

## 9<sup>th</sup> Annual Report

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### **REGISTERED OFFICE**

19, Reliance Centre,  
Walchand Hirachand Marg,  
Ballard Estate, Mumbai - 400 001.

### **CORPORATE OFFICE**

570, Naigaum Cross Road,  
Next to Royal Industrial Estate,  
Wadala (W), Mumbai - 400 031.  
Tel.: +91 - 22 - 30479600  
Fax : +91 - 22 - 30479650  
[www.reliancegeneral.co.in](http://www.reliancegeneral.co.in)

### **LONDON REPRESENTATIVE OFFICE**

C/o Flag Telecom Limited,  
Sovereign Court, 1st Floor,  
635, Sipson Road, Sipson, West Drayton,  
Middlesex - UB7 0JE,  
Tel. : 020 82824665

### **BOARD OF DIRECTORS**

Mr. S.P. Talwar  
Mr. D. Sengupta  
Mr. Rajendra P. Chitale  
Mr. Soumen Ghosh

### **PRESIDENT & CEO**

Mr. K.A. Somasekharan

### **COMPANY SECRETARY**

Mr. Mohan Khandekar

### **FINANCIAL CONTROLLER**

Mr. Hemant K. Jain

### **BANKERS**

HDFC Bank Limited  
ICICI Bank Limited  
HSBC  
Punjab National Bank  
State Bank of India  
Citi Bank  
ABN Amro Bank  
Deutsche Bank  
Axis Bank

### **AUDITORS**

M/s. Chaturvedi & Shah  
M/s. V. Soundararajan & Co.

## DIRECTORS' REPORT

To the Members,

Your Directors present the Ninth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

### Financial Results

(Rs.in crore)

Particulars	Year ended 31.03.2009	Year ended 31.03.2008
Gross written premium	1914.88	1946.42
Insurance Loss (Excluding Motor TP & Terrorism Pool Losses)	(53.48)	(175.41)
Investment Income on Shareholders fund	48.35	36.44
Profit/Loss before Motor TP & Terrorism Pool Losses	(5.01)	(132.17)
Motor TP Pool(IMTPIP) Losses	(37.15)	(30.67)
Provision for Terrorism Pool Losses	(8.01)	0
Profit /(Loss) after pool losses	(50.17)	(162.84)
Provision for Taxation	(2.15)	(2.71)
Profit/Loss after Tax	(52.32)	(165.55)

### Dividend

Your Directors do not recommend any dividend for the year ended 31st March, 2009, in view of loss incurred during the year.

### Operations

Your Company in the current year has underwritten gross direct premium of Rs. 1915 crore as against Rs. 1946 crore in the previous year registering a marginal decline by 1.6% as the main focus during the year was to improve the profitability of the Company. The private sector industry has grown by 12% & the Industry has grown by 9% during the same period.

Your Company has maintained 3rd position amongst Private Sector Insurers in Financial Year 2008-09.

The income from investment for the year under review is Rs.127.38 crore as against Rs. 100.29 crore in the previous year. The Net Loss before tax earned during the Financial Year 2008-09 is Rs.50.17 crore as against Rs 162.84 crore during the previous year. The Net Loss after tax stands at Rs.52.32 crore during the period under review as against loss of Rs. 165.55 crore during the previous year. The proactive measures taken by the Company in various areas has helped in reducing the losses during the current financial year.

In order to control the costs and consolidate the bottom line your Company has devised effective methods to achieve the same. Your Company has taken various steps to ensure that operations of the Company are profitable. Your Company has identified areas where the Company experienced higher expenses and claims and has taken corrective measures. Mix of business has improved with more focus on profitable lines of business and better risk selection. Further, the General Insurance industry is going through significant changes. The regulated General Insurance industry was subject to detariffing. As the tariffs were freed, the premiums came down drastically across all sectors.

Your Company had issued 27.13 lac policies during the year as compared to 36.57 lac in the previous year.

### Infrastructure

Your Company has an extended network of 200 offices in 173 cities in 22 states. The office locations have been carefully and strategically selected with a majority of them being in 2 and 3 tier cities. This wide Geographical spread has helped your Company to penetrate deeper into the retail and rural business in the country.

### Industry Developments

During the last year General Insurance Industry went through difficult phase. As per the figures released by IRDA, the Gross premium underwritten by the industry for the Financial Year ended 31st March, 2009 was Rs.30,604 crore as against Rs. 28,131 crore during the previous figure showing growth of 9%. The market share of Private Insurance Companies has increased to 41% as compared to 40% in the previous year. The detarrifing process initiated by the Insurance Regulatory and Development Authority (IRDA) which came into effect from 1st January 2007, resulted in partial removal of price controls with respect to Fire, Engineering and Motor Own Damage businesses, which accounted for nearly two-thirds of the total market in terms of Gross Written Premium. High discounts forced by cut-throat competition, coupled with the economic slowdown, have taken a toll on the non-life insurance companies in the country. General Insurance Industry also took a hit due to companies postponing their expansion plans, reducing business related to fire and engineering policies. These developments will have significant impact on the insurance industry for some time.

### Allotment of Shares

During the year under review your Company allotted on rights basis to Reliance Capital Limited, the holding Company 16,32,653 Equity shares of Rs. 10/- each at a premium of Rs. 970 per shares, aggregating to Rs.159.99 crore.

### Employees Stock Option Plan ( ESOP)

The Company has approved launch of an Employee Stock Option Scheme (ESOP) through a trust, namely, Reliance General Insurance Employees Benefits Trust specifically formed for this purpose with Reliance ADA Group Trustee Private Limited as Trustee. During the year the Company had allotted 42,94,672 shares at a premium of Rs. 60 per share amounting to Rs.30,06,27,040 to Reliance General Insurance Employees Benefit Trust for the benefit of employees of the Company under the ESOP.

### Customer Service and Grievances Redressal Cell

We believe in Service and we do it with pride. This motto has helped your Company stay focused and achieve results.

Your Company understands the changing expectations and growing demands of the customers with regard to insurance products and services and hence through an effective customer service your Company ensures to protect what customer values.

Customer service team is effectively providing the same through our centralized model of Operations at the Call Center whilst also having a parallel decentralized model at the branch.

Customer Service Team handles all queries, requests, complaints and grievances including escalations received by us, IRDA, and National Consumer Help Line. Your Company follows the complaint handling management through a newly developed and deployed business application CRMNext which enables us to follow the principle guidelines for handling complaints of the organization end to end.

While Customer Satisfaction is the key focus area for the customer service team customer delight with moment of truth is the golden key.

Your Company is ISO 9001:2000 certified and is the first General Insurance Company in India to get the ISO certification for end to end services.

### Reinsurance

Your Company has a well structured reinsurance program supported by various leading reinsurers (with strong credit ratings) spread across the globe, in accordance with the guidelines laid down by Insurance Regulatory & Development Authority. The reinsurance program has an optimum mix of proportional treaties to enhance our automatic underwriting capacity and non proportional treaties to protect our net retentions.

Based on Company's net worth, business plans, portfolio mix and detailed analysis of our historical data retention levels have been optimally fixed to ensure a healthy solvency margin, stability in financial results, minimum volatility in earnings and generate value to stakeholders.

The highlight of 2008-09 programme is the increase in automatic capacity under proportional treaties by 50% - 88% over the previous year. In addition to increasing capacities for traditional lines of business, the Company has built capacity for specialized lines like aviation. Your Company would also like to emphasize on the Company's preparedness for catastrophic events by regularly monitoring exposures, assessing accumulations through various statistical CAT modeling tools and having adequate protection in place.

### Detariffing

Insurance Regulatory & Development Authority (IRDA) had initiated the first phase of detariffing from 1st January 2007 and progressed further to provide complete freedom on pricing of all products except motor third party. IRDA has proposed more freedom to insurers on product customization by allowing insurers to file add-on covers to standard tariff products. Your Company has filed various add-on covers which await IRDA's approval.

On account of the detariffing, the market is going through price discovery in each product line. The tariff products have seen steep decline in rates while the non-tariff have seen small to moderate increase. The market will take some more time to settle down but in the intervening period there is immense pressure on the underwriting results. Your Company is committed to prudent underwriting norms in risk selection, assessment and pricing and would continuously focus on improving the underwriting performance.

### Claims handling

Financial Year 2008-09 has been a year when customer service through effective Claims Management took a major step forward. Volume of claims went up substantially compared to 2007-08. Against a total number of 3,21,698 claims intimated in the 2007-08, inflow of claims increased to 5,37,763 in 2008-09 and claims settlement maintained pace by settling 5,33,239 claims and settlement ratio improved to 95.77% against previous year's ratio of 94.21%.

Motor claims intimations increased from 2,22,499 to 2,72,413 and claim settlement at 2,69,243 kept up pace with higher inflows. Various initiatives were taken to improve upon the quality in claims processing and achieve faster claims settlement such as:

- 1. Motoveys Claims look system:** RGICL is the first GI Co. to introduce system of preparing reports offline and then uploading through internet. This facility is in addition to existing provision of preparing online report in motoveys through internet. This new feature is very useful particularly in remote locations where net connectivity is an issue. This would also bring in efficiency besides convenience for the surveyors.
- 2. Cashless Settlement for Motor losses:** In order to achieve customer delight, facility of Cashless settlement in motor claims was extended to customers by finalizing tie-ups with 2000 Dealers/Workshops on Pan India basis where 58% of claims have been settled through this mode. This is widely acclaimed to be a customer friendly initiative.
- 3. Online Web Status of Claims:** Another important initiative taken to facilitate customer satisfaction is introduction of facility of Online viewing of claims status through our Website. This initiative helps the insured to directly check their claim status without calling up Call Centre or our office.
- 4. Health Claims:** Number of health claims increased from 78,256 to 2,37,346 and impeccable settlement standards were maintained by settling 2,37,358 thereby reducing the pendency of Outstanding claims to 8968 at year end. In Health claims also, Cashless facility was extended in 60% of claims reported. Regular Audit of TPAs and verification of Cashless claims by outside agency have been introduced in the financial year as a major control initiative. These measures have helped in effectively reducing the claims cost.

### Investments

The Investment Portfolio of the Company as on 31st March 2009 is Rs.1433.56 crore (Rs.1320.55 crore). The asset allocation among Debt and Equity is 90.88% (91.14%) & 9.12% (8.86%) respectively. The Modified Duration of the Debt Portfolio stands at 2.62 (4.55). The Debt Portfolio comprises of 34.25% (36.90%) investment in Sovereign Bonds, 45.82% (45.53%) in AAA, 5.73% (6.41%) in AA+, 1.54% (0.42%) in AA rated and 0.39% (0%) in AA- Corporate Bonds and the remaining 12.27% (10.75%) in Certificates of Deposits & Liquid Mutual Funds. In terms of Maturity Profile, 26.22% (12.83%) of the Investment Portfolio is invested in short term instruments, 37.04% (31.98%) in Medium term and 36.74% (55.20%) in longer tenor bonds.

### Fixed deposit

The Company has not accepted any public deposit during the year.

### Insurance Regulatory and Development Authority (IRDA) Registration

The certificate of Registration from the Insurance Regulatory and Development Authority was renewed for the year 2009-10. The Company has received certificate Registration number 103 dated 13th March, 2009 from IRDA.

### Directors

Mr Rajendra P Chitale, Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting.

### Audit Committee

Your Company has constituted an Audit Committee pursuant to the provisions of Section 292 A of the Companies Act, 1956. The Audit committee comprises of Mr. S.P. Talwar, Director, Mr.D.Sengupta, Director and Mr.Soumen Ghosh, Director.

### Investment Committee

Your Company has constituted an Investment Committee pursuant to the requirement of IRDA regulations. During the year Investment Committee was reconstituted and comprises of Mr. S. P. Talwar- Director, Mr.Soumen Ghosh, Director, Mr. K.A. Somasekharan, President & CEO, Mr. Hemant Jain, Financial Controller and Mr Krishna Cheemalapati, Chief Investment Officer.

### Directors' Responsibility Statement

Pursuant to the Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956 and Insurance Regulatory and Development Authority Act,1999, it is hereby confirmed that:

1. in the preparation of the accounts for the Financial Year ended 31st March, 2009 the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit of the Company for the year under review;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and Insurance Act, 1938 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the accounts for the Financial Year ended 31st March, 2009 on a 'going concern' basis.
5. an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

### Auditors and Auditors' Report

M/s Chaturvedi & Shah, Chartered Accountants, and M/s V.Soundararajan & Co., Chartered Accountants, Joint Statutory Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from M/s Chaturvedi & Shah, Chartered Accountants and M/s V.Soundararajan & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of subsection (3) of Section 226 of the Companies Act, 1956, for such appointment.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore do not call for any comments.

