & Professional Charges	***28 43 658***	43 59 691
9. Auditors' Fees, Expenses etc.		
(a) as auditor	***2 32 930***	1 65 000
(b) as advisor or in any other capacity, in respect of		
(i) Taxation matters	***52 500***	43 400
(ii) Insurance matters	***12 500***	28 375
10. Advertisement and Publicity	***1 19 42 584***	1 53 27 977
11. Interest & Bank Charges	***56 71 433***	21 72 495
12. Others	***4 06 43 999***	3 95 31 607
13. Investments expenses	***63 24 666***	71 04 558
14. Depreciation	***2 22 65 731***	67 64 893
Total	***25 14 27 905***	24 22 55 798

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 5

SHARE CAPITAL

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
1. Authorised Capital		
2,50,00,000 Equity Shares of Rs.100/- Each	***250 00 00 000***	250 00 00 000
2. Issued Capital		
2,15,00,000 Equity Shares of Rs.100/- Each	***215 00 00 000***	215 00 00 000
3. Subscribed Capital		
2,15,00,000 Equity Shares of Rs.100/- Each	***215 00 00 000***	215 00 00 000
4. Called-up Capital		
2,15,00,000 Equity Shares of Rs.100/- Each	***215 00 00 000***	215 00 00 000
(Includes 191,00,000 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)		
Total	***215 00 00 000***	215 00 00 000

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	***2,15,00,000***	***100%***	2,15,00,000	100%

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 6

RESERVES AND SURPLUS

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
1. General Reserves	***2715 60 00 000***	2446 45 00 000
2. Investment Reserve	***58 44 741***	58 44 741
3. Balance of Profit in Profit & Loss Account	***3 38 820***	1 24 225
Total	***2716 21 83 561***	2447 04 68 966

SCHEDULE 7

BORROWINGS

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
N I L		

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 8

INVESTMENTS

Particulars	***Current Year (Rupees)***	Previous Year (Rupees)
LONG TERM INVESTMENTS		
1. Government securities and Government guaranteed bonds including Treasury Bills	***1885 81 71 240***	1891 65 72 152
2. Other Approved Securities	***217 93 34 300***	159 28 91 800
3. Other Investments		
(a) Shares		
(aa) Equity	***2789 15 43 987***	1094 04 02 011
(bb) Preference	***7 49 98 500***	26 32 13 570
(b) Mutual Funds	***-***	-
(c) Debentures/ Bonds	***542 50 50 911***	514 50 34 538
(d) Guaranteed Equity	***5 00 000***	5 00 000
(e) Subsidiaries	***41 00 10 000***	41 00 09 476
4. Investments in Infrastructure and Social Sector	***676 24 58 000***	199 37 44 077
5. Other than Approved Investments	***532 49 42 560***	557 91 15 088
SHORT TERM INVESTMENTS		
1. Government securities and Government guaranteed bonds including Treasury Bills	***181 00 00 000***	63 00 00 000
2. Other Approved Securities	***11 35 00 000***	25 00 000
3. Other Investments		
(a) Shares		
(aa) Equity	***-***	-
(bb) Preference	***-***	-
(b) Mutual Funds	***69 80 97 478***	56 33 82 542
(c) Debentures/ Bonds	***110 36 31 186***	58 25 70 187
(d) Subsidiaries	***-***	-
4. Investments in Infrastructure and Social Sector	***12 15 42 180***	10 00 00 000
5. Other than Approved Investments	***55 44 44 478***	46 93 32 169
Total	***7132 82 24 820***	4718 92 67 610

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 9

LOANS

Particulars	*Current Year (Rupees)*	Previous Year (Rupees)
1. SECURITY-WISE CLASSIFICATION		
Secured		
(a) On mortagage of property		
(aa) In India	***242 15 66 595***	244 05 76 895
(bb) Outside India	***-***	-
(b) On Shares, Bonds, Government Securities	***-***	-
(c) Others -	***-***	-
Unsecured	***573 73 74 988***	589 85 99 608
Total	***815 89 41 583***	833 91 76 503
2. BORROWER-WISE CLASSIFICATION		
(a) Central and State Governments	***319 33 29 102***	297 27 50 138
(b) Banks and Financial Institutions	***-***	-
(c) Subsidiaries	***-***	-
(d) Industrial Undertakings	***255 92 85 061***	258 12 50 710
(e) Others	***240 63 27 420***	278 51 75 655
Total	***815 89 41 583***	833 91 76 503
3. PERFORMANCE-WISE CLASSIFICATION		
(a) Loans classified as standard		
(aa) In India	***672 64 84 978***	698 61 64 459
(bb) Outside India	***-***	-
(b) Non-performing loans less provisions		
(aa) In India	***68 58 57 915***	86 20 07 256
(bb) Outside India	***-***	-
(c) Provisions	***74 65 98 690***	49 10 04 788
Total	***815 89 41 583***	833 91 76 503
4. MATURITY-WISE CLASSIFICATION		
(a) Short Term	***141 31 56 359***	124 13 69 685
(b) Long Term	***674 57 85 224***	709 78 06 818
Total	***815 89 41 583***	833 91 76 503

