33वां वार्षिक प्रतिवेदन 2004 - 05

33rd ANNUAL REPORT 2004-05

आपत्काले रक्षिष्यामि

भारतीय साधारण बीमा निगम

General Insurance Corporation of India

General Insurance Corporation of India

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

CORPORATE INFORMATION

DIRECTORS

Shri.R.K.Joshi	Chairman-cum-Managing Director	(w.e.f. 01.02.2005)
Shri.P.C.Ghosh	Chairman	(upto 31.01.2005)
Shri.P.B.Ramanujam	Managing Director	(upto 31.07.2004)
Shri.G.C.Chaturvedi, IAS		
Shri.A.K.Purwar		
Shri.V.Leeladhar		(upto 21.09.2004)
Shri.S.B.Mathur		(upto 31.10.2004)
Shri.R.N.Bhardwaj		(w.e.f. 20.12.2004)
Shri.H.S.Wadhwa		(upto 31.12.2004)
Shri.R.Beri		(w.e.f. 25.01.2005)

MANAGEMENT

Chairman-cum-Managing Director	Shri.R.K.Joshi
Chief Vigilance Officer	Smt. Gopa Ray
Assistant General Managers	Smt. Bhagyam Ramani Shri G. Krishna Rao Shri R. Chandrasekaran Smt. Sushila Venkatraman Shri H.G. Rokade Shri P. N. Gandhi
COMPANY SECRETARY	Smt. Suchita Gupta

AUDITORS

M/s. K.S. AIYAR & CO.,
Chartered Accountants,
F-7, Laxmi Mills, Shakthi Mills Lane,
Off. Dr. E. Moses Road,
Mahalakshmi, Mumbai - 400 011.

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

R.K. Joshi
Chairman-cum-Managing Director

G.C. Chaturvedi
Director

A. K. Purwar
Director

R. N. Bhardwaj
Director

R. Beri
Director

MANAGEMENT

R.K. Joshi
Chairman-cum-Managing Director

Gopa Ray
Chief Vigilance Officer

Bhagyam Ramani
Assistant General Manager

G. Krishna Rao
Assistant General Manager

R. Chandrasekaran
Assistant General Manager

Sushila Venkatraman
Assistant General Manager

H.G. Rokade
Assistant General Manager

P.N. Gandhi
Assistant General Manager

Suchita Gupta
Company Secretary

NOTICE

NOTICE is hereby given that the 33rd ANNUAL GENERAL MEETING of the Members of the GENERAL INSURANCE CORPORATION OF INDIA will be held at the Registered Office of the Corporation at "Suraksha", 170, J. Tata Road, Churchgate, Mumbai - 400 020, on Friday, the 26th day of August, 2005 at 1 p.m. to transact the following business:

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Statements of Account for the year ended 31st March, 2005.
2. To declare dividend on equity shares.
3. To fix remuneration of auditors for the year 2005-2006.

For and on behalf of the Board

Suchita Gupta
Company Secretary

Registered Office:

"Suraksha",
170, J. Tata Road,
Churchgate,
Mumbai – 400 020
Dated : 17th August, 2005

Note :

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

DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting the Thirty Third Annual Report on the working and affairs of the Corporation and the audited statements of account for the year ended 31st March, 2005.

FINANCIAL RESULTS:

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

(Rs in Crores)

	2004-05	2003-04
1. Net Premium	**4613.87**	4162.98
2. Net Earned Premium	**4373.68**	3991.79
3. Net Incurred Claims	**3702.80**	2895.36
	84.66%	72.53%
4. Net Commission	**1207.49**	1071.64
	27.60%	26.85%
5. Operating Expenses and Other Outgo less Other Income	**35.67**	42.15
	0.82 %	1.06%
6. Investment Income Apportioned to Revenue less expenses	**850.51**	860.76
7. Total Profit/Loss(-) (2+6-3-4-5)	**278.23**	843.40
	6.36%	21.13%
8. Interest, Dividends and Rents (gross)	**548.10**	491.67
9. Other Income less Other Outgo	**55.22**	0.30

(Rs in Crores)

	2004-05	2003-04
10. Reserve for Doubtful Debts and Investment incl. Amortisation of Investments Written off	**81.47**	58.46
11. Profit before Tax (7+8+9-10)	**800.08**	1276.91
12. Income-tax Deducted at Source and Provision for tax incl. deferred taxes	**600.06**	239.29
13. Profit after Tax(11-12)	**200.02**	1037.62
14. Profit available for appropriation	**200.02**	1037.62
15. Balance of profit b/f from previous year	**0.08**	0.03
16. Proposed Dividend incl. Dividend tax	**73.55**	72.77
17. Transferred to General Reserves	**126.50**	964.80
18. Balance of Profit carried forward(14+15-16-17)	**0.06**	0.08

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

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

CAPITAL

In April 2005, the Authorized Capital of the Corporation has been increased from Rs.250 crores to Rs.1,000 crores consisting of 1,000 lakh equity shares of Rs.100/- each.

Paid-up capital of the Corporation as on 31st March, 2005 stood at Rs.215 crores made up of 215 lakh equity shares of Rs.100/- each fully paid-up.

At an Extra Ordinary General Meeting of the members held on 27th April, 2005, it was decided to issue, fully paid-up bonus shares in the ratio of 1:1, which on allotment would rank pari-passu with the existing shares of the Corporation and would be entitled to dividends for the year ending 31st March, 2005. These Bonus shares were issued on 10th June, 2005. Consequently, the paid-up capital of the Corporation has increased to Rs.430 crores.

PROPOSED DIVIDEND

The directors recommend declaration of dividend at the rate of 15 % for the year under review amounting to Rs. 64.50 crores, as against Rs.64.50 crores at the rate of 30% in the previous year. An amount of Rs 9.04 crores has also been provided as dividend distribution tax on the dividend declared during the year.

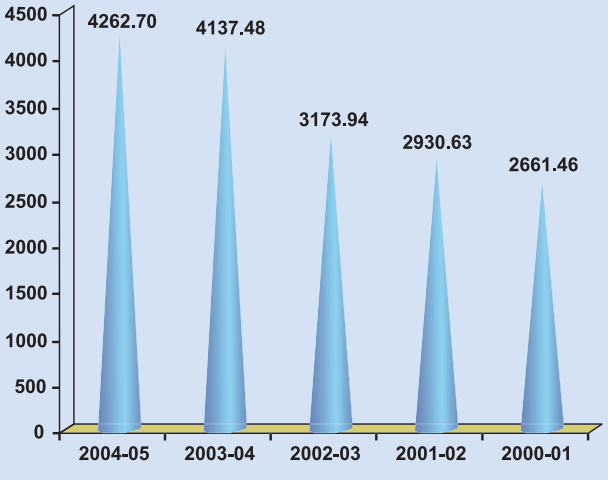
CAPITAL AND FUNDS

Capital and Funds of the Corporation stood at Rs. 11767.69 crores as on 31st March, 2005 as against Rs. 10558.61 crores in the previous year, the details of which are given below:

(Rs. in Crores)

	As on 31.03.2005	As on 31.03.2004
Shareholders' Funds		
Paid up Capital	**215.00**	215.00
General Reserve	**4043.62**	3917.11
Deferred Tax Liability	**4.02**	5.29
Profit & Loss account	**0.06**	0.08
	4262.70	4137.48
Policyholders' Fund	**7504.41**	6420.55
Other Funds	**0.58**	0.58
Total Funds	**11767.69**	10558.61

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



ASSETS

Total assets of the Corporation increased to Rs.19551.84 crores as on 31st March, 2005 from Rs.16441.13 crores as on 31st March, 2004.

INVESTMENTS

The year 2004-05 was marked by good performance in all the Sectors of the economy. This had effect in the stock markets with the sensex rising from 5590 as on 31st March, 2004 to 6493 in the year 2005. The sensex touched an all time high of 6955 on 9th March, 2005. The main appreciation was in the equities belonging to steel, metal, engineering, cement and pharma. The Corporation took advantage of the conditions and realized profits on sale of equity to the extent of Rs.446.04 crores in the year under review.

Monetary conditions continued to be driven by large capital inflows in 2004-05 as in the previous year. Expansionary effects on base money and money supply were, however, headed off through operations under the Market Stabilization Schemes and Liquidity Adjustment Facility. Consequently, money supply remained well within the projected trajectory.

The annual inflation rate as measured by variations in the wholesale price index (WPI), on a point-to-point basis, peaked from 4.6 percent ending March 2004 to 8.7 percent by August 2004. On an average basis, the annual rate of inflation during 2004-05 was higher at 6.4 percent as compared with 5.4 percent in the previous year.

During 2004-05, the Central Government's net market borrowings at Rs.46,050 crores were significantly lower than such borrowings in the previous year. This could be partly attributed to receipts by the Centre from the States under the Debt Swap Scheme (DSS).

The total investments of the Corporation in India (representing investments and loans made in India) during the year 2004-05 amounted to Rs.15,434.31 crores as against Rs.12,927.41 crores in the previous year. The Corporation has also brought down the percentage of NPA's to advances from 3.21% in the last year to 1.42% in the year under review.

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)

The Corporation being a Reinsurance Company, its working and functions, are governed by the

Insurance Regulatory and Development Authority (IRDA). The Corporation's existing paid-up equity capital of Rs.215 crores conforms to the specifications of the IRDA. The Accounts of the Corporation are drawn up according to the stipulations prescribed in the IRDA (Preparation of Financial Statements and Auditor's Report), Regulations, 2002.

PERSONNEL AND INDUSTRIAL RELATIONS

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

Under Section 17A of the General Insurance Business (Nationalisation) Act, 1972, the Central Government had notified on 1st April, 2004 the following Special Voluntary Retirement Schemes:

(a) General Insurance Corporation of India Officers' Special Voluntary Retirement Scheme, 2004 (vide Notification No. 454(E) and

(b) General Insurance Corporation of India Employees' Special Voluntary Scheme, 2004 (vide Notification No. 455(E)

The above Schemes were operative for 60 days from the date of notification. The number of exits under Special Voluntary Retirement Schemes is as under:

Class I	46
Class III	17
Class IV	1
Total	**64**

The Staff position in the Corporation after the above SVRS as on 31st March, 2005 is as follows:

Class I	238
Class III	157
Class IV	60
Total	**455**

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.

WELFARE OF SC/ST/OBC

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

Dr. Ambedkar Welfare Trust of GIC has been established during the centenary year of Dr. B. R. Ambedkar. On behalf of the Trust, training on Personality Development for SC/ST and OBC employees was arranged through the College of Insurance. Various other welfare schemes are also implemented by the Trust for the benefit of the SC/ST and OBC employees.

BOARD OF DIRECTORS

Shri R.N. Bhardwaj, Chairman, Life Insurance Corporation of India was appointed as a Director on the Board of the Corporation w.e.f. 20.12.2004.

Shri R. Beri, Chairman, GIPSA & CMD, New India Assurance Co. Ltd. was appointed as a Director on the Board of the Corporation w.e.f. 25.01.2005.

Shri R.K. Joshi, Chairman-cum-Managing Director, General Insurance Corporation of India was appointed as a Director on the Board of the Corporation w.e.f. 01.02.2005.

Shri P.C. Ghosh, Chairman, General Insurance Corporation of India ceased to be a Director of the Corporation w.e.f. 31.01.2005 on attaining the age of superannuation.

Shri H.S. Wadhwa, Chairman, GIPSA & CMD, National Insurance Co. Ltd. ceased to be a Director of the Corporation w.e.f. 31.12.2004 on attaining the age of superannuation.

Shri S.B. Mathur, Chairman, Life Insurance Corporation of India ceased to be a Director of the Coporation w.e.f. 31.10.2004 on attaining the age of superannuation.

Shri V. Leeladhar, Chairman, Indian Bank's Association and Chairman & Managing Director, Union Bank of India ceased to be a Director of the Corporation w.e.f. 21.09.2004 on his elevation as Deputy Governor, Reserve Bank of India.

Shri P.B. Ramanujam, Managing Director, General Insurance Corporation of India ceased to be a Director of the Corporation w.e.f. 31.07.2004 on attaining the age of superannuation.

The Directors wish to place on record the co-operation received from Shri P.C. Ghosh,

Shri H.S. Wadhwa, Shri S.B. Mathur, Shri V. Leeladhar and Shri P.B. Ramanujam 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 the table given below:

STATEMENT SHOWING NUMBER OF BOARD MEETINGS ATTENDED BY THE DIRECTORS DURING THE PERIOD APRIL 2004 TO MARCH 2005

Name of Director	Dates of Meetings						
	31.05.2004	30.06.2004	23.07.2004	11.10.2004	13.12.2004	31.01.2005	30.03.2005
Shri P.C. Ghosh	Present	Present	Present	Present	Present	Present	Ceased
Shri G.C. Chaturvedi	Present	Absent	Absent	Present	Present	Present	Present
Shri A.K. Purwar	Absent	Absent	Present	Present	Present	Absent	Present
Shri P.B. Ramanujam	Present	Present	Present	Ceased	-	-	-
Shri V. Leeladhar	Present	Absent	Present	Ceased	-	-	-
Shri S.B. Mathur	Present	Present	Present	Present	Ceased	-	-
Shri H.S. Wadhwa	Present	Absent	Absent	Absent	Present	Ceased	-
Shri R.N. Bhardwaj	Not on Board					Present (*)	Present
Shri R. Beri	Not on Board						Present (**)
Shri R.K. Joshi	Not on Board						Present (***)

(*) Appointed as Director w.e.f. 20.12.2004
(**) Appointed as Director w.e.f. 25.01.2005
(***) Appointed as Director w.e.f. 01.02.2005

COMMITTEE OF THE BOARD

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

AUDIT COMMITTEE

In compliance with Section 292(A) of the Companies Act, 1956, the Corporation has an Audit Committee of the Board of Directors with the following Members for the financial year 2004-05:

1. Shri G.C. Chaturvedi
2. Shri S.B. Mathur (upto 31.10.2004)
3. Shri P.B. Ramanujam (upto 31.07.2004)
4. Shri A.K. Purwar (from 23.11.2004 to 27.02.2005)
5. Shri H.S. Wadhwa (upto 31.12.2004)
6. Shri R.N. Bhardwaj (from 28.02.2005)
7. Shri R. Beri (from 28.02.2005)

STATEMENT SHOWING NUMBER OF AUDIT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2004 TO MARCH 2005

Names of Members	Dates of Meetings		
	30.06.2004	13.12.2004	30.03.2005
Shri G.C.Chaturvedi	Absent	Present	Present
Shri S.B.Mathur	Present	Ceased	-
Shri P.B.Ramanujam	Present	Ceased	Ceased
Shri A.K.Purwar	Not in Committee	Present	Not in Committee
Shri H.S.Wadhwa	Not in Committee	Present	Ceased
Shri R.N.Bhardwaj	Not in Committee		Present
Shri R. Beri	Not in Committee		Present

INVESTMENT COMMITTEE

The Corporation has an Investment Committee of the Board of Directors with the following Members for the financial year 2004-05:

1	Shri P.C.Ghosh – (upto 31.01.2005)	6	Shri A.K.Purwar – (from 23.11.2004 to 27.02.2005)
2	Shri G.C.Chaturvedi	7	Shri H.S.Wadhwa – (from 23.11.2004 to 31.12.2004)
3	Shri P.B.Ramanujam - (upto 31.07.2004)	8	Shri R.N.Bhardwaj – (from 07.01.2005)
4	Shri V.Leeladhar – (upto 21.09.2004)	9	Shri R.Beri – (from 28.02.2005)
5	Shri S.B.Mathur – (upto 31.10.2004)	10	Shri R.K.Joshi – (from 28.02.2005)

STATEMENT SHOWING NUMBER OF INVESTMENT COMMITTEE MEETINGS ATTENDED BY THE MEMBERS DURING THE PERIOD APRIL 2004 TO MARCH 2005

Name of Director	Dates of Meetings					
	31.05.2004	23.07.2004	11.10.2004	13.12.2004	31.01.2005	30.03.2005
Shri P.C. Ghosh	Present	Present	Present	Present	Present	Ceased
Shri G.C. Chaturvedi	Present	Absent	Present	Present	Present	Present
Shri P.B. Ramanujam	Present	Present	Ceased	-	-	-
Shri V. Leeladhar	Present	Present	Ceased	-	-	-
Shri S.B. Mathur	Present	Present	Present	Ceased	-	-
Shri A.K. Purwar	**Not in Committee**			Present	Absent	**Not in Committee**
Shri H.S. Wadhwa	**Not in Committee**			Present	Ceased	-
Shri R.N. Bhardwaj	**Not in Committee**				Present	Present
Shri R. Beri	**Not in Committee**					Present
Shri R.K. Joshi	**Not in Committee**					Present

FOREIGN EXCHANGE EARNINGS & OUTGO AND OTHER INFORMATION

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

i) Earnings Rs**. 619.27** crores

ii)Outgo Rs **335.57** 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.

