

# 11th Annual Report

## BOARD OF DIRECTORS

Mr. S.P.Talwar	Director
Mr. D. Sengupta	Director
Mr. Rajendra P. Chitale	Director
Mr. Soumen Ghosh	Director
Mr. Vijay Pawar	Executive Director & CEO (w.e.f. August 19, 2010)
Mr. K.A. Somasekharan	Executive Director & CEO (upto August 18, 2010)

## COMPANY SECRETARY

Mr. Mohan Khandekar

## CHIEF FINANCIAL OFFICER

Mr. Hemant K. Jain

## BANKERS

HDFC Bank limited  
ICICI Bank Limited  
HSBC  
Citi Bank  
The Royal Bank of Scotland  
Deutsche Bank  
Axis bank

## AUDITORS

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

## 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

## LONDON REPRESENTATIVE OFFICE

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

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### DIRECTORS' REPORT

To The Members,

Your Directors present the Eleventh Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

#### Financial Results

(₹ in crore)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Gross written premium	1655.43	1979.65
Insurance Profit/(Loss)	(352.66)	(126.23)
Investment Income on Shareholders fund	53.26	48.47
Profit/(Loss) before Tax	(309.76)	(90.55)
Income tax – earlier year tax	0.26	-
Provision for Deferred Tax	(2.10)	40.12
Profit/(Loss) after Tax	(311.60)	(50.43)

#### Dividend

Your Directors do not recommend any dividend for the year ended 31<sup>st</sup> March, 2011, in view of loss incurred during the year.

#### Operations

Your Company in the current year has underwritten gross direct premium of ₹1655.43 crore as against ₹ 1979.65 crore in the previous year registering a decrease by 16%. The main focus during the year was again to improve the profitability of the Company.

The income from investment for the year under review is ₹ 151.25 crore as against ₹ 124.58 crore in the previous year. The Net Loss before tax earned during the Financial Year 2010-11 is ₹309.76 crore as against ₹90.55 crore during the previous year. The Net Loss after tax stands at ₹ 311.60 crore during the period under review as against loss of ₹ 50.43 crore during the previous year. During the year the Company has taken few strategic decisions viz. not procuring loss making business in some classes of business and areas which has affected company's topline.

Your Company had issued 28.03 Lac policies during the year as compared to 33.36 Lac in the previous year.

#### Infrastructure

Your Company has an extended network of 200 offices in 173 cities in 22 states. All these offices are fully functional. The office locations have been strategically located with a majority of them being in 2 and 3 tier cities. This wide Geographical spread has helped your Company in spreading the business across the country.

#### Industry Developments

As per the figures released by Insurance Regulatory and Development Authority (IRDA), the Gross premium underwritten by the industry for the Financial year ended 31<sup>st</sup> March, 2011 was ₹ 42568 crore against ₹ 34984 crore during the previous figure showing growth rate of 22%

Motor and health insurance are the two sub segments of the general insurance segment which have shown the potential and are growing fast. Non life segment witnessed an increase in premium income in the financial year 2010-2011 as compared to last fiscal year. This growth can be attributed to other factors such as GDP performance and growth in services in the year 2011 and well established health segment.

The formation of the Motor Third Party pool which pools all Commercial Vehicles Third party premiums and apportions losses in the ratio of the overall market shares of the players further impacted the bottom lines of the private sector entities and caused a drain on profitability.

The Insurance Regulatory and Development Authority (IRDA), issued new rules that relaxed solvency ratios for India's general insurers. Under the rules, the solvency ratio for general insurers has been reduced for March 2011 to 130 percent from 150

percent.

Insurance rules are changing and becoming more stringent, with policyholder protection being paramount. IRDA has issued a raft of new regulations over the course of 2010 and is also expected to unveil new rules on merger and acquisitions and initial public offerings (IPO) in 2011. IRDA is examining merger rules for non – life insurers in conjunction with Securities and Exchange Board of India (SEBI), the securities market regulator. IPO's could be an alternative route to financing growth and may be attractive to shareholders planning to crystallise their investments. IRDA has also proposed a new Insurance Laws (Amendment) Bill 2008 which, if passed, would lift the Foreign Direct Investment limit to 49% from 26% which would change the insurance landscape significantly.

### Corporate Governance

IRDA has issued comprehensive guidelines on Corporate Governance for adoption of the Insurance companies. These guidelines are effective from 1<sup>st</sup> April, 2010. The objective of these guidelines is to ensure that the structure, responsibilities and functions of the Board of Directors and senior management of the company fully recognized the expectations of all stakeholders as well as those of the regulator. Your company's philosophy on Corporate Governance envisages the attainment of highest levels of transparency, accountability and equity, in all facets of its operations and in all interactions with its stakeholders, including shareholders, employees, the government and the society. A separate Corporate Governance report is presented in a separate section which forms part of the Annual Report. As required under the Corporate Governance Guidelines certificate from the compliance officer of the Company certifying that the Company has complied with the Corporate Governance Guidelines, also forms the part of the Annual Report.

### Allotment of Shares

During the year under review your Company allotted on rights basis to Reliance Capital Limited, the holding Company 14,48,979 Equity shares of ₹ 10/ – each at a premium of ₹ 970 per shares, aggregating to ₹141.99 crore.

### Customer Service and Grievances Redressal Cell

In Continuation with our efforts towards Excellence in Customer Service the current year has been eventful for our inroads into not just stopping but reversing the trend of increasing number of Complaints. Root Cause Analysis, actionable and constant monitoring of Customer touch points has resulted in Customer complaints reducing by 32% in the year ending 2011 as compared to 2010.

The year also saw IRDA launching its own call center and Integrated Grievance Management Systems. Your company has successfully adopted these and is working with the authority in seamlessly integrating with their systems to provide transparency in redressal of complaints.

Further a dedicated toll free no. has been enabled to deal with the sensitive issue of Claims handling which has also resulted in a 22% cost reduction through technology features including CTI, 100% voice recording and Dialer.

The Company has once again taken help from AC Nielson to conduct Customer Satisfaction surveys for further guidance on opportunity areas. The Survey was completed in the month of February 2011 and follow up Mailers focusing on key improvement areas are floated across the company as a knowledge series, educating about the survey results and action plans to increase Customer Loyalty. There has been a notable increase in satisfaction levels across our Intermediaries in the current year.

Your Company has successfully been re-certified to ISO 9001:2008 Quality Management System standard.

### 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. 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.

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### Claims handling

In the year 2010-11, greater efforts were made to achieve higher Customer Satisfaction by improving claims settlement and the Company has achieved significant successes. Total Number of claims intimated in 2010-11 are 363134 and 321849 number of claims have been settled and closing outstanding has come down to 44239 as against 72708 in the previous year.

As Motor insurance portfolio of the Company is very high, various initiatives have further been taken to enhance customer satisfaction. As against 243449 Motor OD claims intimated during 2010-11, the Company has settled 265845 claims thereby achieving an enviable settlement ratio of 95.2% (up from 88.77% in the preceding year). The focus on faster settlement of claim has enabled to reduce overall TAT for all Retail claims from 38 days during the year to 28 days.

Various initiatives taken in the claim process and settlement are as detailed below:

- 1. NEFT Payments:** With a view to improve our delivery standards further, the company has embarked upon payment of claim monies through electronic transfer to customers' bank account. This ensures immediate credit to customer's account and improves our TAT considerably. This has also resulted in a reduction in the number of customer complaints on account of non delivery of cheques / delay by courier.
- 2. Stolen Vehicle Recovery:** Theft recovery team is now in place at select centres who co-ordinate with manufacturers, police and investigation agencies and have been able to recover vehicles before settlement of claims and hand over to customers.
- 3. Claim Procedure and Status information to Customers by SMS and on web:** A detailed claim procedure has been made a part of the claim form to enlighten customers on document required for claim settlement. Proactive updates on claims status by way of SMS to customers for pending documents has also been initiated. This has facilitated faster compliance and resultant speedy settlement of claims. Claim status can also be tracked on website of the company and on IVR.
- 4. Customer Complaints Handling:** Handling of customer complaints has received highest priority and tracking thereof has been automated resulting in faster resolutions to their grievances. We have identified various complaint categories and taken steps for avoidance of such complaints. Faster settlement of claims have enabled good reduction in the number of complaints months after month.
- 5. Health Claims:** During the year, the company has received claims under our Health Policies and settled 73583 claims. 68% of customers were able to avail Cashless facility through the network Hospitals of TPA. In order to ensure quality in claims services by TPA, regular audits are conducted to ensure prompt payment of claims to Hospitals/customers and handling of customers' complaints by them.
- 6. Training and Employee Motivation:**

Special emphasis has been laid on training of IMAs and Claim processors on soft skills. Training on communication with customers and handling of customer complaints has been conducted to all employees in claims department.

### Awards & Recognition

In the current financial year your company has won several awards for our innovative solutions. They were for the following categories:-

- 1) Silver EDGE Award & Model Insurer of Asia award from CELENT for automating Underwriting Guidelines and process control –** This initiative involved building a system for establishing control through the usage of grid and rules engine to help better governance and control on the core-systems, prevent frauds and premium leaks.
- 2) CIO 100 award and Silver Award for the Inspection System –** This integrated Pre-Inspection system was developed and deployed on a mobile platform to capture the risk information from our Third-party Pre Inspection teams on a real time basis. The information captured includes the on the spot photo snaps with time stamp and helps reduce frauds completely.

Our Quality & KM Team participated in the Quality Council of India (Govt of India) awards and received the letter of Merit for the project on "Reducing IT Infrastructure costs and promoting Green IT". The same project was appreciated and accepted as a case study by the Symbiosis Center for Management

### Investments

The Investment Portfolio of the Company as on 31st March 2011 is ₹2137.59 crores (₹ 1665.59 crores). The asset allocation among Debt and Equity is 98.64 % (92.53%) & 1.36 % (7.47%) respectively. The Modified Duration of the Debt Portfolio stands at 2.79 (2.04). The Debt Portfolio comprises of 32.96 % (34.23%) investment in Sovereign Bonds, 42.76 % ( 38.81% ) in AAA,

2.88% (2.81%) in AA+, 0 % (1.30%) in AA rated and the remaining 21.41 % (22.85 %) in Short Term Instruments. In terms of Maturity Profile, 28.48 % (37.68 %) of the Investment Portfolio is invested in short term instruments, 25.11 % ( 31.59 %) in Medium term and 46.41 % (30.73%) 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 2011-12. The company has received certificate Registration number 103 dated 28<sup>th</sup> February, 2011 from IRDA.

#### Directors

Mr S.P. Talwar ,Director of the Company retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. During the year Mr Vijay Pawar has been appointed as Executive Director & CEO of the Company in place of Mr K.A.Somasekharan w.e.f. 19.8.2010. The Board places on record its deep sense of appreciation for the valuable services rendered by Mr K.A.Somasekharan during his tenure.

#### 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 31<sup>st</sup> March, 2011 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 loss 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 31<sup>st</sup> March, 2011 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. M/s V.Soundararajan & Co., Chartered Accountants, having been the Auditors of the Company for a period of five years are not eligible for reappointment in view of the regulations of the Insurance Regulatory & Development Authority ( IRDA).

M/s Singhi & Co., Chartered Accountants have been recommended for appointment as Statutory Auditors in place of M/s V.Soundararajan & Co. The Company has received letters from M/s Chaturvedi & Shah, Chartered Accountants and M/s Singhi & 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

The Company believes that to succeed within General Insurance industry, it is essential to enhance the domain expertise and build a knowledge driven organization. Reaffirming this belief, your Company has successfully launched the Learn, Earn and Perform (LEAP) Policy in the beginning of Fiscal 2010-11 with the aim to promote Insurance Education and encourage employees to enhance their General Insurance Knowledge.

LEAP aims at rewarding employees who qualify any of the suggested 3 exams conducted by Insurance Institute of India (III) viz. Licentiate, Associate and Fellow. Rewards are of 2 types, namely Grade Revision and one time CTC hike. LEAP has been a first of its kind, nation wide initiative which has helped immensely in creating an environment of self-directed learning and in

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partnering employees for their fast track career growth. It is heartening to note that within one year of the policy, 221 employees (13% of the total employee strength) have qualified and received the rewards.

Fiscal 2010-11 also heralded the launch of Young Leaders Program (YLP) which is an exclusive 4-day in-house Development Program designed for the Branch Managers of RGI. First 2 days focused on Team Management & Leadership Skills and next 2 days orient the participants towards GI Business, its products and Profitability. YLP was rolled out and completed for all Office Managers of RGI.

Fiscal 2010-11 also saw the initiation of Service Awards across the country. The theme was to felicitate employees who had completed 3 years or more with RGI. As a token of appreciation, they were awarded Medals and Certificates for their partnership with the company. The employees were also joined by their family members. The Service Awards function were hosted at all 16 Regional locations and Corporate Office.

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 : (₹ in crore)

Inflow :	On Reinsurance	₹105.61
	On Claims	₹ Nil
	On Premium	₹ 7.71
	On Others	₹ Nil
Outflow :	On Reinsurance	₹ 71.61
	On claims	₹ 6.43
	On Premium	₹ Nil
	On Others	₹ 0.46

### 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

#### Vijay Pawar

Executive Director & CEO

Mumbai

Dated: May 28, 2011

## REPORT ON CORPORATE GOVERNANCE

### Philosophy on Corporate Governance

Reliance General Insurance Company Limited has always maintained the highest standards of Corporate Governance principles. The Company has laid emphasis on the cardinal values of fairness, transparency and accountability for performance at all levels, thereby enhancing the shareholders' value and protecting the interest of the stakeholders.

In our commitment to achieve sound Corporate Governance practices, we are guided by the following core principles:

1. **Transparency:** To maintain the highest standards of transparency in all aspects of our interactions and dealings.
2. **Compliance:** To comply with all the laws and regulations applicable to the Company.
3. **Ethical conduct:** To conduct the affairs of the Company in an ethical manner.
4. **Stakeholders' interest:** To promote the interest of all stakeholders including customers, shareholders, employees, lenders, vendors & the community.

