



IFFCO-TOKIO GENERAL INSURANCE CO. LTD

11th ANNUAL REPORT 2010-11



Surinder Kumar Jakhar

(15 April 1953 – 17 January 2011)

Founder Chairman and Director, IFFCO-TOKIO

*The journey of life culminates in the river of eternity and the
soul gently flows on... you will always be in our hearts...*

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Board of Directors



K. Srinivasa Gowda

Chairman



Arthur Lee

Vice Chairman



Balwinder Singh Nakai

Director



Dr. U.S. Awasthi

Director



Dr. B.S. Vishwanathan

Director



Rakesh Kapur

Director



Dr. P.S. Gahlaut

Director



S.K. Kanwar

Director



Bahushrut Lugani

Director



S. Narayanan

Managing Director &
Chief Executive Officer



N.K. Kedia

Director
(Marketing)



Y. Fukuda

Director
(Operations)

BOARD OF DIRECTORS

| | |
|---|---|
| K. Srinivasa Gowda | Chairman |
| Takashi Yoshikawa (upto 16th May, 2011) | Vice Chairman |
| Arthur Lee (w.e.f. 10th June, 2011) | |
| Surinder Kumar Jakhar (upto 17th January, 2011) | Director |
| Balwinder Singh Nakai (w.e.f. 10th March, 2011) | Director |
| Dr. U.S. Awasthi | Director |
| Dr. B.S. Vishwanathan | Director |
| Rakesh Kapur | Director |
| Dr. P.S. Gahlaut | Director |
| S.K. Kanwar | Director |
| Bahushrut Lugani | Director |
| S. Narayanan | Managing Director & Chief Executive Officer |
| N.K. Kedia | Director (Marketing) |
| Y. Fukuda | Director (Operations) |

SENIOR EXECUTIVES

| | |
|----------------|--|
| M.K. Tandon | Financial Advisor |
| V.S. Rao | Executive Director & Company Secretary |
| H.O. Suri | Executive Director |
| U.C. Dubey | Executive Director |
| K.K. Aggarwal | Executive Vice President |
| S.S. Kukreja | Executive Vice President |
| R. Kannan | Executive Vice President |
| Parag Gupta | Executive Vice President |
| Sanjay Seth | Executive Vice President |
| Sanjeev Chopra | Executive Vice President |

AUDITORS

G.S. Mathur & Co.,
Chartered Accountants

Raghu Nath Rai & Co.,
Chartered Accountants.

BANKERS

Deutsche Bank,
New Delhi.

Indian Overseas Bank,
New Delhi.

REGISTERED OFFICE

IFFCO SADAN, C-1,
District Centre, Saket,
New Delhi-110017,
Phone No. 011-26542625

CORPORATE OFFICE

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

IFFCO-TOKIO

NOTICE OF THE ELEVENTH ANNUAL GENERAL MEETING

TO THE MEMBERS

NOTICE is hereby given that the **ELEVENTH ANNUAL GENERAL MEETING** of the Members of **IFFCO TOKIO General Insurance Company Limited** will be held on **Thursday, the 23rd June, 2011, at 4 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 31st March, 2011 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 Mr. K. Srinivasa Gowda who retires by rotation and is eligible for reappointment.
3. To appoint Director in place of Mr. Balwinder Singh Nakai who retires by rotation and is eligible for reappointment.
4. To appoint Director in place of Dr. B.S. Vishwanathan 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. G S Mathur & Co., Chartered Accountants and M/s S K Mehta & 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."

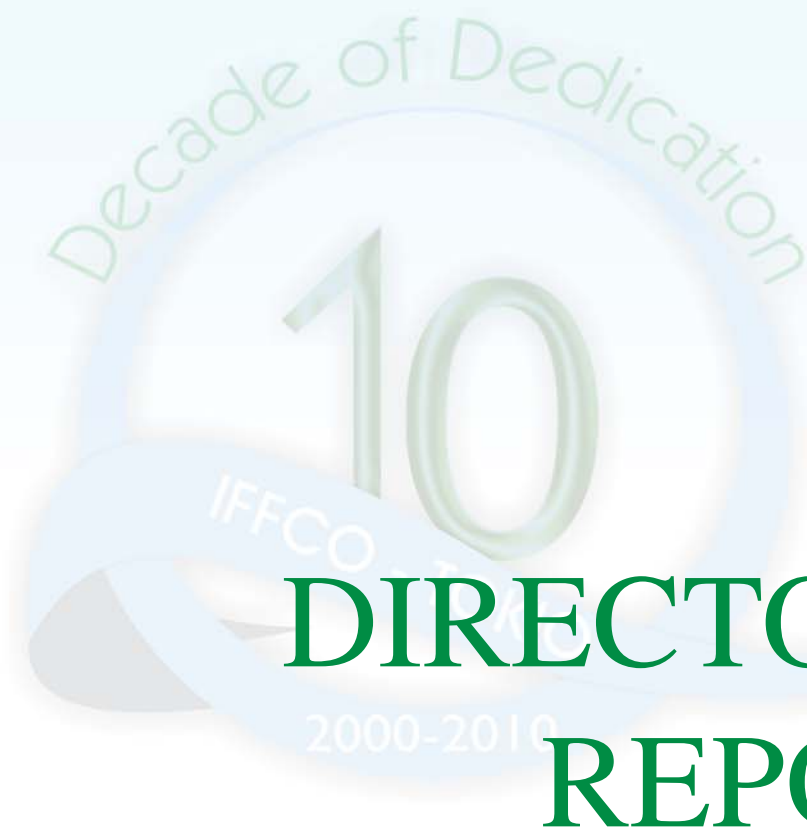
By Order of the Board,

Registered Office
IFFCO Sadan, C1,
Distt. Centre, Saket Place,
New Delhi 110017.
Dated: 30th May, 2011.

(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 Tuesday, the 16th June, 2011 to Tuesday, the 23rd June, 2011 (both days inclusive)



Decade of Dedication
10
IFFCO TOKIO
2000-2010

DIRECTORS' REPORT

IFFCO-TOKIO

Honourable Members,

- 1.0. Your Directors have pleasure in presenting the Eleventh Annual Report on the activities of your Company together with the audited financial results for the year ended 31st March, 2011 along with the Auditors' Report thereon.

2.0 ECONOMIC ENVIRONMENT

- 2.1 Honorable Members are kindly aware that the overall growth of Gross Domestic Product was 8.6 per cent in 2010-11 representing an increase from the revised growth of 8.0 per cent during 2009-10.
- 2.2. A year after what many define as global economy's worst crisis of confidence, there seems to be growing evidence that the various strategies put in place to tide over the economic crisis are paying off. The first signs of positive growth are evident in many advanced economies. Global production and trade have bounced back while financial markets have recovered faster than expected. There has been a discernable improvement in economic and financial conditions in India too. Industrial production is rebounding; consumers who held back on spending out of fear of job loss have begun to spend more freely as they see job creation begin to take hold. Improvement in global demand is generating a robust rebound in exports while the financial markets are in better shape as evidenced by the continued rally in equities. The collective impact of monetary and fiscal policies, as well as targeted structural measures has been crucial in containing the effects of the global economic downturn on domestic economic activity.
- 2.3. Members are aware that the business landscape has changed significantly in the past one year. The difficult economic scenario compelled companies to re-look at the manner in which they conducted their businesses. Companies that demonstrated cost leadership without losing sight of the needs of the customers have emerged as true leaders in an economy that has turned extremely price sensitive. New business models have emerged, as companies took the path of innovation to stay tuned to customer needs and remain competitive. The crisis has reinforced the importance of good risk management practices. With companies carrying over the lessons of the past year 2010, the expectation is that it will be a more mature India Inc that will emerge from the existing scenario.

3.0 INDUSTRY SCENARIO OF GENERAL INSURANCE

- 3.1 As per the present indications the market growth of Insurance Industry is estimated at 21% for the year 2011-12 as against 22% during the year 2010-11. The Premium growth of Private Players at approximately 24% exceeded that of the Public Sector which recorded a growth of 21%. Hon'ble Members will be happy to note that your Company recorded a premium growth of 21% over the previous year and was ranked at third position amongst Private Players with an overall market share of 4.65%.

4.0 FINANCIAL HIGHLIGHTS

Your Company has completed another year of its operations. Despite the difficult market conditions, your Company has underwritten Gross premium of Rs.1988.86 Crores, including Rs.137 Crores allocated from the motor third party insurance pool as compared to Rs.1639.56 Crores achieved in the previous year, representing an increase of 21% over the previous year. The underwriting results however, show a net loss of Rs.32.70 Crores as against profit before tax of Rs.50.46 Crores budgeted for the year 2010-11.

(a) Indian Motor Third Party Insurance Pool

Members are kindly aware that in terms of the directions issued by the IRDA, Indian Motor Third Party Insurance Pool was formed with effect from. 1st April 2007. The Pool is a multilateral Reinsurance arrangement wherein all direct business written in respect of Third Party Insurance of Commercial vehicles is ceded into the Pool. Your Company has been accounting the liabilities on account of Motor Third Party Claims as intimated to it by the Pool Administrator on year to year basis. During the year, a communication was received from IRDA advising that the liability in respect of claims intimated by the Pool in earlier years were undervalued and the same need to be revised upwards. All the non-life Insurance Companies were directed to account for the enhanced liability in respect of earlier years in

the account of the current year. Further, the liability in respect of current year had also been accounted for at the enhanced rate as applicable to earlier years. The share of your Company in the enhanced provision of liability in respect of the period 2007-08 to 2009-10 was determined at Rs.72.33 Crores which has been charged to Profit & Loss Account of the current financial year. In addition, the claim provision for the current financial year as allocated to your Company on account of Motor Pool operation is Rs. 71.28 Crores. Thus the net impact of Motor Pool liability created during the current financial year is Rs.143.61 Crores which has adversely affected the overall profitability of your Company.

(b) Solvency Ratio

The Solvency margin of your Company as at 31st March, 2011 works out to 1.23 as against 1.76 as at the end of the previous financial year. The erosion in solvency margin is mainly due to provision of arrears of liability towards incurred claims of Motor Pool relating to the period 2007-08 to 2009-10 and enhanced liability in respect of financial year 2010-11. IRDA has directed all non Life Insurers to maintain a solvency ratio of 130%, 137%, 145% and 150% for all lines of business as on 31st March 2011, 31st March 2012, 31st March 2013 and 31st March 2014 respectively. Your Company has prepared a financial plan for achieving the prescribed levels of solvency ratio and the same will be submitted to IRDA for their approval.

FINANCIAL RESULTS

| <i>Particulars</i> | <i>(Rs. In Cr.)</i> | |
|------------------------------------|-----------------------|---------------------|
| | 2010-11 | 2009-10 |
| Gross Written Premium | 1988.87 | 1639.56 |
| Less Reinsurance Premium | 736.58 | 648.73 |
| Net Premium | 1252.29 | 990.83 |
| Unexpired Risk Reserve | 117.19 | 68.61 |
| Earned Premium | 1135.10 | 922.22 |
| Others | 0.40 | 0.10 |
| Total Underwriting Revenue | 1135.5 | 922.32 |
| Net Incurred Claims | 990.46 | 732.67 |
| Expenses of Management | 318.64 | 249.27 |
| Commission Expense (net) | 15.11 | 25.19 |
| Others | 0.84 | 0.38 |
| Total Underwriting Expenses | 1325.05 | 1007.51 |
| Underwriting Profit/Loss | (189.54) | (85.19) |
| Investment Income: | | |
| Allocated to Revenue A/C | 116.04 | 106.66 |
| Allocated to P& L A/C | 22.71 | 13.26 |
| | <u>138.75</u> | <u>119.92</u> |
| Others | 1.43 | 3.88 |
| Net Underwriting Surplus/Deficit | (73.51) | 21.47 |
| Profit Before Tax | <u>(49.36)</u> | <u>38.61</u> |

(d) Marketing

The commercial lines of business have been showing signs of saturation. New investments have shrunk due to global recession. Taking into consideration the potential and profitability of various classes the growth of the market was limited to retail lines of business and more significantly in Motor & Health Segments. Though the retail lines of business did not contribute adequately to the bottom line, however, in view of the growth expected, the Company augmented its business in retail lines without sacrificing the quality and also controlling the incurred claim ratio. The reinsurance market has also been hardening due to increase in claim payments on account of natural disaster as also reduced pricing.

5.0 DIVIDEND

- 5.1. Your Directors have not proposed to declare any dividend for the year in view of net loss for the year and also to comply with the directions of IRDA with regard to the required Solvency Margin.

6.0 INVESTMENTS

- 6.1 The total investments of your Company as on 31st March, 2011 were Rs.1817.98 Crores as against Rs.1279.49 Crores at the end of the previous year. Investments were made in Government Securities and other approved schemes prescribed in IRDA Investment (4th Amendment) Regulations 2008. The average yield on these investments during the year worked out to 8.02% as against 8.33% earned in the previous year.

7.0 CORPORATE GOVERNANCE

- 7.1. Members are aware that IRDA had issued Guidelines on Corporate Governance for the Insurance Sector vide their Circular No: IRDA/F&I/CIR/F&A/012/01/2010 dated 28th January, 2010 and the Companies were directed to ensure compliance of the same with effect from 1st April 2010. These Guidelines prescribed for compliance by Insurance Companies are in addition to the provisions of the Companies Act, 1956, Insurance Act, 1938 and any other laws or Regulations framed there under. The Guidelines inter alia envisaged introduction of (a) Code of Business Conduct and Ethics for Board Members and Senior Management (b) Formulation of Whistle Blower Policy (c) Constitution of Risk Management Committee (d) Constitution of Policy Holders Protection Committee (e) Reconstitution of Audit Committee (f) Appointment of Independent Directors (g) conduct of meetings of Board of Directors etc. Hon'ble Members would be pleased to note that your Company has taken appropriate measures and complied with the requirements as prescribed in the Corporate Governance Guidelines by IRDA. 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:

(a) Executive Committee

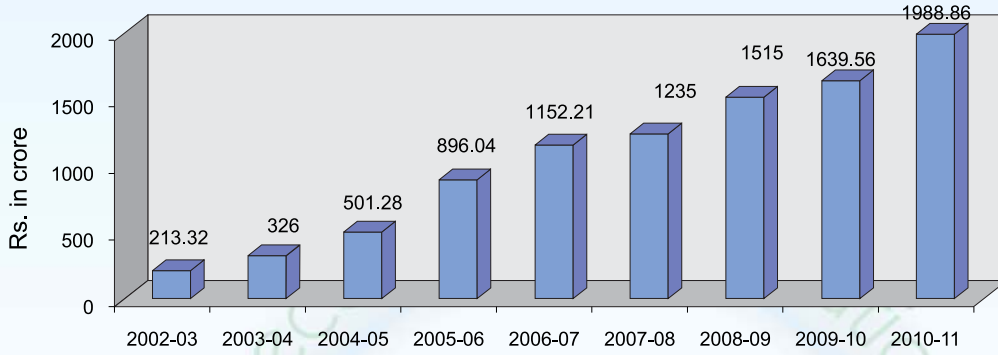
The Executive Committee comprises of one non Executive Director, Managing Director, Director (Operations) and Financial Advisor as its Members. This Committee is responsible for finalization of Business Plan, Annual Budgets, review of operations, review of performance of personnel, HRD issues, etc.

(b) Investment Committee

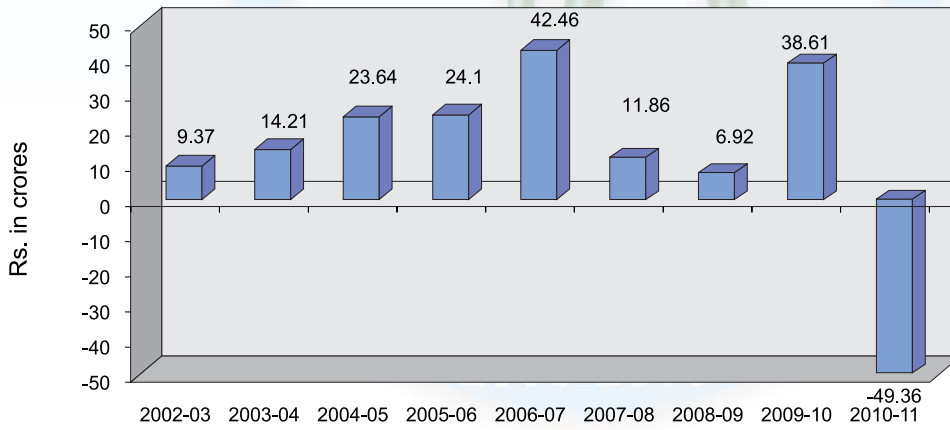
The Investment Committee comprises of two Non-Executive Directors, Managing Director, Financial Advisor, Chief of Investment Division, Chief of Finance Division and Appointed Actuary. The Investment Committee is responsible for formulating the Annual Investment Policy, laying down guidelines for investment of surplus funds, approval of investment decisions, monitoring the implementation of approved investment policy and guidelines and also compliance of IRDA (Investment) Regulations.

Your Board of Directors had appointed M/s. N.K. Bhargava & Co., Chartered Accountants as Concurrent Auditor for auditing the Investment accounts. The auditors conducted regular audits on monthly basis and audit reports / observations made by them were submitted in every meeting of the Investment Committee for consideration.

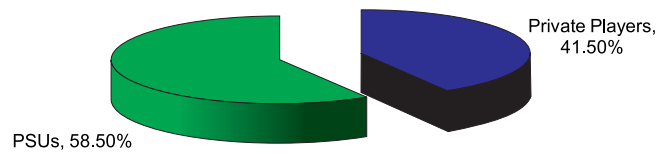
GWP Growth



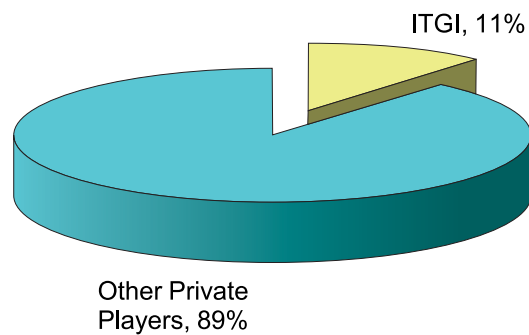
PBT Performance



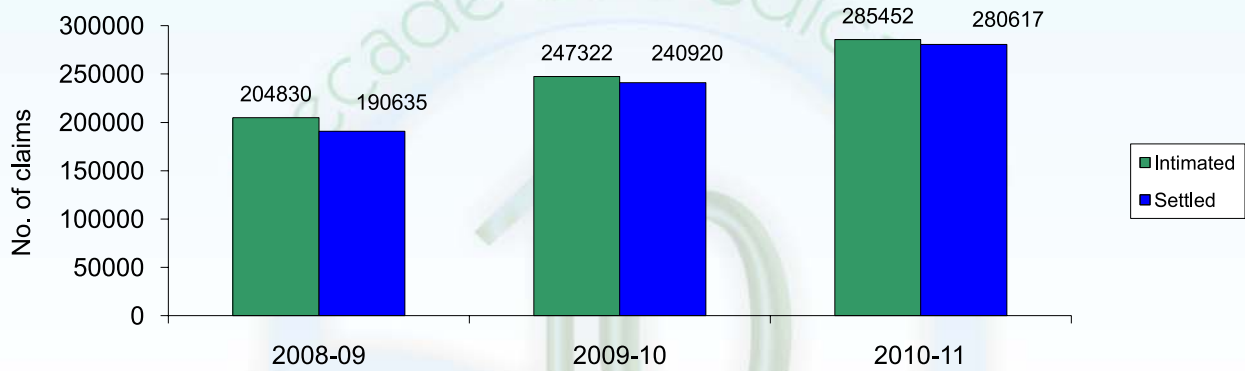
Market Share of Private Players



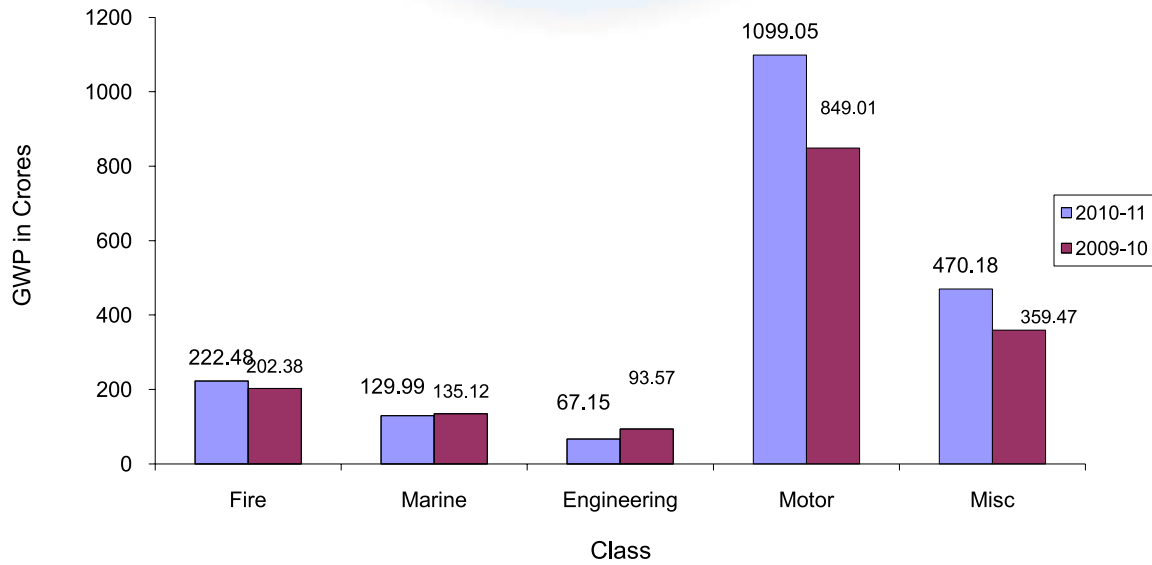
ITGI Share Among Private Insurers



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Class wise GWP Breakup



(c) Audit Committee

Pursuant to the Guidelines on Corporate Governance issued by IRDA, your Board of Directors had reconstituted the Audit Committee consisting of Mr. Bahushrut Lugani, Chartered Accountant, an independent Director as Chairman. In addition, 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.
- (v) Recommend appointment, remuneration, performance and oversight of the work of Auditors (internal/statutory/concurrent)

(d) Risk Management Committee

In compliance with the Guidelines on Corporate Governance by Insurers issued by IRDA, your Company constituted Risk Management Committee comprising of Director (Operations) as its Chairperson, Executive Director & Company Secretary/Compliance Officer, Head (Underwriting) and Chief Financial Officer of the Company as Members. The Committee is responsible for monitoring all the risks across various lines of business of the Company, reviewing the business underwritten, investment of funds, reinsurance supports, major claims, amount recoverable and such other business activities which have a potential of exposing the Company to avoidable risks.

