

IFFCO-TOKIO GENERAL INSURANCE CO. LTD.

Annual Report 2007-2008



# IFFCO-TOKIO



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# IFFCO-TOKIO



## BOARD OF DIRECTORS

K.Srinivasa Gowda	Chairman
Hiroshi Endo	Vice Chairman (upto 11 <sup>th</sup> August, 2008)
Takashi Yoshikawa	Vice Chairman (w.e.f. 11 <sup>th</sup> August, 2008)
Surinder Kumar Jakhar	Director
Chandra Pal Singh	Director
B.S. Vishwanathan	Director
U.S. Awasthi	Director
Rakesh Kapur	Director
Ajit Narain	MD & CEO (upto 1 <sup>st</sup> November, 2007)
S. Narayanan	MD & CEO (w.e.f. 1 <sup>st</sup> November, 2007)
Masahiro Ogawa	Director (Strategy) (upto 27 <sup>th</sup> June, 2008)
N.K. Kedia	Director (Marketing)
Y. Fukuda	Director (Operations)

## SENIOR EXECUTIVES

M.K. Tandon	Financial Advisor
H.O. Suri	Executive Vice President
U.C. Dubey	Executive Vice President

## COMPANY SECRETARY

V.S. Rao	Executive Director
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## AUDITORS

S.P. Chopra & Co.	Chartered Accountants
Raghu Nath Rai & Co.	Chartered Accountants

## BANKERS

Deutsche Bank, New Delhi  
Indian Overseas Bank, New Delhi

## CORPORATE OFFICE

“IFFCO TOWER”, 4th & 5th Floor,  
Plot No. 3, Sector 29  
Gurgaon 122001 (Haryana)  
Phone No. 0124-2850100

## REGISTERED OFFICE

IFFCO Sadan  
C-1, District Centre  
Saket, New Delhi - 110017  
Phone No. 011-26510001

## NOTICE OF 8<sup>TH</sup> ANNUAL GENERAL MEETING

### TO THE MEMBERS

**NOTICE** is hereby given that the **EIGHTH ANNUAL GENERAL MEETING** of the Members of **M/s IFFCO TOKIO** General Insurance Company Limited will be held on Monday, the 29<sup>th</sup> September, 2008 at 3.30 P.M. at its Registered Office at IFFCO Sadan, C1, District Centre, Saket, New Delhi 110017 to transact the following business.

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2008 and the Profit and Loss Account for the year ended as on the date together with Auditors Report thereon and the Report of the Board of Directors to the Members.
2. To appoint Director in place of Dr. U.S. Awasthi who retires by rotation and is eligible for reappointment.
3. To appoint Director in place of Mr. C.P. Singh who retires by rotation and is eligible for reappointment.
4. To appoint Director in place of Mr. Rakesh Kapur who retires by rotation and is eligible for reappointment.
5. To appoint Auditors and fix their remuneration and for this purpose to consider and if thought fit, to pass the following Resolution with or without modification as an Ordinary Resolution.

“RESOLVED THAT M/s S.P. Chopra & Co., Chartered Accountants and M/s Raghu Nath Rai & Co., Chartered Accountants be and are hereby appointed as joint Auditors of the Company to hold Office from the conclusion of this Annual General Meeting till the Conclusion of the next Annual General Meeting of the Company on a remuneration to be decided by the Board of Directors.”

**Regd.Office:**

IFFCO SADAN,  
C-1 DISTRICT CENTER, SAKET,  
NEW DELHI- 110017.  
Dated: 11th August, 2008

**By order of the Board**

(V.S. RAO)  
Executive Director &  
Company Secretary

**Note:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a Member of the Company.
2. Instruments of proxies in order to be effective must be received/deposited with the Company at its Registered Office not less than 48 hours before the time fixed for the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Monday, the 22nd September, 2008 to Monday, the 29th September, 2008 (both days inclusive)

**IFFCO-TOKIO**



# Director's Report



## The Members,

- 1.0. Your Directors have pleasure in presenting the Eighth Annual Report on the activities of your Company together with the audited financial results for the year ended 31st March, 2008 along with the Auditors' Report thereon.

## 2.0 ECONOMIC ENVIRONMENT AND INDUSTRIAL SCENARIO

- 2.1. Indian economy has witnessed an optimistic growth during the last six fiscal years (2003-04 to 2007-08). In terms of GDP, the growth rate has averaged 8.7 per cent per annum. This indicates stability and sustainability. Although, the industrial sector and services sectors have witnessed a moderate slow down, the industrial sector continues to be the main driver for the growth in the fiscal year 2007-08. Another significant feature of the growth process has been the consistently increasing savings and investment rate. The service sector continues to maintain growth rate of about 10.50% during the year 2007-08 as against the growth rate of 11% in 2006-07. Agricultural growth, dependent as it is on monsoon, continues to fluctuate. The agricultural sector growth rate at 2.6 per cent in 2007-08 has suffered a set back against the growth rate of 3.8 per cent during the year 2006-07 due to erratic weather conditions. The external trade of India is also showing persistent buoyancy. The improved performance in the services sector and the manufacturing Sectors and the strong measures being taken to augment agricultural production are expected to support continuing economic growth in future.

## 3.0 INDUSTRY SCENARIO OF GENERAL INSURANCE

- 3.1. The Insurance Industry, for the first time, operated under a de tariff market during the whole year in

2007-08. The industry has recorded a growth rate of approximately 12% in the financial year 2007-08 as against the growth rate of approximately 20% over the same period last year. Private sector players' market share has grown to about 40 per cent in the financial year 2007-08 as compared to 34 per cent in 2006-07. In percentage terms while the public sector could increase their premium just by 4 per cent, the growth of the private players was about 28 per cent. IRDA has carried forward the process of detariffing of the general insurance sector and created motor pool effective 1 April 2007 during 2007-08. IRDA has also announced several policy initiatives in general insurance as obligations towards the rural and social sectors and micro insurance.

- 3.2. The de tariff process initiated in the non life insurance during the last year has severely impacted the insurance market. As the Members are aware the freedom given to insurance companies to fix their own premium rates had lead to a price war among the insurers with Companies offering heavy discounts on the premiums. There has been substantial reduction in premium rates of almost all products during the year. After de-tariffing, while the growth in premium has slowed down on account of reduction in rates, the number of policies underwritten has shown an increase. IRDA has further lifted the cap on discounting for property and Engineering business effective from 1st January, 2008. The Insurance market is undergoing a sea change due to the shift from regulated market to detariff market. The spirit of competition in its fierceness is likely to intensify than diminish in the ensuing years. However, the current detariff process has not only provided an opportunity of cost benefits but also variety of products to the insured.

## 4.0. DETARIFF MARKET

- 4.1. Members are aware that all Non-life insurance Companies are free to charge their own premium pursuant to dismantling of the tariff regime with effect from 1st January, 2007, subject to their retaining the wordings, terms and conditions of the insurance covers as applicable prior to the effective date of detariff. Members will be happy to learn that your Company has set up systems and procedures for meeting the requirements and challenges of the changing market in accordance with the directions issued by IRDA from time to time.
- 4.2. The second phase of the detariff was announced by IRDA effective from January 1, 2008. Consequently, Companies will be able to customize their products for individual clients. The non-life insurance Companies were allowed to extend discount by keeping cap at 51.25% effective from 13th March, 2007 to 31st December, 2007. IRDA has completely removed the price capping from 1st January, 2008 and your company has filed its prices under the New file and use Guidelines and obtained necessary permissions from the concerned authorities.

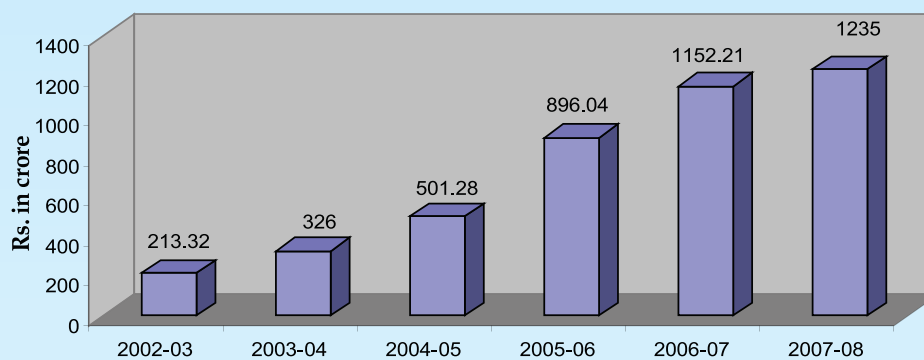
## 5.0 FINANCIAL HIGHLIGHTS

- 5.1. Your Company has completed yet another year of its operations and earned a profit before tax of Rs.11.86 Crores as against the profit of Rs.42.10 Crores during the previous year. In terms of the directions issued by the IRDA, Indian Motor Third Party Insurance Pool was formed w.e.f. 1st April 2007. The Pool is a multilateral Reinsurance arrangement wherein all direct business written in respect of Motor Third Party

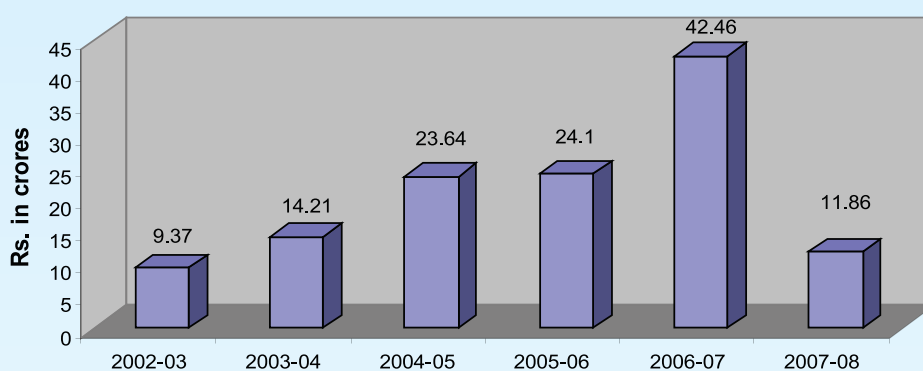
in respect of Commercial vehicles is ceded into the Pool. In accordance with the sharing pattern agreed to amongst the members and the Pool, the next impact of Pool operation allocated to the Company had net adverse effect on the projects of the year by Rs. 10.40 crores. Since the operating results of the Pool are allocated to members in their respective market share. The impact would vary in the ensuing years. Despite the difficult market conditions, your Company has underwritten Gross premium of Rs.1235 Crores as compared to Rs.1152 Crores achieved in the previous year, representing an increase of 7.20% over the previous year. The underwriting results however, show a loss of Rs.61.31 Crores mainly due to the changes consequent to shift from regulated market to detariff market. The growth of the market has suffered due to heavy reduction in premium rates, cut throat competition amongst market players and aggressive efforts being made by some of the players to enhance their market share. The reinsurance market has been hardening due to increase in claim payments on account of natural disaster as also reduced pricing.

- 5.2. The commercial lines of business has been showing signs of saturation and the growth of the market will be limited to retail lines of business. Though the retail lines of business do not contribute adequately to the bottom lines, however, in view of the growth expected, the Company has also planned to augment retail lines business without sacrificing the quality and also controlling the incurred claim ratio.

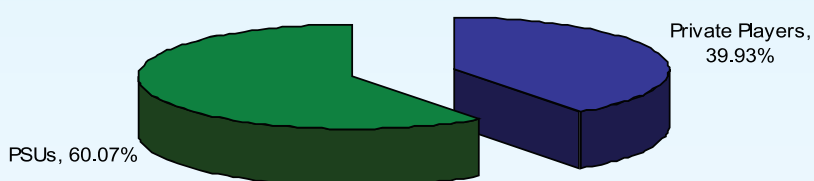
### GWP Growth



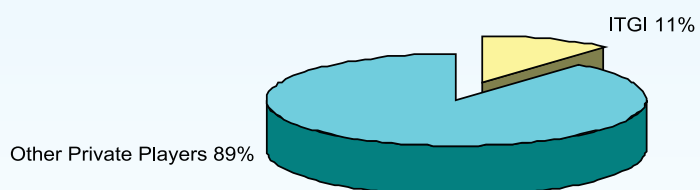
### PBT Performance



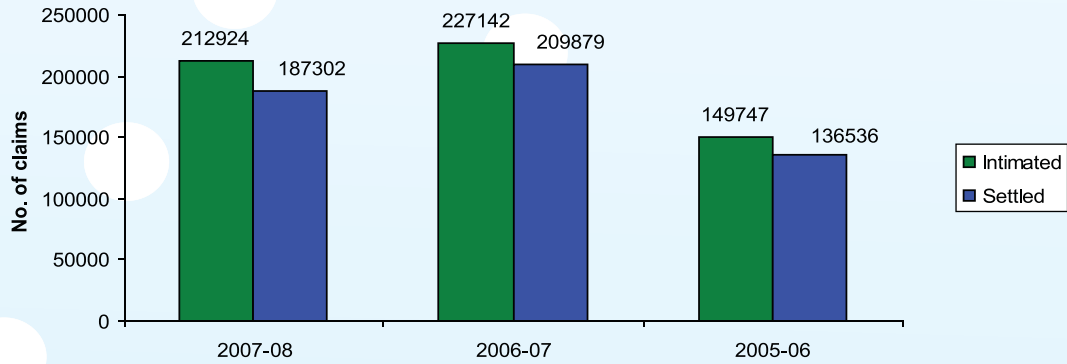
### Market Share of Private Players



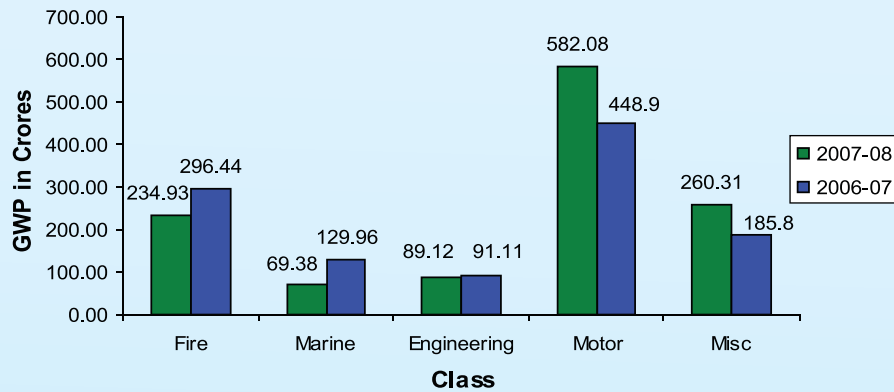
### ITGI Share Among Private Players



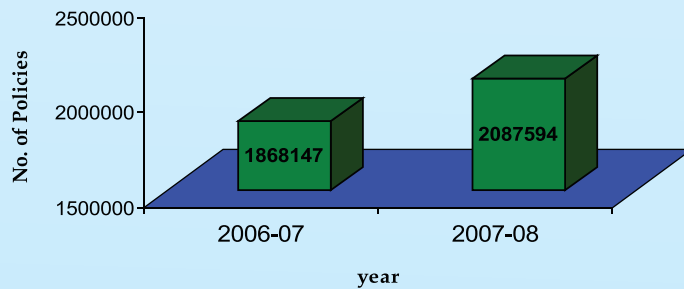
## Claim Settlement Trend



## Class wise GWP Breakup



## Policy Count



5.3. The financial highlights of the year's operations are summarized below.

## FINANCIAL RESULTS

Particulars	2007-08	2006-07
	Rupees in Crores	Rupees in Crores
Gross Written premium	1235.83	1152.21
Less Reinsurance premium	498.08	571.64
Net premium	737.75	580.57
Unexpired Risk Reserve	98.08	32.97
Earned premium	639.67	547.60
Commission earned (net)	3.95	41.52
Others	(.18)	0.07
<b>Total underwriting Revenue</b>	<b>643.44</b>	<b>589.19</b>
Net incurred claims	504.74	398.59
Expenses of Management	201.06	204.40
Others	(1)	0.33
<b>Total underwriting expenses</b>	<b>704.8</b>	<b>603.32</b>
<b>Underwriting profit /Loss</b>	<b>(61.36)</b>	<b>(14.13)</b>
Investment Income:		
Allocated to Revenue A/c	51.56	35.28
Allocated to P&L A/c.	<u>21.98</u> 73.44	<u>21.80</u> 57.08
Others	(.32)	(.49)
Net underwriting surplus	(9.8)	21.15
<b>Profit before Tax</b>	<b>11.86</b>	<b>42.46</b>

## 6.0. DIVIDEND

6.1. Your Directors have not proposed to declare any dividend for the year in view of the inadequate profits and the need to retain the surplus profits so as to comply with the Guidelines issued by IRDA with regard to the required Solvency margin.

## 7.0 INVESTMENTS

7.1. The total investments of your Company as on 31st March, 2008 were Rs.885 Crores as against Rs.732. Crores at the end of the previous year. Investments were made in Government Securities and other approved schemes prescribed in IRDA (Investment) Regulations 2000. The yield on these investments during the year worked out to 8.67% as against 7.93% earned in the previous year.

## 8.0. CORPORATE GOVERNANCE

8.1. It has been the endeavour of your Company to adopt systems & procedures which would strengthen good corporate governance, transparency, accountability and full disclosure of information to its shareholders and other stakeholders. The Board of Directors had accordingly constituted the following Committees.

### Executive Committee

The Executive Committee comprises of one non Executive Director, Managing Director and Director (Operations) as its Members. This Committee is responsible for finalization of business plan, Annual Budgets, review of operations, review of performance of personnel, HRD issues, etc.

### Investment Committee

Pursuant to the provisions contained in the IRDA (Investment) Regulations, 2000, Your Board of Directors had constituted the Investment Committee comprising of two non executive Directors, Managing Director, Financial Advisor and the Appointed Actuary of the Company. The Investment Committee is responsible for formulating the Annual Investment Policy, laying down guidelines for investment of surplus funds, approval of investment decisions, monitoring the implementation of approved investment policy and guidelines and also compliance of IRDA (Investment) Regulations.

### Audit Committee

Pursuant to the provisions of Section 292A of the Companies Amendment Act, 2000, your Board of Directors had constituted an Audit Committee. Mr. Surinder Kumar Jakhar an independent Director is the Chairman of the Audit Committee. Two non- Executive Directors and Managing Director are the Members of the Committee. The terms of reference of the Audit Committee inter alia include-

- (i) Review of Financial and Accounting policies and practices of the Company.
- (ii) Review the efficiency of the internal control; mechanism of the Company.
- (iii) Review the reports furnished by the internal and statutory auditors.
- (iv) Review the periodical and annual financial statements before submission to the Board.

During the year seven meetings of the Board of Directors, nine meetings of the Executive committee, four meetings of the Audit

Committee and three meetings of the Investment Committee were held. All the meetings were well attended.