Expenses on (a) Entertainment (b) Foreign Tours and (c) Publicity and Advertisement amounted to Rs.894799/-, Rs.8247371/- and Rs.6797734/- respectively for the year under review.

TSUNAMI RELIEF

The Corporation responded timely to the "Tsunami Disaster" by contributing Rs. 1 crore to the Prime Ministers's Relief Fund.

Additionally, the Corporation channelised the contribution of one day's salary by its employees to the Prime Minister's Relief Fund.

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

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

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY OF THE CENTRAL GOVERNMENT

During the year under review, the Corporation maintained the progress in performance and implementation of Official Language Policy of the Government of India and the Corporation complied

with guidelines issued by Ministry.

For Official Language Implementation, inspections of departments of Corporation were carried by officials of Official Language Department. Four in-house workshops and four meetings of Official Language Implementation Committee were conducted. During Hindi week celebrations, various competitions were organized.

MD's Shield was awarded to the best performing Department of the Corporation with regards to Official Language Implementation.

In-house journal "Kshitij" was published on Quarterly basis. Third prize of Town Official Language Implementation Committee (TOLIC) was awarded for in-house journal "Kshitij". An inspection was carried out by Parliamentary Committee on Official Language for the members of TOLIC, Mumbai at Hilton Tower and the Committee found that implementation of Official Language of the Corporation is satisfactory.

VIGILANCE

The Corporation has a vigilance set-up headed by a Chief Vigilance officer, who holds additional charge of GIC, apart from being CVO of New India Assurance Co. Ltd. The Vigilance Department generally aims at preventive and directive vigilance. Apart from Vigilance Awareness programs conducted during "Vigilance Awareness Week", as an integral part of training modules for all employees of GIC, the Vigilance Department constantly conveys the importance of preventive vigilance. Periodical discussions are being held with the officials of various departments to ensure financial & office discipline and imbibe a culture of value & ethics in daily office work.

INTERNAL AUDIT DEPARTMENT

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

For effective check and balance, back office functions are separated from front office operations in sensitive areas.

The Internal Audit Department conducts audit of business transactions from time to time as also reviews the prevalent systems and makes suitable recommendations for consideration of Audit Committee of the Board(ACB). Status of progress on the implementation of approved recommendation by the audit committee of the board is reported to ACB from time to time.

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 submitted to RBI. Also in line with RBI directions, SGL/CSGL Accounts are subjected to concurrent audit and confirmation of correctness of balances, at the end of each month is sent to RBI.

ITMG

Following the decision of the GIC Board to implement SAP–ERP (i.e.).Enterprise Resource Planning Software Solution, necessary action has been initiated by the management to implement the project in GIC. WIPRO Info-Tech has been chosen as the implementation partner for the project and the project commenced on 1st February, 2005.

Necessary hardware comprising of server, storage components and networking components have been procured. A core team of 30 persons, consisting of GIC user department officials and WIPRO personnel have been working on the project for the last 4 months. The project has reached a critical milestone of Blue Printing of GICs' requirements vis-à-vis the SAP software. The project is expected to Go-Live in October 2005. The SAP - ERP system would be in parallel operation till the end of this financial year, after which the current systems would be discontinued.

This is a major IT initiative involving adopting to the Worlds' best industry practices and also fine tune and change the way GIC has been transacting business, to fall in line with the international practices. Series of internal User training programmes are being conducted to enable the officers and the staff of GIC adopt to the new integrated software systems.

TRAINING/HRD

Training was imparted to all levels of employees both internally and externally. Upgradation of skills was undertaken in insurance and non-insurance topics for officers and staff alike. The services of College of Insurance as well as NIA were availed for this purpose. Officers were also sent for Seminars / Conferences conducted in foreign countries during the year.

INVESTMENT IN INSURANCE COMPANIES

DOMESTIC OPERATIONS

AGRICULTURE INSURANCE COMPANY OF INDIA LIMITED

This company was jointly promoted by the Corporation in collaboration with NABARD and the four erstwhile subsidiary companies of the Corporation. The Corporation holds 35% equity of AICIL and NABARD holds 30% while the balance is held equally to the extent of 8.75% by the four public sector insurance companies.

OVERSEAS OPERATIONS

The overseas operations of the Corporation are limited to participation in the share capital of : Kenindia Assurance Company Ltd., Kenya, India International Insurance Pte Ltd., Singapore and LIC (Mauritius) Offshore Ltd., Mauritius.

KENINDIA ASSURANCE CO.LTD., KENYA

The Kenindia Assurance Company Ltd., Nairobi, Kenya has a share capital of Kshs 310 million and the Corporations' share is 9.20%.

The company declared a dividend of 10 % for the year 2004.

INDIA INTERNATIONAL INSURANCE PTE. LTD., SINGAPORE

India International Insurance Pte. Ltd., has a share capital of S$ 25 million and the Corporations' share is 20%.

The Company declared a dividend of 7.5 % net of tax for the financial year 2004.

LIC (MAURITIUS) OFFSHORE LTD., MAURITIUS

The Corporation has a 30% holding in the share capital of LIC (Mauritius) Offshore Ltd., a joint venture company promoted by LIC of India in Mauritius. The Company is yet to start full fledged business operations.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
2. Appropriate accounting policies have been selected and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year 2004-05 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 and
4. The annual accounts have been prepared on a going concern basis.

AUDITORS

M/s. K.S. Aiyar & Co., Chartered Accountants were appointed as Auditors to audit the accounts of the Corporation for the financial year 2004-05 by the Comptroller & Auditor General of India under Section 619 of the Companies Act, 1956.

SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Corporation for the year 2003-04 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 RAJYA SABHA on 21st December, 2004 & LOK SABHA on 23rd December, 2004.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

R.K. Joshi
Chairman-cum-Managing Director

27th June, 2005.

Mumbai.

SEC. 217 (2A) (B) (ii) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 FOR THE YEAR ENDED 31st MARCH, 2005.

Sr. No.	Name of the Employee	Designation	Remuneration	Age	Qualification	Date of commencement of Employment	Last Employment	Date of Relieving
Employees Employed Throughout the Year							**Statement - I**	
1	SRI R. CHANDRASEKARAN	A. G. M.	41,04,969.48	51	B.COM,FIII., ICWI,ACII	19-Jun-78	PVT.SECTOR	
2	SRI J.AUGUSTINE	Manager	24,72,313.24	51	M.COM., LL.B., FIII	19-Jun-78	PVT.SECTOR	

Note:- Remuneration includes Gross Salary, Gratuity, Leave Encashment, Co's Contribution to Provident Fund, Mediclaim and all other perquisites i.e. Accommodation and reimbursement of expenses.

Sr. No.	Name of the Employee	Designation	Remuneration	Age	Qualification	Date of commencement of Employment	Last Employment	Date of Relieving
Employees Employed for part of the Year							**Statement - II**	
1	MS. R.R. DESAI	Manager	595,521.15	60	B.A., FIII	5-May-66	PUB.SECTOR	30-Apr-04
2	SMT. T.M. D'SOUZA	A. M.	582,087.62	60	MATRIC	20-Jul-65	PVT.SECTOR	31-May-04
3	SRI P.B. RAMANUJAM	Managing Director	972,290.23	60	C.A.	1-Dec-67		31-Jul-04
4	SRI M. RAGHAVENDRA	General Manager	934,011.80	60	B.COM.,LL.B., LIII	27-Sep-63	PVT.SECTOR	31-Jul-04

Note:- 1. Remuneration includes Gross Salary, Gratuity, Leave Encashment, Co's Contribution to Provident Fund, Mediclaim and all other perquisites i.e. Accommodation and reimbursement of expenses.

2. All the above employees retired on attaining super annuation.

Sr. No.	Name of the Employee	Designation	Remuneration	Age	Qualification	Date of commencement of Employment	Last Employment	Date of Relieving
Employees Employed for part of the Year							**Statement - III**	
1	SRI M. RAVINDRAN	A. G. M.	1,847,528.56	56	M.A.	1-Aug-77	PVT.SECTOR	30-Apr-04
2	SRI B.V. RAM	Manager	2,350,071.00	43	B.SC,MBA,FIII	1-Mar-72	PUB.SECTOR	30-Apr-04
3	SMT. M.M. PARKHI	Manager	2,044,396.95	49	M.A.	1-Aug-76	PUB.SECTOR	30-Apr-04
4	SMT. A.U. NAYAK	Manager	2,043,262.60	51	B.A., FIII	7-Nov-75		30-Apr-04
5	SMT. A.D'SOUZA	Dy.Manager	2,104,483.02	54	M.COM.,LL.B.,FIII	1-Mar-72	PUB.SECTOR	30-Apr-04
6	SRI P.V. LIMAYE	A.M.	2,147,802.72	53	MATRIC	20-Aug-70	PUB.SECTOR	30-Apr-04

Sr. No.	Name of the Employee	Designation	Remuneration	Age	Qualification	Date of commencement of Employment	Last Employment	Date of Relieving
Employees Employed for part of the year							**Statement - III**	
7	SMT. J. NELSON	A.M.	1,961,945.08	49	B.A., AIII	1-Mar-74		30-Apr-04
8	SMT. V.N. SHETTY	A.M.	1,699,617.14	55	B.A., AIII	16-Apr-75		30-Apr-04
9	MS. M. FRANCIS	A.M.	1,749,924.77	50	M.A., B.COM., AIII	12-Jan-77	PVT.SECTOR	30-Apr-04
10	SRI S.S. AMRUTE	A.M.	1,561,637.68	56	B.COM.,LL.B, AIII	23-Dec-69	PVT.SECTOR	30-Apr-04
11	SRI Y.K. SABANE	A.M.	1,701,154.80	51	B.A.	12-Sep-77		30-Apr-04
12	SMT. C.M. KURUP	A.M.	1,708,833.90	51	B.SC.,AIII	1-Jun-78	PVT.SECTOR	30-Apr-04
13	SMT. L.B. PILLAI	A.O.	1,416,455.82	56	MATRIC	5-May-70	PVT.SECTOR	30-Apr-04
14	SMT.B VENKATRAMAN	A.O.	1,678,899.00	50	B.COM.,LIII	1-Jun-76	PUB.SECTOR	30-Apr-04
15	SMT. B.R. TOLANI	A.O.	1,909,361.24	54	B.A.	1-Nov-71	PVT.SECTOR	30-Apr-04
16	SRI B.S. WALVE	A.O.	1,013,372.35	57	B.A., LLB.,LIII	1-Jun-74	PUB.SECTOR	30-Apr-04
17	MS. R.R. MADON	A.O.	1,783,034.74	51	B.A.	1-Aug-74		30-Apr-04
18	SRI MSI BOXWALLA	A.O.	962,584.73	57	B.COM.	1-Mar-76		30-Apr-04
19	SRI D.L. PARMAR	A.O.	1,472,205.96	47	B.COM.	1-Mar-76		30-Apr-04
20	SRI R.B. MANJAVKAR	A.O.	1,548,311.47	54	B.A.,LL.B	17-Jan-77		30-Apr-04
21	SRI J.S. KHANOLKAR	A.O.	1,669,970.11	51	B.COM.,LL.B., LIII	17-Jan-77		30-Apr-04
22	SMT. C.V. MENON	A.O.	1,376,768.67	46	B.COM.	15-Sep-79		30-Apr-04
23	SMT. G. SANTHAMMA	A.O.	1,637,100.00	55	MATRIC,LIII	16-Sep-85	PUB.SECTOR	30-Apr-04
24	SMT. A.S. MURDESWAR	A.A.O.	1,599,621.52	53	B.A.	1-Aug-74		30-Apr-04
25	SRI D.N. KANCHAN	A.A.O.	1,139,555.58	56	P.U.C.	1-Oct-74		30-Apr-04
26	SMT.D.N. KOTHARE	A.A.O.	607,619.81	59	MATRIC	17-Jun-74	PVT.SECTOR	30-Apr-04
27	SMT. S.R. PUTHRAN	A.A.O.	1,684,464.80	54	MATRIC	18-Nov-70	PUB.SECTOR	30-Apr-04
28	SRI S.S. JADHAV	A.A.O.	1,792,894.61	53	B.A.	3-Nov-69	PVT.SECTOR	30-Apr-04
29	SMT. P.M. MARATHE	A.A.O.	1,537,921.30	50	B.A.	17-Jan-77	PUB.SECTOR	30-Apr-04
30	SRI S.J. BHATKHANDE	A.A.O.	1,418,722.43	50	B.COM.,LIII	21-Sep-78	PVT.SECTOR	30-Apr-04
31	SMT. N.A. SAVUR	Sr. Asst.	1,124,107.38	52	MATRIC	2-Jun-75		30-Apr-04
32	SRI V.L. JADHAV	Sr.Asst.	1,464,996.99	51	9TH	1-Jun-71	PVT.SECTOR	30-Apr-04
33	SMT. R.M. TAURO	Sr.Asst.	1,368,433.43	50	B.A.	1-Jun-74		30-Apr-04
34	SMT. D.P. LALSODAGAR	Sr.Asst.	1,179,841.48	50	B.A.	24-Aug-77	PVT.SECTOR	30-Apr-04
35	SRI G.T. INARKAR	Sr.Asst	929,259.00	50	7TH	17-Oct-77		30-Apr-04

36	SMT. S.D. BAGWE	Sr.Asst.	927,104.40	45	B.A.	6-Aug-84		30-Apr-04
37	SRI M.K. KEDARE	Sr.Asst.	637,275.51	58	MATRIC	8-May-67	PVT.SECTOR	30-Apr-04
38	SRI S.N. GONJARI	Assistant	763,694.17	57	9TH	1-Oct-74		30-Apr-04
39	SRI D.B. POOJARY	Assistant	1,087,466.02	53	7TH	1-Jun-74		30-Apr-04
40	SRI B.R. KADAM	Assistant	532,569.68	58	9TH	1-Jun-74		30-Apr-04
41	SRI M.P. SANAP	Assistant	979,947.75	56	9TH	16-Nov-70	PVT.SECTOR	30-Apr-04
42	SRI K.B. PURABIA	Assistant	766,476.87	46	7TH	1-Dec-77		30-Apr-04
43	SRI D.G. JADHAV	Assistant	838,938.43	45	9TH	1-Dec-77		30-Apr-04
44	SRI B.L. RATHOD	Assistant	874,109.70	55	9TH	25-Sep-78		30-Apr-04
45	SRI S.T. KOTIAN	R.C.	773,626.79	53	7TH	10-Mar-75		30-Apr-04
46	SRI B.N. PADWAL	Sub Staff	640,315.69	55	8TH	1-Aug-74	PVT.SECTOR	30-Apr-04
47	SRI P.H. KHAN	A. G. M.	1,941,394.00	55	M.SC.(AG),AIII	19-Feb-79	PUB.SECTOR	14-May-04
48	DR L.H. SHARMA	Manager	1,459,953.15	55	M.A.,PH.D., B.SC., B.ED	9-Oct-86	PUB.SECTOR	14-May-04
49	SRI M.T. PUTHRAN	Manager	1,610,017.40	56	M.A., AIII	8-Apr-67	PVT.SECTOR	14-May-04
50	SRI V. SARATCHANDRAN	Manager	1,412,618.69	56	B.A., AIII	13-May-68	PUB.SECTOR	14-May-04
51	SMT. G.B. DASTOOR	A.O.	1,471,350.01	55	B.A.	1-Apr-75	PVT.SECTOR	14-May-04
52	SRI B.N. GOPALKRISHNA	A.O.	1,162,717.16	44	M.COM.,FIII	3-Feb-84	PUB.SECTOR	14-May-04
53	SMT. N.S. SINKAR	A.A.O.	744,533.00	42	B.COM.,AIII	9-Dec-88	PVT.SECTOR	14-May-04
54	SMT. K.N. PUDUMJEE	Dy. Manager	1,693,321.12	55	MATRIC	1-Apr-69	PVT.SECTOR	31-May-04
55	SMT.M.A. ROOWALLA	A.M.	2,181,595.79	53	MATRIC	21-Sep-70	PVT.SECTOR	31-May-04
56	SMT. L.D'SOUZA	A.O.	1,744,385.81	52	B.A.	12-Jan-77	PVT.SECTOR	31-May-04
57	MS. U.G. SHEJWAL	A.A.O.	1,387,986.91	53	B.A., LIII	17-Jan-77		31-May-04
58	SMT.S.S. WAGLE	Sr. Asst	907,486.36	43	B.A.,LIII	21-Nov-84	PVT.SECTOR	31-May-04
59	SRI R.S. PARDESHI	Sr.Asst	602,981.34	40	B.COM.,LIII	9-Mar-87	PVT.SECTOR	31-May-04
60	SRI S.SKANDAN	Dy. Manager	1,373,006.87	42	C.A., FIII	26-Dec-85	PVT.SECTOR	30-Jun-04
61	SRI A.H. PATIL	Dy. Manager	2,167,349.60	53	B.SC.,LLM,FIII	1-Mar-72	PUB.SECTOR	30-Jun-04
62	SMT. S. SUBRAMANIAN	Dy. Manager	1,909,816.42	46	B.A.,LL.B.,FII	17-Jan-77		30-Jun-04
63	SRI G. MUNTAQA	A. G. M.	2,204,260.91	53	M.SC.,AIII	17-Feb-79		31-Jul-04
64	SMT. P. KRISHNAMURTHY	A.O.	1,695,604.31	50	B.A., LIII	1-Dec-77	PVT.SECTOR	31-Jul-04

Note:- 1. Remuneration includes Gross Salary, Gratuity, Leave Encashment, Co's Contribution to Provident Fund, Mediclaim and all other perquisites i.e. Accommodation and reimbursement of expenses.