### Personnel

Your Company believes that it is imperative for General Insurance industry to invest in preparing industry suited human talent and to continuously transfer knowledge inputs about products & processes to sustain its growth trajectory.

During fiscal 2009, the Company has launched the "Virtual Classroom" initiative. It was a first of its kind, nation wide initiative to empower Business teams with knowledge inputs & Training on Products and Processes by minimizing costs through Virtual Class Room Technology.

The VCR is an innovative approach which a) combines our existing resources of the team of Training Managers at Zonal locations and a geographically dispersed team of functional and underwriting experts at numerous locations, b) utilizes existing hardware of VC facilities, webcams, conference phones & laptops/desktops, c) eliminates cost of travel, boarding & lodging since neither participants or trainers have to travel, d) maintains high interactivity and consultation between trainers and trainees.

More than 1500 participants, including 265 intermediaries, have gained knowledge and insights through VCR training exposure. Through this technique 105 unique locations have been covered.

Some of the special focus programs which have been successfully delivered are IRDA Agent licensing process, Product launch trainings for Reliance Corporate flexi travel/ critical illness/ family value package/inland travel and Documentum Training.

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particular of Employee) Rules, 1975 as amended up to date, the name and other particulars of the employees is set out in the annexure to the Directors' report.

### Conservation of Energy, Technology Absorption and Foreign Exchange earnings and Outgo

Particulars required to be furnished by the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are as follows:-

1. Part A and B pertaining to conservation of energy and technology absorption are not applicable to the Company.
2. Foreign exchange inflow and outflow : (Rs. in crore)

Inflow	:	On Reinsurance	Rs. 0.76
		On Claims	Rs. NIL
		On Premium	Rs. 10.43
Outflow	:	On Reinsurance	Rs. 21.05
		On claims	Rs. 7.81
		On Premium	Rs. NIL
		On Others	Rs. 3.37

### Acknowledgement

Your Directors wish to place on record their immense appreciation for the assistance and cooperation received from Insurance Regulatory and Development Authority, Tariff Advisory Committee, Reserve Bank of India and other statutory authorities.

Your Directors appreciate the support received from policyholders and intermediaries.

Your Directors wish to place on record their sincere appreciation for the sustained and dedicated efforts put in by employees at all levels.

### For and on behalf of the Board of Directors

**S.P.Talwar**

Director

**Soumen Ghosh**

Director

Mumbai

Dated: May 19, 2009

## MANAGEMENT REPORT ATTACHED TO THE FINANCIAL STATEMENT AS ON 31ST MARCH, 2009

1. We confirm that the validity of the registration granted by Insurance Regulatory & Development Authority has not expired.
2. We certify that all the dues payable to the statutory authorities have been duly paid.
3. We confirm that shareholding pattern is in accordance with the statutory and regulatory requirements.
4. We declare that the management has not directly or indirectly invested outside India the funds of the holders of policies issued in India.
5. We confirm that the required solvency margins have been maintained.
6. We certify that the values of all the assets have been reviewed on the date of the Balance Sheet and that in the best of our belief, the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the headings "Investments other than debt securities", "Agents balances", "Outstanding Premium", "Interest and Dividends accrued but not due", "Balances due from other entities carrying on insurance business", "Other Advances", "Advances to Staff", "Deposits" and "Cash".
7. The company is exposed to various risks related to its insurance operations and financial risks related to its investment portfolio. The operational & financial risks are being closely monitored and being actively managed. The exposure to the insurance operations is managed by implementing underwriting controls and risk transfer through adequate reinsurance arrangements. Catastrophe risk exposure has been analyzed and accumulation is being monitored. Risk models have been also been used on our accumulation to get an estimate and the reinsurance protection has taken to limit our exposure to any one event to an acceptable limit.  
  
In addition to our regular internal audits and technical audits, an important step was taken by establishing an independent Enterprise Risk Management team to oversee all the varied risk exposures and to take steps to mitigate these exposures.
8. We have no operations in any country outside India, except representative office at London.
9. The Company has a separate internal audit team which audits the operations at its offices.
10. We certify that the investments have been valued as per the Accounting Regulations of the IRDA and shown in the Balance Sheet. The market value of investments has been arrived at as per the guidelines given by the Insurance Regulatory and Development Authority based on quoted market price wherever available and based on the market yield for rated securities not quoted and at book value for securities which do not have rating. The investment portfolio is also diversified within limits set under the IRDA Regulations.
11. Ageing of Claims indicating the trends in average claim settlement time during the preceding five years is given below. The outstanding claims include Third party legal cases wherein the matter is sub judice.

(Rs. in thousands)

Period/Class	Fire		Marine Cargo		Marine Hull		Motor	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
30 days	128	204,697	76	20,557	1	7	7139	748,368
31 to 6 months	152	142,901	217	108,471	4	36,205	10,274	447,669
6 months to 1 year	31	160,859	40	32,639	1	47,800	3867	438,143
1 year to 5 years	19	195,596	6	19,491	1	136	4151	538,706
5 years and above	0	-	0	-	0	-	0	-
<b>Grand Total</b>	<b>330</b>	<b>704,053</b>	<b>339</b>	<b>181,157</b>	<b>7</b>	<b>84,148</b>	<b>2,5431</b>	<b>2,172,887</b>

(Rs. in thousands)

Period/Class	Engineering		Liability		Energy		Health	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
30 days	112	108,749	24	26,857	1	18,000	6611	110,779
31 to 6 months	203	246,438	78	14,133			2572	28,011
6 months to 1 year	64	189,579	11	1,793	1	126,000	3	192
1 year to 5 years	5	13,948	2	383			0	-
5 years and above	0	-	0	-	0	-	0	-
<b>Grand Total</b>	<b>384</b>	<b>558,714</b>	<b>115</b>	<b>43,166</b>	<b>2</b>	<b>144,000</b>	<b>9186</b>	<b>138,982</b>

(Rs. in thousands)

Period/Class	Rural		Aviation		Package		Miscellaneous		Total	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
30 days	54	2,993			75	8,306	216	35,099	14437	1,284,411
31 to 6 months	152	7,670	1	40,181	103	23,635	259	50,141	14015	1,145,456
6 months to 1 year	3	10,318			7	7,043	20	12,504	4048	1,026,868
1 year to 5 years					1	959	1	100	4186	769,319
5 years and above	0	-	0	-	0	-	0	-	0	-
<b>Grand Total</b>	<b>209</b>	<b>20,980</b>	<b>1</b>	<b>40,181</b>	<b>186</b>	<b>39,942</b>	<b>496</b>	<b>97,844</b>	<b>36,686</b>	<b>4,226,055</b>

12. Details of payments to individuals, firms, companies and organisations in which Directors are interested, excluding reimbursement-

Sr. No.	Name of the Director	Entity in which Director is Interested	Interested As	Nature of Payment	Amount of Payment During the Financial Year (Rs. in thousands)
1	S. P. Talwar	Reliance Communication Ltd.	Director	Server Maint. Charges	31,098
				Communication Charges	133,205
				Mobile Handset Purchased	240
				Claims	133,993
		Reliance Life Insurance Co. Ltd	Director	Claims	57,396
				Term Assurance Policy Premium	5,295
				Gratuity	4
Superannuation Contribution	948				
Reliance Communication Infrastructure Ltd.	Director	Claims	99		



Sr. No.	Name of the Director	Entity in which Director is Interested	Interested As	Nature of Payment	Amount of Payment During the Financial Year (Rs. in thousands)
		Kalpataru Power Transmissions Ltd.	Director	Claims	864
		Wall Street Finance Ltd.	Director	Claims	7
2.	Soumen Ghosh	Reliance Capital Asset Management Limited	Director	Advisory Fees	598
				Claims	6,148
		Reliance Life Insurance Co. Ltd	Director	Claims	57,396
				Term Assurance Policy Premium	5,295
				Gratuity	4
				Superannuation Contribution	948

**For and on behalf of the Board of Directors**

**S.P. Talwar**

Director

**K. A. Somasekharan**

President and Chief Executive Officer

**Soumen Ghosh**

Director

**Hemant K. Jain**

Financial Controller

**Mohan Khandekar**

Company Secretary

Place : Mumbai

Date : April 20, 2009

### AUDITORS' REPORT TO THE SHAREHOLDERS

To,  
The Members,  
Reliance General Insurance Company Limited,

We have audited the attached Balance Sheet of Reliance General Insurance Company Limited (the company) as at 31<sup>st</sup> March 2009, the revenue accounts of Fire, Marine and Miscellaneous Insurance (collectively known as the 'Revenue accounts'), Profit and Loss Account and Receipts and Payments Account of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and Receipts and Payments Account, have been drawn up in accordance with the Insurance Act 1938, Insurance Regulatory and Development Authority ('IRDA') (Preparations of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Regulations') read with Section 211 of the Companies Act, 1956 ('the Act').

As required by Regulations, we set out in the Annexure a statement certifying the matters specified in paragraph 4 of schedule C to the Regulations.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit and have found them satisfactory;
- b) In our opinion, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books;
- c) The financial accounting systems of the Company are centralized and therefore accounting returns are not required to be submitted by branches and other offices;
- d) The Balance Sheet, Revenue Accounts, Profit and Loss Account and Receipts and Payment Accounts referred to in this report are in agreement with the books of accounts;
- e) The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER) has been duly certified by the Company's appointed actuary. The appointed actuary has certified to the Company that the assumptions used for such estimate are appropriate and are in accordance with the guidelines and norms issued by the IRDA and the Actuarial Society of India in concurrence with the IRDA. We have relied upon the appointed actuary's certificate in this regard for forming our opinion on the financial statements of the Company.
- f) On the basis of the written representations received from the directors, as at 31 March 2009 and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Act.

In our opinion and to the best of our information and according to the information and explanations given to us:

- a) The accounting policies selected by the company are appropriate and the said policies, Balance Sheet, Revenue Accounts, Profit and loss Account and Receipts and Payments Account are in compliance with the Accounting Standards referred to under sub section 3C of section 211 of the Act and with the accounting principles prescribed by the Regulations and orders/direction issued by IRDA in this behalf;
- b) Investments have been valued in accordance with the provisions of Insurance Regulatory and Development Act, 1999 and Regulations framed there under;

- c) The Balance Sheet, the Revenue accounts, the Profit and Loss account and the Receipts and Payment account referred to in this report are in compliance with the accounting standards referred to under sub section 3C of section 211 of the Act, to the extent they are non inconsistent with the accounting policies prescribed by IRDA;
- d) Without qualifying our opinion, we draw attention to note no. 16 in Schedule 17 of Notes to Accounts, The Balance Sheet, Revenue Accounts, Profit and loss Account and Receipts and Payments Account read together with notes thereon are prepared in accordance with the requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Act, 1999 and the Act to the extent applicable, and in the manner so required, give true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:
- i) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March 2009;
  - ii) in the case of the Revenue Accounts, of the surplus/deficit, as the case may be for the year ended on that date;
  - iii) in the case of the Profit and Loss Account, of the Loss of the Company, for the year ended on that date; and
  - iv) in the case of the Receipts and Payments Account, of the receipts and payments Account for the year ended on that date.

Further on the basis of our examination of books and records of the Company and according to the information and explanation given to us and to the best of our knowledge and belief, we certify that:

- a) We have reviewed the management report attached to the financial statements for the year ended 31<sup>st</sup> March, 2009 and there is no apparent mistake or material inconsistency with the financial statements; and
- b) Based on our audit procedures, we certify that the Company has complied with the terms and conditions of registration as per subsection 4 of section 3 of the Insurance Act, 1938.

**For V. Soundararajan & Co.**

*Chartered Accountants*

**V. S. Sukumar**

*Partner*

Membership No. 18203

Place : Mumbai

Dated : April 20, 2009

**For Chaturvedi & Shah**

*Chartered Accountants*

**H.P. Chaturvedi**

*Partner*

Membership No. 33523

**AUDITORS' CERTIFICATE**

(Referred to in the Auditor's report to the members of Reliance General Insurance Company Limited (the company) on the financial statements for the year ended 31st March, 2009)

Based on the information and explanation given to us and to the best of our knowledge and belief and based on our examination of books of accounts and other records maintained by the Company, we certify that:

- a) We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's investments by actual inspection or on the basis of certificates/confirmations received from custodian and/or Depository Participants appointed by the Company, as the case may be;
- b) The Company is not a trustee of any trust;
- c) No part of the assets of the policyholder's funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholder's funds.

This certificate has been issued to comply with Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of insurance Companies) Regulations 2002, ('the Accounting Regulations'), read with Regulation 3 of the Accounting Regulations and may not be suitable for any other purpose.