## 9.0. CUSTOMER SERVICE

- 9.1. Members would recall that with the objective of providing prompt services to our customers and optimize utilization of resources; your company had set up Customers Service Centers located at Mumbai, Kolkata, Vadodra, Bangalore and New Delhi. These Centers apart from handling financial accounting in respect of branches under their respective control have significantly reduced the turnaround time in respect of claims preferred by the customers. The centers handled approximately 1.96 lakhs claims during the year and were able to achieve a settlement ratio of 88% on an average.
- 9.2 In addition to setting up of Centers for servicing of Customers in respect of Claims, your Company has also set up underwriting HUBs in Mumbai and Delhi. The Underwriting Hubs are mainly responsible for timely issuance of error free policy documents, standardization of documentation, optimum utilization of core resources etc. With the constant increase in retail lines of business and growing number of customers, implementation of Customers Relationship Management (CRM) has been initiated which is expected to be completed in phased manner for claim processing, underwriting etc

## 10.0 SPREAD OF OPERATIONS

- 10.1. Your Company has expanded its operations in

several potential market areas. Members would be happy to know that all the Branches across the country are on line on the IT system. Your Company has plans to further strengthen its operations by expanding its business in potential market areas and in rural segments so as to make its services easily accessible to its customers across the country.

## 11.0 INFORMATION TECHNOLOGY

- 11.1. Your Directors recognize the importance of Technology in the conduct of business and the need for investing in new technology. As in all industries, adapting new technology has become absolute necessity in Insurance Industry to achieve the desired effect. With the ever increasing numbers of policies and claims, communication infrastructure has been strengthened by upgrading the systems between corporate office and the Branch offices and new technology is introduced to meet the same.

## 12.0 BUSINESS PLAN 2008-09

- 12.1. Your Company has achieved GWP of Rs.1236 Crores during the year as against Rs.1152 Crores envisaged in the revised budget. The Company has set a target of Rs.1400 Crores of GWP for the year 2008-09 comprising of Rs.365 Crores of commercial lines and Rs.1035 Crores of retail lines. Since insurance market in the Country has been detariffed there would be a shift in the product mix i.e. from the Commercial portfolio to Retail portfolio.

## 12.2. MARKET STRATEGY

Your Company, after considering the anticipated impact of shift from the regulated market to detariff market has drawn a Marketing strategy to achieve its business plan. Since the Company has set an enhanced target for retail lines, it would endeavour to enter into suitable understanding with various intermediaries, introduce new products, enter into tie up arrangements with dealers, Banks etc. Pursuant to the liberalization of the Insurance market, the threat of premiums being reduced to induce customers and the role of intermediaries playing increase role in buying and selling of insurance, your Company would take a cautious approach in mobilizing business. Since the emphasis in the Business Plan is to augment retail lines of business, your Company would encourage Cooperative Model, Bancassurance tie ups and agents with proven loyalty to the Distribution channels. Commercial lines of business as far as possible would be solicited directly.

## 12.3. PRODUCT DEVELOPMENT

Hon'ble Members are aware that your Company presently sells various products customized to suit the needs of target market segments like, art lovers, industries and corporate, International travelers, semi urban and rural segments of the Indian market.

## 12.4 REINSURANCE

Your Company formulated its re-insurance programme in line with the guidelines laid down by Insurance Regulatory and Development Authority (IRDA). The re-insurance programme finalized aims at –

- (a) Optimum retention within the country consistent with prudent risk retentions to reduce foreign exchange outgo.
- (b) Develop adequate automatic reinsurance capacity within the Indian Insurance market to maximize the market retention as also to create

sufficient automatic capacity to absorb mega risks and to

- (c) Secure the best possible protection with top class securities at economical cost. Further in order to mitigate the risk arising out of single large loss and /or catastrophe affecting company's net retentions, your Company has also taken excess of loss and catastrophe cover.

## 12.5. RISK MANAGEMENT

Risk is fundamental to life-both human and corporate. Insurance being the business of transfer of risks from client to insurer, its viability depends on underwriter's ability to precisely assess the risk. As members are aware, your Company has formed a risk Management Team which is proficient in qualitative evaluation of risk, providing safety consultancy for loss reduction and suggesting measures for risk mitigation to the client. In preparation of a detariffed market scenario this team is striving to develop expertise in areas like risk pricing, business continuity planning, earthquake Hazard simulation, consequence analysis and Marine loss reduction which will help us in offering a bouquet of services to the clients. The strength of the Team has been increased keeping in view the detariff scenario and the challenges anticipated to be faced by your Company in the new environment.

## 12.6. RURAL BUSINESS

Your company in fulfillment of its commitments to serve the rural masses introduced innovative products during the year under review.

**Barish Bima Yojna product** has been vibrant in eleven states during kharif sowing covering 65,278 farmers.. Similarly the **Mausam Bima Yojna** for Rabi sowing has been spread to four states covering 3,667 farmers. To cater to security needs on account of personal assets, personal accident, critical illness and agriculture tractors, **Kisaan Suvudha Policy** has been launched during the year. . To meet



similar requirements of marginal farmers and people in lowly paid economic activities,

**Jan Kalyaan Policy** has been launched.

**Sankatharan Bima Yojana** which has entered in 7th Year has so far benefited 7293 beneficiaries with claim disbursement to the tune of Rs.42.85 cr.

In order to register ITGI's physical presence in tier III and IV cities and rural areas, ITGI has continued opening of **Bima Kendras** (micro offices, manned by Bima Sahayak). These centers have been instrumental in giving impetus to the co-operative insurance activities and development of rural agency force.

### 13.0. IFFCO-TOKIO INSURANCE SERVICES LIMITED – A WHOLLY OWNED SUBSIDIARY

13.1. Members are kindly aware that your Company with a view to penetrate deeper into the SME and retail market and to create inroads in rural markets created a dedicated channel for marketing ITGI products and also service its esteemed customers had formed a wholly owned subsidiary under the name of IFFCO-TOKIO Insurance Services Limited. The Company during its operations for the year ended on 31st March, 2008 contributed business valuing Rs.383.06 Crores as against Rs.251.36 Crores during the previous year to ITGI and earned a profit before tax of Rs. 40.17 lakhs as against Rs.37.19 lakhs during the previous year. ITIS has served the semi-urban and Rural segments of India with innovative products of ITGI and serviced several customers. As required under section 212(1) of the Companies Act, 1956, the audited accounts and other particulars of the subsidiary Company are appended.

### 14.0. SHIFTING OF REGISTERED OFFICE

14.1. During the year, your Company's registered office has been shifted from 34 Nehru Place

New Delhi - 110019 to IFFCO Sadan, C1 District Centre, Saket, New Delhi - 110017.

14.2 The Members would be happy to note that once again during the Top Management Conference of M/s Tokio Marine Asia Pte Ltd ITGI was awarded the First Prize for "Explorer – Challenge" for its remarkable achievement in terms of volume of business, business model and sustainability in this category. This is the fourth consecutive year that your Company received award from its foreign promoter for excellent performance among its group companies.

### 15.0 HUMAN RESOURCE DEVELOPMENT

15.1 Human resources is an invaluable asset of an Organization. Suitable strategies were evolved during the year to achieve the vision of the Company viz., winning the trust of the Customer through fairness, transparency and quick response. In order to empower and motivate the employees at all levels, their incentive scheme is linked to their own performance as well as of the Company.

15.2 Induction and refresher training schemes covering functional and behavioral areas were conducted during the year and employees at all levels were exposed to various training programmes.

### INFORMATION UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956

Information as per the provisions contained Under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2007 is placed at Annexure –A.

## 16.0 CONSERVATION OF ENERGY AND TECHNOLOGY

As your Company does not carry out any Manufacturing activity, the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable in this regard and accordingly the information is not provided.

## FOREIGN EXCHANGE EARNING AND OUTGO

The particulars of Foreign Exchange earnings/outgo as required by the Companies Act, 1956 are given below.

### EARNINGS

Rs. 4,923 Lakhs  
(Previous year 3,460 Lakhs)

### OUTGO

Rs. 8,042 Lakhs  
Previous year Rs. 8,654 lakhs.

## 17.0 PUBLIC DEPOSITS

17.1 Your Company has not accepted any Public deposits during the year under review.

## 18.0.AUDITORS' OBSERVATIONS

### 18.1 AUDITORS REPORT

The Report of the Auditors to the Shareholders of the Company is annexed to the financial statements for the year ended 31st March, 2008. There are no specific observations in the report of the Auditors which require clarification.

## 19.0 BOARD OF DIRECTORS

19.1. Extension of tenure of appointment of Director (Operations)  
The Board of Directors have extended the

tenure of appointment of Mr. Masahiro Ogawa from 1.10.2007 to 30.9.2008 as Director (Operations) and necessary approvals were obtained from the competent authorities for the same.

### 19.2 Appointment of Managing Director

Mr. Ajit Narain, the Managing Director of your Company resigned from the service on 22nd October, 2007 and was relieved from the services with effect from 1st November, 2007. Mr. S. Narayanan was appointed as the Managing Director of your Company effective from 1st November, 2007. Approvals of the competent authorities have been obtained by the Company for his appointment. Your Directors place on record appreciation of the services rendered by Mr. Ajit Narain during his association with the Company.

### 19.3 Appointment of Functional Directors

During the year your Directors appointed Mr. N.K. Kedia as Director (Marketing) and Mr. Yasunobu Fukuda as Director (Operations) effective from 1st November, 2007. Mr. Masahiro Ogawa was re-designated as Director (Strategy) w.e.f. from 1st November, 2007.

19.4 Pursuant to Articles 102, 103 and 104 of the Articles of Association of your Company, Dr. U.S. Awasthi, Mr. Chandra Pal Singh and Mr. Hiroshi Endo Directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

## 20.0 AUDITORS

20.1. M/s S.P. Chopra & Co, and M/s Raghu Nath Rai & Co. were appointed as Joint Statutory

Auditors of your Company for the financial year 2007-08 and they will continue in the office till the conclusion of the ensuing Annual General Meeting. They retire at the ensuing Annual General Meeting of the Company and are eligible for reappointment. The Company has received communications from M/s S.P. Chopra & Co. and M/s Raghu Nath Rai & Co. confirming their willingness to accept the audit of the Company in the event of their appointment. .

- 20.2. The Company has received communications from them confirming their willingness and stating that their appointment if made will be in accordance with the limits specified under Section 224(1B) of the Companies Act, 1956. Notice of the ensuing Annual General meeting provides for appointment of Auditors as per the provisions of the Companies Act, 1956.

## 21.0. DIRECTORS' RESPONSIBILITY

- 21.1. The Board of Directors of your Company confirms:
- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that there has been no material departure.
  - ii. That the selected accounting policies were applied and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March, 31, 2008 and of the profit of the Company for the period ended on that date;
  - iii. That proper and sufficient care has been taken for the maintenance of adequate

accounting records in accordance with the provisions of the Companies act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- iv. That the annual Accounts have been prepared on a going concern basis.

## 22.0. ACKNOWLEDGEMENTS

- 22.1. Your Directors express their gratitude to all customers of Your Company for their valuable patronage, shareholders, the Insurance Regulatory & Development Authority, Tariff Advisory Committee, General Insurance Corporation of India, Reinsurers and other statutory authorities for their continued support and guidance to the Company. Your Directors also place on record their sincere thanks to its statutory Auditors, Bankers, Insurance Agents, Brokers and other constituents for their continued support.
- 22.2. Your Directors also express their sincere appreciation for the unstinted support rendered by the employees of the Company at all levels for their hard work, dedication and commitment.

For and on behalf of the Board,

(K.SRINIVASA GOWDA)

CHAIRMAN

Place: New Delhi

Dated:24th April, 2008

## Statement of Interest in the Subsidiary Company (IT IS) Under Section 212 of the Companies Act, 1956

1. The extent of company's interest in the subsidiary at the end of the financial year of the subsidiary company :  
  
Entire Equity Share Capital of the IFFCO – TOKIO Insurance Services Ltd. as on 31st March, 2008 (5,00,000 shares of Rs. 10/- each fully paid) are held by IFFCO-TOKIO General Insurance Company limited.
  
2. The net aggregate amount of the subsidiary's profit so far as it concerns members of the company and is not dealt with in the company accounts:  
  
For the financial year of the subsidiary Profit of the subsidiary company for the period ended 31st March, 2008 is Rs. 13,67,708. For the previous financial years of the subsidiary since it became holding company's subsidiary Rs. 35,12,146.
  
3. The net aggregate amount of the subsidiary's profit after deducting its losses or vice versa so far as these are dealt with in the Company's accounts:
  - (i) For the financial year of the subsidiary  
- Nil.
  
  - (ii) For the previous years of the subsidiary since it became holding company's subsidiary  
- NIL

IFFCO-TOKIO

# Auditor's Report



## To the Members of IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

1. We have audited the attached Balance Sheet of Iffco Tokio General Insurance Company Limited (the Company), as at March 31, 2008, and also the Revenue accounts, Profit and Loss account and Receipts and Payments account 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of 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 management, as well as evaluating the overall financial statement's presentation. We believe that our audit provides a reasonable basis for our opinion.
3. **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 purposes of our audit and have found them to be 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) We have audited the branches and head office of the Company.
  - (d) The Balance Sheet, Revenue accounts, Profit and Loss account and Receipts and

Payments account referred to in this report are in agreement with the books of account.

(e) The actuarial valuations of liabilities in respect 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 and relied upon by us. The appointed actuary has certified to the Company that the assumptions used for such valuation are appropriate and are in accordance with the requirements of the IRDA and Actuarial Society of India.

(f) On the basis of the written representations received from the directors, as on March 31, 2008, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

4. 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 are in compliance with the applicable accounting standards referred to in Section 211(3C) of the Companies Act, 1956 and with the accounting principles, as prescribed in the Regulations or any order or direction issued by IRDA in this behalf.

(b) The Balance Sheet, Revenue accounts, Profit and Loss account and Receipts and Payments account referred to in this report are prepared in compliance with the accounting standards referred to in Section 211(3C) of the Companies Act 1956.

(c) Investments have been valued in accordance with the provisions of the Insurance Act, 1938 and the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002

(d) The said financial statements read together with the Notes thereon are prepared in accordance with the requirements of the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999, Insurance Regulatory And Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act 1956, to the extent applicable and in the manner so required, give a 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 March 31, 2008;
- ii. in the case of the Revenue accounts, of the surplus / deficit for the year ended March 31, 2008;
- iii. in the case of the Profit and Loss account, of the Profit of the Company for the year ended March 31, 2008; and

For S.P.Chopra & Co.  
Chartered Accountants

Sanjiv Gupta  
Partner  
Membership No 83364

New Delhi  
24th April, 2008

iv. in the case of the Receipts and Payments account, of the Receipts and Payments of the Company for the year ended March 31, 2008.

5. Further, on the basis of our examination of books & records of the Company and according to the information and explanations 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 March 31, 2008 and there is no apparent mistake or material inconsistency with the financial statements.

(b) Based on information and explanations received during the course of our audit and management representation, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration.

For Raghu Nath Rai & Co.  
Chartered Accountants

Sharat Prakash  
Partner  
Membership No. 96267



## AUDITOR'S CERTIFICATE

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of accounts and other records maintained by Iffco Tokio General Insurance Company Limited (the Company) for the year ended March 31, 2008, we certify that:

- (a) We have verified the cash balances and investments of the Company. As at March 31, 2008, the Company had no secured loans.
- (b) The Company is not a trustee of any trust.
- (c) No part of the assets of the policyholders' 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 policyholders funds.

This certificate is issued to comply with Schedule 'C' of 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 S.P.Chopra & Co.  
Chartered Accountants

For Raghu Nath Rai & Co  
Chartered Accountants

Sanjiv Gupta  
Partner  
Membership No 83364

Sharat Prakash  
Partner  
Membership No. 96267

New Delhi  
24th April, 2008

# Accounts

## IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

### BALANCE SHEET AS AT 31st MARCH, 2008

*Rs. in '000*

SI No.	Particulars	Schedule	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)	(5)
	<b>SOURCES OF FUNDS</b>			
	SHARE CAPITAL	5	2,200,000	2,200,000
	RESERVES AND SURPLUS	6	839,040	767,412
	FAIR VALUE CHANGE ACCOUNT		-	-
	BORROWINGS	7	-	-
	DEFERRED TAX LIABILITY (NET)		-	-
	<b>TOTAL</b>		<b>3,039,040</b>	<b>2,967,412</b>
	<b>APPLICATION OF FUNDS</b>			
	INVESTMENTS	8	5,429,694	4,738,140
	LOANS	9	-	-
	FIXED ASSETS	10	145,757	164,251
	CURRENT ASSETS :			
	Cash and Bank Balances	11	3,767,627	2,795,559
	Advances and Other Assets	12	2,336,358	1,246,636
	<b>Sub-Total (A)</b>		<b>6,103,985</b>	<b>4,042,195</b>
	CURRENT LIABILITIES	13	4,774,645	2,909,600
	PROVISIONS	14	3,951,451	3,083,574
	<b>Sub-Total (B)</b>		<b>8,726,096</b>	<b>5,993,174</b>
	NET CURRENT ASSETS (C) = (A-B)		(2,622,111)	(1,950,979)
	DEFERRED TAX ASSET (NET)		85,700	16,000
	MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	15	-	-
	Debit Balance in Profit and Loss Account		-	-
	<b>TOTAL</b>		<b>3,039,040</b>	<b>2,967,412</b>

SI No.	CONTINGENT LIABILITIES	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
1	Partly paid up investments	-	-
2	Claims, other than against policies, not acknowledged as debts by the company	-	-
3	Underwriting commitments outstanding (in respect of shares and securities)	-	-
4	Guarantees given by or on behalf of the Company	-	-
5	Statutory demands/liabilities in dispute, not provided for	-	-
6	Reinsurance obligations to the extent not provided for in the accounts	-	-
7	Others	-	-
	Total		

Notes to Accounts

16

Schedule No. 1 to 16 form an integral part of the financial statements

For and on behalf of Board of Directors

As per our Report of even date attached.

**S.P. Chopra & Co.**  
Chartered Accountants  
Per

**Raghu Nath Rai & Co.**  
Chartered Accountants  
Per

**B.S. Vishwanathan**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**Sanjiv Gupta**  
Partner  
M No. 83364

**Sharat Prakash**  
Partner  
M No. 96267

**S. Narayanan**  
Managing Director

**Masahiro Ogawa**  
Director (Strategy)

**M.K. Tandon**  
Financial Advisor

New Delhi  
Dated : 24th April, 2008

**V.S. Rao**  
Company Secretary

**IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED**

REGISTRATION NO. 106 Dated 4.12.2000

**FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008***Rs. in '000*

SI No.	Particulars	Schedule	Current Year	Previous Year
(1)	(2)	(3)	(4)	(5)
1	Premiums earned (Net)	1	636,415	548,112
2	Profit / Loss on sale / redemption of Investments		1,655	1,289
3	Interest, Dividend & Rent-Gross		44,717	37,965
4	Others : Handling Charges		536	(507)
	Exchange Loss		(1,898)	(939)
	<b>TOTAL (A)</b>		<b>681,425</b>	<b>585,920</b>
1	Claims Incurred (Net)	2	422,588	259,190
2	Commission	3	(274,212)	(562,416)
3	Operating expenses related to Insurance Business	4	383,181	519,444
	<b>TOTAL (B)</b>		<b>531,557</b>	<b>216,218</b>
	<b>Operating Profit / (Loss) from Fire Business C=(A-B)</b>		<b>149,868</b>	<b>369,702</b>
	<b>APPROPRIATIONS</b>			
	Transfer to Shareholders' Account		149,868	369,702
	Transfer to Catastrophe Reserve		-	-
	Transfer to Other Reserves (to be specified)		-	-
	<b>TOTAL (C)</b>		<b>149,868</b>	<b>369,702</b>

Schedule No. 1 to 16 form an integral part of the financial statements

As required by section 40C of the Insurance Act, 1938, we certify that the expenses of management, wherever incurred, whether directly or indirectly in respect of fire insurance business have been debited to fire insurance revenue account as expense as per the accounting policy of the Company in this regard.