2. All the above employees retired under the Special Voluntary Retirement Scheme.

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

ECONOMIC SCENARIO

The year 2004-05 witnessed quite a few trend reversals. Global interest rate levels which faced a downward pressure in the beginning of FY 2004-05, started firming up from 2nd quarter onwards. Global imbalances created by upward pressure on oil prices, volatile exchange rate and occurrence of natural calamities like Tsunami, Hurricanes impaired the global growth rate. US Federal Reserve went for interest rate hike during the year. US economy posted an overall moderate growth. The European Union as a whole did well during 2004-05 although uncertainty over further unification may act as a dampener in the times to come. The real action was witnessed in the ever growing Chinese economy, where speculation on devaluation of Yuan has kept anxiety level high. Even the Japanese economy started showing signs of recovery from the long phase of zero growth. Overall, the global economy grew by 3.60% during 2004-05.

The year under review has been particularly good for the Asian economies including China, India, and ASEAN nations. Factors like availability of competent workforce, FDI friendly norms & continued reforms in these economies, huge untapped local markets and quota-free regime for several industries (post March 2005) are the primary positive factors behind this swing.

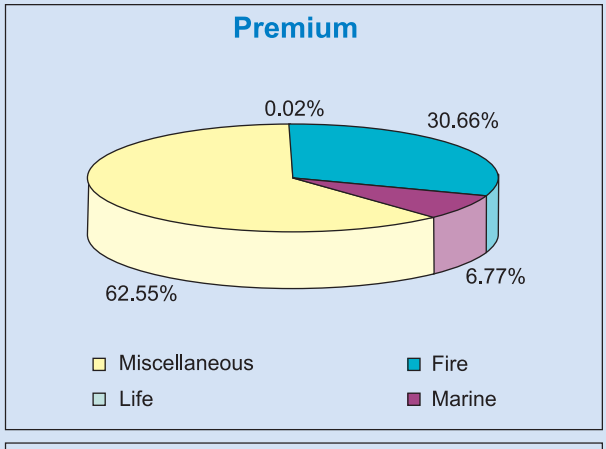
The macroeconomic conditions for India remained favourable with the country posting a growth of 6.30%; all this despite several adverse factors like deficient monsoons, hardening oil & steel prices. The Agricultural sector grew by a mere 1.10%, Industrial sector by 7.30% and Services sector topped with a growth of 8%. Sectors like Manufacturing, Mining and Electricity recorded growths of 8.90%, 5.30% and 6.30% respectively.

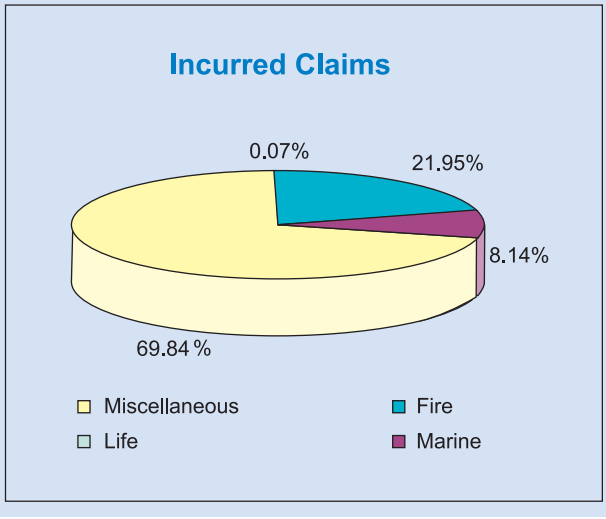
The average annual rate of inflation hovered around 6.40% and the money supply grew by 13.28% during 2004-05. India's exports and imports went up by 19% and 23% respectively. Forex reserves stood at US$ 141.20 billion as at March 31, 2005.

All the factors listed above contributed towards growth of insurance industry on a global scale during 2004-05. The Asian market (excluding Japan) posted an even better growth during the year under review.

BUSINESS PERFORMANCE

The total earned premium was INR 4373.68 crores for 2004-05 as compared to INR 3991.79 crores, posting a growth of 9.56%. Growth





came from all the four classes of business namely Fire, Marine, Miscellaneous and Life. The overall underwriting results show a loss of INR 572.28 crores. Income from investment was INR 1398.61 crores for 2004-05 as compared to INR 1352.43 crores, posting a growth of 3.41%. An overall revenue profit of INR 278.23 crores has been achieved after apportioning investment income to Policyholders' Fund. For the year under review, Profit before tax (PBT) stood at INR 800.08 crores and profit after tax (PAT) stood at INR 200.02 crores.

Incurred claims for all classes put together increased to INR 3702.80 crores partly due to the losses arising from Tsunami occurring on December 26, 2004. Tsunami affected Indonesia, Sri Lanka and Maldives to a large extent. India's eastern coastal region also suffered loss of lives and property.

Net premium in **Fire class** contracted marginally by 4.3% year on year basis. The primary reasons were more selective approach in accepting business, soft market conditions prevailing in GIC's main foreign markets and increased interest of foreign reinsurers in Indian domestic business. Incurred claims under fire class increased steeply by 42.58% to INR 812.70 crores. One major fire risk loss was reported viz. Fire at Indian Oil Corporation's site; initially the total estimated loss was INR 50 crores which was later revised to INR 102 crores and GIC's share is estimated at INR 33 crores. A revenue profit of INR 241.44 crores under fire class has been achieved after apportioning of investment income to fire class under revenue account.

Net premium for **Marine class** showed a 13.1% growth year on year basis. The major losses to affect it were (1) BBC China, a cargo loss – GIC's share being INR 13.85 crores; (2) Hyundai Motors, a cargo loss due to Tsunami – GIC's share being INR 10.81 crores; (3) Vessel 'Lok Pragati' which sank near the coast of China – GIC's share being INR 17.92 crores. All this contributed towards an increase in incurred claims to INR 301.59 crores. This class gave an underwriting loss of INR 89.79 crores. A revenue loss of INR 18.03 crores under marine class has been incurred after apportioning of investment income to marine class under revenue account.

Net premium in **Miscellaneous class** showed a healthy growth of 18.8% year on year basis. Incurred claims under miscellaneous class increased to INR 2586.07 crores. This class of business has given a negative result of INR 541.94 crores mainly due to losses from motor portfolio and additional provisioning. A revenue profit of INR 56.70 crores under miscellaneous class has been achieved after apportioning of investment income to miscellaneous class under revenue account.

Life class is relatively a new entrant and is still in the process of establishing itself. Net premium of INR 1.27 crores reflects a growth of more than 800% over last year. The percentage though does not stand much relevance considering the miniscule base of INR 13 Lakh during 2003-04. A revenue loss of INR 1.88 crores under life class has been achieved after apportioning of investment income to life class under revenue account.

Policyholders' fund stood at INR 7504.41 crores as at 31.03.2005 as compared to INR 6420.55 crores as at 31.03.2004 showing an increase of INR 1083.86 crores (16.88%). This increased provision along with IBNR provision for additional o/s is based upon detailed actuarial analysis and review. Corporation's total funds were INR 11767.69 crores as at 31.03.2005 as compared to INR 10558.61 crores as at 31.03.2004, registering an impressive growth of INR 1209.08 crores (11.45%).

BUSINESS GROUPS

INDIAN (Excluding Aviation)

The Indian business group comprises of the support provided by the Corporation to the

Indian market in the form of Obligatory Cessions, Company Surplus Treaties, Market Surplus Treaties, XOL protection to direct players in India and Facultative acceptances. Corporation has been providing lead support to reinsurance programs of several companies in India.

INR Crores

	Fire		Engineering		Marine		Misc.(Others)		Life	
Year	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**
Earned Premium	751.77	780.26	171.99	153.41	191.79	207.61	2,156.84	2,033.91	0.68	0.06
Incurred Claims	359.31	294.90	86.73	179.39	218.58	129.08	2,221.56	1,777.73	2.44	-
U/W Profit/(Loss)	120.31	243.00	23.78	(78.61)	(75.49)	35.07	(573.23)	(238.96)	(1.76)	0.06

FOREIGN INWARD (Excluding Aviation)

Tsunami losses mainly from Sri Lanka, Indonesia, Maldives and losses from Hurricane Ivan have affected various segments of the foreign inward business.

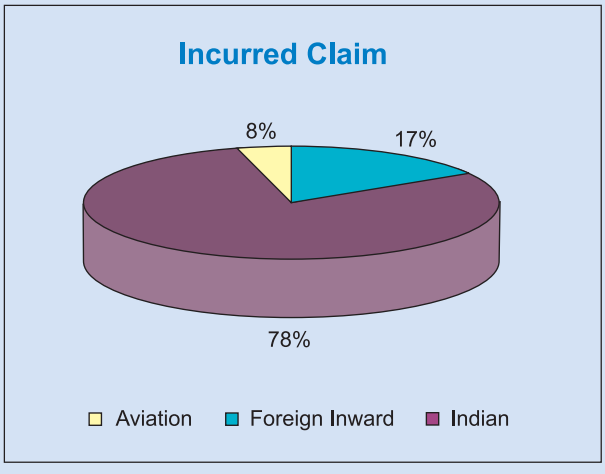
INR Crores

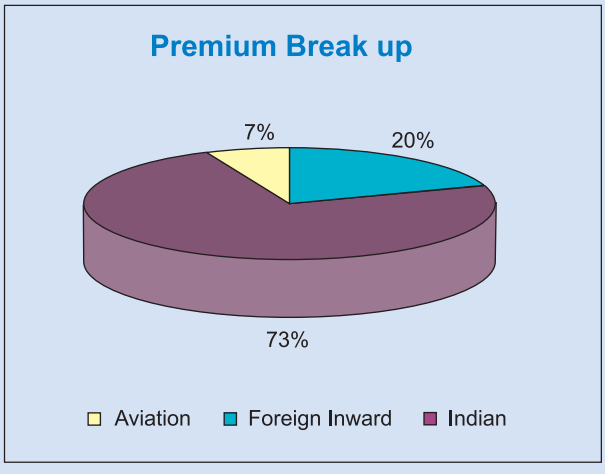
	Fire		Engineering		Marine		Misc.(Excl. Engg.)	
Year	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**	**2004-05**	**2003-04**
Earned Premium	589.21	475.00	49.36	32.67	104.37	54.95	113.79	114.81
Incurred Claims	453.38	275.09	24.34	16.48	83.00	65.83	79.06	61.51
Net Revenue Profit / (Loss)	(50.64)	50.83	7.68	4.17	(11.76)	(37.47)	8.72	29.87

AVIATION

INR Crores

	Domestic		Foreign Inward	
Year	**2004-05**	**2003-04**	**2004-05**	**2003-04**
Earned Premium	32.88	23.24	210.95	115.81
Incurred Claims	25.57	15.06	148.79	80.26
Net Revenue Profit	2.61	8.46	13.21	8.40





CROP REINSURANCE

GIC holds 35% equity in Agricultural Insurance Corporation of India Ltd. (AICIL) set up to carry on the crop insurance business. AICIL has introduced an insurance scheme namely 'Varsha Bima' to protect the farmers from vagaries of the monsoon. The other schemes introduced by them are 'Farm Income Insurance Scheme', 'Coffee Rainfall Index & Area Yield Insurance Cover' and 'Sukha Suraksha Kavach'. GIC would be providing reinsurance support to AICIL as per their needs.

GIC's Reinsurance Program

The Corporation has purchased Excess of Loss protection for its Net Retained Portfolio only. The program has been designed accordingly keeping the following objectives in mind:

1. Optimizing the retention within the country.
2. Ensuring adequate coverage for exposures.
3. Developing adequate capacities within the domestic market.

A vertical capacity to cover a risk up to INR 1500 crores (PML) has been developed for the benefit of the Indian Market. An additional cover by the name 'Peak Risk Facility' is also in place. High value risks are automatically ceded to this facility after cession to various other arrangements. This increases GIC's capacity to INR 3000 crores (PML) for such risks.

A Catastrophic peril cover is in place for a limit of INR 850 crores. An additional Earthquake peril protection for INR 750 crores has also been taken. A Marine cover for INR 250 crores is also in place. Protection for Personal Accident business and Oil & Energy business has also been put in place.

Marine Hull Pool continues to operate with GIC as the Manager. Similarly, the Terrorism Pool is also being managed by GIC on behalf of the Indian Insurance Industry. In view of the good results of the Terrorism Pool, the limit has been increased to INR 500 crores per location with effect from 01.02.2005. Further the rates have also been revised downwards.

GIC has taken over the GOI's War Scheme with effect from 01.01.2005. To protect the exposures due to war, an additional cover of INR 400 crores for War alone has been taken.

Alternate Risk Transfer (ART) Cover

The Corporation has entered into ART agreement with Swiss Re, America for the following:

1. Providing Top End Umbrella Reinsurance Protection:
   - Domestic Business - INR 200 crores Excess of Underlying Domestic Non Marine, PA & Marine Excess of Loss Program
   - Foreign Inward - US$ 20 Mln Excess of Underlying Foreign Inward Non Marine Property Excess of Loss Program
2. As a Reinsurance participation across the board (i.e. all layers) of the Reinsurance Excess of Loss Program protecting GIC's net retained account in respect of:
   - Domestic Non Marine & PA business.
   - Overseas Non Marine business.

The validity of the ART contract has been extended up to April 30, 2008 and April 30, 2007 for Top End Umbrella Protection and Net Retained Protection respectively. This arrangement provides a cost effective complement to GIC's Excess of Loss Protection arrangements and would result in significant benefits for the Corporation which shall be realized at the end of the contract.

Investments

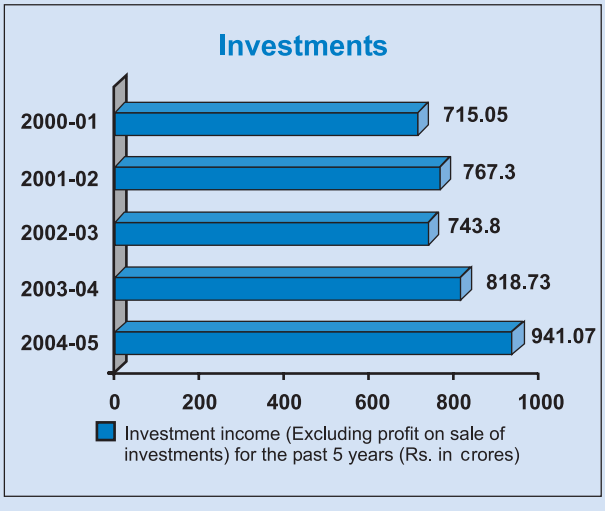
The year 2004-05 was marked by good performance in all the Sectors of the economy. This had effect in the stock markets with the sensex rising from 5590 as on 31.03.2004 to 6493 in 2005. The sensex touched an all time high of 6955 on 9th March, 2005. The main appreciation was in the equities belonging to

steel, metal, engineering, cement and pharmaceuticals. The Corporation took advantage of the conditions and realized profits to the extent of Rs.464.85 crores in the year under review.

Monetary conditions continued to be driven by large capital inflows in 2004-05 as in the previous year. Expansionary effects on base money and money supply were, however, headed off through operations under the Market Stabilization Schemes and Liquidity Adjustment Facility. Consequently, money supply remained well within the projected trajectory.

The annual inflation rate as measured by variations in the wholesale price index (WPI), on a point-to-point basis, peaked from 4.6 percent March ending 2004 to 8.7 percent by August ending 2004. On an average basis, the annual rate of inflation during 2004-05 was higher at 6.4 percent as compared with 5.4 percent in the previous year.

During 2004-05, the Central Government's net market borrowings at Rs. 46,050 crores were significantly lower than such borrowings in the



previous year. This could be partly attributed to receipts by the Centre from the States under the debt swap scheme (DSS).

Credit Rating

The Corporation was rated as A (excellent) by A.M. Best for the fourth year in a row. AM Best has also affirmed the stable outlook of the Corporation on the basis of its financial strength, risk adjusted capitalization, business profile and operating performance.

Indian credit rating agency CARE has assigned AAA (In) Claims Paying Ability rating to the Corporation. This reflects the solid financial strength, asset base and prudent underwriting policies.

