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**Kotak Mahindra General Insurance Limited**

ANNUAL REPORT 2014-15

**#KonaKonaKotak**

# Board's Report

To the Members

## Kotak Mahindra General Insurance Limited

The Board of Directors of your Company is pleased to present its First Annual Report together with the audited financial statements for the period ended March 31, 2015.

### FINANCIAL SUMMARY

Particulars	For the period ended March 31, 2015 ( ` )
Total Revenue	-
Total Expenses	2,673,725
Profit and (Loss) Before Tax	(2,673,725)
Profit and (Loss) After Tax	(2,673,725)
Appropriations	-
Deficit carried forward to the Balance Sheet	(2,673,725)

As March 31, 2015 has been the first financial year end of your Company, there is no voluntary revision of the financial statements or the Board's report. Your Company has adequate internal financial control with reference to the financial statements.

### SEPARATE SECTION CONTAINING A REPORT ON THE PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT

Your Company does not have any subsidiary or associate and has not entered into any joint venture. Therefore the financial statements have not been consolidated and no separate report on the performance and financial position of subsidiary, associates and joint venture is applicable for the period ended on March 31, 2015.

### DIVIDEND

Your Company has yet to commence business and therefore the Board does not recommend any dividend.

### OPERATIONS

Your Company has been incorporated to carry on the business of general insurance and is awaiting the issuance of license by Insurance Regulatory and Development Authority of India (IRDAI) to commence the general insurance business. Your Company filed the R1 application with IRDAI on January 9, 2015 and received the approval on April 13, 2015. Meanwhile, your Company has not been in receipt of any significant or material order passed by any regulator or court or tribunal that may impact the going concern status and Company's operations in future. Your Company proposes to develop and implement a risk management policy in due course. There are no material changes & commitments affecting the financial position of your Company which have occurred between the end of the financial year to which the financial statements relate and date of the report. No amount is proposed to be carried to any reserve account for the period ended March 31, 2015.

### CAPITAL

During the financial year 2014-15, your Company issued 50,000 equity shares of ` 10/- each to the subscribers to the Memorandum and Articles of Association. Additional capital was infused by issuance of 10,00,000 equity shares at par on a rights basis. Your Company did not issue any sweat equity or equity shares with differential voting rights. The issued, subscribed and paid up share capital post allotment, as on March 31, 2015 is ` 1,05,00,000/- .

### CHANGE IN REGISTERED OFFICE/ NAME OF THE COMPANY DURING THE FINANCIAL YEAR

There has been no change either in the Name or the Registered Office of your Company.

### DIRECTORS

At the ensuing Annual General Meeting, Mr. G. Murlidhar (DIN: 03601196) will retire by rotation. Being eligible, Mr. G. Murlidhar offers himself for reappointment. The Board recommends his appointment.

During the period ended March 31, 2015, there was no new appointment or resignation of any director or key managerial personnel. Your Company did not employ any director or key managerial personnel during the financial year. Particulars relating to formal evaluation of the Board are not applicable to your Company for the period ended March 31, 2015. Your Directors are not in receipt of any commission from the holding Company. Policy on directors' appointment, remuneration will be formulated in due course.

#### BOARD MEETINGS

During the period ended March 31, 2015, 5 meetings of the Board of Directors were held on January 01, 2015, January 05, 2015, March 03, 2015, March 24, 2015 and March 31, 2015. The details of the directors' attendance at Board Meetings are as follows:

Sr. No.	Director	Board Meetings held during the tenure of the director	Board meetings attended during the period ended March 31, 2015
1	Mr. Gaurang Shah	5	4
2	Mr. G. Murlidhar	5	5
3	Mr. Virat Diwanji	5	5

#### CONSTITUTION OF COMMITTEES

During the period ended March 31, 2015 your Company did not set up any Committee. Your Company would be setting up various Committees as required under the Company's Act and other applicable provisions.

#### DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

As on March 31, 2015 your Company did not have any employees.

#### DEPOSITS

Your Company has not accepted any deposits from the public during the period ended March 31, 2015.