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 10

FIXED ASSETS

	Cost / Gross Block				Depreciation				Net Block	
Particulars	**As at 31.03.2001**	**Additions**	**Deductions**	**As at 31.03.2002**	**Upto 31.03.2001**	**for the Year**	**On Sales/ Adjust-ments**	**Upto 31.03.2002**	**As at 31.03.2002**	**As at 31.03.2001**
Leasehold Land "Suraksha"	24 72 52 800	-	-	***24 72 52 800***	3 77 74 737	34 34 067	-	***4 12 08 804***	***20 60 43 996***	20 94 78 063
Buildings	11 34 84 719	16 06 36 322	-	***27 41 21 041***	7 61 52 181	1 19 13 766	-	***8 80 65 947***	***18 60 55 094***	3 73 32 538
Furniture & Fittings	1 67 52 532	11 17 351	-	***1 78 69 883***	1 34 62 230	12 12 532	-	***1 46 74 762***	***31 95 121***	32 90 302
Information Technology Equipments	6 36 06 014	91 09 436	-	***7 27 15 450***	6 05 42 169	72 19 959	-	***6 77 62 128***	***49 53 322***	30 63 845
Vehicles	38 75 731	77 85 666	-	***1 16 61 397***	24 39 753	23 13 778	-	***47 53 531***	***69 07 866***	14 35 978
Office Equipments	96 77 207	8 46 156	5 17 670	***1 00 05 693***	74 07 871	7 03 093	4 25 538	***76 85 426***	***23 20 267***	22 69 336
Air Conditioners & Water Coolers	1 11 20 114	23 466	11 410	***1 11 32 170***	99 72 408	2 89 811	11 244	***1 02 50 975***	***8 81 195***	11 47 706
Elevators	20 72 960	-	-	***20 72 960***	18 72 865	50 024	-	***19 22 889***	***1 50 071***	2 00 095
Canteen Appliances	2 51 222	5 500	-	***2 56 722***	2 01 041	13 919	-	***2 14 960***	***41 762***	50 181
Electric Fans	4 53 204	4 360	-	***4 57 564***	4 52 783	4 365	-	***4 57 148***	***416***	421
Electrical Installation	85 99 095	-	-	***85 99 095***	80 11 357	1 46 934	-	***81 58 291***	***4 40 804***	5 87 738
Fire Alarm Systems	9 33 179	-	-	***9 33 179***	8 71 345	15 459	-	***8 86 804***	***46 375***	61 834
Calculators	3 81 483	900	-	***3 82 383***	3 78 504	1 524	-	***3 80 028***	***2 355***	2 979
Typewriters	8 77 684	-	-	***8 77 684***	8 35 358	10 583	-	***8 45 941***	***31 743***	42 326
Total	***47 93 37 944***	***17 95 29 157***	***5 29 080***	***65 83 38 021***	***22 03 74 602***	***2 73 29 814***	***4 36 782***	***24 72 67 634***	***41 10 70 387***	***25 89 63 342***
Previous Year	48 26 54 291	37 93 621	71 09 968	47 93 37 944	21 18 48 039	1 53 18 299	67 91 736	22 03 74 602	25 89 63 342	

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 11

CASH AND BANK BALANCES

Particulars		***Current Year (Rupees)***	Previous Year (Rupees)
1.	Cash (including cheques, drafts and stamps)	***62 488***	63 028
2.	Bank Balances		
	(a) Deposit Accounts		
	(aa) Short term (due within 12 months)	***1088 04 53 917***	1088 16 42 028
	(bb) Others	***-***	-
	(b) Current Accounts	***4 21 00 612***	84 87 70 611
	(c) Remittances in Transit	***11 58 71 685***	2 82 45 850
3.	Money at Call and Short Notice		
	(a) With Banks	***6 95 33 359***	35 38 68 285
	(b) With other Institutions	***-***	-
	Total	***1110 80 22 062***	1211 25 89 802

Balances with non-scheduled banks included in 2 and 3 above

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 12

ADVANCES AND OTHER ASSETS

Particulars		***Current Year (Rupees)***	Previous Year (Rupees)
ADVANCES			
1.	Reserve deposits with ceding companies	***136 74 21 737***	65 61 74 226
2.	Application money for investments	***19 30 00 000***	26 00 00 000
3.	Prepayments	***86 37 111***	1 11 89 198
4.	Advances to Directors/Officers	***55 54 732***	28 65 614
5.	Advance tax paid and taxes deducted at source (Net of provision for taxation)	***356 82 74 642***	418 74 26 453
6.	Others	***88 43 366***	7 54 60 988
	Total (A)	***515 17 31 588***	519 31 16 479
OTHER ASSETS			
1.	Income accrued on investments	***171 18 34 162***	150 92 92 897
2.	Due from other entities carrying on insurance business (including reinsurers)	***522 67 92 955***	270 58 28 397
3.	Due from subsidiaries	***1 76 46 467***	3 67 66 915
4.	Deposit with Reserve Bank of India (S-7 of Insurance Act)	***29 27 20 000***	-
5.	Sundry Debtors	***37 66 25 631***	38 91 87 206
6.	Sundry Deposits	***48 45 927***	25 23 691
	Total (B)	***763 04 65 143***	464 35 99 106
	Total (A+B)	***1278 21 96 730***	983 67 15 585