IT Initiatives

During the year under review, GIC launched a major IT initiative in introducing an Enterprise Resource Planning software package supplied by a leading German company SAP. This ERP system has the distinct advantage of faster implementation as it incorporates world's best practices prevalent. The business blueprinting exercise under SAP methodology is nearing completion and the project is expected to go live in October 2005. However, as a matter of abundant caution, the existing systems would continue in parallel till the end of the current financial year after which there would be a complete switchover to SAP-ERP package.

Risk Analysis

- **Global risks** encompass variables like geo-political, legal, environmental and financial issues. As an emerging international reinsurer, GIC's success depends upon ability to understand and respond to these risks in a proactive manner. Terrorism, natural perils, liability, environmental issues are all various factors having a global implication.
- The Management is keeping a continuous vigil on all these matters. Mutual exchange of information with various global players in the insurance market forms one of the means to remain abreast of changes in global risk situation. Also, our international offices in London, Moscow & Dubai are giving first hand feedback from their

respective regions.

- **Strategic risks** derive primarily from an imbalance between the defined corporate strategy and the constantly fluctuating business environment. Ongoing monitoring of mission-critical parameters and regular review of our underlying assumptions are therefore a must.

The Corporation's present strategy emanates from its role as the Indian Reinsurer to provide capacity to the Indian market and also optimizing the retention of non-life insurance premium within the country. GIC is increasingly being recognised as a reinsurer in the Afro-Asian market. Government's proposal to increase FDI limit in insurance sector, market pressures towards detarrification and possible entry of reinsurance majors into India would call for an appropriate strategic response from GIC. The management is aware of this scenario and would adequately respond to these challenges.

Operational Risks (Technical) is of special importance to a reinsurance company. The risk factors that could possibly impact the business would relate to appropriate pricing; accurate estimates of claims liability and establishing adequate reserves for catastrophic losses. Combined Ratio and Loss Reserving Methodology are the two main tools used worldwide for monitoring the operational risks (technical) worldwide.

Class wise Combined Ratio For GIC				
	2000-01	2002-03	2003-04	2004-05
All Classes	121.25%	115.57%	100.43%	113.10%
CAT Losses*				4%
** Tsunami, Hurricane Ivan, Indian Flood losses*				

GIC adopts a very conservative loss reserving methodology. The loss reserve provisions have been actuarially evaluated and additional outstanding loss reserves to the tune of INR 320 crores and IBNR provisions to the tune of INR 476 crores have been provided as recommended by the Actuaries. This provisioning had an immediate impact on the incurred claim ratio which increased by 12.20% over the last year. The resultant combined ratio for 2004-05 stands at 113.10% (as compared to combined ratio of 100.43% for 2003-04).

Operational Risks (Investments) Investment risks mainly consist of market fluctuations, quality of the investments (e.g. Security Ratings), and liquidity. The debt portfolio mainly consists of Govt. Securities, 'AA' and higher rated corporate papers. GIC's debt portfolio being of high quality enjoys liquidity benefits and least of credit risk. Corporation follows an active investment policy with an aim to earn better returns.

Investment in equities is purely based on fundamental & technical analysis with a long term view. This provides high liquidity to the overall portfolio. Consistently high returns are being achieved by following an active investment policy. The book value of GIC equity portfolio as at 31.03.2005 was INR 2818.40 crores whereas the market value stood at INR 7,962.46 crores.

MANAGEMENT'S INITIATIVE

The Corporation visualizes that rapid action in the areas of technology initiatives, intensive & extensive training to build up specialization among employees, proactive marketing both at domestic & international level associated with appropriate expansion in the international marketplace would give the competitive edge to not only maintain but also improve GIC's business & image as international Reinsurer in the years to come.

IT initiatives such as SAP-ERP solutions are already on hand. Specialized Training needs have been identified and series of in-house and external training programmes are already under way. GIC's officers are visiting the offices of the Cedants in the domestic markets and take the opportunities to meet a number of international ceding companies in various conferences/seminars. GIC would also evaluate business options such as strategic international partnering, acquisition of controlling stake in insurance/ reinsurance companies in the international markets. Plans

would be drawn to build up service infrastructure to cater to all specialized services expected of a reinsurer.

FUTURE OUTLOOK

In the short term i.e. for 2005-06, considering the competition from international reinsurers, GIC would focus its attention on preserving its share in the domestic market. Simultaneously, the Corporation would redouble its marketing efforts to increase its international book of business. Expansion of overseas office network in the Afro-Asian region would be given due priority. In the long term, GIC would like to position itself amongst the top 20 reinsurers globally.

An enlarged Board with a full complement of Directors with diversified expertise will be a catalyst in growth and will guide GIC in achieving the stated objectives of expansion through acquisitions etc. GIC also plans to leverage it's strengths with the opportunities available to achieve it's objectives as a major reinsurance player in the Afro-Asian and other emerging economies.

MANAGEMENT REPORT

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

1. Confirms that the Registration No. 112 granted by the Authority continues to be valid.

2. Certifies that all the dues payable to the statutory authorities have been duly paid.

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

4. Declares that the funds of the holders of policies in India are not directly or indirectly invested outside India.

5. Confirms that the required solvency margins have been maintained.

6. Certifies that the values of all the assets of the Corporation including that of Terrorism Pool business for which GIC is acting as Manager, have been reviewed on the date of the Balance Sheet and that in our belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings- "Loans", "Investments", "Interest, Dividends and Rents outstanding", "Interest, Dividends and Rents accruing but not due", "Amounts due from other persons or Bodies carrying on insurance business", "Sundry Debtors", "Cash" and the several items specified under "Other Accounts".

7. Confirms that the Corporation's risk exposure consists of a) Obligatory Cessions; b) Facultative support given to Indian Insurance companies; c) The Corporation's share in Indian Insurance companies through First/Second Surplus Treaties and Excess of Loss programme; d) The Corporation's share in Market Surplus Treaties and e) Foreign Inward business accepted. All these exposures are adequately protected by the Corporation's reinsurance programme for 2004-05.

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 except in the case of run off liabilities in aviation department. The portion of the claims recoverable under the reinsurance obligations of the Corporation are settled with the reinsured through periodical accounts statement. The position of outstanding claims under the categories of Indian, Foreign Inward and Aviation Business are as disclosed in Note No. 11.6 of the Disclosures forming part of Financial Statements.

10. This is to certify that the values as shown in the Balance Sheet, of the investments and stocks and shares have been arrived at as stated in Significant Accounting Policies No. 7.5 to 7.8, 7.13 and 7.14.

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, 2005 is at Rs.804.05 crores, as compared to Rs.800.45 crores in the previous year. Out of the total loan assets of Rs.804.05 crores, Rs.791.45 crores are either secured or guaranteed by the Government Bodies representing 98.40% and balance of Rs.12.60 crores are unsecured. Interest Income from Loans amounted to Rs.137.82 crores and the gross yield is 17.20%. Standard Performing Assets account for Rs.672.32 crores and the net Non-performing Assets (NPA) is Rs.48.17 crores after making a provision of Rs.83.56 crores.

Investments:

The book value of the investment as on 31st March, 2005 has increased to Rs.9561.80 crores from Rs.7972.86 crores.The realizable value of the investment is Rs.14912.09 crores

as at 31st March, 2005 showing an appreciation of 58.59% over book cost. Income from investment amounted to Rs.725.56 crores as against an income of Rs.664.12 crores in the previous year. Out of the total investments of Rs.9561.80 crores, Rs.3818.93 crores are invested in Government securities/guaranteed bonds. The Corporation has complied with the regulations of Investments prescribed by IRDA. For the purpose of investment limits in housing and infrastructure/social Sector, the compliance has been made on aggregate basis. Profit on sale of investments booked during the year is Rs.464.85 crores as compared to Rs.523.77 crores in the previous year.

12. Confirms that :
    i. In the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures.
    ii. The management has adopted accounting policies and applied them consistently (including those specifically required by various IRDA regulations) and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit and net profit of the company for the year.
    iii. Proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938/ Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities have been taken.
    iv. The financial statements are prepared on a going concern basis.
    v. The management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.
13. Certifies that no payment has been made to individuals, firms, companies and organisations in which the Directors of the Corporation are interested.

For and on behalf of the Board of Directors

R.K. Joshi
Chairman-cum-Managing Director

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, MUMBAI FOR THE YEAR ENDED 31ST MARCH, 2005.

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act, 1956, on the accounts of General Insurance Corporation of India, Mumbai for the year ended 31st March, 2005.

(Sushama V. Dabak)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board – I, Mumbai.

Place : Mumbai.

Date : 12th August, 2005

REVIEW OF ACCOUNTS BY COMPTROLLER & AUDITOR GENERAL OF INDIA ON THE ACCOUNTS OF GENERAL INSURANCE CORPORATION OF INDIA FOR THE YEAR ENDED 31ST MARCH, 2005

(Note:- The Review of Accounts has been prepared without taking into account comments under Section 619(4) of the Companies Act, 1956 and the qualifications contained in the Statutory Auditors' Report.)

(Rs. in Crores)

	2004-05	2003-04	2002-03
1. FINANCIAL POSITION			
LIABILITIES : (A)			
(a) Paid up Capital	**215.00**	215.00	215.00
(b) Reserves & Surplus			
(i) Free Reserves & Surplus	**4044.25**	3917.78	2952.92
(ii) Committed Reserves	**303.76**	269.84	256.54(*)
(iii) Fair Value Change Account	**5144.14**	4154.09	1149.67
(iv) Deferred Tax Liability	**4.02**	5.29	6.01
(c) Reserve for unexpired risks	**2497.25**	2257.06	2085.87
(d) Estimated Liabilities in respect of outstanding claims	**5007.15**	4163.48	3813.25
(e) Current Liabilities & Provisions			
(i) Provisions	**844.49**	513.53	254.11
(ii) Other Current Liabilities	**1491.77**	945.06	961.73
	19551.83	16441.13	11695.10
ASSETS: (B)			
Gross Block	**67.27**	63.22	65.36
Less: Cumulative Depreciation	**26.97**	25.28	24.38
(f) Net Block	**40.30**	37.94	40.98
(g) Investments & Loans			
(i) Long Term Investments	**14052.65**	11686.76	6698.46
(ii) Short-term Investments	**577.60**	440.19	1128.71
(h) Current Assets, Loans & Advances	**4881.28**	4276.24	3826.95
	19551.83	16441.13	11695.10
Capital Employed [f+g(ii)+h-A(e)]	**3162.92**	3295.78	3780.80
Net worth [a+b(i)]	**4259.25**	4132.78	3167.92
Net worth/share (Rs.)	**1981.05**	1922.22	1473.45

(*) The Corporation does not have any committed reserves. Provisions for doubtful loans, investments and Debts(Rs.300.9 crores) and Provision for Leave Encashment (Rs. 2.86 crores) shown in the Schedule 14 forming part of accounts have been considered as committed reserves as per the practice followed in previous years.

(Rs. in Crores)

	2004-05	2003-04	2002-03
2. RESERVES			
FREE RESERVES			
(i) General Reserve	**4043.61**	3917.11	2952.31
(ii) Investment Reserve	**0.58**	0.58	0.58
(iii) Profit and Loss Appropriation Account	**0.06**	0.09	0.03
	4044.25	3917.78	2952.92
COMMITTED RESERVE			
(i) Capital Reserve	**-**	-	-
(ii) Reserve for doubtful debts	**300.90**	265.10	253.40
(iii) Reserve for gratuity	**-**	-	-
(iv) Reserve for leave encashment	**2.86**	4.74	3.14
	303.76	269.84	256.54
Balance of Accounts	**2497.25**	2257.06	2085.87
Estimated Liability in respect of O/S Claims whether due or intimated	**5007.15**	4163.48	3813.25
3. INVESTMENTS (SHORT-TERM)			
(i) To Banks under Certificate of Deposit Scheme	**-**	-	-
(ii) Short term loans with Non-banking Companies	**-**	-	1128.71
(iii) Cash at Bankers on FD Account	**-**	-	-
(iv) Cash at Bankers on Call Deposit	**-**	-	-
(v) Loan to Banks under Commercial Paper Scheme	**-**	-	-
(vi) Short term investments	**577.60**	440.19	-
	577.60	440.19	1128.71
4. CURRENT ASSETS, LOANS & ADVANCES			
(i) Sundry Debtors	**0.97**	1.13	55.98
(ii) Cash & Bank Balances	**1494.37**	1787.91	1516.81
(iii) Loans & Advances *	**804.05**	800.45	795.82
* Secured Loan is Rs. 281.71 crores and unsecured is Rs. 522.34 crores.			
(Total of loans minus items(i),(ii) and (v) of investments)			
(iv) Current Assets:			
(a) Deposits with Foreign Governments as security for policy holders	**-**	-	-

(Rs. in Crores)

	2004-05	2003-04	2002-03
(b) Foreign Agencies balances	**-**	-	-
(c) Agents balances	**-**	-	-
(d) Outstanding Premium	**-**	-	-
(e) Interest, Dividends & Rents O/S	**-**	-	-
(f) Interest, Dividends and Rents accruing but not due	**221.62**	216.45	175.64
(g) Amounts due from other persons or bodies carrying on Insurance Business	**407.61**	423.41	458.62
(h) Advances, Deposits & Prepaid Expenses including Taxes	**1490.57**	805.69	569.29
(i) Reserve Deposit with Ceding Companies	**420.49**	215.03	249.79
(j) Application money for Investments	**41.60**	26.17	5.00
(k) Vehicles on contribution basis and loans against vehicles	**-**	-	-
TOTAL CURRENT ASSETS	**4881.28**	4276.24	3826.95
Less : (iv)(f), (h) & (k)	**1712.19**	1022.14	744.93
QUICK ASSETS	**3169.09**	3254.10	3082.02
5. CURRENT LIABILITIES & PROVISIONS			
Total Liabilities	**19551.85**	16441.13	11695.11
Less : Reserve & Surplus, Committed Reserves & Paid up capital	**12067.41**	10823.16	9323.58
	7484.44	5617.97	2371.53
Less : Provisions	**844.49**	521.79	260.17
CURRENT LIABILITIES	**6639.95**	5096.18	2111.36

6. LIQUIDITY & SOLVENCY

(a) The percentage of Current Assets to Total Net Assets decreased from 32.72 in 2002-03 to 26.01 in 2003-04 and to 24.97 in 2004-05.

(b) The percentage of Current Assets to Current Liabilities (including Provisions) decreased from 161.37 in 2002-03 to 76.12 in 2003-04 and to 65.22 in 2004-05.

(c) The percentage of Total Assets to Total Liabilities (excluding paid up capital and free reserves) decreased from 137.14 in 2002-03 to 133.57 in 2003-04 and to 127.85 in 2004-05.

(d) The percentage of Quick Assets (Sundry Debtors, Advances, Cash and Bank balances) to Current Liabilities (excluding Provisions) decreased from 145.56 in 2002-03 to 63.75 in 2003-04 and to 47.73 in 2004-05.

7. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 1245.94 crores from Internal and External Sources were generated and utilised during the year 2004-05 as given below :

(Rs. in Crores)

	2004-05	2003-04	2002-03
Sources of funds			
(a) Addition to Reserves and Surplus	**126.47**	964.86	236.71
(b) Increase in Insurance Funds	**1117.78**	534.72	1393.39
(c) Addition to Cumulative Depreciation	**1.69**	0.90	-0.35
	1245.94	1500.48	1629.75
Utilisation of funds			
(a) Addition to Gross Block	**4.05**	-2.14	-0.47
(b) Addition to Investments	**2503.32**	4299.78	694.34
(c) Increase in Working Capital	**-1261.43**	-2797.16	935.88
	1245.94	1500.48	1629.75

8. WORKING RESULTS

The working results of the Company for the last three years are given below :

(a) Net Premium	**4613.87**	4162.98	3832.79
(b) Expenses, Commission(Net), Claims, Increase in unexpired risk reserve and other outgo	**5187.32**	4181.27	4322.45
(c) Net underwriting Income (a-b)	**-573.45**	-18.29	-489.66
(d) Net of other Income (Investment, etc.)	**1373.53**	1295.20	832.56
(e) Net Profit as per Accounts	**800.08**	1276.91	342.90
(f) Profit before tax	**800.08**	1276.91	342.90
(g) Provision for taxation (net)	**600.06**	239.30	61.23
(h) Profit after tax	**200.02**	1037.61	281.67
(i) Percentage of incurred claims to net premium	**80.25**	69.55	71.60
(j) Percentage of expenses of management to net premium	**0.86**	0.79	0.76

Net commission in the three years 2002-03, 2003-04 and 2004-05 was Rs 909.01 crores, Rs.1071.63 crores and Rs.1207.47 crores respectively.

9. THE WORKING RESULTS OF FOREIGN OPERATIONS OF THE COMPANY FOR THE LAST 3 YEARS

NOT APPLICABLE

The branch was closed down on 31.12.1996.

