

To the Members,

The Directors have pleasure in presenting the Forty Sixth Annual Report on the working and affairs of the Corporation alongwith the audited statements of account for the year ended 31st March, 2018.

FINANCIAL RESULTS

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

	(₹ in Crore)			2017-18	2016-17
1. Gross premium	41,799.37	33,585.44	10. Interest, Dividends & Rents (net) and Profit on sale of Investments	1,561.14	1,531.70
2. Net Premium	37,634.46	30,174.56	11. Other Income less Other Outgo	-52.25	-20.30
3. Net Earned Premium	38,096.05	26,714.90	12. Reserve for Doubtful Debts and Investment including Amortization of Investments Written off and diminution in the value of investments written off	174.10	333.72
4. Net Incurred Claims	32,953.55	21,646.41	13. Profit before Tax (9+10+11-12)	3,668.25	3,623.86
	86.50	81.00	14. Provision for tax including deferred taxes	434.67	496.19
5. Net Commission % to Earned Premium	6,370.15	5,404.40	15. Profit after Tax (13-14)	3,233.58	3,127.67
	16.70	20.20			
6. Operating Expenses and Other Outgo less Other Income	269.77	270.56			
7. Investment Income Apportioned to Revenue less expenses	3,830.88	3,052.65			
8. Premium Deficiency	0	0			
9. Total Profit/Loss (-) (3+7-4-5-6-8)	2,333.46	2,446.18			

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

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

(Obligatory sessions from Domestic Insurance Companies reduced from 10% to 5% w.e.f. 1st April, 2013 vide IRDA/NL/RI/41/2012-13 date 3rd March, 2013)

DIVIDEND & DIVIDEND DISTRIBUTION POLICY

The Board of Directors at its meeting held on 25th May, 2018, recommended a Dividend of ₹ 13.5 per share of Face Value ₹ 5 each (i.e. 270% of paid-up equity share capital) for the year 2017-18 as against ₹ 11.65 per share of Face Value ₹ 5 each (i.e. 233% of paid up equity share capital) in 2016-17. The final dividend shall be paid to the Members, whose name appear in the Register of Members as on 14th July, 2018.

As the Government of India holds 85.78% stake in the

Corporation, in terms of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the dividend distribution policy of the Corporation is governed by the Guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs) issued by Department of Investment & Public Asset Management (DIPAM) F. No. 5/2/2016-Policy dated 27th May 2016.

The Corporation has no unpaid and unclaimed dividend in the FY 2017-18.

BONUS SHARE:

The Board of Directors in their meeting held on 25th May, 2018 have recommended the issue of Bonus shares in the ratio of 1:1 i.e. 1 (one) equity share of ₹ 5/- each for every 1 (one) existing equity share of ₹ 5/- each to the shareholders of the Corporation. The bonus shares shall be allotted to the Members, whose name appear in the Register of Members as on 14th July, 2018.

CAPITAL AND FUNDS

Capital and Funds of the Corporation stood at ₹ 74,347.78 crore as on 31st March, 2018 as against ₹ 59,628.50 Crore in the previous year, the details of which are given below:

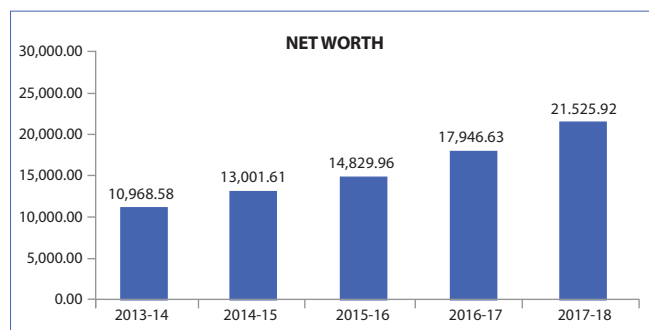
(₹ in Crore)

	As on 31.03.2018	As on 31.03.2017
Shareholders' Funds (Net Worth)		
Paid up Capital	438.60	430.00
General Reserve	16,323.98	14,402.30
Profit & Loss a/c*	3,233.67	3,127.75
Share Premium Account	1,544.07	0.00
Total	21,540.32	17,960.05
Less: Deferred Tax Assets	14.40	13.43
Net worth	21,525.92	17,946.63
Policyholders Fund	52,821.86	41,681.87
Total Funds	74,347.78	59,628.50

*Profit & loss account ₹ 3233.58 crore (Previous year ₹ 3127.67 Crore) without making adjustment for dividend, dividend distribution tax.