### Board of Directors

The composition of Board of Directors of the company is as follows.

1. Mr. S. P. Talwar
2. Mr. D. Sengupta
3. Mr. Rajendra Chitale
4. Mr. Soumen Ghosh
5. Mr. Vijay Pawar ( Executive Director & CEO)

Out of the five Directors, three Directors are Independent Directors. As per the Corporate Governance guidelines issued by IRDA, your Company have constituted the Mandatory Committees viz. Audit Committee, Investment Committee, Policyholders Protection Committee & Risk Management Committee.

### Audit Committee

Your Company has constituted an Audit Committee pursuant to the provisions of Section 292A of the Companies Act, 1956 & IRDA Corporate Governance regulations. The Audit Committee comprises of Mr. S. P. Talwar, Director, Mr. D. Sengupta, Director and Mr. Soumen Ghosh, Director, Audit Committee inter alia advises the management on the areas where systems, process, internal audit, risk management can be improved. The minutes of the meeting of the Audit Committee are placed before the Board for review. Audit Committee recommends to the Board, appointment and remuneration of Auditors of the Company. Audit Committee has discussions with Statutory Auditors before the audit commences about the nature & scope of audit as well as post audit discussions for addressing areas of concern.

### Investment Committee

Your Company has constituted an Investment Committee pursuant to the requirement of Corporate Governance Guidelines of IRDA. Presently the Committee consist of Mr. S. P. Talwar, Mr. Soumen Ghosh, Mr. Vijay Pawar, Mr. Hemant Jain, Mr. K. Ramkumar & Mr. Gopalkrishna Pai. During the year, Mr. Krishna Cheemalapati ceased to be Chief Investment Officer of the Company w.e.f. 17.1.2011. The Investment Committee decides on the Investment Policy of the Company and reviews the Investment decisions taken by the Company. Report on Investment performance and Investment Portfolio is also placed before the Board for review.

### Policyholders Protection Committee

Your Company has also constituted Policyholders Protection Committee as required under Corporate Governance Guidelines of IRDA. At present the Committee consists of Mr. S. P. Talwar, Mr. Soumen Ghosh, Mr. Vijay Pawar, Mr. Anil Khanna & Mr. Mukul Kishore. The Committee reviews and monitors customer grievances on regular basis. Report of the Policyholders Protection Committee is also placed before the Board of Directors for review. The Company has Grievance Redressal Policy which is approved by the Board of Directors.

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### Risk Management Committee

Your Company has also constituted Risk Management Committee for monitoring all the risks across the various lines of business of the Company. Presently the Committee consists of Mr. D. Sengupta, Mr. Soumen Ghosh, Mr. Vijay Pawar, Mr. Mukul Kishore, Mr. Anil Khanna, Mr. Naganathan Sriram, Mr. Mohan Khandekar, Mr. Hemant Jain, Mr K. Ramkumar & Mr. Sudarshanam Sundararajan. During the year, Mr. Krishna Cheemalapati ceased to be member w.e.f. 17.1.2011.

In addition to the above, the Company has also constituted Non Mandatory Committees viz. Committee of Executives (Investments), Asset Liability Management Committee, Nomination Committee & Ethics Committee.

As required under clause 5.4 of the Corporate Governance guidelines dated 5.8.2009, details of number of meetings held of the Board of Directors & Committees in the financial year, details of composition of the Board & committees and meetings attended by the Directors etc are enclosed as Annexure I & II forming part of this report.

### Compliance Officer

Mr. Mohan Khandekar, Deputy Vice-President & Company Secretary, is the Compliance Officer of the Company for complying with the requirements of IRDA regulations.

### Certification for compliance of the Corporate Governance Guidelines

I, Mohan Khandekar, hereby certify that the Company has complied with the Corporate Governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

### Mohan Khandekar

**Deputy Vice President & Company Secretary**



**ANNEXURE I FORMING PART OF CORPORATE GOVERNANCE REPORT****DETAILS OF NUMBER OF MEETINGS HELD, ATTENDED, COMPENSATION PAID ETC DURING FINANCIAL YEAR 2010-11****BOARD MEETING**

Name of the Director	Meeting held during FY 2010-11	Meetings attended	Compensation paid Gross (Sitting fees )
Mr. S. P. Talwar	4	4	80000
Mr. D. Sengupta	4	4	80000
Mr. Rajendra Chitale	4	4	80000
Mr. Soumen Ghosh	4	4	Nil
Mr. Vijay Pawar (appointed as Executive Director & CEO w.e.f. 19.8.2010)	4	2	Nil
Mr. K. A. Somasekharan ( ceased to be Executive Director & CEO w.e.f. 19.8.2010)	4	2	Nil

**POLICY HOLDERS PROTECTION COMMITTEE**

Name of the Director / Member	Meeting held during FY 2010-11	Meetings attended	Compensation paid Gross (Sitting fees )
Mr. S. P. Talwar	4	4	80000
Mr. Soumen Ghosh	4	4	Nil
Mr. Vijay Pawar (appointed as Executive Director & CEO w.e.f. 19.8.2010)	4	2	Nil
Mr. K. A. Somasekharan ( ceased to be Executive Director & CEO w.e.f. 19.8.2010)	4	2	Nil
Mr. Mukul Kishore	4	3	Nil
Mr. Anil Khanna	4	4	Nil

**INVESTMENT COMMITTEE**

Name of the Director / Member	Meeting held during FY 2010-11	Meetings attended	Compensation paid Gross (Sitting fees )
Mr. S. P. Talwar	4	4	80000
Mr. Soumen Ghosh	4	4	Nil
Mr. Vijay Pawar (appointed as Executive Director & CEO w.e.f. 19.8.2010)	4	2	Nil
Mr. K. A. Somasekharan ( ceased to be Executive Director & CEO w.e.f. 19.8.2010)	4	2	Nil
Mr. Hemant Jain	4	4	Nil
Mr. Krishna Cheemalapati ( ceased to be CIO w.e.f.17.1.2011)	4	3	Nil
Mr. Gopalkrishna Pai	4	4	Nil

**AUDIT COMMITTEE**

Name of the Director	Meeting held during FY 2010-11	Meetings attended	Compensation paid Gross (Sitting fees )
Mr. S. P. Talwar	6	6	120000
Mr. D. Sengupta	6	6	120000
Mr. Soumen Ghosh	6	6	Nil

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### RISK MANAGEMENT COMMITTEE

Name of the Director / Member	Meeting held during FY 2010-11	Meetings attended	Compensation paid Gross (Sitting fees )
Mr. D. Sengupta	4	4	80000
Mr. Soumen Ghosh	4	4	Nil
Mr. Vijay Pawar (appointed as Executive Director & CEO w.e.f. 19.8.2010)	4	2	Nil
Mr. K. A. Somasekharan ( ceased to be Executive Director & CEO w.e.f. 19.8.2010)	4	2	Nil
Mr. Mukul Kishore	4	3	Nil
Mr. Anil Khanna	4	4	Nil
Mr. Naganathan Sriram	4	4	Nil
Mr. Mohan Khandekar	4	4	Nil
Mr. Krishna Cheemalapati ( resigned w.e.f.17.1.2011)	4	3	Nil
Mr. Hemant Jain	4	4	Nil
Mr. Sudarshanam Sundararajan	4	4	Nil

### COMMITTEE OF EXECUTIVES ( INVESTMENT)

Name of the Director/Member	Meeting held during FY 2010-11	Meetings attended	Compensation paid Gross (Sitting fees )
Mr. Vijay Pawar (appointed as Executive Director & CEO w.e.f.19.8.2010)	9	7	Nil
Mr. Mukul Kishore	9	9	Nil
Mr. Naganathan Sriram	9	9	Nil
Mr. Hemant Jain	9	9	Nil
Mr. Sudarshanam Sundararajan	9	9	Nil
Mr. K. Ramkumar (appointed as CIO w.e.f. 24.3.2011)	9	1	Nil
Mr. K. A. Somasekharan ( ceased to be Executive Director & CEO w.e.f. 19.8.2010)	9	2	Nil
Mr. Krishna Cheemalapati ( resigned w.e.f.17.1.2011)	9	6	Nil

## ANNEXURE II FORMING PART OF CORPORATE GOVERNANCE REPORT

### Policyholders Protection Committee

Name	Qualification	Field of Specialization	Category
Mr. S. P. Talwar	BA, LLB, CAIIB	Banking & Finance	Independent Director
Mr. Soumen Ghosh	Chartered Accountant	Finance & Insurance	Non - Executive Director
Mr. Vijay Pawar	BSC, MA ( Economics), LLB, Licentiate Insurance	Insurance	Executive Director & CEO
Mr. Anil Khanna	MA, Fellow of Insurance Institute of India	Claims	Employee
Mr. Mukul Kishore	B.Tech, Fellow of Insurance Institute of India	Underwriting	Employee

### Investment Committee

Name	Qualification	Field of Specialization	Category
Mr. S. P. Talwar	BA, LLB, CAIIB	Banking & Finance	Independent Director
Mr. Soumen Ghosh	Chartered Accountant	Finance & Insurance	Non - Executive Director
Mr. Vijay Pawar	BSC, MA ( Economics), LLB, Licentiate Insurance	Insurance	Executive Director & CEO
Mr. Hemant Jain	Chartered Accountant	Finance	Employee
Mr. K. Ramkumar	B.Sc (chemistry), Diploma in Business Finance from ICFAI, Hyderabad, ICWAI	Investments	Employee
Mr. Gopalkrishna Pai	FIAI	Appointed Actuary	Appointed Actuary

### Audit Committee

Name	Qualification	Field of Specialization	Category
Mr. S. P. Talwar	BA, LLB, CAIIB	Banking & Finance	Independent Director
Mr. D. Sengupta	BSC, Post Graduate Diploma in Marketing	Insurance	Independent Director
Mr. Soumen Ghosh	Chartered Accountant	Finance & Insurance	Non - Executive Director

### Board of Directors

Name	Qualification	Field of Specialization	Category
Mr. S. P. Talwar	BA, LLB, CAIIB	Banking & Finance	Independent Director
Mr. D. Sengupta	BSC, Post Graduate Diploma in Marketing	Insurance	Independent Director
Mr. Soumen Ghosh	Chartered Accountant	Finance & Insurance	Non - Executive Director
Mr. Rajendra Chitale	Chartered Accountant	Finance & Insurance	Independent Director
Mr. Vijay Pawar	BSC, MA ( Economics), LLB, Licentiate Insurance	Insurance	Executive Director & CEO

### Nomination Committee

Name	Qualification	Field of Specialization	Category
Mr. S P Talwar	BA, LLB, CAIIB	Banking & Finance	Independent Director
Mr. Soumen Ghosh	Chartered Accountant	Finance & Insurance	Non - Executive Director
Mr. Vijay Pawar	BSC, MA ( Economics), LLB, Licentiate Insurance	Insurance	Executive Director & CEO

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### Ethics Committee

Name	Qualification	Field of Specialization	Category
Mr. Soumen Ghosh	Chartered Accountant	Finance & Insurance	Non - Executive Director
Mr. Vijay Pawar	BSC, MA ( Economics), LLB, Licentiate Insurance	Insurance	Executive Director & CEO
Mr. Prashant Utreja	B.E, MPM	Human Resource Management	Employee
Mr. Mukul Kishore	B.Tech, FIII	Underwriting	Employee
Mrs. Hemalatha Chandrasekhar	MA, FIII	Underwriting	Employee

### Asset Liability Management Committee

Name	Qualification	Field of Specialization	Category
Mr. Soumen Ghosh	Chartered Accountant	Finance & Insurance	Non - Executive Director
Mr. Vijay Pawar	BSC, MA ( Economics), LLB, Licentiate Insurance	Insurance	Executive Director & CEO
Mr. Hemant Jain	Chartered Accountant	Finance	Employee
Mr. Mukul Kishore	B.Tech, FIII	Underwriting	Employee

### Risk Management Committee

Name	Qualification	Field of Specialization	Category
Mr. D. Sengupta	BSC, Post Graduate Diploma in Marketing	Insurance	Independent Director
Mr. Soumen Ghosh	Chartered Accountant	Finance & Insurance	Non - Executive Director
Mr. Vijay Pawar	BSC, MA ( Economics), LLB, Licentiate Insurance	Insurance	Executive Director & CEO
Mr. Mukul Kishore	B.Tech, FIII	Underwriting	Employee
Mr. Anil Khanna	M.A, Fellow of Insurance Institute of India	Claims	Employee
Mr. N. Sriram	Bachelor of Engg(Electronics), PGDM (Information System), Certificate in Gen. Insurance Institute of America	Technology, Operations	Employee
Mr. Mohan Khandekar	M com, LLB, ACS	Company Secretary	Employee
Mr. Hemant Jain	Chartered Accountant	Finance	Employee
Mr. Sudarshanam Sundararajan	B.E. (Mech) AIII	Project Insurance, Risk management	Employee
Mr. K. Ramkumar	B.Sc (chemistry), Diploma in Business Finance from ICFAI, Hyderabad, ICWAI	Investments	Employee

### Committee of Executive( Investments)

Name	Qualification	Field of Specialization	Category
Mr. Vijay Pawar	BSC, MA ( Economics), LLB, Licentiate Insurance	Insurance	Executive Director & CEO
Mr. Mukul Kishore	B.Tech, FIII	Underwriting	Employee
Mr. N. Sriram	Bachelor of Engg(Electronics), PGDM (Information System), Certificate in Gen. Insurance Institute of America	Technology, Operations	Employee
Mr. Hemant Jain	Chartered Accountant	Finance	Employee
Mr. Sudarshanam Sundararajan	B.E. (Mech) AIII	Project Insurance, Risk management	Employee
Mr. K. Ramkumar	B.Sc (chemistry), Diploma in Business Finance from ICFAI, Hyderabad, ICWAI	Investments	Employee

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**MANAGEMENT REPORT ATTACHED TO THE FINANCIAL STATEMENT  
AS ON 31<sup>ST</sup> MARCH 2011**

- 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) Based on an analysis of the performance of Indian Motor Third Party Insurance Pool, administered by the General Insurance Corporation of India ('GIC'), by an independent consultant, IRDA, vide order dated 12<sup>th</sup> March, 2011, has instructed all general insurance companies to provide at a higher ultimate loss ratio of 153% [for each of the four years from FY 2007-08 to FY 2010-11] in the financial results for FY2010-11.