(Sushama V. Dabak)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board – I, Mumbai.

Place : Mumbai.
Date : 12th August, 2005

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, 2005, and also the Revenue Accounts of Fire, Miscellaneous, Marine and Life reinsurance and the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto, in which are incorporated the returns of two foreign representative offices certified by the local Auditors. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

2. We report that:

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

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

   (c) 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, Profit and Loss account and Cash Flow Statement which is prepared adopting indirect method as detailed in note no.15 to the accounts dealt with by this report are in agreement with the books of account and returns.*

   (e) The actuarial valuation of liabilities is duly certified by the appointed actuary including to the effect that the assumptions for such valuation are in accordance with the guidelines issued by the Actuarial Society of India to its members and are in concurrence with the IRDA.

   (f) 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.

   (g) In our opinion, the Balance Sheet, Revenue Accounts and Profit & Loss Account and Cash Flow statement comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable to the Corporation and are also in conformity with the accounting principles as prescribed in the IRDA Regulations.

3) *(a) Note No. 5 regarding properties of the cost of Rs. 47.74 crores, for which conveyance deeds are yet to be executed/share certificates of the co-operative housing societies are yet to be received in the name of the Corporation.*

   (b) 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/analyzed/reconciled including those referred to in note no. 6 to the accounts. Pending such confirmation/ reconciliation, its impact on the accounts is not ascertainable.

   (c) Subject to 3 (a and b) above, in our opinion:

      (i) the Balance Sheet gives a true and fair view of the Corporation's state of affairs as at the financial year ended on 31st March, 2005;

(ii) the Revenue Accounts give a true and fair view of the surplus/deficit for the financial year ended on 31st March, 2005;

(iii) the Profit and Loss accounts gives a true and fair view of the profit/loss for the financial year ended on 31st March, 2005;

(iv) the Cash Flow statement gives a true and fair view of the cash flow for the financial year ended on 31st March, 2005;

(d) The financial statements stated at (a) above are prepared in accordance with the requirements of the Insurance Act, 1938 (4 of 1938), the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999) and the Companies Act, 1956 (1 of 1956), to the extent applicable and in the manner so required.

(e) Investments have been valued in accordance with the provisions of the Insurance Act, 1938 (4 of 1938) and IRDA (Auditor's report) Regulations, 2002.

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

4) On the basis of our examination we further certify that :

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

(b) The Corporation has complied with the terms and conditions of the registration stipulated by the Authority (IRDA).

5) We further certify that:

(a) We have verified the cash balances and securities relating to loans given by the Corporation and investments, by actual inspection or by production of certificates or other documentary evidence except to the extent of investments of the value aggregating to Rs. 0.13 crores as mentioned in Notes 3(a) to the accounts.

(b) The Corporation has not undertaken any transaction relating to any trust as a trustee. However, the Corporation is acting as a Manager of Terrorism pool and the investments, assets and liabilities pertaining to it are disclosed separately in accounts.

(c) No part of the assets of the policyholders' funds have been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 (4 of 1938) relating to the application and investments of the policyholders' funds.

For K.S. AIYAR & CO.,
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Place : Mumbai
Dated : 27th June, 2005

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

IN RESPECT OF FIRE INSURANCE BUSINESS

	Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1.	Premiums earned (Net)	1	**13409 859**	12552 699
2.	Profit on sale of Investments (Net)		**598 862**	685 399
3.	Profit/-Loss on Exchange Fluctuation		**41 918**	-59 002
4.	Interest, Dividend & Rent - Gross		**1204 394**	1085 582
	Total (A)		**15255 033**	14264 678
1.	Claims Incurred (Net)	2	**8127 015**	5699 938
2.	Commission (Net)	3	**4586 279**	3914 526
3.	Operating Expenses related to Insurance Business	4	**124 917**	114 705
4.	Expenses relating to Investments		**2 410**	1 913
	Total (B)		**12840 621**	9731 082
	Operating Profit /- Loss from Fire Business C = (A-B)		**2414 412**	4533 596
	APPROPRIATIONS			
	Transfer to Shareholders' Account		**2414 412**	4533 596
	Total (C)		**2414 412**	4533 596

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

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

R. K. Joshi	*Chairman-cum-Managing Director*
G. C. Chaturvedi	*Director*
A. K. Purwar	*Director*
R. N. Bhardwaj	*Director*
R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

IN RESPECT OF MISCELLANEOUS INSURANCE BUSINESS

	Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1.	Premiums earned (Net)	1	**27358 267**	24738 774
2.	Profit on sale of Investments (Net)		**1990 755**	2369 679
3.	Profit/-Loss on Exchange Fluctuation		**-2 087**	-21 928
4.	Interest, Dividend & Rent - Gross		**4003 684**	3753 263
	Total (A)		**33350 619**	30839 788
1.	Claims Incurred (Net)	2	**25860 717**	21304 470
2.	Commission (Net)	3	**6670 158**	6101 244
3.	Operating Expenses related to Insurance Business	4	**244 746**	192 308
4.	Expenses relating to Investments		**8 012**	6 615
	Total (B)		**32783 633**	27604 637
	Operating Profit/-Loss from Miscellaneous Business C = (A-B)		**566 986**	3235 151
	APPROPRIATIONS			
	Transfer to Shareholders' Account		**566 986**	3235 151
	Total (C)		**566 986**	3235 151

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

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

R. K. Joshi	*Chairman-cum-Managing Director*
G. C. Chaturvedi	*Director*
A. K. Purwar	*Director*
R. N. Bhardwaj	*Director*
R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

IN RESPECT OF MARINE INSURANCE BUSINESS

	Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1.	Premiums earned (Net)	1	**2961 676**	2625 718
2.	Profit on sale of Investments (Net)		**238 619**	279 817
3.	Profit/-Loss on Exchange Fluctuation		**-1 888**	-11 529
4.	Interest, Dividend & Rent - Gross		**479 897**	443 194
	Total (A)		**3678 304**	3337 200
1.	Claims Incurred (Net)	2	**3015 852**	1949 153
2.	Commission (Net)	3	**818 419**	700 608
3.	Operating Expenses related to Insurance Business	4	**23 414**	20 160
4.	Expenses relating to Investments		**960**	781
	Total (B)		**3858 645**	2670 702
	Operating Profit/-Loss from Marine Business C = (A-B)		**-180 341**	666 498
	APPROPRIATIONS			
	Transfer to Shareholders' Account		**-180 341**	666 498
	Total (C)		**-180 341**	666 498

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

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

R. K. Joshi	*Chairman-cum-Managing Director*
G. C. Chaturvedi	*Director*
A. K. Purwar	*Director*
R. N. Bhardwaj	*Director*
R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

IN RESPECT OF LIFE INSURANCE BUSINESS

	Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1.	Premiums earned (Net)	1	**6 989**	658
2.	Profit on sale of Investments (Net)		**-**	-
3.	Profit/-Loss on Exchange Fluctuation		**-10**	-
4.	Interest, Dividend & Rent - Gross		**267**	-
	Total (A)		**7 246**	658
1.	Claims Incurred (Net)	2	**24 443**	-
2.	Commission (Net)	3	**-**	-
3.	Operating Expenses related to Insurance Business	4	**1 557**	1 862
4.	Expenses relating to Investments		**-**	-
	Total (B)		**26 000**	1 862
	Operating Profit/-Loss from Life Business C = (A-B)		**-18 754**	-1 204
	APPROPRIATIONS			
	Transfer to Shareholders' Account		**-18 754**	-1 204
	Total (C)		**-18 754**	-1 204

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

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

R. K. Joshi	*Chairman-cum-Managing Director*
G. C. Chaturvedi	*Director*
A. K. Purwar	*Director*
R. N. Bhardwaj	*Director*
R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

Registration No. 112

Date of Registration with IRDA : 2nd April, 2001

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

	Particulars	Schedule	Current Year (Rs. '000)	Previous Year (Rs. '000)
1.	Operating Profit/-Loss			
	(a) Fire Insurance		**2414 412**	4533 596
	(b) Marine Insurance		**-180 341**	666 498
	(c) Miscellaneous Insurance		**566 986**	3235 151
	(d) Life Insurance		**-18 754**	-1 204
2.	Income from Investments			
	(a) Interest, Dividend & Rent - Gross		**3660 755**	3013 856
	(b) Profit on sale of Investments (Net)		**1820 240**	1902 843
3.	Other Income:			
	Profit on Exchange		**178 606**	-
	Profit on sale of Assets (Net)		**56**	143
	Sundry Balances Written Back (Net)		**275**	-
	Interest on Income-tax Refund		**-30 717**	30 717
	Miscellaneous Receipts		**411 277**	96 084
	Total (A)		**8822 795**	13477 684
4.	Provision for Doubtful Loans, Investment & Debts		**358 000**	117 000
5.	Amortisation of premium on Investments		**333 816**	232 896
6.	Diminution in the value of investments written off		**122 845**	234 757
7.	Other Expenses :			
	Expenses relating to Investments		**7 325**	5 312
	Loss on Exchange		**-**	116 687
	Sundry Balances Written off (Net)		**-**	1 949
	Total (B)		**821 986**	708 601
	Profit Before Tax		**8000 809**	12769 083
	Provision for Taxation :			
	Current Tax		**2590 000**	2400 000
	Wealth Tax		**50**	100
	Deferred Tax		**-12 665**	-7 224
	Provision for Tax in respect of earlier years (Note no.7)		**3423 183**	65
	Profit after Tax		**2000 241**	10376 142
	Balance brought forward from last year		**828**	326
	Profit available for appropriation		**2001 069**	10376 468
	Appropriations			
	(a) Proposed dividend (Note no.2)		**645 000**	645 000
	(b) Dividend distribution tax		**90 462**	82 640
	(c) Transfer to General Reserve		**1265 000**	9648 000
	(d) Balance carried forward to Balance Sheet		**607**	828
			2001 069	10376 468

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

R. K. Joshi	*Chairman-cum-Managing Director*
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A. K. Purwar	*Director*
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R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

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

BALANCE SHEET AS AT 31ST MARCH, 2005

Particulars	Schedule		Current Year (Rs. '000)	Previous Year (Rs. '000)
Sources of Funds				
Share Capital	5		**2150 000**	2150 000
Reserves and Surplus	6		**40442 551**	39177 771
Deferred Taxation Liability			**40 224**	52 889
Fair Value Change Account			**51441 420**	41540 893
	Total		**94074 195**	82921 553
Application of Funds				
Investments	8		**146302 589**	121269 562
Loans	9		**8040 494**	8004 529
Fixed Asssets	10		**403 057**	379 366
Current Assets:				
Cash and Bank Balances	11	**14943 668**		17879 100
Advances and Other Assets	12	**25828 633**		16878 775
Sub-Total (A)		**40772 301**		34757 875
Current Liabilities	13	**64989 275**		51085 432
Provisions	14	**36454 971**		30404 347
Sub-Total (B)		**101444 246**		81489 779
Net Current Assets (C)=(A-B)			**-60671 945**	-46731 904
	Total		**94074 195**	82921 553
Contingent Liabilities				
Claims against the Corporation not acknowledged pending arbitration			**5 000**	5 000

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

R. K. Joshi	*Chairman-cum-Managing Director*
G. C. Chaturvedi	*Director*
A. K. Purwar	*Director*
R. N. Bhardwaj	*Director*
R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 1

PREMIUM EARNED (NET)

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
A	**FIRE INSURANCE**		
	Premium from Direct Business written	–	–
	Add: Premium on Reinsurance accepted	**15955 126**	15942 380
	Less:Premium on Reinsurance ceded	**2878 823**	2283 089
	Net Premium	**13076 303**	13659 291
	Adjustment for change in reserve for unexpired risks	**333 556**	-1106 592
	TOTAL PREMIUM EARNED (NET)	**13409 859**	12552 699
B	**MISCELLANEOUS INSURANCE**		
(1)	**MOTOR**		
	Premium from Direct Business written	–	–
	Add: Premium on Reinsurance accepted	**15098 422**	12835 880
	Less:Premium on Reinsurance ceded	–	–
	Net Premium	**15098 422**	12835 880
	Adjustment for change in reserve for unexpired risks	**-1131 271**	-787 463
	TOTAL PREMIUM EARNED (NET)	**13967 151**	12048 417
(2)	**AVIATION**		
	Premium from Direct Business written	**1 064**	1 393
	Add: Premium on Reinsurance accepted	**3244 534**	2485 241
	Less:Premium on Reinsurance ceded	**241 886**	613 579
	Net Premium	**3003 712**	1873 055
	Adjustment for change in reserve for unexpired risks	**-565 328**	-482 457
	TOTAL PREMIUM EARNED (NET)	**2438 384**	1390 598

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 1

PREMIUM EARNED (NET)

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(3)	**ENGINEERING**		
	Premium from Direct Business written	**–**	**–**
	Add: Premium on Reinsurance accepted	**3126 312**	2765 703
	Less:Premium on Reinsurance ceded	**759 206**	713 306
	Net Premium	**2367 106**	2052 397
	Adjustment for change in reserve for unexpired risks	**-153 489**	-191 427
	TOTAL PREMIUM EARNED (NET)	**2213 617**	1860 970
(4)	**CROP**		
	Premium from Direct Business written	**–**	-
	Add: Premium on Reinsurance accepted	**–**	-
	Less:Premium on Reinsurance ceded	**–**	-
	Net Premium	**–**	-
	Adjustment for change in reserve for unexpired risks	**–**	1849 147
	TOTAL PREMIUM EARNED (NET)	**–**	1849 147
(5)	**OTHER MISCELLANEOUS**		
	Premium from Direct Business written	**–**	-
	Add: Premium on Reinsurance accepted	**9790 010**	8639 764
	Less:Premium on Reinsurance ceded	**557 944**	393 601
	Net Premium	**9232 066**	8246 163
	Adjustment for change in reserve for unexpired risks	**-492 951**	-656 521
	TOTAL PREMIUM EARNED (NET)	**8739 115**	7589 642
(6)	**TOTAL MISCELLANEOUS**		
	Premium from Direct Business written	**1 064**	1 393
	Add: Premium on Reinsurance accepted	**31259 279**	26726 588
	Less:Premium on Reinsurance ceded	**1559 036**	1720 486
	Net Premium	**29701 307**	25007 495
	Adjustment for change in reserve for unexpired risks	**-2343 040**	-268 721
	TOTAL PREMIUM EARNED (NET)	**27358 267**	24738 774

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 1

PREMIUM EARNED (NET)

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
C.	**MARINE INSURANCE**		
(1)	**MARINE CARGO**		
	Premium from Direct Business Written	–	–
	Add: Premium on Reinsurance accepted	**2177 411**	2012 602
	Less:Premium on Reinsurance ceded	**245 969**	228 374
	Net Premium	**1931 442**	1784 228
	Adjustment for change in reserve for unexpired risks	**-147 214**	-12 771
	TOTAL PREMIUM EARNED (NET)	**1784 228**	1771 457
(2)	**MARINE HULL**		
	Premium from Direct Business Written	–	–
	Add: Premium on Reinsurance accepted	**1810 006**	1723 363
	Less:Premium on Reinsurance ceded	**393 033**	545 916
	Net Premium	**1416 973**	1177 447
	Adjustment for change in reserve for unexpired risks	**-239 525**	-323 186
	TOTAL PREMIUM EARNED (NET)	**1177 448**	854 261
(3)	**TOTAL MARINE**		
	Premium from Direct Business Written	–	–
	Add: Premium on Reinsurance accepted	**3987 417**	3735 965
	Less:Premium on Reinsurance ceded	**639 002**	774 290
	Net Premium	**3348 415**	2961 675
	Adjustment for change in reserve for unexpired risks	**-386 739**	-335 957
	TOTAL PREMIUM EARNED (NET)	**2961 676**	2625 718

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 1

PREMIUM EARNED (NET)

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
D.	**LIFE INSURANCE**		
	Premium from Direct Business written	–	–
	Add: Premium on Reinsurance accepted	**12 662**	1 316
	Less:Premium on Reinsurance ceded	–	–
	Net Premium	**12 662**	1 316
	Adjustment for change in reserve for unexpired risks	**-5 673**	- 658
	TOTAL PREMIUM EARNED (NET)	**6 989**	658
E.	**TOTAL ALL CLASSES**		
	Premium from Direct Business Written	**1 064**	1 393
	Add: Premium on Reinsurance accepted	**51214 484**	46406 250
	Less:Premium on Reinsurance ceded	**5076 861**	4777 864
	Net Premium	**46138 687**	41629 779
	Adjustment for change in reserve for unexpired risks	**-2401 896**	-1711 930
	TOTAL PREMIUM EARNED (NET)	**43736 791**	39917 849

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 2

CLAIMS INCURRED (NET)