Net worth (Shareholders Funds) for the last 5 years

(₹ in Crore)

**ASSETS**

Total assets of the Corporation were ₹ 1,10,226.98 Crore as on 31st March, 2018 as compared to ₹ 94,948.62 Crore as on 31st March, 2017.

CONSOLIDATED FINANCIAL STATEMENT

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

Explanation:

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

FINANCIAL RATING AND RANKING

Global rating agency A M Best reaffirmed the Financial Strength Rating of "A- (Excellent)" and issuer credit rating of "a-" of the Corporation in February 2018. The outlook of these credit ratings is Stable. The rating reflects GIC Re's solid risk-adjusted capitalization, its balance sheet strength, which A.M. Best categorizes as very strong, as well as its adequate operating performance, favorable business profile and appropriate enterprise risk management.

CARE Ratings Limited (formerly known as Credit Analysis & Research Limited) reaffirmed AAA (In) Claims Paying Ability rating for the Corporation in March, 2018. The rating reflects the Corporation's strategic importance as the dominant Indian reinsurer, good solvency position and comfortable liquidity profile.

GIC Re is ranked the 12th largest international reinsurer group by A M Best based on Gross Written Premium in year 2016 (14th in previous year) and also 12th by Standard & Poor's on Net Reinsurance Premium written in year 2016 (18th in previous year).

SOLVENCY RATIO

The Solvency Margin of the Corporation as on 31st March, 2018 stood at 1.72 as against 2.40 in the previous year.

INVESTMENTS

The book value of the investment of the Corporation in India (representing investment, loans & deposits) amount to ₹ 47,816.52 Crore as on 31st March, 2018 as against ₹ 39,126.27 Crore in the previous year. The Investment Income of ₹ 5,215.26 Crore were apportioned to Policy Holder & Share Holder as under:

(₹ in crore)

	2017-18	2016-17
Apportioned to Policyholders	3,705.29	3,006.88
Apportioned to Shareholders	1,509.97	1,508.73

The mean yield on funds with profit on sale of investments stood at 12.0% (Previous year 12.3%). The net NPA% (non-performing Assets) was at 0.56% (Previous year 0.78%).

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (IRDAI)

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

Development Authority of India (IRDAI). The Corporation's existing paid-up equity capital of ₹ 438.60 Crore conforms to the specifications of the IRDAI. The Accounts of the Corporation are drawn up according to the stipulations prescribed in the IRDAI (Preparation of Financial Statements and Auditor's Report), Regulations, 2002.

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

GIC Re had arranged ART Retro protection programme from 1st October, 2001 till 31st May, 2014 followed by Structured Solution Contract from 1st June, 2014 till 31st May, 2017 for covering risks from all classes of business, as per agreed terms and conditions. The ART Contract was not renewed with effect from 31st May, 2014.

The final closure of the ART contract was effected during the third quarter of 2017-18. The payment of the Gross Balance as on 30th November, 2017 relieved the Reinsurer of all outstanding and future liabilities. Upon closure of ART, any upward revision in the claims position will be on GIC Re's Net.

The Structured Solution Contract is not renewed effective 1st June, 2017. GIC Re and the Reinsurers will maintain all contractual rights and obligations arising out of the contract and towards statutory dues, till the final closure at a mutually agreed date after both parties agree to the net balance quantum.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The provisions of Section 186(4) of the Companies Act, 2013 (the Act) requiring disclosure in the financial statements of the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security are proposed to be utilised by the recipient of the loan or guarantee or security are not applicable to the Corporation.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS OF THE COMPANY AND ITS FUTURE OPERATIONS

There are no significant and/or material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of future operations of the Corporation.

ENTERPRISE RISK MANAGEMENT

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

ERM department conducts risk assessment with the assistance of the Risk and Mitigation Plan Owners (RMOs), primarily Scale V level officers, where new risks are brought for discussion and thereafter the entire risk universe is re-calibrated with the objective of prioritization. During the exercise, RMOs also propose controls/mitigation plans, which post deliberations are implemented. The department keeps conducting periodic review of the risk universe and checking the control effectiveness and keeps the Management and Board ERM Committees duly informed of developments and deviations.