**For V. Soundararajan & Co.**

*Chartered Accountants*

**V. S. Sukumar**

*Partner*

Membership No. 18203

Place : Mumbai

Dated : April 20, 2009

**For Chaturvedi & Shah**

*Chartered Accountants*

**H.P. Chaturvedi**

*Partner*

Membership No. 33523

Registration No. and Date of Registration with the IRDA : Regn. No. 103 dated 23.10.2000

(Rs. in '000)

<b>REVENUE ACCOUNT FOR THE YEAR ENDED 31st March, 2009</b>			
<b>Fire Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>Current Year</b>	<b>Previous Year</b>
Premium Earned (Net)	1	415,146	384,489
Profit / (loss) on sale/redemption of Investments (Net)		12,684	16,412
Interest, Dividend & Rent – Gross		57,460	33,397
<b>TOTAL (A)</b>		<b>485,290</b>	<b>434,298</b>
Claims Incurred (Net)	2	288,940	267,375
Commission & Brokerage (Net)	3	(148,091)	(265,650)
Operating Expenses related to Insurance Business	4	163,441	188,190
Reserve for Premium Deficiency		-	-
<b>TOTAL (B)</b>		<b>304,290</b>	<b>189,915</b>
Operating Profit/(Loss) from Fire Business			
C= (A) - (B) transferred to Profit & Loss Account		181,000	244,383

As required by Section 40C(2) of the Insurance Act, 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far appears from our examination of the Company's books of accounts, all expenses of management, wherever incurred, whether directly or indirectly in respect of general insurance business have been fully debited in the revenue accounts as expenditure.

**Schedules referred to above, significant accounting policies and notes to accounts form an integral part of the Financial Statements.**

**As per Report of even date attached.**

For **V. Soundararajan & Co.**  
Chartered Accountants

**V. S. Sukumar**  
Partner

**Membership No.** 18203

For **Chaturvedi & Shah**  
Chartered Accountants

**H.P. Chaturvedi**  
Partner  
**Membership No.** 33523

**Place :** Mumbai

**Date :** April 20, 2009

**For and on behalf of the Board**

**S.P. Talwar**  
Director

**Soumen Ghosh**  
Director

**K.A. Somasekharan**  
President & Chief Executive Officer

**Hemant K. Jain**  
Financial Controller

**Mohan Khandekar**  
Company Secretary

Registration No. and Date of Registration with the IRDA : Regn. No. 103 dated 23.10.2000

(Rs. in '000)

<b>REVENUE ACCOUNT FOR THE YEAR ENDED 31st March, 2009</b>			
<b>Marine Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>Current Year</b>	<b>Previous Year</b>
Premium Earned (Net)	1	151,073	109,364
Profit / (loss) on sale/redemption of Investments (Net)		3,430	3,923
Interest, Dividend & Rent – Gross		15,537	7,983
<b>TOTAL (A)</b>		<b>170,040</b>	<b>121,270</b>
Claims Incurred (Net)	2	184,906	128,784
Commission & Brokerage (Net)	3	1,046	(8,562)
Operating Expenses related to Insurance Business	4	72,194	59,064
Reserve for Premium Deficiency		25,400	-
<b>TOTAL (B)</b>		<b>283,546</b>	<b>179,286</b>
Operating Profit/(Loss) from Marine Business		<b>(113,506)</b>	<b>(58,016)</b>
C= (A) - (B) transferred to Profit & Loss Account			

As required by Section 40C(2) of the Insurance Act, 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far appears from our examination of the Company's books of accounts, all expenses of management, wherever incurred, whether directly or indirectly in respect of general insurance business have been fully debited in the revenue accounts as expenditure.

**Schedules referred to above, significant accounting policies and notes to accounts form an integral part of the Financial Statements.**

**As per Report of even date attached.**

For **V. Soundararajan & Co.**  
Chartered Accountants

**V. S. Sukumar**  
Partner

**Membership No. 18203**

For **Chaturvedi & Shah**  
Chartered Accountants

**H.P. Chaturvedi**  
Partner  
**Membership No. 33523**

**Place : Mumbai**

**Date : April 20, 2009**

**For and on behalf of the Board**

**S.P. Talwar**  
Director

**Soumen Ghosh**  
Director

**K.A. Somasekharan**  
President & Chief Executive Officer

**Hemant K. Jain**  
Financial Controller

**Mohan Khandekar**  
Company Secretary

Registration No. and Date of Registration with the IRDA : Regn. No. 103 dated 23.10.2000

(Rs. in '000)

<b>REVENUE ACCOUNT FOR THE YEAR ENDED 31st March, 2009</b>			
<b>Miscellaneous Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>Current Year</b>	<b>Previous Year</b>
Premium Earned (Net)	1	<b>13,322,422</b>	9,106,481
Profit / (loss) on sale/redemption of Investments (Net)		<b>161,389</b>	202,633
Interest, Dividend & Rent – Gross		<b>731,082</b>	412,341
Exchange Gain / (loss)		<b>320</b>	(53)
<b>TOTAL (A)</b>		<b>14,215,213</b>	<b>9,721,402</b>
Claims Incurred (Net)	2	<b>10,262,723</b>	7,110,666
Commission & Brokerage (Net)	3	<b>(168,412)</b>	(523,411)
Operating Expenses related to Insurance Business	4	<b>5,174,786</b>	5,381,336
Reserve for Premium Deficiency		-	-
<b>TOTAL (B)</b>		<b>15,269,097</b>	<b>11,968,591</b>
Operating Profit/(Loss) from Miscellaneous Business			
C= (A) - (B) transferred to Profit & Loss Account		<b>(1,053,884)</b>	<b>(2,247,189)</b>

As required by Section 40C(2) of the Insurance Act, 1938, we certify that, to the best of our knowledge and according to the information and explanations given to us, and so far appears from our examination of the Company's books of accounts, all expenses of management, wherever incurred, whether directly or indirectly in respect of general insurance business have been fully debited in the revenue accounts as expenditure.

**Schedules referred to above, significant accounting policies and notes to accounts form an integral part of the Financial Statements.**

**As per Report of even date attached.**

For **V. Soundararajan & Co.**  
Chartered Accountants

**V. S. Sukumar**  
Partner

**Membership No. 18203**

For **Chaturvedi & Shah**  
Chartered Accountants

**H.P. Chaturvedi**  
Partner  
**Membership No. 33523**

**Place : Mumbai**

**Date : April 20, 2009**

**For and on behalf of the Board**

**S.P. Talwar**  
Director

**Soumen Ghosh**  
Director

**K.A. Somasekharan**  
President & Chief Executive Officer

**Hemant K. Jain**  
Financial Controller

**Mohan Khandekar**  
Company Secretary

Registration No. and Date of Registration with the IRDA : Regn. No. 103 dated 23.10.2000

(Rs. in '000)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2009		
Particulars	Current Year	Previous Year
<b>Operating Profit / (Loss) transferred from Revenue Account</b>		
a. Fire Insurance	181,000	244,383
b. Marine Insurance	(113,506)	(58,016)
c. Miscellaneous Insurance	(1,053,884)	(2,247,189)
	<b>(986,390)</b>	<b>(2,060,822)</b>
<b>Income from Investments</b>		
Interest, Dividend & Rent – Gross	396,039	244,311
Profit / (loss) on sale/redemption of Investments (Net)	91,032	130,503
<b>Less: Loss on sales/redemption of investment</b>	<b>(3,604)</b>	<b>(10,443)</b>
	<b>483,467</b>	<b>364,371</b>
<b>Other Income</b>		
Profit on sale of assets	(1,735)	282
Miscellaneous Income	6,869	70,853
	<b>5,134</b>	<b>71,135</b>
<b>TOTAL (A)</b>	<b>(497,789)</b>	<b>(1,625,316)</b>
<b>Other Expenses</b>		
Expenses other than those related to Insurance Business	(3,893)	(3,110)
Exchange Gain / (loss)	-	-
<b>TOTAL (B)</b>	<b>(3,893)</b>	<b>(3,110)</b>
<b>Profit Before Tax</b>	<b>(501,682)</b>	<b>(1,628,426)</b>
<b>Provision for Taxation</b>		
Current Tax	-	-
Deferred Tax	-	-
Fringe Benefit Tax	21,500	25,100
Income Tax earlier year tax	-	1,986
<b>Net Profit After Tax</b>	<b>(523,182)</b>	<b>(1,655,512)</b>
<b>Balance of Profit / Loss brought forward from last year</b>	<b>(1,131,472)</b>	<b>524,040</b>
<b>Balance carried forward to Balance Sheet</b>	<b>(1,654,654)</b>	<b>(1,131,472)</b>
<b>Basic &amp; Diluted Earning Per Share</b>	<b>(4.81)</b>	<b>(15.92)</b>

Significant accounting policies and notes to accounts form integral part of the financial statement.

As per Report of even date attached.

For **V. Soundararajan & Co.**

Chartered Accountants

**V. S. Sukumar**

Partner

Membership No. 18203

For **Chaturvedi & Shah**

Chartered Accountants

**H.P. Chaturvedi**

Partner

Membership No. 33523

Place : Mumbai

Date : April 20, 2009

For and on behalf of the Board

**S.P. Talwar**

Director

**Soumen Ghosh**

Director

**K.A. Somasekharan**

President &amp; Chief Executive Officer

**Hemant K. Jain**

Financial Controller

**Mohan Khandekar**

Company Secretary



Registration No and Date of Registration with the IRDA : Regn. No. 103 dated 23.10.2000

(Rs. in '000)

BALANCE SHEET AS AT 31st March, 2009			
Particulars	Schedule	Current Year	Previous Year
<b>Sources of funds</b>			
Share Capital	5&5A	1,130,811	1,071,538
Reserves and Surplus	6	6,839,821	4,998,467
Fair Value Change Account		(695,844)	(98,197)
Borrowings	7		
<b>Total</b>		<b>7,274,788</b>	<b>5,971,808</b>
<b>Application of funds</b>			
Investments	8	13,639,726	13,107,340
Loans	9	300,627	-
Fixed Assets	10	643,735	583,211
Deferred Tax		8,535	8,535
Current Assets			
Cash and Bank Balances	11	1,142,390	726,912
Advances and Other Assets	12	5,562,586	2,977,553
<b>Sub-Total (A)</b>		<b>6,704,976</b>	<b>3,704,465</b>
Current Liabilities	13	8,777,476	5,763,857
Provisions	14	6,899,989	6,799,358
<b>Sub-Total (B)</b>		<b>15,677,465</b>	<b>12,563,215</b>
Net Current Assets (C = A - B)		<b>(8,972,489)</b>	<b>(8,858,750)</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit & Loss Account		1,654,654	1,131,472
<b>Total</b>		<b>7,274,788</b>	<b>5,971,808</b>
<b>Significant Accounting Policies</b>	16		
<b>Notes to Accounts</b>	17		

Schedules referred to above, significant accounting policies and notes to accounts form an integral part of the Financial Statements

As per Report of even date attached.