#### RELATED PARTY TRANSACTIONS

Entity name	Amount in `	Purpose
Kotak Mahindra Bank Limited*	1,05,00,000/-	Issue of Equity shares
Kotak Mahindra Bank Limited*	26,13,670/-	Reimbursement of expenses (stamp duty, Professional fees, Operation support cost)

\*Holding company of your Company

#### PARTICULARS OF LOAN, GUARANTEES OR INVESTMENTS U/S 186

Your Company has not given any loan or given guarantees or made any investment as specified in section 186 of the Companies Act, 2013.

#### WHISTLE BLOWER POLICY & VIGIL MECHANISM

Your Company would have in place a Whistle Blower Policy and vigil mechanism in due course.

#### CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility were not applicable to your Company for the period ended March 31, 2015.

#### SUBSIDIARIES

As on March 31, 2015 your Company did not have any subsidiaries or joint ventures. No company ceased to be a subsidiary or a joint venture during the year.

#### CONSERVATION OF ENERGY/ ABSORPTION OF TECHNOLOGY

As your Company is yet to commence business, steps would be taken to conserve energy and absorb technology in the most efficient and economical way.

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## FOREIGN EXCHANGE EARNINGS AND OUTGO

There are no foreign exchange earnings or outgo for your Company during the period ended March 31, 2015.

## AUDITORS

K.S. Aiyar & Co. and V.C. Shah & Co. were appointed as joint first statutory auditors of your Company. The first statutory auditors hold office until the conclusion of the first annual general meeting. It is proposed to reappoint K.S. Aiyar & Co. and V.C. Shah & Co. as joint auditors of the Company for the next five financial years. Both the firms have conveyed their consent and eligibility to act as statutory auditors. The Board recommends their appointment as auditors of the Company.

## EXPLANATIONS/ COMMENTS BY THE BOARD

There are no qualifications, reservation or adverse remark or disclaimer made by the auditors in their report which require any explanation or comment by the Board. Secretarial audit was not applicable to your Company for the period ended March 31, 2015.

## EMPLOYEES

Your Company did not employ any person who was in receipt of remuneration, in the aggregate not less than ` 60 lakh or in receipt of remuneration for any part of that year, at a rate which in the aggregate, was not less than ` 5 lakh per month. Your Company also did not appoint or pay remuneration to any key managerial person.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm in pursuance of Section 134(5) of the Companies Act, 2013, that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- (ii) the directors have selected such accounting policies and applied 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 your Company as at the end of the financial year and of the profit/ loss of your Company for the period ended March 31, 2015;
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis;
- (v) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## ACKNOWLEDGEMENTS

The Directors thank the Insurance Regulatory and Development Authority of India, Reserve Bank of India for its support. The Directors also acknowledge and express appreciation of the team involved in incorporating your Company and the efforts being put to commence business at the earliest.

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

**Director**

**Director**

Place: Mumbai

Date: April 23, 2015

## ANNEXURES:

- Extract Of Annual Return
- Form AOC-2

## Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS:

- CIN: U66000MH2014PLC260291
- Registration Date: December 20, 2014
- Name of the Company: Kotak Mahindra General Insurance Limited
- Category: Company limited by shares  
Sub-Category of the Company: Indian Non Government Company
- Address of the Registered office and contact details: 27BKC, C27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051  
Tel: 022 61660001
- Whether listed company Yes / No: No
- Name, Address and Contact details of Registrar and Transfer Agent, if any: NA

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
The Company has applied to Insurance Regulatory and Development Authority of India (IRDAI) for licence to commence business of general insurance.			

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Kotak Mahindra Bank Limited 27BKC, C 27, G - Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051	L65110MH1985PLC038137	Holding	100	2(46) 2(87)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) **Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Dmat	Physical	Total	%of total shares	Dmat	Physical	Total	%of total shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual*/HUF	-	6	6	0.02	-	6	6	0.01	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	49994	49994	99.98	-	1049994	1049994	99.99	0.01
f) Any Other....	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	-	<b>50000</b>	<b>50000</b>	<b>100.00</b>	-	<b>1050000</b>	<b>1050000</b>	<b>100.00</b>	<b>0.01</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	-	<b>50000</b>	<b>50000</b>	<b>100.00</b>	-	<b>1050000</b>	<b>1050000</b>	<b>100.00</b>	<b>0.01</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Dmat	Physical	Total	% of total shares	Dmat	Physical	Total	% of total shares	
i) Individual shareholders holding nominal share capital upto ` 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of ` 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	50000	50000	100.00	-	1050000	1050000	100.00	0.01

\*Individuals are nominees of Kotak Mahindra Bank Ltd. and they do not hold any beneficial interest in the shares.