ERM department has got a customized e-GRC software solution in place, viz. GICRiskPro. This software records the identified risks and their mitigation plans and facilitates monitoring and control process. The Key risk indicators (KRIs) which are used to fix the risk tolerance limits are also captured in GICRiskPro. The software is integrated with the base SAP system of Corporation to enable KRI values to automatically move from base system to GICRiskPro. This system is also beneficial in giving the alerts to the KRI owner if the KRI thresholds are breached.

As part of its allied activities, the ERM department reviews the Business Continuity Plan (BCP) which aims at providing continuity of services at a defined minimum acceptable level of critical functions and to safeguard the financial, competitive and reputational position in the short and medium term. Teams under BCP have been adequately trained as to their specific responsibilities under the Plan with an aim to create awareness to reinforce the Business Continuity culture and refresh the importance of the on-going Business Continuity Exercises.

During the year under review, a neutral Third-Party Consultant was appointed for carrying out the Stress Test Exercise of GIC Re for the Financial Year 2017-18 based on financial data as on 31st March, 2017. The Stress Test Exercise evaluated scenarios of significant adverse threats to the future financial condition and found it to be adequately resilient.

Standard Operating Procedures (SOP) for two key functions of the Corporation viz: Reinsurance and Investment and their related accounting activities have been duly documented. ERM department works towards ensuring strict compliance.

An Anti-Fraud Policy has been put in place which covers prevention, identification, investigation and reporting of frauds. Corporation has declared 'Zero Tolerance' to any non-compliance to the terms and conditions of the Anti-Fraud policy.

CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORTING

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

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

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

AUDITORS AND AUDIT REPORT

STATUTORY AUDITORS

GBCA & Associates, Chartered Accountants and Samria & Co., Chartered Accountants were appointed as joint Auditors to audit the accounts of the Corporation for the financial year 2017-18 by the Comptroller & Auditor General of India under Section 139 and section 143 of the Companies Act, 2013.

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

SECRETARIAL AUDIT

The Board has appointed SVVS & ASSOCIATES, Company Secretaries LLP to conduct Secretarial Audit for the financial year 2017-18.

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

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

EXTRACT OF ANNUAL RETURN

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

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

The Corporation has annexed to this report Annexure IV, a certificate obtained from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The operations and future prospects of the Corporation is

dealt in the Management Discussion and Analysis Report which forms part of the Directors Report.

FOREIGN EXCHANGE EARNINGS & OUTGO AND OTHER INFORMATION

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

- i) Earnings ₹ 3451.52 Crore
- ii) Outgo ₹ 3792.03 Crore

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

Expenses on (a) Entertainment (b) Foreign Tours and (c) Publicity and Advertisement amounted to ₹ 637,871/-, ₹ 50,813,348/- and ₹ 83,144,111/- respectively for the year under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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

PERSONNEL AND INDUSTRIAL RELATIONS

I. STAFF POSITION AS ON 31st MARCH, 2018

Class I	- Officers	494
Class III	- Clerical Employees	74
Class IV	- Sub-Staff	13
TOTAL		<u>581</u>

II. Composition of Scheduled Castes and Scheduled Tribes in the employee Strength

Cadre	Total Employee Strength	Composition			
		SC	%	ST	%
Officers	494	76	15.38	28	5.67
Clerical	74	19	25.67	10	13.51
Sub-Staff	13	03	23.08	01	7.69
Total	581	98	16.87	39	6.71

III. WELFARE OF SC/ST/OBC:

As per the National Policy on reservation for SC/ST & OBC, GIC Re has framed rules, which allow reservations and concessions/relaxation for SC/ST and OBC in recruitment and promotion wherever applicable. Special in-house training classes are conducted for SC/ST employees who are in the promotion zone in order to enable them to acquire knowledge so that they are able to give a better account of themselves in the written test. Special Inhouse training programme also conducted for SC/ST employees on reservation policies in order to enhance their knowledge on reservation policies. The Corporation also organizes online pre-recruitment trainings for the SC/ST candidates who apply for the recruitment examination on All India Basis.

