

33वां वार्षिक प्रतिवेदन 2004 - 05

33rd ANNUAL REPORT 2004-05



आपत्काले रक्षिष्यामि

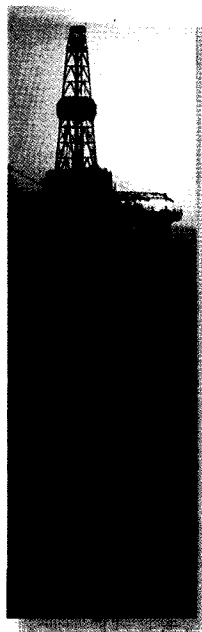
भारतीय साधारण
बीमा निगम

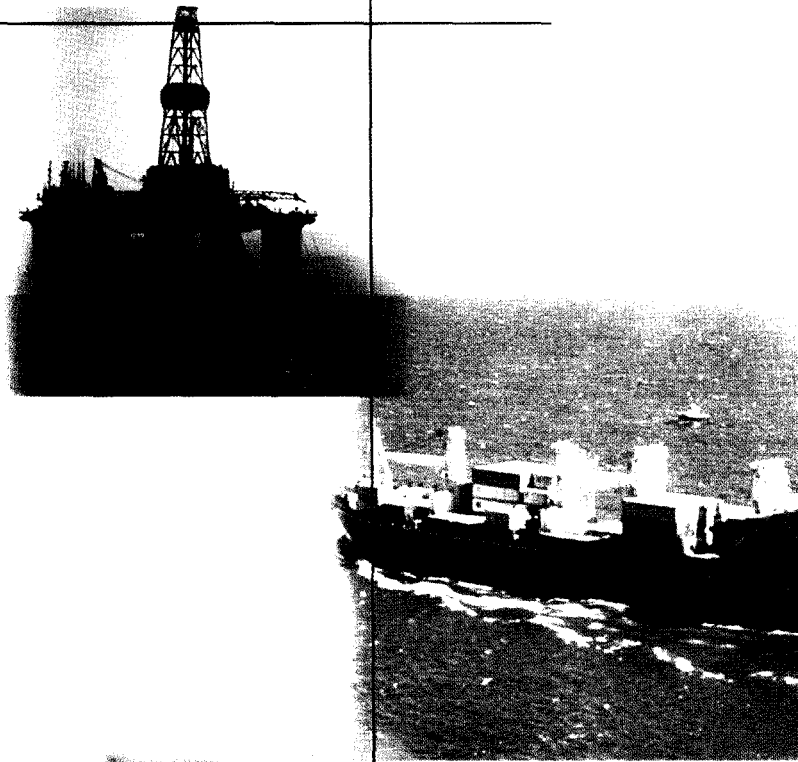
Report



Junction

General Insurance
Corporation of India







General Insurance Corporation of India

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



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CORPORATE INFORMATION

DIRECTORS

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

MANAGEMENT

Chairman-cum-Managing Director Shri.R.K.Joshi

Chief Vigilance Officer Smt. Gopa Ray

Assistant General Managers

- Smt. Bhagyam Ramani
- Shri G. Krishna Rao
- Shri R. Chandrasekaran
- Smt. Sushila Venkatraman
- Shri H.G. Rokade
- Shri P. N. Gandhi

COMPANY SECRETARY

Smt. Suchita Gupta

AUDITORS

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

BANKERS

Bank of India
Central Bank of India
State Bank of India

REGISTERED OFFICE

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

BOARD OF DIRECTORS



R.K. Joshi
Chairman-cum-Managing Director



G.C. Chaturvedi
Director



A. K. Purwar
Director



R. N. Bhardwaj
Director



R. Beri
Director

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MANAGEMENT



R.K. Joshi
Chairman-cum-Managing Director



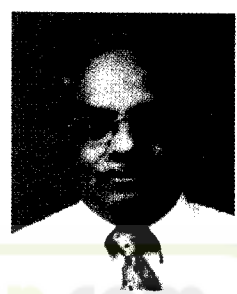
Gopa Ray
Chief Vigilance
Officer



Bhagyam Ramani
Assistant General
Manager



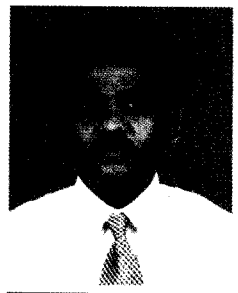
G. Krishna Rao
Assistant General
Manager