(e) Policyholders Protection Committee

In compliance with the Guidelines on Corporate Governance issued by IRDA your Company has also constituted Policyholders Protection Committee comprising of Director (Mktg) as its Chairperson, Head (Claims), Head (Retail Marketing), Chief Investment Officer and Chief Grievance Officer. The Committee is responsible for reviewing the complaints and grievances of policyholders as also compliance with statutory requirements as laid down in the regulatory framework.

- 7.2. During the year 6 meetings of the Board of Directors, 8 meetings of the Executive Committee, 4 meetings of the Audit Committee, 4 meetings of the Investment Committee, 4 meetings of Risk Management Committee and 4 meetings of Policyholder Protection Committee were held. All the meetings were well attended.
- 7.3. A Report on Corporate Governance pursuant to IRDA Guidelines issued is placed at Annexure "A".

8.0 COMPLETION OF TEN YEARS OF SUCCESSFUL OPERATIONS

- 8.1 Your Company completed ten years of operations on 4th December 2010. The first decade of IFFCO TOKIO's existence was challenging and satisfying. With the valuable guidance of the Members of the Board, support from Promoters viz. IFFCO, Tokio Marine and IPL, guidance from IRDA, commitment and dedication from the employees, support from the business partners and customers etc, your Company achieved commendable success in all areas of operations.

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 (CSCs) located at Mumbai, Kolkata, Vadodara, Bangalore, Delhi (NCR), Delhi (North) and Bhopal. 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 2.85 lakh claims during the financial year and were able to achieve a settlement ratio of 83.20 % on an average. Besides Customers servicing the seven Customer Service Centres and the Centralized Claim unit located at Corporate Office, Gurgaon also focused on Claims / loss control measures by introducing

IFFCO-TOKIO

e-survey and on line technical scrutiny of Motor claims, improved salvage management and utilizing the services of in house surveyors.

- 9.2 In addition to the Centers for servicing of Customers in respect of Claims, the underwriting Hubs set up by your Company in Gurgaon Corporate Office and Mumbai operated effectively during the year. 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, Customers Relationship Management (CRM) has been implemented to minimize the time taken in issuance of policies.

10.0 SPREAD OF OPERATIONS

- 10.1. Your Company has expanded its operations during the year under report 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. During the year, 5 new Branches were set up to augment services to its customers.

11.0 INFORMATION TECHNOLOGY

- 11.1 Hon'ble members are kindly aware that the Company is using a dedicated Insurance Software 'Polisy-400' in conducting of business, viz. Underwriting, accounting, Issue of policy documents, regulation and settlement of claims and service to its customer.
- 11.2 During the year the Company has formed a separate In house Health Claims Team which is responsible for servicing health claims of the Company. This team has been provided with new claims management software MEDEZEE to provide prompt and improved service to the customers. Your Company has also introduced new channel for sale of overseas travel insurance under which the software being used by network of travel agents has been integrated with the Company's underwriting system to facilitate issue of travel policies by the respective travel agent through their dedicated booking software. For the purpose of business continuity Disaster Recovery Infrastructure has also been set up. The Company has also obtained ISO 27001 for its IT Department and Data Centre in Gurgaon.

12.0 BUSINESS PLAN FOR FINANCIAL YEAR 2011-12

- 12.1. Members are aware that your Company has achieved a GWP of Rs. 1851 Crores (excluding allocation of Rs.137 Crores from the Motor Third Party Insurance Pool) during the year ended 31st March, 2011. The Company has set a target of Rs. 2100 Crores (excluding anticipated allocation that may be made by the Motor Pool) for the financial year 2011-12 comprising of Rs. 500 Crores from Commercial Lines and Rs. 1600 Crores of Retail lines. As per the present market scenario the opportunities in Commercial lines of Business have shrunk considerably due to the impact of detarification and economic slow down in the preceding two years. In the proposed Budget for the year 2011-12 mobilisation of business from the Retail segment has been planned since it is anticipated that it will continue to grow as in the previous year.

(a) MARKET STRATEGY

Your Company has drawn a strategy for profitable growth by focusing on profitable lines of business and reducing focus on unprofitable lines. Accordingly motor would continue to be our growth driver but with stringent guidelines to ensure business quality and loss control through streamlined processes. Your Company would have a reduced focus on certain lines such as Aviation, Marine and Group health while projecting a modest growth in Commercial Lines. In order to improve profitability and maintain the prescribed solvency margins, there would be an increased focus on non-motor retail basket comprising of products like Home, Individual health and Travel which have been profitable but volumes have been low. The SBUs have been given targets for 2011-12 in the said retail basket. Since the emphasis on the Business Plan is to augment retail lines of business, your Company would encourage low cost distribution channels viz. ITIS, Individual Agents, Cooperatives and Bancassurance.

(b) PRODUCT DEVELOPMENT

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.

(c) REINSURANCE

Your Company formulated its Reinsurance Programme in line with the guidelines laid down by Insurance Regulatory and Development Authority (IRDA). The reinsurance 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.

(d) 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 Committee which is proficient in qualitative evaluation of risk, providing safety consultancy for loss reduction and suggesting measures for risk mitigation to the client. In the 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. The Company continues to follow loss control measures in motor insurance with the help of e-survey, on-line scrutiny of motor claims, improved salvage management and increased use of in-house surveyors.

(e) RURAL BUSINESS

Based on commitment to serve the rural masses, the Company has strived continuously to improve upon its product and delivery systems. This has given excellent results and in weather based crop insurance scheme, the Company covered more than three lakh people this year. The premium income has jumped from Rs. 5.91 Crores in 2009-10 to Rs. 52.72 Crores in 2010-11.

The Company also participated in the government sponsored "Rashtriya Swasthya Bima Yojna", a health scheme for people living below poverty line. Already, more than fifty thousand people have been enrolled under this scheme in the state of Punjab.

The Innovation of using RFID tags in livestock insurance has been well accepted by the farmers and the premium has shown a quantum jump of more than 250%. Based on market feedback, Janta Bima Yojana was relaunched with personal accident cover replacing Critical illness and additional cover of house building against fire, storms and floods. The policy was well accepted in the market and in three months of its relaunch in January, 2011 achieved a premium income of Rs. 70 lacs. This year also, to extend the benefits of insurance to the rural masses, a micro insurance campaign was held in the month of January and February 2011 and netted a premium income in excess of 1.5 crores. Sankat Haran Bima Yojna, which has entered in 10th year, has so far benefitted 10,706 beneficiaries with the claim disbursement to the tune of Rs. 64.91 Crores.

- 12.2. As per the Regulations notified by IRDA, your Company was required to underwrite 7% of Gross Direct Premium towards Rural business and insure 55,000 lives for compliance with the social sector obligations.

IFFCO-TOKIO

The Members would be happy to note that the actual business underwritten in respect of Rural Sector works out to 14.26 % of Gross Direct Premium and that the Company had covered 18.82 lakh lives during the year. The Company places on record its appreciation to IFFCO and its Member Co-operatives, who have extended its unstinted support to the Company to enable it to fulfill the mandatory requirements.

13.0 IFFCO-TOKIO INSURANCE SERVICES LIMITED - A WHOLLY OWNED SUBSIDIARY

- 13.1 Members are 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 IFFCO TOKIO 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, 2011 contributed business valuing Rs.878 Crores as against Rs.651.12 Crores during the previous year to IFFCO TOKIO and earned a profit before tax of Rs. 22.58 lakhs as against Rs. 18.88 lakhs during the previous year. ITIS has served the semi-urban and rural segments of India with innovative products of IFFCO TOKIO and serviced several customers.
- 13.2. IFFCO TOKIO Insurance Services Limited (ITIS) has scaled new heights by extending its presence to over 378 locations during the year. Continuing with its efforts to get closer to the rural populace, the Company has penetrated further into the tier B and C class cities through its various Offices and Bima Kendras. The Company has on its rolls over 1416 trained persons comprising of Employees and Trainees who procure business and also render services to IFFCO-TOKIO customers both in urban and rural areas.
- 13.3. As required under section 212(1) of the Companies Act, 1956, the audited accounts and other particulars of the Subsidiary Company are appended. The Statement of Interest in the Subsidiary Company (ITIS) in accordance with Section 212 of the Companies Act, 1956 is also enclosed at Annexure "B".

14.0 HUMAN RESOURCE DEVELOPMENT

- 14.1. Human resource is an invaluable asset of your 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, compensation package was revised at all levels with suitable rationalization in designations. The incentive schemes are linked to employees own performance as well as of the Company. The employees of the Company rendered their full cooperation and support to the management. Your Directors place on record their appreciation to all the employees for their cooperation.
- 14.2. During the year under Report, the Training and Development Division was strengthened by placing a Senior Executive on full time basis and a few faculties. A Permanent Consultant as Faculty was also placed to meet the increasing needs of Training requirements. More than 1000 employees were trained on various training programmes conducted in 156 days during the year. The Company has also deputed number of employees to various seminars and Training Programmes conducted in India and abroad. The Training and Development division also conducted training programmes on improving soft skills and on the job training etc.
- 14.3. 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, 2011 is placed at Annexure - "C".

15.0 CONSERVATION OF ENERGY AND TECHNOLOGY

- 15.1. 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 EARNINGS AND OUT GO

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

EARNINGS

Rs. 11,038.91 Lakhs
(Previous year Rs.20,819 lakhs)

OUTGO

Rs. 19,011.44 Lakhs
(Previous year Rs. 17,911 Lakhs)

16.0 PUBLIC DEPOSITS

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

17.0 AUDITORS' OBSERVATIONS

- 17.1. The Report of the Auditors to the Members of the Company is annexed to the financial statements for the year ended 31st March, 2011. The Auditors have drawn attention of the Members to the solvency ratio of the Company as on 31st March 2011 which is below the limit prescribed by IRDA.
- 17.2. In connection with the Auditors observation, it is submitted that the erosion in solvency ratio during the financial year was mainly due to accounting of arrears of liability towards incurred claims of Motor Pool relating to the period 2007-08 to 2009-10 as per the directives of IRDA. A financial plan to achieve the prescribed solvency ratio has been approved by your Board of Directors and the same has been submitted to IRDA for approval.

18.0 BOARD OF DIRECTORS

(a) Demise of Shri Surinder Kumar Jakhar, Founder Chairman

It is with great regret and deep sorrow that your Directors bring to your notice, the sudden passing away of Shri Surinder Kumar Jakhar, on 17th January, 2011. Shri Surinder Kumar Jakhar, the founder Chairman and Director of IFFCO TOKIO took a keen interest in the Company's affairs. He was instrumental for the overall development and growth of the Company. As a leading agriculturist with vast experience, his advice and guidance strengthened your Company to grow from a humble beginning to all round development both in terms of its geographical spread and launching of new products. With his vision in agriculture and farming IFFCO TOKIO is the pioneer in penetrating into the rural market and serving millions of farmers and rural masses. The Board of Directors have been deprived of his wise counsel and your Directors place on record their deep appreciation of the valuable services rendered by Shri Surinder Kumar Jakhar to the Company in many spheres.

(b) Appointment of Independent Directors

During the year, Mr. S.K. Kanwar and Mr. Bahushrut Lugani, appointed as Additional Directors on the Board with effect from 1st April, 2010, were appointed as independent Directors of the Company at the 10th Annual General Meeting of the Company held on 25th May, 2010.

(c) Appointment of Nominee Directors

Mr. Balwinder Singh Nakai was nominated during the year as nominee Director of IFFCO on the Board of the Company in the casual vacancy caused due to the sudden demise of Mr. Surinder Kumar Jakhar, Director. Consequently, Mr. Nakai was appointed on the Board of IFFCO TOKIO with effect from 10th March, 2011.

(d) Reappointment of Managing Director and Whole time Directors

- Your Board of Directors have reappointed Mr. S. Narayanan as Managing Director for a period of two years effective from 1st November, 2010 to 31st October, 2012 on the expiry of his tenure of appointment as Managing Director as on 31st October, 2010.
- The Board of Directors have also reappointed Mr. N.K. Kedia as Director (Marketing) for a period of one year effective from 1st November, 2010 to 31st October, 2011. Mr. Y. Fukuda, Director (Operations) was reappointed for a period of two years effective from 1st November, 2010 to 31.10.2012 on remuneration approved by the Members. The Company has obtained necessary approvals from the competent authorities for the same.

- 18.1. In accordance with the provisions contained in Articles 102, 103 and 104 of the Articles of Association of your Company, Mr. K. Srinivasa Gowda, Mr. Balwinder Singh Nakai and Dr. B.S. Vishwanathan, Directors retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment.

19.0 AUDITORS

- 19.1. M/s Raghu Nath Rai & Co. and M/s G.S. Mathur & Co. were appointed as Joint Statutory Auditors of your Company for the financial year 2010-11 and they will continue in the Office till the conclusion of the ensuing Annual General Meeting.
- 19.2. As per the Revised Guidelines for Appointment of Statutory Auditors of Insurance Companies issued by IRDA each insurance Company is required to have two Auditors on a Joint Audit and one of the Joint Auditor may have a term of five years and the other four years in the first instance. Thereafter, the maximum duration for which the Auditor could be retained would be for a period of five years. M/s Raghu Nath Rai & Co. one of the Joint Auditors would be completing five years at the conclusion of the ensuing Annual General Meeting and are not eligible for re-appointment.
- 19.3. The Company has received communication from M/s G.S. Mathur & Co, Auditors confirming their willingness to accept the audit of the Company in the event of their reappointment.
- 19.4. The Company has received communication from M/s S.K. Mehta & Co., Chartered Accountants, confirming their willingness to accept the audit of the Company in the event of their appointment and stating that their appointment, if made, will be in accordance with the limits specified under Section 224(1B) of the Companies Act, 1956 and they fulfill the eligibility criteria specified under IRDA Regulations for appointment as Statutory Auditors. Notice of the ensuing Annual General Meeting provides for appointment of Auditors as per the provisions of the Companies Act, 1956.

20.0 DIRECTORS' RESPONSIBILITY STATEMENT

- 20.1. 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 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.

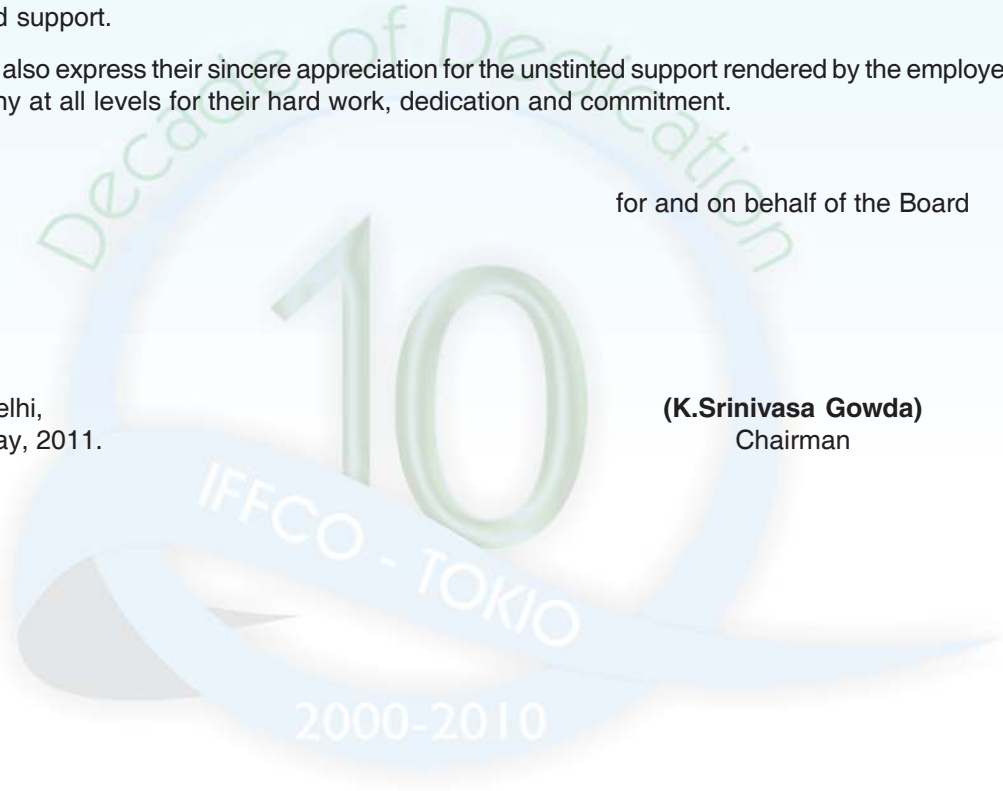
21.0 ACKNOWLEDGEMENTS

- 21.1. Your Directors express their gratitude to all customers of your Company for their valuable patronage, shareholders, the Insurance Regulatory & Development Authority, General Insurance Council, 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.
- 21.2. 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

Place: New Delhi,
Dated: 16th May, 2011.

(K.Srinivasa Gowda)
Chairman



REPORT ON CORPORATE GOVERNANCE

In accordance with the "**Corporate Governance Guidelines for Insurance Companies**" issued by IRDA vide Circular No. IRDA/F&A/CIR/025/2009-10, the Report containing the details of Governance systems and practices at IFFCO TOKIO General Insurance Company Limited is as under:

1.0 Corporate Governance Practices

IFFCO TOKIO General Insurance Company Limited believes that sound Corporate Governance practices are essential for healthy growth of business and to repose confidence in all interested parties. IFFCO TOKIO has placed sound corporate governance practices for improving long term values. The corporate governance philosophy of IFFCO TOKIO has been strengthened with the formulation of Code of Conduct for Management, Whistle Blower Policy, Online Grievance Redressal system and implementation of Public Disclosure Policies. The Company, through its Board and Committees, endeavours to strike and deliver the highest governing standards for the benefit of its stakeholders.

2.0 Composition of the Board of Directors

As part of good Governance, the Company, in compliance with the Guidelines issued by IRDA, has appointed independent Directors on the Board. The Board of Directors of the Company consists of both Executive and Non Executive Directors. The Company has three functional Directors including the Managing Director. All the Members of the Board have executed Deed of Covenants as prescribed in the Guidelines.

3.0 Guidelines for Committees of the Board

The Company has set up mandatory Committees of the Board. The Committees of the Board meet at frequent intervals as per the Guidelines prescribed for holding such meetings. The Company Secretary ensures that the meetings of the Shareholders, Board of Directors and Committees of the Board are held as per the time frame and the minutes of such meetings are properly recorded. The Board has constituted all mandatory Committees as prescribed in the Guidelines and the same are functional.