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE 13

CURRENT LIABILITIES

Particulars		*Current Year (Rupees)*	Previous Year (Rupees)
1.	Balances Due to other insurance companies	***255 90 64 083***	179 25 69 876
2.	Deposits held on re-insurance ceded	***80 03 47 908***	51 34 75 433
3.	Premiums received in advance	***-***	15 21 98 288
4.	Sundry Creditors	***140 40 58 440***	258 56 20 542
5.	Due to subsidiaries	***340 06 82 463***	235 46 92 624
6.	Claims Outstanding	***3129 70 94 689***	2654 18 70 163
7.	Amount Payable to Former Shareholders of Indian Insurance Companies and to other Insurers	***64 62 309***	64 10 709
	Total	***3946 77 09 892***	3394 68 37 635

SCHEDULE 14

PROVISIONS

Particulars		*Current Year (Rupees)*	Previous Year (Rupees)
1.	Reserve for Unexpired Risk	***1439 40 93 049***	1206 64 76 779
2.	For Taxation (less advance tax paid and taxes deducted at source)	***286 26 30 129***	339 21 45 271
3.	For proposed dividends	***43 00 00 000***	43 00 00 000
4.	For dividend distribution tax	***-***	4 38 60 000
5.	For Doubtful Loans, Investment and Debts	***190 40 00 000***	121 00 00 000
6.	For Leave Encashment	***2 75 03 823***	2 69 24 191
	Total	***1961 82 27 001***	1716 94 06 241

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) and (5) of Section 211 and Sub-section (5) of Section 227 of the Companies Act, 1956. The financial statements also conform to the stipulations 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 conforms to the statutory provisions and practices prevailing in the General Insurance Industry in India.

2. REINSURANCE BUSINESS

2.1 Reinsurance returns

Reinsurance returns have been incorporated as follows:

(i) Returns from Foreign insurance companies received upto 31st March

(ii) Returns from Indian companies and State Insurance Funds received as of different dates upto the date of finalisation of accounts

(iii) In respect of Indian business, acceptances and cessions thereon are accounted on the basis of estimates, where actuals are not available

2.2 Outstanding Claims

(i) Estimated liability for outstanding claims in respect of direct business is provided based on intimations received upto the year-end and are based on survey reports, information provided by clients and other sources, past experience and other applicable laws.

(ii) Estimated liability for outstanding claims in respect of Reinsurance business carried out in India is based on advices received as of different dates upto the date of finalisation of accounts and on estimates based on available information, current trends and past underwriting experience of the management, wherever not received.

(iii) Provision for claims 'incurred but not reported' (IBNR) is provided as a percentage of net liability (5.5% in respect of Fire, Marine Cargo, Marine Hull and Miscellaneous and 10.5% in case of Engineering class of

business) of outstanding claims recorded, except in case of Aviation business.

(iv) Salvage is accounted on realisation and credited to claims.

3. FOREIGN CURRENCY TRANSACTIONS

3.1 Revenue transactions of reinsurance in foreign currencies are converted at the average of buying and selling rates of exchange at the last day of the previous quarter.

3.2 All current assets and liabilities in foreign currencies are converted at the end of the year at the average of buying and selling rates of exchange prevalent on the date.

3.3 Expenses of foreign representative offices are converted at the average of the exchange rates prevailing at the last day of each of the previous four quarters.

3.4 Fixed Assets and Investments held abroad are converted at the average of buying and selling exchange rates prevailing as on 31st March, 2002.

3.5 The exchange gain/ loss due to conversion of foreign currencies is accounted for as revenue.

4. EXPENSES OF MANAGEMENT

4.1 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 at 50% of the applicable rate on additions to fixed assets after 30th September. No depreciation is provided on assets sold/discarded/destroyed during the year.

4.2 Retirement Benefits to Employees

Liabilities arising out of retirement benefits to the employees such as pension, gratuity and leave encashment are provided for on accrual basis, based on actuarial valuation.

4.3 Apportionment of Management Expenses

Expenses of management, other than those charged to Profit and Loss Account are apportioned to the Revenue Accounts on the basis of Gross Direct Premium plus Reinsurance Premium Accepted, giving weightage of 75% for Marine business and 100% for Fire and Miscellaneous business.

5. APPORTIONMENT OF INTEREST, DIVIDENDS AND RENTS

The income from interest, dividends and rents are apportioned on gross basis between Profit and

Loss Account and Revenue Account 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 reserve for unexpired risks at the beginning of the year. Shareholders funds for this purpose consists of Share Capital and General Reserves. Policyholders funds for this purpose consists of Reserves for outstanding claims and Reserves for unexpired risks.

6. INVESTMENTS

6.1 Prudential norms prescribed by the Reserve Bank of India 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

6.2 As per the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 Accounting Standard 13 on Accounting for Investments issued by the Institute of Chartered Accountants of India is not applicable.