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

The Corporation has been employing women employees in various cadres within its office. The Corporation has in place a policy against Sexual Harassment in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

All employees are covered under the policy. There was no complaint received from any employee during the financial year 2017-18 and hence no complaint is outstanding as on 31st March, 2018 for redressal.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY OF THE CENTRAL GOVERNMENT

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

For implementation of Official Language Policy of the Government, regular inspections of Departments situated in head office, Mumbai and liaison offices at Delhi, Kolkata and Chennai were carried out by the officials of Official Language Department.

Four In-house workshops were organized and four meetings of Official Language Implementation Committee were conducted during the year. Apart from the regular translation work, translation of Financial Standing Order (FSO) was carried out.

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

CMD's Shield was awarded to Information Technology Management Group and certificates were given to Vigilance Department and Office Services Department as these departments were found to be the best performing departments of the Corporation with regards to Official Language Implementation.

Almost all Officers and Employees are having working knowledge of Official Language. Out of 563 personnel of GIC Re, 156 are proficient in Hindi.

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

GIC's Liaison office, New Delhi and Head Office at Mumbai were inspected by Joint Director, Ministry of Finance respectively on 25th April, 2017 and 10th October, 2017 to take stock of Implementation of Official Language in these offices.

Officials of GIC have attended all Town Official Language Implementation Committee (TOLIC) meetings and participation was assured in various programmes organized under Town Official Language Implementation Committee (TOLIC) by its members.

Official Language Department of GIC was awarded II prize for Hindi In-house magazine KSHITIJ by Town Official Language Implementation Committee (TOLIC). Hindi Implementation in GIC Re was awarded by Aashirwad Sanstha, Mumbai and Prabandhan Vikas Sanstha, New Delhi.

VIGILANCE

The Vigilance Department of the Corporation is headed by a Chief Vigilance Officer (CVO) in the rank of General Manager. The emphasis of the Vigilance Department is on preventive vigilance.

The Department also focuses on various systems improvement initiatives.

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

programmes/workshops conducted by reputed organizations.

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

INTERNAL AUDIT DEPARTMENT

The Corporation has systems and controls in place covering all major areas of operations such as Underwriting, Investment and Finance. The objective of the Internal Audit Department is to critically appraise the adequacy and effectiveness of the various systems and controls in the various areas of operation of the Corporation, with a view to facilitate the Management to strengthen the overall governance mechanism.

To achieve the objective, the Internal Audit Department has utilized the services of professional audit firms. During the year 2017-18, M/s Mayra & Khatri were re-appointed as Internal Auditors for Reinsurance Operations and Business Accounts and M/s S.K. Patodia & Associates were re-appointed as Internal Auditors for Investment Operations and other departments.

The Internal Audit Department also appoints Internal Auditors for foreign branches of GIC Re in London, Dubai and Malaysia, representative office in Moscow and International Financial Service Centre Insurance Offices (IIO) at GIFT City. The Internal Audit of London Branch, Malaysia Branch and GIFT City IIO was conducted by GIC Re H.O. officials for FY 2017-18. The Internal Audit Department also conducted audit of Liaison Offices at Delhi and Chennai for FY 2017-18.

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

1. Secretarial Audit
2. RTI Audit
3. Audit of FAIR Nat CAT Pool
4. Audit of Indian Nuclear Insurance Pool
5. Audit of Indian Market Terrorism Risk Insurance Pool

Internal Audit Department also liaisons with Comptroller &

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

The Internal Audit Department functions independently under the supervision of the Audit Committee of the Board.

The Audit reports of GIC Re Head Office and Foreign branches are placed before the Audit Committee of the Board for their consideration and directions. Six (6) meetings of the Audit Committee of the Board were held during the year 2017-18. Action Taken Reports were presented to the Audit Committee to report the status of progress on the implementation of the directions of the Committee. During the year, emphasis was laid on core business activities and audit of Reinsurance underwriting operations, settlement of outstanding accounts & reconciliations of broker balances. Other departments like Human Resources, IT, Communication, General Accounts, Office Services etc. were also covered during the year.

Besides major expenditures incurred, both Revenue and Capital, having financial implications were also subjected to audit. Treaty acceptances, Cash Call settlements and Settlement of Accounts were audited on concurrent basis.

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

The major contributions of the auditors during the year include appraising the management of the scope of improvement in cash call servicing, broker-wise and cedant-wise receivable management, reduction in unappropriated amounts, and streamlining of outstanding loss reserves. The Audit function in the Corporation has brought about

improvement in data quality, acceleration in claim processing, streamlining of process of accounts receivable management in the Reinsurance Operations.

