

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 and to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The financial statements also conform to the stipulation specified under the Insurance Regulatory and Development Authority of India (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 Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, revenue and expenses for the year ended and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.2 Reinsurance Revenues

Premium is accounted based on accounts rendered by ceding companies upon receipt of accounts. At the year end, estimates are made for accounts not yet received, based on available information and current trends. In respect of Insurance pool business, where GIC Re is one of the members of the Pool, only the Corporation's share of revenue is recorded in the books of accounts.

2.3 Outstanding Claims

2.3.1 Estimated liability for outstanding claims in respect of Reinsurance business carried out in India is based on advices received as of different dates up to the date of finalization of claim figures in the books for submission of the data to the "Appointed Actuary" and wherever such advices are not received, on estimates based on available information, current trends, past underwriting experience of the management and actuarial estimation bases.

2.3.2 Provision for claims incurred but not reported (IBNR) is made as certified by the appointed actuary based on accepted actuarial methods.

2.4 Receivables

Provisions for doubtful debts for receivables are provided as under

- (i) Companies in liquidation.
- (ii) Foreign Companies having non-moving balances over a period of three years.
- (iii) Non-realizable balances of foreign companies having moving balances and outstanding for more than four years.

3. FOREIGN CURRENCY TRANSACTIONS

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

- 3.1 Non-Monetary items including fixed assets and investments abroad are reported using the exchange rate applicable on the date of acquisition.
- 3.2 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.
- 3.3 The exchange gain/loss relating to revenue transaction, due to conversion of foreign currencies, is accounted for as revenue in respective revenue accounts. The common exchange gain/loss due to conversion are apportioned between Revenue Account and Profit and Loss Account in same proportion as stated in Significant Accounting Policy No. 5.
- 3.4 Foreign branch operations are considered as “non-integral business” as prescribed in AS11 “The effects of changes in foreign exchange rates” (revised 2003) and translated accordingly.

4. RESERVE FOR UNEXPIRED RISKS (URR)

The URR provisions are made as under:

4.1 Non-Life Business:

- (i) For HO and Malaysia Branch:

Reserve for Unexpired Risk in respect of Marine Insurance (Hull) and Terrorism Risk Business (included in Fire and Engineering) is made at 100% of Net Premium, while for all other classes of insurance is made at 50% of Net Premium of the period for which accounts are prepared.

- (ii) London and Dubai Branch:

Reserve for Unexpired Risk is provided as per local practice. Adjustment for excess or short provision in URR, as per IRDAI requirement, is accounted at Head Office.

4.2 Life Business:

Reserve for Unexpired Risk is provided as determined by **Appointed Actuary** based on accepted Actuarial methods.

5. APPORTIONMENT OF INTEREST, DIVIDENDS AND RENTS

As per the requirement of IRDAI, the income from interest, dividends and rent is apportioned between Profit and Loss Account and Revenue Accounts in the ratio of Shareholders’ Fund and Policyholders’ Fund respectively at the end of the year. The same is further apportioned amongst the revenue accounts on the basis of the respective Policyholder’s fund at the end of the year. Shareholder’s fund consists of share capital and free reserves. Policyholder’s fund consists of provision for outstanding claims and reserves for unexpired risks. Till previous year the apportionment was done in the ratio of Shareholder’s Fund and Policyholder’s Fund respectively at the beginning of the year (Refer Note No. 44 of Notes Forming Part of the Accounts).

6. 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.

Tangible Fixed Assets are stated at cost (including incidental expenses relating to acquisition and installation) less accumulated depreciation.

Intangible Assets:

Intangible Fixed Assets representing software are recorded at its acquisition price and are amortized over their estimated useful life on a straight-line basis, commencing from the date the assets are available for use. The management has estimated the useful life for such software as three years. The useful life of the asset is reviewed by the management at each Balance Sheet date.

6.1 Depreciation

Depreciation is provided on straight line method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 and residual value of the assets shall be ₹ 1/-.

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

7. RETIREMENT BENEFITS TO EMPLOYEES

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

8. APPORTIONMENT OF EXPENSES

(i) **Head office business:**

Operating expenses relating to insurance business are apportioned to the Revenue Accounts on the basis of Reinsurance Premium accepted during the period for which accounts are prepared, giving weightage of 75% for Marine business & 100 % for Fire, Miscellaneous & Life Reinsurance business.

(ii) **Foreign business:**

Operating expenses relating to insurance business are also apportioned to the revenue accounts of branches on the same basis as mentioned in 8 (i) above.

(iii) **Investment Expenses:**

Expenses relating to investment are apportioned between Revenue and Profit & Loss Account in the same proportion as stated in Significant Accounting Policy No.5.

9. INVESTMENTS

9.1 Prudential norms prescribed by Reserve Bank of India and the IRDAI 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.

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

9.3 The cost of investments includes premium on acquisition, Securities Transaction Tax and their related expenses.

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

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

9.6 (a) Investment in actively traded equity shares are required to be valued as per the guidelines of IRDA issued vide circular ref. no. IRDA/F&I/INV/CIR/213/10/2013 dated 30th October, 2013. The corporation has chosen NSE as primary stock exchange and BSE as secondary exchange. Accordingly, the valuation of equity shares is made on the closing price of NSE. If such security is not listed/not traded on NSE on closing day, the closing price of BSE is considered.

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

(c) In case of Equity Exchange Traded Funds (ETF) the investment is valued on the same basis as traded equity shares, in compliance with Para 3.1 of the IRDAI (Investment) Regulations, 2016 of August 2016.

Whereas Passive ETFs shall be valued at NAV as on the reporting date (IRDAI, Investment Regulations, 2016, Version – 02, 3.1)

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

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

c) Provision is made for diminution in value of investments relating to thinly traded and unlisted shares equivalent to the amount of difference in average book cost and breakup value of the shares except in companies where demerger has taken place during the Financial Year and latest audited accounts are not available.

Breakup value is computed from the annual reports of companies not beyond 21 months irrespective of date of closure of annual accounts of the companies. The impact as on 31st March, 2018 due to change in Accounting Policy of Equity Valuation is ₹ NIL.

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

9.8 Investments in Equity and Preference shares of companies whose latest available audited accounts are beyond 21 months irrespective of date of closure of annual accounts of the companies as on the date of balance sheet or whose net worth has been fully impaired (negative net worth) are valued as under, the impact as on 31st March, 2018 due to change in Accounting Policy of Equity Valuation is NIL.

a) Where shares are : Fair Value Change
Actively Traded Account at
and Book Value is Market Value
less than
Market Value

Diminution in value of investments is recognized in the following cases:

b) Where shares are : Written down to
Actively Traded Market Value
and Book Value is
greater than
Market Value

c) Thinly traded : Written down to
Equity Shares nominal value of ₹ 1/-
per company

d) Preference Shares : At a value proportionate to the face value of the equity shares that bears to its market value and carrying cost is reduced by the diminution value.

9.9 Investments in Subsidiary and Associate Companies are valued at cost as these are strategic investments. Provision for diminution in the value of these investments is made only if the decline is other than temporary.

9.10 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.

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

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

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

9.13 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.8.

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

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

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

9.17 Investments are apportioned between Shareholders' Fund & Policyholders' Fund in the ratio of balance available in the respective funds at the end of the year.

10. AMORTIZATION OF PREMIUM AND PROVISION FOR DOUBTFUL LOANS, INVESTMENTS & DEBTS

Amortization of premium, provision for doubtful loans, doubtful debts and diminution in the value of investments written off, are recognized in the profit & loss account.