**(ii) Shareholding of Promoters**

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of Total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Kotak Mahindra Bank Limited and its nominees	50000	100.00	-	1050000	100.00	-	-
	<b>Total</b>	<b>50000</b>	<b>100.00</b>	<b>-</b>	<b>1050000</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	50000	100.00		
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc.): March 31, 2015 – Rights Issue allotment of 1000000 shares	1000000		1050000	100.00
	At the End of the year	1050000	100.00	1050000	100.00

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the End of the year ( or on the date of separation, if Separated during the year)	-	-	-	-

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1 *	-	1	-
	Date wise Increase /Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the End of the year	1 *	-	1	-

\*1 share is held by a Director as a nominee of Kotak Mahindra Bank Ltd. and he has no beneficial interest in the share.

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	-	-	-
• Reduction	-	-	-	-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**



**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		MD	WTD	Manager	
1.	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	-	-	-	-
	Ceiling as per the Act	-	-	-	-

The Company did not have any Director in the employment of the Company during the period ended March 31, 2015.

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Director	Director	Director	
3.	Independent Directors				
	• Fee for attending board / committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (1)	-	-	-	-
4.	Other Non-Executive Directors				
	• Fee for attending board / committee meetings	-	-	-	-
	• Commission	-	-	-	-
	• Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total</b>	-	-	-	-

The Company did not have any Key Managerial Personnel in the employment of the Company during the period ended March 31, 2015.

#### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of The Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis : NA

(a)	Name(s) of the related party and nature of relationship	-
(b)	Nature of contracts/arrangements/ transactions	-
(c)	Duration of the contracts/ arrangements/transactions	-
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-
(e)	Justification for entering into such contracts or arrangements or transactions	-
(f)	Date(s) of approval by the Board	-
(g)	Amount paid as advances, if any:	-
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	-

2. Details of material contracts or arrangement or transactions at arm's length basis

(a)	Name(s) of the related party and nature of relationship	Kotak Mahindra Bank Limited Holding Company
(b)	Nature of contracts/arrangements/ transactions	Reimbursement of Expenses/Issue of Equity Share Capital
(c)	Duration of the contracts / arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	INR 26,13,670/INR 1,05,00,000
(e)	Date(s) of approval by the Board, if any	
(f)	Amount paid as advances, if any:	

Director

Director

# Independent Auditors' Report

**For K. S. Aiyar & Co.**

**Chartered Accountants**

#F-7, Laxmi Mills,

Shakti Mills Lane, (Off Dr F. Moses Rd)

Mahalaxmi, Mumbai- 400 011

Tel: 91 22 2493 2502 [www.KSAiyar.com](http://www.KSAiyar.com)

**For V.C.Shah & Co.**

**Chartered Accountants**

Rajgir Chambers, 3rd Floor,

12-14, Shahid Bhagatsingh Road,

Opp. Old Custom House, Mumbai – 400 001

Tel: 91 22 4344 0123 [www.vcshah.com](http://www.vcshah.com)

## **TO THE MEMBERS OF**

## **KOTAK MAHINDRA GENERAL INSURANCE LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kotak Mahindra General Insurance Limited (the "Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the period ended on that date.

### **Report on Other Legal and Regulatory Requirements**

As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate

and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For K. S. Aiyar & Co.**  
**Chartered Accountants**  
**Firm Registration No.100186W**

**Raghuvir M. Aiyar**  
Partner  
Membership No.: 38128

Mumbai,  
23rd April, 2015.