By critically appraising the Management of the Corporation of the various systems and processes, the Internal Audit Department facilitated to strengthen the overall governance mechanism.

RTI ACT, 2005

The Corporation has in place the stipulated structure to implement the RTI Act 2005, in the Corporation. The setup is headed by a General Manager designated as the Transparency Officer. A General Manager functions as the Appellate Authority, an Assistant General Manager is the Central Public Information Officer, an Assistant General Manager discharges the duties of Assistant Public Information Officer under the provisions of the Act. A Deputy Manager has been nominated as Nodal Officer.

The Corporate website www.gicofindia.com also hosts information as relevant to the Corporation, under the Act. It has separate Right to Information link developed and continuously updated by the RTI Cell (<https://www.gicofindia.com/en/right-to-information>) containing information and complying with the provisions under the RTI Act, 2005 and other Ministerial and CIC circulars.

In the FY 2017-18, the Corporation complied with the guidelines issued by Ministry of Personnel regarding Implementation of suo motu disclosure u/s 4 of the RTI Act, 2005 and its Audit thereof.

During the period under review (2017-18) the Corporation received 160 (One hundred and sixty) Applications and 8 (Eight) First Appeals under the RTI Act, 2005. All the Applications were duly replied, and appeals were disposed of well within the stipulated time. One Second Appeal was filed against the Corporation before Central Information Commission and the final order was passed in favour of the Corporation during the period under review.

INFORMATION TECHNOLOGY MANAGEMENT GROUP (ITMG)

The year under review has seen the Information Technology Management Group of GIC Re complete the migration of its Data Centre and Disaster Recovery Centre operations to a new platform bringing in some of the latest technologies. The deployment of a private cloud infrastructure provides it the flexibility and agility to match the availability of system resources to the needs of the organisation while also improving the levels of security, manageability and optimum utilization of resources. Network infrastructure of the organisation has also been revamped with enhanced bandwidth and MPLS connectivity being provisioned for connectivity with the data centre and other offices in India.

Technical upgradation of the Corporation's core ERP application was carried out successfully after meticulous planning and intensive testing by the end users. The Corporation has an Information Security Policy which is periodically reviewed and the security infrastructure is regularly audited through certified security auditors.

TRAINING/HRD

Employees today are required to compete in a dynamic environment where in technology, ideas and events converge rapidly, creating challenges and opportunities for them.

For this, one is required to constantly learn new skills and be abreast of knowledge as well as excel in Inter-personal relationships, too. Training Department enables the employees in perfecting their in-born talents and learning new skills. We empower them to use imagination, develop creative solutions, and remain flexible while ideating or communicating. Both, experienced and young leaders become equipped to motivate others to turn their ideas into results that make a difference to business. Training plays an important role in the overall growth of the organization.

In the year 2017-18, training was imparted to all levels of employees. Training programmes were conducted for the employees at GIC Re Learning Academy; National Insurance

Academy, Pune; Insurance Institute of India, BKC, Mumbai; and other Reputed Institutes. Many soft skilled programmes as well as technical based programmes were initiated and completed successfully.

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

Organization	No of Programmes	No of Employees trained
GIC Re Learning Academy	11	534
National Insurance Academy	19	84
Insurance Institute of India	2	6
Other Reputed Institutes	39	90
Seminar/Conferences/ Trainings in Foreign Countries	17	28

Some highlights of the programmes are :

1. 5 weeks long Induction Programme conducted at National Insurance Academy, Pune for 31 Direct Recruit Scale-1 Officers (Assistant Manager). The sessions covered aspects of both, Insurance and Reinsurance.
2. As a marketing strategy, 1 specialised programme on Reinsurance was conducted in November 2017 for the Overseas Associates of GIC Re. A total of 29 foreign delegates from 12 countries attended the programme 'Reinsurance Management - Concept Level'
3. Financial Awareness vis-à-vis IPO Training Programme was conducted for all employees of GIC Re at GIC Re Learning Academy, Ador House. The programme was conducted with the association of NSDL and ICICI Bank.
4. A Post IPO Session for the Executives was conducted at GIC Re, Suraksha in the Board Room. It was taken

by renowned faculty – Dr. Sunder Ram Korivi belonging to National Institute of Securities Market.