The Company's solvency as at 31<sup>st</sup> March 2011 stands at 115 % which is below 130% as stipulated by Insurance Regulatory & Development Authority (Assets, Liabilities and Solvency margin of insurers) Regulations 2000 and subsequent circulars & orders. The company has approached to the Holding Company, Reliance Capital Limited (RCL), for fresh infusion of capital into the company to maintain the solvency margin, as stipulated under IRDA regulations. RCL being a NBFC company approached RBI for approval, which rejected the same since RCL had exceeded the 75% limit of Investments in the company. RCL is pursuing the matter with the RBI and in the meanwhile the company has approached IRDA requesting for relaxation in solvency margin as on 31<sup>st</sup> March, 2011.

- 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 subjudice.

## Reliance General Insurance

(₹ in '000)

Period / Class	Fire		Marine Cargo		Marine Hull		Motor OD	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
30 days	70	30,486	67	8,516	-	-	6,432	198,153
31 days to 6 months	203	284,975	201	78,684	4	68	5,351	419,770
6 months to 1 year	125	294,164	114	26,403	1	38	1,190	177,272
1 year to 5 years	74	275,798	50	50,921	1	17,062	406	104,340
5 years and Above	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>472</b>	<b>885,423</b>	<b>432</b>	<b>164,524</b>	<b>6</b>	<b>17,168</b>	<b>13,379</b>	<b>899,536</b>

(₹ in '000)

Period / Class	Motor TP		Engineering		Liability (WC)		Public Liability	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
30 days	964	119,642	70	25,212	15	875	-	-
31 days to 6 months	3,672	322,787	184	134,673	46	2,733	1	83
6 months to 1 year	3,927	204,117	130	270,031	41	6,570	2	52
1 year to 5 years	12,215	685,914	110	184,026	24	3,414	10	2,850
5 years and Above	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>20,778</b>	<b>1,332,460</b>	<b>494</b>	<b>613,942</b>	<b>126</b>	<b>13,593</b>	<b>13</b>	<b>2,984</b>

(₹ in '000)

Period / Class	Health		Aviation		Personal Accident		Miscellaneous		Total	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
30 days	3,308	67,100	1	20	191	11,617	125	11,854	11,243	473,474
31 days to 6 months	2,932	80,011	7	6,562	420	35,408	233	26,077	13,254	1,391,831
6 months to 1 year	524	41,663	5	1,243,360	87	8,009	99	20,491	6,245	2,292,170
1 year to 5 years	510	18,355	-	-	19	11,841	76	49,422	13,495	1,403,943
5 years and Above	-	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>7,274</b>	<b>207,129</b>	<b>13</b>	<b>1,249,941</b>	<b>717</b>	<b>66,875</b>	<b>533</b>	<b>107,843</b>	<b>44,237</b>	<b>5,561,418</b>

12) A Majority of the Company's investment is in fixed income securities. The Fixed Income portion is invested mainly in Government securities and AAA or AA+ rated bonds. The primary objective when investing is Safety, Liquidity and Return. The Company monitors the cash position daily and seasonal liquidity needs are considered while planning maturities of investments. None of the fixed income investments have had any delays in servicing of interest or principal amounts. Based on the past track record, the Management has reasonable confidence in the quality and expected performance of the investments, in line with the objectives.

13) We also confirm:

- in the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures, if any;
- the management has adopted accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the operating profit or loss and of the profit or loss of the company for the year;
- the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act 1938 (4 of 1938) / Companies Act, 1956 (1 of 1956), for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

- d) the management has prepared the financial statements on a going concern basis;
- e) the management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.
- 14) Details of payments during the financial year to individuals, firms, companies and organisations in which Directors are interested, excluding reimbursement-

(₹ in '000)

Sr. No.	Name of the Director	Entity in which Director is Interested	Interested As	Nature Of Payment	Amount
1	S. P. Talwar	Reliance Communication Ltd.	Director	Server Maintenance Charges	32,068
				Communication Charges	73,589
				Claims	121,724
		Reliance Infratel Limited	Director	Claim	27
		Kalpatru Power Transmission Limited	Director	Claims	5,185
		Videocon Industries Limited	Director	Claims	63
		Reliance Life Insurance Co. Ltd	Director	Claims	1,023
				Group Term Assurance Policy	4,125
				Gratuity	3
2	Rajendra P. Chitale	Reliance Capital Limited	Director	Claims	776
				Debenture Purchased	823,039
				Management Fees Paid	72,588
				Reimbursement paid for IT Security & Software Maintenance	16,925
				Reimbursements paid for expenses (Rent, Communication, Electricity, Professional fees, Maintenance Charges)	42,430
		Indusind Media And Communication Ltd.	Director	Claims	8
		Reliance Life Insurance Company Limited	Director	Claims	1,023
				Group Term Assurance Policy	4,125
				Gratuity	3
3	D. Sengupta	Duncan Industries	Director	Claims	8
4	Soumen Ghosh	Reliance Capital Asset Management Limited	Director	Claims	156
				Claims	1,023
		Reliance Life Insurance Co. Ltd	Director	Group Term Assurance Policy	4,125
				Gratuity	3

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

**S. P. Talwar**  
Director

**Vijay Pawar**  
Executive Director and CEO

**Soumen Ghosh**  
Director

**Hemant K. Jain**  
Chief Financial Officer

**Place: Mumbai**  
Date: 28<sup>th</sup> May, 2011

**Mohan Khandekar**  
Company Secretary

### 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 2011, 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 2011 and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2011 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 Companies Act, 1956 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 Companies 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. 20(b) in Schedule 17. For the reasons stated in the said note, the Company has not met with the requirement of maintaining solvency margin as at the year end.
- e) 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 Companies Act, 1956, to the extent applicable, and in the manner so required and 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 2011;
  - ii) in the case of the Revenue Accounts, of the surplus/deficit, as the case maybe 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, 2011 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  
Firm Registration No. 3943S

**For Chaturvedi & Shah**  
**Chartered Accountants**

**H.P. Chaturvedi**  
*Partner*

Membership No. 33523  
Firm Registration No. 101720W

Place: Mumbai  
Dated: May 28, 2011

### 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 31<sup>st</sup> March, 2011)

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**

**For Chaturvedi & Shah**  
**Chartered Accountants**

**V. S. Sukumar**  
*Partner*  
Membership No. 18203  
Firm Registration No. 3943S

**H.P. Chaturvedi**  
*Partner*  
Membership No. 33523  
Firm Registration No. 101720W

Place: Mumbai  
Dated: May 28, 2011

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

(₹ In '000)

<b>REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011</b>			
<b>Fire Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>Current Year</b>	<b>Previous Year</b>
Premium Earned (Net)	1	307,523	407,430
Profit / (loss) on sale/redemption of Investments (Net)		4,685	13,374
Interest, Dividend & Rent – Gross		44,516	59,250
<b>TOTAL (A)</b>		<b>356,724</b>	<b>480,054</b>
Claims Incurred (Net)	2	176,091	317,232
Commission & Brokerage (Net)	3	(82,666)	(141,866)
Operating Expenses related to Insurance Business	4	107,431	114,870
Change in Reserve for Premium Deficiency		-	-
<b>TOTAL (B)</b>		<b>200,856</b>	<b>290,236</b>
Operating Profit/(Loss) from Fire Business C= (A) - (B) transferred to Profit & Loss Account		155,868	189,818
Significant accounting policies and notes to accounts to the Financial Statements	16 & 17		

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.

**The Schedules referred to above form an integral part of the Financial Statements.**

As per our Report of even date attached.

**For and on behalf of the Board**

**For V. Soundararajan & Co.**

Chartered Accountants

**S.P. Talwar**

Director

**V.S.Sukumar**

Partner

Membership No. 18203

**Soumen Ghosh**

Director

**For Chaturvedi & Shah**

Chartered Accountants

**Vijay Pawar**

Executive Director & CEO

**H.P.Chaturvedi**

Partner

Membership No. 33523

**Hemant K. Jain**

Chief Financial Officer

**Place : Mumbai**

Date : May 28, 2011

**Mohan Khandekar**

Company Secretary

## Reliance General Insurance

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

(₹ In '000)

<b>REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011</b>			
<b>Marine Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>Current Year</b>	<b>Previous Year</b>
Premium Earned (Net)	1	125,615	179,990
Profit / (loss) on sale/redemption of Investments (Net)		1,014	2,837
Interest, Dividend & Rent – Gross		9,636	12,570
<b>TOTAL (A)</b>		<b>136,265</b>	<b>195,397</b>
Claims Incurred (Net)	2	79,065	178,105
Commission & Brokerage (Net)	3	(5,146)	(5,319)
Operating Expenses related to Insurance Business	4	40,188	48,175
Change in Reserve for Premium Deficiency		-	(25,400)
<b>TOTAL (B)</b>		<b>114,107</b>	<b>195,561</b>
Operating Profit/(Loss) from Marine Business C= (A) - (B) transferred to Profit & Loss Account		22,158	(164)
Significant accounting policies and notes to accounts to the Financial Statements	16 & 17		

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.

**The Schedules referred to above form an integral part of the Financial Statements.**

As per our Report of even date attached.

**For and on behalf of the Board**

**For V. Soundararajan & Co.**

Chartered Accountants

**S.P. Talwar**

Director

**V.S.Sukumar**

Partner

Membership No. 18203

**Soumen Ghosh**

Director

**For Chaturvedi & Shah**

Chartered Accountants

**Vijay Pawar**

Executive Director & CEO

**H.P.Chaturvedi**

Partner

Membership No. 33523

**Hemant K. Jain**

Chief Financial Officer

**Place : Mumbai**

Date : May 28, 2011

**Mohan Khandekar**

Company Secretary

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

(₹ In '000)

<b>REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011</b>			
<b>Miscellaneous Insurance Business</b>			
<b>Particulars</b>	<b>Schedule</b>	<b>Current Year</b>	<b>Previous Year</b>
Premium Earned (Net)	1	12,504,901	13,405,064
Profit / (loss) on sale/redemption of Investments (Net)		83,726	173,479
Interest, Dividend & Rent – Gross		948,147	768,561
Exchange Gain / (loss)		1,045	1,180
<b>TOTAL (A)</b>		<b>13,537,819</b>	<b>14,348,284</b>
Claims Incurred (Net)	2	13,058,658	11,361,605
Commission & Brokerage (Net)	3	(137,344)	(204,691)
Operating Expenses related to Insurance Business	4	4,321,089	4,643,285
Change in Reserve for Premium Deficiency		-	-
<b>TOTAL (B)</b>		<b>17,242,403</b>	<b>15,800,199</b>
Operating Profit/(Loss) from Miscellaneous Business C= (A) - (B) transferred to Profit & Loss Account		(3,704,584)	(1,451,915)
Significant accounting policies and notes to accounts to the Financial Statements	16 & 17		

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.

**The Schedules referred to above form an integral part of the Financial Statements.**

As per our Report of even date attached.

**For and on behalf of the Board**

**For V. Soundararajan & Co.**

Chartered Accountants

**S.P. Talwar**

Director

**V.S.Sukumar**

Partner

Membership No. 18203

**Soumen Ghosh**

Director

**For Chaturvedi & Shah**

Chartered Accountants

**Vijay Pawar**

Executive Director & CEO

**H.P.Chaturvedi**

Partner

Membership No. 33523

**Hemant K. Jain**

Chief Financial Officer

**Place : Mumbai**

Date : May 28, 2011

**Mohan Khandekar**

Company Secretary

## Reliance General Insurance

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

(₹ In '000)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011				
Particulars	Current Year		Previous Year	
<b>Operating Profit / (Loss) transferred from Revenue Account</b>				
a. Fire Insurance	155,868		189,818	
b. Marine Insurance	22,158		(164)	
c. Miscellaneous Insurance	(3,704,584)		(1,451,915)	
		(3,526,558)		(1,262,261)
<b>Income from Investments</b>				
Interest, Dividend & Rent – Gross	481,902		395,473	
Profit on sale/redemption of investments	138,176		105,803	
<b>Less:</b> Loss on sale/redemption of investment	(87,462)		(16,537)	
		532,616		484,739
<b>Other Income</b>				
Profit on sale of fixed assets	1,213		(209)	
Miscellaneous Income	40,012		13,750	
		41,225		13,541
<b>TOTAL (A)</b>		<b>(2,952,717)</b>		<b>(763,981)</b>
<b>Provisions (Other than Taxation)</b>				
(a) For diminution in the value of investment		-		-
(b) For doubtful debts		-		-
(c) Others (Refer schedule 17 note 19)		(140,400)		(137,600)
<b>Other Expenses</b>				
Expenses other than those related to Insurance Business		(4,476)		(3,889)
Exchange Gain / (loss)		-		-
<b>TOTAL (B)</b>		<b>(144,876)</b>		<b>(141,489)</b>
<b>Profit / (Loss) Before Tax</b>		<b>(3,097,593)</b>		<b>(905,470)</b>
<b>Provision for Taxation</b>				
Current Tax		-		-
Deferred Tax (Refer schedule 17 note 12)		(21,000)		401,200
Fringe Benefit Tax		-		-
Income Tax earlier year tax		2,576		-
<b>Net Profit / (Loss) After Tax</b>		<b>(3,116,017)</b>		<b>(504,270)</b>
<b>Appropriations:</b>				
(a) Interim dividends paid during the year		-		-
(b) Proposed final dividend		-		-
(c) Dividend Distribution Tax		-		-
(d) Transfer to any reserve or other accounts (to be specified):		-		-
Profit / (Loss) After appropriations		(3,116,017)		(504,270)
<b>Balance of Profit / Loss brought forward from last year</b>		<b>(2,158,924)</b>		<b>(1,654,654)</b>
<b>Balance carried forward to Balance Sheet</b>		<b>(5,274,941)</b>		<b>(2,158,924)</b>
<b>Significant Accounting Policies and Notes to Financial Statements (Refer Schedule 16 &amp; 17).</b>				
<b>Basic &amp; Diluted Earning Per Share</b>		<b>(26.80)</b>		<b>(4.46)</b>

The Schedules referred to above form an integral part of the Financial Statements.