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
A. FIRE INSURANCE		
Claims Paid		
Direct	**-**	-
Add : Reinsurance accepted	**6678 013**	5277 684
Less: Reinsurance ceded	**689 604**	657 450
Net Claims Paid	**5988 409**	4620 234
Add : Claims Outstanding at the end of the year	**8656 583**	6517 977
Less: Claims Outstanding at the beginning of the year	**6517 977**	5438 273
TOTAL CLAIMS INCURRED	**8127 015**	5699 938
B. MISCELLANEOUS INSURANCE		
(1) MOTOR		
Claims Paid		
Direct	**-**	-
Add : Reinsurance accepted	**12088 110**	9520 013
Less: Reinsurance ceded	**-**	-
Net Claims Paid	**12088 110**	9520 013
Add : Claims Outstanding at the end of the year	**29570 823**	26064 205
Less: Claims Outstanding at the beginning of the year	**26064 205**	22561 758
TOTAL CLAIMS INCURRED	**15594 728**	13022 460
(2) AVIATION		
Claims Paid		
Direct	**10 459**	17 557
Add : Reinsurance accepted	**1012 658**	543 649
Less: Reinsurance ceded	**180 500**	114 238
Net Claims Paid	**842 617**	446 968
Add : Claims Outstanding at the end of the year	**1951 625**	1050 520
Less: Claims Outstanding at the beginning of the year	**1050 520**	544 173
TOTAL CLAIMS INCURRED	**1743 722**	953 315

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 2

CLAIMS INCURRED (NET)

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(3)	**ENGINEERING**		
	Claims Paid		
	Direct	**-**	-
	Add : Reinsurance accepted	**1203 565**	1493 922
	Less : Reinsurance ceded	**280 852**	466 148
	Net Claims Paid	**922 713**	1027 774
	Add : Claims Outstanding at the end of the year	**2202 749**	2014 684
	Less: Claims Outstanding at the beginning of the year	**2014 684**	1083 631
	TOTAL CLAIMS INCURRED	**1110 778**	1958 827
(4)	**CROP**		
	Claims Paid		
	Direct	**-**	-
	Add : Reinsurance accepted	**-**	-
	Less: Reinsurance ceded	**-**	-
	Net Claims Paid	**-**	-
	Add : Claims Outstanding at the end of the year	**-**	-
	Less: Claims Outstanding at the beginning of the year	**-**	-
	TOTAL CLAIMS INCURRED	**-**	-
(5)	**OTHER MISCELLANEOUS**		
	Claims Paid		
	Direct	**-**	-
	Add : Reinsurance accepted	**6864 544**	4915 658
	Less: Reinsurance ceded	**143 702**	86 002
	Net Claims Paid	**6720 842**	4829 656
	Add : Claims Outstanding at the end of the year	**4222 764**	3532 117
	Less: Claims Outstanding at the beginning of the year	**3532 118**	2991 905
	TOTAL CLAIMS INCURRED	**7411 488**	5369 868

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 2

CLAIMS INCURRED (NET)

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(6) TOTAL MISCELLANEOUS		
Claims Paid		
Direct	**10 459**	17 557
Add : Reinsurance accepted	**21168 877**	16473 242
Less: Reinsurance ceded	**605 054**	666 388
Net Claims Paid	**20574 282**	15824 411
Add : Claims Outstanding at the end of the year	**37947 962**	32661 526
Less: Claims Outstanding at the beginning of the year	**32661 527**	27181 467
TOTAL CLAIMS INCURRED	**25860 717**	21304 470
C. MARINE INSURANCE		
(1) MARINE CARGO		
Claims Paid		
Direct	**–**	**–**
Add : Reinsurance accepted	**1810 195**	1098 970
Less: Reinsurance ceded	**587 078**	35 624
Net Claims Paid	**1223 117**	1063 346
Add : Claims Outstanding at the end of the year	**1927 602**	1178 942
Less: Claims Outstanding at the beginning of the year	**1178 942**	1046 732
TOTAL CLAIMS INCURRED	**1971 777**	1195 556
(2) MARINE HULL		
Claims Paid		
Direct	**–**	**–**
Add : Reinsurance accepted	**1068 680**	643 141
Less: Reinsurance ceded	**263 182**	180 719
Net Claims Paid	**805 498**	462 422
Add : Claims Outstanding at the end of the year	**1514 945**	1276 367
Less: Claims Outstanding at the beginning of the year	**1276 367**	985 192
TOTAL CLAIMS INCURRED	**1044 076**	753 597

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 2

CLAIMS INCURRED (NET)

Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(3) TOTAL MARINE		
Claims Paid		
Direct	–	–
Add : Reinsurance accepted	**2878 875**	1742 111
Less: Reinsurance ceded	**850 260**	216 343
Net Claims Paid	**2028 615**	1525 768
Add : Claims Outstanding at the end of the year	**3442 546**	2455 309
Less: Claims Outstanding at the beginning of the year	**2455 309**	2031 924
TOTAL CLAIMS INCURRED	**3015 852**	1949 153
D. LIFE INSURANCE		
Claims Paid		
Direct	–	–
Add : Reinsurance accepted	–	–
Less: Reinsurance ceded	–	–
Net Claims Paid	–	–
Add : Claims Outstanding at the end of the year	**24 443**	–
Less: Claims Outstanding at the beginning of the year	–	–
TOTAL CLAIMS INCURRED	**24 443**	–
E. TOTAL ALL CLASSES		
Claims Paid		
Direct	**10 459**	17 557
Add : Reinsurance accepted	**30725 765**	23493 037
Less: Reinsurance ceded	**2144 918**	1540 181
Net Claims Paid	**28591 306**	21970 413
Add : Claims Outstanding at the end of the year	**50071 534**	41634 812
Less: Claims Outstanding at the beginning of the year	**41634 813**	34651 664
TOTAL CLAIMS INCURRED	**37028 027**	28953 561

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 3

COMMISSION

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
A.	**FIRE INSURANCE**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**4938 450**	4101 249
	Less: Commission on Reinsurance Ceded	**352 171**	186 723
	NET COMMISSION	**4586 279**	3914 526
B.	**MISCELLANEOUS INSURANCE**		
(1)	**MOTOR**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**3005 951**	3161 716
	Less: Commission on Reinsurance Ceded	**-**	-
	NET COMMISSION	**3005 951**	3161 716
(2)	**AVIATION**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**558 184**	353 305
	Less: Commission on Reinsurance Ceded	**21 561**	84 567
	NET COMMISSION	**536 623**	268 738
(3)	**ENGINEERING**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**917 421**	726 787
	Less: Commission on Reinsurance Ceded	**129 118**	80 114
	NET COMMISSION	**788 303**	646 673

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 3

COMMISSION

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(4)	**CROP**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**-**	-
	Less: Commission on Reinsurance Ceded	**-**	-
	NET COMMISSION	**-**	-
(5)	**OTHER MISCELLANEOUS**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**2405 578**	2047 876
	Less: Commission on Reinsurance Ceded	**66 296**	23 759
	NET COMMISSION	**2339 282**	2024 117
(6)	**TOTAL MISCELLANEOUS**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**6887 133**	6289 684
	Less: Commission on Reinsurance Ceded	**216 975**	188 440
	NET COMMISSION	**6670 158**	6101 244
C.	**MARINE INSURANCE**		
(1)	**MARINE CARGO**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**516 437**	444 344
	Less: Commission on Reinsurance Ceded	**12 933**	12 541
	NET COMMISSION	**503 504**	431 803

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 3

COMMISSION

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
(2)	**MARINE HULL**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**401 042**	333 033
	Less: Commission on Reinsurance Ceded	**86 127**	64 228
	NET COMMISSION	**314 915**	268 805
(3)	**TOTAL MARINE**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**917 479**	777 377
	Less: Commission on Reinsurance Ceded	**99 060**	76 769
	NET COMMISSION	**818 419**	700 608
D.	**LIFE INSURANCE**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**-**	-
	Less: Commission on Reinsurance Ceded	**-**	-
	NET COMMISSION	**-**	-
E.	**TOTAL ALL CLASSES**		
	Commission Paid		
	Direct	**-**	-
	Add : Reinsurance Accepted	**12743 061**	11168 310
	Less: Commission on Reinsurance Ceded	**668 206**	451 932
	NET COMMISSION	**12074 855**	10716 378

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 4

OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1	Employees' remuneration & welfare benefits	**245 947**	197 460
2	Travel, conveyance and vehicle running expenses	**15 842**	12 309
3	Training expenses	**3 349**	3 071
4	Rents, rates and taxes	**18 162**	12 249
5	Repairs	**25 701**	22 200
6	Printing & stationery	**2 086**	2 142
7	Communication	**5 461**	4 743
8	Legal & professional charges	**5 143**	6 334
9	Auditors' fees, expenses etc.		
	(a) as auditor	**731**	842
	(b) as advisor or in any other capacity, in respect of		
	(i) Taxation matters	**138**	135
	(ii) Insurance matters	**10**	-
10	Advertisement and publicity	**6 922**	9 152
11	Interest & Bank Charges	**4 292**	2 932
12	Others	**41 570**	30 272
13	Depreciation	**19 280**	25 194
	TOTAL	**394 634**	329 035

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 5

SHARE CAPITAL

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1	Authorised Capital		
	2,50,00,000 Equity Shares of Rs.100/- Each	**2500 000**	2500 000
2	Issued & Subscribed Capital		
	2,15,00,000 Equity Shares of Rs.100/- Each	**2150 000**	2150 000
3	Called-up Capital		
	2,15,00,000 Equity Shares of Rs.100/- Each	**2150 000**	2150 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	**2150 000**	2150 000

Schedule 5A

SHARE CAPITAL PATTERN OF SHAREHOLDING
[As certified by the Management]

Shareholders	Current Year Number of Shares	Current Year % of Holding	Previous year Number of Shares	Previous year % 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, 2005

Schedule 6

RESERVES AND SURPLUS

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1	General Reserve	**39171 099**	29523 099
	Add : Transferred from Profit & Loss Account	**1265 000**	9648 000
		40436 099	39171 099
2	Investment Reserve	**5 845**	5 845
3	Balance of Profit in Profit & Loss Account	**607**	827
	TOTAL	**40442 551**	39177 771

Schedule 7

BORROWINGS

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

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 8

INVESTMENTS - SHAREHOLDERS' FUND

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
	Long Term Investments		
1	Government securities and Government guaranteed bonds including Treasury Bills	**11931 935**	8969 851
2	Other Approved Securities	**2172 308**	1442 992
3	Other Investments		
	(a) Shares		
	(aa) Equity	**26421 524**	18573 689
	(bb) Preference	**37 621**	34 745
	(b) Mutual Funds	-	-
	(c) Debentures/ Bonds	**2196 010**	2034 922
	(d) Guaranteed Equity	**196**	175
	(e) Subsidiaries	-	-
	(f) Associates	**29 479**	29 479
4	Investments in Infrastructure and Social Sector	**8220 490**	6500 382
5	Other than Approved Investments	**4080 729**	3313 253
	Short Term Investments		
1	Government securities and Government guaranteed bonds including Treasury Bills	**558 409**	606 337
2	Other Approved Securities	**169 922**	92 732
3	Other Investments		
	(a) Shares		
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	**329 139**	466 469
	(c) Debentures/ Bonds	**207 163**	98 811
	(d) Subsidiaries	-	-
4	Investments in Infrastructure and Social Sector	**217 017**	33 050
5	Other than Approved Investments	**781 969**	242 373
	TOTAL	**57353 911**	42439 260

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 8A

INVESTMENTS - POLICYHOLDERS' FUND

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
	Long Term Investments		
1	Government securities and Government guaranteed bonds including Treasury Bills	**18514 441**	16672 948
2	Other Approved Securities	**3370 708**	2682 200
3	Other Investments		
	(a) Shares		
	(aa) Equity	**40997 522**	34524 336
	(bb) Preference	**58 375**	64 583
	(b) Mutual Funds	-	-
	(c) Debentures/ Bonds	**3407 486**	3782 466
	(d) Guaranteed Equity	**304**	325
	(e) Subsidiaries	-	-
	(f) Associates	-	-
4	Investments in Infrastructure and Social Sector	**12755 498**	12082 757
5	Other than Approved Investments	**6331 951**	6158 596
	Short Term Investments		
1	Government securities and Government guaranteed bonds including Treasury Bills	**866 467**	1127 045
2	Other Approved Securities	**263 663**	172 368
3	Other Investments		
	(a) Shares		
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	**510 715**	867 061
	(c) Debentures/ Bonds	**321 449**	183 667
	(d) Subsidiaries	-	-
4	Investments in Infrastructure and Social Sector	**336 739**	61 432
5	Other than Approved Investments	**1213 360**	450 518
	TOTAL	**88948 678**	78830 302

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 9

LOANS

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1	Security-wise Classification		
	Secured		
	(a) On mortagage of property		
	(aa) In India *	**2817 122**	2584 881
	(bb) Outside India	-	-
	(b) On Shares, Bonds, Government Securities	-	-
	(c) Others	-	-
	Unsecured	**5223 372**	5419 648
	TOTAL	**8040 494**	8004 529
2	Borrower-wise Classification		
	(a) Central and State Governments	**3837 526**	3867 207
	(b) Banks and Financial Institutions	-	-
	(c) Subsidiaries	-	-
	(d) Industrial Undertakings	**2899 416**	2517 137
	(e) Others	**1303 552**	1620 185
	TOTAL	**8040 494**	8004 529
3	Performance-wise Classification		
	(a) Loans classified as standard		
	(aa) In India	**6723 272**	6139 777
	(bb) Outside India	-	-
	(b) Non-performing loans less provisions		
	(aa) In India	**481 659**	703 987
	(bb) Outside India	-	-
	Provisions	**835 563**	1160 765
	TOTAL	**8040 494**	8004 529
4	Maturity-wise Classification		
	(a) Short - Term	**722 477**	817 939
	(b) Long - Term	**7318 017**	7186 590
	TOTAL	**8040 494**	8004 529

* Includes Term Loans of Rs.6,44,62,996/- on which creation of security is pending (Previous year Rs.14,85,25,078/-).

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 10

FIXED ASSETS

(Rs.'000)

Particulars	Cost/Gross Block				Depreciation				Net Block	
	As at 01.04.2004	Additions	Deductions	As at 31.03.2005	Upto 31.03.2004	For the Year	On Sales/ Adjustment	Upto 31.03.2005	As at 31.03.2004	As at 31.03.2005
Leasehold Land	247 253	-	-	247 253	48 077	3 434	-	51 511	199 176	195 742
Buildings	267 701	10 332	94	277 939	107 393	8 979	-	116 372	160 308	161 567
Furniture & Fittings	16 157	480	-	16 637	14 317	373	-	14 690	1 840	1 947
I.T. Equipments	51 574	941	-	52 515	45 143	4 298	-	49 441	6 431	3 074
Vehicles	13 849	2 930	5 440	11 339	7 251	1 535	2 690	6 096	6 598	5 243
Office Equipments	9 774	420	535	9 659	7 826	504	440	7 890	1 948	1 769
AC & Water Coolers	10 292	309	-	10 601	9 902	154	-	10 056	390	545
Elevators	2 073	-	-	2 073	1 989	21	-	2 010	84	63
Canteen Appliances	238	15	-	253	218	7	-	225	20	27
Electric Fans	253	-	-	253	252	-	-	252	1	1
Electrical Installation	11 069	202	-	11 271	8 534	671	-	9 205	2 535	2 066
Fire Alarm Systems	933	56	-	989	908	17	-	925	25	64
Calculator	297	-	-	297	297	-	-	297	-	-
Typewriters	693	-	-	693	683	3	-	686	10	7
Total	**632 156**	**15 685**	**6 069**	**641 772**	**252 790**	**19 996**	**3 130**	**269 656**	**379 366**	**372 115**
Previous years	653 621	4 197	25 662	632 156	243 790	26 642	17 642	252 790		
Capial Work in Progress										30 942

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 11

CASH AND BANK BALANCES

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1	Cash & stamps(includes cheques on hand of Rs.0/- pertaining to Terrorism Pool previous year Rs.5,29,07,742/-)	**187 297**	254 697
2	Bank Balances		
	(a) Deposit Accounts - Short Term (due within 12 months)	**14133 881**	17352 669
	(b) Current Accounts (includes cash at Bank of Rs.90,30,871/- pertaining to Terrorism Pool Previous year Rs.1,04,572/-)	**191 427**	144 949
3	Money at Call and Short Notice with Banks	**431 063**	126 785
	TOTAL	**14943 668**	17879 100

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

Schedule 12

ADVANCES AND OTHER ASSETS

Particulars		Current Year (Rs. '000)	Previous Year (Rs. '000)
	Advances		
1	Reserve Deposits with Ceding Companies	**4204 921**	2150 315
2	Application Money for Investments	**416 000**	261 693
3	Prepayments	**12 159**	10 107
4	Advances to Directors/Officers	**1 510**	1 891
5	Advance Tax Paid and Taxes Deducted at Source	**7784 201**	3085 004
6	Others	**327**	1 471
	TOTAL (A)	**12419 118**	5510 481
	Other Assets		
1	Income accrued on investments	**2216 172**	2164 504
2	Due from other entities carrying on insurance business (including reinsurers)	**4076 071**	4234 126
3	Deposit with Reserve Bank of India (S-7 of Insurance Act)	**315 868**	317 924
4	Sundry Debtors	**9 721**	11 275
5	Sundry Deposits	**30 413**	30 085
6	Terrorism Pool Assets	**6761 270**	4610 380
	TOTAL (B)	**13409 515**	11368 294
	TOTAL (A+B)	**25828 633**	16878 775

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2005

Schedule 13

CURRENT LIABILITIES

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1	Balances Due to other insurance companies	**5391 442**	4042 300
2	Deposits held on re-insurance ceded	**2522 895**	524 334
3	Sundry Creditors	**233 103**	220 592
4	Claims Outstanding	**50071 534**	41634 813
5	Terrorism Pool Liabilities	**6770 301**	4663 393
	TOTAL	**64989 275**	51085 432

Schedule 14

PROVISIONS

	Particulars	Current Year (Rs. '000)	Previous Year (Rs. '000)
1	Reserve for Unexpired Risk	**24972 545**	22570 649
2	For Taxation	**7669 455**	4407 697
3	For proposed dividends	**645 000**	645 000
4	For dividend distribution tax	**90 461**	82 640
5	For Doubtful Loans, Investment and Debts	**3009 000**	2651 000
6	For Leave Encashment	**28 610**	47 361
7	For salary Arrears	**39 900**	-
	TOTAL	**36454 971**	30404 347

Schedule 15

MISCELLANEOUS EXPENDITURE

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

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS

I. *SIGNIFICANT ACCOUNTING POLICIES:*

1. ACCOUNTING CONVENTION

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

2. REINSURANCE BUSINESS

2.1 Reinsurance returns

Reinsurance returns have been incorporated as follows:

1 Returns from Foreign insurance companies received up to 31st March.

2 Returns from Indian companies and State Insurance Funds received as of different dates up to the date of finalisation of accounts.