4.0 Board of Directors Meetings

Six Meetings of the Board of Directors were held during the year as against the minimum requirement of four meetings. The Company has held at least one Board meeting in every three months and the maximum time gap between any two meetings was not more than four months. The details of the Board meetings held during the year are as under:

| S. No | Date | Board Strength | No of Directors present |
|-------|----------------------|----------------|-------------------------|
| 1 | 27th April, 2010 | 12 | 10 |
| 2 | 4th August, 2010 | 12 | 12 |
| 3 | 22nd September, 2010 | 12 | 12 |
| 4 | 18th November, 2010 | 12 | 11 |
| 5 | 10th December, 2010 | 12 | 11 |
| 6 | 10th March, 2011 | 11 | 11 |

The names of the Board of Directors and their attendance at the Board Meetings held during the financial year 2010-11 are as under:

| S. No. | Name of the Director(s) | Qualification | Field of specialisation | Status of Directorship | No. of Meetings held | No. of Meetings attended |
|--------|---------------------------------|---|-------------------------|---------------------------|----------------------|--------------------------|
| 1 | Mr. K. Srinivasa Gowda | B.Sc. | Agriculture | Chairman | 6 | 6 |
| 2 | Mr. Takashi Yoshikawa | M.B.A | Insurance | Vice Chairman | 6 | 4 |
| 3 | Late Mr. Surinder Kumar Jakhar* | Graduate | Finance | Director | 6 | 4 |
| 4 | Mr. Balwinder Singh Nakai** | Graduate | Agriculture | Director | 6 | 1 |
| 5 | Dr. B.S. Vishwanathan | Ph.d., B.Com. | Management | Director | 6 | 6 |
| 6 | Dr. U.S. Awasthi | Ph.d. and Chemical Engineering | Management | Director | 6 | 6 |
| 7 | Mr. Rakesh Kapur | B. Tech (Mechanical) | Finance | Director | 6 | 6 |
| 8 | Dr. P.S. Gahlaut | Ph.d., B.Sc. (Hons.) | Business Management | Director | 6 | 5 |
| 9 | Mr. Bahushrut Lugani | C.A., B.Sc. | Finance | Independent Director | 6 | 6 |
| 10 | Mr. S.K. Kanwar | Graduate | Insurance | Independent Director | 6 | 6 |
| 11 | Mr. S. Narayanan | M.Sc. (Maths), A.I.I.I from Insurance Institute of India | Insurance | Managing Director & C.E.O | 6 | 6 |
| 12 | Mr. N.K. Kedia | B.Sc (Engg.) Mechanical, Licentiate from Insurance Institute of India | Marketing | Director (Marketing) | 6 | 6 |
| 13 | Mr. Yasunobu Fukuda | B. Com | Operations | Director (Operations) | 6 | 6 |

* Late Mr. Surinder Kumar Jakhar ceased to be Director effective from 18th January, 2011

** Mr. Balwinder Singh Nakai was appointed as Director w.e.f. 10th March, 2011

5.0 Committee Meetings of the Board of Directors

The details of the Committee Meetings of the Board of Directors held during the financial year 2010-11 are as under:

(A) Investment Committee

Four Meetings of the Investment Committee were held during the year, thereby meeting the minimum requirement of convening four meetings in a year. The Company has held at least one Investment Committee meeting in every three months and the maximum time gap between any two meetings was not more than four months. The details of the Investment Committee meetings are as under:

| S.No. | Date | Strength | No of Directors / Members present |
|-------|----------------------------------|----------|-----------------------------------|
| 1 | 4 th August, 2010 | 7 | 7 |
| 2 | 22 nd September, 2010 | 7 | 7 |
| 3 | 12 th January, 2011 | 7 | 6 |
| 4 | 23 rd February, 2011 | 7 | 7 |

The names of the Board of Directors and other Members present at the Investment Committee Meeting held during the financial year 2010-11 and the attendance are as under:

| S.No. | Name of the Member(s) | Status of Directorship | No. of Meetings held | No. of Meetings attended |
|-------|-----------------------|-----------------------------------|----------------------|--------------------------|
| 1 | Dr. U.S. Awasthi | Chairman | 4 | 4 |
| 2 | Mr. Rakesh Kapur | Member | 4 | 4 |
| 3 | Mr. K.K. Wadhwa | Member/ Appointed Actuary | 4 | 3 |
| 4 | Mr. S. Narayanan | Member | 4 | 4 |
| 5 | Mr. M. K. Tandon | Member / Financial Advisor | 4 | 4 |
| 6 | Mr. H. O. Suri | Member / Chief Investment Officer | 4 | 4 |
| 7 | Mr. Sanjeev Chopra | Member / Chief Finance Officer | 4 | 4 |

(B) Audit Committee

Four Meetings of the Audit Committee were held during the year, thereby meeting the minimum requirement of convening four meetings in a year. The Company has held at least one Audit Committee meeting in every three months and the maximum time gap between any two meetings was not more than four months. The details of the Audit Committee meetings are as under:

| S.No. | Date | Strength | No of Directors / Members present |
|-------|---------------------------------|----------|-----------------------------------|
| 1 | 26 th April, 2011 | 4 | 4 |
| 2 | 5 th August, 2010 | 4 | 4 |
| 3 | 18 th November, 2010 | 4 | 4 |
| 4 | 28 th February, 2011 | 4 | 3 |

The names of the Board of Directors and other Members of the Audit Committee Meetings held during the financial year 2010-11 and the attendance are as under:

| S.No. | Name of the Member(s) | Status of Directorship | No. of Meetings held | No. of Meetings attended |
|-------|----------------------------|------------------------|----------------------|--------------------------|
| 1 | Mr. Bahushrut Lugani | Chairman | 4 | 4 |
| 2 | Mr. Surinder Kumar Jakhar* | Chairman | 4 | 3 |
| 3 | Dr. P.S. Gahlaut** | Member | 4 | 0 |
| 4 | Mr. Rakesh Kapur | Member | 4 | 4 |
| 5 | Mr. S. Narayanan | Member | 4 | 4 |

* Late Mr. Surinder Kumar Jakhar ceased to be the Chairman / Member of the Audit Committee w.e.f. 18th January, 2011

** The appointment of Mr. Bahushrut Lugani as Chairman of the Audit Committee and Dr. P.S. Gahlaut as the Member of the Audit Committee came into effect from 10th February, 2011

(c) Risk Management Committee

Four Meetings of the Risk Management Committee were held during the year, thereby meeting the minimum requirement of convening four meetings in a year. The Company has held at least one Risk Management Committee meeting in every three months and the maximum time gap between any two meetings was not more than four months. The details of the Risk Management Committee meetings are as under:

| S.No. | Date | Strength | No of Directors / Members present |
|-------|---------------------------------|----------|-----------------------------------|
| 1 | 29 th June, 2010 | 3 | 3 |
| 2 | 27 th October, 2010 | 4 | 4 |
| 3 | 23 rd February, 2010 | 4 | 4 |
| 4 | 24 th March, 2011 | 4 | 4 |

The names of the Board of Directors and other Members of the Audit Committee Meetings held during the financial year 2010-11 and the attendance are as under:

| S.No. | Name of the Member(s) | Status of Directorship | No. of Meetings held | No. of Meetings attended |
|-------|-----------------------|-------------------------------|----------------------|--------------------------|
| 1 | Mr. Y. Fukuda* | Chairman / Chief Risk Officer | 4 | 3 |
| 2 | Mr. V.S. Rao | Member | 4 | 4 |
| 3 | Mr. Sanjay Seth | Member | 4 | 4 |
| 4 | Mr. Sanjeev Chopra | Member | 4 | 4 |

* Mr. Y. Fukuda was appointed as the Chairman and Member of the Risk Management Committee w.e.f. 4th August, 2010

(d) Policyholders Protection Committee

Four Meetings of the Policy Holders Protection Committee were held during the year, thereby meeting the minimum requirement of convening four meetings in a year. The Company has held at least one Policyholders Protection Committee meeting in every three months and the maximum time gap between any two meetings was not more than four months. The details of the Policy holders Protection Committee meetings are as under:

IFFCO-TOKIO

| S.No. | Date | Strength | No of Directors / Members present |
|-------|---------------------------------|----------|-----------------------------------|
| 1 | 30 th June, 2010 | 3 | 3 |
| 2 | 25 th October, 2010 | 5 | 5 |
| 3 | 23 rd February, 2010 | 5 | 5 |
| 4 | 21 st March, 2011 | 5 | 5 |

The names of the Board of Directors and other Members present at the Policy holders Protection Committee Meetings held during the financial year 2010-11 and the attendance are as under:

| S.No. | Name of the Member(s) | Status of Directorship | No. of Meetings held | No. of Meetings attended |
|-------|-----------------------|---|----------------------|--------------------------|
| 1 | Mr. N. K. Kedia* | Chairman | 4 | 3 |
| 2 | Mr. V.S. Rao** | Member | 4 | 3 |
| 3 | Mr. H.O. Suri | Executive Director/Chief Investment Officer | 4 | 4 |
| 4 | Mr. Parag Gupta | EVP/Head (Claims) | 4 | 4 |
| 5 | Mr. R. Kannan | EVP/Head (Retail Marketing) | 4 | 4 |

* Mr. N.K. Kedia was appointed as the Chairman and Member of the Policyholders Protection Committee w.e.f. 4th August, 2010

** Mr. V.S. Rao was co-opted as the Member of the Policyholders Protection Committee of IFFCO TOKIO w.e.f. 4th August, 2010

8.0 Non-Mandatory Committees

(a) Executive Committee

The Company constituted an Executive Committee, which is in operation since the inception of the Company. The Committee is primarily responsible for finalization of Business Plan, Annual Budgets, review of operations, review of performance of personnel, HRD issues, etc. During the financial year 2010-11, Eight Executive Committee Meetings were held by the Company.

(b) Selection and Remuneration Committee

The Board of Directors constituted a Selection and Remuneration Committee for considering re-appointment of Managing Director and functional Directors and also fix their salary. A meeting of the Selection and Remuneration Committee was held during the financial year 2010-11 and the recommendations of the Committee were approved by the Board.

9.0 Code of Business Conduct and Ethics

The Company promotes ethical behavior in all its business activities. The Board of Directors approved Code of Business conduct and Ethics for Board Members and Senior Management personnel of the Company. The code of Business conduct and ethics provides prevention of insider trading, access to confidential information, protection of company's properties, conflict of interests, information to be placed before Board etc. The Code also provides the role of Compliance officer and other senior management.

10.0 Whistle Blower Policy

The Whistle Blower Policy formulated by the Company provides an opportunity to employees to have access, in good faith, to the Chairman of the Company in case they observe any unethical and improper practices or wrongful conduct in the Company. The Board of Directors formulated the whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct. The Policy provides maintenance of confidentiality of data, procedure for reporting improper and unethical practices etc.

11.0 Compliance Certificate of the Company Secretary

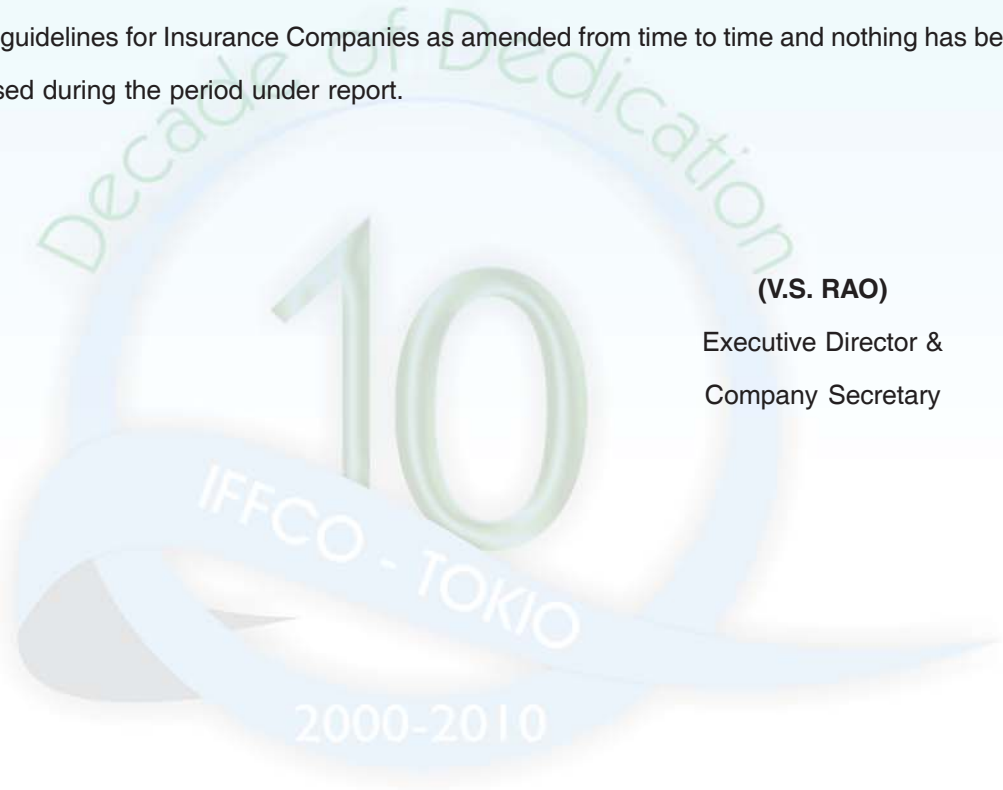
Certificate from the Company Secretary confirming compliances as stipulated under the IRDA Guidelines is attached to the Directors' Report forming part of the Annual Report as per **Annexure I**.

Annexure I of 'A'**Certification for compliance of the Corporate Governance Guidelines**

I, V.S. Rao, Executive Director and Company Secretary hereby certify that the Company has complied with the corporate governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed during the period under report.

Place: New Delhi,
Date: 16th May, 2011.

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



Statement of Interest in the Subsidiary Company (ITIS) 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, 2011 (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, 2011 is Rs. 15,53,299. Profit for the previous financial years of the subsidiary since it became holding Company's subsidiary is Rs. 53,21,487.

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 GENERAL INSURANCE COMPANY LIMITED

Statement under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975 for the year ended 31st March 2011

| S. No. | Emp. Code | Name of the Employee | Age (years) | Designation/ Nature of duties | Gross Remuneration (Rs. in Thousands) | Qualification | Experience (Years) | Date of Commencement of employment | Particulars of Previous employment |
|--------|-----------|----------------------|-------------|----------------------------------|---------------------------------------|--|--------------------|------------------------------------|------------------------------------|
| 1 | 10141 | Mr. S Narayanan | 59 | MD & CEO | 6,352 | M.Sc. (Maths), Associate from I.I.I., | 32.6 | 5-Oct-01 | Reliance GIC Ltd. |

IFFCO-TOKIO

Decade of Dedication

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IFFCO - TOKIO

2000-2010

AUDITORS' 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, 2011, and also the Revenue accounts relating to fire, marine and miscellaneous insurance business, the Profit and Loss account and the 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, the Revenue accounts, the Profit and Loss account and the Receipts and Payments account referred to in this report are in agreement with the books of account;
 - (e) The actuarial valuation of liabilities in respect of Claims 'Incurred But Not Reported' (IBNR) and Claims 'Incurred But Not Enough Reported' (IBNER) as at 31st March, 2011, has been duly certified by the appointed actuary and relied upon by us. The appointed actuary has certified that the assumptions used for such valuation are appropriate and are in accordance with the requirements of the IRDA and Actuarial Society of India.
On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2011 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; we further report that:
 - (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, the Revenue accounts, the Profit and Loss account and the 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.

IFFCO-TOKIO

AUDITORS' REPORT (Contd.)

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

- (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, 2011;
 - ii. in the case of the Revenue accounts, of the deficit for the year ended March 31, 2011;
 - iii. in the case of the Profit and Loss account, of the Loss of the Company for the year ended March 31, 2011; and
 - iv. in the case of the Receipts and Payments account, of the Receipts and Payments of the Company for the year ended March 31, 2011.
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, 2011 and there are no apparent mistakes or material inconsistency with the financial statements; and
 - (b) Based on the information and explanations received during the course of our audit, management representations and subject to Note B-III-2 of Schedule 16 forming part of the Financial Statements in relation to maintenance of Solvency Ratio, 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 G.S.Mathur & Co.
Chartered Accountants
FRN 008744N

for Raghu Nath Rai & CO
Chartered Accountants
FRN 000451N

Ajay Mathur
Partner
Membership No 82223

Samir Jain
Partner
Membership No. 77010

New Delhi
Dated : 16th May, 2011

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, 2011, we certify that:

- (a) We have verified the cash balances and investments of the Company with the dematerialized statement/confirmations received from the custodians as at March 31, 2011, 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 G.S.Mathur & Co.
Chartered Accountants
FRN 008744N

for Raghu Nath Rai & Co.
Chartered Accountants
FRN 000451N

Ajay Mathur
Partner
Membership No 82223

Samir Jain
Partner
Membership No. 77010

New Delhi
Dated:16th May, 2011

IFFCO-TOKIO

Decade of Dedication

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IFFCO - TOKIO

2000-2010

ACCOUNTS

BALANCE SHEET AS AT 31st MARCH 2011

(Rs in '000)

| SI. No. | PARTICULARS | SCHEDULE | | As at 31st March, 2011 | As at 31st March, 2010 |
|---------|-----------------------------------|----------|-------------------|------------------------|------------------------|
| (1) | (2) | (3) | | (4) | (5) |
| | SOURCES OF FUNDS | | | | |
| | SHARE CAPITAL | 5 | | 2,470,000 | 2,470,000 |
| | RESERVES AND SURPLUS | 6 | | 1,946,477 | 2,273,191 |
| | FAIR VALUE CHANGE ACCOUNT | | | 130 | - |
| | BORROWINGS | 7 | | - | - |
| | TOTAL | | | 4,416,607 | 4,743,191 |
| | APPLICATION OF FUNDS | | | | |
| | INVESTMENTS | 8 | | 12,378,935 | 8,148,246 |
| | LOANS | 9 | | - | - |
| | FIXED ASSETS | 10 | | 237,174 | 151,582 |
| | CURRENT ASSETS : | | | | |
| | Cash and Bank Balances | 11 | 5,853,544 | | 4,796,341 |
| | Advances and Other Assets | 12 | 3,029,039 | | 5,373,588 |
| | Sub-Total (A) | | 8,882,583 | | 10,169,929 |
| | CURRENT LIABILITIES | | | | |
| | PROVISIONS | 13 | 10,992,450 | | 8,550,701 |
| | | 14 | 6,336,835 | | 5,251,665 |
| | Sub-Total (B) | | 17,329,285 | | 13,802,366 |
| | NET CURRENT ASSETS (C) = (A-B) | | | (8,446,702) | (3,632,437) |
| | DEFERRED TAX ASSET (NET) | | | 247,200 | 75,800 |
| | MISCELLANEOUS EXPENDITURE | | | | |
| | (To the extent not written off or | 15 | | - | - |
| | adjusted) Debit Balance in Profit | | | | |
| | and Loss Account | | | | |
| | TOTAL | | | 4,416,607 | 4,743,191 |

CONTINGENT LIABILITIES

(Rs in '000)

| SI. No. | PARTICULARS | | As at 31st March, 2011 | As at 31st March, 2010 |
|---------|---|-----|------------------------|------------------------|
| (1) | (2) | (3) | (4) | (5) |
| 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) | | 8,179 | 6,786 |
| 4 | Guarantees given by or on behalf of the Company | | - | - |
| 5 | Statutory demands/liabilities in dispute, not provided for | | 6,780 | - |
| 6 | Reinsurance obligations to the extent not provided for in the accounts | | - | - |
| 7 | Others | | - | - |
| | Total | | 14,959 | 6,786 |

Notes to Accounts

16

Schedule No. 1 to 16 form an integral part of the financial statements
As per our Report of even date attached.

for and on behalf of Board of Directors

G.S. Mathur & Co.
Chartered Accountants
Firm Regn. No. 008744N

Ajay Mathur
Partner
M.No. 82223

Raghu Nath Rai & Co.
Chartered Accountants
Firm Regn. No. 000451N

Samir Jain
Partner
M.No. 77010

K. Srinivasa Gowda
Chairman

S. Narayanan
Managing Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

M.K. Tandon
Financial Advisor

V.S. Rao
Company Secretary

New Delhi
Dated : 16th May, 2011

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

FIRE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

(Rs in '000)

| S.No | PARTICULARS | Schedule | Current Year | Previous Year |
|------|--|----------|------------------|------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1 | Premiums earned (Net) | 1 | 503,530 | 468,372 |
| 2 | Profit / Loss on sale / redemption of Investments | | 1,442 | 1,185 |
| 3 | Others : | | | |
| | Handling Charges | | (405) | (430) |
| | Exchange Gain / (Loss) | | (5,394) | (23,077) |
| 4 | Interest, Dividend & Rent-Gross | | 57,991 | 59,491 |
| | TOTAL (A) | | 557,164 | 505,541 |
| 1 | Claims Incurred (Net) | 2 | 485,340 | 438,274 |
| 2 | Commission | 3 | (90,592) | (104,739) |
| 3 | Operating expenses related to Insurance Business | 4 | 335,839 | 293,067 |
| | TOTAL (B) | | 730,587 | 626,602 |
| | Operating Profit /(Loss) from Fire Business C=(A-B) | | (173,423) | (121,061) |
| | APPROPRIATIONS | | | |
| | Transfer to Shareholders' Account | | (173,423) | (121,061) |
| | Transfer to Catastrophe Reserve | | | |
| | Transfer to Other Reserves (to be specified) | | | |
| | TOTAL (C) | | (173,423) | (121,061) |

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.

As per our Report of even date attached.

for and on behalf of Board of Directors

G.S. Mathur & Co.
Chartered Accountants
Firm Regn. No. 008744N

Ajay Mathur
Partner
M.No. 82223

Raghu Nath Rai & Co.
Chartered Accountants
Firm Regn. No. 000451N

Samir Jain
Partner
M.No. 77010

K. Srinivasa Gowda
Chairman

S. Narayanan
Managing Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

M.K. Tandon
Financial Advisor

V.S. Rao
Company Secretary

New Delhi
Dated : 16th May, 2011

MARINE INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

(Rs in '000)

| S.No | PARTICULARS | Schedule | Current Year | Previous Year |
|------|---|----------|------------------|------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1 | Premiums earned (Net) | 1 | 388,235 | 396,856 |
| 2 | Profit / Loss on sale / redemption of Investments | | 1,416 | 1,165 |
| 3 | Others: | | | |
| | Handling Charges | | 789 | (345) |
| | Exchange Gain / (Loss) | | 1,284 | 27,454 |
| 4 | Interest, Dividend & Rent-Gross | | 56,928 | 58,495 |
| | TOTAL (A) | | 448,652 | 483,625 |
| 1 | Claims Incurred (Net) | 2 | 384,065 | 408,488 |
| 2 | Commission | 3 | (44,216) | (32,386) |
| 3 | Operating expenses related to Insurance Business | 4 | 228,527 | 226,041 |
| | TOTAL (B) | | 568,376 | 602,143 |
| | Operating Profit / (Loss) from Marine Business C = (A-B) | | (119,724) | (118,518) |
| | APPROPRIATIONS | | | |
| | Transfer to Shareholders' Account | | (119,724) | (118,518) |
| | Transfer to Catastrophe Reserve | | | |
| | Transfer to Other Reserves (to be specified) | | | |
| | TOTAL (C) | | (119,724) | (118,518) |

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.

As per our Report of even date attached.

for and on behalf of Board of Directors

G.S. Mathur & Co.
Chartered Accountants
Firm Regn. No. 008744N

Ajay Mathur
Partner
M.No. 82223

Raghu Nath Rai & Co.
Chartered Accountants
Firm Regn. No. 000451N

Samir Jain
Partner
M.No. 77010

K. Srinivasa Gowda
Chairman

S. Narayanan
Managing Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

M.K. Tandon
Financial Advisor

V.S. Rao
Company Secretary

New Delhi
Dated : 16th May, 2011

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

(Rs in '000)

| S.No | PARTICULARS | Schedule | Current Year | Previous Year |
|------|--|----------|-------------------|------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1 | Premiums earned (Net) | 1 | 10,459,262 | 8,357,013 |
| 2 | Profit / Loss on sale / redemption of Investments | | 25,297 | 18,484 |
| 3 | Others: | | | |
| | Handling Charges | | (2,622) | (2,881) |
| | Exchange Gain / (Loss) | | 677 | (4,516) |
| | Transfer & Duplicate Fee | | 1,249 | 995 |
| 4 | Interest, Dividend & Rent-Gross | | 1,017,335 | 927,715 |
| | TOTAL (A) | | 11,501,198 | 9,296,810 |
| 1 | Claims Incurred (Net) | 2 | 9,035,244 | 6,479,922 |
| 2 | Commission | 3 | 285,876 | 388,986 |
| 3 | Operating expenses related to Insurance Business | 4 | 2,622,075 | 1,973,610 |
| | TOTAL (B) | | 11,943,195 | 8,842,518 |
| | Operating Profit / (Loss) from Miscellaneous Business C = (A-B) | | (441,997) | 454,292 |
| | APPROPRIATIONS | | | |
| | Transfer to Shareholders' Account | | (441,997) | 454,292 |
| | Transfer to Catastrophe Reserve | | | |
| | Transfer to Other Reserves (to be specified) | | | |
| | TOTAL (C) | | (441,997) | 454,292 |

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.