As per our 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 : May 28, 2011

**For and on behalf of the Board**

**S.P. Talwar**  
Director

**Soumen Ghosh**  
Director

**Vijay Pawar**  
Executive Director & CEO

**Hemant K. Jain**  
Chief Financial Officer

**Mohan Khandekar**  
Company Secretary

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

(₹ In '000)

BALANCE SHEET AS AT 31st MARCH, 2011					
Particulars	Schedule	Current Year		Previous Year	
<b>Sources of funds</b>					
Share Capital	5&5A		1,166,729		1,152,239
Reserves and Surplus	6		10,323,902		8,918,392
Fair Value Change Account			2,857		(88,817)
Borrowings	7		-		-
<b>Total</b>			<b>11,493,488</b>		<b>9,981,814</b>
<b>Application of funds</b>					
Investments	8		21,371,830		16,566,610
Loans	9		300,627		300,627
Fixed Assets	10		302,230		475,067
Deferred Tax			388,735		409,735
Current Assets					
Cash and Bank Balances	11	672,196		824,256	
Advances and Other Assets	12	2,380,723		7,427,492	
<b>Sub-Total (A)</b>		<b>3,052,919</b>		<b>8,251,748</b>	
Current Liabilities	13	13,444,095		11,028,586	
Provisions	14	5,753,699		7,152,311	
<b>Sub-Total (B)</b>		<b>19,197,794</b>		<b>18,180,897</b>	
Net Current Assets (C = A - B)			(16,144,875)		(9,929,149)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15		-		-
Debit Balance in Profit & Loss Account			5,274,941		2,158,924
<b>Total</b>			<b>11,493,488</b>		<b>9,981,814</b>
<b>Significant Accounting Policies and Notes to Financial Statements</b>	16 & 17				

The Schedules referred to above form an integral part of the Financial Statements.

As per our Report of even date attached.

For and on behalf of the Board

For V. Soundararajan &amp; Co.

Chartered Accountants

S.P. Talwar

Director

V.S.Sukumar

Partner

Membership No. 18203

Soumen Ghosh

Director

For Chaturvedi &amp; Shah

Chartered Accountants

Vijay Pawar

Executive Director &amp; CEO

H.P.Chaturvedi

Partner

Membership No. 33523

Hemant K. Jain

Chief Financial Officer

Place : Mumbai

Date : May 28, 2011

Mohan Khandekar

Company Secretary

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE-1**

**PREMIUM EARNED (NET)**

(₹ In '000)

Particulars	Financial period ending	Premium from direct business written	Premium on rein-surance 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>2010-11</b>	<b>1,062,669</b>	<b>254,532</b>	<b>1,038,078</b>	<b>279,123</b>	<b>28,400</b>	<b>307,523</b>
	2009-10	1,395,733	60,397	1,120,900	335,230	72,200	407,430
Marine Cargo	<b>2010-11</b>	<b>221,456</b>	<b>(2,111)</b>	<b>115,882</b>	<b>103,463</b>	<b>16,200</b>	<b>119,663</b>
	2009-10	273,343	-	137,906	135,437	35,300	170,737
Marine Hull	<b>2010-11</b>	<b>8,580</b>	<b>-</b>	<b>7,628</b>	<b>952</b>	<b>5,000</b>	<b>5,952</b>
	2009-10	22,766	-	17,613	5,153	4,100	9,253
<b>Marine Total</b>	<b>2010-11</b>	<b>230,036</b>	<b>(2,111)</b>	<b>123,510</b>	<b>104,415</b>	<b>21,200</b>	<b>125,615</b>
	2009-10	296,109	-	155,519	140,590	39,400	179,990
Motor OD	<b>2010-11</b>	<b>7,384,580</b>	<b>-</b>	<b>755,818</b>	<b>6,628,762</b>	<b>753,600</b>	<b>7,382,362</b>
	2009-10	9,057,078	-	921,736	8,135,342	(322,700)	7,812,642
Motor TP	<b>2010-11</b>	<b>3,364,091</b>	<b>1,297,854</b>	<b>2,438,771</b>	<b>2,223,174</b>	<b>338,034</b>	<b>2,561,208</b>
	2009-10	4,130,021	1,693,466	2,955,697	2,867,790	(173,236)	2,694,554
<b>Motor Total</b>	<b>2010-11</b>	<b>10,748,671</b>	<b>1,297,854</b>	<b>3,194,589</b>	<b>8,851,936</b>	<b>1,091,634</b>	<b>9,943,570</b>
	2009-10	13,187,099	1,693,466	3,877,433	11,003,132	(495,936)	10,507,196
Employer's Liability	<b>2010-11</b>	<b>61,998</b>	<b>-</b>	<b>6,322</b>	<b>55,676</b>	<b>3,100</b>	<b>58,776</b>
	2009-10	68,095	-	7,985	60,110	6,100	66,210
Public Liability	<b>2010-11</b>	<b>119,699</b>	<b>117</b>	<b>88,961</b>	<b>30,855</b>	<b>(3,000)</b>	<b>27,855</b>
	2009-10	118,334	-	92,860	25,474	6,700	32,174
Engineering	<b>2010-11</b>	<b>581,715</b>	<b>71,227</b>	<b>672,420</b>	<b>(19,478)</b>	<b>167,700</b>	<b>148,222</b>
	2009-10	1,038,754	8,721	720,735	326,740	(80,000)	246,740
Aviation	<b>2010-11</b>	<b>456,431</b>	<b>5,977</b>	<b>501,690</b>	<b>(39,282)</b>	<b>10,000</b>	<b>(29,282)</b>
	2009-10	406,053	-	387,193	18,860	(6,800)	12,060
Personal Accident	<b>2010-11</b>	<b>305,999</b>	<b>-</b>	<b>169,813</b>	<b>136,186</b>	<b>(10,100)</b>	<b>126,086</b>
	2009-10	340,597	-	226,262	114,335	27,400	141,735
Health	<b>2010-11</b>	<b>2,542,802</b>	<b>773</b>	<b>543,977</b>	<b>1,999,598</b>	<b>70,000</b>	<b>2,069,598</b>
	2009-10	2,387,479	-	294,862	2,092,617	125,000	2,217,617
Other Misc.	<b>2010-11</b>	<b>444,241</b>	<b>187</b>	<b>295,452</b>	<b>148,976</b>	<b>11,100</b>	<b>160,076</b>
	2009-10	558,262	-	388,130	170,132	11,200	181,332
<b>Misc Total</b>	<b>2010-11</b>	<b>15,261,556</b>	<b>1,376,135</b>	<b>5,473,224</b>	<b>11,164,467</b>	<b>1,340,434</b>	<b>12,504,901</b>
	2009-10	18,104,673	1,702,187	5,995,460	13,811,400	(406,336)	13,405,064
<b>Total</b>	<b>2010-11</b>	<b>16,554,261</b>	<b>1,628,556</b>	<b>6,634,812</b>	<b>11,548,005</b>	<b>1,390,034</b>	<b>12,938,039</b>
<b>Total</b>	<b>2009-10</b>	<b>19,796,515</b>	<b>1,762,584</b>	<b>7,271,879</b>	<b>14,287,220</b>	<b>(294,736)</b>	<b>13,992,484</b>



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### SCHEDULE- 2

#### CLAIMS INCURRED (NET)

(₹ In '000)

Particulars	Financial period 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 31-03-2011	Outstanding Claims on 31-03-2010	Net Claims Incurred (6+7-8)
1	2	3	4	5	6	7	8	9
<b>Fire</b>	<b>2010-11</b>	<b>635,790</b>	<b>28,140</b>	<b>457,895</b>	<b>206,035</b>	<b>244,205</b>	<b>274,149</b>	<b>176,091</b>
	2009-10	779,642	16,363	532,948	263,057	274,149	219,974	317,232
Marine Cargo	<b>2010-11</b>	<b>189,792</b>	<b>-</b>	<b>86,941</b>	<b>102,851</b>	<b>64,200</b>	<b>76,795</b>	<b>90,256</b>
	2009-10	307,107	-	159,218	147,889	76,795	75,291	149,393
Marine Hull	<b>2010-11</b>	<b>11,296</b>	<b>-</b>	<b>9,130</b>	<b>2,166</b>	<b>1,821</b>	<b>15,178</b>	<b>(11,191)</b>
	2009-10	65,515	-	41,692	23,823	15,178	10,289	28,712
<b>Marine Total</b>	<b>2010-11</b>	<b>201,088</b>	<b>-</b>	<b>96,071</b>	<b>105,017</b>	<b>66,021</b>	<b>91,973</b>	<b>79,065</b>
	2009-10	372,622	-	200,910	171,712	91,973	85,580	178,105
Motor OD	<b>2010-11</b>	<b>6,096,569</b>	<b>-</b>	<b>628,379</b>	<b>5,468,190</b>	<b>1,337,823</b>	<b>1,322,899</b>	<b>5,483,114</b>
	2009-10	5,883,217	-	631,663	5,251,554	1,322,896	908,000	5,666,450
Motor TP	<b>2010-11</b>	<b>3,796,297</b>	<b>1,743,188</b>	<b>2,633,318</b>	<b>2,906,167</b>	<b>8,131,114</b>	<b>6,373,686</b>	<b>4,663,595</b>
	2009-10	2,123,632	-	1,356,838	766,794	6,373,689	4,465,492	2,674,991
<b>Motor Total</b>	<b>2010-11</b>	<b>9,892,866</b>	<b>1,743,188</b>	<b>3,261,697</b>	<b>8,374,357</b>	<b>9,468,937</b>	<b>7,696,585</b>	<b>10,146,709</b>
	2009-10	8,006,849	-	1,988,501	6,018,348	7,696,585	5,373,492	8,341,441
Employer's Liability	<b>2010-11</b>	<b>13,259</b>	<b>-</b>	<b>1,510</b>	<b>11,749</b>	<b>13,529</b>	<b>17,981</b>	<b>7,297</b>
	2009-10	21,217	-	2,820	18,397	17,982	17,828	18,551
Public Liability	<b>2010-11</b>	<b>(1,800)</b>	<b>-</b>	<b>(318)</b>	<b>(1,482)</b>	<b>3,493</b>	<b>8,117</b>	<b>(6,106)</b>
	2009-10	6,867	-	2,167	4,700	8,117	23,197	(10,380)
Engineering	<b>2010-11</b>	<b>444,787</b>	<b>100</b>	<b>328,227</b>	<b>116,660</b>	<b>195,266</b>	<b>136,831</b>	<b>175,095</b>
	2009-10	471,490	23	372,168	99,345	136,831	90,703	145,473
Aviation	<b>2010-11</b>	<b>1,860,633</b>	<b>-</b>	<b>1,806,461</b>	<b>54,172</b>	<b>1,919</b>	<b>27,820</b>	<b>28,271</b>
	2009-10	125,740	-	84,287	41,453	27,820	20,290	48,983
Personal Accident	<b>2010-11</b>	<b>283,848</b>	<b>-</b>	<b>192,868</b>	<b>90,980</b>	<b>40,944</b>	<b>50,753</b>	<b>81,171</b>
	2009-10	320,845	-	217,628	103,217	50,753	49,594	104,376
Health	<b>2010-11</b>	<b>3,141,546</b>	<b>-</b>	<b>485,475</b>	<b>2,656,071</b>	<b>484,034</b>	<b>580,990</b>	<b>2,559,115</b>
	2009-10	2,635,351	-	288,956	2,346,395	580,990	358,671	2,568,714
Other Misc.	<b>2010-11</b>	<b>515,385</b>	<b>721</b>	<b>417,784</b>	<b>98,322</b>	<b>58,458</b>	<b>89,674</b>	<b>67,106</b>
	2009-10	337,878	-	206,645	131,233	89,673	76,458	144,448
<b>Misc Total</b>	<b>2010-11</b>	<b>16,150,524</b>	<b>1,744,009</b>	<b>6,493,704</b>	<b>11,400,829</b>	<b>10,266,580</b>	<b>8,608,751</b>	<b>13,058,658</b>
	2009-10	11,926,237	23	3,163,172	8,763,088	8,608,751	6,010,234	11,361,605
<b>Total</b>	<b>2010-11</b>	<b>16,987,402</b>	<b>1,772,149</b>	<b>7,047,670</b>	<b>11,711,881</b>	<b>10,576,806</b>	<b>8,974,873</b>	<b>13,313,814</b>
<b>Total</b>	2009-10	13,078,501	16,386	3,897,030	9,197,857	8,974,872	6,315,787	11,856,942

## Reliance General Insurance

### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

#### SCHEDULE-3

#### COMMISSION (NET)

(₹ In '000)