For **V. Soundararajan & Co.**

Chartered Accountants

**V. S. Sukumar**

Partner

Membership No. 18203

For **Chaturvedi & Shah**

Chartered Accountants

**H.P. Chaturvedi**

Partner

Membership No. 33523

Place : Mumbai

Date : April 20, 2009

For and on behalf of the Board

**S.P. Talwar**

Director

**Soumen Ghosh**

Director

**K.A. Somasekharan**

President & Chief Executive Officer

**Hemant K. Jain**

Financial Controller

**Mohan Khandekar**

Company Secretary

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

## Schedule- 1

## Premium Earned (Net)

(Rs. in '000)

Particulars	Financial year ending	Premium from direct business written	Premium on reinsurance accepted *	Premium on reinsurance ceded	Net Premium (3 + 4 - 5)	Adjustment for change in reserve for unexpired risks *	Net Premium Earned (6 + 7)
1	2	3	4	5	6	7	8
<b>Fire</b>	<b>Mar-09</b>	<b>1,368,383</b>	<b>22,277</b>	<b>967,873</b>	<b>422,787</b>	<b>(7,641)</b>	<b>415,146</b>
	Mar-08	1,432,700	87,686	1,073,216	447,170	(62,681)	384,489
Marine Cargo	<b>Mar-09</b>	<b>322,319</b>	<b>-</b>	<b>143,635</b>	<b>178,684</b>	<b>(31,214)</b>	<b>147,470</b>
	Mar-08	316,412	-	181,423	134,988	(29,618)	105,370
Marine Hull	<b>Mar-09</b>	<b>47,683</b>	<b>-</b>	<b>39,617</b>	<b>8,066</b>	<b>(4,463)</b>	<b>3,603</b>
	Mar-08	26,036	-	20,680	5,356	(1,362)	3,994
<b>Marine Total</b>	<b>Mar-09</b>	<b>370,002</b>	<b>-</b>	<b>183,252</b>	<b>186,750</b>	<b>(35,677)</b>	<b>151,073</b>
	Mar-08	342,448	-	202,103	140,345	(30,980)	109,364
Motor OD	<b>Mar-09</b>	<b>8,288,145</b>	<b>-</b>	<b>843,908</b>	<b>7,444,237</b>	<b>(6,963)</b>	<b>7,437,274</b>
	Mar-08	9,162,340	-	1,841,245	7,321,096	(1,740,171)	5,580,924
Motor TP	<b>Mar-09</b>	<b>3,360,035</b>	<b>1,578,619</b>	<b>2,420,816</b>	<b>2,517,838</b>	<b>(52,847)</b>	<b>2,464,991</b>
	Mar-08	3,511,351	1,475,907	2,400,133	2,587,126	(1,002,082)	1,585,042
<b>Motor Total</b>	<b>Mar-09</b>	<b>11,648,180</b>	<b>1,578,619</b>	<b>3,264,724</b>	<b>9,962,075</b>	<b>(59,810)</b>	<b>9,902,265</b>
	Mar-08	12,673,691	1,475,907	4,241,377	9,908,221	(2,742,253)	7,165,968
Employer's Liability	<b>Mar-09</b>	<b>82,508</b>	<b>-</b>	<b>8,862</b>	<b>73,646</b>	<b>(15,613)</b>	<b>58,033</b>
	Mar-08	85,885	-	42,763	43,122	(8,038)	35,084
Public Liability	<b>Mar-09</b>	<b>174,926</b>	<b>-</b>	<b>140,638</b>	<b>34,288</b>	<b>(9,201)</b>	<b>25,087</b>
	Mar-08	55,138	-	43,209	11,928	5,517	17,445
Engineering	<b>Mar-09</b>	<b>1,192,290</b>	<b>3,467</b>	<b>977,736</b>	<b>218,021</b>	<b>11,413</b>	<b>229,434</b>
	Mar-08	1,035,366	11,680	791,281	255,765	(52,562)	203,203
Aviation	<b>Mar-09</b>	<b>110,115</b>	<b>-</b>	<b>103,888</b>	<b>6,227</b>	<b>(2,475)</b>	<b>3,752</b>
	Mar-08	74,110	-	72,660	1,450	(404)	1,046
Personal Accident	<b>Mar-09</b>	<b>420,951</b>	<b>-</b>	<b>265,692</b>	<b>155,259</b>	<b>(20,421)</b>	<b>134,838</b>
	Mar-08	403,522	-	273,565	129,957	(49,479)	80,478
Health	<b>Mar-09</b>	<b>3,108,208</b>	<b>-</b>	<b>345,351</b>	<b>2,762,857</b>	<b>6,389</b>	<b>2,769,246</b>
	Mar-08	2,756,198	-	561,072	2,195,126	(833,456)	1,361,670
Other Misc.	<b>Mar-09</b>	<b>673,286</b>	<b>-</b>	<b>499,588</b>	<b>173,698</b>	<b>26,069</b>	<b>199,767</b>
	Mar-08	605,114	-	363,740	241,374	213	241,587
<b>Misc Total</b>	<b>Mar-09</b>	<b>17,410,464</b>	<b>1,582,086</b>	<b>5,606,479</b>	<b>13,386,071</b>	<b>(63,649)</b>	<b>13,322,422</b>
	Mar-08	17,689,024	1,487,587	6,389,667	12,786,944	(3,680,463)	9,106,481
<b>Total MAR'09</b>		<b>19,148,849</b>	<b>1,604,363</b>	<b>6,757,604</b>	<b>13,995,608</b>	<b>(106,968)</b>	<b>13,888,641</b>
<b>Total MAR'08</b>		<b>19,464,172</b>	<b>1,575,273</b>	<b>7,664,987</b>	<b>13,374,457</b>	<b>(3,774,124)</b>	<b>9,600,334</b>

\* - Including Indian Motor Third Party Insurance Pool Transaction (Refer note no. 19 in schedule 17 of Notes to Accounts)

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

## Schedule- 2

## Claims Incurred (Net)

(Rs. in '000)

Particulars	Financial year ending	Claims Paid from direct business written	Claims Paid on reinsurance Accepted	Claims Recovered on reinsurance ceded	Net Claims Paid (3+4-5)	Outstanding Claims on 31-03-2009 *	Outstanding Claims on 31-03-2008	Net Claims Incurred (6+7-8)
1	2	3	4	5	6	7	8	9
<b>Fire</b>	Mar-09	<b>1,057,877</b>	<b>8,110</b>	<b>769,226</b>	<b>296,761</b>	<b>219,973</b>	<b>227,794</b>	<b>288,940</b>
	Mar-08	650,086	89	477,818	172,357	227,794	132,776	267,375
Marine Cargo	Mar-09	<b>280,953</b>	-	<b>139,413</b>	<b>141,540</b>	<b>75,591</b>	<b>41,592</b>	<b>175,239</b>
	Mar-08	250,555	-	128,552	122,003	41,592	35,515	128,080
Marine Hull	Mar-09	<b>2,699</b>	-	<b>2,316</b>	<b>383</b>	<b>10,288</b>	<b>1,004</b>	<b>9,667</b>
	Mar-08	13,557	-	12,758	799	1,004	1,099	704
<b>Marine Total</b>	Mar-09	<b>283,652</b>	-	<b>141,729</b>	<b>141,923</b>	<b>85,579</b>	<b>42,596</b>	<b>184,906</b>
	Mar-08	264,112	-	141,310	122,802	42,596	36,614	128,784
Motor OD	Mar-09	<b>5,325,981</b>	-	<b>917,280</b>	<b>4,408,701</b>	<b>908,000</b>	<b>722,591</b>	<b>4,594,110</b>
	Mar-08	3,566,883	-	734,309	2,832,574	722,591	300,269	3,254,897
Motor TP	Mar-09	<b>630,921</b>	-	<b>262,825</b>	<b>368,096</b>	<b>4,465,492</b>	<b>2,238,767</b>	<b>2,594,821</b>
	Mar-08	66,068	-	13,687	52,381	2,238,767	244,711	2,046,437
<b>Motor Total</b>	Mar-09	<b>5,956,902</b>	-	<b>1,180,105</b>	<b>4,776,797</b>	<b>5,373,492</b>	<b>2,961,358</b>	<b>7,188,931</b>
	Mar-08	3,632,951	-	747,996	2,884,955	2,961,359	544,980	5,301,334
Employer's Liability	Mar-09	<b>30,922</b>	-	<b>5,152</b>	<b>25,770</b>	<b>17,828</b>	<b>7,082</b>	<b>36,516</b>
	Mar-08	13,967	-	2,840	11,127	7,082	4,980	13,229
Public Liability	Mar-09	<b>8,294</b>	-	<b>1,659</b>	<b>6,635</b>	<b>23,197</b>	<b>712</b>	<b>29,120</b>
	Mar-08	53	-	31	22	712	4,725	(3,991)
Engineering	Mar-09	<b>406,991</b>	<b>45</b>	<b>319,290</b>	<b>87,746</b>	<b>90,702</b>	<b>50,256</b>	<b>128,192</b>
	Mar-08	448,364	80	393,363	55,081	50,256	40,011	65,327
Aviation	Mar-09	<b>1,103</b>	-	<b>889</b>	<b>214</b>	<b>20,291</b>	<b>200</b>	<b>20,305</b>
	Mar-08	22,417	-	22,026	391	200	300	291
Personal Accident	Mar-09	<b>317,181</b>	-	<b>215,189</b>	<b>101,992</b>	<b>49,594</b>	<b>24,888</b>	<b>126,698</b>
	Mar-08	207,269	-	149,544	57,725	24,888	542	82,071
Health	Mar-09	<b>2,856,611</b>	-	<b>426,821</b>	<b>2,429,790</b>	<b>358,671</b>	<b>247,899</b>	<b>2,540,562</b>
	Mar-08	1,664,329	-	330,743	1,333,587	247,899	54,561	1,526,925
Other Misc.	Mar-09	<b>334,493</b>	-	<b>156,861</b>	<b>177,632</b>	<b>76,459</b>	<b>61,692</b>	<b>192,399</b>
	Mar-08	297,080	-	151,723	145,357	61,691	81,569	125,479
<b>Misc. Total</b>	Mar-09	<b>9,912,497</b>	<b>45</b>	<b>2,305,966</b>	<b>7,606,576</b>	<b>6,010,234</b>	<b>3,354,087</b>	<b>10,262,723</b>
	Mar-08	6,286,431	80	1,798,266	4,488,245	3,354,087	731,666	7,110,666
<b>Total MAR'09</b>		<b>11,254,026</b>	<b>8,155</b>	<b>3,216,921</b>	<b>8,045,260</b>	<b>6,315,786</b>	<b>3,624,477</b>	<b>10,736,569</b>
<b>Total MAR'08</b>		<b>7,200,627</b>	<b>169</b>	<b>2,417,394</b>	<b>4,783,402</b>	<b>3,624,477</b>	<b>901,053</b>	<b>7,506,826</b>

\* - Includes Indian Motor Third Party Insurance Pool Transaction (Refer note no.19 of Notes to Accounts)

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

## Schedule- 3

## Commission (Net)

(Rs. in '000)

Particulars	Financial year ending	Commission paid on direct business written	Brokerage paid on direct business	Commission paid on reinsurance accepted	Commission received from reinsurance ceded	Net commission (3+4+5-6)
1	2	3	4	5	6	7
Fire	Mar-09	17,008	41,805	4,752	211,656	(148,091)
	Mar-08	9,630	73,830	4,814	353,924	(265,650)
Marine Cargo	Mar-09	7,347	16,837	114	20,760	3,538
	Mar-08	4,491	18,730	-	30,233	(7,012)
Marine Hull	Mar-09	49	2,585	13	5,139	(2,492)
	Mar-08	4	2,318	-	3,872	(1,550)
Marine Total	Mar-09	7,396	19,422	127	25,899	1,046
	Mar-08	4,495	21,048	-	34,105	(8,562)
Motor OD	Mar-09	58,185	123,780	-	169,134	12,831
	Mar-08	31,086	81,514	-	365,651	(253,051)
Motor TP	Mar-09	-	-	-	24,040	(24,040)
	Mar-08	-	-	-	56,703	(56,703)
Motor Total	Mar-09	58,185	123,780	-	193,174	(11,209)
	Mar-08	31,086	81,514	-	422,354	(309,754)
Employer's Liability	Mar-09	1,260	2,518	-	1,657	2,121
	Mar-08	1,099	3,325	-	4,096	328
Public Liability	Mar-09	537	4,182	6	12,834	(8,109)
	Mar-08	149	3,216	-	3,459	(94)
Engineering	Mar-09	8,305	41,820	565	269,386	(218,696)
	Mar-08	2,586	44,525	1,308	234,031	(185,611)
Aviation	Mar-09	330	179	141	3,338	(2,688)
	Mar-08	-	696	-	2,274	(1,578)
Personal Accident	Mar-09	6,052	19,609	51	60,477	(34,765)
	Mar-08	2,384	22,642	-	82,170	(57,144)
Health	Mar-09	75,369	112,968	-	70,075	118,262
	Mar-08	28,315	148,336	-	137,823	38,828
Other Misc.	Mar-09	8,547	25,930	2	47,807	(13,328)
	Mar-08	5,517	27,526	-	41,428	(8,385)
Misc. Total	Mar-09	158,585	330,986	765	658,748	(168,412)
	Mar-08	71,136	331,780	1,308	927,635	(523,411)
Total MAR'09		182,989	392,213	5,644	896,303	(315,457)
Total MAR'08		85,263	426,658	6,122	1,315,663	(797,623)

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in '000)