For and on behalf of Board of Directors

As per our Report of even date attached.

**S.P. Chopra & Co.**  
Chartered Accountants  
Per

**Raghu Nath Rai & Co.**  
Chartered Accountants  
Per

**B.S. Vishwanathan**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**Sanjiv Gupta**  
Partner  
M No. 83364

**Sharat Prakash**  
Partner  
M No. 96267

**S. Narayanan**  
Managing Director

**Masahiro Ogawa**  
Director (Strategy)

**M.K. Tandon**  
Financial Advisor

New Delhi  
Dated : 24th April, 2008

**V.S. Rao**  
Company Secretary

## IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

### MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

*Rs. in '000*

SI No.	Particulars	Schedule	Current Year	Previous Year
(1)	(2)	(3)	(4)	(5)
1	Premiums earned (Net)	1	420,685	303,478
2	Profit / Loss on sale / redemption of Investments		1,908	1,132
3	Interest, Dividend & Rent-Gross		51,561	33,357
4	Others: Handling Charges		318	(7)
	Exchange Loss		19	(32)
<b>TOTAL (A)</b>			<b>474,491</b>	<b>337,928</b>
1	Claims Incurred (Net)	2	430,130	422,231
2	Commission	3	15,234	4,340
3	Operating expenses related to Insurance Business	4	118,278	228,887
4	Premium Deficiency		(10,000)	0
<b>TOTAL (B)</b>			<b>553,642</b>	<b>655,458</b>
<b>Operating Profit / (Loss) carried to Profit &amp; Loss Account (A-B)</b>			<b>(79,151)</b>	<b>(317,530)</b>
<b>APPROPRIATIONS</b>				
	Transfer to Shareholders' Account		(79,151)	(317,530)
	Transfer to Catastrophe Reserve		-	-
	Transfer to Other Reserves (to be specified)		-	-
<b>TOTAL (C)</b>			<b>(79,151)</b>	<b>(317,530)</b>

Schedule No. 1 to 16 form an integral part of the financial statements

As required by section 40C of the Insurance Act, 1938, we certify that the expenses of management, wherever incurred, whether directly or indirectly in respect of marine insurance business have been debited to marine insurance revenue account as expense as per the accounting policy of the Company in this regard.

For and on behalf of Board of Directors

As per our Report of even date attached.

**S.P. Chopra & Co.**  
Chartered Accountants  
Per

**Raghu Nath Rai & Co.**  
Chartered Accountants  
Per

**B.S. Vishwanathan**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**Sanjiv Gupta**  
Partner  
M No. 83364

**Sharat Prakash**  
Partner  
M No. 96267

**S. Narayanan**  
Managing Director

**Masahiro Ogawa**  
Director (Strategy)

**M.K. Tandon**  
Financial Advisor

New Delhi  
Dated : 24th April, 2008

**V.S. Rao**  
Company Secretary

**IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED**

REGISTRATION NO. 106 Dated 4.12.2000

**MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008***Rs. in '000*

SI No.	Particulars	Schedule	Current Year	Previous Year
(1)	(2)	(3)	(4)	(5)
1	Premiums earned (Net)	1	5,339,560	4,624,404
2	Profit / Loss on sale / redemption of Investments		14,834	9,162
3	Others: Transfer & Duplicate Fee		694	670
4	Interest, Dividend & Rent-Gross		400,900	269,915
5	Others: Handling Charges		(1,245)	(1,299)
	Exchange Loss		(228)	(541)
	<b>TOTAL (A)</b>		<b>5,754,515</b>	<b>4,902,311</b>
1	Claims Incurred (Net)	2	4,194,715	3,304,516
2	Commission	3	219,459	142,833
3	Operating expenses related to Insurance Business	4	1,509,151	1,295,651
	<b>TOTAL (B)</b>		<b>5,923,325</b>	<b>4,743,000</b>
	<b>Operating Profit / (Loss) carried to Profit &amp; Loss Account (A-B)</b>		<b>(168,810)</b>	<b>159,311</b>
	<b>APPROPRIATIONS</b>			
	Transfer to Shareholders' Account		(168,810)	159,311
	Transfer to Catastrophe Reserve		-	-
	Transfer to Other Reserves (to be specified)		-	-
	<b>TOTAL (C)</b>		<b>(168,810)</b>	<b>159,311</b>

Schedule No. 1 to 16 form an integral part of the financial statements

As required by section 40C of the Insurance Act, 1938, we certify that the expenses of management, wherever incurred, whether directly or indirectly in respect of miscellaneous insurance business have been debited to miscellaneous insurance revenue account as expense as per the accounting policy of the Company in this regard.

For and on behalf of Board of Directors

As per our Report of even date attached.

**S.P. Chopra & Co.**  
Chartered Accountants  
Per

**Raghu Nath Rai & Co.**  
Chartered Accountants  
Per

**B S Vishwanathan**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**Sanjiv Gupta**  
Partner  
M No. 83364

**Sharat Prakash**  
Partner  
M No. 96267

**S. Narayanan**  
Managing Director

**Masahiro Ogawa**  
Director (Strategy)

**M.K. Tandon**  
Financial Advisor

New Delhi  
Dated : 24th April, 2008

**V.S. Rao**  
Company Secretary

# IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

*Rs. in '000*

SI No.	Particulars	Schedule	Current Year	Previous Year
(1)	(2)	(3)	(4)	(5)
<b>1</b>	<b>OPERATING PROFIT / (LOSS)</b>			
	(a) Fire Insurance		149,868	369,702
	(b) Marine Insurance		(79,151)	(317,530)
	(c) Miscellaneous Insurance		(168,810)	159,311
			<b>(98,093)</b>	<b>211,483</b>
<b>2</b>	<b>INCOME FROM INVESTMENTS</b>			
	(a) Interest, Dividend & Rent-Gross		212,023	210,856
	(b) Profit on sale of Investments		7,845	7,157
	Less : Loss on Sale of Investments		-	-
			<b>219,868</b>	<b>218,013</b>
<b>3</b>	<b>OTHERS</b>			
	Miscellaneous Income		5,115	2,656
			<b>126,890</b>	<b>432,152</b>
<b>4</b>	<b>PROVISIONS (Other than taxation)</b>			
	(a) For diminution in the value of investments			
	(b) For doubtful debts			
	(c) Others (to be specified)			
<b>5</b>	<b>OTHER EXPENSES</b>			
	(a) Expenses other than those related to Insurance business		4,661	4,392
	(b) Bad Debts written off		-	-
	(c) Loss on Sale/Scrap of Fixed Assets		3,638	3,185
			<b>8,299</b>	<b>7,577</b>
	<b>Profit Before Tax</b>		<b>118,591</b>	<b>424,575</b>
	Less : Provision for Taxation			
	Current Tax		108,500	85,000
	Deferred Tax		(69,700)	57,745
	Fringe Benefit Tax		10,500	9,500
	Less : Short / Excess provision for tax for earlier years written back			
	Current Tax		(2,337)	1,009
	Deferred Tax		-	-
	<b>Profit After Tax</b>		<b>71,628</b>	<b>271,321</b>
	Balance of Profit brought forward from Last Year		<b>466,246</b>	<b>297,881</b>
	<b>Balance available for appropriation</b>		<b>537,874</b>	<b>569,202</b>
	<b>APPROPRIATIONS</b>			
	(a) Interim dividends paid during the year		-	-
	(b) Proposed Final Dividend		-	88,000
	(c) Dividend distribution tax		-	14,956
	(d) Transfer to any Reserves or Other Accounts		-	-
	<b>Balance carried forward to Balance sheet</b>		<b>537,874</b>	<b>466,246</b>
	<b>Basic &amp; Diluted Earnings per Share</b> (Equity Shares of Face Value of Rs 10 each)		<b>0.33</b>	<b>1.23</b>

Notes to Accounts

16

Schedule No. 1 to 16 form an integral part of the financial statements

For and on behalf of Board of Directors

As per our Report of even date attached.

**S.P. Chopra & Co.**  
Chartered Accountants  
Per

**Raghu Nath Rai & Co.**  
Chartered Accountants  
Per

**B.S. Vishwanathan**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**Sanjiv Gupta**  
Partner  
M No. 83364

**Sharat Prakash**  
Partner  
M No. 96267

**S. Narayanan**  
Managing Director

**Masahiro Ogawa**  
Director (Strategy)

**M.K. Tandon**  
Financial Advisor

**V.S. Rao**  
Company Secretary

New Delhi  
Dated : 24th April, 2008

Annual Report 2007-2008



**IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED**

REGISTRATION NO. 106 Dated 4.12.2000

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008***Rs. in '000*

	Current Year		Previous Year	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Premium received from policyholders, including advance receipts	13,224,057		13,439,058	
Other receipts	5,115		2,656	
Payments to the re-insurers, net of commissions and claims	(1,534,771)		(2,051,809)	
Payments to co-insurers, net of claims recovery	(307,918)		(221,368)	
Payments of claims	(6,159,192)		(5,933,247)	
Payments of commission and brokerage	(909,237)		(920,971)	
Payments of other operating expenses	(2,624,773)		(2,348,262)	
Preliminary and pre-operative expenses	-		-	
Deposits, advances and staff loans	(73,048)		(15,579)	
Income taxes paid (Net)	(134,810)		(98,743)	
Service tax paid	(347,117)		(1,043,215)	
Other payments	-		-	
Cash Flows before extraordinary items	1,138,306		808,520	
Cash Flow from extraordinary operations	-		-	
<b>Net Cash Flow from operating activities</b>		<b>1,138,306</b>		<b>808,520</b>
<b>CASH FLOW FROMS INVESTING ACTIVITIES:</b>				
Purchase of fixed assets	(61,221)		(78,283)	
Proceeds from sale of fixed assets	841		855	
Purchases of investments	(767,156)		(1,146,114)	
Loans disbursed	-		-	
Sales of investments	60,000		21,521	
Repayments received	-		-	
Rents/Interests/Dividends received	708,916		498,669	
Investments in money market instruments and in liquid mutual funds (Net)	-		-	
Expenses related to investments	(4,661)		(4,392)	
<b>Net Cash Flow from investing activities</b>		<b>(63,281)</b>		<b>(707,744)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of share capital	-		-	
Proceeds from borrowing	-		-	
Repayments of borrowing	-		-	
Interest/dividends paid	(102,956)		(100,342)	
<b>Net Cash Flow from financing activities</b>		<b>(102,956)</b>		<b>(100,342)</b>
<b>Effect of foreign exchange rates on cash and cash equivalents, net</b>		<b>-</b>		<b>-</b>
<b>Net Increase /(Decrease) in Cash &amp; Cash equivalents</b>		<b>972,069</b>		<b>434</b>
<b>Cash equivalents at beginning of Year</b>		<b>2,795,559</b>		<b>2,795,125</b>
<b>Cash equivalents at end of Year</b>		<b>3,767,627</b>		<b>2,795,559</b>

As per our Report of even date attached.

For and on behalf of Board of Directors

**S.P. Chopra & Co.**  
Chartered Accountants  
Per

**Raghu Nath Rai & Co.**  
Chartered Accountants  
Per

**B.S. Vishwanathan**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**Sanjiv Gupta**  
Partner  
M No. 83364

**Sharat Prakash**  
Partner  
M No. 96267

**S. Narayanan**  
Managing Director

**Masahiro Ogawa**  
Director (Strategy)

**M.K. Tandon**  
Financial Advisor

New Delhi  
Dated : 24th April, 2008

**V.S. Rao**  
Company Secretary



## IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

#### SCHEDULE – 1

#### PREMIUM EARNED (NET)

*Rs. in '000*

Particulars	CURRENT YEAR				PREVIOUS YEAR			
	FIRE	* MARINE	**MISCELLANEOUS	TOTAL	FIRE	*MARINE	MISCELLANEOUS	TOTAL
Premium from direct business written	2,151,697	664,317	8,465,496	11,281,510	2,910,222	1,282,619	7,251,818	11,444,659
Add : Premium on reinsurance accepted	196,271	30,213	850,349	1,076,833	54,174	16,997	6,238	77,409
	<b>2,347,968</b>	<b>694,530</b>	<b>9,315,845</b>	<b>12,358,343</b>	<b>2,964,396</b>	<b>1,299,616</b>	<b>7,258,056</b>	<b>11,522,068</b>
Less : Premium on reinsurance ceded	1,622,894	277,546	3,080,409	4,980,849	2,397,880	914,706	2,403,782	5,716,368
Net Premium	<b>725,074</b>	<b>416,984</b>	<b>6,235,436</b>	<b>7,377,494</b>	<b>566,516</b>	<b>384,910</b>	<b>4,854,274</b>	<b>5,805,700</b>
Adjustments for changes in Reserve for Unexpired Risks	88,659	(3,701)	895,876	980,834	18,404	81,432	229,870	329,706
<b>Total Premium Earned (Net)</b>	<b>636,415</b>	<b>420,685</b>	<b>5,339,560</b>	<b>6,396,660</b>	<b>548,112</b>	<b>303,478</b>	<b>4,624,404</b>	<b>5,475,994</b>

\* For analysis of the segment of Marine business, refer Schedule 1A

\*\* For analysis of the segment of Miscellaneous business, refer Schedule 1B

#### SCHEDULE – 1A

#### PREMIUM EARNED (NET)

*Rs. in '000*

Particulars	CURRENT YEAR			PREVIOUS YEAR		
	Marine Cargo	Marine Hull	Total	Marine Cargo	Marine Hull	Total
Premium from direct business written	563,707	100,610	664,317	518,214	764,405	1,282,619
Add : Premium on reinsurance accepted	5,076	25,137	30,213	4,140	12,857	16,997
	<b>568,783</b>	<b>125,747</b>	<b>694,530</b>	<b>522,354</b>	<b>777,262</b>	<b>1,299,616</b>
Less : Premium on reinsurance ceded	207,006	70,541	277,546	172,619	742,087	914,706
Net Premium	<b>361,777</b>	<b>55,207</b>	<b>416,984</b>	<b>349,735</b>	<b>35,175</b>	<b>384,910</b>
Adjustments for changes in Reserve for Unexpired Risks	(23,733)	20,032	(3,701)	59,503	21,929	81,432
<b>Total Premium Earned (Net)</b>	<b>385,510</b>	<b>35,175</b>	<b>420,685</b>	<b>290,232</b>	<b>13,246</b>	<b>303,478*</b>

#### SCHEDULE – 1B

#### PREMIUM EARNED (NET)

*Rs. in '000*

Particulars	Motor	Engineering	Aviation	Workmen Compensation	Personal Accident	Public / Product Liability	Health	Other Miscellaneous	Total Miscellaneous
Premium from direct business written	4,991,890	883,176	57,927	84,171	203,772	50,349	1,140,244	1,053,967	8,465,496
Add : Premium on reinsurance accepted	830,541	8,034	5,535	1,060	534	1,856	-	2,789	850,349
	<b>5,822,431</b>	<b>891,210</b>	<b>63,462</b>	<b>85,231</b>	<b>204,306</b>	<b>52,205</b>	<b>1,140,244</b>	<b>1,056,756</b>	<b>9,315,845</b>
Less : Premium on reinsurance ceded	1,443,789	605,085	53,072	12,662	66,534	25,602	185,849	687,815	3,080,409
<b>Net Premium</b>	<b>4,378,642</b>	<b>286,125</b>	<b>10,389</b>	<b>72,568</b>	<b>137,772</b>	<b>26,604</b>	<b>954,394</b>	<b>368,941</b>	<b>6,235,436</b>
Adjustments for changes in Reserve for Unexpired Risks	584,169	3,465	315	5,721	14,681	3,909	232,071	51,547	895,876
<b>Total Premium Earned (Net)</b>	<b>3,794,474</b>	<b>282,660</b>	<b>10,075</b>	<b>66,848</b>	<b>123,091</b>	<b>22,695</b>	<b>722,323</b>	<b>317,394</b>	<b>5,339,560*</b>
<b>Previous Year</b>	<b>3,461,290</b>	<b>263,862</b>	<b>3,592</b>	<b>62,001</b>	<b>108,403</b>	<b>18,445</b>	<b>465,642</b>	<b>241,169</b>	<b>4,624,404</b>

# IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### SCHEDULE – 2

#### CLAIMS INCURRED (NET)

Rs. in '000

Particulars	CURRENT YEAR				PREVIOUS YEAR			
	FIRE	* MARINE	**MISCELLANEOUS	TOTAL	FIRE	*MARINE	**MISCELLANEOUS	TOTAL
<b>Claims Paid</b>								
Direct	1,224,603	786,056	3,784,547	5,795,206	1,445,256	468,621	3,585,347	5,499,224
Add: Reinsurance accepted	226	23,345	2,700	26,271	40	6,588	2	6,630
Less: Reinsurance ceded	896,790	404,721	969,550	2,271,061	1,244,268	150,375	968,858	2,363,501
<b>Net Claims Paid</b>	<b>328,039</b>	<b>404,680</b>	<b>2,817,697</b>	<b>3,550,416</b>	<b>201,028</b>	<b>324,834</b>	<b>2,616,491</b>	<b>3,142,353</b>
Add: Claims Outstanding at the end of the year	230,041	253,831	2,867,395	3,351,267	135,492	228,381	1,490,377	1,854,250
Less: Claims Outstanding at the beginning of the year	135,492	228,381	1,490,377	1,854,250	77,330	130,984	802,352	1,010,666
<b>Total Claims Incurred</b>	<b>422,588</b>	<b>430,130</b>	<b>4,194,715</b>	<b>5,047,433</b>	<b>259,190</b>	<b>422,231</b>	<b>3,304,516</b>	<b>3,985,937</b>

\* For analysis of the segment of Marine business, refer Schedule 2A

\*\* For analysis of the segment of Miscellaneous business, refer Schedule 2B

### SCHEDULE – 2A

#### CLAIMS INCURRED (NET)

Rs. in '000

Particulars	CURRENT YEAR			PREVIOUS YEAR		
	Marine Cargo	Marine Hull	Total	Marine Cargo	Marine Hull	Total
<b>Claims Paid</b>						
Direct	762,889	23,166	786,056	423,944	44,677	468,621
Add: Reinsurance accepted	1,981	21,365	23,345	3,199	3,389	6,588
Less: Reinsurance ceded	384,590	20,132	404,721	118,960	31,415	150,375
<b>Net Claims Paid</b>	<b>380,280</b>	<b>24,400</b>	<b>404,680</b>	<b>308,183</b>	<b>16,651</b>	<b>324,834</b>
Add: Claims Outstanding at the end of the year	235,618	18,213	253,831	199,554	28,827	228,381
Less: Claims Outstanding at the beginning of the year	199,553	28,827	228,381	118,087	12,897	130,984
<b>Total Claims Incurred</b>	<b>416,345</b>	<b>13,785</b>	<b>430,130</b>	<b>389,650</b>	<b>32,581</b>	<b>422,231</b>