Particulars	Financial period 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
<b>Fire</b>	<b>2010-11</b>	<b>28,506</b>	<b>21,868</b>	<b>12,079</b>	<b>145,119</b>	<b>(82,666)</b>
	2009-10	18,557	31,073	3,479	194,975	(141,866)
Marine Cargo	<b>2010-11</b>	<b>3,767</b>	<b>6,681</b>	<b>4</b>	<b>15,089</b>	<b>(4,637)</b>
	2009-10	5,076	7,762	248	17,764	(4,678)
Marine Hull	<b>2010-11</b>	<b>2</b>	<b>389</b>	<b>-</b>	<b>900</b>	<b>(509)</b>
	2009-10	41	1,802	5	2,489	(641)
<b>Marine Total</b>	<b>2010-11</b>	<b>3,769</b>	<b>7,070</b>	<b>4</b>	<b>15,989</b>	<b>(5,146)</b>
	2009-10	5,117	9,564	253	20,253	(5,319)
Motor OD	<b>2010-11</b>	<b>69,177</b>	<b>77,524</b>	<b>-</b>	<b>147,321</b>	<b>(620)</b>
	2009-10	35,137	124,881	-	174,539	(14,521)
Motor TP	<b>2010-11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(25)</b>	<b>25</b>
	2009-10	-	-	-	31,695	(31,695)
<b>Motor Total</b>	<b>2010-11</b>	<b>69,177</b>	<b>77,524</b>	<b>-</b>	<b>147,296</b>	<b>(595)</b>
	2009-10	35,137	124,881	-	206,234	(46,216)
Employer's Liability	<b>2010-11</b>	<b>738</b>	<b>1,781</b>	<b>-</b>	<b>964</b>	<b>1,555</b>
	2009-10	990	2,764	-	1,396	2,358
Public Liability	<b>2010-11</b>	<b>145</b>	<b>1,917</b>	<b>1</b>	<b>8,976</b>	<b>(6,913)</b>
	2009-10	248	2,259	-	13,078	(10,571)
Engineering	<b>2010-11</b>	<b>1,598</b>	<b>22,104</b>	<b>2,836</b>	<b>164,068</b>	<b>(137,530)</b>
	2009-10	6,513	34,725	1,718	191,710	(148,754)
Aviation	<b>2010-11</b>	<b>(11)</b>	<b>2,621</b>	<b>1,146</b>	<b>871</b>	<b>2,885</b>
	2009-10	136	2,498	4,709	1,771	5,572
Personal Accident	<b>2010-11</b>	<b>1,788</b>	<b>10,194</b>	<b>-</b>	<b>19,026</b>	<b>(7,044)</b>
	2009-10	6,330	8,307	25	60,123	(45,461)
Health	<b>2010-11</b>	<b>26,498</b>	<b>44,802</b>	<b>8</b>	<b>64,099</b>	<b>7,209</b>
	2009-10	26,450	89,077	191	45,250	70,468
Other Misc.	<b>2010-11</b>	<b>21,130</b>	<b>1,218</b>	<b>2</b>	<b>19,261</b>	<b>3,089</b>
	2009-10	9,980	7,010	5	49,082	(32,087)
<b>Misc Total</b>	<b>2010-11</b>	<b>121,063</b>	<b>162,161</b>	<b>3,993</b>	<b>424,561</b>	<b>(137,344)</b>
	2009-10	85,784	271,521	6,648	568,644	(204,691)
<b>Total</b>	<b>2010-11</b>	<b>153,338</b>	<b>191,099</b>	<b>16,076</b>	<b>585,669</b>	<b>(225,156)</b>
<b>Total</b>	<b>2009-10</b>	<b>109,458</b>	<b>312,158</b>	<b>10,380</b>	<b>783,872</b>	<b>(351,876)</b>

#### SCHEDULE-3 A

#### COMMISSION PAID-DIRECT

(₹ In '000)

Particulars	Paid in India		Paid outside India		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Agents	108,847	92,282	-	-	108,847	92,282
Brokers	191,099	312,158	-	-	191,099	312,158
Corporate agency	44,491	17,176	-	-	44,491	17,176
Referral	-	-	-	-	-	-
<b>Total</b>	<b>344,437</b>	<b>421,616</b>	<b>-</b>	<b>-</b>	<b>344,437</b>	<b>421,616</b>

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### SCHEDULE-4

#### OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(₹ In '000)

Particulars	Current Year		Previous Year	
Employees' remuneration & welfare benefits		938,174		1,035,742
Company's contribution to Provident fund and others		46,710		54,435
Travel, conveyance and vehicle running expenses		48,547		43,306
Rents, rates & taxes		384,057		341,193
Repairs		218,745		127,535
Printing & Stationery		480,994		566,108
Communication expenses		121,412		137,676
Postage expenses		555,600		636,066
Legal & professional charges		204,845		151,664
Directors' Sitting fees		720		500
<b>Auditors remuneration</b>				
a. Audit fees	2,750		2,150	
b. Tax Audit fees	350		350	
c. Certification Fees	270	3,370	85	2,585
Advertisement and Publicity		44,371		71,036
Interest and Bank Charges		41,231		31,975
Entertainment expenses		1,311		1,205
Office maintenance expenses		102,824		99,053
Office management expenses		1,015,052		953,752
Recruitment & Training expenses		18,322		13,399
Depreciation		181,669		316,437
Subscriptions and membership fees		26,599		23,790
Coinsurance Expenses (net)		5,232		14,162
Miscellaneous expenses		33,399		188,600
<b>TOTAL</b>		<b>4,473,184</b>		<b>4,810,219</b>
<b>Allocation</b>				
Fire Revenue Account		107,431		114,870
Marine Revenue Account		40,188		48,175
Miscellaneous Revenue Account		4,321,089		4,643,285
Expenses not relating to Insurance Business taken in Profit & Loss A/c		4,476		3,889
<b>TOTAL</b>		<b>4,473,184</b>		<b>4,810,219</b>

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE-5**

**SHARE CAPITAL**

(₹ In '000)

Particulars	Current Year		Previous Year	
<b>Authorized Share Capital</b> 20,00,00,000 Equity Shares of ₹10 each		<b>2,000,000</b>		2,000,000
<b>Issued, Subscribed and Paid-up Share Capital</b> 116,672,920 Equity Shares of ₹10 each fully paid (Previous year 115,223,941 Equity shares) Note: Of the above 112,378,248 shares are held by Holding Company, Reliance Capital Limited (previous year 110,929,269 Equity shares).		<b>1,166,729</b>		1,152,239

**SCHEDULE-5A**

**PATTERN OF SHARE HOLDING**

(As certified by the Management)

Shareholder	No. of Shares	% of Holding	No. of Shares	% of Holding
<b>Promoters- Indian</b>				
Holding Company- Indian	<b>112,378,248</b>	<b>96.32%</b>	110,929,269	96.27%
Holding Company- Foreign	-	-	-	-
<b>Others</b>				
Reliance General Insurance Employees Benefit Trust	<b>4,294,672</b>	<b>3.68%</b>	4,294,672	3.73%
<b>Total</b>	<b>116,672,920</b>	<b>100%</b>	<b>115,223,941</b>	<b>100%</b>

**SCHEDULE-6**

**RESERVES AND SURPLUS**

Particulars	Current Year		Previous Year	
Share Premium		<b>10,323,902</b>		8,918,392
Surplus in Profit and Loss Account		-		-
<b>Total</b>		<b>10,323,902</b>		<b>8,918,392</b>

**SCHEDULE-7**

**BORROWINGS**

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

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### SCHEDULE-8 INVESTMENTS

(₹ In '000)

Particulars	Current Year		Previous Year	
<b>LONG TERM INVESTMENTS</b>				
Government securities and Government guaranteed bonds including Treasury Bills	5,989,086		3,563,948	
Other Approved Securities	387,808		1,342,781	
<b>Other Investments :</b>				
(a) Equity Shares	238,829		975,335	
(b) Mutual Funds	-		-	
(c) Debentures/ Bonds	6,034,907		2,025,963	
Investments in Infrastructure and social sector	2,565,594		2,287,788	
Other than Approved Investments	60,583		87,388	
		<b>15,276,807</b>		<b>10,283,203</b>
<b>SHORT TERM INVESTMENTS</b>				
Government securities and Government guaranteed bonds including Treasury Bills	352,579		301,255	
Other Approved Securities	222,417		68,111	
<b>Other Investments :</b>				
(a) Equity Shares	-		-	
(b) Mutual Funds	100,000		760,000	
(c) Debentures/ Bonds	4,539,539		3,344,157	
Investments in Infrastructure and social sector	753,588		1,007,125	
Other than Approved Investments	126,900		802,759	
		<b>6,095,023</b>		<b>6,283,407</b>
<b>Total</b>		<b>21,371,830</b>		<b>16,566,610</b>

**Notes :**

- The market value of all the investments as at 31st March 2011 is ₹ 20,968,642 thousands (previous year ₹ 16,475,150 thousands)
- Government Securities include ₹ 101,571 thousands as at 31st March 2011 (previous year ₹ 104,894 thousands) deposit u/s 7 of the Insurance Act, 1938.
- All the above investments are performing assets.

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE-9

LOANS

(₹ In '000)

Particulars	Current Year		Previous Year	
<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	300,627		300,627	-
<b>TOTAL</b>		<b>300,627</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 - Trustees of Reliance General Insurance Employee's Benefit Trust	300,627		300,627	
<b>TOTAL</b>		<b>300,627</b>		<b>300,627</b>
<b>PERFORMANCE-WISE CLASSIFICATION</b>				
(a) Loans classified as standard	-		-	
(aa) In India	300,627		300,627	
(bb) Outside India	-		-	
(b) Non-performing loans less provisions				
(aa) In India	-		-	
(bb) Outside India	-		-	
<b>TOTAL</b>	-	<b>300,627</b>	-	<b>300,627</b>
<b>MATURITY-WISE CLASSIFICATION</b>				
(a) Short Term	-		-	
(b) Long Term	300,627		300,627	
<b>TOTAL</b>		<b>300,627</b>		<b>300,627</b>

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

## SCHEDULE-10

## FIXED ASSETS AS AT 31ST MARCH, 2011

(₹ In '000)

Description	Gross Block				Depreciation				Net Block	
	As at 01-04-10	Additions	Deductions	As at 31-03-11	As at 01-04-10	For the year	Deductions	As at 31-03-11	As at 31-03-11	As at 31-03-10
Furniture & Fittings	90,944	70	1,006	90,008	49,604	7,424	532	56,496	33,512	41,339
Leasehold Improvements	76,742	-	190	76,552	56,395	15,535	190	71,740	4,812	20,347
Information Technology Equipment	264,600	7,746	25,404	246,942	193,106	29,737	21,084	201,759	45,183	71,494
Intangible Asset (Computer Software)	502,984	42,652	-	545,636	357,544	103,090	-	460,634	85,002	145,440
Vehicles	21,979	-	13,097	8,882	15,141	1,068	9,112	7,097	1,785	6,838
Office Equipment	227,799	6,455	2,492	231,762	84,824	23,649	1,419	107,054	124,708	142,976
Plant & Machinery	11,593	16	-	11,609	3,215	1,166	-	4,381	7,228	8,378
Capital WIP	38,254	8,130	46,384	-	-	-	-	-	-	38,254
<b>Total</b>	<b>1,234,895</b>	<b>65,069</b>	<b>88,573</b>	<b>1,211,391</b>	<b>759,827</b>	<b>181,669</b>	<b>32,337</b>	<b>909,161</b>	<b>302,230</b>	<b>475,067</b>
<b>Previous Year</b>	<b>1,123,163</b>	<b>214,939</b>	<b>103,206</b>	<b>1,234,895</b>	<b>479,428</b>	<b>316,437</b>	<b>36,036</b>	<b>759,827</b>	<b>475,067</b>	<b>643,735</b>

## Reliance General Insurance

### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

#### SCHEDULE-11

##### CASH AND BANK BALANCES

(₹ In '000)

Particulars	Current Year		Previous Year	
Cash (including cheques, drafts and stamps on hand)		21,116		28,694
Bank Balances				
(a) Short Term Deposit Accounts	-		-	
(b) Current Accounts	651,080		795,562	
(c) Cheques on Hand	-	651,080	-	795,562
Other (Cash in Transit)	-	-	-	-
<b>Total</b>		<b>672,196</b>		<b>824,256</b>

#### SCHEDULE-12

##### ADVANCES AND OTHER ASSETS

Particulars	Current Year		Previous Year	
<b>Advances</b>				
Prepayments	134,524		182,054	
Advance tax paid and taxes deducted at source (Net of provision for taxation)	11,693		85,139	
Rental & Other Deposits	182,667		189,557	
Advances to Staff	412		728	
Unutilised Service Tax Credit	-		21,063	
Other Advances	395,824		299,939	
Less : Provision	(278,000)	447,120	(137,600)	640,880
<b>Other Assets</b>				
Income accrued on investments	496,942		387,690	
Outstanding Premium	-		-	
Agents' Balances	567		1,817	
Due from other entities carrying on insurance business	1,436,094		6,397,105	
		1,933,603		6,786,612
<b>Total</b>		<b>2,380,723</b>		<b>7,427,492</b>

#### SCHEDULE-13

##### CURRENT LIABILITIES

Particulars	Current Year		Previous Year	
Agents' Balances		19,984		765
Balances due to other insurance companies		229,274		214,175
Premium received in Advance		129,139		206,141
Sundry Creditors		1,040,655		686,451
Unclaimed amount of policyholders		312,969		109,922
Unallocated Premium		159,766		-
Claims Outstanding		10,576,806		8,974,872
Environmental Relief Fund Payable		5		133
Premium Deficiency		-		-
Temporary Book Overdraft as per accounts		967,675		836,127
Service Tax & VAT Liability		7,822		-
<b>Total</b>		<b>13,444,095</b>		<b>11,028,586</b>



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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**


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**SCHEDULE-14  
PROVISIONS**

(₹ In '000)

Particulars	Current Year		Previous Year	
Reserve for Unexpired Risk		5,734,624		7,124,658
Provision for Taxation		-		-
Provision for doubtful debts		-		-
Provision for Dividend distribution tax		-		-
Provision for Leave Encashment		19,075		27,653
<b>Total</b>		<b>5,753,699</b>		<b>7,152,311</b>

**SCHEDULE-15  
MISCELLANEOUS EXPENDITURE**

Particulars	Current Year		Previous Year	
Discount Allowed in issue of shares/ debentures		-		-
Others (to be specified)		-		-
<b>Total</b>		<b>-</b>		<b>-</b>

## Reliance General Insurance

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

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

(₹ In '000)