6.3 Purchases and sales of shares are accounted for as on the date of contracts.

6.4 The cost of investments includes premium on acquisition, expenses such as brokerage, service tax on brokerage, transfer stamps, transfer charges, etc., and is net of commission/fee earned thereon. In respect of purchase of shares pending delivery, the cost of acquisition is reduced by the dividend declared in the first year immediately after purchase of such shares on realisation.

6.5 Short Term Money Market instruments such as Certificate of Deposit and Commercial Paper, which are discounted at the time of contract at the agreed rate are accounted at their discounted value.

6.6 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.

6.7 Investments in equity shares that are traded in active markets are valued at fair value. Fair value for this purpose is the last quoted value within one month prior to the end of the financial year. The unrealised gain/loss on such valuation is recognised in the Fair Value Change Account.

6.8 Provision has been made in thinly traded and Unlisted shares equivalent to the amount of difference in acquisition cost and break-up value of the shares where the break-up value is less. Where the break-up value is negative, provision has been made equivalent to the amount of difference of acquisition cost and nominal value of Re 1/-.

6.9 Investment in equity and preference shares of

a) Companies which have been continuously making losses, for a period of three years or more and the capital of which has been impaired OR

b) Companies where the audited accounts for the three immediately preceding financial years are not available are written down as under:

1) Actively traded equity shares:

Shares are written down to their market value

2) Thinly traded equity share:

Shares are written down to the break-up value where break up value is positive, else to a nominal value of Re 1/-.

3) Preference Shares:

Preference shares are written down to a value which bears to the face value, the same proportion to the market value of equity shares in case of actively traded shares and in case of thinly traded equity shares to the same proportion to break-up value, else to a nominal value of Re. 1/-.

6.10 Dividend is accounted for as income in the year of declaration, except as mentioned in accounting policy No. 6.4 above. Interim dividend is accounted as income where the warrants are dated 31st March or earlier.

6.11 Dividends/Interest on shares/debentures under objection/ pending deliveries are accounted for on realisation/payment.

6.12 Profit or Loss on sale of investments, (including on those written down in earlier years as mentioned in accounting policy No. 6.9 above) are apportioned between Profit and Loss Account and Revenue Account in the ratio of Shareholders Funds and Policyholders Funds respectively at the beginning of the year. Profit/Loss on sale of investments is computed at average book value of investments.

6.13 Investments in foreign currencies are stated at the exchange rates adopted during the year of purchase.

6.14 Expenses relating to safe custody, collection of interest/ dividend, bank charges, etc., on investments are charged to Profit and Loss Account and Revenue account as per Note No.4.3 of the Significant Accounting Policies.

6.15 Debt securities including Government securities and redeemable preference shares, have been considered as 'held to maturity' securities and have been measured at historical cost and the premium amortised over the residual period of maturity except as otherwise stated in Accounting Policy No. 6.9(3).

6.16 The quotations available on NSE are considered for valuation of equity shares. If the shares are not listed/traded on NSE, then quotation available on BSE,CSE,DSE and Madras Stock Exchange are in that order considered.

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

6.18 a) Unrealised gain, losses arising due to changes in the fair value of listed equity shares are taken under the head "Fair Value Change Account" and on realisation reported in Profit and Loss account.

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

7. FIXED ASSETS

Fixed assets are stated at cost less depreciation.

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 this year's accounts.

2. (a) The Central Government had nominated the Corporation to administer Central Crop Insurance Fund (CCIF) for implementation of the Comprehensive Crop Insurance Scheme (1985) on its behalf vide their Notification No.13011/2/83 - Credit II dated 18th March, 1986. In terms of the provisions of the said Scheme, which is now discontinued, the Corporation has recovered 50% of the expenses of the said Scheme from the Central Government. Only expenses of management and capital expenditure pertaining to the State level cells, duly audited by Statutory Auditors appointed by CAG, have been included in the books of the Corporation, and all other financial transactions relating to the Scheme have been included in the accounts of the CCIF.

(b) As per the decision of the Central Government, National Agricultural Insurance Scheme (NAIS) and Pilot Scheme on Seed Crop Insurance (PSSCI) were introduced with effect from Rabi 1999-00 season and GIC has been designated as the Implementing Agency until such time as an exclusive organization is set up for the schemes. Crop insurance premium is accounted for by GIC. Claims and expenses of management are shared between the Central Government, State Governments and GIC on specified basis. Accounts of the State level cells are duly audited by Statutory Auditors, appointed by CAG, and the same are incorporated in the accounts of the Corporation. The premiums accounted during the year are Rs.

288.05 crores (Previous year Rs. 227.57 crores) and Rs. 0.001 crore (Previous year Rs. 0.02 crore) under NAIS and PSSCI schemes, respectively.

3. (a) Out of investment held in shares and debentures valued at Rs. 5031 crores (Previous year Rs. 2764.26 crores), no confirmation regarding actual custody or other documentary evidence was available in respect of investment valued at Rs. 0.13 crores (Previous year Rs. 0.13 crores).

(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. 0.04 crores (Previous year Rs. 0.04 crores).

(c) A few investments in shares and debentures valued at Rs. 0.02 crores (Previous year Rs. 0.02 crores) are under objection and the transfers are yet to be effected as on date.