### SCHEDULE – 2B

#### CLAIMS INCURRED (NET)

Rs. in '000

Particulars	Motor	Engineering	Aviation	Workmen Compensation	Personal Accident	Public/Product Liability	Health	Other Miscellaneous	Total Miscellaneous
<b>Claims Paid</b>									
Direct	2,108,635	273,046	-	23,020	155,072	683	890,388	333,703	3,784,547
Add: Reinsurance accepted	-	222	2,478	-	-	-	-	-	2,700
Less: Reinsurance ceded	397,974	191,693	-	4,374	43,391	140	171,699	160,279	969,550
<b>Net Claims Paid</b>	<b>1,710,661</b>	<b>81,575</b>	<b>2,478</b>	<b>18,646</b>	<b>111,681</b>	<b>543</b>	<b>718,689</b>	<b>173,424</b>	<b>2,817,697</b>
Add: Claims Outstanding at the end of the year	2,276,997	124,783	-	19,239	68,978	23,471	292,115	61,813	2,867,395
Less: Claims Outstanding at the beginning of the year	1,090,067	102,378	-	8,444	46,417	7,855	135,756	99,460	1,490,377
<b>Total Claims Incurred</b>	<b>2,897,591</b>	<b>103,980</b>	<b>2,478</b>	<b>29,440</b>	<b>134,241</b>	<b>16,159</b>	<b>875,048</b>	<b>135,777</b>	<b>4,194,715</b>
<b>Previous Year</b>	<b>2,239,526</b>	<b>91,399</b>	<b>-</b>	<b>10,697</b>	<b>107,305</b>	<b>5,143</b>	<b>711,937</b>	<b>138,509</b>	<b>3,304,516</b>

## IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

#### SCHEDULE – 3

#### COMMISSION

*Rs. in '000*

Particulars	CURRENT YEAR				PREVIOUS YEAR			
	FIRE	* MARINE	**MISCELLANEOUS	TOTAL	FIRE	*MARINE	**MISCELLANEOUS	TOTAL
Commission Paid								
Direct	132,655	59,816	661,419	853,890	130,372	55,137	650,527	836,036
<b>TOTAL (A)</b>	<b>132,655</b>	<b>59,816</b>	<b>661,419</b>	<b>853,890</b>	<b>130,372</b>	<b>55,137</b>	<b>650,527</b>	<b>836,036</b>
Add : Re-insurance Accepted	25,361	6,450	107,868	139,679	5,462	3,706	985	10,153
Less : Commission on								
Re-insurance ceded	432,228	51,032	549,828	1,033,088	698,250	54,503	508,679	1,261,432
<b>Net Commission</b>	<b>(274,212)</b>	<b>15,234</b>	<b>219,459</b>	<b>(39,519)</b>	<b>(562,416)</b>	<b>4,340</b>	<b>142,833</b>	<b>(415,243)</b>

#### Breakup of the expenses incurred to procure business:

Agents	38,421	26,335	372,759	437,515	34,476	24,679	384,313	443,468
Brokers	83,920	29,602	188,366	301,888	75,197	27,933	181,323	284,453
Corporate Agency	6,992	3,872	91,405	102,269	18,004	2,510	78,292	98,806
Referral	3,322	7	8,889	12,218	2,695	15	6,599	9,309
Others	-	-	-	-	-	-	-	-
<b>TOTAL (B)</b>	<b>132,655</b>	<b>59,816</b>	<b>661,419</b>	<b>853,890</b>	<b>130,372</b>	<b>55,137</b>	<b>650,527</b>	<b>836,036</b>

\* For analysis of the segment of Marine business, refer Schedule 3A.

\*\* For analysis of the segment of Miscellaneous business, refer Schedule 3B

#### SCHEDULE – 3A

#### COMMISSION

*Rs. in '000*

Particulars	CURRENT YEAR			PREVIOUS YEAR		
	Marine Cargo	Marine Hull	Total	Marine Cargo	Marine Hull	Total
Commission Paid						
Direct	54,577	5,239	59,816	51,145	3,992	55,137
<b>TOTAL (A)</b>	<b>54,577</b>	<b>5,239</b>	<b>59,816</b>	<b>51,145</b>	<b>3,992</b>	<b>55,137</b>
Add : Re-insurance Accepted	1,190	5,260	6,450	1,015	2,691	3,706
Less : Commission on						
Re-insurance ceded	42,066	8,966	51,032	32,306	22,197	54,503
<b>Net Commission</b>	<b>13,701</b>	<b>1,533</b>	<b>15,234</b>	<b>19,854</b>	<b>(15,514)</b>	<b>4,340</b>

#### Breakup of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:

Agents	23,624	2,711	26,335	22,793	1,923	24,716
Brokers	27,916	1,686	29,602	26,158	1,683	27,841
Corporate Agency	3,030	842	3,872	2,179	386	2,565
Referral	7	-	7	15	-	15
Others	-	-	-	-	-	-
<b>TOTAL (B)</b>	<b>54,577</b>	<b>5,239</b>	<b>59,816</b>	<b>51,145</b>	<b>3,992</b>	<b>55,137</b>

# IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS SCHEDULE – 3B COMMISSION

Rs. in '000

Particulars	Motor	Engineering	Aviation	Workmen Compensation	Personal Accident	Public/Product Liability	Health	Other Miscellaneous	Total Miscellaneous
Commission Paid Direct	321,281	54,114	739	7,737	13,999	4,093	142,085	117,370	661,419
<b>TOTAL</b>	<b>321,281</b>	<b>54,114</b>	<b>739</b>	<b>7,737</b>	<b>13,999</b>	<b>4,093</b>	<b>142,085</b>	<b>117,370</b>	<b>661,419</b>
Add : Re-insurance Accepted	103,817	1,129	1,077	213	528	593	-	511	107,868
Less : Commission on Re-insurance ceded	210,665	171,377	2,002	3,166	13,856	2,718	44,904	101,139	549,828
<b>Net Commission</b>	<b>214,433</b>	<b>(116,134)</b>	<b>(186)</b>	<b>4,784</b>	<b>671</b>	<b>1,968</b>	<b>97,181</b>	<b>16,742</b>	<b>219,459</b>
<b>Previous Year</b>	<b>226,071</b>	<b>(130,130)</b>	<b>(216)</b>	<b>3,151</b>	<b>(4,836)</b>	<b>1,087</b>	<b>40,696</b>	<b>7,010</b>	<b>142,833</b>

Breakup of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:

Agents	245,479	18,102	180	5,238	6,310	3,680	36,524	57,247	372,759
Brokers	45,705	34,166	560	2,419	6,121	133	54,430	44,831	188,366
Corporate Agency Referral	27,680	1,723	(1)	58	1,214	275	50,743	9,713	91,405
Others	2,417	123	-	22	354	5	388	5,579	8,889
<b>TOTAL (B)</b>	<b>321,281</b>	<b>54,114</b>	<b>739</b>	<b>7,737</b>	<b>13,999</b>	<b>4,093</b>	<b>142,085</b>	<b>117,370</b>	<b>661,419</b>

## SCHEDULE – 4 OPERATING EXPENSES RELATING TO INSURANCE BUSINESS

Rs. in '000

Particulars	CURRENT YEAR				PREVIOUS YEAR			
	FIRE	* MARINE	**MISCELLANEOUS	TOTAL	FIRE	*MARINE	**MISCELLANEOUS	TOTAL
1 Employees remuneration and welfare benefits	77,029	23,782	303,059	403,870	88,502	39,005	220,534	348,041
2 Travel, Conveyance and vehicle running expenses	16,657	5,143	65,536	87,336	19,889	8,765	49,559	78,213
3 Training expenses	3,715	1,147	14,615	19,477	7,962	3,509	19,840	31,311
4 Rent, rates and taxes	18,043	5,571	70,988	94,602	19,688	8,677	49,060	77,425
5 Repairs	9,072	2,801	35,694	47,567	7,397	3,260	18,431	29,088
6 Printing and Stationery	10,124	3,126	39,832	53,082	14,154	6,238	35,271	55,663
7 Communication	9,535	2,944	37,515	49,994	9,661	4,258	24,074	37,993
8 Legal and professional charges	157,002	48,473	617,700	823,175	210,516	92,781	524,574	827,871
9 Auditor's fees, expenses etc.	-	-	-	-	-	-	-	-
(a) As Auditor	343	106	1,351	1,800	305	134	761	1,200
(b) As advisor or in any other capacity in respect of	-	-	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-
10 Advertisement and publicity	22,483	6,941	88,455	117,879	64,154	28,274	159,862	252,290
11 Interest and Bank charges	2,906	897	11,432	15,235	3,297	1,453	8,216	12,966
Others:								
12 Policy Stamps	84	-	1,918	2,002	104	-	1,530	1,634
Information & Technology Expenses	9,902	3,057	38,959	51,918	13,364	5,890	33,301	52,555
Electricity & Water Charges	4,271	1,319	16,805	22,395	4,256	1,876	10,607	16,739
Courtesies & Entertainment	3,075	949	12,098	16,122	4,136	1,823	10,307	16,266
Others	24,629	7,603	96,889	129,121	34,186	15,066	85,185	134,437
Depreciation	14,311	4,419	56,305	75,035	17,873	7,878	44,539	70,290
<b>TOTAL</b>	<b>383,181</b>	<b>118,278</b>	<b>1,509,151</b>	<b>2,010,610</b>	<b>519,444</b>	<b>228,887</b>	<b>1,295,651</b>	<b>2,043,982</b>

\* For analysis of the segment of Marine business, refer Schedule 4A.

\*\* For analysis of the segment of Miscellaneous business, refer Schedule 4B

## IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**  
**SCHEDULE – 4A**  
**OPERATING EXPENSES RELATING TO INSURANCE BUSINESS**

*Rs. in '000*

Particulars	CURRENT YEAR			PREVIOUS YEAR		
	Marine Cargo	Marine Hull	Total	Marine Cargo	Marine Hull	Total
1 Employees remuneration and welfare benefits	20,180	3,602	23,782	15,759	23,246	39,005
2 Travel, Conveyance and vehicle running expenses	4,364	779	5,143	3,541	5,224	8,765
3 Training expenses	973	174	1,147	1,418	2,091	3,509
4 Rent, rates and taxes	4,727	844	5,571	3,506	5,171	8,677
5 Repairs	2,377	424	2,801	1,317	1,943	3,260
6 Printing and Stationery	2,652	473	3,126	2,520	3,718	6,238
7 Communication	2,498	446	2,944	1,720	2,538	4,258
8 Legal and professional charges	41,132	7,341	48,473	37,486	55,295	92,781
9 <u>Auditor's fees, expenses etc.</u>						
(a) As Auditor	90	16	106	54	80	134
(b) As advisor or in any other capacity in respect of	-	-	-	-	-	-
Taxation matters	-	-	-	-	-	-
© In any other capacity	-	-	-	-	-	-
10 Advertisement and publicity	5,890	1,051	6,941	11,423	16,851	28,274
11 Interest and Bank charges	761	136	897	587	866	1,453
12 Others:						
Policy Stamps	-	-	-	-	-	-
Information & Technology Expenses	2,594	463	3,057	2,380	3,510	5,890
Electricity & Water Charges	1,119	200	1,319	758	1,118	1,876
Courtesies & Entertainment	806	144	949	737	1,086	1,823
Others	6,452	1,152	7,603	6,087	8,979	15,066
Depreciation	3,749	669	4,419	3,183	4,695	7,878
	<b>100,365</b>	<b>17,913</b>	<b>118,278</b>	<b>92,476</b>	<b>136,411</b>	<b>228,887</b>

# IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS SCHEDULE – 4 B OPERATING EXPENSES RELATING TO INSURANCE BUSINESS

Rs. in '000

Particulars	Motor	Engineering	Aviation	Workmen Compensation	Personal Accident	Public/Product Liability	Health	Other Miscellaneous	Total Miscellaneous
1. Employees remuneration and welfare benefits	178,706	31,617	2,074	3,013	7,295	1,802	40,820	37,731	303,059
2 Travel, Conveyance and vehicle running expenses	38,645	6,837	448	652	1,578	390	8,827	8,159	65,536
3 Training expenses	8,618	1,525	100	145	352	87	1,969	1,820	14,615
4 Rent, rates and taxes	41,860	7,406	486	706	1,709	422	9,562	8,838	70,988
5 Repairs	21,048	3,724	244	355	859	212	4,808	4,444	35,694
6 Printing and Stationery	23,488	4,156	273	396	959	237	5,365	4,959	39,832
7 Communication	22,122	3,914	257	373	903	223	5,053	4,671	37,515
8 Legal and professional charges	364,242	64,443	4,227	6,142	14,869	3,674	83,200	76,905	617,700
9 Auditor's fees, expenses etc.									
(a) As Auditor	796	141	9	13	33	8	182	168	1,351
(b) As advisor or in any other capacity in respect of Taxation matters	-	-	-	-	-	-	-	-	-
(c) In any other capacity	-	-	-	-	-	-	-	-	-
10 Advertisement and publicity	52,160	9,228	605	879	2,129	526	11,914	11,013	88,455
11 Interest and Bank charges	6,741	1,193	78	114	275	68	1,540	1,423	11,432
12 Others:									
Policy Stamps	1,131	200	13	19	46	-	258	250	1,918
Information & Technology Expenses	22,973	4,065	267	387	938	232	5,248	4,851	38,959
Electricity & Water Charges	9,910	1,753	115	167	405	100	2,264	2,092	16,805
Courtesies & Entertainment	7,134	1,262	83	120	291	72	1,630	1,506	12,098
Others	57,133	10,108	663	963	2,332	576	13,050	12,063	96,889
Depreciation	33,202	5,874	385	560	1,355	335	7,584	7,010	56,305
<b>TOTAL</b>	<b>889,909</b>	<b>157,446</b>	<b>10,327</b>	<b>15,004</b>	<b>36,328</b>	<b>8,964</b>	<b>203,274</b>	<b>187,903</b>	<b>1,509,151</b>
<b>Previous Year</b>	<b>802,027</b>	<b>162,283</b>	<b>7,967</b>	<b>15,400</b>	<b>31,162</b>	<b>6,565</b>	<b>128,436</b>	<b>141,811</b>	<b>1,295,651</b>

## SCHEDULE – 5 SHARE CAPITAL

Rs. in '000

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
1	Authorised Capital 250000000 Equity Shares of Rs 10 each	2,500,000	2,500,000
2	Issued Capital 220000000 Equity Shares of Rs 10 each	2,200,000	2,200,000
3	Subscribed Capital 220000000 Equity Shares of Rs 10 each	2,200,000	2,200,000
4	Called up Capital 220000000 Equity Shares of Rs 10 each Less: Calls unpaid Add: Equity Shares forfeited (amount originally paid up) Less: Par Value of Equity Shares bought back Less: preliminary Expenses Expenses including commission or brokerage on underwriting or subscription of shares	2,200,000 - - - - -	2,200,000 - - - - -
	<b>TOTAL</b>	<b>2,200,000</b>	<b>2,200,000</b>

## IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

#### SCHEDULE – 5A

#### SHARE CAPITAL

#### PATTERN OF SHAREHOLDING

(As certified by the Management)

	As at 31st March, 2008		As at 31st March, 2007	
	Number of Shares	% of Holding	Number of Shares	% of Holding
<b>Promoters</b>				
Indian	162800000	74	162800000	74
Foreign	57200000	26	57200000	26
Others	-	-	-	-
<b>TOTAL</b>	<b>220000000</b>	<b>100</b>	<b>220000000</b>	<b>100</b>

#### SCHEDULE – 6

#### RESERVES AND SURPLUS

*Rs. in '000*

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	300,000	300,000
4	General Reserve	-	-
	Less: Debit balance in Profit and Loss Account	-	-
	Less: Amount utilized for Buy Back	-	-
5	Catastrophe Reserve	1,166	1,166
6	Other Reserves (to be specified)	-	-
7	Balance of Profit in Profit & Loss account	537,874	466,246
	<b>TOTAL</b>	<b>839,040</b>	<b>767,412</b>

#### SCHEDULE – 7

#### BORROWINGS

*Rs. in '000*

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
1	Debentures/Bonds	-	-
2	Banks	-	-
3	Financial Institutions	-	-
4	Others	-	-
	<b>TOTAL</b>	<b>-</b>	<b>-</b>

#### SCHEDULE – 8

#### INVESTMENTS

*Rs. in '000*

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
	<b>LONG TERM INVESTMENTS</b>		
1	Govt Securities and Govt guaranteed Bonds incl Treasury Bills (Refer Note 1)	3,204,900	2,845,569
2	Other Approved Securities	-	-
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/Bonds (Housing)	704,497	718,506
	(e) Other Securities	-	-
	(f) Subsidiaries	5,000	5,000
	(g) Investment Properties - Real Estate	-	-
4	Investment in Infrastructure and Social Sector	1,299,140	1,104,065
5	Other than approved investments	-	-

# IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

## SCHEDULE – 8 INVESTMENTS (CONTD.)

Rs. in '000

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
	<b>SHORT TERM INVESTMENTS</b>		
1	Govt Securities, Govt guaranteed Bonds incl Treasury Bills	85,833	-
2	Other Approved Securities	-	-
3	Other Investments		
(a)	Shares	-	-
(aa)	Equity	-	-
(bb)	Preference	-	-
(b)	Mutual Funds	-	-
(c)	Derivative Instruments	-	-
(d)	Debentures/Bonds (Housing)	120,324	20,000
(e)	Other Securities	-	-
(f)	Subsidiaries	-	-
(g)	Investment Properties - Real Estate	-	-
4	Investment in Infrastructure and Social Sector	10,000	45,000
5	Other than approved investments	-	-
	<b>TOTAL</b>	<b>5,429,694</b>	<b>4,738,140</b>

- Government securities include deposits held under Section 7 of Insurance Act 1938 having book value of Rs. 109,495 thousand and market value of Rs. 108,916 thousand on date of deposit of securities (Previous year book value Rs. 110,052 and market value as on date of deposit Rs.109,341 thousand)
- Aggregate amount of company's investment other than listed equity securities and derivative instruments is Rs. 542,694 thousand (Previous year Rs. 4,738,140 thousand) Market value of such investments as at 31.03.2008 is Rs. 5,263,704 thousand (Previous year Rs. 4,521,321 thousand)