**For V.C.Shah & Co.**  
**Chartered Accountants**  
**Firm Registration No.109818W**

**V.C.Shah**  
Partner  
Membership No.: 10360

# Annexure to Independent Auditors' Report

(Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of Kotak Mahindra General Insurance Limited for the period ended 31st March, 2015)

- i. The Company does not have any fixed assets during the period under audit. Hence, the provisions of sub-clauses (a) and (b) of clause (i) paragraph 3 of the Order, are not applicable.
- ii. The Company does not hold any inventory. Hence, the provisions of sub-clauses (a), (b) and (c) of clause (ii) paragraph 3 of the Order, are not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Hence the provisions of sub-clauses (a) and (b) of clause (iii) of paragraph 3 of the Order are not applicable to the Company during the period under report.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to sale of services rendered. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 of the Act and the rules framed there under.
- vi. The provisions of section 148 (1) of the Act, in respect of maintenance of cost records as may be prescribed by the Central Government, are not applicable to the Company.
- vii.
  - (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited on account of any dispute.
  - (c) According to the information and explanations given to us, company is not required to transfer any amount to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii. The Company was incorporated on December 20, 2014. Hence, clause (viii) of paragraph 3 of the Order is not applicable to the Company during the period under report.
- ix. The Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the balance sheet date. Hence, clause (ix) of paragraph 3 of the Order is not applicable to the Company during the period under report.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. The Company has not availed of any term loans during the period. Hence, the provisions of clause (xi) of paragraph 3 of the Order are not applicable to the Company.
- xii. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period under report.

**For K. S. Aiyar & Co.**  
**Chartered Accountants**  
**Firm Registration No.100186W**

**Raghuvir M. Aiyar**  
Partner  
Membership No.: 38128

Mumbai,  
23rd April, 2015.

**For V.C.Shah & Co.**  
**Chartered Accountants**  
**Firm Registration No.109818W**

**V.C.Shah**  
Partner  
Membership No.: 10360

# Balance Sheet

as at 31st March, 2015

	Notes	As at March 31, 2015
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' Funds</b>		
Share Capital	4	1,05,00,000
Reserves and Surplus	5	(26,73,725)
<b>Current Liabilities</b>		
Other Current Liabilities	6	28,04,064
<b>TOTAL :</b>		<b>1,06,30,339</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Bank Balances	7	1,04,99,938
Short Term Loans and Advances	8	1,30,401
		1,06,30,339
<b>TOTAL:</b>		<b>1,06,30,339</b>
See accompanying notes to the financial statements	2	

## As per our report of even date

### For K.S.Aiyar & Co.

Chartered Accountants  
ICAI FRN : 109818W

### For V.C.Shah & Co

Chartered Accountants  
ICAI FRN : 100186W

### For and on behalf of the Board of Directors of Kotak Mahindra General Insurance Limited

### Raghuvir M. Aiyar

Partner  
M. No :38128

### V.C.Shah

Partner  
M. No :10360

Director

Director

Place: Mumbai

Date: April 23, 2015

# Statement of Profit and loss

for the period ended March 31, 2015

	Notes	For the period ended March 31, 2015
<b>INCOME</b>		
Revenue From Operations		
Other Income		
<b>Total Revenue</b>		
<b>EXPENDITURE</b>		
Other Expenses	9	26,73,725
<b>Total Expenses</b>		26,73,725
<b>Profit / (Loss) For The Period</b>		(26,73,725)
<b>Earnings per equity share</b>		
<b>Basic and Diluted</b>	12	(51.46)
<b>See accompanying notes to the Financial Statements</b>	2	