(d) The book value of bonus share entitlements taken in the books in respect of shares under objection. Outstanding deliveries and on shares where documentary evidence is not available as on date is Rs.0.02 crores (Previous year Rs. 0.02 crores).

(e) The aggregate amount of interest income not accounted for as per Accounting Policy No.6.1 as at 31st March 2002 is Rs. 301.05 crores (Previous year Rs. 216.16 crores).

(f) Sale of equity shares of a company contracted through public offer in 1995-96 for Rs. 0.40 crores has not been accounted for till date, on account of the significant uncertainty regarding completion of the sale, as the matter is sub-judice.

(g) Corporation is holding SUS-II units of Rs. 27.60 crores subscribed to meet redemption obligation in respect of GIC Rise-1991. Considering asset base of the scheme, its NAV and the market scenario it is considered prudent to write down the investment though it does not fall within the Accounting Policy No.6.9. Accordingly, units are written down on the basis of NAV by Rs. 25.14 crores.

4. "House property in India" includes 7 properties costing Rs. 47.39 crores (Previous year 6 properties costing Rs.31.87 crores) for which conveyance deeds are yet to be executed.

5. The amounts due to/from other persons or bodies carrying on Insurance Business include:

(a) Amounts due to/from Indian subsidiaries of Rs. 0.16 crores credit (Previous year Rs. 2.03 crores debit) in suspense Account which have not been confirmed.

(b) Amounts due to/from foreign companies and Reserve Deposits include Rs. 2.40 crores debit and Rs. 5.61 crores credit (Previous year Rs. 1.47 crores debit and Rs. 2.55 crores credit) in Suspense Account which are in the process of being reconciled and confirmed.

The adjustment, if any, will be made upon analysis /reconciliation.

6. Taxes paid in advance include an amount of Rs. 120.64 crores (Previous year Rs. 74.18 crores) pertaining to assessments completed but in appeal either by Corporation or by the Income Tax Department as on 31st March, 2002.

7. In terms of the General Insurance Business (Nationalisation) Amendment Act, 2002 passed by both houses of Parliament and assented to by the President of India, on 7th August, 2002 the shareholding of the Corporation in the four public sector subsidiary companies shall be transferred to the Central Government with effect from the date of commencement of the amendment Act. Besides in terms of the amendment to Section 24A, the Crop insurance business which is hitherto being administered by the Corporation will have to be transferred to a new company to be formed.

As the Act does not envisage any consideration for the transfer of the share holding, the book value of the shareholding in the said four companies being Rs 38.05 crores will be written off in the books of the Corporation in the year ending 31st March, 2003.

8. Impact on the accounts on the changes in the accounting policies:

Sr. No.	Change in the Accounting Policy	Accounting Policy No.	Impact on the accounts
1.	Valuation of investments in equity shares traded in active markets	6.7	Assets and liabilities are higher by Rs 1539.03 crores. Impact on profit before tax is nil.
2.	Provision for thinly traded shares	6.8	Provision is higher by Rs 12.71 crores with corresponding reduction in profit before tax.
3.	Writing off/down in case of thinly traded shares	6.9(2)	Profit before tax is higher by Rs 4.32 lakhs
4.	Amortisation of excess over face value	6.15	Book value of investments is lower by Rs 5.93 crores with corresponding reduction in profit before tax
5.	Interest on repos transaction	6.17	Profit before tax is higher by Rs 0.01 lakhs
6.	Profit on sale on investments	6.12	On account of the profit on sale of investment being apportioned between the Revenue Account and Profit and Loss Account the profit before tax is higher by Rs 194.50 crores
7.	Provision for IBNR claims for foreign inward business	2.2(iii)	On account of the provision made for IBNR claims in respect of foreign inward business the profit before tax is lower by Rs. 8.42 crores.

9. Figures relating to the previous year have been regrouped wherever necessary

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

10.1 Contingent Liabilities:

a) Partly paid up investments. Nil

b) Underwriting commitments outstanding:

In case of domestic business, accounts have been prepared based on the commitments given by the direct insurance companies. In case of foreign inward business, accounts are booked only after receipt of premiums.

c) Claims, other than under policies not acknowledged as debts: Nil

d) Guarantees given by or on behalf of the Corporation: Nil

e) Statutory demand/liabilities in dispute, not provided for:

A claim for an amount of Rs 50,00,000/- on account of a legal dispute with a building Contractor has been filed in the High Court against the Corporation.

f) Reinsurances obligations to the extent not provided for in the accounts:

All obligations in the form of outstanding losses, unexpired premium reserves, IBNR have been provided for.

10.2 As on 31st March, 2002 all the assets of the Corporation in and outside India are free from encumbrances except for the Government of India stock 12.30%, 2016 for Rs 29,27,20,000/- deposited with IRDA as security under Section 7 of the Insurance Act, 1938.

10.3 The Commitments made and outstanding for Loans, Investments and Fixed Assets as on 31st March, 2002 is Rs 121.50 crores

10.4 Claims, less reinsurance during the financial year 2001-02 paid in India is Rs 1747.61 crores and outside India is Rs 71.96 crores.