11. COMPLIANCE WITH ACCOUNTING STANDARDS

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

12. PREMIUM DEFICIENCY RESERVE (PDR)

Non-Life Business: Premium deficiency is worked out separately for each segmental revenue level basis viz. fire, marine and miscellaneous. As per IRDAI circular no. IRDAI/Reg/7/119/2016 dated 7th April, 2016, PDR is calculated by Non-Life Appointed Actuary.

Life Re business: As per IRDAI circular no. IRDAI/Reg/7/121/2016 dated 13th April, 2016, PDR is calculated by Life Re Appointed Actuary.

13. DEFERRED COMMISSION

London BO has accounted for deferred commission as per the local laws. The same is accounted as Commission at Head Office, in compliance to IRDAI requirements.

II. NOTES FORMING PART OF THE ACCOUNTS:

The Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 have been adopted for presentation of the accounts.

➤ Investments

1. (a) Out of Investment held in shares and debentures of the value of ₹ 526,398,152 thousand (Previous Year ₹ 496,352,888 thousand) no confirmations regarding actual custody or other documentary evidence for investments in debenture of the value of ₹ 682 thousand (Previous year ₹ 1,242 thousand) were available.
- (b) The number of equity shares 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 ₹ 785 thousand (Previous year ₹ 726 thousand) and book value of such excess is ₹ 130 thousand (Previous Year ₹ 130 thousand).
2. The Fixed Maturity Mutual Fund Schemes are close ended mutual fund schemes with definite maturity date and with indicative returns.
3. (a) Provision includes provision for standard assets @ 0.40% as per IRDAI-Prudential norms for Income recognition, Asset Classification and provisioning and other related methods in respect of debt portfolio amounting to ₹ 498,935 thousand (Previous Year ₹ 460,032 thousand).
- (b) During the year, the Corporation has not undertaken under CDR (Corporate Debt Restructuring) System, any case of restructuring of corporate debt/loan. (Previous Year ₹ NIL)
- (c) Pending clarification from IRDAI in respect of applicability of prudential norms, as prescribed by RBI, for provisions on investment in State Government Securities, the Corporation has followed the prudential norms of provisions for loans and advances as prescribed by IRDAI for the said investments.
- (d) The Corporation has considered latest available NAV for the provisioning of units of venture capital. The details of latest available NAV considered are as follows:

NAV as on	No. of Venture Capital Funds
31 st March, 2018	17
31 st December, 2017	04
30 th September, 2017	0
31 st March, 2017	08

4. For valuation of actively traded equity shares, 31st March, 2018 has been considered as closing day.
5. During the year, the corporation has waived/written off debts, loans and interest as follows:

Waiver during the year:

(₹ in thousand)

Particulars	No. of cases	Write off	Waiver
Compound Interest	42	0	1,874
Interest on Delayed payment of Principal	1	0	5,013
Total	43	0	6,887

Debts written off during year:

(₹ in thousand)

No of Companies	Amount written down/written off
Nil	Nil

Diminution in the value of Investments written off during the year:

(₹ in thousand)

No of Companies	Amount written down/written off
17	203,200

6. There is no difference between title of ownership in respect of CGS/SGS available in physical/demat format vis-à-vis shown in books of accounts. As regards, difference between title of ownership in respect of bonds/debentures etc. available in physical/demat format vis a vis shown in books of accounts is very old difference. The Corporation has already fully provided for said difference in books of accounts wherever required. Hence during the year, there is no impact in the financial statements.
7. As at 31st March, 2018 all the assets of the Corporation in and outside India are free from encumbrances except for:
- (a) The Government of India Stock, 7.95% 2032 for ₹ 40,000 thousand and 8.20% 2022 for ₹ 30,000 thousand, 8.24% 2027 for ₹ 171,000 thousand, 8.28% 2027 for ₹ 17,500 thousand and 8.33% 2026 for ₹ 20,000 thousand, 8.60% 2028 for ₹ 80,000 thousand total amounting to ₹ 358,500 thousand (Previous year total amounting to ₹ 243,500 thousand) and cash deposit of ₹ 5,300 thousand (Previous year ₹ 5,400 thousand) with Clearing Corporation of India Limited as deposit towards Settlement Guarantee Fund.
- (b) In view of margin requirements as recommended by SEBI vide Circular dated 19/03/2008, Corporation has provided Fixed Deposits amounting to ₹ 200,000 thousand (Previous year ₹ 150,000 thousand) as margins in cash segments viz. FDR of ₹ 130,000 thousand (Previous year ₹ 100,000 thousand) as collateral is held with NSCCL and FDR of ₹ 70,000 thousand (Previous year ₹ 50,000 thousand) as collateral is held with BSE.
- (c) Margin FDR held by Bank for issue as LC/BG of ₹ 19,501,805 thousand (Previous year ₹ 15,853,931 thousand).
8. The Commitments made and outstanding for Loans, Investments and Fixed Assets (if any) as at 31st March, 2018 are ₹ 704,600 thousand (Previous year ₹ 498,142 thousand).

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).

10. The Book Value of investments valued on Fair Value basis is ₹ 95,130,527 thousand (Previous year ₹ 75,923,101 thousand).

11. The basis of amortization of debt securities is as stated in Significant Accounting Policy No. 9.14.

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

13. Provisions regarding unrealized gains/losses have been stated in the Significant Accounting Policy No. 9.7.

➤ Reinsurance

14. Underwriting of Direct business stopped from 1st April 2001. Figures included in Revenue Accounts Pertaining to direct business are on account of run-off business. Run-off liabilities are sufficiently provided for based on advices received.

15. The Corporation underwrites some special type of quota share treaties on which Unexpired Risk Reserve (URR) is not required as the maximum loss possible under such treaty is provided through Outstanding Loss Reserve (OSLR) as per the terms of the treaty. Till earlier period the Corporation has been providing URR on such treaties in addition to the OSLR amount. During the current period, the Corporation has not provided URR on such treaties and has also reversed the URR provided on such treaties in the earlier years. If the Corporation had followed the same basis of calculation of URR, Profit Before Tax for the year ended 31st March, 2018 would have been lower by 265,886 lakh.

16. Structured solution cover:

- (i) The Structured Solution Contract was in place for three years from 2014 to 2017. Following the Board decision to place the entire layers of all Classes of

Business' (COBs) which were under Structured Solutions in the traditional market, new underlying programmes for both Non-Marine Domestic and Non-Marine foreign were renewed as on 1st June, 2017 and the business was placed traditionally as under:

- (a) For Non-Marine Domestic business, for risk and cat perils, the protection was renewed, from ground up to ₹ 2,000 Crore with a deductible of ₹ 100 Crore for risk and ₹ 250 Crore for cat.
- (b) For Non-Marine Foreign Inward business, for Middle East Risks and World-wide cat perils, the arrangement was also renewed from ground up cover of USD 25 million with a deductible of USD 15 million.
- (ii) Coverage for the cessions on account of following sections which renewed prior to 1st June, 2017 will be ongoing after the non-renewal date:

Section 1: Risk section of the current period till 31st May, 2018 (for LOB viz. facultative risks)

Section 3 – Liability: The annual period expires on 31st January, 2018 but being a Risk Attaching Section exposure will continue.

Section 4 – Credit: till 31st March, 2018 but Risk attaching sections will continue

Section 5 – Marine & Energy: till 30th April, 2018

Section 7 – Aviation: till 31st March, 2018

GIC Re and the Reinsurers will maintain all contractual rights and obligations arising out of the contract, till the final closure at a mutually agreed date after both parties agree to the net balance quantum.