Particulars	Current Year		Previous Year	
<b>Cash and cash equivalents at the beginning of the year</b>		(11,871)		195,409
<b>Cash flows from operating activities :</b>				
Direct Premiums received	16,477,259		19,629,825	
Payment to re-insurers, net of commissions and claims	5,223,741		(2,773,157)	
Payment to co-insurers, net claims recovery	717,640		(235,595)	
Direct Claims Paid	(16,987,404)		(13,078,500)	
Direct Commission / Brokerage Payments	(122,971)		(424,869)	
Payment of other operating expenses	(4,233,511)		(4,264,029)	
Preliminary and pre-operating expenses	-		-	
Deposits, Advances, and Staff loans	453,059		131,205	
Income tax paid (Net)	93,313		(10,387)	
Wealth tax paid	290		(27)	
Other Receipts/payments	3,721		14,931	
<b>Cash flow before extraordinary items</b>		<b>1,625,137</b>		(1,010,605)
Cash flow from extraordinary operations		-		-
<b>Cash flow from operating activities</b>		<b>1,625,137</b>		(1,010,605)
<b>Cash flows from investing activities :</b>				
Purchase of investments (Net)	(37,956,088)		(26,509,508)	
Sale of investment (including gain/loss)	32,955,141		25,803,372	
Purchase of fixed Assets	(8,908)		(214,939)	
Proceeds from sale of fixed assets	1,212		66,961	
Rent/ Interest/ Dividends received	1,263,120		943,667	
Investment in money market instruments and in liquid mutual funds (Net)	421,255		(1,382,339)	
Repayment received	-		-	
Loan Given	-		-	
Expenses related to investments	(4,476)		(3,889)	
<b>Net Cash flow from investing activities</b>		<b>(3,328,744)</b>		(1,296,675)
<b>Cash flows from financing activities :</b>				
Proceeds from issuance of share capital	1,419,999		2,100,000	
Proceeds from borrowings	-		-	
Repayment of borrowings	-		-	
Interest/ Dividend Paid	-		-	
<b>Cash flow from financing activities</b>		<b>1,419,999</b>		2,100,000
<b>Cash and cash equivalents at the end of the year including Bank Overdraft</b>		<b>(295,479)</b>		(11,871)
<b>* Cash and cash Equivalent at the end of period:</b>				
Cash & Bank balance as per schedule		672,196		824,256
Less: Temporary book over draft as per schedule		(967,675)		(836,127)
<b>Cash and Cash Equivalent at the end of period</b>		<b>(295,479)</b>		(11,871)

As per our Report of even date attached.

For and on behalf of the Board

**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 : May 28, 2011

**S.P. Talwar**

Director

**Soumen Ghosh**

Director

**Vijay Pawar**

Executive Director & CEO

**Hemant K. Jain**

Chief Financial Officer

**Mohan Khandekar**

Company Secretary

**SCHEDULE-16****Significant Accounting Policies forming part of the financial statements as at 31<sup>st</sup> March 2011****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 on accrual. Any subsequent revisions of profit commission are recognized for in the year in which final determination of the profits are 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.

## Reliance General Insurance

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Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

Estimated liability for outstanding claims at Balance Sheet date is recorded net of claims recoverable from/payable to co-insurers/reinsurers and salvage to the extent there is certainty of realisation.

Estimated liability for outstanding claims is determined by management on the basis of ultimate amounts likely to be paid on each claim based on the past experience. These estimates are progressively revalidated on availability of further information.

IBNR represents that amount of claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims IBNER. Estimated liability for claims Incurred But Not Reported ('IBNR') and claims Incurred But Not Enough Reported ('IBNER') is based on actuarial estimate duly certified by the appointed actuary of the Company. IBNR/IBNER has been created on re-insurance accepted from Indian Motor Third Party Insurance Pool (IMTPIP) based on actuarial estimates received from the IMTPIP.

### 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. Any subsequent revision to refunds or cancellation of premiums are recognized in the year in which they occur.
- 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 24<sup>th</sup> March, 2009 and IRDA/F&I/CIR/F&A/015/02/2011 dated 2<sup>nd</sup> February, 2011.

### 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 as per IRDA circular F&A/ CIR/ 017/ May-04 dated 18th May 2004. 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, securities transactions tax, stamp duty and other charges incidental to transactions.
- 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. In accordance with the regulations, unrealized gain/loss arising due to changes in fair value of equity shares and Mutual Funds units is taken to the fair value change account. This balance in the fair value change account is not available for distribution, pending realization.

## 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 is 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 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 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 primary period of lease. Assets purchased for value not exceeding ₹ 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.

### II. 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.

## Reliance General Insurance

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### III. 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.

### IV. 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 and Loss account and Revenue Accounts as applicable.

### 18. Provision for Taxation

The Company provides for Income 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 to the extent there is reasonable certainty that the assets can be realized in future, however, where there is unabsorbed depreciation and carried forward loss under taxation laws, 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 are charged to the Profit and 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 2011

#### 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 demand raised by the income tax department for non deduction of tax at source for A. Y. 2009-10 for ₹ 1,238 thousands (Previous year ₹ 1,238 thousands).

- 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. Premium

- i. All premiums net of reinsurance are written and received in India.
- ii. Premium income recognised on "Varying Risk Patten" is Nil. (Previous year: Nil)
6. i. There are no commitments made and outstanding for Loans (Previous year Nil).
- ii. The commitments made and outstanding for Investments are ₹ 456,906 thousands. (Previous year ₹ 594 thousands).
7. Estimated amount of commitment pertaining to contracts remaining to be executed in respect of Fixed Assets (net of advance) is Nil (Previous year ₹ 2,600 thousands).

#### 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 24<sup>th</sup> March, 2009 and IRDA/F&I/CIR/F&A/015/02/2011 dated 2<sup>nd</sup> February, 2011 in respect of Health segment, the Unexpired Risk Reserve (URR) has been created on the basis of 1/365 method which 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 ₹ 99,800 thousands (Previous Year ₹ 76,309 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 ₹ 43,854 thousands as expenses (Previous year ₹ 49,901 thousands)
- b) Define Benefit Plan: The disclosure required under the define benefit plan as per AS 15 for gratuity fund is as follow:

(₹ in '000)		
Particulars	Current Year	Previous Year
<b>I. Assumptions :</b>		
Discount Rate Previous Year	8.00%	7.50%
Discount Rate Current Year	8.25%	8.00%
Rate of Return on Plan Assets Previous Year	8.00%	7.50%
Rate of Return on Plan Assets Current Year	8.25%	8.00%
Salary Escalation Previous Year	5.00%	5.00%
Salary Escalation Current Year	5.00%	5.00%

## Reliance General Insurance

(₹ in '000)

Particulars	Current Year	Previous Year
<b>II. Table Showing Change in Benefit Obligation :</b>		
Liability at the beginning of the Year	29,817	20,509
Interest Cost	2,385	1,538
Current Service Cost	10,112	11,739
Benefit Paid	(4,494)	(1,277)
Actuarial (Gain)/Loss on obligations	(7,520)	(2,692)
Liability at the end of the Year	<b>30,300</b>	<b>29,817</b>
<b>III. Tables of Fair value of Plan Assets :</b>		
Fair Value of Plan Assets at the beginning of the Year	<b>35,904</b>	<b>29,654</b>
Expected Return on Plan Assets	2,872	2,224
Contributions	4	2,113
Benefit Paid	(4,494)	(1,277)
Actuarial Gain/(Loss) on Plan Assets	(753)	3,190
Fair Value of Plan Assets at the end of the Year	<b>33,533</b>	<b>35,904</b>
Total Actuarial Gain/(Loss) To Be Recognised	<b>6,767</b>	<b>5,881</b>
<b>IV. Actual Return on Plan Assets :</b>		
Expected Return on Plan Assets	2,872	2,224
Actuarial Gain/(Loss) on Plan Assets	(753)	3,190
Actual Return on Plan Assets	<b>2,119</b>	<b>5,414</b>
<b>V. Amount Recognised in the Balance Sheet :</b>		
Liability at the end of the Year	30,300	29,817
Fair Value of Plan Assets at the end of the Year	33,533	35,904
Difference	(3,233)	(6,087)
Amount Recognised in the Balance Sheet	<b>(3,233)</b>	<b>(6,087)</b>
<b>VI. Expenses Recognised in the Income Statement :</b>		
Current Service Cost	10,112	11,739
Interest Cost	2,385	1,538
Expected Return on Plan Assets	(2,872)	(2,224)
Net Actuarial (Gain)/Loss To Be Recognised	(6,767)	(5,881)
Expense Recognised in P& L	<b>2,858</b>	<b>5,171</b>
<b>VII. Amount Recognised in the Balance Sheet :</b>		
Opening Net Liability	(6,087)	(9,145)
Expense as above	2,858	5,171
Employers Contribution paid	(4)	(2,113)
Closing Net Liability	<b>(3,233)</b>	<b>(6,087)</b>

11. Out of 44,237 claims (previous year 72,708 claims) reported and outstanding amounting to (Gross) ₹ 5,561,418 thousands (previous year ₹ 4,585,862 thousands), 19,740 Claims amounting to ₹3,696,113 thousands (previous year 21,853 Claims amounting to ₹2,235,460 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. The deferred tax assets and liabilities arising due to timing differences have been recognized in the financial statements as under:

Deferred Tax Asset/(Liability) (Net) as at 31st March, 2011 comprises of the following –

(₹ in '000)		
Particulars	Current Year	Previous Year
<b>Deferred Tax Asset</b>		
Related to Fixed Assets	9,327	5,049
Related to Leave Encashment Provision	6,380	9,186
Unabsorbed Depreciation	279,872	243,380
Carry forward losses	131,564	193,246
<b>Total</b>	<b>427,143</b>	<b>450,860</b>
<b>Deferred Tax Liability</b>		
Reserve for Unexpired Risk	38,408	41,125
<b>Total</b>	<b>38,408</b>	<b>41,125</b>
<b>Deferred Tax Asset/(Liability)(Net)</b>	<b>388,735</b>	<b>409,735</b>
<b>Deferred tax expense/(income) recognized in the Profit and Loss A/c</b>	<b>21,000</b>	<b>(401,200)</b>

### 13. Employee Stock Option Plan (ESOP)

The company had introduced the Employee Stock Option Plan during the F. Y. 2008-09 under which options were granted to the employees of the Company on the basis of their performance and other eligibility criteria. During the year the Company granted Nil equity shares (Previous year Nil) 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	Current Year			Previous Year		
	No of stock options	Weighted average exercise Price (₹)	Weighted average remaining contractual Life (inYears)	No of stock options	Weighted average exercise Price (₹)	Weighted average remaining contractual Life (inYears)
Outstanding at beginning of year	664,300	70	4.46	694,300	70	6.05 years
Granted	-	-	-	-	-	-
Exercised	-	-	-	-	-	-
Lapsed / Forfeited	139,700	-	-	30,000	-	-
Outstanding at the year end	524,600	70	-	664,300	70	4.46 years
Exercisable at end of year	524,600	70	-	664,300	70	-

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 ₹ Nil (Previous Year Nil) The net results and Earning Per Share (EPS) for the year, had the Company adopted the fair value method, would have been unchanged.

14. Value of contracts in relation to investments for:

(₹ in '000)		
Particulars	Current Year	Previous year
Purchases where deliveries are pending	-	-
Sales where payments are overdue	-	-
Sales where deliveries are pending	6,906	594

## Reliance General Insurance

15. The historical cost of Investments valued at fair value on Balance Sheet date is ₹ 283,092 thousands (Previous year ₹ 1,243,911 thousands).
16. 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 –

(₹ in '000)

Sub-segment	Current Year	Previous Year
Engineering	7,669	-
Rural	5,044	19,229
Aviation	-	30,617
Health	212,876	153,572

17. 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:

(₹ in '000)

Particulars	Current Year	Previous Year
Outsourcing Expenses	142,918	192,595
Business Development	9,391	6,742
Marketing Support	34,979	64,295

18. During the year, in the process of reconciliation, certain coinsurance claims (included in claims paid) amounting to ₹ 272,905 thousands, related to earlier years has been accounted for.
19. The Company has, on the basis of reconciliation exercise carried out and the best estimate made by the management, as a matter of prudence made further provision of ₹ 140,400 (₹ 278,000 thousands till 31<sup>st</sup> March, 2011, refer Schedule 12) towards balances in control account related with premium.

### 20. Indian Motor Third Party Insurance Pool (IMTPIP)

- (a) 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 Risks 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.

IRDA vide its Order No. IRDA/NL/ORD/ MPL/046/03/2011 dated 12th March, 2011, inter alia mandated all the general insurers, including the Company to provide ultimate claim ratio for not less than 153% for Motor Commercial Third Party Premium underwritten by IMTPIP as against then 122.00%, 123.93% and 126.78% for the period 2007-08, 2008-09 and 2009-10 respectively and for the current year. The Order also instructs general insurers to meet with certain conditions on solvency and for reporting to authorities on regular basis. Further, the Company has received audited statements from GIC for the period starting from 1<sup>st</sup> March, 2010 till 28<sup>th</sup> February, 2011, working out an ultimate loss ratio of 153% for all the aforesaid period. Accordingly, during the year the Company has accounted for its share in total operating loss, which amounted to ₹ 1,836,894 thousands, including ₹ 1,109,906 thousands, being additional underwriting loss for the period 2007-08 to 2009-10.

- (b) The Company's solvency as at 31st March 2011 stands at 115 % which is below 130% as stipulated by Insurance Regulatory & Development Authority (Assets, Liabilities and Solvency margin of insurers) Regulations 2000 and subsequent circulars & orders. The company has approached to the Holding Company, Reliance Capital Limited (RCL), for fresh infusion of capital into the company to maintain the solvency margin, as stipulated under IRDA regulations. RCL being a NBFC company approached RBI for approval, which rejected the same since RCL

had exceeded the 75% limit of Investments in the company. RCL is pursuing the matter with the RBI and in the meanwhile the company has approached IRDA requesting for relaxation in solvency margin as on 31st March, 2011.