As per our report of even date

**For K.S.Aiyar & Co.**

Chartered Accountants

ICAI FRN : 109818W

**For V.C.Shah & Co**

Chartered Accountants

ICAI FRN : 100186W

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

**of Kotak Mahindra General Insurance Limited**

**Raghuvir M. Aiyar**

Partner

M. No :38128

**V.C.Shah**

Partner

M. No :10360

Director

Director

Place: Mumbai

Date: April 23, 2015



# Cash Flow Statement

for the period ended 31st March 2015

PARTICULARS	Schedule	For the period ended March 31, 2015
<b>Cash flow from operating activities</b>		
Net profit / (loss) before taxation		(26,73,725)
Adjustments for:		-
<b>Operating profit / (loss) before working capital changes</b>		<b>(26,73,725)</b>
<b>Movement in working capital :</b>		
(Increase) / Decrease in Short Term Loans and Advances		(1,30,401)
Increase / (Decrease) in Other Current Liabilities		28,04,064
<b>Cash generated from/(used in) operations</b>		<b>(62)</b>
(Taxes paid) / refund received		-
<b>Net cash generated from/(used in) operating activities (A)</b>		<b>(62)</b>
<b>Cash flow from investing activities:</b>		
<b>Net cash generated from/(used in) investing activities (B)</b>		<b>-</b>
<b>Cash flow from financing activities:</b>		
Increase /(Decrease) in Share Capital		1,05,00,000
<b>Net cash generated from / (used in) financing activities (C)</b>		<b>1,05,00,000</b>
<b>Net Increase in Cash and Cash Equivalents (A)+(B)+(C)</b>		<b>1,04,99,938</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>1,04,99,938</b>

## Notes:

1. <b>Cash and cash equivalents comprise of</b>		
Cash in hand		
Balances with scheduled banks		1,04,99,938
<b>TOTAL</b>		<b>1,04,99,938</b>

2 The Cash Flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard -3 on Cash Flow Statement specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

3 The Company has been incorporated on 20th Decemeber, 2014 accordingly comparative figures of the previous year are not given.

## As per our report of even date

**For K.S.Aiyar & Co.**

Chartered Accountants

ICAI FRN : 109818W

**For V.C.Shah & Co**

Chartered Accountants

ICAI FRN : 100186W

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

**of Kotak Mahindra General Insurance Limited**

**Raghuvir M. Aiyar**

Partner

M. No :38128

**V.C.Shah**

Partner

M. No :10360

Director

Director

Place: Mumbai

Date: April 23, 2015

## Notes forming part of the financial statements as at March 31, 2015.

### 1. Corporate Information

Kotak Mahindra General Insurance Limited ("the Company") was incorporated on December 20, 2014.

The Company is in the process of applying for a license as a general insurance company with Insurance Regulatory and Development Authority of India (IRDAI). The Company has filed its R1 application with IRDAI on January 9, 2015.

### 2. Basis of Accounting and Preparation of Financial Statements

#### a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention.

#### b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported income and expenses during the reporting period. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates.

### 3. Significant Accounting Policies

#### a. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholder (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue; bonus elements in a rights issue to existing shareholders; shares split and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### b. Provisions, Contingent Liabilities and Contingent Assets

A provision involving substantial degree of estimation in measurement are recognised when there is recognised when the Company has a present obligation as a result of past event and it is probable that there will be an outflow an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised but disclosed in the notes. Contingent assets are neither recognised nor disclosed in financial statements.

#### c. Taxes on Income

The Income Tax expense comprises Current tax and Deferred tax. Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income tax Act, 1961. Deferred tax adjustments comprises of changes in the deferred tax assets and liabilities. Deferred tax assets and liabilities are recognised for the future tax consequences of timing differences being the difference between taxable income and accounting income that originates in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets on account of timing differences are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted before the balance sheet date. Changes in deferred tax assets / liabilities on account of changes in enacted tax rates are given effect to in the statement of profit and loss in the period of change. The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which the deferred tax asset can be realised.

#### d. Preliminary Expenses

Preliminary expenses are charged to the statement of profit and loss in the period in which they are incurred.

## Notes forming part of the financial statements as at March 31, 2015.

### Note 4 : Share Capital

Particulars	As at March 31, 2015
<b>Authorised Share Capital</b>	
15,000,000 Equity Shares of ₹ 10 each	15,00,00,000
<b>Issued, Subscribed and Paid-up:</b>	
1,050,000 Equity Shares of ₹ 10 each, fully paid-up. (all the shares are held by KMBL, the holding company and its nominees)	1,05,00,000
<b>TOTAL :</b>	<b>1,05,00,000</b>

#### a. Reconciliation of the shares and share capital

Particulars	Number of shares	
Outstanding at the beginning of the period	-	-
Issued during the period	10,50,000	1,05,00,000
Outstanding at the end of the period	10,50,000	1,05,00,000

#### b. Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

In case the Company declares any dividend the equity shareholders will be entitled to receive the dividend in proportion of the number of shares held by each equity shareholder.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. This distribution will be in proportion to the number of equity shares held by the shareholders.