The Funds Withheld Experience Account (FWEA) has a positive balance of ₹ 4,878,137 thousand as on 31st March, 2018 which is subject to change due to movements in premium and claims recoveries between 1st April, 2018 to 31st May, 2018 (Previous year negative balance ₹ 1,793,197 thousand).

17. Premiums, less reinsurance, written from business during the financial year 2017-18 in India are:

₹ 265,072,549 thousand (Previous year ₹ 206,795,441 thousand) and outside India are ₹ 111,272,029 thousand (Previous year ₹ 94,950,125 thousand).

18. Claims less reinsurance during the financial year 2017-18 paid in India are:

₹ 141,286,566 thousand (Previous year ₹ 74,605,497 thousand) and outside India are ₹ 72,233,042 thousand (Previous year ₹ 55,195,405 thousand).

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

Line of Business wise Segment Revenue Reporting for the year ended 31st March, 2018.

INDIAN BUSINESS

(₹ in 000)

Class of Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/(Loss) on Exchange		Premium Deficiency		Underwriting Profit/(Loss)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Fire	16331 501	11041 450	12374 715	13680 324	3030 052	3474 447	174 040	175 545	0	0	0	0	752 693	(6288 866)
Motor	69303 866	42203 603	47054 554	43948 595	9338 381	7470 910	274 679	336 588	0	0	0	0	12636 252	(9552 490)
Aviation	530 804	223 365	947 230	116 358	64 263	85 469	3 028	5 452	0	0	0	0	(483 716)	16 085
Engineering	4414 019	4045 904	1631 143	443 072	(1550 575)	676 621	22 215	29 477	0	0	0	0	4311 236	2896 733
W.C.	161 866	193 730	83 361	53 104	21 932	27 541	668	1 160	0	0	0	0	55 905	111 925
Liability	1628 446	1143 261	632 290	610 308	117 159	125 861	13 836	10 714	(369)	0	0	0	864 791	396 377
PA	5279 656	3685 702	3816 889	1772 039	1495 995	1232 420	23 493	26 479	0	0	0	0	(56 721)	654 764
Health	49420 619	23642 056	34084 971	21633 872	9298 731	6131 944	202 408	209 045	0	0	0	0	5834 510	(4332 805)
Agriculture	115853 569	82 842	124160 680	9 461	13394 832	9 539	581 611	637 931	0	0	0	0	(22283 553)	(574 088)
Other Misc.	4139 945	8553 2076	3879 161	6533 6128	(578 433)	10275 314	10 574	38 832	0	0	0	0	828 643	9881 802
FL/Credit	1466 184	1291 261	4055 776	(199 394)	339 781	240 997	9 674	12 042	0	0	0	0	(2939 048)	1237 615
Marine Cargo	2385 577	2754 189	938 189	1893 245	139 519	344 731	10 638	11 396	0	0	0	0	1297 230	504 817
Marine Hull	895 475	1571 798	(1909 471)	2124 217	(29 329)	91 991	7 785	9 245	0	0	0	0	2826 490	(653 656)
Life	3615 588	2468 299	4245 489	3246 093	13 440	32 138	19 148	23 854	0	0	0	0	(662 490)	(833 786)
TOTAL	275427 114	179879 535	235994 978	154667 422	35095 748	30219 924	1353 797	1527 763	(369)	0	0	0	2982 223	(6535 574)

FOREIGN BUSINESS

(₹ in 000)

Class of Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/(Loss) on Exchange		Premium Deficiency		Underwriting Profit/(Loss)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Fire	56902 948	45128 287	51528 482	30169 979	14599 805	13065 676	386 130	450 319	(114 566)	(115 813)	0	0	(9726 035)	1326 500
Motor	17084 351	13716 995	16163 760	9938 139	5211 575	3786 706	143 429	130 526	(130 339)	(88 321)	0	0	(4564 752)	(226 697)
Aviation	5492 550	4539 860	5607 367	4228 502	1080 722	851 113	48 225	49 126	(14 040)	(9 572)	0	0	(1257 803)	(598 453)
Engineering	4537 843	4128 250	2898 091	3252 442	1484 745	1342 314	38 335	36 571	(26 194)	(8 683)	0	0	90 477	(511 760)
W.C.	198 683	110 346	187 043	214 544	29 259	18 956	1 211	1 288	(784)	(355)	0	0	(19 614)	(124 798)
Liability	864 753	636 923	343 577	403 788	228 541	156 433	5 360	5 240	(4 281)	(2 565)	0	0	282 993	68 898
PA	996 529	783 889	323 007	588 813	326 685	331 983	4 617	6 760	(6 623)	(4 138)	0	0	335 596	(147 805)
Health	8963 954	9407 052	6932 085	7970 569	1594 652	1984 323	108 402	119 164	(32 281)	(26 382)	0	0	296 535	(693 385)
Agriculture	2402 236	28 325	2300 383	14 470	1032 048	13 363	18 165	719	(148 579)	(8 016)	0	0	(1096 939)	(8 243)
Other Misc.	2348 495	2488 085	3438 103	902 035	889 396	1027 697	16 391	26 058	(14 300)	(9 950)	0	0	(2009 695)	522 345
FL/Credit	222 356	149 895	305 451	370 535	90 897	50 070	1 714	1 110	(8 135)	(7 945)	0	0	(183 841)	(279 766)
Marine Cargo	1362 459	2255 329	773 362	353 606	403 366	622 167	9 887	14 654	(8 261)	(9 397)	0	0	167 583	1255 505
Marine Hull	3982 497	4014 772	2861 644	3187 991	1618 929	544 320	27 912	28 088	(18 980)	(16 457)	0	0	(544 968)	237 915
Life	173 778	(118 563)	(121 833)	201 239	15 153	28 962	815	(117)	(4 348)	(718)	0	0	275 295	(349 365)
TOTAL	105533 431	87269 446	93540 521	61796 654	28605 775	23824 083	810 591	869 506	(531 711)	(308 312)	0	0	(17955 167)	470 891

TOTAL BUSINESS (INDIAN + FOREIGN)

(₹ in 000)