## SCHEDULE – 9 LOANS

Rs. in '000

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
<b>1</b>	<b>Securitywise Classification</b>		
	Secured		
(a)	On mortgage of property	-	-
(aa)	in India	-	-
(bb)	outside india	-	-
(b)	On shares, Bonds, Govt Securities, etc.	-	-
(c)	others	-	-
	Unsecured	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>2</b>	<b>Borrowerwise Classification</b>		
(a)	Central and State Governments	-	-
(b)	Banks and Financial Institutions	-	-
(c)	Subsidiaries	-	-
(d)	Industrial Undertakings	-	-
(e)	Others	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>3</b>	<b>Performancewise Classification</b>		
(a)	Loans classified as standard		
(aa)	in India	-	-
(bb)	outside India	-	-
(b)	Non performing loans less provisions	-	-
(aa)	in India	-	-
(bb)	outside India	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>
<b>4</b>	<b>Maturitywise Classification</b>		
(a)	Short Term	-	-
(b)	Long Term	-	-
	<b>TOTAL</b>	<b>-</b>	<b>-</b>



## IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**  
**SCHEDULE – 10**  
**FIXED ASSETS**

Particulars	Gross Block				Depreciation			Net Block		
	As at 31st March, 2007	Additions during the year	Sales/Adjustment during the year	As at 31st March 2008	Upto 31st March, 2007	For the year	On Sales/adjustments	Upto 31st March 2008	As at 31st March 2008	As at 31st March 2007
Goodwill	-	-	-	-	-	-	-	-	8,044	12,984
Computer Software	86,692	1,171	-	87,863	73,708	6,111	-	79,819	-	-
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	135,011	14,647	-	149,658	74,926	29,171	-	104,096	45,562	60,086
Information Technology Equipment	191,737	40,929	204	232,462	132,993	37,828	79	170,742	61,720	58,744
Vehicles	3,004	-	-	3,004	458	285	-	743	2,261	2,548
Office Equipment	35,797	3,089	4,575	34,311	6,945	1,640	1,259	7,326	26,985	28,851
Others	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>452,241</b>	<b>59,836</b>	<b>4,779</b>	<b>507,298</b>	<b>289,030</b>	<b>75,035</b>	<b>1,338</b>	<b>362,726</b>	<b>144,572</b>	<b>163,213</b>
Work in Progress	1,038	1,185	1,038	1,185	-	-	-	-	1,185	1,038
<b>Grand Total</b>	<b>453,279</b>	<b>61,021</b>	<b>5,817</b>	<b>508,483</b>	<b>289,030</b>	<b>75,035</b>	<b>1,338</b>	<b>362,726</b>	<b>145,757</b>	<b>164,251</b>
Previous Year	382,680	90,194	19,595	453,279	221,857	70,290	3,119	289,028	164,251	160,823

# IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS SCHEDULE – 11 CASH AND BANK BALANCES

Rs. in '000

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
1	Cash (including cheques, drafts and stamps)	6.666	14,993
2	<b>Bank Balances</b>		
	(a) Deposit Accounts	-	-
	(aa) Short term (due within 12 months)	3,426,700	2,591,556
	(bb) Others	-	-
	(b) Current Accounts	334,261	189,010
	(c) Others	-	-
3	Money at call & short notice		
	With Banks	-	-
	With Other Institutions	-	-
4	Others	-	-
	<b>TOTAL</b>	<b>3,767,627</b>	<b>2,795,559</b>

Balances with non-scheduled banks included in 2 and 3 above

-

-

## SCHEDULE – 12 ADVANCES AND OTHER ASSETS

Rs in '000

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
	<b>ADVANCES</b>		
1	Reserve Deposit with ceding Companies	-	-
2	Application Money for Investments	-	-
3	Prepayments	16,633	12,502
4	Advance to Directors / Officers	-	-
5	Advance Tax Paid and Tax Deducted at source (Net of provision for taxation)	20,908	2,761
6	Deposit towards Rent	36,942	29,407
7	Service Tax Recoverable	6,354	209,187
8	Others	79,821	27,930
	<b>TOTAL (A)</b>	<b>160,658</b>	<b>281,787</b>
	<b>OTHER ASSETS</b>		
1	Income accrued on Investments / FDRs	262,154	220,025
2	Outstanding Premiums	10,721	38,157
3	Agents' balances	-	-
4	Foreign Agencies Balances	-	-
5	Due from entities carrying on insurance business (including reinsurers)	1,880,724	698,188
6	Due from Subsidiaries/holding	22,101	8,479
7	Deposit with Reserve Bank of India(Pursuant to section 7 of Insurance Act, 1938)	-	-
8	Others	-	-
	<b>TOTAL (B)</b>	<b>2,175,700</b>	<b>964,849</b>
	<b>TOTAL (A+B)</b>	<b>2,336,358</b>	<b>1,246,636</b>

## IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

### SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

#### SCHEDULE – 13

#### CURRENT LIABILITIES

*Rs. in '000*

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
1	Agents Balances	80,666	64,981
2	Balances due to other insurance companies (including reinsurers)	482,413	98,180
3	Deposits held on reinsurances ceded	-	-
4	Premiums received in advance	386,775	452,612
5	Unallocated Premium	-	-
6	Sundry Creditors	216,908	169,553
7	Due to subsidiaries/holding company	-	-
8	Claims outstanding	3,351,267	1,854,250
9	Due to Officers / Directors	-	-
10	Deposit Premium	214,162	229,754
11	Employee Benefits	42,454	40,270
	<b>TOTAL</b>	<b>4,774,645</b>	<b>2,909,600</b>

#### SCHEDULE – 14

#### PROVISIONS

*Rs. in '000*

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
(1)	(2)	(3)	(4)
1	Reserve for Unexpired Risk	3,951,451	2,970,618
2	For taxation (less advance tax paid and taxes deducted at source)	-	-
3	For Proposed Dividends	-	88,000
4	For Dividend Distribution Tax	-	14,956
5	Premium Deficiency	-	10,000
	<b>TOTAL</b>	<b>3,951,451</b>	<b>3,083,574</b>

#### SCHEDULE – 15

#### MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

*Rs. in '000*

SI No.	Particulars	As at 31st March, 2008	As at 31st March, 2007
1	Discount allowed in issue of shares/debentures	-	-
2	Others	-	-
	<b>TOTAL</b>	<b>-</b>	<b>-</b>



# **Accounting Policies & Notes on Accounts**

## Schedule 16: Notes on Accounts

### A. Significant Accounting Policies

#### 1. Accounting Convention:

The financial statements have been prepared under the historical cost convention and on the accrual basis of accounting in accordance with the generally accepted accounting principles and conform to the statutory requirements prescribed under the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938, the Companies Act, 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India except otherwise stated.

#### 2. Use of Estimates


The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent assets & liabilities. Such estimates and assumptions are based on the management's evaluation of the relevant facts and circumstances as on the date of financial statements. Any

revision to the accounting estimates is recognized in the period in which the results are known/ materialized.

#### 3. Revenue Recognition

3.1 Premium and cession thereof are recognized over the contract period or the period of the risk in respective revenue account following 1/365 method except in marine cargo business where premium is recognized after 60 days from the date of inception of the risk. In respect of reinsurance inward acceptances from the Indian Motor Third party Insurance Pool, the earned premium is recognized in accordance with the advices received from the Pool.

Reserve for unexpired risk representing premium attributable to the succeeding accounting period is maintained subject to minimum amount of reserve as required under section 64V (1) (ii) (b) of the Insurance Act, 1938 except for reinsurance premium acceptances in respect of Terrorism Pool for Fire and Engineering classes where the Reserve for Unexpired Risk is maintained at hundred percent of the net premium.



3.2 Any subsequent revision to the premium under the policies is accounted for in the year in which they arise.

3.3 Premium deficiency is recognized whenever expected claim costs, related expenses and maintenance costs exceeds related reserve for unexpired risks for each major class of business viz. Fire, Marine & Miscellaneous.

3.4 Reinsurance Inward acceptances are accounted for on the basis of returns, to the extent received, from the insurers.

3.5 Commission on reinsurance cessions are recognized as income in the year in which the premium is ceded. Profit commission under reinsurance treaties, wherever applicable, is recognized on the determination of profit for the year.

3.6 Interest Income is recognized on accrual basis.

3.7 Dividend income is recognized when the right to receive dividend is established.

3.8 Profit or Loss on sale / redemption of investments which is the difference between consideration and carrying value is recognized on trade date and includes effects of accumulated fair value changes,

previously recognized, for specific investments sold / redeemed during the year.

**4. Allocation of Investment Income between Revenue Accounts and Profit and Loss Account:**

Investment income is apportioned to Profit and Loss Account and Revenue Accounts in the ratio of average of Shareholders Funds and Policyholders Funds standing in each class of business at the end of each month.

**5. Claims Incurred:**

5.1 Liability in respect of claims is provided for the intimations received up to the year-end based on the surveyor's assessment, information provided by the insured, judgment based on past experience and other applicable laws and practices. However, in respect of claims under re-insurance acceptances, the claim liability is provided based on the returns / advices, to the extent received, from the re-insurers.

5.2 Liability in respect of claims incurred but not reported (IBNR) and inadequate reserves (IBNER) is provided for on actuarial basis as certified by the "Appointed Actuary".

5.3 Salvage/Recoveries under claims are netted against "Claims Incurred" and are accounted for on realization.

## 6. Allocation of Operating Expenses

Operating expenses other than policy stamps are apportioned to respective revenue accounts on the basis of direct written premium in each class of business at the end of financial year. Expenses relating to policy stamps are directly taken to the respective revenue accounts. Expenses incurred and/or allocable exclusively for earning investment income are charged to Profit and Loss account.

## 7. Acquisition Cost of insurance contracts

Cost relating to acquisition of new/renewal of insurance contracts are charged in the year in which they are incurred.

## 8. Investments

8.1 Debt securities including Government securities are considered as held to maturity and are valued at cost subject to amortization by charging off/crediting investment income with the difference of acquisition cost and maturity value over the unexpired period of maturity on straight line method.

8.2 Investments in units of mutual funds are valued at Net Asset Value (NAV) and the unrealized gains / losses are accounted in the 'Fair Value Change Account'.

8.3 Investment in subsidiary company is valued at cost less permanent

diminution.

8.4 Investment maturing within twelve months from the Balance Sheet date and investments made with specific intention to dispose off within twelve months are classified as Short term Investments. Other investments are classified as Long term Investments.

## 9. Fixed Assets:

Fixed Assets are stated at their cost of acquisition less accumulated depreciation.

## 10. Depreciation

10.1 Depreciation on Fixed Assets is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 except

- i) Fixtures in rented premises are depreciated proportionately over the residual lease period.
- ii) Information Technology Equipments are depreciated over their useful life of three years on straight line method.

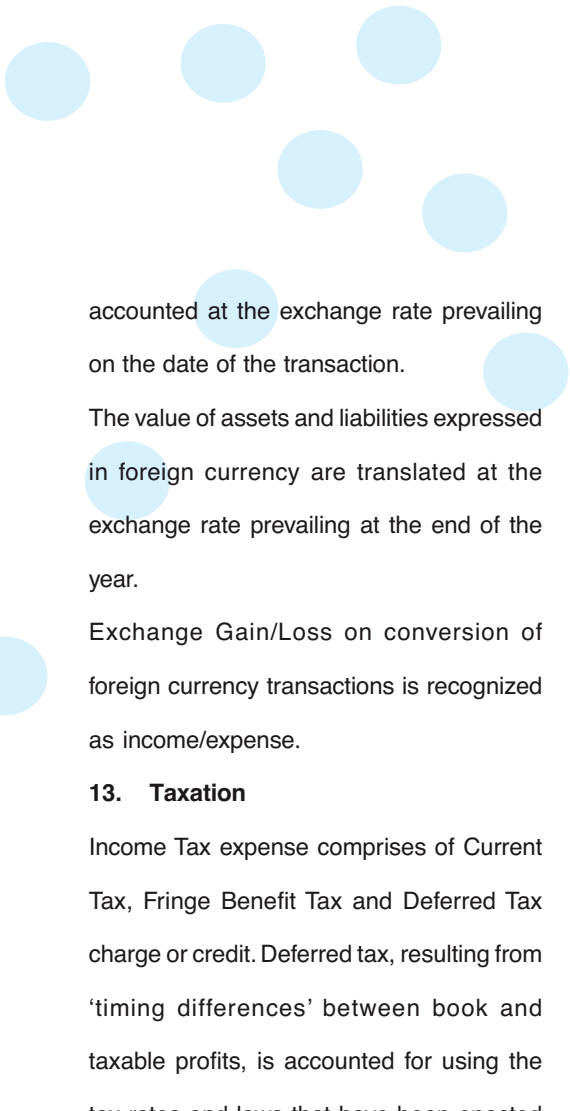
10.2 Software is amortized over its useful life of three years on straight line method.

## 11. Pre-Paid Expenses

Expenditure upto Rs. 25,000 in each case is accounted for in the year in which the same is incurred.

## 12. Foreign Currency Transactions

Transactions in foreign currency are



accounted at the exchange rate prevailing on the date of the transaction.

The value of assets and liabilities expressed in foreign currency are translated at the exchange rate prevailing at the end of the year.

Exchange Gain/Loss on conversion of foreign currency transactions is recognized as income/expense.

### **13. Taxation**

Income Tax expense comprises of Current Tax, Fringe Benefit Tax and Deferred Tax charge or credit. Deferred tax, resulting from 'timing differences' between book and taxable profits, is accounted for using the tax rates and laws that have been enacted or substantively enacted. The deferred tax asset is recognized and carried only to the extent that there is a reasonable certainty that the asset will be realized in future.

### **14. Employees Benefits**

14.1 The Liability for Gratuity is covered by the " Group Gratuity Cash Accumulation Scheme" of Life Insurance Corporation of India (LIC).

The liability is provided /paid as determined by LIC under the said scheme based on actuarial valuation.

14.2 Liability for leave encashment is

provided for on the basis of actuarial valuation.

14.3 Provident Fund and Family Pension Scheme contributions and liability towards Leave Travel Assistance (LTA) are accounted for on accrual basis.

### **15. Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date for indications of any impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Any such impairment loss is recognized by charging it to the profit and loss account. A previously recognized impairment loss is reversed where it no longer exists and the asset is restated to that effect.

### **16. Provisions**

A provision, other than those relating to contract with policy holders, arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.



## B. Notes forming part of accounts

1. The company has all the assets within India. The assets of the company are free from all encumbrances.
2. a) Commitments made and outstanding for loans and investments are Nil (Previous Year-Nil)
  - b) The company has committed Rs 8,072 Thousand (Previous Year Rs. 5,812 Thousand) for the purchase of fixed assets.
3. Claims, less reinsurance, paid to claimants in/outside India during the year under various class of business are as under:

*(Amount in Rs. '000)*

Class of Business	In India		Outside India	
	Year ended 31.3.2008	Year ended 31.3.2007	Year ended 31.3.2008	Year ended 31.3.2007
Fire	328,039	201,028	Nil	Nil
Marine	404,680	324,834	Nil	Nil
Miscellaneous	2,817,697	2,616,491	Nil	Nil

4. Age-wise breakup of claims outstanding on Gross basis under various class of business at 31<sup>st</sup> March, 2008 is as under:

*(Amount in Rs. '000)*

Class of Business	Outstanding for more than 6 months		Other Claims	
	As at 31.3.2008	As at 31.3.2007	As at 31.3.2008	AS at 31.3.2007
Fire	508,454	378,121	1,467,437	447,826
Marine	190,351	137,098	237,517	468,250
Miscellaneous	1,305,421	817,546	1,225,343	873,616

5. Claims settled and remaining unpaid for a period of more than six months as at 31<sup>st</sup> March, 2008 is NIL (Previous Year Nil).

6. (a) Premium less reinsurances written during the year under various classes of business is as under:

(Amount in Rs. '000)

Class of Business	In India		Outside India	
	Year ended 31.3.2008	Year ended 31.3.2007	Year ended 31.3.2008	Year ended 31.3.2007
Fire	725,074	566,516	Nil	Nil
Marine	416,984	384,910	Nil	Nil
Miscellaneous	6,235,436	4,854,274	Nil	Nil

(b) No premium income is recognized on "varying risk pattern" basis.

(c) Extent of risk retained and reinsured is as under:

Class of Business	Risk Retained		Risk Reinsured	
	Year ended 31.3.2008	Year ended 31.3.2007	Year ended 31.3.2008	Year ended 31.3.2007
Fire	30.88%	19.11%	69.12%	80.89%
Marine	60.04%	29.62%	39.96%	70.38%
Miscellaneous	66.93%	66.88%	33.07%	33.12%

7. All the investments held by the company as at 31<sup>st</sup> March,2008 and 31<sup>st</sup> March,2007 are performing investments.

8. Value of Contracts in relation to Investments for :

(Amount in Rs. '000)

	As at 31.3.2008	As at 31.3.2007
Purchases where deliveries are pending	50,000	Nil
Sales where payments are overdue	Nil	Nil

9. Details of investments made as per statutory requirements under Section 7 of Insurance Act,1938 is as follows:

(Amount in Rs. '000)

Nature of Investment	As at 31.3.2008	As at 31.3.2007
Book Value	109,495	110,052
Market Value as on date of deposit of security	108,917	109,341

10. Sectorwise business executed by the company is as follows:

	Year ended 31.3.2008	Year ended 31.3.2007
Urban areas	94.64%	90.95%
Rural areas	5.36%	9.01%
Social sector	0.03%	0.04%
Gross Premium	Rs. 3539 thousand	Rs. 4068 Thousand
Number of lives covered (Estimated)	833 thousand	813 Thousand

11. Managerial remuneration paid during the year is as under:

(Amount in Rs. '000)

	Year ended 31.3.2008		Year ended 31.3.2007	
	Managing Director	Whole-time Director	Managing Director	Whole-time Director
Salaries and Allowances	7,227	5,908	7,069	3,904
Perquisites				
Contribution for Provident Fund	380	67	324	-
Contribution for Gratuity	180	65	133	-
<b>Total</b>	<b>7,787</b>	<b>6,040</b>	<b>7,526</b>	<b>3,904</b>

The remuneration paid to Managing director has been approved by IRDA.

12. The transactions between the company and its related parties during the year as envisaged under Accounting Standard (AS-18) are as under:

(Amount in Rs. '000)

Name of the Related Parties	Indian Farmers Fertilisers Coop. Ltd		Tokio Marine Asia Pte Ltd. (formerly (Millea Asia Pte Ltd)		Tokio Marine & Fire Insurance Co Ltd		Tokio Marine Global Re Ltd.		IFFCO-TOKIO Insurance Services Ltd.	
	Promoters with more than 20% Voting rights		Promoters with more than 20% Voting rights		Associate of Promoter with more than 20% Voting rights		Associate of Promoter with more than 20% Voting rights		Subsidiary of the Company with 100% Voting rights	
Nature of Related party relationship	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
<b>Description of nature of transactions</b>										
Premium collected from direct business	426467	476688	-	-	-	-	-	-	551	395
Claims paid on direct basis	174155	173500	-	-	-	-	-	-	262	364
Premium on cessions to re-insurers	-	-	-	-	59943	36437	120597	171728	-	-
Commission earned on premium cessions	-	-	-	-	13200	8056	38874	58939	-	-
Losses recovered from Reinsures	-	-	-	-	55080	16861	77521	67769	-	-
Payment of Rent and other expenses	21509	19296	-	-	-	-	-	-	-	-
Recovery of Expenses	-	-	-	-	-	-	-	-	17124	15213
Payment of Commission & Charges	-	-	-	-	-	-	-	-	230974	169484
Investment in Equity	-	-	-	-	-	-	-	-	5000	5000
Payment of Dividend	63920	63923	22880	22880	-	-	-	-	-	-
Deposits for insurance Premium	2500	2500	-	-	-	-	-	-	-	-
Amounts payable / (receivable) at the Balance Sheet date	Nil	(1965)	-	-	(29630)	6152	(7888)	(13201)	(22101)	(8479)

Note: Remuneration to Key Management Personnel viz. Managing Director, and Other whole time Directors is given in Note No 11.