G.S. Mathur & Co.
Chartered Accountants
Firm Regn. No. 008744N

Ajay Mathur
Partner
M.No. 82223

Raghu Nath Rai & Co.
Chartered Accountants
Firm Regn. No. 000451N

Samir Jain
Partner
M.No. 77010

K. Srinivasa Gowda
Chairman

S. Narayanan
Managing Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

M.K. Tandon
Financial Advisor

V.S. Rao
Company Secretary

New Delhi
Dated : 16th May, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

(Rs in '000)

| S.No | PARTICULARS | Schedule | Current Year | Previous Year |
|------|--|----------|------------------|----------------|
| (1) | (2) | (3) | (4) | (5) |
| 1 | OPERATING PROFIT / (LOSS) | | | |
| | (a) Fire Insurance | | (173,423) | (121,061) |
| | (b) Marine Insurance | | (119,724) | (118,518) |
| | (c) Miscellaneous Insurance | | (441,997) | 454,292 |
| | | | (735,144) | 214,713 |
| 2 | INCOME FROM INVESTMENTS | | | |
| | (a) Interest, Dividend & Rent-Gross | | 221,591 | 130,007 |
| | (b) Profit on sale of Investments | | 5,510 | 2,590 |
| | Less : Loss on Sale of Investments | | - | - |
| | | | 227,101 | 132,597 |
| 3 | OTHERS | | | |
| | Miscellaneous Income | | 19,583 | 43,699 |
| | TOTAL (A) | | (488,460) | 391,009 |
| 4 | PROVISIONS (Other than taxation) | | | |
| | (a) For diminution in the value of investments | | - | - |
| | (b) For doubtful debts | | - | - |
| | (c) Others (to be specified) | | - | - |
| 5 | OTHER EXPENSES | | | |
| | (a) Expenses other than those related to Insurance business | | 4,982 | 4,889 |
| | (b) Bad Debts written off | | - | - |
| | (c) Loss on Sale/Scrap of Fixed Assets | | 234 | 13 |
| | TOTAL (B) | | 5,216 | 4,902 |
| | Profit Before Tax | | (493,676) | 386,107 |
| | Less : Provision for Taxation | | | |
| | Current Tax | | - | 141,600 |
| | Deferred Tax | | (166,170) | (10,700) |
| | Wealth Tax | | 515 | - |
| | Credit for MAT Entitlement | | - | - |
| | Less : Short / Excess provision for tax for earlier years written back | | | |
| | Current Tax | | 4,209 | 7,789 |
| | Deferred Tax | | (5,230) | (6,400) |
| | Profit After Tax | | (327,000) | 253,818 |
| | Balance of Profit brought forward from Last Year | | 730,025 | 562,901 |
| | Balance available for appropriation | | 403,025 | 816,719 |
| | APPROPRIATIONS | | | |
| | (a) Interim dividends paid during the year | | - | - |
| | (b) Proposed Final Dividend | | - | 74,100 |
| | (c) Dividend distribution tax | | (286) | 12,594 |
| | (d) Transfer to any Reserves or Other Accounts | | - | - |
| | Balance carried forward to Balance sheet | | 403,311 | 730,025 |
| | Basic & Diluted Earnings per Share | | | |
| | (Equity Shares of Face Value of Rs 10 each) | | (1.32) | 1.03 |

Notes to Accounts

16

Schedule No. 1 to 16 form an integral part of the financial statements
As per our Report of even date attached.

For and on behalf of Board of Directors

G.S. Mathur & Co.
Chartered Accountants
Firm Regn. No. 008744N

Ajay Mathur
Partner
M.No. 82223

Raghu Nath Rai & Co.
Chartered Accountants
Firm Regn. No. 000451N

Samir Jain
Partner
M.No. 77010

K. Srinivasa Gowda
Chairman

S. Narayanan
Managing Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

M.K. Tandon
Financial Advisor

V.S. Rao
Company Secretary

New Delhi
Dated : 16th May, 2011

ANNUAL REPORT 2010-11

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

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

(Rs in '000)

| | Current Year | | Previous Year | |
|--|--------------|--------------------|---------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Premium received from policyholders, including advance receipts | 19,978,828 | | 16,529,258 | |
| Other receipts | 19,583 | | 43,699 | |
| Receipts from the re-insurers, net of commissions and claims | 477,986 | | (2,932,561) | |
| Payments to co-insurers, net of claims recovery | (274,685) | | (78,727) | |
| Payments of claims | (9,956,549) | | (8,526,354) | |
| Payments of commission and brokerage | (970,606) | | (962,881) | |
| Payments of other operating expenses | (3,813,989) | | (2,645,468) | |
| Preliminary and pre-operative expenses | - | | - | |
| Deposits, advances and staff loans | (73,154) | | 23,319 | |
| Income taxes paid (Net) | (140,912) | | (81,109) | |
| Service tax paid | (902,323) | | (395,597) | |
| Other payments | - | | - | |
| Cash Flows before extraordinary items | 4,344,179 | | 973,579 | |
| Cash Flow from extraordinary operations | - | | - | |
| Net Cash Flow from operating activities | | 4,344,179 | | 973,579 |
| CASH FLOW FROMS INVESTING ACTIVITIES: | | | | |
| Purchase of fixed assets | (160,754) | | (88,255) | |
| Proceeds from sale of fixed assets | 5,076 | | 435 | |
| Purchases of investments | (40,515,236) | | (14,819,460) | |
| Loans disbursed | - | | - | |
| Sales of investments | 36,296,095 | | 13,680,000 | |
| Repayments received | - | | - | |
| Rents/Interests/Dividends received | 1,179,233 | | 1,200,543 | |
| Investments in money market instruments and in liquid mutual funds (Net) | - | | - | |
| Expenses related to investments | (4,982) | | (4,889) | |
| Net Cash Flow from investing activities | | (3,200,568) | | (31,626) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Proceeds from issuance of share capital | - | | - | |
| Proceeds from borrowing | - | | - | |
| Repayments of borrowing | - | | - | |
| Interest/dividends paid | (86,408) | | - | |
| Net Cash Flow from financing activities | | (86,408) | | - |
| Effect of foreign exchange rates on cash and cash equivalents, net | | - | | - |
| Net Increase /(Decrease) in Cash & Cash equivalents | | 1,057,203 | | 941,953 |
| Cash equivalents at beginning of Year | | 4,796,341 | | 3,854,388 |
| Cash equivalents at end of Year | | 5,853,544 | | 4,796,341 |

for and on behalf of Board of Directors

As per our Report of even date attached.

G.S. Mathur & Co.
Chartered Accountants
Firm Regn. No. 008744N

Ajay Mathur
Partner
M.No. 82223

Raghu Nath Rai & Co.
Chartered Accountants
Firm Regn. No. 000451N

Samir Jain
Partner
M.No. 77010

K. Srinivasa Gowda
Chairman

S. Narayanan
Managing Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

M.K. Tandon
Financial Advisor

V.S. Rao
Company Secretary

New Delhi
Dated : 16th May, 2011

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 | 1,880,504 | 1,279,783 | 14,671,480 | 17,831,767 | 1,716,157 | 1,324,093 | 11,538,105 | 14,578,355 |
| Add : Premium on reinsurance accepted | 344,336 | 20,170 | 1,692,396 | 2,056,902 | 307,655 | 27,140 | 1,482,486 | 1,817,281 |
| | 2,224,840 | 1,299,953 | 16,363,876 | 19,888,669 | 2,023,812 | 1,351,233 | 13,020,591 | 16,395,636 |
| Less : Premium on reinsurance ceded | 1,684,194 | 922,818 | 4,758,766 | 7,365,778 | 1,557,999 | 969,741 | 3,959,600 | 6,487,340 |
| Net Premium | 540,646 | 377,135 | 11,605,110 | 12,522,891 | 465,813 | 381,492 | 9,060,991 | 9,908,296 |
| Adjustments for changes in Reserve for Unexpired Risks | 37,116 | (11,100) | 1,145,848 | 1,171,864 | (2,559) | (15,364) | 703,978 | 686,055 |
| Total Premium Earned (Net) | 503,530 | 388,235 | 10,459,262 | 11,351,027 | 468,372 | 396,856 | 8,357,013 | 9,222,241 |

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

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

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

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 | 830,323 | 449,460 | 1,279,783 | 698,412 | 625,681 | 1,324,093 |
| Add : Premium on reinsurance accepted | 17,676 | 2,494 | 20,170 | 7,007 | 20,133 | 27,140 |
| | 847,999 | 451,954 | 1,299,953 | 705,419 | 645,814 | 1,351,233 |
| Less : Premium on reinsurance ceded | 507,120 | 415,698 | 922,818 | 373,845 | 595,896 | 969,741 |
| Net Premium | 340,879 | 36,256 | 377,135 | 331,574 | 49,918 | 381,492 |
| Adjustments for changes in Reserve for Unexpired Risks | 2,563 | (13,663) | (11,100) | (30,995) | 15,631 | (15,364) |
| Total Premium Earned (Net) | 338,316 | 49,919 | 388,235 | 362,569 | 34,287 | 396,856 |

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
SCHEDULE - 1B
PREMIUM EARNED (NET)
(Rs in '000)

| Particulars | Current Year | | | | | | | | |
|--|-------------------|----------------|----------------|----------------------|-------------------|--------------------------|------------------|---------------------|---------------------|
| | Motor | Engineering | Aviation | Workmen Compensation | Personal Accident | Public/Product Liability | Health | Other Miscellaneous | Total Miscellaneous |
| Premium from direct business written | 9,611,128 | 612,883 | 216,935 | 129,343 | 280,249 | 99,927 | 1,792,137 | 1,928,878 | 14,671,480 |
| Add : Premium on reinsurance accepted | 1,379,335 | 58,585 | 245,151 | 2,485 | 3,034 | 1,089 | - | 2,717 | 1,692,396 |
| | 10,990,463 | 671,468 | 462,086 | 131,828 | 283,283 | 101,016 | 1,792,137 | 1,931,595 | 16,363,876 |
| Less : Premium on reinsurance ceded | 2,025,571 | 457,379 | 262,207 | 12,999 | 104,080 | 54,863 | 381,857 | 1,459,810 | 4,758,766 |
| Net Premium | 8,964,892 | 214,089 | 199,879 | 118,829 | 179,203 | 46,153 | 1,410,280 | 471,785 | 11,605,110 |
| Adjustments for changes in Reserve for Unexpired Risks | 1,124,610 | 1,895 | 14,360 | 19,848 | 32,891 | 4,582 | (53,539) | 1,201 | 1,145,848 |
| Total Premium Earned (Net) | 7,840,282 | 212,194 | 185,519 | 98,981 | 146,312 | 41,571 | 1,463,819 | 470,584 | 10,459,262 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
SCHEDULE - 1B
PREMIUM EARNED (NET)
(Rs in '000)

| Particulars | Previous Year | | | | | | | | |
|--|------------------|----------------|----------------|----------------------|-------------------|--------------------------|------------------|---------------------|---------------------|
| | Motor | Engineering | Aviation | Workmen Compensation | Personal Accident | Public/Product Liability | Health | Other Miscellaneous | Total Miscellaneous |
| Premium from direct business written | 7,306,658 | 879,129 | 182,250 | 94,535 | 205,970 | 55,568 | 1,642,160 | 1,171,835 | 11,538,105 |
| Add : Premium on reinsurance accepted | 1,183,515 | 56,582 | 236,880 | - | 72 | 665 | - | 4,772 | 1,482,486 |
| | 8,490,173 | 935,711 | 419,130 | 94,535 | 206,042 | 56,233 | 1,642,160 | 1,176,607 | 13,020,591 |
| Less : Premium on reinsurance ceded | 1,640,332 | 722,588 | 260,569 | 18,882 | 74,331 | 26,434 | 387,587 | 828,877 | 3,959,600 |
| Net Premium | 6,849,841 | 213,123 | 158,561 | 75,653 | 131,711 | 29,799 | 1,254,573 | 347,730 | 9,060,991 |
| Adjustments for changes in Reserve for Unexpired Risks | 725,323 | (7,270) | 6,592 | (2,372) | (3,952) | (2,611) | 19,524 | (31,256) | 703,978 |
| Total Premium Earned (Net) | 6,124,518 | 220,393 | 151,969 | 78,025 | 135,663 | 32,410 | 1,235,049 | 378,986 | 8,357,013 |

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 |
| Claims Paid | | | | | | | | |
| Direct | 1,236,998 | 729,166 | 7,479,780 | 9,445,944 | 1,274,609 | 565,281 | 6,146,846 | 7,986,736 |
| Add: Reinsurance accepted | 187,676 | 36,310 | 861,589 | 1,085,575 | 63,495 | 12,164 | 422,329 | 497,988 |
| Less: Reinsurance ceded | 1,011,979 | 437,081 | 2,054,475 | 3,503,535 | 936,143 | 250,974 | 1,691,969 | 2,879,086 |
| Net Claims Paid | 412,695 | 328,395 | 6,286,894 | 7,027,984 | 401,961 | 326,471 | 4,877,206 | 5,605,638 |
| Add: Claims Outstanding at the end of the year | 346,117 | 429,637 | 9,177,004 | 9,952,758 | 273,472 | 373,967 | 6,428,654 | 7,076,093 |
| Less: Claims Outstanding at the beginning of the year | 273,472 | 373,967 | 6,428,654 | 7,076,093 | 237,159 | 291,950 | 4,825,938 | 5,355,047 |
| Total Claims Incurred | 485,340 | 384,065 | 9,035,244 | 9,904,649 | 438,274 | 408,488 | 6,479,922 | 7,326,684 |

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

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

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 2A

CLAIMS INCURRED (NET)

(Rs in '000)

| Particulars | CURRENT YEAR | | | PREVIOUS YEAR | | |
|---|----------------|---------------|----------------|----------------|---------------|----------------|
| | Marine Cargo | Marine Hull | Total | Marine Cargo | Marine Hull | Total |
| Claims Paid | | | | | | |
| Direct | 553,412 | 175,754 | 729,166 | 533,448 | 31,833 | 565,281 |
| Add: Reinsurance accepted | 4,013 | 32,297 | 36,310 | 1,219 | 10,945 | 12,164 |
| Less: Reinsurance ceded | 266,139 | 170,942 | 437,081 | 226,021 | 24,953 | 250,974 |
| Net Claims Paid | 291,286 | 37,109 | 328,395 | 308,646 | 17,825 | 326,471 |
| Add: Claims Outstanding at the end of the year | 329,398 | 100,239 | 429,637 | 292,532 | 81,435 | 373,967 |
| Less: Claims Outstanding at the beginning of the year | 292,532 | 81,435 | 373,967 | 264,055 | 27,895 | 291,950 |
| Total Claims Incurred | 328,152 | 55,913 | 384,065 | 337,123 | 71,365 | 408,488 |

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
SCHEDULE - 2B
CLAIMS INCURRED (NET)

(Rs in '000)

| Particulars | Current Year | | | | | | | | |
|---|------------------|----------------|----------------|----------------------|-------------------|--------------------------|------------------|---------------------|---------------------|
| | Motor | Engineering | Aviation | Workmen Compensation | Personal Accident | Public/Product Liability | Health | Other Miscellaneous | Total Miscellaneous |
| Claims Paid | | | | | | | | | |
| Direct | 4,697,513 | 337,946 | 29,665 | 20,087 | 151,257 | 9,812 | 1,838,153 | 395,347 | 7,479,780 |
| Add: Reinsurance accepted | 728,469 | 3,973 | 126,672 | 18 | - | 452 | - | 2,005 | 861,589 |
| Less: Reinsurance ceded | 1,080,153 | 234,016 | 67,969 | 3,704 | 43,220 | 6,313 | 351,029 | 268,071 | 2,054,475 |
| Net Claims Paid | 4,345,829 | 107,903 | 88,368 | 16,401 | 108,037 | 3,951 | 1,487,124 | 129,281 | 6,286,894 |
| Add: Claims Outstanding at the end of the year | 7,874,112 | 277,086 | 102,931 | 56,483 | 100,498 | 59,658 | 464,239 | 241,997 | 9,177,004 |
| Less: Claims Outstanding at the beginning of the year | 5,339,419 | 258,633 | 30,128 | 45,737 | 93,132 | 42,782 | 444,897 | 173,926 | 6,428,654 |
| Total Claims Incurred | 6,880,522 | 126,356 | 161,171 | 27,147 | 115,403 | 20,827 | 1,506,466 | 197,352 | 9,035,244 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
SCHEDULE - 2B
CLAIMS INCURRED (NET)

(Rs in '000)

| Particulars | Previous Year | | | | | | | | |
|---|------------------|----------------|---------------|----------------------|-------------------|--------------------------|------------------|---------------------|---------------------|
| | Motor | Engineering | Aviation | Workmen Compensation | Personal Accident | Public/Product Liability | Health | Other Miscellaneous | Total Miscellaneous |
| Claims Paid | | | | | | | | | |
| Direct | 3,571,195 | 385,859 | 4,122 | 22,669 | 168,681 | 11,033 | 1,550,020 | 433,267 | 6,146,846 |
| Add: Reinsurance accepted | 321,361 | 1,573 | 99,292 | - | - | - | - | 103 | 422,329 |
| Less: Reinsurance ceded | 779,558 | 287,301 | 15,183 | 4,322 | 52,044 | 5,874 | 284,607 | 263,080 | 1,691,969 |
| Net Claims Paid | 3,112,998 | 100,131 | 88,231 | 18,347 | 116,637 | 5,159 | 1,265,413 | 170,290 | 4,877,206 |
| Add: Claims Outstanding at the end of the year | 5,339,419 | 258,633 | 30,128 | 45,737 | 93,132 | 42,782 | 444,897 | 173,926 | 6,428,654 |
| Less: Claims Outstanding at the beginning of the year | 3,909,648 | 215,498 | 26,319 | 27,009 | 75,630 | 35,311 | 360,372 | 176,151 | 4,825,938 |
| Total Claims Incurred | 4,542,769 | 143,266 | 92,040 | 37,075 | 134,139 | 12,630 | 1,349,938 | 168,065 | 6,479,922 |

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 | 83,403 | 69,551 | 761,238 | 914,192 | 93,055 | 69,286 | 698,694 | 861,035 |
| Total (A) | 83,403 | 69,551 | 761,238 | 914,192 | 93,055 | 69,286 | 698,694 | 861,035 |
| Add : Re-insurance Accepted | 38,158 | 3,965 | 84,201 | 126,324 | 41,729 | 4,630 | 190,869 | 237,228 |
| Less : Commission on Reinsurance ceded | 212,153 | 117,732 | 559,563 | 889,448 | 239,523 | 106,302 | 500,577 | 846,402 |
| Net Commission | (90,592) | (44,216) | 285,876 | 151,068 | (104,739) | (32,386) | 388,986 | 251,861 |

Breakup of the expenses incurred to procure business:

| | | | | | | | | |
|------------------|---------------|---------------|----------------|----------------|---------------|---------------|----------------|----------------|
| Agents | 37,276 | 31,843 | 461,425 | 530,544 | 28,656 | 26,573 | 375,112 | 430,341 |
| Brokers | 34,028 | 33,091 | 188,599 | 255,718 | 33,737 | 37,257 | 152,598 | 223,592 |
| Corporate Agency | 8,749 | 4,610 | 99,960 | 113,319 | 24,530 | 5,452 | 154,242 | 184,224 |
| Referral | 3,350 | 7 | 11,254 | 14,611 | 6,132 | 4 | 16,742 | 22,878 |
| Others | - | - | - | - | - | - | - | - |
| TOTAL (B) | 83,403 | 69,551 | 761,238 | 914,192 | 93,055 | 69,286 | 698,694 | 861,035 |

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

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

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 3A

COMMISSION

(Rs in '000)

| Particulars | CURRENT YEAR | | | PREVIOUS YEAR | | |
|---|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|
| | Marine Cargo | Marine Hull | Total | Marine Cargo | Marine Hull | Total |
| Commission Paid | | | | | | |
| Direct | 58,591 | 10,960 | 69,551 | 52,093 | 17,193 | 69,286 |
| TOTAL (A) | 58,591 | 10,960 | 69,551 | 52,093 | 17,193 | 69,286 |
| Add : Re-insurance Accepted | 3,356 | 609 | 3,965 | 589 | 4,041 | 4,630 |
| Less : Commission on Re-insurance ceded | 86,301 | 31,431 | 117,732 | 55,244 | 51,058 | 106,302 |
| Net Commission | (24,354) | (19,862) | (44,216) | (2,562) | (29,824) | (32,386) |

Breakup of the expenses (Gross) incurred to procure business :

| | | | | | | |
|------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Agents | 24,224 | 7,619 | 31,843 | 21,007 | 5,566 | 26,573 |
| Brokers | 30,369 | 2,722 | 33,091 | 26,732 | 10,525 | 37,257 |
| Corporate Agency | 3,991 | 619 | 4,610 | 4,350 | 1,102 | 5,452 |
| Referral | 7 | - | 7 | 4 | - | 4 |
| Others | - | - | - | - | - | - |
| TOTAL (B) | 58,591 | 10,960 | 69,551 | 52,093 | 17,193 | 69,286 |