Class of Business	Earned Premium		Incurred Claims		Net Commission		Expenses of Management		Profit/(Loss) on Exchange		Premium Deficiency		Underwriting Profit/(Loss)	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Fire	73234 449	56169 737	63903 197	43850 303	17629 858	16540 122	560 170	625 864	(114 566)	(115 813)	0	0	(8973 342)	(4962 365)
Motor	86388 217	55920 598	63218 313	53886 734	14549 957	11257 616	418 107	467 115	(130 339)	(88 321)	0	0	8071 500	(9779 187)
Aviation	6023 354	4763 224	6554 597	4344 860	1144 985	936 582	51 252	54 578	(14 040)	(9 572)	0	0	(1741 520)	(582 368)
Engineering	8951 862	8174 155	4529 234	3695 514	(65 830)	2018 936	60 550	66 049	(26 194)	(8 683)	0	0	4401 714	2384 973
W.C.	360 549	304 076	270 404	267 649	51 191	46 497	1 879	2 448	(784)	(355)	0	0	36 291	(12 873)
Liability	2493 199	1780 184	975 868	1014 096	345 700	282 294	19 196	15 954	(4 650)	(2 565)	0	0	1147 784	465 275
PA	6276 185	4469 590	4139 896	2360 852	1822 680	1564 404	28 110	33 239	(6 623)	(4 138)	0	0	278 875	506 958
Health	58384 573	33049 109	41017 055	29604 441	10893 382	8116 267	310 810	328 209	(32 281)	(26 382)	0	0	6131 045	(5026 191)
Agriculture	118255 805	111 168	126461 063	23 931	14426 880	22 901	599 775	638 650	(148 579)	(8 016)	0	0	(23380 492)	(582 331)
Other Misc.	6488 440	88020 161	7317 264	66238 163	310 963	11303 011	26 965	64 890	(14 300)	(9 950)	0	0	(1181 052)	10404 147
FL/Credit	1688 539	1441 156	4361 227	171 141	430 678	291 067	11 388	13 153	(8 135)	(7 945)	0	0	(3122 889)	957 849
Marine Cargo	3748 035	5009 517	1711 551	2246 850	542 886	966 898	20 525	26 050	(8 261)	(9 397)	0	0	1464 813	1760 322
Marine Hull	4877 972	5586 570	952 174	5312 209	1589 600	636 312	35 696	37 334	(18 980)	(16 457)	0	0	2281 522	(415 741)
Life	3789 365	2349 736	4123 656	3447 332	28 593	61 100	19 963	23 738	(4 348)	(718)	0	0	(387 194)	(1183 151)
Total	380960 545	267148 981	329535 499	216464 075	63701 523	54044 007	2164 389	2397 269	(532 079)	(308 312)	0	0	(14972 944)	(6064 683)

20. Ageing of claims – distinguishing between claims outstanding for different periods:

The Corporation being a reinsurance company does not settle claims directly with the insured. The companies after settling the claims with their insured would recover the claims from the Corporation as per the reinsurance

obligations. Such recoveries are settled with the companies through periodical account statements.

Nevertheless, the outstanding losses as intimated by the companies in respect of facultative business are classified according to the outstanding period as per the details given below:

Details as on 31.03.2018

(₹ in 000)

Sl No.	Outstanding Period	FIRE		MARINE		ENGINEERING		AVIATION		LIABILITY		MISCELLANEOUS		TOTAL	
		No. of claims	Amount	No. of claims	Amount	No. of claims	Amount	No. of claims	Amount	No. of claims	Amount	No. of claims	Amount	No. of claims	Amount
1	30 days	41	4,43,226	8	8,536	4	631	14	81,978	3	20,576	7	3,588	77	5,58,536
2	>30 days upto six(6) months	205	26,65,016	21	6,75,099	40	1,58,988	93	9,39,780	3	32,588	1	177	363	44,71,649
3	>6 months upto 1 year	269	31,01,881	20	29,430	53	1,23,840	112	3,97,414	4	11,868	19	37,475	477	37,01,908
4	1 year upto 5 years	992	43,71,951	264	10,98,318	305	20,61,499	963	25,25,481	29	1,90,999	109	78,009	2662	1,03,26,258
5	>5 years	362	17,32,883	149	2,60,327	272	1,65,970	1151	22,09,734	8	4,90,176	13	41,626	1955	49,00,716
	TOTAL	1869	1,23,14,957	462	20,71,711	674	25,10,928	2333	61,54,388	47	7,46,208	149	1,60,875	5534	2,39,59,066

Details as on 31.03.2017

(₹ in 000)

Sl No.	Outstanding Period	FIRE		MARINE		ENGINEERING		AVIATION		LIABILITY		MISCELLANEOUS		TOTAL	
		No. of claims	Amount	No. of claims	Amount	No. of claims	Amount	No. of claims	Amount	No. of claims	Amount	No. of claims	Amount	No. of claims	Amount
1	30 days	48	110,678	6	1,275	0	0	43	120,909	3	30,245	4	55,651	104	318,757
2	>30 days upto six(6) months	305	947,421	41	42,528	40	76,750	174	418,387	0	-	36	10,576	596	1,495,662
3	>6 months upto 1 year	360	1,354,088	77	659,734	76	148,875	159	560,720	10	57,191	19	7,574	701	2,788,182
4	1 year upto 5 years	1260	4,151,721	327	1,476,463	493	2,225,087	1019	3,057,105	57	117,893	46	47,824	3202	11,076,094
5	>5 years	481	1,387,044	178	347,096	352	212,355	1302	2,901,357	13	492,654	23	70,123	2349	5,410,629
	TOTAL	2454	7,950,952	629	2,527,096	961	2,663,067	2697	7,058,479	83	697,983	128	191,748	6952	21,089,324

21. Claims settled and remaining unpaid for a period of more than six months as on 31st March, 2018 ₹ NIL (Previous Year ₹ NIL).
22. Corporation has put in place system of continuous reconciliation and monitoring of balances on an ongoing basis with persons/bodies carrying on insurance/reinsurance business. The Corporation has provided a cumulative provision of ₹ 5,545,853 thousand (P.Y. ₹ 4,658,317 thousand) for doubtful receivables.

The balances of amount due to/from other persons/bodies carrying on insurance business and deposits held are subject to confirmation/reconciliation. Adjustments, if any, will be accounted for on receipt/confirmation of the same after examination (See note I. 2.4 Provision for Doubtful Debts under Significant Accounting Policy)

23. The Corporation has not provided for catastrophic reserves as IRDAI has not issued any guidelines in this respect.
24. The details of URR adjustment in respect of Dubai and London BO are as under:

Year	Dubai BO	London BO
2017-18	₹ 135,766 thousand (excess provision by BO, reduced at HO)	₹ 1,178,526 thousand (excess provision by BO, reduced at HO)
2016-17	₹ 563,850 thousand (excess provision by BO, reduced at HO)	₹ 99,799 thousand (excess provision by BO, reduced at HO)

25. Life Reinsurance Business:

During the year, the Corporation has made a provision of ₹ 909,853 thousand (Previous Year made provision of ₹ 921,146 thousand) towards unexpired risk reserve for life business as determined by Life Appointed Actuary, as per IRDA guidelines. (Excluding Re-takaful business).

26. (i) The estimate of claims Incurred but Not Reported [IBNR] claims has been certified by the Company's Appointed Actuary. The Appointed Actuary has certified to the Company that the assumptions used for such are appropriate and are in accordance with the requirements of the Insurance Regulatory and Development Authority of India [IRDAI] and Institute of Actuaries of India in concurrence with IRDAI.

(ii) The IBNR provision for Life Re business is certified by the Appointed Actuary - Life Re. It is done using a delay days method. Based on the experience, the adjusted delay

days for claims settlement is estimated. For claims reported in less than equal to 1 year the adjusted delay days is applied on the higher of claims paid, incurred or earned premium. For other prior periods it is applied on the claims paid (or reported) to give IBNR for respective delay periods

27. (a) The details on account of revaluation included in the net Outstanding Loss Reserves (OSLR) at the end of the year are as under:

(₹ in thousand)

Class of Business	Amount
Fire	848,309
Life	3,286
Marine	144,772
Miscellaneous	353,116
Total	1,349,483

(b) Reference/Benchmark Exchange Rates:

(Amount in ₹)

	Average INR Rate {April'17 to March'18}	Average INR Rate {April'16 to March'17}	Closing INR Rate {31.03.2018}	Closing INR Rate {31.03.2017}
AED	17.54730	18.25300	17.72859	17.65683
GBP	85.49414	87.74551	91.25167	81.35433
MYR	15.48393	15.98200	16.85914	14.65868
USD	64.44402	67.03613	65.11000	64.85000
EURO	75.39230	73.57042	80.22203	69.07174

➤ **Human Resources**

28. Provision for Productivity Linked Lump-sum Incentive to the employees for the year ended 31st March, 2018 is ₹ 32,000 thousand (Previous Year 25,000 thousand).