13. Segments of the company in accordance with the Accounting Standard (AS-17) are as follows.

a) Business Segments

(Amount in Rs. '000)

	Year ended 31 <sup>st</sup> March, 2008	Year ended 31 <sup>st</sup> March, 2007
<b>SEGMENT REVENUE:</b>		
Fire Insurance	2,394,339	3,003,650
Marine Insurance	757,999	1,334,105
Motor Insurance-OD	3,658,138	3,654,447
Motor Insurance-TP	2,459,728	1,043,412
Engineering Insurance	913,218	927,049
Workmen Compensation Insurance	90,435	89,935
Personal Accident Insurance	213,890	180,959
Product Liability Insurance	53,972	37,899
Health Insurance	1,196,483	746,979
Other Insurance	1,146,410	857,123
Investments	219,868	218,013
<b>Total</b>	<b>13,104,480</b>	<b>12,093,571</b>
<b>SEGMENT RESULT: Profit/(Loss)</b>		
Fire Insurance	149,868	369,702
Marine Insurance	(79,151)	(317,530)
Motor Insurance-OD	745,938	394,519
Motor Insurance-TP	(657,963)	8,033
Engineering Insurance	159,377	156,235
Workmen Compensation Insurance	22,823	36,494
Personal Accident Insurance	(38,564)	(18,687)
Product Liability Insurance	(2,630)	6,765
Health Insurance	(396,938)	(387,328)
Other Insurance	(853)	(36,720)
Investments	215,207	213,621
Unallocable	1,477	(529)
<b>Total</b>	<b>118,591</b>	<b>424,575</b>
Less Provision for Taxation	46,963	153,254
Profit After Tax	71,627	271,321
<b>SEGMENT ASSETS:</b>		
Fire Insurance	-	-
Marine Insurance	-	-
Motor Insurance	-	-
Engineering Insurance	-	-
Workmen Compensation Insurance	-	-
Personal Accident Insurance	-	-
Product Liability Insurance	-	-
Health Insurance	-	-
Other Insurance	-	-
Investments	8,856,394	7,329,696
<b>Total:</b>	<b>8,856,394</b>	<b>7,329,696</b>
Add: Unallocable Assets	2,908,743	1,630,890
<b>Total</b>	<b>11,765,137</b>	<b>8,960,586</b>

**SEGMENT LIABILITIES:**

Fire Insurance	947,470	831,138
Marine Insurance	500,936	489,187
Motor Insurance-OD	1,894,813	2,226,671
Motor Insurance-TP	2,224,346	6,28,036
Engineering Insurance	245,444	219,575
Workmen Compensation Insurance	47,268	30,752
Personal Accident Insurance	139,989	102,731
Product Liability Insurance	51,640	73,392
Health Insurance	776,176	484,522
Other Insurance	861,412	201,476
Investments	-	-
<b>Total:</b>	<b>7,689,493</b>	<b>5,287,480</b>
Add: Unallocable Liabilities	1,036,604	705,694
<b>Total</b>	<b>8,726,097</b>	<b>5,993,174</b>
<b>Cost incurred to acquire segment assets ( Fixed Assets):</b>		
Fire Insurance	-	-
Marine Insurance	-	-
Motor Insurance	-	-
Engineering Insurance	-	-
Workmen Compensation Insurance	-	-
Personal Accident Insurance	-	-
Product Liability Insurance	-	-
Health Insurance	-	-
Other Insurance	-	-
Investments	-	-
<b>Total:</b>	<b>-</b>	<b>-</b>
Add: Unallocable Fixed assets	61,021	90,194
<b>Total</b>	<b>61,021</b>	<b>90,194</b>
<b>Amount of expenses included in segment result for depreciation and amortization in respect of assets:</b>		
Fire Insurance	14,311	17,873
Marine Insurance	4,418	7,878
Motor Insurance-OD	22,938	21,412
Motor Insurance-TP	10,265	6,158
Engineering Insurance	5,874	5,579
Workmen Compensation Insurance	560	529
Personal Accident Insurance	1,355	1,071
Product Liability Insurance	335	226
Health Insurance	7,584	4,415
Other Insurance	7,395	5,149
Investments	-	-
<b>Total:</b>	<b>75,035</b>	<b>70,290</b>
Add: Unallocable Expenses		-
<b>Total</b>	<b>75,035</b>	<b>70,290</b>

Assets and Liabilities of the company, which are not identifiable with any of the segments, have been classified as unallocable.

b) Geographical Segment

Since the Company's entire business is conducted within India, there is no reportable Geographical Segmentation for the year.

14. The break up of deferred tax assets and liabilities into major components at the year end is as below:

(Amount in Rs. '000)

Particulars	As at 31.3.2008		As at 31.3.2007	
	Liabilities	Assets	Liabilities	Assets
Depreciation	-	10,396	-	1,659
Expenditure accrued but not deductible for tax purposes, allowable on actual payment	-	14,446	-	14,341
Unexpired Risk reserve provided in excess of limit specified in Income Tax Act.	-	60,858	-	-
<b>Total</b>	<b>-</b>	<b>85,700</b>	<b>-</b>	<b>16,000</b>
<b>Net Deferred tax asset</b>		<b>85,700</b>	<b>-</b>	<b>16,000</b>

15. The investments as at the year end have not been allocated into Policy Holders and Shareholders as the same are not specifically earmarked separately.
16. No depreciation is allocable to the Profit and Loss Account based on the 'use' of the asset
17. In terms of the directions issued by the IRDA, Indian Motor Third party Insurance Pool was formed w.e.f 1st April 2007. The Pool is a multilateral reinsurance arrangement wherein all direct business written in respect of motor Third Party on commercial Vehicles is ceded into the Pool. In accordance with the sharing pattern agreed to amongst the members and the pool, the Company's share of revenue & expenses have been incorporated in the accounts of the year based on the returns received from pool.
18. As per the accounting practice followed, the company does not capture the information under the expenses head specified by IRDA for additional disclosure vide their circular no. 067/IRDA/F&A/CIR/MAR-08 dated 28<sup>th</sup> March'08. The company has sought clarification with regard to their composition. Pending receipt of clarification/advice from IRDA, expenses relatable to these activities/transactions cannot be quantified and disclosed accordingly.

19. Employee Benefits

a. General description of the defined benefit scheme:

Gratuity	Payable on separation @ 15 days pay for each completed year of service to eligible employees who render continuous service of 5 years or more.
Leave Encashment	Payable on separation to the eligible employees who have accumulated earned leave.

b. Other disclosures as required under AS-15 (Revised 2005) on "Employee Benefits" in respect of defined benefit obligations are as under:

i. Expenses recognized in Profit & Loss Account

	<i>(Rs. '000)</i>	
	Gratuity	Leave Encashment
Current Service Cost	3,313	12,739
Interest cost on benefit obligation	1,303	2,305
Expected return on plan assets	(1,434)	-
Net actuarial (Gain)/loss recognized in the year	(650)	1,898
Expenses recognized in the Profit & Loss Account	2,532	16,942

ii. The amount recognized in the Balance Sheet

	<i>(Rs. '000)</i>	
	Gratuity	Leave Encashment
Present Value of obligation as at 31.03.2008 (i)	(15,838)	(42,454)
Fair Value of Plan assets as at 31.03.2008 (ii)	16,865	-
Difference (ii-i) i.e. Assets/(Liabilities)	1,027	(42,454)
Net Asset/ (liability) recognized in the Balance Sheet	-	(42,454)

iii. Changes in the present value of the Defined Benefit Obligations:

	<i>(Rs. '000)</i>	
	Gratuity	Leave Encashment
Present Value of obligation as at 01.04.2007	13,552	32,101
Interest Cost	1,303	2,305
Current Service Cost	3,313	12,739
Benefit Paid	(1,680)	(6,589)
Net actuarial (Gain)/Loss on obligation	(650)	1,898
Present value of the defined benefit as at 31.03.2008	15,838	42,454

iv Changes in the fair value of plan assets:

	<i>(Rs. '000)</i>	
	Gratuity	Leave Encashment
Fair value of plan assets as at 01.04.2007	8,296	-
Expected return on plan assets	1,434	-
Contributions by employer	8,165	6,589
Benefit Paid	(1,680)	(6,589)
Actuarial Gain/(Loss) on plan assets	650	-
Fair value of plan assets as at 31.03.2008	16,865	-

v. The disclosure in respect of previous four annual periods as required by 'AS-15 (Revised 2005)' is not presented as the management considered it impracticable in the absence of requisite information. Further, due to adoption of 'AS-15 (Revised 2005)' there is no transitional impact as actuarial valuation has been carried out on the same assumption/basis as in the earlier year.



## vi. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

	Gratuity	Leave Encashment
Method used	Projected Unit Credit Method	
Discount rate	8.00%	8.00%
Salary Escalation	5.00%	7.00%
Mortality rate	LIC (1994-96) Ultimate	
Withdrawal rate	1 to 3%	1.00%
Rate of return on plan assets	8.50%	-

## 20. Earnings per Share:-

	2007-08	2006-07
a) Net Profit available for Equity Shareholders (Amount in Rs. '000)	Rs. 71,628	Rs. 271,321
b) Weighted average number of Equity Shares outstanding during the year (No. of Units in Thousand)	220,000	220,000
c) Basic and Diluted Earning per Share (Equity Share of Face Value of Rs. 10/- each) (Amount in Rs.)	Rs. 0.33	Rs. 1.23

## 21. Summary of Financial Statements

(Rs. in lacs)

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
<b>OPERATING RESULTS</b>					
Gross Premium written	123,583.42	115,220.68	89,604.19	50,128.12	32,600.32
Net Earned Premium					
Income	63,966.60	54,759.94	34,598.46	17,536.61	10,112.88
Premium Deficiency	100.00	-	(50.00)	40.00	(90.00)
Income from Investments	5,155.74	3,528.20	2,234.12	1,024.83	624.76
Other Income	6.94	6.70	2.69	6.21	16.12
<b>Total Income</b>	<b>69,229.28</b>	<b>58,294.84</b>	<b>36,785.27</b>	<b>18,607.65</b>	<b>10,663.76</b>
Commission	(395.19)	(4,152.43)	(4,010.68)	(4,535.11)	(3,610.21)
Operating expenses	2,0131.05	20,473.07	15,260.18	9,704.81	6,420.18
Claims Increase in unexpired risk reserve and other outgoes	50,474.34	39,859.37	24,435.80	11,922.82	7,285.30
	<b>70,210.20</b>	<b>56,180.01</b>	<b>35,685.30</b>	<b>17,092.52</b>	<b>10,095.27</b>
<b>Operating Profit/Loss</b>	<b>(980.92)</b>	<b>2,114.83</b>	<b>1,099.97</b>	<b>1,515.13</b>	<b>568.49</b>
<b>NON OPERATING RESULT</b>					
Total Income under shareholders account	2,166.83	2,130.92	1,310.01	848.83	852.18
Profit / Loss before tax	1,185.91	4,245.75	2,409.98	2,363.96	1,420.67
Provision for tax	469.63	1,532.54	948.00	892.00	462.34
Profit / Loss after tax	716.28	2,713.21	1,461.98	1,471.96	958.33
<b>MISCELLANEOUS</b>					
Paid up Equity Capital	22,000	22,000.00	22,000.00	10,000.00	10,000.00
Net Worth	30,390.40	29,674.12	27,990.47	12,531.91	11,059.95
Total assets	117,651.37	89,605.86	76,180.39	39,602.27	27,314.53
Yield on total investments	8.67%	7.93%	7.36%	7.09%	7.75%
Earnings per share	0.33	1.23	0.92	1.47	0.96
Book value per share	13.81	13.49	12.72	12.53	11.06
Total dividend		880.00	880.00		500.00
Dividend per share		0.40	0.40		0.50

22. Performance Ratios:-

**Classwise Ratios**

Segmentwise Ratios	Fire		Marine		Miscellaneous	
	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
Gross Premium growth rate	0.79	1.11	0.53	2.81	1.28	1.24
Net Retention Ratio	0.31	0.19	0.60	0.30	0.67	0.67
Net Commission Ratio	(0.38)	(0.99)	0.04	0.01	0.04	0.03
Underwriting balance ratio	0.21	0.65	(0.19)	(0.82)	(0.03)	0.03
<b>Other Ratios for the Company</b>			<b>2007-08</b>		<b>2006-05</b>	
Combined ratio			0.45		0.45	
Expenses of Management to Gross Direct premium ratio			0.16		0.18	
Technical reserves to net premium ratio			0.99		0.83	
Gross Premium to Shareholder funds ratio			4.07		3.89	
Growth rate of shareholder funds			1.02		1.06	
Operating Profit ratio			(0.01)		0.04	
Liquid assets to liabilities ratio			0.66		0.62	
Net Earnings ratio			0.01		0.05	
Return on net worth			0.02		0.09	
Reinsurance ratio			0.40		0.50	

23. The Company has not received any information from 'enterprises' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

As per our Report of even date attached.

**S.P. Chopra & Co.**  
Chartered Accountants  
Per

**Sanjiv Gupta**  
Partner  
M No. 83364

**Raghu Nath Rai & Co.**  
Chartered Accountants  
Per

**Sharat Prakash**  
Partner  
M No. 96267

For and on behalf of Board of Directors

**B.S. Vishwanathan**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**S. Narayanan**  
Managing Director

**Masahiro Ogawa**  
Director (Operations)

**M.K. Tandon**  
Financial Advisor

**V.S. Rao**  
Company Secretary

New Delhi  
Dated : 24th April, 2008





# Management Report

**Attached to the Financial Statements for the year ending 31<sup>st</sup> March, 2008**

1. The registration granted by the Insurance Regulatory and Development Authority has been renewed from time to time and the same is valid upto 31<sup>st</sup> March, 2009
2. It is confirmed that all the dues payable to the statutory authorities upto 31<sup>st</sup> March, 2008 were duly paid.
3. The shareholding pattern as on 31<sup>st</sup> March, 2008 was as under which is in accordance with the statutory requirements:

(Rs. in Crores)

Shareholders	Year ended 31 <sup>st</sup> March, 2008		Year ended 31 <sup>st</sup> March, 2007	
	Rs. in Crores	%	Rs. in Crores	%
<b>Indian:</b>				
Indian Farmers Fertilisers Co-op Ltd.	159.80	72.64	159.80	72.64
Indian Potash Ltd	3.00	1.36	3.00	1.36
Sub-Total	162.80	74.00	162.80	74.00
<b>Foreign:</b>				
Tokio Marine Asia Pte., Ltd.	57.20	26.00	57.20	26.00
<b>Total</b>	<b>220.00</b>	<b>100.00</b>	<b>220.00</b>	<b>100.00</b>

4. It is confirmed that no part of funds of the Policy holders were directly or indirectly invested outside India during the year.
5. It is confirmed that solvency margins as required under the IRDA Act and Regulations were maintained during the year.
6. It is certified that the value of the assets have been reviewed on the date of the Balance Sheet and that in the opinion of the management, the assets set forth in the Balance Sheet as on 31<sup>st</sup> March, 2008 are shown in the aggregate at amounts not exceeding their realizable or market value except Debt securities which are valued in accordance with Accounting Policy No 8.1.
7. The company has varied risk exposure in different classes of business depending upon the risk hazard and retention capacity of the company. On overall basis company is exposed to catastrophe risks. The company has a strategy to have an effective control on overall risk exposure by working out accumulations per vessel in marine class of business and on geographical basis for property business. The Company has filed its reinsurance program with IRDA as required by their regulations. The company also has Excess of Loss and Catastrophic Cover in accordance with the programme filed with IRDA.

8. It is certified that there were no operations of the company in any other country during the year ended 31<sup>st</sup> March, 2008.
9. The information relating to ageing of claims on gross basis indicating the trend of average claim settlement time upto the financial year ended 31<sup>st</sup> March, 2008 is as under:

(Amount in '000)

No of Claims Outstanding	Year ended 31 <sup>st</sup> March, 2008			Year ended 31 <sup>st</sup> March, 2007		
	Fire	Marine	Miscellaneous	Fire	Marine	Miscellaneous
Less than 30 Days	58	295	6530	71	300	6025
30 days to 6 months	142	480	7227	110	399	5728
6 months to 1 Year	99	178	4281	72	287	2131
1 Year to 5 years	61	114	4843	40	132	1827
5Years and above	3	Nil	17	Nil	Nil	Nil
<b>Total</b>	<b>363</b>	<b>1067</b>	<b>22898</b>	<b>293</b>	<b>1118</b>	<b>15711</b>

(Amount in '000)

Claims Outstanding	Year ended 31 <sup>st</sup> March, 2008			Year ended 31 <sup>st</sup> March, 2007		
	Fire	Marine	Miscellaneous	Fire	Marine	Miscellaneous
Less than 30 Days	118027	50880	423658	279610	50967	267769
30 days to 6 months	1349410	186637	801684	168216	417282	605846
6 months to 1 Year	420547	86702	624669	242923	102188	435084
1 Year to 5 years	84313	103648	678493	135198	34910	382462
5 Years and above	3594	Nil	2260	Nil	Nil	Nil
<b>Total</b>	<b>1975891</b>	<b>427867</b>	<b>2530764</b>	<b>825947</b>	<b>605347</b>	<b>1691161</b>

10. As at 31<sup>st</sup> March, 2008, the investments of the company are mainly in debt securities including government securities. As per accounting policy adopted for valuation, debt securities including government securities are considered as held to maturity and valued at cost subject to amortisation. The market value of these investments has been ascertained on the basis of the Guidelines issued by IRDA and the information is as under:
11. The investments held by the company carry maximum liquidity since they are normally traded in the secondary market and have adequate safety in terms of recovery of principal and interest. During the year, the company earned an Investment income of Rs.73.54 Crores (Previous year Rs. 57.08 Crores).

	Rs. in Lacs	
	Government	Corporate
1. Acquisition Cost of Debt Securities held	33882	21253
2. Amortized value of securities as at (1)	32907	21340
3. Market Value of securities as at (1)	32161	20476
4. Value of (1) as appearing in the balance sheet	32907	21340

12. (a) In preparation of financial statement, the applicable accounting standards, principles and policies have been followed and there is no material departure as compared to previous year.
- (b) The management has adopted accounting policies and followed them consistently and made judgments 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 financial year and of the operating profit/ loss of the revenue accounts and of profit for the year ended on that date.
- (c) 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, Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) The management has prepared the Financial Statement on a going concern basis.
- (e) The management has an Internal Audit system commensurate with the size and nature of its business, which is in effective operation during the year.