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
SCHEDULE - 3B
COMMISSION

(Rs in '000)

| Particulars | Current Year | | | | | | | | |
|--|----------------|-----------------|---------------|----------------------|-------------------|--------------------------|---------------|---------------------|---------------------|
| | Motor | Engineering | Aviation | Workmen Compensation | Personal Accident | Public/Product Liability | Health | Other Miscellaneous | Total Miscellaneous |
| Commission Paid | | | | | | | | | |
| Direct | 489,814 | 36,630 | 4,216 | 11,871 | 13,542 | 8,581 | 83,625 | 112,959 | 761,238 |
| Total (A) | 489,814 | 36,630 | 4,216 | 11,871 | 13,542 | 8,581 | 83,625 | 112,959 | 761,238 |
| Add : Re-insurance Accepted | 27,131 | 5,882 | 50,182 | 493 | 22 | 201 | - | 290 | 84,201 |
| Less : Commission on Re-insurance ceded | 193,014 | 94,919 | 8,240 | 1,957 | 21,211 | 6,115 | 44,275 | 189,832 | 559,563 |
| Net Commission | 323,931 | (52,407) | 46,158 | 10,407 | (7,647) | 2,667 | 39,350 | (76,583) | 285,876 |
| Breakup of the expenses (Gross) incurred to procure business: | | | | | | | | | |
| Agents | 346,230 | 14,038 | 158 | 8,635 | 5,197 | 6,309 | 36,047 | 44,811 | 461,425 |
| Brokers | 74,085 | 18,550 | 4,058 | 2,067 | 4,398 | 1,761 | 40,003 | 43,677 | 188,599 |
| Corporate Agency | 67,355 | 3,944 | - | 1,156 | 1,830 | 510 | 6,721 | 18,444 | 99,960 |
| Referral | 2,144 | 98 | - | 13 | 2,117 | 1 | 854 | 6,027 | 11,254 |
| Others | - | - | - | - | - | - | - | - | - |
| TOTAL (B) | 489,814 | 36,630 | 4,216 | 11,871 | 13,542 | 8,581 | 83,625 | 112,959 | 761,238 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
SCHEDULE - 3B
COMMISSION

(Rs in '000)

| Particulars | Previous Year | | | | | | | | |
|--|----------------|-----------------|---------------|----------------------|-------------------|--------------------------|---------------|---------------------|---------------------|
| | Motor | Engineering | Aviation | Workmen Compensation | Personal Accident | Public/Product Liability | Health | Other Miscellaneous | Total Miscellaneous |
| Commission Paid | | | | | | | | | |
| Direct | 441,531 | 42,049 | 2,095 | 9,174 | 12,206 | 4,630 | 83,028 | 103,981 | 698,694 |
| Total (A) | 441,531 | 42,049 | 2,095 | 9,174 | 12,206 | 4,630 | 83,028 | 103,981 | 698,694 |
| Add : Re-insurance Accepted | 135,030 | 6,917 | 47,882 | - | 16 | 166 | - | 858 | 190,869 |
| Less : Commission on Re-insurance ceded | 217,615 | 116,935 | 5,631 | 3,775 | 11,103 | 2,960 | 48,790 | 93,768 | 500,577 |
| Net Commission | 358,946 | (67,969) | 44,346 | 5,399 | 1,119 | 1,836 | 34,238 | 11,071 | 388,986 |
| Breakup of the expenses (Gross) incurred to procure business: | | | | | | | | | |
| Agents | 279,263 | 12,221 | - | 7,454 | 5,804 | 2,333 | 31,399 | 36,638 | 375,112 |
| Brokers | 51,475 | 19,233 | 1,847 | 1,518 | 3,937 | 1,832 | 30,792 | 41,964 | 152,598 |
| Corporate Agency | 106,846 | 10,522 | 248 | 147 | 1,054 | 422 | 20,458 | 14,545 | 154,242 |
| Referral | 3,947 | 73 | - | 55 | 1,411 | 43 | 379 | 10,834 | 16,742 |
| Others | - | - | - | - | - | - | - | - | - |
| TOTAL (B) | 441,531 | 42,049 | 2,095 | 9,174 | 12,206 | 4,630 | 83,028 | 103,981 | 698,694 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

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 | 66,425 | 45,206 | 518,240 | 629,871 | 55,247 | 42,625 | 371,437 | 469,309 |
| 2 Travel, Conveyance and vehicle running expenses | 13,817 | 9,403 | 107,799 | 131,019 | 11,772 | 9,083 | 79,145 | 100,000 |
| 3 Training expenses | 831 | 565 | 6,481 | 7,877 | 822 | 634 | 5,526 | 6,982 |
| 4 Rent, rates and taxes | 17,059 | 11,610 | 133,092 | 161,761 | 16,309 | 12,583 | 109,650 | 138,542 |
| 5 Repairs | 6,383 | 4,344 | 49,796 | 60,523 | 7,832 | 6,043 | 52,657 | 66,532 |
| 6 Printing and Stationery | 5,347 | 3,639 | 41,719 | 50,705 | 5,899 | 4,552 | 39,662 | 50,113 |
| 7 Communication | 7,262 | 4,943 | 56,661 | 68,866 | 7,111 | 5,486 | 47,807 | 60,404 |
| 8 Legal and professional charges | 165,234 | 112,451 | 1,289,141 | 1,566,826 | 139,013 | 107,255 | 934,616 | 1,180,884 |
| 9 Auditor's fees, expenses etc. | | | | | | | | |
| (a) As Auditor | 264 | 179 | 2,057 | 2,500 | 212 | 163 | 1,425 | 1,800 |
| (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 | 9,382 | 6,385 | 73,195 | 88,962 | 13,438 | 10,369 | 90,352 | 114,159 |
| 11 Interest and Bank charges | 4,529 | 3,082 | 35,336 | 42,947 | 3,634 | 2,803 | 24,429 | 30,866 |
| 12 Others: | | | | | | | | |
| Policy Stamps | 43 | - | 2,234 | 2,277 | 95 | - | 3896 | 3,991 |
| Information & Technology Expenses | 3,737 | 2,543 | 29,158 | 35,438 | 7,558 | 5,831 | 50,813 | 64,202 |
| Electricity & Water Charges | 3,338 | 2,272 | 26,042 | 31,652 | 3,341 | 2,578 | 22,461 | 28,380 |
| Courtesies & Entertainment | 2,311 | 1,572 | 18,027 | 21,910 | 2,017 | 1,556 | 13,559 | 17,132 |
| Others | 22,619 | 15,393 | 176,467 | 214,479 | 10,786 | 8,322 | 72,517 | 91,625 |
| 13 Depreciation | 7,258 | 4,940 | 56,630 | 68,828 | 7,981 | 6,158 | 53,658 | 67,797 |
| TOTAL | 335,839 | 228,527 | 2,622,075 | 3,186,441 | 293,067 | 226,041 | 1,973,610 | 2,492,718 |

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

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

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 | 29,330 | 15,876 | 45,206 | 22,483 | 20,142 | 42,625 |
| 2. Travel, Conveyance and vehicle running expenses | 6,101 | 3,302 | 9,403 | 4,791 | 4,292 | 9,083 |
| 3. Training expenses | 367 | 198 | 565 | 334 | 300 | 634 |
| 4. Rent, rates and taxes | 7,533 | 4,077 | 11,610 | 6,637 | 5,946 | 12,583 |
| 5. Repairs | 2,818 | 1,526 | 4,344 | 3,187 | 2,856 | 6,043 |
| 6. Printing and Stationery | 2,361 | 1,278 | 3,639 | 2,401 | 2,151 | 4,552 |
| 7. Communication | 3,207 | 1,736 | 4,943 | 2,894 | 2,592 | 5,486 |
| 8. Legal and professional charges | 72,958 | 39,493 | 112,451 | 56,573 | 50,682 | 107,255 |
| 9. Auditor's fees, expenses etc. | | | | | | |
| (a) As Auditor | 116 | 63 | 179 | 86 | 77 | 163 |
| (b) As advisor or in any other capacity in respect of | | | | | | |
| Taxation matters | - | - | - | - | - | - |
| (c) In any other capacity | - | - | - | - | - | - |
| 10. Advertisement and publicity | 4,143 | 2,242 | 6,385 | 5,469 | 4,900 | 10,369 |
| 11. Interest and Bank charges | 2,000 | 1,082 | 3,082 | 1,478 | 1,325 | 2,803 |
| 12. Others: | | | | | | |
| Policy Stamps | - | - | - | - | - | - |
| Information & Technology Expenses | 1,650 | 893 | 2,543 | 3,076 | 2,755 | 5,831 |
| Electricity & Water Charges | 1,474 | 798 | 2,272 | 1,360 | 1,218 | 2,578 |
| Courtesies & Entertainment | 1,020 | 552 | 1,572 | 821 | 735 | 1,556 |
| Others | 9,987 | 5,406 | 15,393 | 4,390 | 3,932 | 8,322 |
| 13. Depreciation | 3,205 | 1,735 | 4,940 | 3,248 | 2,910 | 6,158 |
| Total | 148,270 | 80,257 | 228,527 | 119,228 | 106,813 | 226,041 |

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

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

(Rs in '000)

| Particulars | Current Year | | | | | | | | |
|--|------------------|----------------|---------------|----------------------|-------------------|--------------------------|----------------|---------------------|---------------------|
| | Motor | Engineering | Aviation | Workmen Compensation | Personal Accident | Public/Product Liability | Health | Other Miscellaneous | Total Miscellaneous |
| 1 Employees remuneration and welfare benefits | 339,493 | 21,649 | 7,663 | 4,569 | 9,899 | 3,530 | 63,304 | 68,133 | 518,240 |
| 2 Travel, Conveyance and vehicle running expenses | 70,618 | 4,503 | 1,594 | 950 | 2,059 | 734 | 13,168 | 14,173 | 107,799 |
| 3 Training expenses | 4,246 | 271 | 96 | 57 | 124 | 44 | 792 | 851 | 6,481 |
| 4 Rent, rates and taxes | 87,187 | 5,560 | 1,968 | 1,173 | 2,542 | 906 | 16,257 | 17,499 | 133,092 |
| 5 Repairs | 32,621 | 2,080 | 736 | 439 | 951 | 339 | 6,083 | 6,547 | 49,796 |
| 6 Printing and Stationery | 27,330 | 1,743 | 617 | 368 | 797 | 284 | 5,096 | 5,484 | 41,719 |
| 7 Communication | 37,118 | 2,367 | 838 | 500 | 1,082 | 386 | 6,921 | 7,449 | 56,661 |
| 8 Legal and professional charges | 844,502 | 53,852 | 19,061 | 11,365 | 24,625 | 8,780 | 157,470 | 169,486 | 1,289,141 |
| 9 Auditor's fees, expenses etc. | | | | | | | | | |
| (a) As Auditor | 1,348 | 88 | 30 | 18 | 39 | 14 | 251 | 269 | 2,057 |
| (b) As advisor or in any other capacity in respect of Taxation matters | - | - | - | - | - | - | - | - | - |
| (c) In any other capacity | - | - | - | - | - | - | - | - | - |
| 10 Advertisement and publicity | 47,949 | 3,058 | 1,082 | 645 | 1,398 | 499 | 8,941 | 9,623 | 73,195 |
| 11 Interest and Bank charges | 23,148 | 1,476 | 522 | 312 | 675 | 241 | 4,317 | 4,645 | 35,336 |
| 12 Others: | | | | | | | | | |
| Policy Stamps | 1,833 | 3 | - | 67 | 26 | 15 | 37 | 253 | 2,234 |
| Information & Technology Expenses | 19,101 | 1,218 | 431 | 257 | 557 | 199 | 3,562 | 3,833 | 29,158 |
| Electricity & Water Charges | 17,060 | 1,088 | 385 | 230 | 497 | 177 | 3,181 | 3,424 | 26,042 |
| Courtesies & Entertainment | 11,809 | 753 | 267 | 159 | 344 | 123 | 2,202 | 2,370 | 18,027 |
| Others | 115,602 | 7,372 | 2,609 | 1,556 | 3,371 | 1,202 | 21,555 | 23,200 | 176,467 |
| 13 Depreciation | 37,098 | 2,366 | 837 | 499 | 1,082 | 386 | 6,917 | 7,445 | 56,630 |
| TOTAL | 1,718,063 | 109,447 | 38,736 | 23,164 | 50,068 | 17,859 | 320,054 | 344,684 | 2,622,075 |

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

(Rs in '000)

| Particulars | Previous Year | | | | | | | | |
|--|------------------|----------------|---------------|----------------------|-------------------|--------------------------|----------------|---------------------|---------------------|
| | Motor | Engineering | Aviation | Workmen Compensation | Personal Accident | Public/Product Liability | Health | Other Miscellaneous | Total Miscellaneous |
| 1 Employees remuneration and welfare benefits | 235,217 | 28,301 | 5,867 | 3,043 | 6,631 | 1,789 | 52,865 | 37,724 | 371,437 |
| 2 Travel, Conveyance and vehicle running expenses | 50,120 | 6,030 | 1,250 | 648 | 1,413 | 381 | 11,265 | 8,038 | 79,145 |
| 3 Training expenses | 3,499 | 421 | 87 | 45 | 99 | 27 | 786 | 562 | 5,526 |
| 4 Rent, rates and taxes | 69,437 | 8,355 | 1,732 | 898 | 1,957 | 528 | 15,606 | 11,137 | 109,650 |
| 5 Repairs | 33,346 | 4,012 | 832 | 431 | 940 | 254 | 7,494 | 5,348 | 52,657 |
| 6 Printing and Stationery | 25,116 | 3,022 | 626 | 325 | 708 | 191 | 5,645 | 4,029 | 39,662 |
| 7 Communication | 30,274 | 3,643 | 755 | 392 | 853 | 230 | 6,804 | 4,856 | 47,807 |
| 8 Legal and professional charges | 591,858 | 71,212 | 14,763 | 7,658 | 16,684 | 4,501 | 133,020 | 94,920 | 934,616 |
| 9 Auditor's fees, expenses etc. | | | | | | | | | |
| (a) As Auditor | 902 | 109 | 23 | 12 | 25 | 7 | 203 | 144 | 1,425 |
| (b) As advisor or in any other capacity in respect of Taxation matters | - | - | - | - | - | - | - | - | - |
| (c) In any other capacity | - | - | - | - | - | - | - | - | - |
| 10 Advertisement and publicity | 57,217 | 6,884 | 1,427 | 740 | 1,613 | 435 | 12,859 | 9,177 | 90,352 |
| 11 Interest and Bank charges | 15,470 | 1,861 | 386 | 200 | 436 | 118 | 3,477 | 2,481 | 24,429 |
| 12 Others: | | | | | | | | | |
| Policy Stamps | 2,467 | 297 | 62 | 32 | 70 | 19 | 555 | 394 | 3,896 |
| Information & Technology Expenses | 32,178 | 3,872 | 803 | 416 | 907 | 245 | 7,232 | 5,160 | 50,813 |
| Electricity & Water Charges | 14,224 | 1,711 | 355 | 184 | 401 | 108 | 3,196 | 2,282 | 22,461 |
| Courtesies & Entertainment | 8,586 | 1,033 | 214 | 111 | 242 | 65 | 1,929 | 1,379 | 13,559 |
| Others | 45,922 | 5,525 | 1,145 | 594 | 1,295 | 349 | 10,321 | 7,366 | 72,517 |
| 13 Depreciation | 33,980 | 4,088 | 848 | 440 | 958 | 258 | 7,637 | 5,449 | 53,658 |
| TOTAL | 1,249,813 | 150,376 | 31,175 | 16,169 | 35,232 | 9,505 | 280,894 | 200,446 | 1,973,610 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 5

SHARE CAPITAL

(Rs in '000)

| SI No. | Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--------|--|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| 1 | Authorised Capital 400000000 Equity Shares of Rs 10 each | 4,000,000 | 4,000,000 |
| 2 | Issued Capital 247000000 Equity Shares of Rs 10 each | 2,470,000 | 2,470,000 |
| 3 | Subscribed Capital 247000000 Equity Shares of Rs 10 each | 2,470,000 | 2,470,000 |
| 4 | Called up Capital 247000000 Equity Shares of Rs 10 each | 2,470,000 | 2,470,000 |
| | 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 | - | - |
| | TOTAL | 2,470,000 | 2,470,000 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 5A

SHARE CAPITAL

PATTERN OF SHAREHOLDING

(As certified by the Management)

| | As at 31st March, 2011 | | As at 31st March, 2010 | |
|------------------|------------------------|--------------|------------------------|--------------|
| | Number of Shares | % of Holding | Number of Shares | % of Holding |
| Promoters | | | | |
| Indian | 182780000 | 74 | 182780000 | 74 |
| Foreign | 64220000 | 26 | 64220000 | 26 |
| Others | - | - | - | - |
| TOTAL | 247000000 | 100 | 247000000 | 100 |

SCHEDULE - 6

RESERVES AND SURPLUS

(Rs in '000)

| SI No. | Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--------|--|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| 1 | Capital Reserve | - | - |
| 2 | Capital Redemption Reserve | - | - |
| 3 | Share Premium: | | |
| | Opening Balance | 1,542,000 | 1,542,000 |
| | Additions during the year | - | - |
| | Closing Balance | 1,542,000 | 1,542,000 |
| 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 | 403,311 | 730,025 |
| | TOTAL | 1,946,477 | 2,273,191 |

SCHEDULE - 7

BORROWINGS

(Rs in '000)

| SI No. | Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--------|------------------------|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| 1 | Debentures/Bonds | - | - |
| 2 | Banks | - | - |
| 3 | Financial Institutions | - | - |
| 4 | Others | - | - |
| | TOTAL | - | - |

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS
SCHEDULE - 8
INVESTMENTS

(Rs in '000)

| SI No. | Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--------|---|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| | LONG TERM INVESTMENTS | | |
| 1 | Govt Securities and Govt guaranteed Bonds incl Treasury Bills | 5,898,363 | 3,807,165 |
| 2 | Other Approved Securities | - | - |
| 3 | Other Investments | | |
| | (a) Shares | | |
| | (aa)Equity | - | - |
| | (bb)Preference | - | - |
| | (b) Mutual Funds | - | - |
| | (c) Derivative Instruments | - | - |
| | (d) Debenturs/Bonds (Housing) | 1,539,256 | 951,350 |
| | (e) Other Securities | | |
| | (aa) Non convertible Debentures | 556,346 | 802,366 |
| | (f) Subsidiaries | 5,000 | 5,000 |
| | (g) Investment Properties - Real Estate | | |
| 4 | Investment in Infrastructure and Social Sector | 3,219,096 | 1,804,171 |
| 5 | Other than approved investments | - | - |
| | SHORT TERM INVESTMENTS | | |
| 1 | Govt Securities, Govt guaranteed Bonds incl Treasury Bills | 165,742 | 318,602 |
| 2 | Other Approved Securities | - | - |
| 3 | Other Investments | | |
| | (a) Shares | | |
| | (aa)Equity | - | - |
| | (bb)Preference | - | - |
| | (b) Mutual Funds | 250,130 | - |
| | (c) Derivative Instruments | - | - |
| | (d) Debenturs/Bonds (Housing) | 310,000 | 334,565 |
| | (e) Other Securities | | |
| | (aa) Non convertible Debentures | 250,000 | |
| | (f) Subsidiaries | - | - |
| | (g) Investment Properties - Real Estate | - | - |
| 4 | Investment in Infrastructure and Social Sector | 185,002 | 125,027 |
| 5 | Other than approved investments | - | - |
| | TOTAL | 12,378,935 | 8,148,246 |

Note: Aggregate amount of company's investment other than listed equity securities and derivative instruments is Rs 12,378,935 thousand (Previous year Rs 8,148,245 thousand)

Market value of such investments as at 31.03.2011 is Rs. 12,234,497 thousand (Previous year Rs 8,167,205 thousand)

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 9

LOANS

(Rs in '000)

| SI No. | Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--------|---|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| 1 | Security wise Classification | | |
| | Secured | | |
| | (a) On mortgage of property | | |
| | (aa) In India | - | - |
| | (bb) Outside india | - | - |
| | (b) On shares, Bonds, Govt Securities, etc. | - | - |
| | (c) others | - | - |
| | Unsecured | - | - |
| | Total | - | - |
| 2 | Borrowerwise Classification | | |
| | (a) Central and State Governments | - | - |
| | (b) Banks and Financial Institutions | - | - |
| | (c) Subsidiaries | - | - |
| | (d) Industrial Undertakings | - | - |
| | (e) Others | - | - |
| | Total | - | - |
| 3 | Performance wise Classification | | |
| | (a) Loans classified as standard | | |
| | (aa) in India | - | - |
| | (bb) outside India | - | - |
| | (b) Non performing loans less provisions | | |
| | (aa) in India | - | - |
| | (bb) outside India | - | - |
| | Total | - | - |
| 4 | Maturity wise Classification | | |
| | (a) Short Term | - | - |
| | (b) Long Term | - | - |
| | TOTAL | - | - |

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

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

(Rs in '000)

| Particulars | Gross Block | | | Depreciation | | | Net Block | | | |
|----------------------------------|------------------------|---------------------------|------------------------------------|-----------------------|-----------------------|---------------|------------------------|----------------------|-----------------------|------------------------|
| | As at 31st March, 2010 | Additions during the year | Sales/ Adjustments during the year | As at 31st March 2011 | Upto 31st March, 2010 | For the year | On sales / adjustments | Upto 31st March 2011 | As at 31st March 2011 | As at 31st March, 2010 |
| Goodwill | - | - | - | - | - | - | - | - | - | - |
| Intangibles: | | | | | | | | | | |
| Computer Software | 87,863 | 13,230 | - | 101,093 | 87,755 | 2,863 | - | 90,618 | 10,475 | 108 |
| Land - Freehold | - | - | - | - | - | - | - | - | - | - |
| Leasehold Property | - | - | - | - | - | - | - | - | - | - |
| Buildings | - | 50,099 | - | 50,099 | - | 204 | - | 204 | 49,892 | - |
| Furniture & Fittings | 188,453 | 25,261 | 5,430 | 208,284 | 147,281 | 13,380 | 5,379 | 155,282 | 53,002 | 41,172 |
| Information Technology Equipment | 327,649 | 42,733 | 1,866 | 368,516 | 256,699 | 48,704 | 1,866 | 303,537 | 64,979 | 70,950 |
| Vehicles | 3,004 | 2,488 | 1,138 | 4,354 | 1,314 | 377 | 564 | 1,129 | 3,225 | 1,691 |
| Office Equipment | 44,411 | 12,943 | 132 | 57,222 | 11,344 | 3,300 | 41 | 14,603 | 42,619 | 33,067 |
| Others | - | - | - | - | - | - | - | - | - | - |
| TOTAL | 651,380 | 146,754 | 8,566 | 789,568 | 504,393 | 68,828 | 7,850 | 565,373 | 224,192 | 146,988 |
| Work in Progress | 4,594 | 12,982 | 4,594 | 12,982 | - | - | - | - | 12,982 | 4,594 |
| Grand Total | 655,974 | 159,736 | 13,160 | 802,550 | 504,393 | 68,828 | 7,850 | 565,373 | 237,174 | 151,582 |
| Previous Year | 570,473 | 87,222 | 1,721 | 655,974 | 437,868 | 67,797 | 1,273 | 504,392 | 151,582 | 132,605 |