5. A specialised programme on 'Reservation Policy for SC/ST Officers' was conducted at Hotel Ambassador, Churchgate, Mumbai. The purpose of the training was to understand the reservation policies. The training was imparted by Ms. Anuradha Ghodkhande, Assistant Director, National Commission for Schedule Castes. She is a noted speaker on the subject and this training was well received by all the participants.
6. The Training Department also conducted a training programme to familiarize the employees about GST and the training ended with a very interactive session with the speaker, Mr R. Krishnan.
7. As a special initiative towards SC/ST employees, Training Department has conducted Training Programmes exclusively at Goa & Jaipur for SC/ST employees.
8. This time a specialized in-house programme on the topic - "Prevention of Sexual Harassment (POSH)" was also conducted at GIC Re, Suraksha. Approximately 40 employees attended this training programme in different batches.
9. As part of the Vigilance Awareness Week, training department has organized a training on "Preventive Vigilance - DO's and DON'T's" for middle level managers. The faculty for this session was our CVO, Mr. Ravi Chaudhary. This session brought out the precautionary steps needed to be taken by the middle level managers.

The Training Department has ensured that every employee was nominated to at least one training programme during the year 2017-18. Such initiatives ensure that our employees are skilled enough to handle the complex business scenarios.

OVERSEAS EXPANSION

Overseas Expansion of operations, through branch offices, subsidiaries and joint ventures are an integral part of the business growth strategy, so as to expand the reach of the operations into multiple countries throughout the world. GIC Re targets expansion into new markets by efficiently using the potential and creating additional sustainable income opportunities, both in developed countries, where there is larger demand and in developing countries where there is increasing demand.

Expansion plans are drawn basing on study of market opportunities, supported by understanding of the business, working environment and regulation in prospective markets. GIC Re has also been striking strategic partnerships with reinsurers abroad to take advantage of the expertise and experience of both and leverage on economies of scale.

In March 2018 approval was granted by Lloyd's to establish 'GIC Syndicate 1947', the fully Indian capital backed syndicate to be made operational in April 2018. M/s Pembroke Managing Agency Limited, a Liberty Mutual Company would be the Managing Agent for the syndicate in initial years till GIC Re established its own Managing Agency.

Scaling up of Moscow Representative Office to a full-fledged business office is in an advanced stage.

INVESTMENT IN INSURANCE COMPANIES

DOMESTIC OPERATIONS

- **AGRICULTURE INSURANCE COMPANY OF INDIA LTD. (AICIL)**

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

Companies. The Company has earned a profit of ₹ 595.67 Crore during the financial year 2017-18 as compared to a profit of ₹ 323.77 Crore last year.

OVERSEAS OPERATIONS

GIC Re has 4 overseas offices viz; a Representative Office in Moscow and Branch Offices in London, Dubai and Malaysia.

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

- **LONDON BRANCH (UK)**

During the current financial year 2017-18, the Gross Premium written by the Branch was GBP 90.21 mn compared to GBP 85.22 mn last year and earned a profit of GBP 1.85 mn as against a profit of GBP 13.82 mn last year.

- **DUBAI BRANCH (UAE)**

During the current financial year 2017-18, the Gross Premium written by the Branch is AED 1,198.29 mn compared to AED 1,304.99 mn last year and incurred a loss of AED 0.18 mn as against a loss of AED 251.43 mn last year.

- **MALAYSIA BRANCH**

During the current financial year 2017-18, the Gross Premium written by the Branch was RM 664.07 mn compared to RM 529.90 mn and incurred a loss of RM 49.18 mn as against a profit of RM 115.03 mn.

- **KENINDIA ASSURANCE CO. LTD., KENYA**

The paid up share capital of the Company is Kshs 561 mn. The total shares held by GIC is 515,777 shares of

Kshs 100 each as on 31st December, 2017. The Corporations' holding in the share capital of the Company is 9.19%.

The Board has recommended a dividend of Kshs.10 per share for the year ended 31st December, 2017.

- **INDIA INTERNATIONAL INSURANCE PTE. LTD., SINGAPORE**

The Corporation holds 20% shares in India International Insurance Pte. Ltd., which has a share capital of S\$ 50 million. The total shareholding of GIC Re in the Company is 10 mn shares each of 1 S\$.