29. Employees Benefits

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

(i) Pension Superannuation Scheme

(ii) Defined Benefit Plan

- (a) Leave Encashment
- (b) Gratuity
- (c) Provident Fund

(iii) Settlement Benefit

During the year Corporation has recognized the following amounts in the Profit and Loss Account based upon the actuary reports:

(₹ in thousand)

Particulars	Year ending 31 st March, 2018	Year ending 31 st March, 2017
Pension Superannuation Scheme(Employees' Pension Fund)	116,053	64,774
Leave Encashment (Earned leave and Sick Leave)	24,811	86,846
Gratuity(Employees Gratuity Fund)	10,181	48,438
Provident Fund(Employees Provident Fund)	0	0
Settlement Benefit	1,206	1,192

A) Change in the Present Value of Obligation

(₹ in thousand)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present Value of Obligation as 1 April	1,623,232	1,414,829	429,740	371,197	332,028	245,183	15,216	14,024
Interest Cost	115,859	107,781	30,959	28,287	25,433	17,898	1,111	1,024
Past Service Cost	0	0	0	0	0	0	0	0
Current Service Cost	46,021	49,766	23,060	22,698	17,514	17,061	714	705
Curtailment Cost/(Credit)	0	0	0	0	0	0	0	0
Settlement Cost/(Credit)	0	0	0	0	0	0	0	0
Benefit Paid	(72,253)	(73,139)	(10,746)	(20,293)	0	0	0	0
Actuarial (Gain)/Loss on Obligation	117,366	123,995	43,166	27,851	(18,137)	51,886	(618)	(537)
Present Value of Obligation at 31 st March	1,830,225	1,623,232	516,180	429,740	356,839	332,028	16,422	15,216

*EL + SL

B) Change in the Fair value of Plan Assets

(₹ in thousand)

Particulars	Pension		Gratuity		Leave Salary		Settlement	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Fair Value of Plan Assets as at 1 April	1,578,306	1,320,858	381,302	337,724	0	0	0	0
Expected return on Plan Assets	141,207	121,164	32,008	27,676	0	0	0	0
Actuarial Gain/(Loss) on Obligation	21,987	95,603	54,996	2,721	0	0	0	0
Contribution	61,595	113,821	48,438	33,473	0	0	0	0
Benefit Paid	(72,253)	(73,140)	(10,746)	(20,292)	0	0	0	0
Fair Value of Plan Assets at 31 st March	1,730,841	1,578,306	505,998	381,302	0	0	0	0
Unpaid Amount	0	0	0	0	0	0	0	0
Fair Value of Plan (Net) Assets at 31 st March	17,30,841	1,578,306	505,998	381,302	0	0	0	0
Actual return	163,193	216,767	87,004	30,398	0	0	0	0

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

(₹ in thousand)

Particulars	Pension		Gratuity		Leave Salary*		Settlement	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Present Value of Obligation	1,830,225	1,623,232	516,180	429,740	356,839	332,028	16,422	15,216
Fair Value of Plan Assets	1,730,841	1,578,306	505,998	381,302	0	0	0	0
Unfunded Net Asset/ (Liability) Recognized in Balance Sheet	(99,384)	(44,926)	(10,181)	(48,438)	356,839	(332,028)	(16,422)	(15,216)

*EL + SL

D) Expenses recognized in the Profit and Loss Account

(₹ in thousand)

For year ending 31 st March, 2018	Pension	Gratuity	Leave Salary *	Settlement
Current Service Cost	46,021	23,060	17,514	714
Interest Cost	115,859	30,959	25,433	1,111
Curtailment Cost/(Credit)	0	0	0	0
Settlement Cost/(Credit)	0	0	0	0
Expected Return on Plan Assets	(141,207)	(32,008)	0	0
Net actuarial (gains)/losses recognized in the period	95,380	(11,830)	(18,137)	(618)
Total Expenses recognized in the Profit & Loss A/c	116,053	10,181	24,811	1,206

*EL + SL

(₹ in thousand)

For year ending 31 st March,2017	Pension	Gratuity	Leave Salary *	Settlement
Current Service Cost	49,766	22,698	17,061	705
Interest Cost	107,780	28,287	17,898	1,024
Curtailment Cost/(Credit)	0	0	0	0
Settlement Cost/(Credit)	0	0	0	0
Expected Return on Plan Assets	(121,164)	(27,677)	0	0
Net actuarial (gains)/losses recognized in the period	28,390	25,130	51,886	(537)
Total Expenses recognized in the Profit & Loss A/c	64,774	48,438	86,846	1,192

*EL + SL

E) Plan Assets

(In %)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Government Securities {Central & State}	55.00	55.00	0.00	0.00	0.00	0.00	0.00	0.00
High quality Corporate Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Others	45.00	45.00	100.00	100.00	0.00	0.00	0.00	0.00

*EL + SL

F) Actuarial Assumption

(In %)

Particulars	Pension		Gratuity		Leave Salary *		Settlement	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Discount Rate	7.66	7.30	7.66	7.30	7.66	7.30	7.66	7.30
Expected return on assets	9.00	9.00	8.00	8.00	0.00	0.00	0.00	0.00
Salary Escalation	8.00	8.00	10.00	10.00	10.00	10.00	10.00	10.00
Attrition/ withdrawal Rate	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00
Indian Assured Lives Mortality	2006-08	2006-08	2006-08	2006-08	2006-08	2006-08	1994-96	1994-96

*EL + SL

G) Other Disclosures

Pension

(₹ in thousand)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Experience Adjustment						
On obligation	117,366	123,995	103,224	16,205	183,129	42,677
On plan assets	(21,986)	(95,603)	4,448	(60,980)	9,392	4,330
Present Value of obligation	1,830,225	1,623,232	1,414,830	1,303,844	1,159,320	905,058
Fair Value of plan assets	1,730,841	1,578,306	1,320,857	1,272,735	923,723	845,167
Excess of obligation over plan assets	(99,384)	(44,926)	(93,972)	(31,109)	(235,597)	(59,891)

Gratuity

(₹ in thousand)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Experience Adjustment						
On obligation	43,166	27,851	43,921	93,092	(18,360)	(9,536)
On plan assets	(54,996)	(2,721)	(35,455)	18,615	629	7,322
Present Value of obligation	516,180	429,740	371,197	301,229	183,862	183,101
Fair Value of plan assets	505,998	381,302	337,724	225,554	195,961	187,826
Excess of obligation over plan assets	(10,181)	(48,438)	(33,473)	(75,675)	12,099	4,725

Leave Salary

(₹ in thousand)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Experience Adjustment						
On obligation	(18,137)	51,886	(37,199)	(43,100)	1,320	(1,268)
On plan assets	0	0	0	0	0	0
Present Value of obligation	356,839	332,028	245,182	227,340	221,463	165,615
Fair Value of plan assets	0	0	0	0	0	0
Excess of obligation over plan assets	356,839	(332,028)	(245,182)	(227,340)	(221,463)	(165,615)

Settlement

(₹ in thousand)

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Experience Adjustment						
On obligation	(618)	(537)	178	0	119	156
On plan assets	0	0	0	0	0	0
Present Value of obligation	16,422	15,216	14,024	12,195	10,648	8,800
Fair Value of plan assets	0	0	0	0	0	0
Excess of obligation over plan assets	(16,422)	15,216	14,024	12,195	10,648	8,800

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

➤ **Secretarial**

30. As per the resolution passed at the Extraordinary General Meeting held on 4th August, 2017 at GIC Re, Head Office, Mumbai, Share capital of the Corporation was altered by consolidating 1000,00,00,000 (One Thousand Crore) equity shares of ₹ 1/- (Rupee One) each into 200,00,00,000 (Two Hundred Crore) equity shares of ₹ 5/- (Rupee Five) each.