- (c) The business (Gross Written Premium) transacted on account of pool is amounting to ₹ 2,091,935 thousands during the period 1st April 2010 to 28th February 2011 and investment of the pool fund as on 28th February 2011 is ₹ 4,444,461 thousands.

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

(₹ in '000)		
Particulars	Current Year	Previous Year
Not later than one year	89,198	135,944
Later than one year and not later than five years	142,647	240,448
Later than five years	Nil	6,316

Lease payment debited to the Profit and Loss account during the year ₹ 127,550 thousands (Previous year ₹ 142,206 thousands).

22. The company has under written during the year rural insurance premium of ₹1,438,808 thousands (previous year ₹1,832,378 thousands) representing 8.69% of Gross Direct Premium (previous year 9.26 %) and under the social sector, the company has underwritten insurance covers to 511,790 lives generating a premium of ₹ 23,216 thousands (previous year 5,636,735 lives generating a premium of ₹ 105,311 thousands).

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

(₹ in '000)		
Particulars	For the year ended 31st March 2011	For the year ended 31st March 2010
	% of business written	% of business written
Risk Retained	64%	66%
Risk Reinsured	36%	34%
	100%	100%

24. Managerial Remuneration:

(₹ in '000)			
Particulars	Current Year	Current Year	Previous Year
	Mr. Vijay Pawar *	Mr. K. A. Somasekharan#	Mr. K. A. Somasekharan
Salaries	5,191	16,083	9,243
Perquisites	-	61	158
Contribution to Provident Fund and Super Annuation	267	307	793
Provision for Gratuity and Leave Encashment	107	999	2,864

\* From 19th August, 2010 to 31st March, 2011

# From 1st April, 2010 to 18th August, 2010

The managerial remuneration is in accordance with the approval accorded by a resolution of the Board of Directors, which has been approved by IRDA as required under Section 34A of the Insurance Act, 1938.

25. Claims

Claims, less reinsurance paid to claimant in/outside India are as under:

(₹ in '000)		
Particulars	Current Year	Previous Year
In India	11,667,427	9,130,030
Outside India	44,454	67,827

## Reliance General Insurance

There are no claims which are settled and unpaid for a period of more than six months as on the Balance Sheet date.

The company does not have any liability relating to claims where the claim payment period exceeds four years.

26. As per IRDA Circular No 005/IRDA/F&A/CIR/MAY-09 dated May 07, 2009, below table mentions the details of the penalty imposed by various regulators and Government authorities:

SI No.	Authority	Non-Compliance/ Violation	Amount in ₹ ('000)		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	Nil	-	-	-
2	Service Tax Authorities	Nil	-	-	-
3	Income Tax Authorities	Nil	-	-	-
4	Any other Tax Authorities	Nil	-	-	-
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	Nil	-	-	-
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	-	-	-
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil	-	-	-
8	Competition Commission of India	Nil	-	-	-
9	Any other Central/State/Local Government / Statutory Authority	Nil	-	-	-

27. As per IRDA Circular No. IRDA/F&I/CIR/CMP/174/11/2010 dated 4<sup>th</sup> November, 2010, below table mentions the age-wise analysis of unclaimed amount of the policyholders as on 31<sup>st</sup> March, 2011

(₹ In '000)

Particulars	Total Amount	Age-wise Analysis							
		0-30 Days	1-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 months
a) Claim Settled but not paid to the policy holders /insured due to any reason except under litigation from the insured /policyholders.	123,549	123,547	2	-	-	-	-	-	-
b) Any other sum due/ payable to the insured/ policyholder on completion of the policy terms or otherwise	-	-	-	-	-	-	-	-	-
c) Any excess collection of premium/tax or any other charges which is refundable to the policyholders either as per the terms of the conditions of the policy or as per Law or as per the direction of the authority but not refunded so far.	11,894	1,738	3,088	3,545	625	600	881	1,302	115

(₹ In '000)

Particulars	Total Amount	Age-wise Analysis							
		0-30 Days	1-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 months
d) Cheques issued by the company under "a", "b" or "c" above & cheques have not been encashed by the policyholders/insured.* (Stale Cheques)	177,526	Nil	Nil	46,569	38,499	29,148	18,048	16,685	28,577

\* Cheques issued within validity period of financial instruments but not presented for payment amounting to ₹ 553,613 thousands are not included under unclaimed amount of policy holders as on March 31, 2011.

28. 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.

**Holding Company**

Reliance Capital Limited

**Subsidiary of Holding Co. (including fellow subsidiary)**

Reliance Capital Asset Management Limited

Reliance Capital Trustee Company Limited

Reliance Capital Services Private Limited

Reliance Equity Advisors (India) Limited

Medybiz Private Limited

Reliance Home Finance Private Limited

Reliance Equities International Private Limited

Reliance Money Express Ltd.

Reliance Consumer Finance Private Limited

Reliance Securities Limited

Reliance Communications Ltd

Reliance Infocomm Infrastructure Pvt. Ltd.

Reliance Infrastructure Ltd.

Reliance Natural Resources Ltd.

Reliance Power Transmission Ltd.

Delhi Airport Metro Express Pvt. Ltd.

Campion Properties Limited

DS Toll Road Ltd.

Bses Kerala Power Ltd.

Reliance Spot Exchange Infrastructure Ltd.

Reliance Telecom Ltd.

Reliance Webstore Ltd.

Reliance Innoventures Pvt. Ltd.

Reliance Globalcom Ltd.

Reliance Coal Resources Pvt. Ltd.

Reliance Energy Generation Ltd.

Sasan Power Ltd.

Siyom Hydro Power Pvt. Ltd.

Tato Hydro Power Pvt Ltd.

Coastal Andhra Power Ltd.

## Reliance General Insurance

Kalai Power Pvt. Ltd.
Net Logistics
Quant Broking Pvt. Ltd.
Reliance Cementation Pvt. Ltd.
Reliance Tech Service Pvt. Ltd.
Western Region Transmission Gujarat Pvt. Ltd.
Western Region Transmission Maharashtra Pvt. Ltd.
Reliance Share & Stock Broker Pvt. Ltd.
Reliance Communication Infrastructure Ltd.
Reliance Energy Limited
Reliance Infratel Limited
Reliance Power Ltd.
Quant Capital Pvt. Ltd.
Rosa Power Supply Co.Ltd.
Reliance Capital Partners
Mumbai Metro One Pvt. Ltd.
<b>Key Management personnel and their relatives</b>
Mr. Vijay Pawar Executive Director and CEO (w.e.f.19.08.2010)
Mr. K. A. Somasekharan Executive Director and CEO (Upto 18.08.2010)

B) Transaction during the period with related parties:

(₹ in '000)					
Sr. no.	Related Party	Relationship	Nature of transaction	Current Year	Previous Year
1.	Reliance Capital Ltd	Holding company	Share Capital Money Received	14,490	21,429
			Share Premium Money Received	1,405,510	2,078,571
			Premium	2,886	2,553
			Claims	776	490
			Sale of Server	335	248
			Reimbursements received for expenses (Rent, Communication, Electricity)	3,387	3,079
			Management Fees	72,588	-
			Reimbursements paid for expenses (Rent, Communication, Electricity, Professional fees, Maintenance Charges etc.)	42,430	48,906
			Debentures Purchased	823,039	-
			Debentures Sold	50,126	-
			Policy management services paid	113	-
			Accrued Interest on debentures	24,404	-
			Reimbursement paid for IT Security & Software Maintenance	16,925	37,594
			Outstanding balance in CD A/c	632	50
2	Reliance Capital Asset Management Ltd.	Fellow Subsidiary	Premium	8,799	11,506
			Claims	156	162
			Reimbursements received for expenses (Rent, Communication, Electricity)	1,320	5,353
			Outstanding balance in CD A/c	1,126	1,214
3	Reliance Capital Trustee Co Ltd	Fellow Subsidiary	Premium	7,897	2,672

(₹ in '000)

Sr. no.	Related Party	Relationship	Nature of transaction	Current Year	Previous Year
4	Reliance Money Express Ltd.	Fellow Subsidiary	Premium	134	3,550
			Foreign Currency Purchased	144	229
			Foreign Currency Returned	155	85
			Outstanding balance in CD A/c	434	518
5	Reliance Equity Advisors India Ltd	Fellow Subsidiary	Premium	24	22
			Outstanding balance in CD A/c	15	15
6	Reliance Securities Ltd	Fellow Subsidiary	Premium	38	8,764
			Claims	-	23
			Reimbursement received for exps. (Rent, Communication, Electricity, canteen exp)	2,610	-
7	Medybiz Pvt. Ltd	Fellow Subsidiary	Premium	124	28
			Outstanding balance in CD A/c	12	-
8	Reliance Capital Services Pvt. Ltd	Fellow Subsidiary	Premium	988	782
			Policy Management Paid	51,152	56,297
			Sales Promotion Expenses	7,782	-
			Claim Paid	-	12
			Advance given	3,500	-
			Reimbursements received for expenses (Rent, Maintenance)	(1,512)	1,228
			Outstanding balance in CD A/c	319	381
9	Reliance Equities International Pvt. Ltd	Fellow Subsidiary	Premium	-	296
			Claims	-	-
			Outstanding balance in CD A/c	-	40
10	Reliance Communications Ltd	Fellow Subsidiary	Reimbursement received for expenses (Rent, Communication, Electricity, canteen exp)	786	1,540
			Paid for Software Maintenance	32,068	14,594
			Paid for Telephone & Internet	73,589	84,962
			Premium	42,346	144,840
			Claims	121,724	154,850
			Outstanding balance in CD A/c	4,822	5,436
11	Reliance Consumer Finance Pvt. Ltd.	Fellow Subsidiary	Premium	-	7,900
			Claim	-	440
			Reimbursements received for expenses (Rent, Electricity)	2,956	5,989
			Outstanding balance in CD A/c	-	591
12	Reliance Infocomm Infrastructure Pvt. Ltd.	Fellow Subsidiary	Reimbursement Paid For Guest House Booking Charges	18	-
			Premium	18	-
13	Reliance Infrastructure Ltd.	Fellow Subsidiary	Premium	43,373	-
			Claims	38,271	-
			Reimbursement Paid for Expenses (Rent, Maintenance & Others)	924	-
14	Reliance Natural Resources Ltd.	Fellow Subsidiary	Premium	19	-
			Outstanding balance in CD A/c	219	-
			Claims	8	-

## Reliance General Insurance

(₹ in '000)

Sr. no.	Related Party	Relationship	Nature of transaction	Current Year	Previous Year
15	Reliance Power Transmission Ltd.	Fellow Subsidiary	Premium	8	-
16	Delhi Airport Metro Express Pvt. Ltd.	Fellow Subsidiary	Premium	43,468	-
17	Campion Properties Limited	Fellow Subsidiary	Premium	30	-
18	DS Toll Road Ltd.	Fellow Subsidiary	Claims	88	-
19	Bses Kerala Power Ltd.	Fellow Subsidiary	Premium	28,233	-
20	Reliance Spot Exchange Infrastructure Ltd.	Fellow Subsidiary	Premium	67	-
			Outstanding balance in CD A/c	22	-
21	Reliance Telecom Ltd.	Fellow Subsidiary	Reimbursement paid for Telephone Expenses	167	-
			Premium	50	-
			Claims	36	-
			Outstanding balance in CD A/c	900	-
22	Reliance Webstore Ltd.	Fellow Subsidiary	Reimbursement paid for Genset & Diesel maintenance Expenses	327	-
			Premium	3,973	-
			Claims	2,153	-
			Video Conference charges	176	-
23	Reliance Innoventures Pvt. Ltd.	Fellow Subsidiary	Premium	3,147	-
			Claims	39	-
24	Reliance Globalcom Ltd.	Fellow Subsidiary	Premium	1,596	-
25	Reliance Coal Resources Pvt. Ltd.	Fellow Subsidiary	Premium	37	-
26	Reliance Energy Generation Ltd.	Fellow Subsidiary	Claims	10	-
27	Sasan Power Ltd.	Fellow Subsidiary	Premium	16,081	-
			Claims	177	-
			Outstanding balance in CD A/c	3	-
28	Siyom Hydro Power Pvt. Ltd.	Fellow Subsidiary	Premium	16	-
			Outstanding balance in CD A/c	23	-
29	Tato Hydro Power Pvt Ltd.	Fellow Subsidiary	Outstanding balance in CD A/c	9	-
30	Coastal Andhra Power Ltd.	Fellow Subsidiary	Premium	396	-
			Outstanding balance in CD A/c	104	-
31	Kalai Power Pvt. Ltd.	Fellow Subsidiary	Premium	8	-
			Outstanding balance in CD A/c	10	-
32	Mumbai Metro One Pvt. Ltd.	Fellow Subsidiary	Premium	156	-
			Outstanding balance in CD A/c	126	-
33	Net Logistics	Fellow Subsidiary	Outstanding balance in CD A/c	3	-
34	Quant Broking Pvt. Ltd.	Fellow Subsidiary	Premium	40	-
			Outstanding balance in CD A/c	0.83	-



(₹ in '000)

Sr. no.	Related Party	Relationship	Nature of transaction	Current Year	Previous Year
35	Reliance Cementation Pvt. Ltd.	Fellow Subsidiary	Premium	65	-
			Claims	10	-
			Outstanding balance in CD A/c	29	-
36	Reliance Tech Service Pvt. Ltd.	Fellow Subsidiary	Premium	1	-
37	Western Region Transmission Gujarat Pvt. Ltd.	Fellow Subsidiary	Premium	2,090	-
38	Western Region Transmission Maharashtra Pvt. Ltd.	Fellow Subsidiary	Premium	3,632	-
39	Reliance Share & Stock Broker Pvt. Ltd.	Fellow Subsidiary	Premium	125	-
40	Reliance Communication Infrastructure Ltd.	Fellow Subsidiary	Premium	557	-
			Claims	89	-
41	Reliance Energy Limited	Fellow Subsidiary	Premium	23	-
			Claims	768	-
			Outstanding balance in CD A/c	77,685	-
42	Reliance Infratel Limited	Fellow Subsidiary	Premium	1,053	-
			Claims	27	-
43	Reliance Power Ltd.	Fellow Subsidiary	Premium	2,837	-
			Claims	33	-
44	Quant Capital Pvt. Ltd.	Fellow Subsidiary	Premium	38	-
45	Rosa Power Supply Co.Ltd.	Fellow Subsidiary	Premium	10,740	-
			Claims	1,160	-
46	Reliance Capital Partners	Fellow Subsidiary	Premium	544	528
47	Reliance Home Finance	Fellow Subsidiary	Premium	0.81	219
			Reimbursement received for exps (Rent,Communication,Electricity,c anteen exp)	84	-
			Outstanding balance in CD A/c	25	26
48	K.A. Somasekharan	Key Managerial Personnel	Remuneration	17,450	13,058
			Premium	13	23
49	Vijay Pawar	Key Managerial Personnel	Remuneration	5,565	-
			Premium	28	-
50	Independent Directors		Sitting Fees	720	500

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

## 29. Segment Information for the year ended on 31<sup>st</sup> March 2011

- 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".