The Directors have recommended a first & final dividend of 10 cents per share for the financial year 2017.

- **ASIAN REINSURANCE CORPORATION, BANGKOK**

The Corporation is holding 6.32% of the share capital as Associate Member of Asian Re in addition to holding 0.99% of the share capital as its Regular Member on behalf of the Government of India.

Shareholders passed a resolution to approve 3% stock dividend from the retained earnings as at 31st December, 2016 to Class B shareholders.

- **EAST AFRICA REINSURANCE COMPANY LTD., KENYA**

The Corporation has 14.75% stake in the share capital of East Africa Reinsurance Company Ltd., an existing profit-making reinsurance company in Kenya. The total shareholding of the Corporation is 221,281 shares of 1000 Kshs, as on 31st December, 2017.

Board has recommended a total dividend of Kshs. 100 million equivalents to 16.62% of PAT to registered shareholders as at 31st December, 2017.

- **GIC Bhutan Re Ltd.**

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

The Corporation has a 26% stake in the Joint Venture and held 13,000,000 shares of value Nu 10 each as of 31st December, 2017. The rest of the shareholding is divided between two Local Bhutanese promoters with 17% stake each and 40% shares are held by the public.

The Company has not declared any dividend for the year ended 31st December, 2017.

- **GIC Re South Africa Ltd.**

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

The revenue since then has been as under:

2014-15 (January 2014 to March 2015)	ZAR 155.88 Mn.
2015-16	ZAR 331.82 Mn.
2016-17	ZAR 688.64 Mn.
2017-18	ZAR 1,641.25 Mn.

The growth of Revenue since then has been 113%, 108% and 138% respectively. The number of employees have since grown from 9 to 23 during the above period. The Management Expenses in relation to GWP has dropped from 6.55% to 1.58% since then.

The Corporation held 421,856,675 no par value ordinary shares with a value of ZAR 843,713,350 constituting 100% of GIC Re South Africa Ltd's equity as of 31st March, 2018.

The Company has not paid or declared any dividend during the year ended 31st March, 2018.

- **GIC Re, India, Corporate Member Limited**

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

The business underwritten by the Company is fully reinsured with GIC Re.

The company has earned a profit of GBP 19,000 as against a loss of GBP 33,000 last year.

The company has not declared payment of any dividend for the year.

LISTING OF EQUITY SHARES

During FY 2017-18, the Corporation completed its Initial Public Offer (IPO) consisting of Offer for Sale (OFS) of 107,500,000 equity shares by the Government of India and fresh issue of 17,200,000 equity shares respectively of face value ₹ 5 each.

The shares of the Corporation were listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) on 25th October, 2017.

PUBLIC DEPOSITS

The Corporation has not accepted any deposits under Section 73 of the Companies Act, 2013.

DIRECTORS AND OTHER KEY MANAGERIAL PERSONNEL

The Board of Directors of the Corporation as on 31st March, 2018 consisted of ten Directors, out of which five are independent Directors, one is Government Nominee Director, one is non-executive non-independent Director and three are whole-time Directors including the Chairman cum Managing Director.

None of the Directors are related to any other Director or employee of the Corporation.

The details pertaining to composition and change in Board, committees and details of meetings is provided under Corporate Governance Report and hence not repeated here to avoid duplication.

DECLARATION OF INDEPENDENT DIRECTORS

All Independent directors have given a declaration that they meet the criteria of independence as laid down under Section 149(6) of Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

RETIREMENT OF DIRECTOR BY ROTATION

In accordance with the provisions of Section 152 of the Companies Act, 2013, Smt. Alice G. Vaidyan, Chairman cum Managing Director, would retire by rotation

at the forthcoming AGM and is eligible for re-appointment. Smt. Alice G. Vaidyan has offered herself for re-appointment.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Corporation being a Government Company, is exempted to furnish information under Section 134 (3) (e) of the Companies Act, 2013 vide MCA Notification dated 5th June, 2015.

POLICY FOR REMUNERATION OF KEY MANAGERIAL PERSON AND OTHER EMPLOYEES

The Corporation, being a Government Company, the remuneration payable to Key Managerial Persons and other employees are as per the Government of India norms.