Consequent to the Initial Public Offer (IPO) of the Corporation, comprising of Fresh Issue of 172,00,000 Equity shares and Offer for Sale of 10,75,00,000 Equity Shares of ₹ 5/- (Rupee Five) each, the Issued, Subscribed and Called-up Capital of the Corporation as on 31st March, 2018, has been changed to

₹ 438,60,00,000/- comprising of 87,72,00,000 Equity shares of ₹ 5/- each.

Accordingly, the number of equity shares and the face value thereof has been recorded at Rupee Five per share for Authorized, Issued & Subscribed and Called-up Equity Share capital of the Corporation as on 31st March, 2018 (refer schedule 5 and 5A).

31. The face value of equity share was consolidated from ₹ 1 to ₹ 5 per share, as approved by shareholders in the Extraordinary General Meeting (EGM) held on 4th August, 2017. EPS, Diluted EPS, Dividend Per Share and Number of shares outstanding is calculated in the accompanying financial statements based on face value of ₹ 5 per equity share for all the reported periods

32. Investment in Subsidiary & Associate Companies (As on 31st March, 2018)

(₹ in thousand)

Sl. No.	Name of the company	Currency	No. of Shares	Face value	% Holding	Acquisition Cost
Subsidiary Company						
1.	GIC Re South Africa Ltd.	Zar	421,856,675	2 Zar	100%	4,520,723
2.	GIC Re India Corporate Member Ltd.	GBP	1	1 GBP	100%	2
Total Subsidiary Investment						4,520,725
Associate Company						
1.	Agriculture Ins. Co. of India Ltd	INR	70,000,000	10 INR	35%	700,000
2.	GIC Bhutan Re Ltd	Nu	13,000,000	10 Nu	26%	130,000
3.	India International Ins. Pte Ltd.	SGD	10,000,000	1 SGD	20%	29,479
Total Associate Investments						859,479

Investment in Subsidiary & Associate Companies (As on 31st March, 2017)

(₹ in thousand)

Sl. No.	Name of the company	Currency	No. of Shares	Face value	% Holding	Acquisition Cost
Subsidiary Company						
1.	GIC Re South Africa Ltd.	Zar	126,950,000	2 Zar	100%	1,407,141
2.	GIC Re India Corporate Member Ltd.*	GBP	1	1 GBP	100%	2
Total Subsidiary Investments						1,407,143

Sl. No.	Name of the company	Currency	No. of Shares	Face value	% Holding	Acquisition Cost
	Associate Company					
1.	Agriculture Ins. Co. of India Ltd	INR	70,000,000	10 INR	35%	700,000
2.	GIC Bhutan Re Ltd	Nu	13,000,000	10 Nu	26%	130,000
3.	India International Ins. Pte Ltd.	SGD	10,000,000	1 SGD	20%	29,479
	Total Associate Investments					859,479

*Note : GIC Re India Corporate Member has been treated as subsidiary of the Corporation as management control of the same passed on to the Corporation in the F.Y.2013-14, even though the payment for transfer of shares was done on 29.01.2016.

33. (i) Related party Disclosures as per Accounting Standard - 18 "Related Party Transaction" issued by ICAI:

a) Subsidiary Company:

- GIC Re South Africa Ltd., Johannesburg, S.A.
- GIC Re India Corporate Member Limited, London, U.K.

b) Associate Company :

- India International Pte. Limited, Singapore
- Agriculture Insurance Company of India Limited, New Delhi, India
- GIC Bhutan Re Ltd, Bhutan

Nature and volume of transactions: With (a & b) above

(ii) Statement showing Related party disclosures as per AS-18 of ICAI

a. Subsidiaries

(₹ in thousand)

Period	GIC Re South Africa Ltd. Johannesburg, S.A.		GIC Re India Corporate Member, Ltd., London, U.K	
	2017-18	2016-17	2017-18	2016-17
Premium Accepted	3,448,447	1,741,113	3,143,576	1,398,602
Premium Ceded	-	-	-	-
Net Premium	3,448,447	1,741,113	3,143,576	1,398,602
Commission Paid	1,058,990	515,973	1,235,857	552,870
Commission Recovered	-	-	-	-
Net Commission	1,058,990	515,973	1,235,857	552,870
Claims Paid	1,782,190	727,186	2,822,221	957,925
Claims Recovered	-	-	-	-
Net Claims	1,782,190	727,186	2,822,221	957,925
Balance as on 31 st March (-) indicates amount payable by GIC	-	-	-	-

b. Associates

(₹ in thousand)

Period	Agriculture Ins. Co. Ltd		India International Pte Ltd.		GIC-BHUTAN RE	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
Premium Accepted	32,662,335	41,454,812	8,316	17,860	44,008	16,641
Premium Ceded	121,671	8,619	-	3,969	-	-
Net Premium	32,540,664	41,446,193	8,316	13,891	44,008	16,641
Commission Paid	3,524,997	4,330,536	931	235	-	34
Commission Recovered	27,200	1,549	-	-	-	-
Net Commission	3,497,798	4,328,987	931	235	-	34
Claims Paid	23,322,642	4,193,007	107,465	1,22,411	-	-
Claims Recovered	54,845	-	-	-	-	-
Net Claims	23,267,797	4,193,007	107,465	1,22,411	-	-
Balance as on 31st March (-) indicates amount payable by GIC	-	-	-	-	-	-

34. i) Key Management Personnel:

1. Chief Executive Officer : Mrs. Alice G. Vaidyan
2. Chief Marketing Officer : Mr. Pauly Sukumar N.
3. Chief Investment Officer : Mr. Satyajit Tripathy (upto 22.01.2018)
Chief Investment Officer : Mr. Uttam Kumar Sharma (w.e.f. 22.01.2018)
4. Financial Advisor &
Chief of Internal Audit : Mr. G.C. Gaylong (upto 24.05.2017)
: Mr. D.R. Waghela (w.e.f. 24.05.2017)
5. Chief Financial Officer : Mr. V.C. Jain
6. Chief Risk Officer : Ms. Madhulika Bhaskar
7. Chief Compliance Officer : Ms. Suchita Gupta
8. Appointed Actuary
(General Insurance) : Ms. Priscilla Sinha
9. Appointed Actuary
(Life Insurance) : Ms. Padmaja R. (upto 30.06.2017)

ii. Details of Key Managerial Personnel Remuneration for the year ended 31.03.2018 is as follows:

(₹ in thousand)