13. Payments made to companies and organizations in which directors are interested are as under:

					Rs. in Lacs	
S. No.	Name of the Director	Entity in which Director is Interested	Interested as	Year ended 31 <sup>st</sup> March, 2008	Year ended 31 <sup>st</sup> March, 2007	
1	Dr U.S Awasthi Mr Rakesh Kapur Mr S.K Jakhar Mr K.S Gowda Mr B.S Vishwanathan	Indian Farmers Fertilisers Cooperative Ltd.	Director Director Director Director	2596	2567	
2	Mr C.P Singh Mr S.K Jakhar Mr K.S Gowda	KRIBHCO	Director Director Director	Nil	0.63	
3	Mr P.S Gahlaut	Indian Potash Ltd.	Shareholder	42	82.77	
4	Mr K.S Gowda	Karnataka State Cooperative Marketing Federation Ltd	Director	20	18.63	
5	Dr U.S Awasthi Mr P.S Gahlaut	Fertiliser Association of India Ltd.	Member Member	50	40.4	
6	Mr K.S Gowda Mr C.P Singh Mr P.S Gahlot Mr Rakesh Kapur MR M.Ogawa	IFFCO-Tokio Insurance Services Ltd.	Chairman Director Director Director Director	2312	1698.48	

For and on behalf of Board of Directors

**B.S. Vishwanathan**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**S. Narayahan**  
Managing Director

**Masahiro Ogawa**  
Director (Strategy)

**M.K. Tandon**  
Financial Advisor

**V.S. Rao**  
Company Secretary

New Delhi  
Dated : 24th April, 2008





**IFFCO TOKIO General Insurance Co. Ltd.**

Regd. Office: IFFCO Sadan, C1, Distt. Centre, Saket, New Delhi 110017

Regd. Folio No \_\_\_\_\_

No. of Shares held \_\_\_\_\_

**PROXY FORM**

I/we \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member/members of IFFCO-TOKIO GENERAL INSURANCE COMPANY LIMITED, NEW DELHI hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the Eight Annual General Meeting of the Company to be held on Monday, the 29th September, 2008 at 3.30 P.M. at IFFCO Sadan, C-1, Distt. Centre, Saket, New Delhi – 110 017 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2008.

Signed by the said \_\_\_\_\_

Affix Rs. 1/-  
Revenue  
Stamp

**Note:** The proxy form duly completed must be received/deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting. A proxy need not be a member.

**IFFCO-TOKIO General Insurance Co. Ltd.**

Regd. Office: IFFCO Sadan, C1, Distt. Centre, Saket, New Delhi 110017

**ATTENDANCE SLIP**

(PLEASE PRESENT THIS SLIP AT ENTRANCE OF THE MEETING HALL)

I hereby record my presence at the 8th Annual General Meeting of the Company to be held at IFFCO Sadan, C-1, Distt. Centre, Saket, New Delhi 110017 on Monday, the 29th September 2008 at 3.30 P.M.

Ledger Folio No. \_\_\_\_\_

No. of Shares \_\_\_\_\_

Name of Shareholder \_\_\_\_\_

Signature \_\_\_\_\_



# Accounts of Subsidiary Company

**IFFCO - TOKIO INSURANCE SERVICES LTD.**

ANNUAL REPORT 2007-08

## NOTICE OF 5<sup>TH</sup> ANNUAL GENERAL MEETING

### TO THE MEMBERS

**NOTICE** is hereby given that the **FIFTH ANNUAL GENERAL MEETING** of the Members of **M/s IFFCO-TOKIO Insurance Services Limited** will be held on Monday, the 29th September, 2008 at 3.00 pm at the Registered Office of the Company at IFFCO Sadan, C-1 District Center, Saket, New Delhi - 110017 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company from 1st April 2007 to 31st March, 2008 and the Profit & Loss Account for the above period and the reports of the Board of Directors and the Company's Auditors thereon.
2. To appoint Director in place of Mr. Rakesh Kapur who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Mr. C. P. Singh who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

**Regd. Office:**  
IFFCO SADAN,  
C-1, DISTRICT CENTER, SAKET,  
NEW DELHI- 110017.  
Dated: 11th August, 2008

**By order of the Board**

(N.K Kedia)  
Director

### Note:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a Member of the Company.
2. Instruments of proxies in order to be effective must be received/deposited with the Company at its Registered Office not less than 48 hours before the time fixed for the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Monday, the 22nd September, 2008 to Monday, the 29th September, 2008 (both days inclusive).

## BOARD OF DIRECTORS

K Srinivasa Gowda	Chairman
Chandra Pal Singh	Director
Parvinder Singh Gahlaut	Director
Rakesh Kapur	Director
Ajit Narain	Director (upto 28 <sup>th</sup> December, 2007)
S. Narayanan	Director (w.e.f 28 <sup>th</sup> December, 2007)
Masahiro Ogawa	Director (upto 11 <sup>th</sup> August, 2008)
Yasunobu Fukuda	Director (w.e.f. 11 <sup>th</sup> August, 2008)
Veer Pratap Singh Parihar	Director
Nand Kishore Kedia	Director (Marketing)

## SENIOR EXECUTIVES

Suraj Mishra	Chief Operating Officer
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## AUDITORS

S.K. Mehta & Co.	Chartered Accountants
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## BANKERS

Deutsche Bank, New Delhi

## CORPORATE OFFICE

“IFFCO TOWER”, 4th & 5th Floor,  
Plot No. 3, Sector 29  
Gurgaon 122001 (Haryana)  
Phone No. 0124-2850100

## REGISTERED OFFICE

IFFCO Sadan  
C-1, District Centre  
Saket, New Delhi - 110019  
Phone No. 011-26510001

**IFFCO-TOKIO**



# Director's Report

Annual Report 2007-2008



## The Members,

- 1.0 Your Directors have pleasure in presenting to you the Fifth Annual Report together with the Audited Accounts of your company for the year ended 31st March 2008 along with the Auditors' Report thereon.
- 1.1 Members will be glad to note that your Company has successfully completed the fourth full year of operations as a wholly owned subsidiary of IFFCO-TOKIO General Insurance Co. Ltd. (ITGI). During the period, your company has worked as the Corporate Agent of ITGI for Marketing and distribution of its Insurance products and also acted as a service provider to the customers of ITGI.

## 2.0 Financial Highlights

Members will be pleased to note that your company earned a profit before tax of Rs.40.17 Lakhs against a budgeted estimate of Rs.22.00 Lakhs. During the financial year ended 31st March 2008, your company had generated a gross written premium of Rs.60.02 Crores for ITGI. Furthermore, your company serviced another Rs.323.04 Crores Lateral Spread Centre, Individual Agency Model, Cooperative Model and Bancassurance Model. The break up of this is as under:

MODEL	GWP FOR 2007-08 (Rs. in Crores)
LATERAL SPREAD	230.41
BANCASSURANCE	30.58
INDIVIDUAL AGENCY MODEL	40.70
COOPERATIVE MODEL	21.35
TOTAL	323.04

## 2.0 Dividend

In order to conserve the resources of your Company, your Directors do not recommend any dividend for the period under review

## 4.0 Human Resources, Training and Development

Your Company has 232 employees on its permanent rolls as on 31st March 2008. In addition to the employees on permanent rolls the Company also has 262 Sr. Marketing Executives and Marketing Executives under training as on 31st March 2008. Your Company has utilized the services of 520 Relationship Executives and Customer Care Associates for servicing ITGI customers and tie up arrangements. The Company also had 2 Graduate Trainees on its rolls as on 31st March 2008.

- 4.1 The training of manpower has been consolidated through both on-line modules and various class room trainings for employees and trainees to enhance their functional skills and efficiency. The company also conducted training for all the marketing personnel as required under the IRDA regulations. During the year your Company embarked upon a new training initiative for training the business associates of ITGI through its online modules and various other class room programmes. During the year a total of 332 persons were trained under this initiative. The Gurukul Training room in Gurgaon was utilized to train 474 employees / trainees during the year.

## 5.0 Marketing Strategy

- 5.1 Members are aware that your company distributes ITGI products in the market through its network of employees and trainees. With a view to penetrate deeper into the market and enhance distribution/sale of ITGI products, your Company has strengthened and successfully expanded the concept of Lateral Spread Centers by increasing the number of such centers from 48 to 71. These centers have helped ITGI to enhance its presence in small but potential centers at a lower cost.



These centers have helped ITGI to enhance its presence in small but potential centers at a lower cost. These centers have jointly procured gross written premium of Rs.230.41 Crores for ITGI at an average expenses ratio of 3.01%. The total number of LSCs as of 31st March 2008 is 71. Members would be pleased to note that 2 of these centers namely Jaipur and Gurgaon were upgraded to ITGI offices

5.2 Two other servicing models viz: Cooperative Model and Individual Agency Model were further strengthened during the year to penetrate further in the retail segment. The Company deployed its manpower to recruit, train and monitor Individual agents in the retail segment and also agents from cooperatives background. During the year the Company deployed 137 employees and trainees to manage these two models. A total of 2159 active agents have been issued license who have procured a GWP of Rs.62.05 Crores for ITGI during the year 2007-08 collectively under Individual Agency Model and Cooperative Model.

5.3 Your Company continues to play an important role in servicing of ITGI customers. The Service channel consisting of Relationship Executivand Customer care Associates (on outsourced basis) has yielded very good response from the market. This model has serviced a total premium of Rs.356.64 crores sourced from ITGI Franchisees and Motor Dealer tie ups. During the year, your Company had actively promoted and sold the Barish Bima Yojana and mausam Bima Yojana and other weather products launched by ITGI.

## 6.0 Corporate Governance

The Executive Committee is responsible for finalization of business plan, annual budgets, review of operations, review of performance of personnel and HR matters. During the period six meetings of Executive Committee and four meetings of Board of Directors were held which were well attended.

## 7.0 Auditor's Observations

The report of the auditors to the shareholders of the company is annexed to the financial statements for the period 1st April 07 to 31st March 08. There are no specific observations in the report of the auditors which require clarification.

## 8.0 Future Plan

As your company has to render dedicated services as a corporate agent to ITGI, it has drawn a Business plan for the ensuing year 2008-09 as per the direction provided by ITGI.

The Company has drawn up plans to strengthen the Direct Channel further and meet the challenges of de-tariffing through its trained direct sales force. The blue ocean strategy adopted by the Company in the form of managing its geographical spread into B and C centers through Lateral Spread offices and Bima Kendras is going to be driven in a planned manner. Your company also plans to strictly imbibe the philosophy of selection of risk and work consciously towards increased operational efficiency through cost control and enhanced capacity utilisation.

## 9.0 Information under section 217(2A) of the Companies Act 1956

Information as per the provisions contained under section 217(2A) of the companies Act 1956 read with Companies (Particulars of Employees) Rules 1975 is nil.

## 10.0 Directors' Responsibility Statement.

**The Board of Directors of your Company confirms:**

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.
2. that the selected accounting policies were applied and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the company as at March 31st 2008 and of the profits of the company for the period ended on the date;
3. that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the companies act, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

## 11.0 Appointment of Auditors

As per the provisions contained in section 224 of the Companies Act,1956, your company has received a communication from M/s. S.K. Mehta & Co. that if they are re-appointed they are well

within the limits prescribed under section 224(1B) of the companies act. They have also confirmed their willingness to accept the audit of company in the event of their appointment. Your directors recommended the appointment of M/s. S.K. Mehta & Co. as statutory Auditors for the financial year 2008-09.

## 12.0 Board of Directors

Pursuant to article 78 of the Article of Association of your Company, Mr. Rakesh Kapur and Mr. Chandra Pal Singh, Directors retire by rotation at this Annual General Meeting and being eligible offer themselves for re-appointment.

## 13.0 Acknowledgement

Your Directors express gratitude to the shareholders, IRDA, other Govt. agencies and customers of your company for their valuable patronage and support and guidance. Your Directors also place on record the deep appreciation of the dedicated services rendered by employees, trainees and other out sourced personnel of your company at all levels.

For and on behalf of the Board of Directors

(K. Srinivasa Gowda )

Chairman

Place: New Delhi

Date: 24 April, 2008

**Sudhanshu Gupta & Associates**  
 Company Secretaries  
 101, Indraprastha Building,  
 H-58, Vikas Marg, Laxmi Nagar, Delhi-110092  
 Phone No. 91- 11- 43026455, 32957604 Fax No. 42487011,  
 M-9811547321

## COMPLIANCE CERTIFICATE

Registration No.: 55-121571  
 Nominal Capital: Rs.200 Lac

### TO THE MEMBERS IFFCO TOKIO INSURANCE SERVICES LIMITED

I have examined the registers, records, books and papers of IFFCO TOKIO INSURANCE SERVICES LIMITED (The Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2008. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year.

1. The company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded;
2. The company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, and Central Government. Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder;
3. The company is a public limited company and has minimum prescribed paid up capital;
4. The Board of Director duly met **4 (Four) times** respectively on 25th April 2007, 24th September 2007, 28th December 2007 and 13th March 2008 (dates) in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose;

5. The company closed Register of members from 30th May 2007 to 5th June 2007 (both days inclusive) during the financial year;
6. The annual general meeting for the financial year ended on 31.03.2007 was held on 5th June 2007 after giving due notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose;
7. No extra ordinary general meeting was held during the financial year;
8. The company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act;
9. The company has not entered into any contracts falling within the purview of section 297 of the Act;
10. As the company was not entered into any contracts falling within the purview of Section 297 of the Act, so no entry is required to be made in the Register maintained for the purpose. However the general disclosure given by the directors under Section 299 of the Act has properly recorded in the Register maintained under Section 301 of the Act;
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government;
12. The company has not issued any duplicate share certificates during the financial year;
13. The Company has:
  - (i) Not Applicable
  - (ii) Not Applicable
  - (iii) Not Applicable
  - (iv) Not Applicable
  - (v) Duly complied with the requirements of section 217 of the Act;
14. The Board of Directors of the company is duly constituted. Appointment of director has been duly made during the financial year;
15. The company has not appointed any Managing Director/Whole-time Director/Manager during the financial year;
16. The company has not appointed any sole selling agents during the financial year;
17. The company was not required to obtain any approvals of the Central Government,

Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year;

18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder;
19. The company has not issued any shares, debentures or other securities during the financial year;
20. The company has not bought back any shares during the financial year;
21. There was no redemption of preference shares or debentures during the financial year;
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares;
23. The company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year;
24. The company has no transactions falling under Section 293(1) (d) of the Act;
25. The company has no transaction as per Section 372A of the Act during the financial year;
26. The company has not altered the provision of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny;
27. The company has not altered the provision of the memorandum with respect to object of the company during the year under scrutiny;
28. The company has not altered the provision of the memorandum with respect to name of the company during the year under scrutiny ;
29. The company has not altered the provision of the memorandum with respect to share capital of the company during the year under scrutiny;
30. The company has not altered its Articles of Association during the financial year;
31. There was/were no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year, for offences under the Act;
32. The company has not received any money as security from its employees during the financial year;

33. The company has deposited both employer's and employee's Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Sd/-

Place: Delhi  
Date: 22nd Day of April 2008

Sudhanshu Gupta & Associates  
Company Secretaries  
Proprietor  
C.P. No.: 4620

## Annexure -A

Registers as maintained by the Company

1. Register of Members u/s 150 of the Act.
2. Minutes Book of General Meetings of Members of the company u/s 193 of the Act.
3. Minutes Book of Meetings of the Board u/s 193 of the Act.
4. Register of Directors, Managing Director, Manager and secretary u/s 303.
5. Register of Directors shareholding u/s 307.
6. Register u/s 301.
7. Fixed Assets Register.
8. Share Transfer Register
9. Register of Common Seal

## Annexure-B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2008.

S.N.	Form No.	Filed u/s	For	Date of Filing	Whether filed within prescribed time yes/No	If delay in filing whether requisite additional fee paid Yes/No
1.	Form 20B	159	31-03-2007	19-07-2007	Yes	NA
2.	Form 23AC	220	31-03-2007	28-06-2007	Yes	NA
3.	Form 66	383	31-03-2007	28-06-2007	Yes	NA
4.	FORM-32	303	28-12-2007	24-01-2008	Yes	NA
5.	FORM 18	146	01-07-2007	03-07-2007	Yes	NA
6.	FORM 23AA	209(1)	25-04-2007	06-07-2007	No	Yes

# Auditor's Report

Annual Report 2007-2008



## To the members of IFFCO TOKIO INSURANCE SERVICES LIMITED

We have audited the attached Balance Sheet of IFFCO TOKIO INSURANCE SERVICES LIMITED as at 31st March 2008 and also the Profit and Loss Account 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 conducted our audit in accordance with 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Audit Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (ii) In our opinion proper books of account as required by law have been kept by the

Company so far as appears from our examination of those books.

- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.
- (iv) In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- (v) On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with Significant Accounting Policies and Notes to the Accounts, gives the information required by the Companies Act, 1956, in the manner so required gives a true and fair view:
  - (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March 2008 and
  - (b) in the case of the Profit and Loss Account of the profit for the year ended on that date.

Place: New Delhi  
Date: 24th April, 2008

For **S.K.MEHTA & CO.**  
CHARTERED ACCOUNTANTS

Puneet Harjai  
Partner  
M.No: 95715



## Annexure to the Auditors Report of IFFCO TOKIO INSURANCE SERVICES LIMITED

(Referred to in Paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets physically verified by the management at reasonable intervals during the period and no discrepancies were noticed on such verification as compared with the records of fixed assets maintained by the Company. Company has not disposed any fixed assets during the period under audit.
2. The Company has neither granted nor taken any loans to / from the Companies and other parties covered in the register maintained under section 301 of the Companies Act 1956.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and services and for the sale of services. In our opinion there is no continuing failure to correct major weakness in internal control.
4. As explained to us there has not been any transaction during the year that need to be entered in the register maintained under section 301 of the Companies Act, 1956 exceeding Rs5,00,000 or more in respect of each such party.
5. In our opinion and according to the information and explanation given to us the Company has not accepted any deposit from public.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. According to the information and explanations given to us, there are no undisputed statutory dues payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth-tax, Custom Duty, Excise Duty, cess which are outstanding as at 31-03-2008 for a period of more than six months from the date they became payable.
8. The company has not taken any loans from banks, financial institutions or by issuing debentures.
9. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
10. The company is not dealing or trading in shares, securities, debentures and other investments.
11. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
12. The company has not taken any term loans.
13. According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investments. Similarly, no funds raised on long-term basis have been used for short-term investments.
14. According to the information and explanations given to us, no preferential allotment of shares has been made by the company to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
15. According to the information and explanations given to us, a fraud on or by the company has not been noticed or reported during the year.
16. Clauses (ii), (viii), (x), (xiii), (xix), (xx) are not applicable to the company.