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE - 11

CASH AND BANK BALANCES

(Rs in '000)

| SI No. | Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--------|--|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| 1 | Cash (including cheques, drafts and stamps) | 8,335 | 113,522 |
| 2 | Bank Balances | | |
| | (a) Deposit Accounts | - | - |
| | (aa) Short term (due within 12 months) | 5,231,000 | 4,646,570 |
| | (bb) Others | 570,000 | - |
| | (b) Current Accounts | 44,209 | 36,249 |
| | (c) Others | - | - |
| 3 | Money at call & short notice | | |
| | With Banks | - | - |
| | With Other Institutions | - | - |
| 4 | Others | - | - |
| | TOTAL | 5,853,544 | 4,796,341 |
| | 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, 2011 | As at 31st March, 2010 |
|--------|--|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| | ADVANCES | | |
| 1 | Reserve Deposit with ceding Companies | - | - |
| 2 | Application Money for Investments | - | - |
| 3 | Prepayments | 160,207 | 192,999 |
| 4 | Advance to Directors / Officers | - | - |
| 5 | Advance Tax Paid and Tax Deducted at source (Net of provision for taxation) | 101,495 | (34,693) |
| 6 | Deposit towards Rent | 51,450 | 53,450 |
| 7 | Service Tax Recoverable | 2,386 | 18,266 |
| 8 | Others | 144,218 | 68,151 |
| | TOTAL (A) | 459,756 | 298,173 |
| | OTHER ASSETS | | |
| 1 | Income accrued on Investments / FDRs | 582,168 | 385,311 |
| 2 | Outstanding Premiums | 371,502 | 321 |
| 3 | Agents' balances | - | - |
| 4 | Foreign Agencies Balances | - | - |
| 5 | Due from other entities carrying on insurance business (including reinsurers) | 1,607,299 | 4,680,556 |
| 6 | Due from Subsidiaries/holding | 8,314 | 9,227 |
| 7 | Deposit with Reserve Bank of India (Pursuant to section 7 of Insurance Act, 1938) | - | - |
| 8 | Others | - | - |
| | TOTAL (B) | 2,569,283 | 5,075,415 |
| | TOTAL (A+B) | 3,029,039 | 5,373,588 |

IFFCO TOKIO GENERAL INSURANCE COMPANY LIMITED

REGISTRATION NO. 106 Dated 4.12.2000

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**SCHEDULE - 13****CURRENT LIABILITIES***(Rs in '000)*

| SI No. | Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--------|--|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| 1 | Agents Balances | 115,093 | 98,085 |
| 2 | Balances due to other insurance companies (including reinsurers) | 270,799 | 269,362 |
| 3 | Deposits held on reinsurances ceded | - | - |
| 4 | Premiums received in advance | 28,685 | 591,136 |
| 5 | Unallocated Premium | - | - |
| 6 | Sundry Creditors | 298,168 | 247,113 |
| 7 | Due to subsidiaries/holding company | - | - |
| 8 | Claims outstanding | 9,952,758 | 7,076,093 |
| 9 | Due to Officers / Directors | - | - |
| 10 | Deposit Premium | 160,529 | 123,493 |
| 11 | Employee Benefits | 73,554 | 50,978 |
| 12 | Policy Holder Dues | 92,864 | 94,441 |
| | TOTAL | 10,992,450 | 8,550,701 |

SCHEDULE - 14**PROVISIONS***(Rs in '000)*

| SI No. | Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--------|---|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| 1 | Reserve for Unexpired Risk | 6,336,835 | 5,164,971 |
| 2 | For taxation (less advance tax paid and taxes deducted at source) | - | - |
| 3 | For Proposed Dividends | - | 74,100 |
| 4 | For Dividend Distribution Tax | - | 12,594 |
| 5 | Premium Deficiency | - | - |
| | TOTAL | 6,336,835 | 5,251,665 |

SCHEDULE - 15**MISCELLANEOUS EXPENDITURE****(To the extent not written off or adjusted)***(Rs in '000)*

| SI No. | Particulars | As at 31st March, 2011 | As at 31st March, 2010 |
|--------|--|------------------------|------------------------|
| (1) | (2) | (3) | (4) |
| 1 | Discount allowed in issue of shares/debentures | - | - |
| 2 | Others | - | - |
| | TOTAL | - | - |



**Accounting
Policies & Notes
on Accounts**

SCHEDULE 16: NOTES TO 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 returns 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 sale 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. In determining realized gain/ loss, cost of securities is arrived at on 'Weighted average cost' basis and sale consideration for the purpose of realized gain/ loss is net of Brokerage and taxes, if any.
- 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, judgement 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 Reinsurers.
- 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

Investments are recorded on the trade date at the acquisition cost.

Classification

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.

Valuation

(i) 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.

(ii) 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'.

(iii) Investment in subsidiary company is valued at cost less permanent diminution, if any.

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 comprises of Current Tax and Deferred Tax. 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. Employee Benefits

14.1 The Liability for Gratuity is covered by the " Group Gratuity Cash Accumulation Scheme" with an Insurance Company. The liability is accounted for based on actuarial valuation in accordance with the scheme.

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

I. Statutory disclosures as required by IRDA

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 34,160 Thousand (Previous Year Rs 4,024 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:

(Rs in '000)

| Class of Business | In India | | Outside India | |
|-------------------|------------|------------|---------------|------------|
| | Year ended | Year ended | Year ended | Year ended |
| | 31.3.2011 | 31.3.2010 | 31.3.2011 | 31.3.2010 |
| Fire | 308,818 | 391,921 | 103,877 | 10,040 |
| Marine | 307,400 | 323,418 | 20,995 | 3,053 |
| Miscellaneous | 6,207,148 | 4,826,281 | 79,746 | 50,925 |

4. Age-wise breakup of claims outstanding on Gross basis under various class of business as at 31st March, 2011 is as under:

(Rs in '000)

| Class of Business | Outstanding for more than 6 months | | Other Claims | |
|-------------------|------------------------------------|-----------|--------------|-----------|
| | As at | As at | As at | As at |
| | 31.3.2011 | 31.3.2010 | 31.3.2011 | 31.3.2010 |
| Fire | 1,278,782 | 1,178,023 | 806,227 | 909,434 |
| Marine | 673,773 | 471,177 | 302,596 | 193,152 |
| Miscellaneous | 4,709,869 | 3,731,517 | 2,541,077 | 1,670,303 |

5. Claims settled and remaining unpaid for a period of more than six months as at 31st March, 2011 is Nil (Previous Year Nil).

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

(Rs in '000)

| Class of Business | In India | | Outside India | |
|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Year ended 31.3.2011 | Year ended 31.3.2010 | Year ended 31.3.2011 | Year ended 31.3.2010 |
| Fire | 483,518 | 378,388 | 57,128 | 87,425 |
| Marine | 369,957 | 363,717 | 7,178 | 17,775 |
| Miscellaneous | 11,439,829 | 8,927,940 | 165,281 | 133,051 |

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

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

(Rs in '000)

| Class of Business | Risk Retained | | Other Claims | |
|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Year ended 31.3.2011 | Year ended 31.3.2010 | Year ended 31.3.2011 | Year ended 31.3.2010 |
| Fire | 24.30% | 23.02% | 75.70% | 76.98% |
| Marine | 29.01% | 28.23% | 70.99% | 71.77% |
| Miscellaneous | 70.92% | 69.59% | 29.08% | 30.41% |

(d) There are no insurance contracts where the claim payment period exceeds 4 years.

7. All the investments held by the company as at 31st March, 2011 and 31st March, 2010 are performing investments.
8. Value of Contracts in relation to Investments for :

(Rs in '000)

| | As at 31.3.2011 | As at 31.3.2010 |
|--|-----------------|-----------------|
| Purchases where deliveries are pending | Nil | 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:

(Rs in '000)

| Nature of Investment | As At 31.3.2011 | As At 31.3.2010 |
|--|-----------------|-----------------|
| Book Value | 107,825 | 108,564 |
| Market Value as on date of deposit of security | 119,316 | 119,316 |

10. Sector wise business executed by the company is as follows:

| | Year ended 31.3.2011 | Year ended 31.3.2010 |
|-------------------------------------|----------------------|----------------------|
| Urban areas | 85.93% | 88.29% |
| Rural areas | 14.07% | 11.71% |
| Social sector | 1.82% | 0.41% |
| Gross Premium | Rs. 324,120 thousand | Rs.59,344 thousand |
| Number of lives covered (Estimated) | 1,882 thousand | 1,462 thousand |

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

(Rs in '000)

| | Year ended 31.3.2011 | | Year ended 31.3.2010 | |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Managing Director | Whole-time Directors | Managing Director | Whole-time Directors |
| Salaries and Allowances | 5,997 | 6,521 | 3,561 | 5,315 |
| Contribution to Provident Fund | 253 | 251 | 238 | 230 |
| Contribution to Gratuity Scheme | 102 | 68 | 95 | 62 |
| Total | 6,352 | 6,840 | 3,894 | 5,607 |

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

12. Summary of Financial Statements

(Rs.in lacs)

| Particulars | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---|-------------------|-------------------|-------------------|------------------|------------------|
| OPERATING RESULTS | | | | | |
| Gross Premium written | 198,886.69 | 163,956.36 | 151,552.19 | 123,583.42 | 115,220.68 |
| Net Earned Premium | | | | | |
| Income | 113,510.27 | 92,222.41 | 83,293.01 | 63,966.60 | 54,759.94 |
| Premium Deficiency | - | - | - | 100.00 | - |
| Income from Investments | 11,604.09 | 10,665.35 | 8,569.35 | 5,155.74 | 3,528.20 |
| Other Income | 12.49 | 9.95 | 6.62 | 6.94 | 6.70 |
| Total Income | 125,107.12 | 102,897.71 | 91,868.98 | 69,229.28 | 58,294.84 |
| Commission | 1,510.68 | 2,518.61 | (322.56) | (395.19) | (4,152.43) |
| Operating expenses | 31,921.12 | 24,965.13 | 23,972.78 | 20,131.05 | 20,473.07 |
| Claims Increase in unexpired risk reserve and other outgoes | 99,046.49 | 73,266.84 | 69,502.41 | 50,474.34 | 39,859.37 |
| | 132,478.31 | 100,750.58 | 93,152.64 | 70,210.20 | 56,180.01 |
| Operating Profit/(Loss) | (7,371.19) | 2,147.13 | (1,283.64) | (980.92) | 2,114.83 |
| NON OPERATING RESULT | | | | | |
| Total Income under shareholders account | 2,414.68 | 1,713.94 | 1,975.58 | 2,166.83 | 2,130.92 |
| Profit /(Loss) before tax | (4,936.76) | 3,861.07 | 691.94 | 1,185.91 | 4,245.75 |
| Provision for tax | 1,666.76 | 1,322.89 | 441.67 | 469.63 | 1,532.54 |
| Profit /(Loss) after tax | (3,270.00) | 2,538.18 | 250.27 | 716.28 | 2,713.21 |
| MISCELLANEOUS | | | | | |
| Paid up Equity Capital | 24,700.00 | 24,700.00 | 22,821.10 | 22,000.00 | 22,000.00 |
| Net Worth | 44,166.07 | 47,431.91 | 45,760.67 | 30,390.40 | 29,674.12 |
| Total assets | 214,986.92 | 185,044.48 | 158,938.70 | 117,651.37 | 89,605.86 |
| Yield on total investments | 8.02% | 8.33% | 8.92% | 8.67% | 7.93% |
| Earnings per share | -1.32 | 1.03 | 0.11 | 0.33 | 1.23 |
| Book value per share | 17.88 | 19.20 | 20.05 | 13.81 | 13.49 |
| Total dividend | - | 741.00 | - | - | 880.00 |
| Dividend per share | - | 0.30 | - | - | 0.40 |

13. Performance Ratios:-

| Sl. No. | Particular | As on 31st March 2011 (in %) | As on 31st March 2010 (in %) |
|---------|---|------------------------------|------------------------------|
| 1 | Gross Premium Growth Rate | | |
| | FIRE | 9.58 | -12.12 |
| | MARINE | -3.35 | 16.46 |
| | MISCELLANEOUS | 27.16 | 7.62 |
| 2 | Gross Premium to shareholders' fund ratio | 403.76 | 307.35 |
| 3 | Growth rate of shareholders' fund | -6.89 | 3.65 |
| 4 | Net Retention Ratio | | |
| | FIRE | 28.75 | 23.02 |
| | MARINE | 29.47 | 28.23 |
| | MISCELLANEOUS | 79.10 | 69.57 |
| 5 | Net Commission Ratio | | |
| | FIRE | 4.44 | 5.42 |
| | MARINE | 5.43 | 5.23 |
| | MISCELLANEOUS | 5.19 | 6.06 |
| 6 | Expense of Management to Gross Direct Premium Ratio | 23.00 | 23.01 |
| 7 | Combined Ratio | 75.97 | 77.79 |
| 8 | Technical Reserves to net premium ratio | 130.08 | 123.54 |
| 9 | Underwriting balance ratio | -15.10 | -8.57 |
| | FIRE | -42.00 | -33.97 |
| | MARINE | -47.77 | -53.81 |
| | MISCELLANEOUS | -12.79 | -5.36 |
| 10 | Operating Profit Ratio | -4.06 | 3.48 |
| 11 | Liquid Assets to liabilities ratio | 40.39 | 0.04 |
| 12 | Net earning ratio | -2.61 | 2.56 |
| 13 | return on net worth ratio | -7.40 | 5.35 |
| 14 | Available Solvency Margin Ratio to Required Solvency Margin Ratio | 1.23 * | 1.76 |
| 15 | NPA Ratio | | |
| | Gross NPA Ratio | - | - |
| | Net NPA Ratio | - | - |

Equity Holding Pattern for Non-Life Insurers

| | | | |
|---|---|--------------|--------------|
| 1 | No. of shares | 24,70,00,000 | 24,70,00,000 |
| 2 | Percentage of shareholding (Indian / Foreign) | 74/26 | 74/26 |
| 3 | %of Government holding (in case of public sector insurance companies) | NIL | NIL |
| 4 | Basic and diluted EPS before extraordinary items (net of tax expense) for the period (not to be annualized) | -1.32 | 1.03 |
| 5 | Basic and diluted EPS after extraordinary items (net of tax expense) for the period (not to be annualized) | -1.32 | 1.03 |
| 6 | Book value per share (Rs) | 17.88 | 19.20 |

* Refer Note No. B - III - 2.

14. The investments as at the year end have not been allocated into Policy Holders and Shareholders as the same are not specifically earmarked separately.

15. No depreciation is allocable to the Profit and Loss Account based on the 'use' of the asset.

16. Details of certain expenses as required by IRDA are as under:

(Rs in '000)

| Particulars | 2010-11 | 2009-10 |
|---------------------------------|---------|---------|
| Outsourcing Expenses (Manpower) | 80,774 | 60,668 |
| Business Development | 34,095 | 270,710 |
| Marketing Support | 967,369 | 680,961 |

17. Details of penal actions by various Government Authorities during the year are as under:

| Sl. No. | Authority | Non- compliance/ violation | Amount in (Rs.'000) | | |
|---------|---|----------------------------|---------------------|--------------|-------------------------|
| | | | Penalty Awarded | Penalty Paid | Penalty waived/ Reduced |
| 1. | Insurance Regulatory and Development Authority | None | Nil | Nil | Nil |
| 2. | Service Tax Authorities | None | Nil | Nil | Nil |
| 3. | Income Tax Authorities | None | Nil | Nil | Nil |
| 4. | Any other Authorities | None | | | |
| 5. | Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA | None | Nil | Nil | Nil |
| 6. | Registrar of Companies/NCLT/ CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956. | None | Nil | Nil | Nil |
| 7. | Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation. | None | Nil | Nil | Nil |
| 8. | Securities and Exchange Board of India | None | Nil | Nil | Nil |
| 9. | Competition Commission of India | None | Nil | Nil | Nil |
| 10. | Any other Central State/Local Government/ Statutory Authority. | None | Nil | Nil | Nil |

18. Agewise analysis of the Unclaimed Amount of Policy holder.

Statement showing the Age-wise Analysis of the Unclaimed Amount of the Policyholders 2010-11

(Rs in '000)

| SI No | Particulars | Total Amount | AGE-WISE ANALYSIS | | | | | | |
|-------|---|--------------|-------------------|-------------|--------------|---------------|----------------|----------------|------------------|
| | | | 1-6 months | 7-12 months | 13-18 months | 19- 24 months | 25 - 30 months | 31 - 36 months | Beyond 36 Months |
| A | claims settled but not paid to the policyholders / insureds due to any reasons except under litigation from the insured / policyholders | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| B | sum due to the insured / policyholders on maturity or otherwise | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| C | Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far | 5,852 | 3,906 | 247 | 973 | 481 | 132 | 38 | 74 |
| D | Cheques issued but not encashed by the policyholder/ insured | 87,012 | 6,086 | 18,816 | 17,586 | 14,617 | 7,075 | 13,449 | 9,384 |

II. Accounting standard disclosures

1. Employee Benefits (AS-15 Revised)

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 encashment during the service or 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

(Rs in '000)

| | Gratuity (Funded) | | | | Leave Encashment (Non Funded) | | | |
|--|-------------------|---------|---------|---------|-------------------------------|----------|---------|---------|
| | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Current Service Cost | 6,343 | 3,852 | 4,088 | 3,313 | 10,534 | 13,289 | 13,477 | 12,739 |
| Interest cost on benefit obligation | 1,878 | 1,705 | 1,267 | 1,303 | 3,876 | 4,458 | 4,285 | 2,305 |
| Expected return on plan assets | (1,908) | (1,558) | (1,539) | (1,434) | - | - | - | - |
| Net actuarial (Gain)/loss recognized in the year | 6,454 | 1,739 | 3,139 | (650) | 7,095 | (15,961) | (8,993) | 1,898 |
| Expenses recognized in the Profit & Loss Account | 12,767 | 5,738 | 6,955 | 2,532 | 21,505 | 1,786 | 8,769 | 16,942 |

ii. The amount recognized in the Balance Sheet

(Rs in '000)

| | Gratuity (Funded) | | | | Leave Encashment (Non Funded) | | | |
|--|-------------------|----------|----------|----------|-------------------------------|----------|----------|----------|
| | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Present Value of obligation at end of year (i) | (41,777) | (28,902) | (22,775) | (16,683) | (59,697) | (45,240) | (4,6837) | (42,454) |
| Fair Value of Plan assets at end of year (ii) | 29,017 | 23,164 | 17,359 | 18,222 | - | - | - | - |
| Difference (ii-i) i.e. Assets/ (Liabilities) | (70,794) | (5,738) | (5,416) | 1,539 | (59,697) | (45,240) | (46,837) | (42,454) |
| Net Asset/ (liability) recognized in the Balance Sheet | (12,767) | (5,738) | (6,955) | - | (59,697) | 45,240 | (46,837) | (42,454) |

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

(Rs in '000)

| | Gratuity (Funded) | | | | Leave Encashment (Non Funded) | | | |
|--|-------------------|---------|---------|---------|-------------------------------|----------|---------|---------|
| | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Present Value of obligation at beginning of year | 28,902 | 22,775 | 16,683 | 14,839 | 45,240 | 46,837 | 42,454 | 32,101 |
| Interest Cost | 1,878 | 1,705 | 1,267 | 1,303 | 3,876 | 4,458 | 4,285 | 2,305 |
| Current Service Cost | 6,343 | 3,852 | 4,088 | 3,313 | 10,534 | 13,289 | 13,477 | 12,739 |
| Benefit Paid | (1,800) | (1,169) | (2,402) | (2,122) | (7,048) | (3,383) | (4,386) | (6,589) |
| Net actuarial (Gain)/Loss on obligation | 6,454 | 1,739 | 3,139 | (650) | 7,095 | (15,961) | (8,993) | 1,898 |
| Present value of the defined benefit as at end of year | 41,777 | 28,902 | 22,775 | 161,683 | 59,697 | 45,240 | 46,837 | 42,454 |

iv. Changes in the fair value of plan assets:

(Rs in '000)

| | Gratuity (Funded) | | | | Leave Encashment (Non Funded) | | | |
|--|-------------------|---------|---------|---------|-------------------------------|---------|---------|---------|
| | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Fair value of plan assets at beginning of year | 23,164 | 17,359 | 18,222 | 8,219 | - | - | - | - |
| Expected return on plan assets | 1,908 | 1,558 | 1,539 | 1,434 | - | - | - | - |
| Contributions by employer | 5,731 | 6,949 | - | 10,691 | 7,048 | 3,383 | 4,386 | 6,589 |
| Benefit Paid | (1,800) | (1,169) | (2,402) | (2,122) | (7,048) | (3,383) | (4,386) | (6,589) |
| Actuarial Gain/(Loss) on plan assets | 14 | (1,533) | - | - | - | - | - | - |
| Fair value of plan assets at end of year | 29,017 | 23,164 | 17,359 | 18,222 | - | - | - | - |

- v. The disclosure above is in respect of the current year and three preceding years. The disclosure in respect of one immediate preceding annual periods as required by 'AS-15 (Revised 2005)' is not presented as the management considered it impracticable in the absence of requisite information.

vi. Actuarial Assumptions

Principal assumptions used for actuarial valuation are:

(Rs in '000)

| | Gratuity (Funded) | | | | Leave Encashment (Non Funded) | | | |
|-------------------------------|------------------------------|---------|---------|---------|-------------------------------|---------|---------|---------|
| | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
| Method used | Projected Unit Credit Method | | | | | | | |
| Discount rate | 8.00% | 8.00% | 8.00% | 8.00% | 8.50% | 8.25% | 7.75% | 8.00% |
| Salary Escalation | 6.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 7.00% |
| Mortality rate | LIC (1994-96) Ultimate | | | | | | | |
| Withdrawal rate | 1 to 3% | 1 to 3% | 1 to 3% | 1 to 3% | 1% | 1% | 1% | 1% |
| Rate of return on plan assets | 9.25% | 9.25% | 9.25% | 9.15% | - | - | - | - |