R. Chandrasekaran
Assistant General
Manager



Sushila Venkatraman
Assistant General
Manager



H.G. Rokade
Assistant General Manager



P.N. Gandhi
Assistant General Manager



Suchita Gupta
Company Secretary



NOTICE

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

Ordinary Business

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

For and on behalf of the Board

Suchita Gupta
Company Secretary

Registered Office:

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

Note :

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

GENERAL INSURANCE CORPORATION OF INDIA

2004-05



DIRECTORS' REPORT

DIRECTORS' REPORT

To the Members,

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

FINANCIAL RESULTS:

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

(Rs in Crores)			(Rs in Crores)		
	2004-05	2003-04		2004-05	2003-04
1. Net Premium	4613.87	4162.98	10. Reserve for Doubtful Debts and Investment incl. Amortisation of Investments Written off	81.47	58.46
2. Net Earned Premium	4373.68	3991.79	11. Profit before Tax (7+8+9-10)	800.08	1276.91
3. Net Incurred Claims	3702.80	2895.36	12. Income-tax Deducted at Source and Provision for tax incl. deferred taxes	600.06	239.29
	84.66%	72.53%	13. Profit after Tax(11-12)	200.02	1037.62
4. Net Commission	1207.49	1071.64	14. Profit available for appropriation	200.02	1037.62
	27.60%	26.85%	15. Balance of profit b/f from previous year	0.08	0.03
5. Operating Expenses and Other Outgo less Other Income	35.67	42.15	16. Proposed Dividend incl. Dividend tax	73.55	72.77
	0.82 %	1.06%	17. Transferred to General Reserves	126.50	964.80
6. Investment Income Apportioned to Revenue less expenses	850.51	860.76	18. Balance of Profit carried forward(14+15-16-17)	0.06	0.08
7. Total Profit/Loss(-)	278.23	843.40			
(2+6-3-4-5)	6.36%	21.13%			
8. Interest, Dividends and Rents (gross)	548.10	491.67			
9. Other Income less Other Outgo	55.22	0.30			

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

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

CAPITAL

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

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

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



PROPOSED DIVIDEND

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

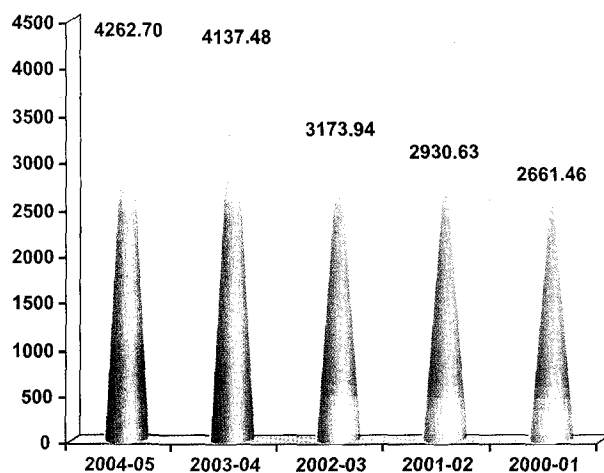
CAPITAL AND FUNDS

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

(Rs. in Crores)

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

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



ASSETS

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

INVESTMENTS

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

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

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

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

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

INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)

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



DIRECTORS' REPORT

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

PERSONNEL AND INDUSTRIAL RELATIONS

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

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

- General Insurance Corporation of India Officers' Special Voluntary Retirement Scheme, 2004 (vide Notification No. 454(E) and
- General Insurance Corporation of India Employees' Special Voluntary Retirement Scheme, 2004 (vide Notification No. 455(E))

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

Class I	46
Class III	17
Class IV	1
Total	64

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

Class I	238
Class III	157
Class IV	60
Total	455

The relations between the management and employees were cordial. During the year, meetings were held with unions/associations with the object of addressing issues concerning employees.

WELFARE OF SC/ST/OBC

In consonance with the National policy on reservation for SC/ST/ & OBC, GIC has framed rules accordingly which allow reservations and concessions/relaxation for SC/ST and OBC in recruitment and promotion

wherever applicable. Special coaching classes for SC/ST employees are held in order to enable them to acquire knowledge so that they will be able to give a better account of themselves in written test and interview.

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

BOARD OF DIRECTORS

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

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

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

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

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

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

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

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

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