

IFCO-TOKIO

Auditor's Report

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 2007 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 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 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 2007 and

(b) in the case of the Profit and Loss Account of the profit for the year ended on that date.

Place : New Delhi

Dated: 25th April, 2007

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

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 31-03-2007 for a period of more than six months from the date they became payable.

8. The company has not taken any loans from banks, financial institutions or by issuing debentures.
9. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
10. The company is not dealing or trading in shares, securities, debentures and other investments.
11. According to the information and explanations given to us, the company has not given any guarantee for loans taken by

others from bank or financial institutions.

12. The company has not taken any term loans.
13. According to the information and explanations given to us, no funds raised on short-term basis have been used for long-term investments. Similarly, no funds raised on long-term basis have been used for short-term investments.
14. According to the information and explanations given to us, no preferential allotment of shares has been made by the company to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
15. According to the information and explanations given to us, a fraud on or by the company has not been noticed or reported during the year.
16. Clauses (ii), (viii), (x), (xiii), (xix), (xx) are not applicable to the company.

Place : New Delhi
Dated: 25th April, 2007

For S.K. Mehta & Co.
Chartered Accountants
S.K. Mehta
Partner
M. No. 10870