Sl. No	Name	Designation	Gross Salary	Corp.'s P.F.	House Perquisite	Loan Perquisite	Vehicle Perquisite	LTS Perquisite	Other Perquisite
1	Ms. Alice Vaidyan	Chief Executive Officer	3,407	256	377	0	32	0	0
2	Pauly Sukumar N	Chief Marketing Officer	2,087	135	209	0	32	0	48
3	Satyajit Tripathy (upto 22.01.2018) 285 days	Chief Investment Officer	1,465	98	143	34	17	0	38
4	Uttam Kr Sharma (wef 22.01.2018) 69 days	Chief Investment Officer	352	24	35	0	4	0	0
5	G.C. Gaylong	Financial Advisor & Chief of Internal Audit (upto 24.05.2017) 54 days	306	22	30	0	3	0	200
6	D.R. Waghela	Financial Advisor & Chief of Internal Audit (wef 24.05.2017) 232 days	1399	90	140	0	21	0	30
7	V.C. Jain	Chief Financial Officer	2,127	138	214	0	32	0	48
8	Ms Madhulika Bhaskar	Chief Risk Officer	2,065	128	0	0	22	0	50
9	Ms Suchita Gupta	Chief Compliance Officer	2,022	130	203	0	22	0	49
10	Ms Priscilla Sinha	Appointed Actuary (General Insurance)*	7,595	0	0	0	11	0	0
11	Ms Padmaja R.	Appointed Actuary (Life Insurance) upto 30.06.2017*	911	0	0	0	0	0	0

*Professional fees

Details of Key Managerial Personnel Remuneration for the year ended 31.03.2017 is as follows:

(₹ in thousand)

Sl. No	Name	Designation	Gross Salary	Corp.'s P.F.	House Perquisite	Loan Perquisite	Vehicle Perquisite	LTS Perquisite	Other Perquisite
1	Mrs. Alice G. Vaidyan	Chairman cum Managing Director	2,759	248	0	0	22	0	49
2	Mr. Pauly Sukumar N	Chief Marketing Officer	2,186	131	202	0	22	0	63
3	Mr. Satyajit Tripathy	Chief Investment Officer	1,971	122	178	53	22	0	78
4	Mr. G C Gaylong	Chief of Internal Audit	2,413	146	215	0	22	0	66
5	Mr. V C Jain	Chief Financial Officer	2,129	132	193	0	22	0	78
6	Ms. Madhulika Bhaskar	Chief Risk Officer	1,851	125	0	0	22	0	81
7	Ms. Suchita Gupta	Chief Compliance Officer	2,058	127	186	0	22	0	78
8	Ms. Priscilla Sinha	Appointed Actuary (General Insurance)*	4,078	0	0	0	0	0	0
9	Ms. Padmaja R.	Appointed Actuary (Life Insurance)*	3,403	0	0	0	0	0	0

*Professional fees

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

36. During the year, the Corporation has concluded its Initial Public Offer (IPO) of ₹ 1,125,683 Lakh in the month of October 2017 comprising a fresh issue of 1,72,00,000 equity shares aggregating to ₹ 155,267 lakh and an offer

for sale of 10,75,00,000 equity shares by the Promoter, Ministry of Finance, Government of India aggregating to ₹ 970,416 lakh. Pursuant to the Offer of 12,47,00,000 equity shares, the Qualified Institutional Buyers and Non-Institutional Investors were allotted shares at an issue/ Offer price of ₹ 912/- per equity share while the Retail Individual Investors and Employees were allotted shares at a discount of ₹ 45/- on the Issue/Offer Price i.e. at ₹ 867 per equity share.

37. Provision for Initial Public offer(IPO) expenses has been made on estimated basis subject to the finalisation of total IPO expenditure and includes only the share of the Corporation. The total IPO expenses accounted for ₹ 504,030 thousands of which share of Govt. Of India works out to ₹ 374,784 thousands and share of the Corporation is ₹ 129,246 thousands.

38. Proposed Dividend for the year 2017-18

On 30th March 2016, the Ministry of Corporate Affairs has notified the Companies (Accounting Standards) Amendment Rules, 2016, which became applicable w.e.f 30th March, 2016 for Companies not yet following Ind AS.

As per the amendment to AS 4 (Contingencies and Event Occurring after Balance Sheet Date), if an entity declares dividend to shareholders after the balance sheet date,

the entity should not recognize those dividends as a liability on the balance sheet date (because no obligation exists at that time. Such dividends are required to be disclosed in the Notes to Financial Statements.

In view of the amendment to AS 4 as per the Companies (Accounting Standards) Amendment Rules, 2016, the Corporation has not made any provision for Dividend in the Annual Accounts for the year 2017-18. The proposed dividend for the year 2017-18 is ₹ 11,842,200 thousand and the corresponding Dividend Distribution Tax is ₹ 2,434,199 thousand, which will be settled after approval at the AGM in the year 2018-19. (Previous year dividend paid ₹ 10,002,000 thousand, dividend distribution tax ₹ 2,039,872 thousand).

39. Details of the penalty payable by the Corporation during the year 2017-18 are given below:

Sl No.	Authority	Non-Compliance/ Violation	Amount in ₹ in thousand		
			Penalty Awarded	Penalty Paid	Penalty Waived/Reduced
1	Insurance Regulatory and Development Authority	Nil	Nil	Nil	Nil
2	Service Tax Authorities	Nil	Nil	Nil	Nil
3	Income Tax Authorities	Nil	Nil	Nil	Nil
4	Any other Tax Authorities	Nil	Nil	Nil	Nil
5	Enforcement Directorate/Adjudicating Authority/Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6	Registrar of Companies/NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 2013	Nil	Nil	Nil	Nil
7	Penalty awarded by any Court/Tribunal for any matter including claim settlement but excluding compensation	Nil	Nil	Nil	Nil

SI No.	Authority	Non-Compliance/ Violation	Amount in ₹ in thousand		
			Penalty Awarded	Penalty Paid	Penalty Waived/Reduced
8	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9	Competition Commission of India	Nil	Nil	Nil	Nil
10	Any other Central/State/Local Government/Statutory Authority	Nil	Nil	Nil	Nil

➤ **Corporate Accounts**

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

	2017-18	2016-17
Profit after Tax	₹ 32,335,891 thousand	₹ 31,276,682 thousand
Number of equity shares (weighted avg.)	867,539,726	860,000,000
Nominal value of share	₹ 5/-	₹ 5/-
Basic and Diluted EPS	₹ 37.27/-	₹ 36.37/-

Basic earnings per share are calculated by dividing the profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the profit or loss after tax for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the

beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented.

41. Disclosures as per Accounting Standard – 22 “Accounting for Taxes on Income”:

Deferred Tax assets are recognized only if there is a virtual certainty backed by convincing evidence that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

The breakup of Net Deferred Tax Assets is as under:

(₹ in thousand)

Particulars	As on 31.03.2018		As on 31.03.2017	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Timing difference on account of difference in book depreciation & depreciation under Income Tax Act, 1961.	3,995	-	5,759	-

Particulars	As on 31.03.2018		As on 31.03.2017	
	Deferred Tax		Deferred Tax	
	Asset	Liability	Asset	Liability
Provision for employee's benefits	140,253	-	128,846	-
Others	-	-	-	-
Foreign Branches	-	223	-	309
TOTAL	144,248	223	134,605	309
Net Deferred Tax	144,024	-	134,296	-

42. The basis of apportionment of operating expenses to the Revenue Accounts has been stated in the Significant Accounting Policy No. 8.

43. (a) Till the F.Y. 2013-14, depreciation on fixed assets was charged on written-down value method at the higher of the rates specified in the Income Tax Rules, 1962 and those specified in Schedule XIV to the Companies Act, 1956. In respect of leasehold properties and intangible assets amortization was made over the period of lease/use. From the F.Y. 2014-15, the Corporation has changed the method of depreciation from written down value to straight line method. However, there is no material impact on the financial statements due to such change in depreciation method.