Particulars	Current Year		Previous Year	
<b>Schedule-4</b>				
<b>Operating Expenses related to insurance business</b>				
Employees' remuneration & welfare benefits		1,498,194		1,389,410
Company's contribution to Provident fund and others		52,512		78,815
Travel, conveyance and vehicle running expenses		95,439		169,435
Rents, rates & taxes		403,409		238,534
Repairs		176,379		111,057
Printing & Stationery		552,002		296,498
Communication expenses		207,645		206,301
Postage expenses		604,621		308,082
Legal & professional charges		193,911		309,394
Directors' Sitting fees		520		860
<b>Auditors' remuneration</b>				
a. Audit fees	1,900		1,900	
b. Tax Audit fees	300		300	
c. Certification Fees	75	2,275	50	2,250
Advertisement and Publicity		132,543		215,074
Interest and Bank Charges		31,852		38,229
Entertainment expenses		3,880		8,981
Office maintenance expenses		135,489		82,028
Office management expenses		872,547		1,752,653
Recruitment & Training expenses		21,343		57,734
Depreciation #		229,256		187,670
Subscriptions and membership fees		16,083		3,867
Coinsurance Expenses (net)		7,858		5,231
Miscellaneous expenses		176,556		169,596
<b>TOTAL</b>		<b>5,414,314</b>		<b>5,631,700</b>
<b>Allocation:</b>				
Fire Revenue Account		163,441		188,190
Marine Revenue Account		72,194		59,063
Miscellaneous Revenue Account		5,174,786		5,381,336
Expenses not relating to Insurance Business taken in Profit & Loss Account		3,893		3110
<b>TOTAL</b>		<b>5,414,314</b>		<b>5,631,700</b>
#Refer note no. 7 in schedule 17 of Notes to Accounts.				
<b>Schedule-5</b>				
<b>Share Capital</b>				
<b>Authorised Share Capital</b>				
20,00,00,000 Equity Shares of Rs.10 each		2,000,000		2,000,000
<b>Issued, Subscribed and Paid-up Share Capital</b>				
11,30,81,084 Equity Shares of Rs.10 each fully paid (Previous year 10,71,53,759 Equity Shares)		1,130,811		1,071,538
Note: Of the above 108,786,412 shares are held by Holding Company, Reliance Capital Limited (previous year 107,153,759 Equity shares).				
<b>Schedule-5A</b>				
<b>Pattern of Shareholding (As certified by the Management)</b>				
<b>Shareholder</b>	<b>No. of Shares</b>	<b>% of Holding</b>	<b>No. of Shares</b>	<b>% of Holding</b>
Promoters- Indian				
Holding Company- Indian	108,786,412	96%	107,153,759	100%
Reliance General Insurance Employees Benefit Trust	4,294,672	4%		
<b>Total</b>	<b>113,081,084</b>	<b>100%</b>	<b>107,153,759</b>	<b>100%</b>

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in '000)

Schedule-6	Current Year		Previous Year	
<b>Reserves and Surplus</b>				
Securities Premium		6,839,821		4,998,467
Surplus in Profit and Loss Account		-		-
<b>Total</b>		<b>6,839,821</b>		<b>4,998,467</b>

Schedule-7	Current Year		Previous Year	
<b>Borrowings</b>				
Debentures/ Bonds				
Banks				
Financial Institutions				
Others (to be specified)				
<b>Total</b>		-		-

Schedule-8	Current Year		Previous Year	
<b>LONG TERM INVESTMENTS</b>				
Government securities and Government guaranteed bonds including Treasury Bills	3,219,330		4,339,993	
Other Approved Securities	554,112		100,961	
<b>Other Investments :</b>	-		-	
(a) Equity Shares	470,445		801,294	
(b) Mutual Funds	-		-	
(c) Debentures/ Bonds	2,486,581		3,395,221	
Investments in Infrastructure and social sector	3,048,417		2,615,799	
Other than Approved Investments	101,240		149,847	
		<b>9,880,125</b>		<b>11,403,115</b>
<b>SHORT TERM INVESTMENTS</b>				
Government securities and Government guaranteed bonds including Treasury Bills	673,069		-	
Other Approved Securities	-		-	
<b>Other Investments :</b>	-		-	
(a) Equity Shares	-		-	
(b) Mutual Funds	563,000		1,202,500	
(c) Debentures/ Bonds	2,174,818		341,152	
Investments in Infrastructure and social sector	298,714		150,007	
Other than Approved Investments	50,000		10,567	
		<b>3,759,601</b>		<b>1,704,225</b>
<b>Total</b>		<b>13,639,726</b>		<b>13,107,340</b>

## Notes :

- The market value of all investments as at 31st March, 2009 is Rs. 13,688,922 thousands (previous year Rs. 12,995,219 thousands)
- Government Securities includes Rs. 10,84,63 thousand as at 31st March, 2009 (Previous year Rs. 106,550 thousands), deposit u/s 7 of the Insurance Act, 1938.
- All the above investments are performing assets.

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in '000)

Schedule-9	Current Year		Previous Year	
<b>LOANS</b>				
<b>SECURITY-WISE CLASSIFICATION</b>				
Secured				
(a) On mortgage of property	-		-	
(aa) In India	-		-	
(bb) Outside India	-		-	
(b) On Shares, Bonds, Govt. Securities	-		-	
(c) Others (to be specified)	-		-	
Unsecured	<b>300,627</b>		-	
<b>Total</b>		<b>300,627</b>		-
<b>BORROWER-WISE CLASSIFICATION</b>				
(a) Central and State Governments	-		-	
(b) Banks and Financial Institutions	-		-	
(c) Subsidiaries	-		-	
(d) Industrial Undertakings	-		-	
(e) Others - Reliance General Insurance Employees Benefit Trust	<b>300,627</b>		-	
<b>Total</b>		<b>300,627</b>		-
<b>PERFORMANCE-WISE CLASSIFICATION</b>				
(a) Loans classified as standard	-		-	
(aa) In India	<b>300,627</b>		-	
(bb) Outside India	-		-	
(b) Non-performing loans less provisions				
(aa) In India	-		-	
(bb) Outside India	-		-	
<b>Total</b>	-	<b>300,627</b>	-	-
<b>MATURITY-WISE CLASSIFICATION</b>				
(a) Short Term	-	-	-	
(b) Long Term	<b>300,627</b>		-	
<b>Total</b>		<b>300,627</b>	-	-

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

## Schedule - 10 Fixed Assets as at 31st March, 2009

(Rs. in '000)

Description	Gross Block			Depreciation				Net Block	
	As at 01-04-08	Additions	Deductions/ Adjustments	As at 31-03-09	For the year #	Deductions/ Adjustments	As at 31-03-09	As at 31-03-09	As at 31-03-08
Furniture & Fittings	117,637	2,564	28,756	91,445	13,384	17,746	40,633	50,812	72,644
Leasehold Improvements	18,060	59,261	579	76,742	13,094	391	19,353	57,389	11,410
Information Technology Equipment	247,765	55,739	3,304	300,200	75,701	2,037	171,380	128,820	150,049
Intangible Asset (Computer Software)	192,736	158,802	-	351,538	102,939	-	167,446	184,092	128,230
Vehicles	30,857	585	8,547	22,895	3,961	4,430	13,285	9,610	17,103
Office Equipment	217,659	35,543	21,342	231,860	35,540	5,791	65,364	166,496	182,043
Plant & Machinery	7,004	5,729	393	12,340	1,670	70	1,967	10,373	6,637
Capital WIP	15,095	21,048	-	36,143	-	-	-	36,143	15,095
<b>Total</b>	<b>846,813</b>	<b>339,271</b>	<b>62,921</b>	<b>1,123,163</b>	<b>246,289</b>	<b>30,463</b>	<b>479,428</b>	<b>643,735</b>	<b>583,211</b>
<b>Previous Year</b>	<b>366,840</b>	<b>521,421</b>	<b>41,447</b>	<b>846,813</b>	<b>187,670</b>	<b>2,035</b>	<b>263,602</b>	<b>583,211</b>	<b>288,873</b>

#Refer note no. 7 in Schedule 17 of Notes to Accounts.



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in '000)

<b>Schedule-11</b>	<b>Current Year</b>		<b>Previous Year</b>	
<b>Cash and Bank Balances</b>				
Cash (including cheques, drafts and stamps on hand)		17,650		14,715
Bank Balances				
(a) Short Term Deposit Accounts		-		-
(b) Current Accounts	372,977		712,197	
(c) Cheques in Transit	724,022	1,096,999	-	712,197
Other (Cash in Transit)		27,741		
<b>Total</b>		<b>1,142,390</b>		<b>726,912</b>
<b>Schedule-12</b>	<b>Current Year</b>		<b>Previous Year</b>	
<b>Advances and Other Assets</b>				
<b>Advances</b>				
Prepayments	43,038		32,940	
Advance tax paid and taxes deducted at source (Net of provision for taxation)	70,335		89,057	
Rental Deposits	182,382		58,339	
Advances to Staff	9,471		2,174	
Unutilised Service Tax Credit	57,485		65,803	
Other Advances	685,715	1,048,426	244,354	492,667
<b>Other Assets</b>				
Income accrued on investments	384,379		331,104	
Outstanding Premium	11,119		-	
Agents' Balances	-		-	
Due from other entities carrying on insurance business	4,118,662		2,121,640	
ERF Investment in Fixed Deposit with Banks	-	4,514,160	32,142	2,484,886
<b>Total</b>		<b>5,562,586</b>		<b>2,977,553</b>
<b>Schedule-13</b>	<b>Current Year</b>		<b>Previous Year</b>	
<b>Current Liabilities</b>				
Agents' Balances		28,765		28,638
Balances due to other insurance companies		85,259		409,929
Premium received in Advance		463,701		45,991
Unearned Commission		-		-
Sundry creditors		911,574		333,684
Claims Outstanding (Includes claims related to IMTPIP of Rs. 2,792,214 (Rs. 900,303). Refer note no.19)		6,315,788		3,624,478
Environmental Relief Fund Payable		9		32,139
Premium Deficiency		25,400		-
Temporary Bank Overdraft as per books of accounts		946,980		1,288,998
<b>Total</b>		<b>8,777,476</b>		<b>5,763,857</b>

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(Rs. in '000)

<b>Schedule-14</b>	<b>Current Year</b>		<b>Previous Year</b>	
<b>Provisions</b>				
Reserve for Unexpired Risk		6,829,922		6,722,954
Provision for Leave Encashment		70,067		76,404
<b>Total</b>		<b>6,899,989</b>		6,799,358
<b>Schedule-15</b>	<b>Current Year</b>		<b>Previous Year</b>	
<b>MISCELLANEOUS EXPENDITURE</b>				
Discount Allowed in issue of shares/ debentures		-		-
Others (to be specified)		-		-
<b>Total</b>		<b>-</b>		<b>-</b>

Registration No. and Date of Registration with the IRDA : Regn. No. 103 dated 23.10.2000

## RECEIPTS AND PAYMENTS ACCOUNT FOR THE PERIOD ENDED 31st March, 2009

(Rs. in '000)

Particulars	Current Year	Previous Year
<b>Cash and cash equivalents at the beginning of the year</b>	<b>(562,086)</b>	<b>(58,411)</b>
<b>Cash flows from operating activities</b>		
Direct Premiums received	19,391,542	19,470,767
Payment to other insurance companies net of claims and commission	(3,214,506)	(4,576,462)
Direct Claims Paid	(11,254,025)	(7,200,632)
Direct Commission / Brokerage Payments	(575,074)	(487,046)
Expenses of Management	(4,627,946)	(4,957,098)
Advances, Deposits, Staff loans given	(395,565)	(242,653)
Income tax paid	(3,030)	(24,900)
Wealth tax paid	(89)	(166)
Other Receipts/payments	7,191	69,017
<b>Net Cash flow</b>	<b>(671,503)</b>	<b>2,050,827</b>
<b>Cash flows from investing activities</b>		
Purchase of investments (Net)	(105,142,733)	(74,054,635)
Sale of investment (including gain/loss)	104,324,612	67,485,469
Purchase of fixed Assets	(339,272)	(485,735)
Sale of fixed Assets (including gain/loss)	30,724	1,857
Interest, Dividends received	955,669	498,544
Loan Given	(300,627)	
<b>Net Cash flow</b>	<b>(471,627)</b>	<b>(6,554,501)</b>
<b>Cash flows from financing activities</b>		
Capital infusion	1,900,627	3,999,999
<b>Cash and cash equivalents at the end of the year including Bank Overdraft</b>	<b>195,409</b>	<b>(562,086)</b>

As per Report of even date attached.

For **V. Soundararajan & Co.**

Chartered Accountants

**V. S. Sukumar**

Partner

Membership No. 18203

For **Chaturvedi & Shah**

Chartered Accountants

**H.P. Chaturvedi**

Partner

Membership No. 33523

Place : Mumbai

Date : April 20, 2009

For and on behalf of the Board

**S.P. Talwar**

Director

**Soumen Ghosh**

Director

**K.A. Somasekharan**

President &amp; Chief Executive Officer

**Hemant K. Jain**

Financial Controller

**Mohan Khandekar**

Company Secretary

**Schedule – 16**

**Significant Accounting Policies forming part of the financial statements as at 31st March, 2009**

**1. Basis of Preparation of Financial Statements**

The accompanying financial statements are drawn up in accordance with the Insurance Regulatory and Development Authority Act, 1999, The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, and orders and directions issued by IRDA in this behalf and the Regulations framed there under read with relevant provisions of The Insurance Act, 1938 and The Companies Act, 1956 to the extent applicable. The financial statements have been prepared under historical cost convention and on accrual basis in accordance with the generally accepted accounting principles, in compliance with the Accounting Standard (AS) as prescribed in the Companies (Accounting Standard) Rules 2006 to the extent applicable and confirm to the statutory provisions in regard to general insurance operations in India.