Place: New Delhi

Date: 24th April, 2008

For **S.K.MEHTA & CO.**  
CHARTERED ACCOUNTANTS

Puneet Harjai

Partner

M.No: 95715

# Accounts

Annual Report 2007-2008



**IFFCO TOKIO INSURANCE SERVICES LIMITED**  
Balance Sheet as at 31st March 2008

<i>Amount in Rs.</i>			
	Schedule No.	As at 31st March, 2008	As at 31st March, 2007
<b>I. SOURCES OF FUNDS</b>			
(1) SHARE CAPITAL	1	5,000,000	5,000,000
(2) RESERVE AND SURPLUS Profit and Loss account		4,879,854	3,512,146
<b>Total</b>		<b>9,879,854</b>	<b>8,512,146</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>(1) Fixed Assets</b>			
Telephone Instruments Gross Block		1,990,000	1,699,440
Less : Accumulated Depreciation		<u>(1,990,000)</u>	<u>(1,699,440)</u>
Net Block		-	-
<b>(2) Deferred Tax Asset</b>		1,550,000	1,810,000
<b>(3) Current Assets &amp; Loans and Advances</b>			
(a) Cash and Bank Balances	2	13,862,838	9,215,843
(b) Other Current Assets	3	52,864,535	29,226,376
		<u>66,727,373</u>	<u>38,442,219</u>
<i>Less:</i>			
<b>Current liabilities and provisions</b>			
(a) Current Liabilities	4	30,417,043	10,597,430
(b) Provisions	5	27,980,477	21,142,643
		<u>58,397,519</u>	<u>31,740,073</u>
<b>Net Current Assets</b>		8,329,854	6,702,146
<b>Total</b>		<b>9,879,854</b>	<b>8,512,146</b>

**Notes on Accounts** 8

Schedule 1 to 8 form an Integral part of Financial Statements

As per our Report of even date attached.

**For S K Mehta & Co.**  
Chartered Accountants

**S.K.MEHTA**  
Partner  
M.No. 10870

New Delhi  
Dated : 25th April, 2008

For IFFCO TOKIO Insurance Services Ltd.

**P.S. Gahlaut**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**Masahiro Ogawa**  
Director

**N.K. Kedia**  
Director & CEO

**IFFCO TOKIO INSURANCE SERVICES LIMITED**  
**Profit and Loss Account for the year ended 31st March 2008**

		<i>Amount in Rs.</i>	<i>Amount in Rs.</i>
	Schedule No.	Current Year	Previous Year
<b>INCOME</b>			
Income from Operations		230,974,236	169,483,522
Other Income		1,777,200	1,107,116
		<b>232,751,436</b>	<b>170,590,638</b>
<b>EXPENDITURE</b>			
Employees Remuneration & Benefits	6	76,476,889	51,245,587
Administration, Operating and Other Expenses	7	151,081,426	114,874,258
Interest & Bank Charges		879,853	543,917
Depreciation		295,560	208,040
		<b>228,733,728</b>	<b>166,871,802</b>
<b>Profit before Tax</b>		<b>4,017,708</b>	<b>3,718,836</b>
Provision for Taxation			
For the year			
- Current Tax		990,000	425,000
- Deferred Tax		260,000	1,415,000
- Fringe Benefit Tax		1,400,000	1,125,000
- Credit for MAT entitlement		-	(425,000)
For earlier year			
- Current Tax		-	2,543,143
- Deferred Tax		-	(2,600,000)
<b>Profit after Tax</b>		<b>1,367,708</b>	<b>1,235,693</b>
<b>Balance of profit brought forward from last year</b>		<b>3,512,146</b>	<b>2,276,453</b>
<b>Balance Carried Forward to Balance Sheet</b>		<b>4,879,854</b>	<b>3,512,146</b>
<b>Basic and diluted earning per share</b> (Equity Shares of face value of Rs.10/- each)		<b>2.74</b>	<b>2.47</b>

**Notes on Accounts** 8

Schedule 1 to 8 form an Integral part of Financial Statements

As per our Report of even date attached.

**For S K Mehta & Co.**  
Chartered Accountants

**S.K.MEHTA**  
Partner  
M.No. 10870

New Delhi  
Dated : 25th April, 2008

For IFFCO TOKIO Insurance Services Ltd.

**P.S. Gahlaut**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**Masahiro Ogawa**  
Director

**N.K. Kedia**  
Director & CEO

**IFFCO TOKIO INSURANCE SERVICES LIMITED**  
Schedules Forming Part of Accounts

*Amount in Rs.*

	As at 31st March, 2008	As at 31st March, 2007
<b>Schedule '1' Share Capital</b>		
<b>Authorised:</b>		
2000000 Equity Shares of Rs. 10 each	20,000,000	20,000,000
<b>Issued, Subscribed &amp; Paid up</b>		
500000 Equity Shares of Rs. 10 each fully paid up	5,000,000	5,000,000
<hr/>		
<b>Schedule '2' Cash &amp; Bank balances</b>		
Cash in Hand	597,547	112,294
Balance with Scheduled Banks		
- In Current Accounts	3,265,291	1,448,549
- In Fixed Deposits Accounts	10,000,000	7,655,000
	<b>13,862,838</b>	<b>9,215,843</b>
<hr/>		
<b>Schedule '3' Other Current Assets</b>		
Advance Income Tax (net of provision)	47,931,895	25,043,153
MAT Credit Entitlement	-	425,000
Rent Deposit	4,249,836	2,794,950
Interest accrued but not due on FDR's	352,186	261,690
Advance Recoverable in cash or in kind or for value to be received	330,618	701,583
	<b>52,864,535</b>	<b>29,226,376</b>
<hr/>		
<b>Schedule '4' Current Liabilities</b>		
TDS Payable	2,439,291	340,333
Service Tax Payable	330,375	-
Expenses Payable	5,546,526	1,778,369
Due To Holding Company	22,100,851	8,478,728
	<b>30,417,043</b>	<b>10,597,430</b>
<hr/>		
<b>Schedule '5' Provisions</b>		
Gratuity	748,894	398,939
Leave Encashment	2,787,003	1,274,929
Leave Travel Concession	1,549,607	1,259,300
Incentive Payable	22,894,973	18,209,475
	<b>27,980,477</b>	<b>21,142,643</b>
<hr/>		
<b>Schedule '6' Employees Remuneration &amp; Benefits</b>		
Salary & Allowances	69,959,907	46,706,813
Gratuity	349,955	119,141
Leave Encashment	2,020,055	1,131,570
Employers Contribution to Provident Fund	1,503,339	987,164
Staff Welfare	974,458	852,076
Leave Travel Concession	1,481,792	1,325,520
Provident Fund Administration Charges	187,383	123,303
	<b>76,476,889</b>	<b>51,245,587</b>

**IFFCO TOKIO INSURANCE SERVICES LIMITED**  
**Schedules Forming Part of Accounts**

*Amount in Rs.*

	Current Year	Previous Year
<b>Schedule '7' Administration, Operating and Other Expenses</b>		
Rent Rates & Taxes	23,361,974	18,583,136
Communication Expenses	7,747,748	6,734,571
Travelling and Conveyance	12,047,994	7,000,466
Printing and Stationery	3,587,477	2,823,953
Stipend to Trainees	73,009,992	49,821,259
Legal & Professional Expenses		
- Outsourcing Exp	20,261,643	18,805,451
- Others	4,388,545	5,047,234
Payment to Auditors		
- Audit Fees	80,000	80,000
- Income Tax matters	35,000	35,000
Electricity & Water Charges	5,328,420	4,479,886
Miscellaneous Expenses	1,232,633	1,463,302
	<b>151,081,426</b>	<b>114,874,258</b>

**Schedule '8' Notes forming part of Accounts**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**a) Accounting Convention**

The Financial Statements are prepared under Historical Cost Convention and on the accrual basis of accounting in accordance with the general accepted accounting principles and confirm to the statutory requirements prescribed under the Companies Act, 1956.

**b) Use of Estimates**

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affects the reported amount of assets and liabilities, revenue and expenses and disclosure of contingent assets and liabilities. Such estimates and assumptions are based on the management's evaluation of the relevant facts and circumstances as on the date of financial statements.

**c) Fixed Assets and Depreciation**

Fixed Assets are stated at cost.

Depreciation on Fixed Assets is provided on Straight Line Method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

**d) Taxation**

Income Tax expense comprises Current Tax and Deferred Tax charge or credit. Deferred tax resulting from 'timing differences' between book and taxable profits is accounted for using the tax rates and laws that have been enacted or substantively enacted. The deferred tax asset is recognized and carried only to the extent that there is a reasonable certainty that the asset will be realized in future.

**e) Provisions**

A provision arising out of a present obligation is recognized when it is probable that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated. Wherever there is a possible obligation that may, but probably will not require an outflow of resources, the same is disclosed by way of contingent liability.

**f) Employees Benefits:**

i) Defined Contribution Plan: Company contribution paid / payable for the year to defined contribution employee benefit schemes are charged to Profit & Loss account.

ii) Defined Benefit Plan: Company liabilities toward defined benefit schemes are determined using the Projected Unit Credit Method. Actuarial valuation under the Projected Unit Credit Method are carried out at Balance Sheet date. Actuarial gains and losses are recognized in the Profit & Loss account in the period of occurrence of such gains and losses. Past services cost is recognized immediately to the extent of benefit are vested, otherwise it is amortized on straight line basis over the remaining average period until the benefit become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost..

**2. NOTES TO ACCOUNTS**

**a) Employees Benefits:**

The company has calculated the various benefits provided to employees as under

i) Defined Contribution Plans

The company makes contributions at a specified percentage of payroll cost towards Employee Provident Fund (EPF) for qualifying employees.

The company recognized Rs.15,03,339/- (Previous year Rs.9,87,164/-) for provident fund contribution in the profit & loss account.

ii) Defined Benefit Plans

1) Leave Encashment / Compensated Absences.

2) Gratuity.

In accordance with Accounting Standard 15 (Revised), an actuarial valuation was carried out in respect of the aforesaid defined benefit plans based on the following assumptions.

Particulars	Leave Encashment / Compensated Absences	Gratuity
Discount Rate ( Per Annum)	8%	8%
Rate of Increase in compensation level	10%	10%

Summarized position of employees benefits to be recognized in Balance Sheet and Profit & Loss Account as required in accordance with Accounting Standard 15 (Revised) are as under.

a) Change in Present Value of Obligation		Amount in Rupees	
	Leave Encashment / Compensated Absences (Unfunded).	Gratuity (Unfunded)	
Projected Benefit obligation at beginning of year	12,74,929	3,98,939	
Current Service Cost	7,02,002	2,10,834	
Interest Cost Loss / (Gain)	1,37,835	48,782	
Actuarial Loss / (Gain) due to change in assumptions	11,80,218	90,339	
Benefit Paid	(5,07,981)	-	
Projected Benefit Obligation at End of year	27,87,003	7,48,894	
b) Amount to be recognized in the Balance sheet		Amount in Rupees	
	Leave Encashment / Compensated Absences	Gratuity	
Projected Benefit Obligation at End of the year	27,87,003	7,48,894	
Ending Assets	-	-	
Funded Status assets / (Liability)	(27,87,003)	(7,48,894)	
Unrecognized past services cost- non vested benefits	-	-	
Liability (-) / Assets (+) recognized in Balance sheet	(27,87,003)	(7,48,894)	
c) Expenses recognized in the Profit and Loss Account		Amount in Rupees	
	Leave Encashment / Compensated Absences	Gratuity	
Current Service Cost	7,02,002	2,10,834	
Interest Cost	1,37,835	48,782	
Net actuarial (gain)/loss to be recognized in year	11,80,218	90,339	
Income (-)/ Expenses (+) recognized in the statement of Profit & Loss	20,20,055	3,49,955	

b) Operating Leases

The company's significant leasing agreements are in respect of operating leases of premises for the offices of the company. These leasing arrangements are usually renewable on mutually agreed terms but are cancelable. Lease payments are shown in Schedule 7 as Rent, Rates and Taxes.

c) In the opinion of management current assets & loans & advances have value on realization in the ordinary course of business at least equal to the amount at which they are stated and all known liabilities have been adequately provided for.

d) Earning per share

Earning per share has been reported as per Accounting Standard-20 issued by the Institute of Chartered Accountants of India, which has been computed by dividing net profit after tax by the weighted number of shares outstanding for the period as under

Net Profit available for Equity Shareholders	Rs. 13,67,708
Number of Equity Shares	500,000
Earning per Share (Basic & Diluted)	
Per Share of Rs.10/- each	Rs. 2.74 per share

e) Major elements of deferred tax liabilities / assets created for tax effects of timing difference are as under:

**Amount in Rs.**

Particulars	Liabilities		Assets	
	Current Year	Previous Year	Current Year	Previous Year
Depreciation	-	-	365,000	337,000
Expenditure Incurred but allowable under Income Tax Act on payment basis	-	-	1,185,000	1,135,000
Carried forward business loss as per Income Tax Act.	-	-	-	338,000
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>1,550,000</b>	<b>1,810,000</b>

Net Deferred Tax Asset Rs.15,50,000/- ( Previous year Rs.18,10,000/-)

f) Related Party Disclosures:

Related party disclosures as required as per Accounting Standard-18 on "Related Parties Disclosures" issued by the Institute of Chartered Accountants of India, are given below:

Name of related party Nature of Relation	IFFCO-TOKIO General Insurance Co. Ltd. Holding Company		Indian Farmers Fertilizers Coop. Ltd. Promotor of Holding Company		Sh. N.K. Kedia, CEO Sh. Suraj Mishra, CIE Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Receipt of commission and service charges	230,974,236	169,483,522	-	-	-	-
2. Reimbursement of expenses	17,123,554	15,212,587	-	-	-	-
3. Employee Remuneration	-	-	-	-	1,625,168	1,382,997
4. Insurance Premium Paid	551,725	395,000	-	-	-	-
5. Insurance Claims Recd	262,307	363,794	-	-	-	-
6. Interest earned on fixed deposit receipts	-	-	-	179,407	-	-
7. Amount payable / (recoverable) at the balance sheet date	22,100,851	8,478,728	-	-	-	-

g) Company is engaged in the business of soliciting insurance business and providing insurance related services. There is no separate reportable segment for the purpose of segmental reporting as per Accounting Standard – 17 on "Segment Reporting" issued by Institute of Chartered Accountants of India.

h) Contingent Liabilities - Nil

i) As per information available with the management there are no outstanding dues to small scale undertakings and there are no suppliers / contractors / service providers who are registered as micro, small or medium enterprises under "The Micro Small and Medium Enterprises Development Act 2006" as at 31<sup>st</sup> March 2008

j) Earning and expenditure in foreign currency - Nil

k) Previous period figures have been regrouped and rearranged, wherever necessary.

As per our Report of even date attached.

**For S K Mehta & Co.**  
Chartered Accountants

**S.K.MEHTA**  
Partner  
M.No. 10870

New Delhi  
Dated : 25th April, 2008

For and on the behalf of Board of Directors

**P.S. Gahlaut**  
Chairman of the meeting

**Rakesh Kapur**  
Director

**Masahiro Ogawa**  
Director

**N.K. Kedia**  
Director & CEO



**IFFCO TOKIO INSURANCE SERVICES LIMITED**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956)

**I. REGISTRATION DETAILS**

Registration No. 

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 State Code 

5	5
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Balance Sheet Date 

3	1
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0	3
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2	0	0	8
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Date Month Year

**II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousand)**

Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	Rights Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							N	I	L												
							N	I	L												
Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							N	I	L												
							N	I	L												

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousand)**

Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>9</td><td>8</td><td>8</td><td>0</td></tr></table>								9	8	8	0	Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>9</td><td>8</td><td>8</td><td>0</td></tr></table>								9	8	8	0
							9	8	8	0													
							9	8	8	0													

**SOURCES OF FUNDS**

Paid-up Capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>0</td><td>0</td><td>0</td></tr></table>								5	0	0	0	Reserves & Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>8</td><td>8</td><td>0</td></tr></table>								4	8	8	0
							5	0	0	0													
							4	8	8	0													
Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L		
							N	I	L														
							N	I	L														

**APPLICATION OF FUNDS**

Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	
							N	I	L													
							N	I	L													
Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>8</td><td>3</td><td>3</td><td>0</td></tr></table>								8	3	3	0	Miscellaneous Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							8	3	3	0												
							N	I	L													
Deferred Tax Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>5</td><td>5</td><td>0</td></tr></table>								1	5	5	0	Accumulated Losses <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							1	5	5	0												
							N	I	L													

**IV. PERFORMANCE OF COMPANY (Amount in Rs. Lac)**

Turnover <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>3</td><td>2</td><td>7</td><td>5</td><td>1</td></tr></table>								2	3	2	7	5	1	Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>2</td><td>8</td><td>7</td><td>3</td><td>3</td></tr></table>								2	2	8	7	3	3
							2	3	2	7	5	1															
							2	2	8	7	3	3															
Profit/Before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>4</td><td>0</td><td>1</td><td>8</td></tr></table>								4	0	1	8	Profit/After Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>3</td><td>6</td><td>8</td></tr></table>								1	3	6	8				
							4	0	1	8																	
							1	3	6	8																	
Earnings per Share (in Rs.) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>.</td><td>7</td><td>4</td></tr></table>								2	.	7	4	Dividend <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L					
							2	.	7	4																	
							N	I	L																		

**V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS OF COMPANY:  
(As per Monetary Terms)**

Item Code No. (ITC Code)  
Product Description: Insurance Auxiliary Services





**IFFCO-TOKIO INSURANCE SERVICES LIMITED**

Regd. Office: IFFCO Sadan, C-1 District Centre, Saket, New Delhi-110017

Regd. Folio No.....

No. of Shares held.....

**PROXY FORM**

I/we.....  
Regd. Folio No..... of .....  
..... being a Member/Members of IFFCO-TOKIO INSURANCE SERVICES LIMITED,  
NEW DELHI hereby appoint..... or..... failing  
him/her ..... of ..... or failing  
him/her ..... of ..... as my/our proxy to attend  
and vote for me/us on my/our behalf at the Fifth Annual General Meeting of the Company to be held on Monday, the  
29<sup>th</sup> September, 2008 at 3.00 P.M. at IFFCO Sadan, C-1, District Centre, Saket, New Delhi – 110 017 and at any  
adjournment thereof.

Signed this ..... day of ..... 2008.

Signed by the said .....

Affix Rs. 1/-  
Revenue  
Stamp

**Note:** The proxy from duly completed must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the aforesaid meeting. A proxy need not be a member.

**IFFCO-TOKIO INSURANCE SERVICES LIMITED**

Regd. Office: IFFCO Sadan, C-1 District Centre, Saket, New Delhi-110017

**ATTENDANCE SLIP**

(PLEASE PRESENT THIS SLIP AT ENTRANCE OF THE MEETING HALL)

I hereby record my presence at the 5th Annual General Meeting of the Company to be held at IFFCO Sadan, C-1, District Centre, Saket, New Delhi 110017 on Monday, 29th September, 2008 at 3.00 P.M.

Ledger Folio No. ....

No. of Shares .....

Name of Shareholder .....

Signature .....







Annual Report 2007-2008