CODE OF CONDUCT UNDER SECURITIES AND EXCHANGE BOARD OF INDIA (PROHIBITION OF INSIDER TRADING) REGULATIONS, 2015

The Corporation has in place a Code of Conduct to regulate, monitor and report trades in securities by Directors, Employees & Connected Persons which is in conformity with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015. The Code is applicable to the Employees of the Corporation, Designated Persons, and their Immediate Relatives and Connected Persons, to the extent applicable. The objective of the Code is to prohibit insider trading in any manner by the Designated Persons and to maintain confidentiality of unpublished price sensitive information and access to information on a 'need to know' basis.

BUSINESS RESPONSIBILITY REPORTING

Business Responsibility Report as stipulated under Regulation 34 of the SEBI (LODR) Regulation, 2015

forms part of the Annual Report and has been hosted on the website of the Corporation and can be viewed at www.gicofindia.com.

CEO/CFO CERTIFICATION

In terms of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, the certification by the Managing Director & CEO and Chief Financial Officer of

the Corporation on the financial statements and internal controls relating to financial reporting has been obtained.

DETAILS OF UNCLAIMED SUSPENSE ACCOUNT

Details of Unclaimed Suspense Account as provided by our RTA i.e. Karvy Computershare Private Limited pursuant to Regulation 39 read with Part F of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sr.No.	Description	No. of Shareholders	No. of Shares
1	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on 23.10.2017	10	160
2	Number of shareholders who approached Listed entity for transfer of shares from suspense account during the year	3	48
3	No. of shareholders to whom shares were transferred from suspense account during the year	3	48
4	Aggregate Number of shareholders and the outstanding shares lying unclaimed as on 31.03.2018	7	112

DIRECTORS RESPONSIBILITY STATEMENT

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

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- The Directors have selected such Accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and the profit and loss of the Corporation for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a going concern basis;
- The Directors have laid down Internal financial control to be followed by the Corporation and that such Internal Financial Controls are adequate and are operating effectively; and
- The Directors have devised proper systems to ensure compliance with applicable laws and that such systems were adequate and operating effectively.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE CORPORATION

Domestic (India):

Following is the detail of one major loss which occurred during the month of April 2018:

Name of Insured	Cause of loss	Date of loss	Cedant	100% loss (₹ Cr.)	GIC's share of Gross loss (₹ Cr.)	GIC's share of Net loss (₹ Cr.)
Privi Organics	Fire	26.04.2018	ICICI Lombard GIC	250.00	155.52	100.00
M/s. Garden Reach Shipbuilders and Engineers Ltd.	Damage due to storm	17.04.2018	Reliance General Insurance	125.00	59.48	59.48

BOARD MEETINGS

The number of Board meetings held during financial year 2017-18 of the Corporation were Ten (10) and these are as follows:

29th May, 2017
14th June, 2017
4th August, 2017
4th August, 2017
8th September, 2017
25th September, 2017
30th September, 2017
16th October, 2017
13th November, 2017
12th February, 2018

SECRETARIAL STANDARDS

During 2017-18, the Corporation was in compliance with the applicable accounting standards issued by the Institute of Company Secretaries of India with respect to Board and General Meetings.

SUBMISSION OF ACCOUNTS BEFORE PARLIAMENT

As confirmed by the Ministry of Finance, Insurance Division, the Annual Report of the Corporation for the year 2016-17 along with Directors Report were placed before both the Houses of Parliament under Section 394 of the Companies Act, 2013 as per details given below:

LOK SABHA 22nd December, 2017

RAJYA SABHA 19th December, 2017

ACKNOWLEDGEMENT

The Corporation is grateful to the Insurance Regulatory and Development Authority of India, Government of India, Reserve Bank of India and Securities and Exchange Board of India for their continued cooperation, the support and guidance. The Corporation wishes to thank its investors, rating agencies, depositories, Registrar & Share Transfer Agent & Stock Exchanges for their support.

The Corporation would like to express its gratitude for the continued support and guidance received from Principal Director of Commercial Audit and Ex-Officio Member, Audit Board-I, Mumbai.

The Directors express their deep sense of appreciation to all the employees, whose outstanding professionalism, commitment and initiative have made the organisation's growth and success possible and continue to drive its progress. Finally, the Directors wish to express their gratitude to the Members for their trust and support.

For and on behalf of the Board

Alice G. Vaidyan

Chairman-cum-Managing Director

Date : 25th May, 2018

Place : Mumbai