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

a) Business Segments

(Rs in '000)

| | Year ended 31st March, 2011 | Year ended 31st March, 2010 |
|--|--------------------------------|--------------------------------|
| SEGMENT REVENUE: | | |
| Fire Insurance | 2,284,274 | 2,084,488 |
| Marine Insurance | 1,358,297 | 1,410,893 |
| Motor Insurance-OD | 7,412,924 | 5,309,164 |
| Motor Insurance-TP | 4,458,166 | 3,920,189 |
| Engineering Insurance | 698,013 | 969,920 |
| Workmen Compensation Insurance | 13,869 | 100,631 |
| Personal Accident Insurance | 297,214 | 221,867 |
| Product Liability Insurance | 106,247 | 61,224 |
| Health Insurance | 1,855,100 | 1,734,700 |
| Trade Credit | 299,991 | 133,972 |
| Other Insurance | 2,139,986 | 1,515,125 |
| Investments | 227,101 | 132,597 |
| Total | 21,276,180 | 17,594,768 |
| SEGMENT RESULT: Profit / (Loss) | | |
| Fire Insurance | (173,423) | (121,060) |
| Marine Insurance | (119,724) | (118,517) |
| Motor Insurance-OD | 789,095 | 790,881 |
| Motor Insurance-TP | (989,454) | (77,716) |
| Engineering Insurance | 55,341 | 28,928 |
| Workmen Compensation Insurance | 45,304 | 25,476 |
| Personal Accident Insurance | 2,420 | (19,002) |
| Product Liability Insurance | 5,447 | 13,429 |
| Health Insurance | (339,087) | (337,481) |
| Trade Credit | (21,490) | (25,616) |
| Other Insurance | 10,427 | 55,392 |
| Investments | 222,119 | 127,707 |
| Unallocable | 19,348 | 43,686 |
| Total | (493,676) | 386,107 |
| Less Provision for Taxation | 166,676 | 132,289 |
| Profit After Tax | (327,000) | 253,818 |

| SEGMENT ASSETS: | | |
|--|-------------------|-------------------|
| Fire Insurance | - | - |
| Marine Insurance | - | - |
| Motor Insurance | - | - |
| Engineering Insurance | - | - |
| Workmen Compensation Insurance | - | - |
| Personal Accident Insurance | - | - |
| Product Liability Insurance | - | - |
| Health Insurance | - | - |
| Trade Credit | - | - |
| Other Insurance | - | - |
| Investments | 18,179,935 | 12,794,816 |
| Total: | 18,179,935 | 12,794,816 |
| Add: Unallocable Assets | 3,565,957 | 5,785,434 |
| Total | 21,745,892 | 18,580,250 |
| SEGMENT LIABILITIES: | | |
| Fire Insurance | 663,163 | 975,637 |
| Marine Insurance | 636,333 | 591,762 |
| Motor Insurance-OD | 4,164,038 | 3,120,335 |
| Motor Insurance-TP | 8,496,890 | 5,881,290 |
| Engineering Insurance | 381,636 | 361,287 |
| Workmen Compensation Insurance | 101,219 | 70,626 |
| Personal Accident Insurance | 200,292 | 160,035 |
| Product Liability Insurance | 75,205 | 53,747 |
| Health Insurance | 924,032 | 958,230 |
| Trade Credit | 4,916 | 4,142 |
| Other Insurance | 670,554 | 655,109 |
| Investments | - | - |
| Total: | 16,318,278 | 12,832,200 |
| Add: Unallocable Liabilities | 1,011,007 | 1,004,859 |
| Total | 17,329,285 | 13,837,059 |
| Cost incurred to acquire segment assets (Fixed Assets): | | |
| Fire Insurance | - | - |
| Marine Insurance | - | - |
| Motor Insurance | - | - |
| Engineering Insurance | - | - |
| Workmen Compensation Insurance | - | - |
| Personal Accident Insurance | - | - |
| Product Liability Insurance | - | - |
| Health Insurance | - | - |
| Trade Credit | - | - |
| Other Insurance | - | - |
| Investments | - | - |
| Total: | - | - |
| Add: Unallocable Fixed assets | 159,736 | 87,222 |
| Total | 159,736 | 87,222 |

Amount of expenses included in segment result for depreciation and amortization in respect of assets:

| | | |
|--------------------------------|---------------|---------------|
| Fire Insurance | 7,258 | 7,981 |
| Marine Insurance | 4,940 | 6,158 |
| Motor Insurance-OD | 26,211 | 23,328 |
| Motor Insurance-TP | 10,886 | 10,652 |
| Engineering Insurance | 2,366 | 4,088 |
| Workmen Compensation Insurance | 499 | 440 |
| Personal Accident Insurance | 1,082 | 958 |
| Product Liability Insurance | 386 | 258 |
| Health Insurance | 6,917 | 7,637 |
| Trade Credit | 1,316 | 599 |
| Other Insurance | 6,966 | 5698 |
| Investments | | |
| Total: | 68,828 | 67,797 |
| Add: Unallocable Expenses | - | - |
| Total | 68,828 | 67,797 |

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.

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

(Rs in '000)

| Name of the Related Parties | Nature of Related party relationship | Description of nature of transactions | Consideration Paid/Received 2010-11 | Consideration Paid/Received 2009-10 |
|--|---|---|-------------------------------------|-------------------------------------|
| Indian Farmers Fertilisers Coop. Ltd | Promoters with more than 20% Voting rights | Premium collected from direct business | 612,533 | 497,925 |
| | | Claims paid on direct basis | 402,531 | 316,990 |
| | | Payment of Rent and other expenses | 63,765 | 46,349 |
| | | Deposit of Insurance Premium | 2,500 | 2,500 |
| | | Payment of Dividend | 53,826 | - |
| | | Amount Payable / (Receivable) at the Balance Sheet Date | 169 | 2,087 |
| Indian Potash Limited | Associate of Promoters with more than 20% Voting rights | Premium collected from direct business | 35,369 | - |
| | | Deposit of Insurance Premium | 100 | |
| | | Payment of Rent and other expenses | 2,800 | |
| | | Payment of Dividend | 1,008 | |
| | | Claims paid on direct basis | 4,452 | - |
| Tokio Marine Asia Pte Ltd (formerly Millea Asia Pte Ltd) | Promoters with more than 20% Voting rights | Payment of Fee | 1,527 | 3,064 |
| | | Payment of Dividend | 19,266 | - |

4. In respect of premises taken on operating lease, the lease agreements are mutually renewable/cancellable by the lessor/lessee. (AS-19)
- (i) Amount charged to revenue accounts for cancellable operating lease is Rs 165,094 thousand (Previous year Rs 141,655 thousand).
- (ii) Amount recovered/recoverable and appearing in the revenue account in regard to sub leases is Rs 3,333 thousand. (Previous year Rs 3,113 thousand)
5. Earnings per Share (AS-20)

| | | 2010-11 | 2009-10 |
|----|---|----------|-------------|
| a) | Net Profit available for Equity Shareholders (Rs. '000) | (327000) | Rs. 253,818 |
| b) | Weighted Average number of Equity Shares outstanding during the year (No. of Units in Thousand) | 247,000 | 247,000 |
| c) | Basic and Diluted Earning per Share (Equity Share of Face Value of Rs. 10/- each) | (1.32) | Rs. 1.03 |

6. The break up of deferred tax assets and liabilities into major components at the year end is as below: (AS-22)

| Particulars | As at 31.03.2011 | | As at 31.03.2010 | |
|---|------------------|---------|------------------|--------|
| | Liabilities | Assets | Liabilities | Assets |
| Depreciation Expenditure accrued but not deductible for tax purposes, allowable on actual payment | - | 12,286 | - | 12,502 |
| Unexpired Risk reserve provided in excess of limit specified in Income Tax Act. | - | 19,830 | - | 15,029 |
| Business Loss | - | - | - | 48,269 |
| Total | - | 215,084 | - | - |
| Net Deferred tax asset | - | 247,200 | - | 75,800 |

III. Other Disclosures

1. In terms of the directions issued by the IRDA, Indian Motor Third Party Insurance Pool was formed in the year 2007- 2008. 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 amongst the members and the pool, the Company's share of revenue and expenses based on the return received from the pool aggregating to a loss of Rs 1,372,742 thousand (Previous year Rs 162,182 thousand) have been incorporated under the appropriate heads in the accounts.

2. The Solvency Ratio of the Company as at 31st March 2011 is below the prescribed level of 1.3 as per IRDA Circular No IRDA/NL/ORD/MPL/046/03/2011 dated 12th March 2011. The Management is taking necessary steps to correct the deficiency and submit a financial plan for the same to IRDA
3. On the basis of information received from 'enterprises' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 there is no Micro, Small and Medium Enterprises to which the Company owes dues, which are outstanding for more than 45 days during the year ended 31.03.2011 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

for and on behalf of Board of Directors

As per our Report of even date attached.

G.S. Mathur & Co.
Chartered Accountants
Firm Regn. No. 008744N

Ajay Mathur
Partner
M.No. 82223

Raghu Nath Rai & Co.
Chartered Accountants
Firm Regn. No. 000451N

Samir Jain
Partner
M.No. 77010

K. Srinivasa Gowda
Chairman

S. Narayanan
Managing Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

M.K. Tandon
Financial Advisor

V.S. Rao
Company Secretary

New Delhi
Dated : 16th May, 2011

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. - State Code

Balance Sheet Date
Date Month Year

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

| | | | |
|--------------|--|--------------------------|--|
| Public Issue | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Rights Issue | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Bonus Issue | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Private Placement/others | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |

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

| | | | |
|-------------------|--|--------------|--|
| Total Liabilities | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/> | Total Assets | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="6"/> |
|-------------------|--|--------------|--|

SOURCES OF FUNDS

| | | | |
|------------------------|--|---------------------|--|
| Paid-up Capital | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="0"/> | Reserve and Surplus | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="5"/> |
| Secured Loans | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Unsecured Loans | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Deferred Tax Liability | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | | |

APPLICATION OF FUNDS

| | | | |
|--------------------|--|---------------------------|---|
| Net Fixed Assets | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="2"/> | Investments | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="9"/> |
| Net Current Assets | <input type="text" value=""/> <input type="text" value=""/> <input)="" <input="" type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value=")"/> | Miscellaneous Expenditure | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Accumulated Losses | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Deferred Tax Assets | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="2"/> |

IV. PERFORMANCE OF COMPANY (Amount in Rs. Lakh)

| | | | |
|----------------------------|---|-------------------------|--|
| Turnover | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="8"/> <input type="text" value="7"/> | Total Expenditure | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="7"/> |
| Profit/(loss) Before Tax | <input type="text" value=""/> <input type="text" value=""/> <input)="" <input="" type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="3"/> <input type="text" value="7"/> <input type="text" value=")"/> | Profit/(loss) After Tax | <input type="text" value=""/> <input type="text" value=""/> <input)="" <input="" type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value=")"/> |
| Earning per Share (in Rs.) | <input type="text" value=""/> <input type="text" value=""/> <input)="" <input="" type="text" value="1"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value=")"/> | | |

V. GENERIC NAMES OF TWO PRINCIPAL PRODUCTS OF COMPANY:

(As per Monetary Terms)

Decade of Dedication

10

IFFCO - TOKIO
2000-2010

Management Report

Attached to the Financial Statements for the year ending 31st March, 2011

1. The registration granted by the Insurance Regulatory and Development Authority has been renewed from time to time and the same is valid upto 31st March, 2012
2. It is confirmed that all the dues payable to the statutory authorities upto 31st March, 2011 were duly paid.
3. The shareholding pattern as on 31st March, 2011 was as under which is in accordance with the statutory requirements:

(Rs in Crores)

| Shareholders | Year ended 31st March, 2011 | | Year ended 31st March, 2010 | |
|---------------------------------------|--------------------------------|---------------|--------------------------------|---------------|
| | Rs In Crores | % | Rs In Crores | % |
| Indian: | | | | |
| Indian Farmers Fertilisers Co-op Ltd. | 179.42 | 72.64 | 179.42 | 72.64 |
| Indian Potash Ltd | 3.36 | 1.36 | 3.36 | 1.36 |
| Sub-Total | 182.78 | 74.00 | 182.78 | 74.00 |
| Foreign: | | | | |
| Tokio Marine Asia Pte., Ltd. | 64.22 | 26.00 | 64.22 | 26.00 |
| Total | 247.00 | 100.00 | 247.00 | 100.00 |

4. It is confirmed that no part of funds of the Policy holders were directly or indirectly invested outside India during the year.
5. The Solvency Ratio of the Company as at 31st March 2011 after incorporating the return received from the Pool for the FY 2010-11 is below the prescribed level of 1.3 as per IRDA Circular No IRDA/NL/ORD/MPL/046/03/2011 dated 12th March 2011. The Management will submit a financial plan for achieving the prescribed level.
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 31st March, 2011 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 31st March, 2011.
9. The information relating to ageing of claims on gross basis indicating the trend of average claim settlement time upto the financial year ended 31st March, 2011 is as under:

| No of Claims Outstanding | Year ended 31 st March, 2011 | | | Year ended 31 st March, 2010 | | |
|--------------------------|---|--------------|---------------|---|--------------|---------------|
| | Fire | Marine | Miscellaneous | Fire | Marine | Miscellaneous |
| Less than 30 Days | 40 | 112 | 9,234 | 152 | 351 | 13,164 |
| 30 days to 6 months | 270 | 636 | 12,540 | 269 | 673 | 14,803 |
| 6 months to 1 Year | 284 | 556 | 5,303 | 200 | 560 | 6,629 |
| 1 Year to 5 years | 396 | 673 | 15,541 | 173 | 376 | 12,563 |
| 5 Years and above | 17 | 13 | 1,763 | 9 | 13 | 188 |
| Total | 1,007 | 1,990 | 44,381 | 803 | 1,973 | 47,347 |

(Amount in '000)

| Claims Outstanding | Year ended 31 st March, 2011 | | | Year ended 31 st March, 2010 | | |
|---------------------|---|----------------|-----------------|---|-----------------|------------------|
| | Fire | Marine | Miscellaneous | Fire | Marine | Miscellaneous |
| Less than 30 Days | 184,786 | 26,420 | 1,215,687 | 135,727 | 52,840 | 560,248 |
| 30 days to 6 months | 621,441 | 276,176 | 1,325,390 | 773,707 | 140,312 | 1,110,054 |
| 6 months to 1 Year | 429,772 | 229,969 | 1,120,066 | 257,537 | 104,248 | 1,297,047 |
| 1 Year to 5 years | 844,590 | 434,043 | 3,307,625 | 916,501 | 366,414 | 2,412,185 |
| 5 Years and above | 4,420 | 9,761 | 282,178 | 3,985 | 515 | 22,286 |
| Total | 2,085,009 | 976,369 | 725,0946 | 2,087,457 | 6,64,329 | 5,401,820 |

10. As at 31st March, 2011, 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 amortization. The market value of these investments has been ascertained on the basis of the guidelines issued by IRDA and the information is as under:

(Rs. in Lacs)

| | Government | Corporate |
|--|-------------------|------------------|
| 1. Acquisition Cost of Debt Securities held | 61,996 | 60,583 |
| 2. Amortized value of securities as at (1) | 60,641 | 60,597 |
| 3. Market Value of securities as at (1) | 60,240 | 59,554 |
| 4 Value of (1) as appearing in the balance sheet | 60,641 | 60,597 |

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 (excluding income received from Pool) of Rs. 129.94 Crores (Previous year Rs. 99.12 Crores).

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 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:

| S. No. | Name of the Director | Entity in which Director is Interested | Interested as | Year ended 31st March, 2011 | Year ended 31st March, 2010 |
|--------|---|---|---|-----------------------------|-----------------------------|
| 1 | Mr K.S Gowda Mr. B S Nakai Dr B.S Vishwanathan Dr U.S Awasthi Mr Rakesh Kapur | Indian Farmers Fertilisers Cooperative Ltd. | Director Vice Chairman Director Managing Director Jt. Managing Director | 4,663 | 3,633 |
| 2 | Dr P.S Gahlaut Dr U. S Awasthi Mr. B S Nakai | Indian Potash Ltd. | Managing Director Director Director | 38 | 27 |
| 3 | Dr B.S Vishwanathan Mr K.S Gowda | Karnataka State Cooperative Marketing Federation Ltd. | Director Director | 12 | 11 |
| 4 | Dr U.S Awasthi | Fertiliser Association of India Ltd | Director | 67 | 62 |
| 5 | Mr K.S Gowda Mr Rakesh Kapur Mr.S.Narayanan Mr. N.K Kedia Mr. Y. Fukuda Dr P.S Gahlaut | IFFCO-Tokio Insurance Services Ltd. | Director Director Director Director Director Director | 3,969 | 3,235 |

for and on behalf of Board of Directors

G.S. Mathur & Co.
Chartered Accountants
Firm Regn. No. 008744N

Ajay Mathur
Partner
M.No. 82223

Raghu Nath Rai & Co.
Chartered Accountants
Firm Regn. No. 000451N

Samir Jain
Partner
M.No. 77010

K. Srinivasa Gowda
Chairman

S. Narayanan
Managing Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

M.K. Tandon
Financial Advisor

V.S. Rao
Company Secretary

New Delhi
Dated : 16th May, 2011



Decade of Dedication

10

ACCOUNTS OF SUBSIDIARY COMPANY

2000-2010

IFFCO TOKIO INSURANCE SERVICES LIMITED

IFFCO-TOKIO

BOARD OF DIRECTORS

| | |
|-------------------------------|----------|
| Mr. K. Srinivasa Gowda | Chairman |
| Dr. Parvinder Singh Gahlaut | Director |
| Mr. Rakesh Kapur | Director |
| Mr. S. Narayanan | Director |
| Mr. Yasunobu Fukuda | Director |
| Mr. Veer Pratap Singh Parihar | Director |
| Mr. Nand Kishore Kedia | Director |

SENIOR EXECUTIVES

Joydeep Roy
Chief Executive Officer

AUDITORS
S.K. Mehta & Co.
Chartered Accountants

BANKERS
Deutsche Bank,
New Delhi.

HDFC Bank,
New Delhi

REGISTERED OFFICE

IFFCO Sadan, C-1,
District Centre, Saket
New Delhi-110017

CORPORATE OFFICE

'IFFCO Tower', 4th & 5th Floor,
Plot No. 3, Sector 29,
Gurgaon 122001
Phone Nos. 0124-2850100

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

TO THE MEMBERS

NOTICE is hereby given that the **EIGHTH ANNUAL GENERAL MEETING** of the Members of **IFFCO TOKIO Insurance Services Limited** will be held on **Thursday, the 23rd June, 2011 at 3 P.M. at the Registered Office** of the Company at **IFFCO SADAN, C-1 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 from 1st April 2010 to 31st March, 2011 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. K.Srinivasa Gowda who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Mr. Rakesh Kapur who retires by rotation and being eligible, offers himself for reappointment.
4. 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 a Special Resolution.

"RESOLVED THAT M/s. Ragu Nath Rai & Co., Chartered Accountants be and are hereby appointed as 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 Company."

Regd.Office: IFFCO Sadan,
C-1 District Centre, Saket,
New Delhi- 110017.
Dated: 30th May, 2011

By order of the Board

(JOYDEEP ROY)
Chief Executive Officer

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 deposited with the Company at its registered office not less than 48 hours before the commencement of the meeting.

IFFCO-TOKIO

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Resolution.

Item No. 4

According to the provisions of Section 224A of the Companies Act, 1956, a Company in which not less than twenty five per cent of the subscribed share capital is held whether singly or in any combination by a General Insurance Company, shall appoint its Auditors by way of Special Resolution in its General Body Meeting. Since IFFCO TOKIO General Insurance Co. Ltd, being a General Insurance Company, holds 100% of the subscribed share capital of IFFCO TOKIO Insurance Services, the said resolution is proposed to be passed as Special Resolution.





Decade of Dedication
10
IFFCO TOKIO
2000-2010

DIRECTORS' REPORT

IFFCO-TOKIO

To the Members

- 1.0 Your Directors have pleasure in presenting to you the Eighth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2011 along with the Auditors' Report thereon.

Members will be glad to note that your Company has successfully completed the Seventh 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.22.58 Lakhs against a budgeted estimate of Rs.22.00 Lakhs. During the financial year ended 31st March 2011, your Company had generated a gross written premium of Rs.81.87 Crores for ITGI. Furthermore, your Company serviced a premium valuing Rs.796.37 Crores. The breakup of premium serviced through Lateral Spread Centre, Individual Agency Model, Cooperative Model and Banc assurance Model is detailed below:-

| MODEL | GWP FOR 2010-11 (Rs. in Crores) |
|-------------------------|-------------------------------------|
| LATERAL SPREAD | 413.19 |
| BANCASSURANCE | 93.51 |
| INDIVIDUAL AGENCY MODEL | 176.74 |
| COOPERATIVE MODEL | 112.93 |
| TOTAL | 796.37 |

3.0 Dividend

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

4.0 Human Resources, Training and Development

- 4.1 Your Company has 529 employees on its permanent rolls as on 31st March 2011. In addition to the employees on permanent rolls the Company also has 194 Sr. Marketing Executives and Marketing Executives and 10 Graduate Trainees as on 31st March 2011. Your Company has utilized the services of 683 Relationship Executives and Customer Care Associates for servicing ITGI customers and tie up arrangements.
- 4.2 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 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 50 persons were trained under this initiative. The Gurukul Training facility in Gurgaon was utilized to train 700 employees / trainees during the year.

5.0 Marketing Strategy

- 5.1 Members are kindly 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 97 to 103. 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.413.19 Crores for ITGI at an average expense ratio of 4.32%. The total number of LSCs as of 31st March 2011 is 103.
- 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 back ground. During the year the Company deployed 540 employees and trainees to manage these two models.
- 5.3 Your Company continues to play an important role in servicing of ITGI customers. The Service channel consisting of Relationship Executives and Customer care Associates (on outsourced basis) has yielded very good response from the market. This model has serviced a total premium of Rs.605.74 Crores sourced from ITGI Service provider tie ups. During the year, your Company had actively promoted and sold the Barish Bima Yojana, Janta 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, eight meetings of Executive Committee and five 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 10 to 31st March, 2011. 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 2011-12 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. The emphasis will be on Bima Kendras to spread into B and C class of cities. Some of these, depending upon the premium that they will procure, will be provided with upgraded facilities. 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 judgments 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 2011 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. Raghu Nath Rai & Co. that if they are 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. Raghu Nath Rai & Co. as Statutory Auditors for the financial year 2011-12.