**2. Use of Estimates**

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

**3. Revenue Recognition**

**a) Premium**

Premium is recognized as income over the contract period or the period of risk which ever is appropriate. Any subsequent revisions to or cancellations of premium are recognised in the year in which they occur.

**b) Commission**

- I. Commission income on reinsurance cessions is recognized as income in the period in which reinsurance premium is ceded.
- II. Profit commission under reinsurance treaties, wherever applicable, is recognized in the year of the final determination of the profits and as intimated by reinsurers.

**c) Income earned on investments**

Interest income is recognized on accrual basis. Accretion of discount and amortization of premium relating to debt securities is recognized over the holding / maturity period on a straight-line basis. Dividend is recognized when right to receive dividend is established.

**d) Profit/Loss on sale of securities**

Profit or loss on sale/redemption of securities is recognized on trade date basis and includes effects on accumulated fair value changes, previously recognized, for specific investments sold/redeemed during the year.

**4. Premium Received in Advance**

Premium received in advance represents premium received in respect of policies issued during the year, where the risk commences subsequent to the Balance Sheet date.

**5. Claims Incurred**

Claims incurred comprise claims paid, estimated liability for outstanding claims made following a loss occurrence reported and estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER'). Further, claims incurred also include specific claim settlement costs such as survey/legal fees and other directly attributable costs.

Claims reported and outstanding are provided net of estimated salvage and net of claims recoverable from reinsurer / coinsurer based on intimations received up to the date of Balance Sheet, survey reports, information provided by insured, past experience and other applicable laws.

Claims outstanding include provision for claims incurred but not reported ('IBNR') and also for claims incurred but not enough reported ('IBNER'). The said provision has been determined by Appointed Actuary, which is in accordance with the accepted actuarial practice, requirements of Insurance Act, 1938, IRDA Regulations and the stipulations of the Institute of Actuaries of India.

#### **6. Acquisition Cost**

Acquisition costs are costs that vary with and are primarily related to acquisition of insurance contracts and are expensed in the period in which they are incurred.

#### **7. Reinsurance**

- i. Reinsurance is ceded in the year in which the risk commences and recognized over the Contract period.
- ii. Reinsurance inward is accounted to the extent of the returns received from the reinsurers.

#### **8. Reserve for Unexpired Risk**

Reserve for unexpired risk is made on the amount representing that part of the net premium written which is attributable to, and to be allocated to the succeeding accounting periods, subject to the provisions of requirements under Section 64V (1) (ii) (b) of the Insurance Act, 1938. Reserve for unexpired risk is made at 100% of net premium for marine hull business and 50% of net premium for other class of business except unexpired risk in Health segment.

In case of Health segment, the Reserve for Unexpired Risks is created at the end of the Accounting period based on the 1/365 method as per IRDA Circular No. IRDA/F&A/CIR/49/Mar-09 dated March 24, 2009.

#### **9. Loans**

Loans are stated at historical cost, subject to provision for impairment, if any.

#### **10. Premium Deficiency**

Premium deficiency is recognized if the ultimate amount of expected net claim costs, related expenses and maintenance costs exceeds the sum of related premium carried forward to subsequent accounting period as the reserve for unexpired risk, Premium deficiency is calculated by line of business. The company considers maintenance as relevant costs incurred for ensuring claim handling operations.

#### **11. Investments**

- i. Investments are carried at cost on weighted average basis. Cost includes brokerage and stamp duty where payable.
- ii. Investment in debt securities is shown in the Balance sheet at historical cost subject to amortisation/accretion of the premium/discount over the maturity period based on constant yield method.
- iii. Investment in equity shares as at the Balance Sheet date is stated at fair value, being the lowest of last quoted closing price on the National Stock Exchange or Bombay Stock Exchange. Unrealized gains/losses are credited / debited to fair value change account.
- iv. Investment in Mutual Funds units is stated at previous day's Net Asset Value (NAV) at the Balance Sheet date. Unrealized gains/losses are credited / debited to fair value change account.
- v.
  - a) Unrealized gains/losses arising due to changes in the fair value of listed equity shares/ mutual fund are taken under the listed "Fair Value Change Accounts" 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.

## 12. Impairment of Investments

The Company assesses at each Balance Sheet date whether there is any indication that any investment in equity or units of mutual funds may be impaired. If any such indication exists, the carrying value of such investment is reduced to its recoverable amount and the impairment loss is recognized in the revenue(s)/profit & loss account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and investment is restated to that extent.

## 13. Employee Stock Option Plan

The company follows the intrinsic method for computing the compensation cost, for options granted under the Plan. The difference, if any, between the intrinsic value and the exercise price, being the compensation cost is amortized over the vesting period of the options.

## 14. Fixed Assets

- i. Fixed assets are stated at cost less accumulated depreciation.
- ii. Depreciation on Fixed Assets is provided on Written down Value basis at the rates and the manner provided in Schedule XIV to the Companies Act, 1956.
- iii. Lease Hold Improvements, is amortized over the period of lease. Assets purchased for value not exceeding Rs. 5000/- is written off during the year of purchase.
- iv. Intangible assets are stated at cost of acquisition less accumulated amortization. The same is amortized over a period of three years on straight line basis.

## 15. Impairment of Assets

The Company assesses at each Balance Sheet Date whether there is any indication that any asset may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the impairment loss is recognized in the profit and loss account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

## 16. Employee Benefits

### i. **Short Term Employee Benefits**

All Short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

Defined Contribution Plan

Provident fund

Each eligible employee and the Company make an equal contribution at a percentage of the basic salary specified under the Employees Provident Funds and Miscellaneous Provisions Act, 1952. The Company has no further obligations under the plan beyond its periodic contributions. The company contribution towards this fund is charged to profit and loss account and revenue accounts as applicable.

Superannuation

The Company has incorporated a superannuation trust. The superannuation contribution is based on a percentage of basic salary payable to eligible employees for the period of service. The company contribution towards this trust is charged to profit and loss account and revenue accounts as applicable.

**Defined Benefit Plan**

The Company has incorporated a gratuity trust. Gratuity, which is a Defined Benefit Scheme is accounted for on the basis of an actuarial valuation done at the year end and is charged to the profit and loss account and revenue accounts as applicable.

ii. **Other Long Term Employee Benefits**

Accrued Leave is a Long Term Employee Benefit. Compensated absences are provided based on actuarial valuation as at Balance Sheet date and is recognized in the profit and loss account and revenue accounts as applicable.

**17. Foreign Currency Transaction**

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies at the year end are reinstated at the year end rates. Non-monetary foreign currency items are carried at cost. Any gain or loss on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss account and Revenue Account(s) as applicable.

**18. Provision for Taxation**

The Company provides for Income Tax and Fringe Benefit Tax in accordance with the provisions of Income Tax Act 1961. Provision for Income Tax is made on the basis of estimated taxable income for the year at current rates. Tax expenses comprises of both Current Tax and Deferred Tax at the applicable enacted or substantively enacted rates. Current tax represents the amounts of Income Tax payable/recoverable in respect of the taxable income/loss for the reporting period. Deferred Tax assets are recognized only if there is a virtual certainty backed by the convincing evidence of realization of such assets. Deferred tax assets are reviewed as at each Balance Sheet date and are appropriately adjusted to reflect the amount that is reasonably or virtually certain to be realized.

**19. Expenses of Management**

- i. Expenses relating to insurance business are allocated on the basis of net premium written to the Revenue Accounts.
- ii. Expenses relating to investment activities of shareholder's funds are charged to the Profit & Loss Account.

**20. Provision, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**SCHEDULE – 17**

**Notes forming part of the Accounts as on 31<sup>st</sup> March 2009**

1. Contingent Liabilities:

- a. Partly paid investments: Nil. (Previous year Nil)
- b. Underwriting commitments outstanding: Nil. (Previous year Nil)
- c. Claims, other than those under policies, not acknowledged as debts: Nil. (Previous year Nil)
- d. Guarantees given by or on behalf of the company: Nil (Previous year Nil)
- e. Statutory demands/liabilities in dispute, not provided for:

The company has disputed the demands raised by the income tax department for assessment completed for the A. Y. 2003-04 – Rs. 30,310 thousands (Previous year Rs. 38,850 thousands) and A. Y. 2006-07 – Rs. 1,767 thousands (Previous year Rs. 2,333 thousands). The matter is subjudiced and pending with Tribunal for all above years.

- f. Reinsurance obligations to the extent not provided for in accounts: Nil. (Previous year Nil)
- g. Others Nil (Previous year Nil)

2. The management has sent confirmation letters to the vendors asking for their registrations under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). However, no confirmations have been received by management and therefore no provision has been made for the same. However, in view of the management, the impact of interest, if any, that may be payable in accordance with Provisions of the Act is not expected to be material.
3. There are no encumbrances to the assets of the company in and outside India.
4. The company has not invested any amount in real estate in the current financial year.
5.
  - i. There are no commitments made and outstanding for Loans (Previous year Nil)
  - ii. The commitments made and outstanding for Investments are Rs. 374,666 thousands. (Previous year Nil)
6. Estimated amount of commitment pertaining to contracts remaining to be executed in respect of Fixed Assets (net of advance) is Rs. 55,345 thousands. (Previous year Rs.5,654 thousands)
7. Excess depreciation for the earlier years amounting to Rs. 17,033 thousands is adjusted against depreciation for the year.

8. **Allocation of Investment Income :**

Investment Income has been allocated between revenue accounts and profit and loss account on the basis of the ratio of average policyholders funds to average shareholders fund respectively; average being the balance at the beginning of the year and at the end of the year.

Further, Investment Income between Policy Holders is allocated on the basis of Gross Written Premium.

9. As per IRDA circular No IRDA/F&A/CIR/49/ Mar-09 dated March 24th, 2009, in respect of Health segment, the Unexpired Risk Reserve (URR) has been created on the basis of 1/365 method is less than as provided under Section 64V(1)(ii)(b) of the Act, due to which it is resulting in an accounting surplus amounting to Rs. 289,754 thousands and as per circular the said amount needs to be transferred to the Contingency Reserve and such accounting surplus shall not be available for distribution to the shareholders without the explicit approval of the Authority. Due to unavailability of profits, the said reserve has not been created.