3 In respect of Indian business, acceptances and cessions thereon are accounted on the basis of estimates, where actual are not available.

4 Revenue transactions in respect of terrorism risk cover, through a market pool, where the Corporation is manager of the pool are accounted by the Corporation for its share. The assets and liabilities of the pool are shown in the books of the Corporation under Current Assets and Current Liabilities.

2.2 OUTSTANDING CLAIMS

- Estimated liability for outstanding claims in respect of direct business is provided based on intimations received up to the year end and are based on survey reports, information provided by clients and other sources, past experience and other applicable laws.
- Estimated liability for outstanding claims in respect of Reinsurance business carried out in India is based on advices received as of different dates up to the date of finalisation of accounts and wherever such advices are not received, on estimates based on available information, current trends, past underwriting experience of the management and actuarial estimation bases.
- Provision for claims incurred but not reported (IBNR) is made as certified by the appointed actuary.

3. FOREIGN CURRENCY TRANSACTIONS

3.1 Revenue transactions in foreign currencies during a quarter are converted at the average rate of exchange of the quarter in which accounts are received and transactions are booked.

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

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

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

4. RESERVE FOR UNEXPIRED RISK

Reserve for Unexpired Risk is made at 100% of net premium income relating to marine insurance business and terrorism risks in fire and engineering insurance business. Reserve for Unexpired Risk is made at 50% of net premium income for all other classes of insurance business.

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

5.1 Depreciation

(i) Depreciation on fixed assets is charged on written-down value method at the higher of the rates specified in the Income Tax Rules, 1962 and those specified in Schedule XIV to the Companies Act, 1956. In respect of leasehold properties, amortization is made over the period of lease.

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

5.2 Retirement Benefits to Employees

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

5.3 Apportionment of Expenses

Operating expenses relating to Life re-insurance business are identified and allocated to that segment.

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

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

6. APPORTIONMENT OF INTEREST, DIVIDENDS AND RENTS

The income from interest, dividends and rent are apportioned between Profit and Loss Account and Revenue Accounts in the ratio of Shareholders' Fund and Policyholder's Fund respectively at the beginning of the year. The same are further apportioned amongst the revenue accounts on the basis of the respective Policyholders' Fund at the beginning of the year. Shareholders fund consist of Share Capital and Free Reserves. Policyholders Fund consist of provisions for outstanding claims and reserves for unexpired risks.

7. INVESTMENTS

7.1 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.

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

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

7.4 Short term money market instruments such as Certificate of Deposit and Commercial Paper which are discounted at the time of contract at the agreed rate are accounted at their discounted value.

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

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

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

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

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

c) Provision is made for diminution in value of investments relating to thinly traded and unlisted shares equivalent to the amount of difference in average book cost and break-up value of the shares.

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

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

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

1.	Actively traded equity shares :	At their Market Value.
2.	Thinly traded equity shares :	At nominal value of Re.1/-.
3.	Preference shares :	At a value proportionate to the face value of the equity shares that bears to its market value.

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

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

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

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

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

7.13 Debt securities including Government Securities and Redeemable Preference shares have been considered as 'held to maturity' and have been measured at historical cost subject to amortization of premium paid over the residual period.

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

7.15 Investments in foreign equities are valued at cost.

8. FIXED ASSETS

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

9. TAXES ON INCOME

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" the Corporation has recognized Deferred Tax arising out of timing differences between taxable income and accounting income.

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. The Board of the Corporation at its meeting held on 30th March, 2005 has approved increase in the authorized share capital and also proposed to issue the bonus shares thereafter in the ratio of 1:1 from out of the General Reserve.

   Further, it was also proposed that the bonus shares upon allotment would be eligible for dividend in respect of the financial year ended on 31st March, 2005.

   These proposals were approved by the members of the Corporation at the EGM held on 27th April, 2005.

   Accordingly, the bonus shares have been allotted on 10th June, 2005 and proposed dividend on the enhanced Share Capital of Rs.430 crores has been provided for the year ended on 31st March, 2005.

3.1 (a) Out of investment held in shares and debentures valued at Rs.113829,939 thousands (Previous year Rs.93084,299 thousands), confirmation regarding actual custody or other documentary evidence was not available in respect of investment valued at Rs.1,306 thousands (Previous year Rs.1,300 thousands).

(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.470 thousands (Previous year Rs. 526 thousands).

(c) In view of the significant Accounting Policy No. 7.1 an aggregate amount of interest income not recognized and accounted for as at 31st March, 2005 is Rs.4663,155 thousands (Previous year Rs.4860,210 thousands).

(d) Sale of equity shares of a company contracted through public offer in 1995-96 for Rs.4,000 thousands (Previous year Rs.4,000 thousands) has not been accounted for till date, on account of the significant uncertainty regarding completion of the sale, as the matter is sub-judice.

3.2 (a) Provision for standard assets @ 0.25% has been made as per Reserve Bank of India guidelines on (i) Term Loan, (ii) Debentures, (iii) Short Term Loans, (iv) Infrastructure Investments, (v) Bonds/ Debentures of HUDCO, (vi) Bonds/Debentures of Institutions accredited to NHB and (vii) Loans to HUDCO for Housing.

(b) During the year, the Corporation has undertaken under CDR (Corporate Debt Restructuring) System, restructuring of corporate debt/loans etc., as under :

(Rs. in thousands)

Sr. No	Particulars	Current Year	Previous Year
	Total Amount of assets subjected to restructuring under CDR	737,754	1014,851
	The breakup of the same is given hereunder :		
(i)	Total amount of standard assets subjected to restructuring under CDR	299,750	199,600
(ii)	Total amount of sub-standard assets subjected to restructuring under CDR	295,800	83,403
(iii)	Total amount of doubtful assets subjected to restructuring under CDR	92,167	727,848
(iv)	Total amount of loss assets subjected to restructuring under CDR	50,037	4,000
	TOTAL	**737,754**	**1014,851**

4. (a) The wage revision for Officers and Employees of the Corporation is due with effect from 1st August, 2002 and

Employees' Unions/Associations have submitted their Charter of Demands.

After a round of discussion, the management of the Corporation has made an offer for a increase of 8.5% in the emoluments. However, the same has not been accepted by the respective Unions/Associations.

As the amount is already offered by the Corporation, on the grounds of prudence, an estimated liability of Rs.39,900 thousands has been provided for during the year.

(b) Expenses of management include Rs.62,896 thousand paid on account of employees Special Voluntary Retirement Scheme, 2004.

5. Leasehold Land & Buildings under Fixed Assets includes 7 properties costing Rs. 477,369 thousands (Previous year 7 properties costing Rs.473,901 thousands) for which conveyance deeds are yet to be executed.

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

(a) Amounts due to/from Indian companies of Rs.6,666 thousands debit (Previous year Rs.5,294 thousands credit) in suspense accounts which have not been confirmed.

(b) Amounts due to/from foreign companies include Rs.15,869 thousands debit and Rs.33,128 thousands credit (Previous year Rs.31,815 thousands debit and Rs.42,677 thousands credit) in suspense account which are in the process of being reconciled and confirmed. The adjustment, if any, will be made upon analysis / reconciliation.

7. Taxes paid in advance include an amount of Rs.5335,377 thousands (Previous year Rs.970,955 thousands) pertaining to assessments completed but in appeal either by Corporation or by the Income Tax Department as at 31st March, 2005.

During the year Corporation received Income Tax and interest demands of Rs.4499,062 thousands in respect of assessment years 2002-03, 2003-04 & 2004-05 upon regular assessment u/s 143(3). The Corporation has appealed against these demands with CIT (Appeals) based on Tax expert's opinion. Management of the Corporation is confident of the final decision in its favour. However, out of abundant caution and on the grounds of prudence, the Corporation has paid in full all these demands and also made adequate provision for the same which is disclosed as Short Provision for Income tax of earlier years amounting to Rs.3423,183 thousands.

8. The break up of Net Deferred Tax liability is as under:

(Rs. in thousands)

	As on 31.03.2005		As on 31.03.2004	
	Deferred Tax		Deferred Tax	
Particulars	**Asset (C.Y.)**	**Liability (C.Y.)**	Asset (P.Y.)	Liability (P.Y.)
Timing difference on account of Difference in book depreciation & Depreciation under Income Tax Act, 1961.		**188,010**		191,620
Provision for leave encashment and wage revision	**68,510**		44,194	
TOTAL	**68,510**	**188,010**	44,194	191,620
Net Timing Differences		**119,500**		147,425
Net Deferred Tax Liability		**40,224**		52,889

9. ART Cover: The Corporation has entered into ART Agreement with Swiss Re-America for providing Top End Umbrella Reinsurance Protection for certain Domestic and Foreign Inward Business. The validity of the Art Cover is extended up to 30th April, 2008 for Top End Umbrella Protection and 30th April, 2007 for Net Retained Protection respectively. This arrangement provides a cost effective Complement/Supplement for the Traditional Excess of Loss Protection and would result in a significant benefit to the Corporation which will be realized at the end of the contract period.

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

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

11.1 Contingent Liabilities:

(a)	Partly paid up investments	: Rs. 140 thousands
(b)	Underwriting commitments outstanding	: Nil
(c)	Claims, other than under policies not acknowledged as debts	: A claim for an amount of Rs.5,000 thousands on account of a legal dispute with a building Contractor has been filed in the High Court against the Corporation.
(d)	Guarantees given by or on behalf of the Corporation	: Nil
(e)	Statutory demand/liabilities in dispute, not provided for	: Disputed Income tax demands in respect of A.Y.1997-98 amounting to Rs.87,266 thousands upon reassessment during the year which is not paid.
(f)	Reinsurances obligations to the extent not provided for in the accounts	: Nil, in view of Significant Accounting Policy No. 2.1.

11.2 As at 31st March, 2005 all the assets of the Corporation in and outside India are free from encumbrances except for:

[a] The Government of India stock 12.3%, 2016 for Rs.315,868 thousands (Previous year 12.3%, 2016 for Rs.317,923 thousands) deposited with R.B.I. as security under Section 7 of the Insurance Act, 1938 and,

[b] The Government of India stock 11.03%, 2012 for Rs.25,000 thousands (P.Y. Rs.25,000 thousands) and cash deposit of Rs.2,800 thousands (P.Y. Rs.2,800 thousands) with Clearing Corporation of India Limited as deposit towards Settlement Guarantee Fund.

11.3 The Commitments made and outstanding for Loans, Investments and Fixed Assets as at 31st March, 2005 is Rs.696,103 thousands (Previous year Rs.813,300 thousands).

11.4 Claims less reinsurance during the financial year 2004-05 paid in India are Rs.23248,335 thousands (Previous year Rs.18571,195 thousands) and outside India are Rs. 5342,970 thousands (Previous year Rs.3399,218 thousands).

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

11.6 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 account statements.

Nevertheless, the outstanding losses as intimated by the companies in respect of facultative business are classified into less than 6 months and more than 6 months as per the details given below:

(Rs. in thousands)

	2004-05		2003-04	
	Number	**Amount**	Number	Amount
A) Foreign Inward Business				
Claims o/s more than 6 months	**598**	**249,025**	670	234,466
Claims o/s less than 6 months	**228**	**188,491**	146	286,572
B) Indian Business				
Claims o/s more than 6 months	**242**	**676,617**	369	1445,645
Claims o/s less than 6 months	**173**	**253,944**	571	754,475
C) Aviation Business				
Claims o/s more than 6 months	**2316**	**1425,779**	426	1226,529
Claims o/s less than 6 months	**55**	**285,635**	32	73,480

11.7 Premiums, less reinsurance, written from business during the financial year 2004-05 in India are Rs.34459,237 thousands (Previous year Rs.31726,363 thousands) and outside India are Rs.11679,449 thousands (Previous year Rs.9903,416 thousands).

11.8 The premium is recognised as income on the basis of returns received by the Corporation as per Significant Accounting Policy No. 2.1 and reserve for unexpired risks as per Significant Accounting Policy No. 4.

11.9 Value of contracts in relation to investments, for

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

b) Sales, where payments are overdue : Nil (Previous year : Nil)

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

11.11 The historical cost of investments valued on Fair Value basis is Rs.27610,715 thousands (Previous year Rs.20433,334 thousands).

11.12 Computation of Managerial Remuneration is as follows:

Sr. No	Name	Designation	Gross Salary (Rs.)	Corp.'s P. F. (Rs.)	House Perquisite (Rs.)	Loan Perquisite (Rs.)	Vehicle Perquisite (Rs.)
1.	Shri R.K.Joshi	Chairman-cum-Managing Director (w.e.f 1st February, 2005)	82,851/-	7,215/-	4,870/-	Nil	2,400/-
2.	Shri P.C. Ghosh	Chairman (Up to 31st January, 2005)	12,24,010/-	31,700/-	39,300/-	Nil	12,000/-
3.	Shri P.B. Ramanujam	Managing Director (Up to 31st July, 2004)	9,52,205/-	15,113/-	10,115/-	Nil	4,800/-

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

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

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

11.16 Claims settled and remaining unpaid for a period of more than six months as on 31st March, 2005: Nil

12. Segment Reporting as per AS-17 of ICAI, have been complied with as required by IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002.

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

a) Associate Company:
Kenindia Assurance Co. Ltd, Nairobi, Kenya.
LIC Mauritius Limited.
India International Pte Limited.
Agriculture Insurance Company of India Limited.

b) Key Management Personnel:
Shri R.K.Joshi - Chairman-cum-Managing Director (w.e.f.1st February, 2005)
Shri P.C.Ghosh - Chairman (up to 31st January, 2005)
Shri P B Ramanujam - Managing Director (up to 31st July, 2004)
Nature and volume of transactions:
With (a) above

(Rs. in thousands)

Name of the company	Premium	Commission	Claims Paid	Net Balance as on 31.03.2005
Kenindia Assurance Co. Ltd.	176,353	70,655	48,064	80,062
LIC Mauritius Limited.	Nil	Nil	Nil	Nil
India International Pte Limited.	942,469	342,387	243,425	94,676
Agriculture Insurance Company of India Limited.	NIL	NIL	NIL	- 56,225

(-) indicates amount payable by GIC.

With (b) above Remuneration Paid:

The same is disclosed as per Note No. 11.12 of the Disclosures forming part of the Financial Statements.

14. Earnings per share (EPS) as per AS-20 of the ICAI:

	2004-05	2003-04
Basic and Diluted EPS	**Rs.47**	Rs.242
Profit after Tax	**Rs.2000,241 thousands**	Rs.10376,142 thousands
Number of equity shares*	**4,30,00,000**	2,15,00,000
Nominal value of share	**Rs.100/-**	Rs.100/-
* Number of Equity Shares include Bonus Shares to be issued in the ratio of 1 : 1.		