## Reliance General Insurance

- 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”.

(₹ in '000)

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	307523	119663	5952	9943570	58776	27855	148222	(29282)	126086	2069598	160076	12938039
2009-10	407430	170737	9253	10507196	66210	32174	246740	12060	141735	2217617	181332	13992484
Commission	(82666)	(4637)	(509)	(595)	1555	(6913)	(137530)	2885	(7044)	7209	3089	(225156)
2009-10	(141866)	(4678)	(641)	(46216)	2358	(10571)	(148754)	5572	(45461)	70468	(32087)	(351876)
Investment income	49201	10253	397	822931	2871	5542	26932	21132	14168	117730	20567	1091724
2009-10	72624	14223	1184	686165	3543	6157	54049	21128	17723	124228	29047	1030071
Exchange Gain	-	-	-	-	-	-	-	-	-	-	(1045)	(1045)
2009-10	-	-	-	-	-	-	-	-	-	-	(1180)	(1180)
<b>Total</b>	<b>439390</b>	<b>134553</b>	<b>6858</b>	<b>10767096</b>	<b>60092</b>	<b>40310</b>	<b>312684</b>	<b>(11035)</b>	<b>147298</b>	<b>2180119</b>	<b>178599</b>	<b>14255964</b>
2009-10	621920	189638	11078	11239577	67395	48902	449543	27616	204919	2271377	243646	15375611
<b>Segment Expenses</b>												
Claims	176091	90256	(11191)	10146709	7297	(6106)	175095	28271	81171	2559115	67106	13313814
2009-10	317232	149393	28712	8341440	18551	(10380)	145473	48983	104376	2568714	144448	11856942
Premium Deficiency	-	-	-	-	-	-	-	-	-	-	-	-
2009-10	-	(24794)	(606)	-	-	-	-	-	-	-	-	(25400)
Management Expenses	107431	39822	366	3431027	21429	11876	(7497)	(15119)	52416	769618	57339	4468708
2009-10	114870	46409	1766	3681007	20597	8729	111960	6463	39178	717055	58296	4806330
<b>Total</b>	<b>283522</b>	<b>130078</b>	<b>(10825)</b>	<b>13577736</b>	<b>28726</b>	<b>5770</b>	<b>167598</b>	<b>13152</b>	<b>133587</b>	<b>3328733</b>	<b>124445</b>	<b>17782522</b>
2009-10	432102	171008	29872	12022447	39148	(1651)	257433	55446	143554	3285769	202744	16637872
Net Profit/loss	155868	4475	17683	(2810640)	31366	34540	145086	(24187)	13711	(1148614)	54154	(3526558)
2009-10	189818	18630	(18794)	(782870)	28247	50553	192110	(27830)	61365	(1014392)	40902	(1262261)
<b>Unallocated items</b>												
Investment income												532616
2009-10												484739
Other income												41225
2009-10												13541
Expenses												144876
2009-10												141489
Net Profit before tax												(3097593)
2009-10												(905470)
Income tax												(18424)
2009-10												401200
Net profit after tax												(3116017)
2009-10												(504270)
<b>Assets</b>												
Segment Assets												-
2009-10												-
Unallocated Assets												25416339
2009-10												26000252
<b>Total</b>												25416339
2009-10												26000252
<b>Liabilities</b>												
Segment Liabilities	383805	116000	2821	13880961	41429	19493	237566	1919	109044	1384034	134359	16311431
2009-10	442149	144795	21178	13200243	48982	21117	346831	37820	108753	1550990	176673	16099531
Unallocated Liabilities												9104909
2009-10												9900721
<b>Total</b>												25416339
2009-10												26000252

**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.

**30. Summary of financial Results**

(₹ in '000)

Particulars	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
<b>OPERATING RESULTS</b>						
Gross Premium Written	16,554,261	19,796,515	19,148,849	19,464,171	9,122,274	1,623,311
Net Premium Income	11,548,005	14,287,220	13,995,608	13,374,457	5,043,141	555,429
Income From Investment	1,091,724	1,030,071	981,582	676,689	169,678	46,678
Other Income	1,045	1,180	320	(53)	518	(39)
Total Income	12,640,774	15,318,471	14,977,510	14,051,093	5,213,337	602,068
Commission	(416,255)	(664,034)	(707,671)	(1,224,282)	(1,022,675)	(185,877)
Brokerage	191,099	312,158	392,214	426,660	228,388	46,391
Operating Expenses	4,468,708	4,806,330	5,410,421	5,628,590	1,809,223	274,512
Claims and Increase in Unexpired Risk Reserve and other outgo	11,923,780	12,126,278	10,868,938	11,280,950	1,731,844	344,381
Operating Profit/ (Loss)	(3,526,558)	(1,262,261)	(986,390)	(2,060,824)	(134,006)	109,091
<b>NON OPERATING RESULTS</b>						
Total Income under Shareholders account	428,965	356,791	484,708	432,396	158,395	103,777
Profit / ( Loss ) before Tax	(3,097,593)	(905,470)	(501,682)	(1,628,426)	22,435	210,755
Provision for tax	18,424	(401,200)	21,500	27,086	6,148	67,061
Profit / ( Loss ) after Tax	(3,116,017)	(504,270)	(523,182)	(1,655,512)	16,288	143,694
<b>MISCELLANEOUS</b>						
<b>Policy holder's Account</b>						
Total Funds	15,544,875	9,064,638	7,323,751	8,168,807	3,737,423	620,781
Total Investments	15,544,875	9,064,638	7,323,751	8,168,807	3,737,423	620,781
Yield on Investment	10.57%	8.34%	9.75%	11.36%	9.20%	7.12%
<b>Share holders Account</b>						
Total Funds	5,826,954	7,501,972	6,315,974	4,938,533	2,594,045	1,572,633
Total Investments	5,826,954	7,501,972	6,315,974	4,938,533	2,594,045	1,572,633
Yield on Investment	10.57%	8.34%	9.75%	11.27%	9.20%	7.12%
Paid up Equity Capital	1,166,729	1,152,239	1,130,811	1,071,538	1,030,721	1,020,007
Net Worth	5,826,954	7,501,972	6,307,442	4,938,533	2,594,045	1,572,633
Total Assets	25,416,339	26,000,252	21,297,597	17,403,551	7,352,067	2,546,196
Yield on total investment	10.57%	8.34%	9.75%	11.28%	9.20%	7.12%
Earnings Per Share	(26.80)	(4.46)	(4.81)	(15.92)	0.16	1.41
Book Value Per Share	53.27	68.66	55.85	46.09	25.17	15.42
<b>Total Dividend</b>	-	-	-	-	-	-
Dividend Per Share	-	-	-	-	-	-

## Reliance General Insurance

### 31. Financial Ratios

Particulars	Financial Year	Gross Direct premium Growth Rate	Net Retention Ratio (segment wise)	Net Commission Ratio (segment wise)	Underwriting Balance Ratio
		(Gross direct premium for the current year divided by the gross direct premium for the previous year)	(Net premium divided by gross direct premium)	(Gross Commission Paid net of reinsurance commission divided by net premium for that segment)	(Underwriting profit divided by net premium for the respective class of business)
<b>Fire</b>	<b>2010-11</b>	<b>-24%</b>	<b>26%</b>	<b>-30%</b>	<b>38%</b>
Fire	2009-10	2%	24%	-42%	35%
<b>Marine Cargo</b>	<b>2010-11</b>	<b>-19%</b>	<b>47%</b>	<b>-4%</b>	<b>-6%</b>
Marine Cargo	2009-10	-15%	50%	-3%	-15%
<b>Marine Hull</b>	<b>2010-11</b>	<b>-62%</b>	<b>11%</b>	<b>-53%</b>	<b>1817%</b>
Marine Hull	2009-10	-52%	23%	-12%	-399%
<b>Motor</b>	<b>2010-11</b>	<b>-18%</b>	<b>82%</b>	<b>0%</b>	<b>-41%</b>
Motor	2009-10	13%	83%	0%	-13%
<b>Employer Liability</b>	<b>2010-11</b>	<b>-9%</b>	<b>90%</b>	<b>3%</b>	<b>51%</b>
Employer Liability	2009-10	-17%	88%	4%	41%
<b>Public Liability</b>	<b>2010-11</b>	<b>1%</b>	<b>26%</b>	<b>-22%</b>	<b>94%</b>
Public Liability	2009-10	-32%	22%	-41%	174%
<b>Engineering</b>	<b>2010-11</b>	<b>-44%</b>	<b>-3%</b>	<b>706%</b>	<b>-607%</b>
Engineering	2009-10	-13%	31%	-46%	42%
<b>Aviation</b>	<b>2010-11</b>	<b>12%</b>	<b>-9%</b>	<b>-7%</b>	<b>115%</b>
Aviation	2009-10	269%	5%	30%	-260%
<b>Personal Accident</b>	<b>2010-11</b>	<b>-10%</b>	<b>45%</b>	<b>-5%</b>	<b>0%</b>
Personal Accident	2009-10	-19%	34%	-40%	38%
<b>Health</b>	<b>2010-11</b>	<b>7%</b>	<b>79%</b>	<b>0%</b>	<b>-63%</b>
Health	2009-10	-23%	88%	3%	-54%
<b>Other Miscellaneous</b>	<b>2010-11</b>	<b>-20%</b>	<b>34%</b>	<b>2%</b>	<b>22%</b>
Other Miscellaneous	2009-10	-17%	30%	-19%	6%
<b>Total</b>	<b>2010-11</b>	<b>-16%</b>	<b>70%</b>	<b>-2%</b>	<b>-40%</b>
Total	2009-10	3%	72%	-2%	-16%

### 32. Other Ratios

Ratio	Basis	Current Year	Previous Year
Gross Premium To Shareholder's Fund Ratio	Gross direct premium for the current year divided by paid up capital plus free reserves	284%	267%
Growth Rate of Shareholder's Fund	Shareholders' funds as at the current balance sheet date divided by shareholders' funds as at the previous balance sheet date.	-21%	32%
Expenses of Management to Gross Premium	Expenses of Management (operating expenses related to insurance business plus direct commissions paid) divided by gross direct premium)	29%	26%
Combined Ratio	Claims plus expenses of management (operating expenses related to insurance business plus direct commissions paid) divided by gross direct premium	132%	92%
Technical Reserves to net premium ratio	Reserve for un-expired risks plus premium deficiency reserve plus reserve for outstanding claims (including IBNR and IBNER divided by net premium)	141%	113%

Ratio	Basis	Current Year	Previous Year
Operating profit ratio	Underwriting profit/loss plus investment income divided by net premium)	-26%	-6%
Liquid Assets to Liabilities ratio	Liquid assets (Short Term Investments (Schedule 8) plus Short Term Loan (Schedule 9) plus Cash & Bank Balances (Schedule 11) of the insurer divided by policyholders liabilities (claims outstanding (Schedule 13) plus reserve for unexpired risk and Premium Deficiency (Schedule 14))	41%	44%
Net earnings ratio	Profit after tax divided by net premium	-27%	-4%
Return on Net Worth ratio	Profit after tax divided by net worth	-53%	-7%
NPA Ratio		—	—

Note: The above ratios have been calculated as per IRDA Circular IRDA/F&I/CIR/F&A/012/01/2010 dated January 28, 2010.

### 33. Earnings per share information

- Net profit/(loss) after tax available for equity shareholder is ₹(3,116,017) thousands (previous year ₹ (504,270) thousands).
- Weighted average number of equity shares outstanding during the year is 116,276,331 (Previous year 113,140,631).
- Basic and Diluted Earning Per Share ₹ (26.80) (previous year ₹ (4.46))

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

(₹ in '000)

Previous year 2009-10			2009-10 Regrouped in Current year		
Line Item	Schedule	Old grouping	Schedule	New grouping	Amount
Other Advances	Schedule-12	Advances and Other Assets	Schedule-13	Unclaimed amount of policyholders	3,532
Sundry Creditors	Schedule-13	Current Liabilities	Schedule-13	Unclaimed amount of policyholders	106,390

## Reliance General Insurance

### 35. 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 ₹ thousands)

Public issue

Bonus issue

Right Issue

Private Placement

#### Position of Mobilisation and Development of funds (Amount in ₹ thousands)

Total Liabilities

Total Assets

#### Sources of funds

Paid-up Capital

Reserves & Surplus

Fair value change Loans

Secured Loans

Unsecured Loans

#### Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Deferred Tax

Miscellaneous Expenditure

#### Performance of Company: ( Amount in ₹ thousands)

Turnover

Profit Before Tax

Earning Per Share (₹)

Total Expenditure

Profit After Tax

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 policy holder's and share holder'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

**Vijay Pawar**

Executive Director and CEO

**Soumen Ghosh**

Director

**Hemant K. Jain**

Chief Financial Officer

**Place: Mumbai**

Date: 28<sup>th</sup> May 2011

**Mohan Khandekar**

Company Secretary