10. Employee Benefit:

- a) Define Contribution Plan: During the year company has recognized Rs.61,709 thousands as expenses (Previous year Rs. 53,317 thousands)
- b) Define Benefit Plan: The disclosure required under the define benefit plan as per AS 15 for gratuity is as follow:

I.	Assumptions :	Current Year	Previous Year
	Discount Rate Previous Year	8.00%	7.50%
	Discount Rate Current Year	7.50%	8.00%
	Rate of Return on Plan Assets Previous Year	8.00%	7.50%
	Rate of Return on Plan Assets Current Year	7.50%	8.00%
	Salary Escalation Previous Year	6.00%	3.00%
	Salary Escalation Current Year	5.00%	5.00%
II.	Table Showing Change in Benefit Obligation :		
	Liability at the beginning of the Year	15,321,127	5,615,551
	Interest Cost	1,225,690	421,166
	Current Service Cost	10,780,780	3,910,346
	Benefit Paid	(1,194,346)	(279,173)
	Actuarial (Gain)/Loss on obligations	(5,624,437)	5,653,237
	Liability at the end of the Year	<b>20,508,814</b>	<b>15,321,127</b>



<b>III. Tables of Fair value of Plan Assets :</b>			
	Fair Value of Plan Assets at the beginning of the Year	7,912,245	2,603,737
	Expected Return on Plan Assets	632,980	208,299
	Contributions	7,006,965	5,150,763
	Benefit Paid	(1,194,346)	(279,173)
	Actuarial Gain/(Loss) on Plan Assets	15,296,305	228,619
	Fair Value of Plan Assets at the end of the Year	<b>29,654,148</b>	<b>7,912,245</b>
	Total Actuarial Gain/(Loss) To Be Recognised	<b>20,920,742</b>	<b>(5,424,618)</b>
<b>IV. Actual Return on Plan Assets :</b>			
	Expected Return on Plan Assets	632,980	208,299
	Actuarial Gain/(Loss) on Plan Assets	15,296,305	228,619
	Actual Return on Plan Assets	<b>15,929,284</b>	<b>436,918</b>
<b>V. Amount Recognised in the Balance Sheet :</b>			
	Liability at the end of the Year	20,508,814	15,321,127
	Fair Value of Plan Assets at the end of the Year	29,654,148	7,912,245
	Difference	(9,145,334)	7,408,882
	Amount Recognised in the Balance Sheet	<b>(9,145,334)</b>	<b>7,408,882</b>
<b>VI. Expenses Recognised in the Income Statement :</b>			
	Current Service Cost	10,780,780	3,910,346
	Interest Cost	1,225,690	421,166
	Expected Return on Plan Assets	(632,980)	(208,299)
	Net Actuarial (Gain)/Loss To Be Recognised	(20,920,742)	5,424,618
	Expense Recognised in P & L	<b>(9,547,252)</b>	<b>9,547,831</b>
<b>VII. Amount Recognised in the Balance Sheet :</b>			
	Opening Net Liability	7,408,882	3,011,814
	Expense as above	(9,547,252)	9,547,831
	Employers Contribution paid	(7,006,965)	(5,150,763)
	Closing Net Liability	<b>(9,145,334)</b>	<b>7,408,882</b>

11. Out of 36,686 Claims (previous year 23,065 claims) reported and outstanding amounting to (Gross) Rs. 4,226,055 thousands (previous year Rs. 3,079,931 thousands), 8,234 Claims amounting to Rs 1,796,188 thousands (previous year 3,258 claims amounting to Rs. 864,990 thousands) are outstanding for more than six months from the date of intimation. These are outstanding on account of various reasons such as pending reinstatement, incomplete documents etc.
12. In view of losses no tax provision is required for the current year, as a matter of prudence the company has recognized the deferred tax assets on unabsorbed depreciation and carried forward losses to the extent of deferred tax liability of previous year.

Deferred Tax Asset/(Liability) (Net) as at 31st March, 2009 comprises of the following -

(Rs. in thousands)

	Current Year	Previous Year
<b>Deferred Tax Asset</b>		
Related to Leave Encashment Provision	23,815	25,970
Unabsorbed Depreciation	112,415	1,433
<b>Total</b>	<b>136,230</b>	<b>27,403</b>
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	53,830	7,159
Reserve for Unexpired Risk	73,865	11,709
<b>Total</b>	<b>127,695</b>	<b>18,868</b>
<b>Deferred Tax Asset/(Liability)(Net)</b>	<b>8,535</b>	<b>8,535</b>

13. Employee Stock Option Plan (ESOP)

The company introduced the Employee Stock Option Plan under which options were granted to the employees of the Company on the basis of their performance and other eligibility criteria. Accordingly, the Company issued a total of 4,294,672 equity shares at a price of Rs. 70 per equity share to Reliance General Insurance Employees' Benefit Trust. These options are planned to be settled in cash or equity at the time of exercise and have maximum period of 7 years from the date of respective grants. The plan existing during the year is as follows:

<b>Exercise Period</b>	On completion of 3 years	30%
	On completion of 4 years	30%
	On completion of 5 years	40%

The information covering stock options granted, exercised, forfeited and outstanding at the year end is as follows:

Particulars	No of stock options	Weighted average exercise Price (Rs.)	Weighted average remaining contractual Life (in Years)
Outstanding at beginning of year		Nil	
Granted	694,300	70	
Exercised	Nil	Nil	
Lapsed / Forfeited	Nil	Nil	
Outstanding at the year end	694,300	70	6.05 years
Exercisable at end of year	694,300	70	-

The fair value of the options granted was estimated on the date of grant using the Black-Scholes model with the following assumptions:

Particulars	Year ended 31st March, 2009
Risk Free Interest Rate	7.98%
Expected Life	7 Years
Volatility	-
Dividend yield	-

The Company has chosen to account for the plan by Intrinsic Value Method. The total expense recognized for the year arising from stock option plan as per intrinsic value method is Rs. Nil. The net results and Earning Per Share (EPS) for the year, had the Company adopted the fair value method, would have been unchanged.

Since, this being the first year of implementation of ESOP, previous year figures have not been given.

14. Value of contracts in relation to investments for:

(Rs. in thousands)

Particulars	Current Year	Previous Year
Purchases where deliveries are pending	210,823	Nil
Sales where payments are overdue	Nil	Nil
Sales where deliveries are pending	163,843	Nil

15. The historical cost of Investments valued at fair value on Balance Sheet date is Rs. 13,639,725 thousands.(Previous year Rs. 1,169,952 thousands)

16. Reinsurer's and Coinsurer's balances are subject to confirmations and consequential adjustments.

17. In accordance with circular no. F&A/ CIR/ 017/ May-04 dated 18<sup>th</sup> May 2004 there is no premium deficiency on an overall basis in the miscellaneous segment, although there is a premium deficiency under following sub segments –

(Rs. in thousands)

Sub-segment	Current Year	Previous Year
Liability	3,167	Nil
Rural	15,664	Nil
Aviation	14,120	Nil

18. Pursuant to the regulatory requirement vide circular 067/IRDA/F&A/CIR/Mar-08, dated 28<sup>th</sup> March 2008, the additional disclosure is given under:

(Rs. in thousands)

Particulars	Current Year	Previous Year
Outsourcing Expenses	311,037	422,008
Business Development	30,477	131,328
Marketing Support	102,065	83,745

19. Indian Motor Third Party Insurance Pool (IMTPIP)

In accordance with the directions of IRDA, the Company, together with other insurance companies, participates in the Indian Motor Third Party Insurance Pool (IMTPIP). The IMTPIP is a multilateral reinsurance arrangement, in which all member companies are compulsorily required to participate. The IMTPIP is administered by the General Insurance Corporation of India ('GIC'). The IMTPIP covers reinsurance of third party risks of specified motor vehicles ("Specified risks"). Amounts collected as premium in respect of specified are ceded at 100% of such premium, 100% of claims incurred against risks ceded being recoverable from the pool.

In accordance with the terms of the agreement, each participant company is compulsorily required to share in the revenues, expenses, assets and liabilities of the IMTPIP, including Unexpired Risks Reserve, in the proportion that the company's Gross Direct Premium written in India (GDPI), bears to the total GDPI of all participant companies. The Company's share as specified above is recorded based on the returns submitted by GIC, under the respective heads. Accordingly, such share has been recorded by the Company, only up to 28<sup>th</sup> February 2009, the date up to which the return is submitted by GIC.

20. The total of future minimum lease rent payable under operating lease for each of the following periods:

(Rs. in thousands)

Particulars	Current Year	Previous Year
Not later than one year	151,385	133,500
Later than one year and not later than five years	197,030	266,712
Later than five years	Nil	Nil

Lease payment debited to the Profit & Loss account during the year Rs. 129,556 thousands (Previous year Rs. 2,616 thousands)

21. The company has under written during the year rural insurance premium of Rs 1,396,248 thousands (previous year Rs 1,170,686 thousands) representing 7.29 % of Gross Direct Premium (previous year 6.01%) and under the social sector, the company has underwritten insurance covers to 39,406,819 lives generating a premium of Rs. 110,353 thousands (previous year 17,570,404 lives generating a premium of Rs 82,454 thousands).

22. Extent of risk retained and reinsured is set out below (excluding excess of loss and catastrophe reinsurance)

(Rs. in thousands)

Particulars	For the year ended 31st March 2009 (% of business written)	For the year ended 31st March 2008 (% of business written)
Risk Retained	67%	62%
Risk Reinsured	33%	38%
	100%	100%

23. Managerial Remuneration:

(Rs. in thousands)

Particulars	Current Year	Previous Year
Salaries	15,754	12,201
Perquisites	0	386
Contribution to Provident Fund and Super Annuation	865	792
Provision for Gratuity and Leave Encashment	2,691	4,829
<b>Total</b>	<b>19,310</b>	<b>18,208</b>

Computation of net profit in accordance with Section 198 read with Section 309(5) of The Companies Act, 1956 has not been given since no commission is paid.

24. There are no claims which are settled and unpaid for a period of more than six months as on the Balance Sheet date.
25. The company does not have any liability relating to claims where the claim payment period exceeds four years.
26. As per the requirement of Accounting Standard 18 'Related Party Disclosures' as notified by the Companies (Accounting Standard) Rules, 2006, following are the list of related parties with the relationship.

**A) List of related parties relationships, where control exists.**

<b>Holding Company</b>	
Reliance Capital Limited	
Reliance Innoventures Pvt. Ltd.	
<b>Subsidiary of Holding Co. (including fellow subsidiary)</b>	
Reliance Capital Asset Management Limited	
Reliance Asset Management (Mauritius ) Limited	
Reliance Asset Management (Singapore) Pte. Ltd.	
Reliance Capital Asset Management (UK) Plc.	
Reliance Capital Trustee Co. Limited	
Reliance Capital Services Private Limited	
Reliance Gilts Limited	
Reliance Equity Advisors (India) Limited	
Reliance Consultants (Mauritius) Limited	
Reliance Money Express Limited	
Medybiz Private Limited	
Net Logistics Private Limited	
Reliance Technology Ventures Pvt. Limited	
Reliance Capital Research Pvt. Limited	
Reliance Capital Markets Private Limited	
Reliance Home Finance Private Limited	
Reliance Equities International Private Limited	
Reliance Capital (Singapore) Pte. Limited	
Reliance Consumer Finance Private Limited	
Reliance Securities Limited	
Reliance Prime International Limited	
Reliance Commodities Limited	
Reliance Financial Limited	
Reliance Alternative Investments Services Private Limited	
Reliance Capital Pension Fund Limited	
Reliance Capital Partners	
Reliance Capital Infrastructure Partners	
<b>Key Management personnel and their relatives</b>	
Mr. K. A. Somasekharan	President and CEO

## B) Transaction during the period with related parties:

(Rs. in thousands)

Sr. no.	Related Party	Relationship	Nature of transaction	Current year	Previous Year
1.	Reliance Capital Ltd	Holding company	Share Premium money Received	1,600,000	39,99,999
			Premium	4,688	11,123
			Claims	708	326
			Software Purchased	2,879	4,904
			Sale of Server	105	0
			Reimbursements received for expenses (Rent, Communication, Electricity)	1,039	477
			Reimbursements paid for expenses (Rent, Communication, Electricity, Professional fees, Maintenance Charges)	59,778	44,383
2	Reliance Innoventures Pvt. Ltd.	Holding company	Premium	6,411	0
3	Reliance Capital Asset Management Ltd.	Fellow Subsidiary	Advisory fees	598	1,214
			Premium	6,852	7,753
			Claims	165	130
4	Reliance Capital Trustee Co Ltd	Fellow Subsidiary	Premium	1,861	1,330
5	Reliance Money Express Ltd.	Fellow Subsidiary	Premium	2,409	1,127
			Foreign Currency Purchased	186	0
6	Reliance Equity Advisors India Ltd	Fellow Subsidiary	Premium	45	0
7	Reliance Securities Ltd	Fellow Subsidiary	Premium	12,355	0
			Claims	24	0
8	Medybiz Pvt. Ltd	Fellow Subsidiary	Premium	35	0
9	Reliance Capital Services Pvt. Ltd	Fellow Subsidiary	Premium	1,581	0
			Reimbursements received for expenses (Rent, Maintenance)	1,076	0
10	Reliance Equities International Pvt. Ltd	Fellow Subsidiary	Premium	217	0
			Claims	24	0
11	Reliance Consumer Finance Pvt. Ltd.	Fellow Subsidiary	Premium	94	0
			Reimbursements received for expenses (Rent, Electricity)	5,562	1,923
12	Reliance Capital Partners	Fellow Subsidiary	Premium	367	0
13	K.A. Somasekharan (C.E.O)	Key Managerial Personnel	Remuneration	19,310	18,208
			Premium	20	15
14	Independent Directors		Sitting Fees	520	800

Note: Related Party relationship is as identified by the management and relied upon by the auditors.

27. Segment Information for the year ended on 31<sup>st</sup> March, 2009

- a. Revenue and expenses have been identified to a segment on the basis of relationship to the operating activities of the segment. Revenue and expenses, which relate to enterprise as a whole and are not allocable to a segment on reasonable basis, have been disclosed as “Unallocable”.
- b. Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as “Unallocable”.