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

16. Prior period items have not been separately disclosed.

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

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

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

R. K. Joshi	*Chairman-cum-Managing Director*
G. C. Chaturvedi	*Director*
A. K. Purwar	*Director*
R. N. Bhardwaj	*Director*
R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

Annexure - I

SUMMARY OF FINANCIAL STATEMENTS

(Rs. In lakhs)

Sr. No.	Particulars	2004-05	2003-04	2002-03	2001-02	2000-01
	Operating Results					
1.	Gross Premium Written	**512155**	464076	451481	328246	291259
2.	Net Premium Income	**461387**	416298	383278	267123	218654
3.	Income from investments (net)	**85165**	86169	57870	56933	51474
4.	Profit on Exchange Fluctuation	**379**	-925	722	69	-
5.	Total Income	**546931**	501542	441871	324125	270128
6.	Commissions & Brokerage	**120749**	107164	90901	63634	49610
7.	Brokerage	**-**	-	-	-	-
8.	Operating Expenses	**4060**	3383	2980	2514	2351
9.	Claims,increase in Unexpired Risk Reserve and Other outgoes	**394299**	306655	339086	252784	200047
10.	Operating Profit/loss	**27823**	84340	8904	5193	18120
	Non-operating Result					
11.	Total Income under Shareholders Account (net)	**52185**	43350	25386	30477	29617
12.	Profit/Loss before tax	**80008**	127691	34289	35670	47602
13.	Provision for tax	**60006**	23929	8142	5000	7538
14.	Profit/Loss after tax	**20002**	103762	26147	30670	40064
	Miscellaneous					
15.	Policy holders' Account :					
	Fire	**154000**	135950	114087	72750	44677
	Miscellaneous	**528223**	451921	429249	345867	303069
	Marine	**67910**	54170	46576	38295	38338
	Life	**308**	7	-	-	-
	Total funds	**750441**	642048	589912	456912	386084
	Total Investments	**1027674**	934387	616863	535337	486753
	Yield on Investments	**8.3**	9.0	9.4	10.6	10.6

Annexure - I

SUMMARY OF FINANCIAL STATEMENTS

(Rs. In lakhs)

Sr. No.	Particulars	2004-05	2003-04	2002-03	2001-02	2000-01
16.	Shareholders Account :					
	Total funds	**425867**	413219	316735	293063	266146
	Total Investments	**661406**	533148	395656	369034	339165
	Yield on Investments	**8.3**	9.0	9.4	10.6	10.6
17.	Paid up Equity Capital	**21500**	21500	21500	21500	21500
18.	Net worth	**425867**	413219	316735	293063	266146
19.	Total assets	**1955184**	1644113	1169512	1037884	935608
20.	Yield on total investments	**8.3**	9.0	9.4	10.6	10.6
21.	Earnings per share (Rs.)*	**47**	242	61	71	93
22.	Book Value per share (Rs.)	**1981**	1922	1473	1363	1238
23.	Total Dividend	**6450**	6450	4730	4300	4300
24.	Dividend per share (Rs.)	**** 15**	30	22	20	20

* EPS for all the years is calculated on enhanced capital of Rs. 430 crores considering bonus issue of 1:1.

** Dividend for the current year is calculated on enhanced capital of Rs. 430 crores considering bonus issue of 1:1.

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

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G. C. Chaturvedi	*Director*
A. K. Purwar	*Director*
R. N. Bhardwaj	*Director*
R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

Annexure - II

RATIOS FOR NON-LIFE COMPANIES

Sr. No.	Performance Ratio	Ratio / Percentage	
		2004-05	2003-04
1	Gross Premium Growth Rate(segment wise) :		
	(Gross premium for the current year divided by the gross premium for the previous year)		
	Fire Insurance	**0.1**	14.7
	Motor Insurance	**17.6**	14.0
	Aviation Insurance	**30.5**	44.2
	Engineering insurance	**13.0**	11.2
	Other Miscellaneous Insurance	**13.3**	15.4
	Marine Cargo	**8.2**	-4.0
	Marine Hull	**5.0**	-30.7
	Life	**862.0**	-
2	Gross Premium to shareholders fund ratio : (Gross premium for the current year divided by paid up capital plus free reserves)	**120.3**	112.3
3	Growth rate of shareholders' funds : (Shareholders' funds as at the current balance sheet date divided by shareholders' funds as at the previous balance sheet date)	**3.1**	30.5
4	Net retention ratio (segment wise) : (Net premium divided by gross premium)		
	Fire Insurance	**82.0**	85.7
	Motor Insurance	**100.0**	100.0
	Aviation Insurance	**92.5**	75.3
	Engineering Insurance	**75.7**	74.2
	Other Miscellaneous Insurance	**94.3**	95.4
	Marine Cargo	**88.7**	88.7
	Marine Hull	**78.3**	68.3
	Life	**100.0**	100.0

Annexure - II

RATIOS FOR NON-LIFE COMPANIES

Sr. No.	Performance Ratio	Ratio / Percentage	
		2004-05	2003-04
5	Net commission ratio (segment wise) : (Commission net of reinsurance for a class of business divided by net premium)		
	Fire Insurance	**35.1**	28.7
	Motor Insurance	**19.9**	24.6
	Aviation Insurance	**17.9**	14.3
	Engineering Insurance	**33.3**	31.5
	Other Miscellaneous Insurance	**25.3**	24.5
	Marine Cargo	**26.1**	24.2
	Marine Hull	**22.2**	22.8
	Life	**0.0**	0.0
6	Expenses of management to gross premium ratio (Expenses of management divided by the total gross premium)	**0.8**	0.7
7	Combined ratio : (Claims paid plus expenses divided by gross premium)	**56.6**	48.1
8	Technical reserves to net premium ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	**162.6**	154.2
9	Underwriting balance ratio(segment wise) : (Underwriting profit divided by net premium for the respective class of business)		
	Fire Insurance	**18.5**	33.2
	Motor Insurance	**-3.0**	1.1
	Aviation Insurance	**13.5**	15.1
	Engineering insurance	**29.4**	-22.9
	Other Miscellaneous Insurance	**-0.9**	13.9
	Marine Cargo	**-16.3**	31.8
	Marine Hull	**9.5**	8.4
	Life	**-148.1**	-91.4

Annexure - II

RATIOS FOR NON-LIFE COMPANIES

Sr. No.	Performance Ratio	Ratio / Percentage	
		2004-05	2003-04
10	Operating profit ratio : (Underwriting profit plus investment income divided by net premium)	**17.9**	32.1
11	Liquid assets to liabilities ratio : (Liquid assets of the insurer divided by the policy holders' liabilities)	**25.8**	27.8
12	Net earnings ratio: (Profit after tax divided by net premium)	**4.3**	24.9
13	Return on net worth : (Profit after tax divided by net worth)	**4.7**	25.1
14	Reinsurance ratio : (Risk reinsured divided by gross premium	**9.9**	10.3

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

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A. K. Purwar	*Director*
R. N. Bhardwaj	*Director*
R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

CASH FLOW STATEMENT

As per Indirect Method

(Rs. In thousands)

	31st March, 2005		31st March, 2004	
A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before taxation as per Profit & Loss A/c		**8000 809**		12769 083
Adjustments for:				
Exchange Loss/Gain charged	**-216 540**		209 146	
Provision for diminution in value of investment	**122 845**		234 757	
Provision for doubtful loans, investments & debts	**358 000**		117 000	
Amortisation of Premium on Investment	**333 816**		232 896	
Depreciation	**19 280**		25 194	
Profit /Loss on sale of Assets	**-56**		- 143	
Provision for Leave Encashment & salary Arrears	**21 150**		12 763	
Sundry Balances Written off/ back	**-275**	**638 220**	1 949	833 562
Operating Profit before working capital changes		**8639 029**		13602 645
Changes in Unexpired Risk Reserves	**2401 896**		1711 930	
Changes in Provisions for Outstanding Claims	**8436 721**		3502 289	
Changes in Income accrued on Investments	**-51 668**		-408 115	
Changes in Balances with Insurance Companies	**1451 153**		-638 091	
Changes in Advance and Deposits	**-2301 452**		-1638 857	
Changes in other Current Liabilities	**2119 420**	**12056 070**	1171 232	3700 388
Cash generated from operations		**20695 099**		17303 033
Income Tax Paid (Net)		**-7450 673**		-385 467
Net Cash from Operating Activities		**13244 426**		16917 566

CASH FLOW STATEMENT

As per Indirect Method

(Rs. In thousands)

	31st March, 2005	31st March, 2004
B) CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	**-46 627**	-4 197
Proceeds from sale of Fixed Assets	**2 996**	8 165
Changes in net Investments	**-15625 126**	-13467 805
Net Cash used in Investing Activities	**-15668 757**	*-13463 837*
C) CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend Paid	**-645 000**	-473 000
Dividend Tax Paid	**-82 641**	-60 603
Net Cash from Financing Activities	**-727 641**	-533 603
D) Effect of Foreign Exchange on Cash & Cash equivalents(Net)	**216 540**	-209 146
Net increase in Cash and Cash equivalents (A+B+C+D)	**-2935 432**	2710 980
Cash and Cash equivalents at beginning of period	**17879 100**	15168 120
Cash and Cash equivalents at the end of period	**14943 668**	17879 100

As per our report of even date

For K.S. AIYAR & CO.
Chartered Accountants

Ramakrishna Prabhu
Partner
Membership No. : 38959

Mumbai,
Dated : 27th June, 2005

For and on behalf of the Board

R. K. Joshi	*Chairman-cum-Managing Director*
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R. Beri	*Director*
P. N. Gandhi	*Asstt. General Manager (Finance)*
Suchita Gupta	*Company Secretary*

Mumbai,
Dated : 27th June, 2005

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	16133	State Code	11
Balance Sheet Date	31032005		

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue**	NIL	Private Placement	NIL

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

Total Liabilities	94074195	Total Assets	94074195

Sources of Funds

Paid-up Capital	21500000	Reserves & Surplus	40442551
Secured Loans	NIL	Unsecured Loans	NIL
Deffered Taxation Liability	40224	Fair Value Change Account	51441420

Application of Funds

Net Fixed Assets	403057	Investments	154343083
Net Current Assets	(-)60671945	Misc. Expenditure	NIL
Accumulated Losses	NIL		

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

Turnover	58331694	Total Expenditure	50330885
Profit/Loss Before Tax	8000809	Profit/Loss after Tax	20002411
Earning per Share in Rs.**	47	Dividend @%**	15

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

Item Code No.	NOT APPLICABLE
Product Description	REINSURANCE SERVICE

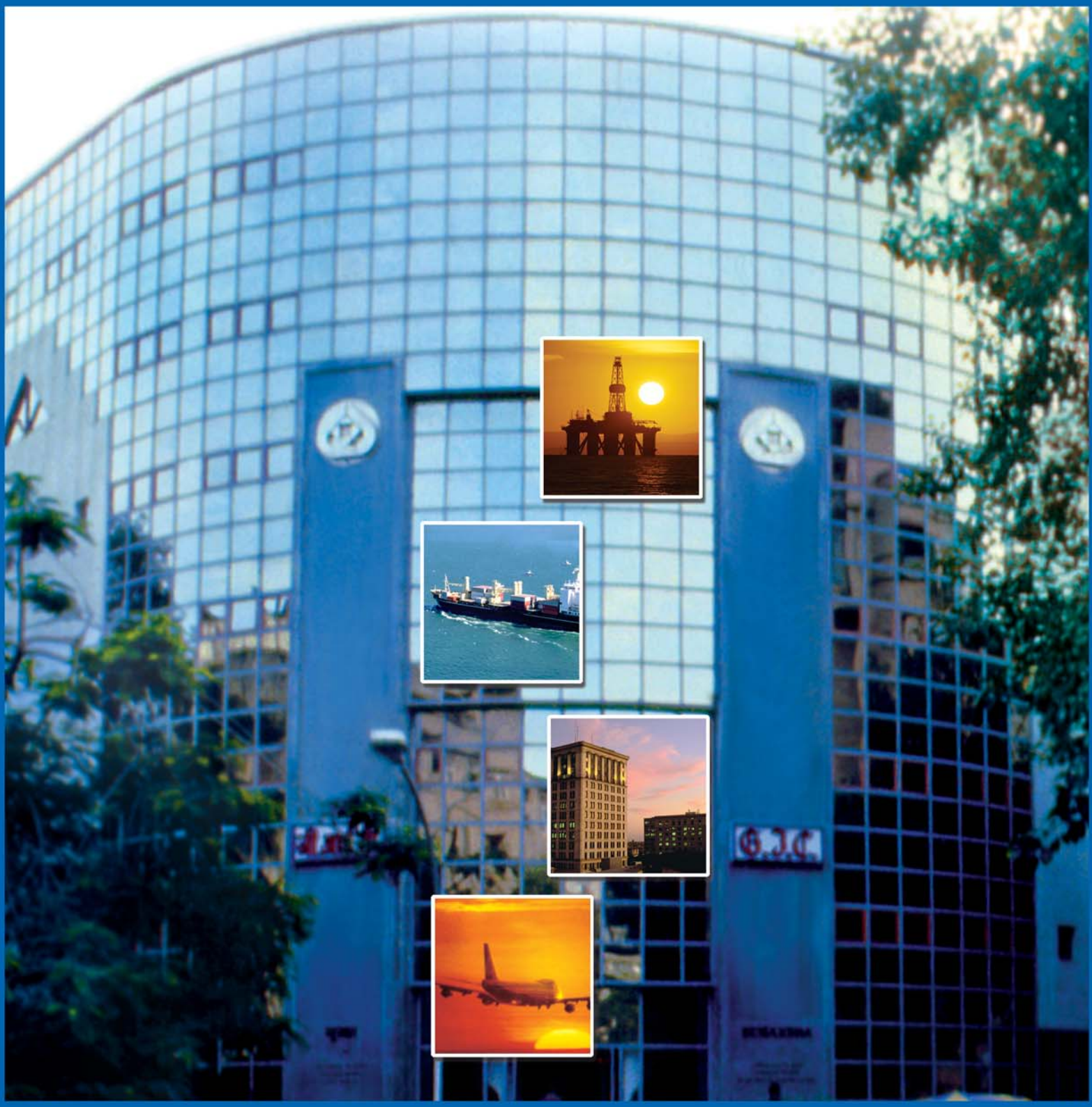
** EPS & Dividend for the current year is calculated on enhanced capital of Rs. 430 crores considering bonus issue of 1:1 as per point no. 2 of the Notes forming part of accounts.

(Rs. & US$ in '000)

	2004-05		2003-04	
	Rs.	**US $**	Rs.	US $
Net Earned Premium	**43736 791**	**999 927**	39917 849	921 890
Net Claims	**37028 027**	**846 548**	28953 561	668 673
	84.66%	**84.66%**	72.53%	72.53%
Net Commission	**12074 855**	**276 060**	10716 378	247 491
	27.61%	**27.61%**	26.85%	26.85%
Operating Expenses and Other Outgo less Other Income	**356 701**	**8 155**	421 494	9 734
	0.82%	**0.82%**	1.06%	1.06%
Investment Income Apportioned to Revenue less Expenses	**8505 096**	**194 447**	8607 625	198 790
	19.45%	**19.45%**	21.56%	21.56%
Underwriting Profit	**2782 303**	**63 610**	8434 041	194 782
	6.36%	**6.36%**	21.13%	21.13%
Interest, Dividends, Rent & Profit on sale of Investments	**5480 995**	**125 309**	4916 699	113 550
Other Income less Other Outgo	**552 172**	**12 624**	2 996	69
Reserve for Doubtful Debts, Investment Written off and Amortisation of Premium on Investments	**814 661**	**18 625**	584 653	13 502
Profit before Tax	**8000 809**	**182 917**	12769 083	294 898
Provision for tax including deferred tax	**6000 568**	**137 187**	2392 876	55 263
Profit after Tax	**2000 241**	**45 730**	10376 207	239 635
Assets:				
Investments	**146302 589**	**3344 824**	121269 562	2800 683
Loans	**8040 494**	**183 825**	8004 529	184 862
Fixed Assets	**403 057**	**9 215**	379 366	8 761
Cash and Bank Balances	**14943 668**	**341 648**	17879 100	412 912
Advances and Other Assets	**25828 633**	**590 504**	16878 775	389 810
Total Assets	**195518 441**	**4470 015**	164411 332	3797 028
Liabilities:				
Share Capital	**2150 000**	**49 154**	2150 000	49 654
Reserve and Surplus	**40442 551**	**924 613**	39177 771	904 798
Deferred Tax Liabilities	**40 224**	**920**	52 889	1 221
Fair Value Change Account	**51441 420**	**1176 073**	41540 893	959 374
Current Liabilities & Provisions	**101444 246**	**2319 256**	81489 779	1881 981
Total Liabilities	**195518 441**	**4470 015**	164411 332	3797 028

1 US $ = Rs.43.74 as on 31st March, 2005
1 US $ = Rs.43.30 as on 31st March, 2004
(Percentage relate to the net earned premium of the corresponding year)
Solely for the convenience of readers, performance highlights have been converted into US$ as on 31st March.

NOTES



भारतीय साधारण बीमा निगम

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