12.0 Board of Directors

Pursuant to article 78 of the Article of Association of your Company, Mr. K. Srinivasa Gowda and Mr. Rakesh Kapur, Directors retire by rotation at this Annual General Meeting and are eligible for re-appointment.

13.0 Acknowledgement

Your Directors express gratitude to the shareholders, IRDA, Members of the Board of Directors 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

Place: New Delhi
Date : 16th May, 2011

(K. Srinivasa Gowda)
Chairman

Sudhanshu Gupta & Associates

Company Secretaries
 101, Indraprastha Building,
 H-58, Vikas Marg, Laxmi Nagar, Delhi-110092
 Phone No. 91- 11- 43026455 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, 2011**. 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 **5 (Five) times** respectively on 27th April 2010, 22nd September 2010, 18th November 2010, 10th December 2010 and 10th March 2011 (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 has not closed/was not required to close its Register of Members or Debenture holders during the financial year;
6. The annual general meeting for the financial year ended on 31.03.2010 was held on 25th May 2010 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. The company has made necessary entries in the register maintained u/s 301 of the Act;

IFFCO-TOKIO

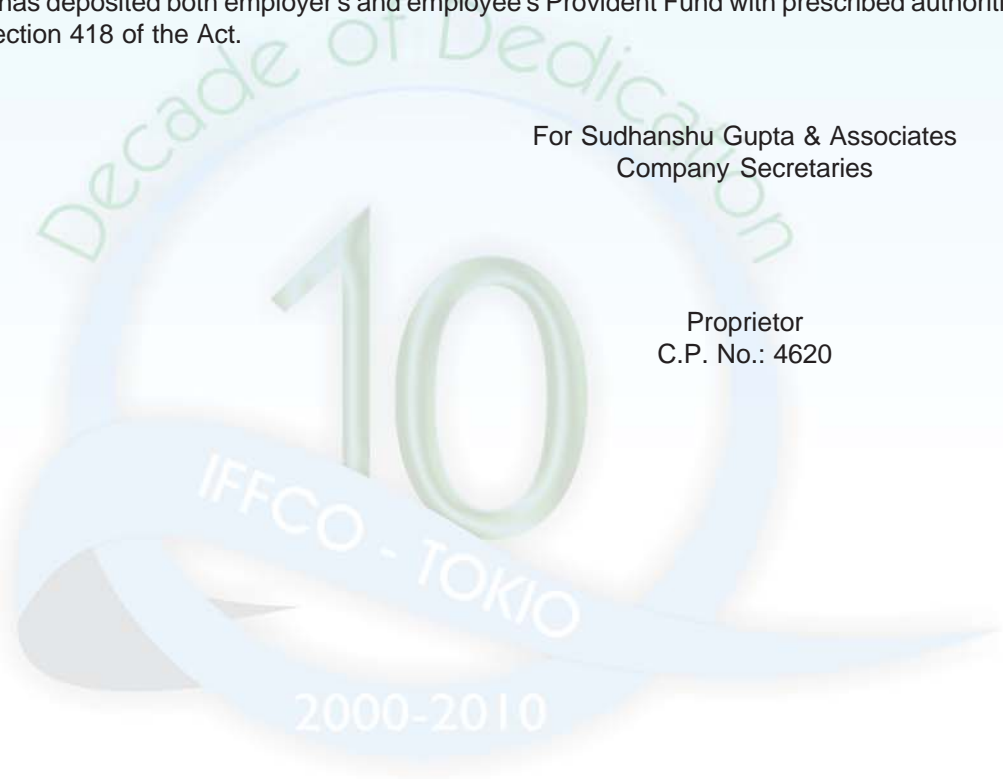
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of directors, members or Central Government;
12. The company has not issued any duplicate share certificates during the financial year;
13. The Company has:
 - (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. Re-appointment of Directors u/s 256 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 there under;
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.

For Sudhanshu Gupta & Associates
Company Secretaries

Proprietor
C.P. No.: 4620

Place: Delhi
Date: 13th May 2011



IFFCO-TOKIO

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, 2011.

| S. No. | Form No. | Filed u/sec | 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 | 25-05-2010 | 23-07-2010 | Yes | NA |
| 2. | Form 23AC & 23ACA | 220 | 25-05-2010 | 22-06-2010 | Yes | NA |
| 3. | Form 66 | 383A | 25-05-2010 | 31-05-2010 | Yes | NA |
| 4. | Form 23 | 192 | 25-05-2010 | 24-06-2010 | Yes | NA |



AUDITORS' REPORT

IFFCO-TOKIO

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 2011 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 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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 2011 and
 - (b) in the case of the Profit and Loss Account of the profit for the year ended on that date.

For S.K.MEHTA & CO.
CHARTERED ACCOUNTANTS
FRN 000478N

PUNEET HARJAI
PARTNER
M.No:095715

PLACE: NEW DELHI
DATED: 16/05/2011

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 31-03-2011 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.

IFFCO-TOKIO

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
DATED: 16/05/2011

For S.K.MEHTA & CO.
CHARTERED ACCOUNTANTS
FRN 000478N

PUNEET HARJAI
PARTNER
M.No:095715

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IFFCO - TOKIO

2000-2010





IFFCO TOKIO INSURANCE SERVICES LIMITED
Balance Sheet as at 31st March 2011



(Rs in '000)

| | Schedule No. | As at 31st March, 2011 | As at 31st March, 2010 |
|--|--------------|---------------------------|---------------------------|
| I. SOURCES OF FUNDS | | | |
| (1) Share Capital | 1 | 5,000,000 | 5,000,000 |
| (2) Reserve and Surplus Profit and Loss account | | 6,874,786 | 5,321,487 |
| TOTAL | | 11,874,786 | 10,321,487 |
| II. APPLICATION OF FUNDS | | | |
| (1) Fixed Assets | | | |
| Telephone Instruments | | | |
| Gross Block | | 585,813 | 585,813 |
| Less : Accumulated Depreciation | | (585,813) | (585,813) |
| Net Block | | - | - |
| (2) Deferred Tax Asset (Net) | | 3,965,000 | 3,550,000 |
| (3) Current Assets & Loans and Advances | | | |
| (a) Cash and Bank Balances | 2 | 19,773,795 | 7,230,525 |
| (b) Loans and Advances | 3 | 68,750,816 | 66,370,186 |
| | | 88,524,611 | 73,600,711 |
| <i>Less:</i> | | | |
| Current Liabilities and Provisions | | | |
| (a) Current Liabilities | 4 | 68,885,284 | 57,155,455 |
| (b) Provisions | 5 | 11,729,541 | 9,673,769 |
| | | 80,614,825 | 66,829,224 |
| Net Current Assets | | 7,909,786 | 6,771,487 |
| TOTAL | | 11,874,786 | 10,321,487 |

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

Puneet Harjai
Partner
M.No. 95715

Place : New Delhi
Date : 16th May, 2011

for IFFCO TOKIO Insurance Services Ltd.

K. Srinivasa Gowda
Chairman

S. Narayanan
Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

Joydeep Roy
CEO

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IFFCO TOKIO INSURANCE SERVICES LIMITED
Profit and Loss Account for the year ended 31st March 2011

(Amount in Rs.)

| | Schedule No. | Current Year | Previous Year |
|---|--------------|--------------------|--------------------|
| INCOME | | | |
| Income from Operations | | 394,659,379 | 322,199,231 |
| Other Income | | 5,169,044 | 4,120,842 |
| | | 399,828,423 | 326,320,073 |
| EXPENDITURE | | | |
| Employees Remuneration & Benefits | 6 | 292,100,360 | 229,896,606 |
| Administration, Operating and Other Expenses | 7 | 104,706,440 | 94,013,908 |
| Interest & Bank Charges | | 763,473 | 521,053 |
| | | 397,570,273 | 324,431,566 |
| Profit before Tax | | 2,258,150 | 1,888,507 |
| Provision for Taxation | | | |
| For the year | | | |
| - Current Tax | | 1,040,000 | 300,000 |
| - Deferred Tax | | (340,000) | 575,000 |
| - Credit for MAT entitlement | | - | (300,000) |
| For earlier year | | | |
| - Current Tax | | 80,206 | 2,638,373 |
| - Deferred Tax | | (75,000) | (2,200,000) |
| - Fringe Benefit Tax | | (355) | (200,000) |
| Profit After Tax | | 1,553,299 | 1,075,134 |
| Balance of profit brought forward from last year | | 5,321,487 | 4,246,354 |
| Balance Carried Forward to Balance Sheet | | 6,874,786 | 5,321,487 |
| Basic and Diluted earning per share | | 3.11 | 2.15 |

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

Puneet Harjai
Partner
M.No. 95715

Place : New Delhi
Date : 16th May, 2011

for IFFCO TOKIO Insurance Services Ltd.

K. Srinivasa Gowda
Chairman

S. Narayanan
Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

Joydeep Roy
CEO

IFFCO TOKIO INSURANCE SERVICES LIMITED
Schedules Forming Part of Accounts



Amount in Rs.

| | As at 31st March 2011 | As at 31st March 2010 |
|--|-----------------------|-----------------------|
| Schedule '1' - Share Capital | | |
| Authorised : | | |
| 2000000 Equity Shares of Rs.10 each | 20,000,000 | 20,000,000 |
| Issued, Subscribed & Paid up | | |
| 500000 Equity Shares of Rs.10 each fully paid up | 5,000,000 | 5,000,000 |
| Schedule '2' - Cash & Bank Balances | | |
| Cash in Hand | 815,493 | 810,227 |
| Cheque in hand | 13,272,670 | - |
| Balance with Scheduled Banks | | |
| - In Current Accounts | 579,153 | 1,420,298 |
| - In Fixed Deposits Accounts | 5,106,479 | 5,000,000 |
| | 19,773,795 | 7,230,525 |
| Schedule '3' - Loan and Advances (Unsecured considered good) | | |
| Advance Tax (net of provision) | 50,733,434 | 47,368,837 |
| MAT Credit Entitlement | - | 300,000 |
| Rent Deposit | 6,346,300 | 6,389,520 |
| Deposit with IFFCO | 7,600,000 | 9,100,000 |
| Interest accrued but not due on deposits | 317,730 | 436,129 |
| Service Tax Recoverable | 1,072,711 | 828,010 |
| Advance Recovable in cash or in kind or for value to be received | 2,680,641 | 1,947,690 |
| | 68,750,816 | 66,370,186 |
| Schedule '4' - Current Liabilities | | |
| TDS Payable | 1,663,531 | 1,404,578 |
| Due to Holding Company | 8,313,587 | 9,227,039 |
| Other Liabilities | 58,908,166 | 46,523,838 |
| | 68,885,284 | 57,155,455 |
| Schedule '5' - Provisions | | |
| Gratuity | 1,068,502 | 1,227,990 |
| Leave Encashment | 10,661,039 | 8,445,779 |
| | 11,729,541 | 9,673,769 |
| Schedule '6' - Employees Remuneration & Benefits | | |
| Salary & Allowances | 172,808,807 | 121,211,876 |
| Stipend to Trainees | 101,748,147 | 92,939,364 |
| Gratuity | 1,066,748 | 1,552,379 |
| Leave Encashment | 3,717,200 | 4,254,061 |
| Employers Contribution to Provident Fund | 4,240,517 | 2,951,648 |
| Staff Welfare | 2,341,153 | 1,810,297 |
| Leave Travel Concession | 5,639,945 | 4,792,498 |
| Provident Fund Administration Charges | 537,843 | 384,483 |
| | 292,100,360 | 229,896,606 |

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Amount in Rs.

| | Current Year | Previous Year |
|--|--------------------|-------------------|
| Schedule '7' - Administration, Operating and Other Expenses | | |
| Rent Rates & Taxes | 23,603,478 | 23,328,275 |
| Repair & Maintenance | 5,052,862 | 4,276,646 |
| Communication Expenses | 11,553,717 | 10,771,551 |
| Travelling and Conveyance | 14,975,623 | 13,167,399 |
| Printing and Stationery | 6,607,799 | 6,952,259 |
| Legal & Professional Expenses | | |
| - Outsourcing Expenses | 29,301,465 | 24,062,343 |
| - Others | 4,819,830 | 3,628,642 |
| Payment to Auditors | | |
| - Audit Fees | 120,000 | 120,000 |
| - Income Tax matters | 85,000 | 35,000 |
| Insurance Charges | 2,365,343 | 1,855,329 |
| Electricity & Water Charges | 4,629,295 | 4,383,479 |
| Miscellaneous Expenses | 1,592,028 | 1,432,985 |
| | 104,706,440 | 94,013,908 |

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 in India, and confirm to the statutory requirements prescribed under the Companies Act, 1956 including accounting standards notified there under.

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. Difference between the actual results and estimates are recognized in the period in which the results materialize.

c) Revenue Recognition

- Income from services is recognized when the services are rendered.
- Interest Income is recognized on the time basis determined by the amount outstanding and the rate applicable.

d) Fixed Assets and Depreciation

Fixed Assets are stated at cost less accumulated depreciation.

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.

e) 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 / virtual certainty that the asset will be realized in future.

f) Provisions and Contingent Liabilities

A provision is recognized where the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made.

A disclosure of contingent liability is made when there is possible obligation or present obligation that will probably not require outflow of resources or where reliable estimate of the obligation can not be made.

g) Employees Benefits

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

- iii) 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. 42,40,517 (Previous year Rs. 29,51,648) 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 | |
|---|--|---------|----------|---------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Discount Rate (Per Annum) | 8.25% | 7.75% | 8.25% | 7.75% |
| Rate of Increase in compensation level* | 10% | 10% | 10% | 10% |

* Considered taking into account inflation, seniority, promotion and other relevant factors.

Summarized position of employee 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

| Particulars | Leave Encashment / Compensated Absences (Unfunded) | | Gratuity (Funded) | |
|--|--|------------|----------------------|-----------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Projected Benefit obligation at beginning of year | 8,445,779 | 45,98,121 | 2,986,480 | 13,13,307 |
| Current Service Cost | 4,541,790 | 23,16,364 | 1,206,342 | 6,03,387 |
| Interest Cost | 948,336 | 4,69,790 | 275,155 | 1,34,169 |
| Actuarial Loss / (Gain) due to change in assumptions | (1,772,926) | 14,67,907 | (222,447) | 9,35,617 |
| Benefit Paid | (1,501,940) | (4,06,403) | (78,519) | - |
| Past service cost | - | - | 17,172 | - |
| Projected Benefit Obligation at End of year | 10,661,039 | 84,45,779 | 4,184,183 | 29,86,480 |

b) Amount to be recognized in the Balance sheet

Amount in Rupees

| Particulars | Leave Encashment / Compensated Absences | | Gratuity | |
|--|--|-------------|-------------|-------------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Projected Benefit Obligation at End of the year | 1,06,61,039 | 84,45,779 | 41,84,183 | 29,86,480 |
| Ending Assets | - | - | 31,15,681 | 17,58,490 |
| Funded Status assets / (Liability) | (1,06,61,039) | (84,45,779) | (10,68,502) | (12,27,990) |
| Liability (-) / Assets (+) recognized in Balance sheet | (1,06,61,039) | (84,45,779) | (10,68,502) | (12,27,990) |

c) Expenses recognized in the Profit and Loss Account

Amount in Rupees

| Particulars | Leave Encashment / Compensated Absences | | Gratuity | |
|---|--|-----------|------------|------------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Current Service Cost | 45,41,790 | 23,16,364 | 12,06,342 | 6,03,387 |
| Interest Cost | 9,48,336 | 4,69,790 | 2,75,155 | 1,34,169 |
| Expected Return on Plan Asset | - | - | (1,39,830) | (1,20,794) |
| Net actuarial (gain)/loss to be recognized in year | (17,72,926) | 14,67,907 | (2,92,091) | 9,35,617 |
| Past Service Cost | - | - | 17,172 | - |
| Income (-)/ Expenses (+) recognized in the statement of Profit & Loss | 37,17,200 | 42,54,061 | 10,66,748 | 15,52,379 |

b) Amount to be recognized in the Balance sheet

Amount in Rupees

| Particulars | Gratuity | |
|--|-----------|-----------|
| | 2010-11 | 2009-10 |
| Plan Assets at the beginning of the year | 1,758,490 | 12,13,205 |
| Expected Return on Plan Assets | 139,830 | 1,20,794 |
| Employer's Contribution | 1,226,236 | 4,24,491 |
| Benefit Payments | (78,519) | |
| Asset Gain / (Loss) | 69,644 | |
| Plan Assets at the end of the year | 3,115,681 | 17,58,490 |

Gratuity fund is managed by the Life Insurance Corporation of India (LIC). Individual investment details of plan assets are not provided by the LIC.

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 average number of shares outstanding for the period as under

| Particulars | 2010-11 | 2009-10 |
|--|---------------|---------------|
| Net Profit/(Loss) as per Profit and Loss Account | Rs. 15,53,299 | Rs. 10,75,134 |
| Number of Equity Shares | 500000 | 500000 |
| Earnings per Share (Basic & Diluted) | Rs. 3.11 | Rs. 2.15 |
| Face Value per share | Rs. 10 | Rs. 10 |

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

Amount in Rupees

| Particulars | Liabilities | | Assets | |
|--|-------------|---------|------------------|------------------|
| | 2010-11 | 2009-10 | 2010-11 | 2009-10 |
| Difference in book depreciation and tax depreciation | - | - | 3,40,000 | 4,00,000 |
| Expenditure Incurred but allowable under Income Tax Act on payment basis | - | - | 36,25,000 | 29,89,000 |
| Carried forward business loss as per Income Tax Act | - | - | - | 1,61,000 |
| Total | | | 39,65,000 | 35,50,000 |

Net Deferred Tax Asset Rs. 39,65,000 (Previous year Rs. 35,50,000)

In accordance with Accounting Standard 22 "Accounting for Taxes on Income" the credit of deferred tax amounting Rs. 4,15,000 (Previous Year Rs. 16,25,000) is recognized in the accounts.

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 | IFFCO-TOKIO General Insurance Co. Ltd. | | Indian Farmers Fertilizers Coop. Ltd. | | Sh Joydeep Roy, CEO | |
|---|--|---------------|---------------------------------------|---------------|--------------------------|---------------|
| Nature of Relation | Holding Company | | Promoter of Holding Company | | Key Management Personnel | |
| Description of transaction | Current Year | Previous Year | Current Year | Previous Year | Current Year | Previous Year |
| 1. Receipt of commission and service charges | 39,46,59,379 | 32,21,99,231 | - | - | - | - |
| 2. Reimbursement of expenses | 58,16,510 | 75,77,088 | - | - | - | - |
| 3. Employee Remuneration | - | - | - | - | 24,84,010 | 19,56,879 |
| 4. Insurance Premium Paid | 24,87,255 | 17,72,586 | - | - | - | - |
| 5. Insurance Claims Recd | 22,69,879 | 13,28,734 | - | - | - | - |
| 6. Interest earned on fixed deposit receipts | - | - | 7,40,329 | 6,23,768 | - | - |
| 7. Amount payable / (recoverable) at the balance sheet date | 83,13,587 | 92,27,039 | - | - | - | - |
| 8. Fixed Deposits held | - | - | 76,00,000 | 91,00,000 | - | - |

- 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 the 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 31st March 2011.
- 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

Puneet Harjai
Partner
M.No. 95715

Place : New Delhi
Date : 16th May, 2011

for IFFCO TOKIO Insurance Services Ltd.

K. Srinivasa Gowda
Chairman

S. Narayanan
Director

Rakesh Kapur
Director

Yasunobu Fukuda
Director

Joydeep Roy
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.

State Code

Balance Sheet Date
Date Month Year

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

| | | | |
|--------------|--|--------------------------|--|
| Public Issue | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Rights Issue | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Bonus Issue | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Private Placement/others | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |

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

| | | | |
|-------------------|--|--------------|--|
| Total Liabilities | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> | Total Assets | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/> |
|-------------------|--|--------------|--|

SOURCES OF FUNDS

| | | | |
|------------------------|---|---------------------|---|
| Paid-up Capital | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="0"/> | Reserve and Surplus | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="5"/> |
| Secured Loans | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Unsecured Loans | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Deferred Tax Liability | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | | |

APPLICATION OF FUNDS

| | | | |
|--------------------|---|---------------------------|---|
| Net Fixed Assets | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Investments | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Net Current Assets | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="9"/> | Miscellaneous Expenditure | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> |
| Accumulated Losses | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> | Deferred Tax Assets | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="6"/> <input type="text" value="5"/> |

IV. PERFORMANCE OF COMPANY (Amount in Rs. Lakh)

| | | | |
|----------------------------|---|-------------------------|---|
| Turnover | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="9"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="8"/> | Total Expenditure | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="0"/> |
| Profit/(loss) Before Tax | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="8"/> | Profit/(loss) After Tax | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="3"/> |
| Earning per Share (in Rs.) | <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="1"/> | | |

V. GENERIC NAMES OF TWO PRINCIPAL PRODUCTS OF COMPANY:

(As per Monetary Terms)

Item Code No.(ITC Code)

Product Description: Insurance Auxiliary Services



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 Register of Members of IFFCO TOKIO General Insurance Co. Ltd. being a Member/Members of IFFCO-TOKIO GENERAL INSURANCE COMPANY LIMITED, NEW DELHI hereby appoint of..... failing him/herof or failing him/her ofas my/our proxy to attend and vote for me/us on my/ our behalf at the Eleventh Annual General Meeting of the Company to be held on Thursday, the 23rd June, 2011 at 4 P.M. at IFFCO Sadan, C1, District Centre, Saket, New Delhi 110017 and at any adjournment thereof.

Signed this

Signed by the said

Affix Rs. 1/-
Revenue
stamp

Note: The proxy form 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 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 11th Annual General Meeting of the Company to be held on Thursday, the 23rd June, 2011 at 4 P.M. at IFFCO Sadan, C1, District Centre, Saket, New Delhi 110017

Ledger Folio No. _____

No. of Shares: _____

Name of Shareholder _____

Signatures _____