10.5 IRDA has exempted the Corporation from determination of claim liabilities on actuarial basis in the case of claims where the claims payment period exceeds four years for the accounting year 2001-02 vide their letter dated 5th September, 2002.

10.6 Ageing of claims – distinguishing between claims outstanding for more than six months and other claims:

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 accounts statements. Nevertheless the outstanding losses as intimated by the companies is classified into less than 6 months and more than 6 months as per the details given below :

A)	Foreign Inward Business	Number	Amount (Rs)
	Claims o/s more than 6 months	351	1,85,24,977/-
	Claims o/s less than 6 months	117	156,27,75,023/-
B)	Indian Business		
	Claims o/s more than 6 months	22	7,29,82,658/-
	Claims o/s less than 6 months	45	29,42,43,18,031/-
C)	Aviation Business		
	Claims o/s more than 6 months	1122	21,22,75,200/-
	Claims o/s less than 6 months	15	62,18,800/-

10.7 Premiums, less reinsurance, written from business during the financial year 2001-02 in India is Rs 2494.78 crores and outside India is Rs 176.45 crores.

10.8 The premium recognition of the Corporation is as per the reinsurance returns received and the accounting policy for which has been disclosed in the Significant Accounting Policies No. 2.1.

10.9 Value of contracts in relation to investments, for

a) Purchases where deliveries are pending(*) Rs 15.97 crores

b) Sales where payments are overdue Nil

(*) Pending includes an amount of Rs 4.01 lakhs of purchases for which delivery is due in the year 2001-02; for the balance Rs 15.93 crores of purchases delivery is due in the next year.

10.10 The basis of apportionment of operating expenses to the Revenue Accounts has been stated in the Significant Accounting Policies No. 4.3.

10.11 The historical cost of investments valued on Fair Value basis is Rs 1622.16 crores

10.12 Computation of Managerial Remuneration is as follows:

Sr. No.	Name	Desig.	Gross Salary	Corp.'s P.F.	House Perquisite	Loan Perquisite	Vehicle Perquisite
1.	D.Sengupta	Chairman	Rs 4,56,000/-	Rs 31,200/-	Rs 31,560/-	Rs 12,638/-	Rs 10,800/-
2.	P.C. Ghosh	Managing Director	Rs 4,25,935/-	Rs28,970/-	Rs 29,852/-	Rs 8,360/-	NIL

10.13 The basis of amortisation of debt securities are stated in the Significant Accounting Policies No. 6.15.

10.14 The basis of Unrealised Gains/Losses are stated in the Significant Accounting Policies No. 6.7 and 6.18.

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

10.16 Claims settled and remaining unpaid for more than six months as on 31st March, 2002: NIL

10.17 Segmental 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.

10.18 Related party Disclosures as per AS-18 of ICAI:

a) Associate Company:

Kenindia Assurance Co. Ltd., Nairobi, Kenya.

b) Key Management Personnel:

Shri D. Sengupta- Chairman

Shri P.C.Ghosh- Managing Director

Nature and volume of transactions:

With (a) above

The financial transactions between Kenindia and the Corporation consists of reinsurance accepted from Kenindia. The total volume of such transactions is about 0.2% of the total net premium of the Corporation.

With (b) above

Remuneration Paid:

The same is disclosed as per Note No. 10.12 of the Disclosures forming part of the Financial Statements.

10.19 Earnings Per Share(EPS) as per Accounting Standards 20 of the ICAI:

Basic and Diluted EPS : Rs 145.20.

Profit after Tax: Rs 312,17,14,595/-

Number of equity shares: 2,15,00,000.

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

10.21 The Accounting Ratios of the Corporation are stated in Annexure B.

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh	*Managing Director & Current-in-Charge*
P. B. Ramanujam	*Managing Director*
Ajit Sharan	*Director*
S. S. Kohli	*Director*
B. P. Deshmukh	*Company Secretary*

New Delhi,
Dated : 7th September, 2002

ANNEXURE - A

Financial Statements for the last five years from 1997-98 to 2001-02

(Rupees in Crores)

