

IFCO-TOKIO

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, 2007 and also the Revenue accounts, Profit and Loss account, and Receipts and Payments account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement's presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory.
 - (b) In our opinion, proper books of account as required by law have been maintained by the Company so far as appears from our examination of those books.
 - (c) We have audited the branches and head office of the Company.
 - (d) The Balance Sheet, Revenue accounts, Profit and Loss account and Receipts and Payments account referred to in this report are in agreement with the books of account.
 - (e) The actuarial valuations of liabilities in respect of Claims 'Incurred But Not Reported' (IBNR) and Claims 'Incurred But Not Enough Reported' (IBNER) has been duly certified by the Company's appointed actuary and relied upon by us. The appointed actuary has certified to the Company that the assumptions used for such valuation are appropriate and are in accordance with the requirements of the IRDA and Actuarial Society of India.
 - (f) On the basis of the written representations received from the directors, as on March 31, 2007, and taken on record by the board of directors, none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the information and explanations given to us:
 - (a) The accounting policies selected by the Company are appropriate and are in compliance with the applicable accounting standards referred to in Section 211(3C)

of the Companies Act, 1956 and with the accounting principles, as prescribed in the Regulations or any order or direction issued by IRDA in this behalf.

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

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

(d) The said financial statements read together with the Notes thereon are prepared in accordance with the requirements of the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999, Insurance Regulatory And Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act 1956, to the extent applicable and in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to insurance companies:

i. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;

ii. in the case of the Revenue accounts, of the surplus/deficit for the year ended March 31, 2007;

iii. in the case of the Profit and Loss account, of the Profit of the Company for the year ended March 31, 2007; 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, 2007.

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, 2007 and there is no apparent mistake or material inconsistency with the financial statements.

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

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, 2007, we certify that:

- (a) We have verified the cash balances and investments of the Company. As at March 31, 2007, the Company had no secured loans.
- (b) The Company is not a trustee of any trust.
- (c) No part of the assets of the policyholders' funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders funds.

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

For **S.P. Chopra & Co.**

Chartered Accountants

Sanjiv Gupta

Partner

Membership No 83364

New Delhi

25th April, 2007

For **Raghu Nath Rai & Co.**

Chartered Accountants

Sharat Prakash

Partner

Membership No. 96267