(a) Pursuant to the enactment of the Companies Act 2013, the corporation has applied the estimated useful lives as specified in schedule II. Accordingly, the un-

amortized carrying value is being depreciated/amortized over the revised/remaining useful lives. The written down value of fixed assets whose lives have expired as at April 01, 2014 had been charged to Profit and Loss Account in the F.Y. 2014-15.

44. The financial statements for the year have been prepared on the basis of same accounting policies as adopted in the previous year corresponding year except for the basis of bifurcation of policyholders' fund and shareholders' fund. Till previous year, the bifurcation was made in the ratio of Shareholder's Fund and Policyholder's Fund respectively at the beginning of the year. The bifurcation is now in the ratio of Shareholder's Fund and Policyholder's Fund respectively at the end of each quarter. The said change is necessitated in view of the clarifications received from the Regulator in November 2017 about computation of policyholder's fund. The impact due to the change is provided in table below:

SN	Details	Shareholder's Fund	Policyholder's fund	Net Impact
1	Ratio as per earlier policy	30 %	70 %	
2	Ratio as per revised policy	28.95 %	71.05 %	
3	Impact in Investment -Schedule 8 & 8A due to change in policy	(40 035.34)	40 035.34	NIL
4	Impact in Investment Income due to change in policy	(6 170.57)	6 170.57	NIL
5	Forex Gain/Loss	91.01	(91.01)	NIL

45. Since the value of Other Liabilities net off Other Assets is negative, the value of other liabilities has been taken as zero, while calculating the policyholders' fund.

46. GIC is in process of erecting Fire escape staircase at its office premises, for which a premium of ₹ 16,771,300/- has been paid to the MCGM towards open space deficiency and staircase premium. As the whole process is in progress and has not been completed the said amount paid has been accounted under Sundry Advance.

47. Contingent Liabilities:

(a) Paid up investments ₹ NIL (Previous year ₹ NIL)

(b) Underwriting commitments outstanding ₹ NIL (Previous year ₹ NIL)

(c) Claims, other than Partly under policies not acknowledged as debts: ₹ 11,000 thousand (Previous year ₹ 11,000 thousand)

(d) Guarantees/LC given by or on behalf of the Corporation ₹ 19,501,805 thousand (Previous year ₹ 15,864,369 thousand)

(e) Statutory demand/liabilities in dispute - Income-tax demands disputed, not provided for ₹ 17,262,332 thousand (Previous year ₹ 17,298,899 thousand).

Year-wise break up as follows:

(₹ in thousand)

Sl No.	Assessment Year	Amount
1	2002-03	694,362
2	2003-04	757,312
3	2004-05	1,879,038
4	2005-06	1,849,956
5	2006-07	2,680,573
6	2007-08	3,126,779
7	2008-09	3,149,757
8	2009-10	1,809,812
9	2012-13	1,079,551
10	2013-14	163,957
11	2014-15	71,235
	Total	17,262,332

- (f) Reinsurance obligations to the extent not provided for in the accounts ₹ NIL (Previous year ₹ NIL) in view of Significant Accounting Policy No. 2.2.
- (g) Majority of the pending legal/arbitration matters with the Legal Department are very old.

These cases are primarily against the erstwhile subsidiary companies and the Corporation has been impleaded as a proforma respondent

because of its erstwhile status of the holding company. In MACT/Hit and Run matters, GIC is wrongly impleaded despite not being the administrator of the Solatium Scheme.

Consequently, no financial impact of such cases is envisaged.

48. Performance of Overseas Branches:

(₹ in thousand)

	Dubai	Malaysia	London
Gross Premium	21,026,745	10,282,438	7,712,594
Net Premium	20,441,023	9,970,362	6,700,513
Earned Premium	21,652,614	8,279,487	5,848,245
Incurred Claims	16,947,010	6,353,720	4,612,042
Net Commission	4,975,625	3,126,897	1,723,771
Expenses of Management	272,305	44,020	132,613
Profit/(Loss) on Exchange	90,858	(1,467,199)	(570,397)
Underwriting Profit/(Loss)	(451,468)	(2,712,350)	(1,190,580)
Net Inv. Income in Rev. A/c	326,831	218,754	99,796
Revenue Profit/(Loss)	(124,637)	(2,493,797)	(1,090,784)

➤ GENERAL

49. The Corporation generally makes payments to its creditors within a period of 45 days as stipulated in Micro, Small and Medium Enterprises Act 2006. The Corporation is in the process of identifying Micro, Small and Medium Enterprises as defined in above referred act. Hence relevant disclosures are not made. The Corporation has neither received any claims for interest nor provided any interest payable to Micro, Small and Medium Enterprises as required by aforesaid act.

50. During the year under review, irregularities in acceptance of reinsurance contracts and short collection of premium by an employee of the Corporation had been detected.

In a case where the competent authority had declined the acceptance of a Facultative risk (since it was not within the risk appetite), the employee had conveyed acceptance of the same through the Broker. Under this contract, a loss amounting to EUR 5.4 million (INR 433,200 thousand) has been reported. This was a major loss for leading insurers/reinsurers in the world. Even GIC has suffered this loss through other authorized acceptances.

There is a possibility of recovery under the Corporation's Reinsurance Protection Programme.

There were also certain cases of short remittances of premium amounting to USD 636,376 (₹ 41,400 thousand), out of which USD 477,376 (₹ 31,100 thousand) has been recovered from/agreed to be paid by the Broker concerned. For the balance amounting to USD 159,000 (₹ 10,300 thousand) recovery is being pursued.

After the incidence, the process and procedure have been reviewed and controls/Maker-Checker system have been strengthened in the department. Further, the

Enterprise Risk Management department has formulated detailed Standard Operating Procedure (SOP) for various underwriting departments, Business Accounts Section and Claims Vertical for strengthening the systems and control ensuring all important functions follow the four-eye policy of Maker-Checker.

51. Major Events occurring after Balance Sheet Date:

Following is the detail of one major loss reported by ICICI Lombard GIC and Reliance Gen. Ins, which occurred during the month of April 2018:

(₹ in thousand)

Name of Insured	Cause of loss	DOL	100% loss	GIC's share of Gross Loss	GIC's share of Net loss
Privi Organics	Fire	26.04.2018	2,500,000	1,555,200	1,000,000
M/s. Garden Reach Shipbuilders and Engineers Ltd.	Damage due to storm	17.04.2018	1,250,000	594,800	594,800

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

53. Tax liabilities in respect of foreign operation, if any, is accounted on actual basis.

54. Prior period items have not been separately disclosed, as the amount is not material.

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

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

57. Figures relating to the previous year have been regrouped/rearranged, wherever necessary.

As per our report of even date

For GBCA & ASSOCIATES

Chartered Accountants
{Firm Regn No. 103142W}

SANJEEV LALAN

Partner
Membership No.: 045329

Mumbai

Dated: 25.05.2018

For SAMRIA & CO

Chartered Accountants
{Firm Regn No. 109043W}

ADHAR SAMRIA

Partner
Membership No.: 049174

Alice G Vaidyan

Chairman-cum-Managing Director

Ravi Mital

Director

G Srinivasan

Director

V Ramasamy

Director

G B Pande

Director

V C Jain

GM Finance & CFO

Usha Sangwan

Director

Atanu Kumar Das

Director

A P Singh

Director

Y Ramulu

Director & GM

Suchita Gupta

Company Secretary