	2001-02	2000-01	1999-2000	1998-99	1997-98
Net Premium Income					
Fire	507.08	415.12	426.55	389.94	363.57
Miscellaneous	1704.64	1391.29	1140.45	994.68	862.31
Marine	226.75	233.28	229.29	221.90	213.82
Total	***2438.47***	***2039.69***	***1796.29***	***1606.52***	***1439.70***
Net Claims Payable					
Fire	356.23	230.76	169.61	157.05	140.30
Miscellaneous	1807.83	1531.20	1216.02	987.02	857.09
Marine	131.02	89.87	130.00	108.22	100.96
Total	***2295.08***	***1851.83***	***1515.63***	***1252.29***	***1098.35***
Net Commission					
Fire	212.05	129.32	156.10	138.98	130.87
Miscellaneous	381.24	330.72	290.56	262.16	218.71
Marine	43.05	36.06	39.76	39.38	40.14
Total	***636.34***	***496.10***	***486.42***	***440.52***	***389.72***
Expenses of Management					
Fire	7.66	7.24	8.90	8.11	6.71
Miscellaneous	15.77	14.33	12.34	10.82	8.51
Marine	1.71	1.94	2.08	2.05	1.91
Total	***25.14***	***23.51***	***23.32***	***20.98***	***17.13***
Other Outgo less Other Income					
Fire	(1.61)	0.34	0.32	(3.68)	(0.74)
Miscellaneous	1.17	2.40	(0.12)	(1.24)	(1.22)
Marine	(0.25)	0.40	0.25	(0.72)	(0.01)
Total	***(0.69)***	***3.14***	***0.45***	***(5.64)***	***(1.97)***
Increase in Reserve for Unexpired Risks					
Fire	127.91	(35.96)	24.54	12.07	14.29
Miscellaneous	124.01	189.34	61.49	84.27	48.09
Marine	(19.16)	(6.53)	3.99	7.40	8.08
Total	***232.76***	***146.85***	***90.02***	***103.74***	***70.46***
Interest, Dividends and Rents and Profit/-Loss on Sale of Investment					
Fire	65.88	69.39	58.19	58.31	54.15
Miscellaneous	446.92	381.10	330.81	297.63	244.79
Marine	56.53	64.25	60.78	60.92	56.84
Total	***569.33***	***514.74***	***449.78***	***416.87***	***355.78***
Underwriting Profit/Loss(-)					
Fire	(1.37)	116.85	149.81	147.79	140.58
Miscellaneous	(54.45)	(106.26)	(47.54)	33.55	24.01
Marine	107.75	169.26	117.98	133.89	127.66
Total	***51.93***	***179.85***	***220.25***	***315.24***	***292.25***

ANNEXURE - A

Financial Statements for the last five years from 1997-98 to 2001-02 contd.

(Rupees in Crores)

		2001-02	2000-01	1999-2000	1998-99	1997-98
Interest, Dividends and Rents and Profit/-Loss on Sale of Investment		***392.47***	***358.66***	***303.98***	***256.12***	***196.74***
Other Outgo less Other Income		18.29	24.43	2.50	8.01	(4.28)
Reserve for Doubtful Debts		69.40	38.06	11.91	15.88	22.50
Profit Before Tax		***356.71***	***476.02***	***509.82***	***547.47***	***470.77***
Provision for tax		50.00	75.38	92.07	117.83	105.84
Profit After Tax		***306.71***	***400.64***	***417.75***	***429.64***	***364.93***
Shareholders' Funds						
Paid up Capital		215.00	215.00	215.00	215.00	215.00
General Reserve		2715.60	2446.45	2077.15	1729.25	1368.35
		2930.60	***2661.45***	***2292.15***	***1944.25***	***1583.35***
Policyholders' Funds						
Reserve for Unexpired Risk						
	Fire	317.50	189.58	225.55	201.00	188.93
	Miscellaneous	914.32	790.31	600.97	539.48	455.20
	Marine	207.59	226.76	233.28	229.30	221.90
	Total	1439.41	1206.65	1059.80	969.78	866.03
Outstanding Liabilities						
	Fire	410.00	257.19	217.91	171.17	171.57
	Miscellaneous	2544.35	2240.38	1834.56	1576.37	1384.77
	Marine	175.36	156.62	177.33	159.46	154.72
	Total	3129.71	2654.19	2229.80	1907.00	1711.06
Total Policyholders' Funds						
	Fire	727.50	446.77	443.46	372.17	360.50
	Miscellaneous	3458.67	3030.69	2435.53	2115.85	1839.97
	Marine	382.95	383.38	410.61	388.76	376.62
	Total	***4569.12***	***3860.84***	***3289.60***	***2876.78***	***2577.09***

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh	*Managing Director & Current-in-Charge*
P. B. Ramanujam	*Managing Director*
Ajit Sharan	*Director*
S. S. Kohli	*Director*
B. P. Deshmukh	*Company Secretary*

New Delhi,
Dated : 7th September, 2002

ANNEXURE - B

Important ratios for the year ended 31st March 2002

	Ratios	2001-02	2000-01
1	***Combined Ratio*** (Total of Incurred claims, net commission and expenses of management to Net premium)	110.7%	108.5%
2	***Growth in Net Premium***	22.2%	15.9%
3	***Reinsurances Ceded to Net Premium***	22.9%	33.2%
4	***Net Premiums to total of technical reserves & share holder funds***	35.6%	33.5%
5	***Technical reserves to shareholder funds***	155.9%	145.1%
6	***Investment Income Cover (Investment income to Profit before tax - no of times)***	2.7	1.8
7	***Yield on Investments (Investment income to average investments)***	11.1%	10.9%
8	***Return on net worth (Profit before tax to average shareholder funds)***	12.8%	19.2%

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh	*Managing Director & Current-in-Charge*
P. B. Ramanujam	*Managing Director*
Ajit Sharan	*Director*
S. S. Kohli	*Director*
B. P. Deshmukh	*Company Secretary*

New Delhi,
Dated : 7th September, 2002

CASH FLOW STATEMENT FOR YEAR ENDING 31st March, 2002

As per indirect method

(Rupees in Crores)