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(Rs. in thousands)

Particulars	Fire	Marine Cargo	Marine Hull	Motor	Employer Liability	Public Liability	Engineering	Aviation	Personal Accident	Health	Other Miscellaneous	Total Enterprise
<b>Segment Revenues</b>												
Premium	415146	147470	3603	9902265	58033	25087	229434	3752	134838	2769246	199767	13888641
2007-08	384489	105370	3994	7165968	35084	17445	203203	1046	80478	1361670	241587	9600334
<b>Commission</b>	-148091	3538	-2492	-11209	2121	-8109	-218696	-2688	-34765	118262	-13328	-315457
2007-08	-265650	-7012	-1550	-309754	328	-94	-185611	-1578	-57144	38828	-8385	-797622
Investment income	70144	16522	2445	597092	4229	8967	61118	5645	21578	159329	34513	981582
2007-08	49809	11000	905	440612	2986	1917	35995	2577	14029	95822	21037	676689
Exchange Gain	0	0	0	0	0	0	0	0	0	0	-320	-320
2007-08	0	0	0	0	0	0	0	0	0	0	53	53
<b>Total</b>	633381	160454	8540	10510566	60141	42163	509248	12085	191181	2810313	247928	15186000
2007-08	699948	123383	6449	7916333	37743	19456	424810	5201	151650	1418664	270956	11074592
<b>Segment Expenses</b>												
Claims	288940	175239	9667	7188931	36516	29120	128192	20305	126698	2540562	192399	10736569
2007-08	267375	128080	704	5301334	13229	-3991	65327	291	82071	1526925	125479	7506824
Premium Deficiency	0	24794	606	0	0	0	0	0	0	0	0	25400
2007-08	0	0	0	0	0	0	0	0	0	0	0	0
Management Expenses	163441	69076	3118	3851139	28470	13255	84282	2407	60020	1068065	67148	5410421
2007-08	188190	56809	2254	4169837	18148	5020	107638	610	54692	923810	101581	5628590
<b>Total</b>	452381	269109	13391	11040070	64986	42375	212474	22712	186718	3608627	259547	16172390
2007-08	455565	184889	2958	9471171	31377	1029	172965	902	136763	2450735	227061	13135414
Net Profit/Loss	181000	-108655	-4851	-529504	-4845	-212	296774	-10627	4463	-798314	-11619	-986390
2007-08	244384	-61507	3491	-1554837	6366	18427	251845	4299	14887	-1032072	43895	-2060822
Unallocated items												
Investment income												483467
2007-08												364371
Other Income												5134
2007-08												71135
Expenses												3893
2007-08												3110
Net Profit before tax												-501682
2007-08												-1628426
Income tax												21500
2007-08												27086
Net Profit after tax												-523182
2007-08												-1655512
<b>Assets</b>												
Segment Assets												Nil
2007-08												(Nil)
Unallocated Assets												21297597
2007-08												17403551
<b>Total</b>												21297597
2007-08												7360602
<b>Liabilities</b>												
Segment Liabilities	460173	178591	20388	10381214	54928	42897	220702	23491	134994	1453671	174659	13145710
2007-08	460353	113678	6641	7909270	28570	11211	191669	925	89867	1349289	185960	10347432
Unallocated Liabilities												8151887
2007-08												7056119
<b>Total</b>												21297597
2007-08												17403551

Notes:

1. Segment Reporting is made as per the modification prescribed by the Insurance Regulatory and Development Authority Regulations wherein details are to be given for fire, marine cargo, marine hull and eight classes of miscellaneous insurance.
2. Since the Company's entire business is conducted within India, there are no reportable geographical segments for the year.



## 28. Summary of Financial Results: -

(Rs. in thousands)

Particulars	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>OPERATING RESULTS</b>						
Gross Premium Written	19,148,849	19,464,171	9,122,274	1,623,311	1,616,797	1,610,556
Net Premium Income	13,995,608	13,374,457	5,043,141	555,429	619,618	392,182
Income from Investment	981,582	676,689	169,678	46,678	49,248	57,067
Other Income	320	(53)	518	(39)	1,993	1
<b>Total Income</b>	<b>14,977,510</b>	<b>14,051,093</b>	<b>5,213,337</b>	<b>602,068</b>	<b>670,859</b>	<b>449,250</b>
Commission	(707,671)	(1,224,282)	(1,022,675)	(185,877)	(221,969)	(266,662)
Brokerage	392,214	426,660	228,388	46,391	25,304	13,193
Operating Expenses.	5,410,421	5,628,590	1,809,223	274,512	343,118	333,255
Claims and Increase in Unexpired Risk reserve and other outgo	10,868,938	11,280,948	1,731,844	344,381	522,944	366,389
Operating Profit/(Loss)	(986,390)	(2,060,823)	(134,006)	109,091	1,462	3,075
<b>NON OPERATING RESULTS</b>						
Total Income under Shareholders account	484,708	432,396	158,395	103,777	70,641	105,469
Profit/ (Loss) before Tax	(501,682)	(1,628,426)	22,435	210,755	72,104	104,797
Provision for tax	21,500	27,086	6,148	67,061	14,356	14,929
Profit/ (Loss ) after Tax	(523,182)	(1,655,512)	16,288	143,694	58,335	89,868
<b>MISCELLANEOUS</b>						
<b>Policyholder's Account :</b>						
<b>Total Funds</b>	<b>7,323,751</b>	<b>8,168,807</b>	<b>3,737,423</b>	<b>620,781</b>	<b>344,224</b>	<b>499,077</b>
<b>Total Investments</b>	<b>7,323,751</b>	<b>8,168,807</b>	<b>3,737,423</b>	<b>620,781</b>	<b>344,224</b>	<b>499,077</b>
Yield on Investment	9.75%	11.36%	9.20%	7.12%	6.69%	8.25%
<b>Shareholders Account :</b>						
<b>Total Funds</b>	<b>6,315,974</b>	<b>4,938,533</b>	<b>2,594,045</b>	<b>1,572,633</b>	<b>1,384,065</b>	<b>1,321,983</b>
Total Investments	6,315,974	4,938,533	2,594,045	1,572,633	1,384,065	1,321,983
Yield on Investment	9.75%	11.27%	9.20%	7.12%	6.69%	8.25%
Paid up Equity Capital	1,130,811	1,071,538	1,030,721	1,020,007	1,020,007	1,020,007
Net Worth	6,315,974	4,938,533	2,594,045	1,572,633	1,384,065	1,321,983
Total Assets	21,297,597	17,403,551	7,352,067	2,546,196	2,221,995	2,168,513
Yield on Total Investment	9.75%	11.28%	9.20%	7.12%	6.69%	8.25%
Earning Per Share	(4.81)	(15.92)	0.16	1.41	0.57	0.88
Book Value Per Share	55.85	46.09	25.17	15.42	13.57	12.96
<b>Total Dividend</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dividend Per Share	-	-	-	-	-	-

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29. Financial Ratios:

Particulars	Gross premium Growth Rate	Net Retention Ratio	Net Commission Ratio	Underwriting Balance Ratio
	(Gross premium for the current year divided by the gross premium for the previous year)	(Net premium divided by gross premium)	(Commission net of reinsurance for class of business divided by net Earned premium)	(Underwriting profit by net earned premium for the respective class of business)
<b>Fire</b>	<b>-4%</b>	<b>30%</b>	<b>-36%</b>	<b>44%</b>
2007-08	-2%	31%	-59%	64%
<b>Marine Cargo</b>	<b>2%</b>	<b>55%</b>	<b>2%</b>	<b>-74%</b>
2007-08	91%	43%	-5%	-58%
<b>Marine Hull</b>	<b>83%</b>	<b>17%</b>	<b>-69%</b>	<b>-135%</b>
2007-08	96%	21%	-29%	87%
<b>Motor</b>	<b>-8%</b>	<b>75%</b>	<b>0%</b>	<b>-5%</b>
2007-08	178%	78%	-3%	-22%
<b>Employer Liability</b>	<b>-4%</b>	<b>89%</b>	<b>4%</b>	<b>-8%</b>
2007-08	114%	50%	1%	18%
<b>Public Liability</b>	<b>217%</b>	<b>20%</b>	<b>-32%</b>	<b>-1%</b>
2007-08	-9%	22%	-1%	106%
<b>Engineering</b>	<b>15%</b>	<b>18%</b>	<b>-95%</b>	<b>129%</b>
2007-08	11%	25%	-73%	124%
<b>Aviation</b>	<b>49%</b>	<b>6%</b>	<b>-72%</b>	<b>-283%</b>
2007-08	3%	2%	-109%	411%
<b>Personal Accident</b>	<b>4%</b>	<b>37%</b>	<b>-26%</b>	<b>3%</b>
2007-08	161%	32%	-44%	18%
<b>Health</b>	<b>13%</b>	<b>89%</b>	<b>4%</b>	<b>-29%</b>
2007-08	310%	80%	2%	-76%
<b>Other Miscellaneous</b>	<b>11%</b>	<b>26%</b>	<b>0%</b>	<b>-6%</b>
2007-08	-39%	40%	-3%	18%
<b>Total</b>	<b>-2%</b>	<b>67%</b>	<b>-2%</b>	<b>-7%</b>
2007-08	113%	64%	-6%	-21%

**30. Other Ratios**

Ratio	Basis	Current Year	Previous Year
Gross Premium to Shareholder's Fund Ratio	Gross premium for the current year divided by paid up capital plus free reserves	303%	394%
Growth Rate of Shareholder's Fund	Shareholder's funds as at the current balance sheet date divided by shareholder's funds as at the previous balance sheet date	128%	190%
Expenses of Management to Gross Premium	Operating Expenses related to insurance business divided by the total gross direct premium	28%	29%
Combined Ratio	Claims paid plus expenses divided by gross premium	80%	61%
Technical Reserves to net premium ratio	Reserve for unexpired risks plus reserve for outstanding claims divided by net earned premium	95%	108%
Operating profit ratio	Operating Profit/(Loss) divided by net premium	-7%	-21%
Liquid Assets to Liabilities ratio	Investments less IRDA deposit plus cash and bank balances divided by policyholder liabilities	1.05	1.21
Net earnings ratio	Profit after tax divided by net earned premium	-4%	-17%
Return on Net Worth ratio	Profit after tax divided by net worth	-8%	-34%
Reinsurance Ratio	Risk reinsured divided by gross premium	33%	36%

**31. Earnings per share information:**

- i. Net profit/(loss) after tax available for equity shareholder is Rs (523,186) thousands (Previous year Rs.(1,655,512) thousands).
- ii. Weighted average number of equity shares outstanding during the year is 108,866,958 (Previous year 104,004,100).
- iii. Basic and Diluted Earning Per Share Rs. -4.81 (Previous year Rs. -15.92)

32. Prior year figures have been reclassified, wherever necessary, to confirm to current year's presentation.

(Rs. in thousand)

Previous Year 2007 - 08			2007 - 08 Regrouped in Current Year		Amount
Line Item	Schedule	Old Grouping	Schedule	New Grouping	
Membership Fee	Sch 4	Staff Welfare	Sch 4	Subscription and membership fees	2,450
Policy Stamp Stock	Sch 10	Prepayments	Sch 9	Cash Balance	2,000
Other Advances	Sch 10	Advances and Other Assets	Sch 12	Sundry creditors	89

**33. Balance Sheet Abstract of Company's General Business Profile:****Registration Details**Registration No. Balance Sheet Date 

State Code

**Capital raised during the year (Amount in Rs. Thousands)**Public Issue 

Rights Issue

Bonus Issue 

Private Placement

**Position of Mobilisation and Development of Funds (Amount in Rs. thousands)**Total Liabilities 

Total Assets

**Sources of funds**Paid-up Capital **Application of Funds**

Net Fixed Assets

Reserves & Surplus 

Investments

Fair Value  
Change Loans 

Net Current Assets

Secured Loans 

Deferred Tax

Unsecured Loans 

Miscellaneous Expenditure

**Performance of Company: (Amount in Rs. thousands)**Turnover 

Total Expenditure

Profit Before Tax 

Profit After Tax

Earning Per Share (Rs.) 

Dividend Rate

**Generic Names of Three Principal Products / Services of the Company (as per monetary terms)**

Item Code No : NOT APPLICABLE

Product Description : GENERAL INSURANCE

**Note:** The Company being a general insurance company, the accounts of the Company are not required to be made in accordance with Schedule VI. Further, as per Insurance Act, 1938, the insurance accounts of the Company to be split between policyholder's and shareholder's fund. In view of the above it is not possible to give information required in Para III and Para IV of the above statement.

**For and on behalf of the Board of Directors**

**S.P. Talwar**  
Director

**Soumen Ghosh**  
Director

**K. A. Somasekharan**  
President and Chief Executive Officer

**Hemant K. Jain**  
Financial Controller

**Mohan Khandekar**  
Company Secretary

Place : Mumbai  
Date : April 20, 2009