1)	**CASH FLOW FROM OPERATING ACTIVITIES**			
Net profit as per P & L A/c				**312.17**
Adjustments				
a)	Changes in unexpired risks figure		232.76	
b)	Changes in provisions for O/S claims		475.52	
c)	Changes in incomes receivable		-20.26	
d)	Changes in insurance balances		-236.83	
e)	Provision for bad debts, etc.		102.49	
f)	Depreciation		2.73	
g)	Exchange gain/ drain		-11.49	
h)	Misc receipts less crop expenses paid (Net)		-2.15	
i)	Changes in Advances and Deposits		-6.54	
k)	Income tax provision made in accounts	50.00		
Less:	Actual tax paid for the year	-41.00		
	Write back of old provisions	-5.47	3.53	**539.76**
	NET CASH FROM OPERATING ACTIVITIES		***(A)***	***851.93***
2)	**CASH FLOW FROM INVESTMENT ACTIVITIES**			
a)	Changes in net Investments		-886.10	
b)	Purchase of House Property		-16.05	
c)	Purchase of Fixed Assets (Net)		-1.85	
	NET CASH FROM INVESTMENT ACTIVITIES		***(B)***	***-904.00***
3)	**CASH FLOW FROM FINANCING ACTIVITIES**			
a)	Dividends including dividend tax paid		-47.39	
	NET CASH FROM FINANCING ACTIVITIES		***(C)***	***-47.39***
NET DECREASE/INCREASE IN CASH EQUATIONS			***(A) +(B)+(C)***	***-99.46***
CASH & BANK BALANCES AT BEGINNING OF THE YEAR				***1211.26***
CASH & BANK BALANCES AT END OF THE YEAR				***1111.80***

As per our Report of even date

For **SHAH GUPTA & CO.**
Chartered Accountants

Vipul K. Choksi
Partner

New Delhi,
Dated : 7th September, 2002

P. C. Ghosh	*Managing Director & Current-in-Charge*
P. B. Ramanujam	*Managing Director*
Ajit Sharan	*Director*
S. S. Kohli	*Director*
B. P. Deshmukh	*Company Secretary*

New Delhi,
Dated : 7th September, 2002

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.	16133	State Code	11
Balance Sheet Date	31 03 2002		

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

Public issue	NIL	Rights issue	NIL
Bonus issue	NIL	Private Placement	NIL

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

Total Liabilities	44702518	Total Assets	44702518

Sources of Funds

Paid-up Capital	21500000	Reserves & Surplus	27162184
Secured Loans	NIL	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	41107 0	Investment	79487166
Net Current Assets	(-)35195718	Miscellaneous Expenditure	NIL
Accumulated Losses	NIL		

IV Performance of Company (Amount in Rs. Thousands)

Turnover	34164207	Total Expenditure	30597203
Profit/Loss Before Tax	3567004	Profit/Loss after Tax	3067004
Earning Per Share in Rs.	145	Dividend @ %	20

V Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No.	NA
Product Description	REINSURANCE SERVICE

PERFORMANCE HIGHLIGHTS

(Rs. & US $ in Millions)

	2001-02		***2000-01***	
	Rs.	***US $***	***Rs.***	***US $***
Net Earned Permium	24384.70	500.92	20396.92	437.61
Net Claims	22950.83 94.12%	471.46 94.12%	18518.18 90.79%	397.30 90.79%
Net Commission	6363.35 26.10%	130.72 26.10%	4961.05 24.32%	106.44 24.32%
Operating Expenses and Other Outgo	244.55 1.00%	5.02 1.00%	273.69 1.34%	5.87 1.34%
Investment Income Apportioned to Revenue	5693.32 23.35%	116.95 23.35%	5147.37 25.24%	110.43 25.24%
Total Profit/Loss(-)	519.29 2.13	10.67 2.13%	1791.37 8.78%	38.43 8.78%
Interest, Dividends and Rents (gross)	3924.67	80.62	3586.63	76.95
Other Income less Other Outgo	147.92	3.04	55.49	1.20
Reserve for Doubtful Debts and Investment Written off	1024.88	21.05	673.32	14.45
Profit before Tax	***3567.00***	***73.28***	***4760.17***	***102.13***
Income-tax Deducted at Source and Provision for tax	500.00	10.27	750.00	16.09
Profit after Tax	***3067.00***	***63.01***	***4010.17***	***86.04***
Assets :				
Investments	71328.22	1465.25	47189.27	1012.43
Loans	8158.94	167.60	8339.18	178.91
Fixed Assets	411.07	8.44	258.96	5.56
Cash and Bank Balances	11108.02	228.18	12112.59	259.87
Advances and Other Assets	12782.20	262.58	9836.71	211.04
Total Assets	***103788.45***	***2132.05***	***77736.71***	***1667.81***
Liabilities :				
Share Capital	2150.00	44.17	2150.00	46.13
Reserve and Surplus	27162.18	557.97	24470.47	525.00
Fair Value Change Account	15390.34	316.15		
Current Liabilities & Provisions	59085.93	1213.76	51116.24	1096.68
Total Liabilities	***103788.45***	***2132.05***	***77736.71***	***1667.81***

1 US $ = Rs. 48.68 as on 31st March, 2002
(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.