- c. During the period the Company had offered 1,000,000 equity shares to its shareholders on rights basis, in the ratio of 20:1. The issue was fully subscribed and shares were allotted on March 31, 2015

#### d. Shares held by Holding Company /Ultimate Holding Company / Subsidiary / Associate

Particulars	Number of shares	
Kotak Mahindra Bank Limited	10,50,000	1,05,00,000

#### e. Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2015	
	Number of shares	% holding
Kotak Mahindra Bank Limited	10,50,000	100%

## Notes forming part of the financial statements as at March 31, 2015.

### Note 5 : Reserves and Surplus

Particulars	As at March 31, 2015
<b>Surplus/(Deficit) in the Statement of Profit and Loss</b>	
Balance as at the beginning of the period	-
Add: Profit/(Loss) for the period	(26,73,725)
<b>Balance as at the end of the period</b>	<b>(26,73,725)</b>
<b>TOTAL :</b>	<b>(26,73,725)</b>

### Note 6 :Other Current Liabilities

Particulars	As at March 31, 2015
<b>Other Payables</b>	
Creditors for Expenses (Other than Micro, Small and Medium Enterprises)	26,92,567
Statutory Dues	1,11,497
<b>TOTAL :</b>	<b>28,04,064.09</b>

### Note 7 : Cash and Bank Balances

Particulars	As at March 31, 2015
Balances with Bank-In Current Account	1,04,99,938
<b>TOTAL :</b>	<b>1,04,99,938</b>

### Note 8 : Short Term Loans and Advances

Particulars	As at March 31, 2015
Cenvat Credit Receivable (unsecured considered good)	1,30,401
<b>TOTAL :</b>	<b>1,30,401</b>

### Note 9 : Other Expenses

Particulars	As at March 31, 2015
Professional Charges	10,00,000
Preliminary Expenses	15,58,920
Operating Support Costs	54,750
Auditors' Remuneration	
As Auditors	60,000
Miscellaneous Expenses	55
<b>TOTAL :</b>	<b>26,73,725</b>

## Notes forming part of the financial statements as at March 31, 2015.

10. The Company was incorporated vide certificate of incorporation dated December 20, 2014 with Registrar of Companies, Maharashtra, Mumbai. The financial statements of the Company are prepared for a period from December 20, 2014 to March 31, 2015 and accordingly comparative figures of the previous year are not given.

### 11. Related Party Disclosures

Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures" are given below: -

(i) Nature of Relationship	Related Party
Related parties where control exists	
Holding Company	Kotak Mahindra Bank Limited (KMBL) (Holds 100% of the equity share capital)
	Uday S. Kotak along with relatives and entities controlled by him holds 39.95% of the equity share capital of Kotak Mahindra Bank Limited as on 31st March, 2015.

- (ii) Transactions with related parties during the period are given below

Particulars	Holding Company
<b>Transactions</b>	<b>Kotak Mahindra Bank Ltd</b>
Issue of Equity Shares	10,500,000
Reimbursement of Expenses	26,13,670
<b>Balance outstanding at the period end Dr/(Cr)</b>	<b>March 31,2015</b>
Expenses payable	26,38,567

### 12. Earnings per Share:

Particulars	For the year ended March 31, 2015 (₹)
Profit / (Loss) after tax attributable to equity shareholders	(2,673,725)
Number of equity shares issued and outstanding	
- At the end of the period	1,050,000
- Weighted average number of equity outstanding	51,961
Basic and Diluted earnings per share	(51.46)
Nominal value of equity shares	₹.10

13. There was no expenditure and/ or earnings in foreign currency during the period

### 14. Segmental Reporting

In accordance with Accounting Standard 17 (AS-17) on "Segment Reporting" notified under the Companies (Accounting Standard) Rules, 2006 "as amended", the Company has determined one geographical segment, i.e. India. The Company is in the process of applying for a license as a general insurance company with Insurance Regulatory and Development Authority of India (IRDAI). The Company has filed its R1 application with IRDAI on January 9, 2015 and hence no business segment has been determined.

15. There are no dues to Micro, Small and Medium Enterprises covered under covered under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, related to amounts unpaid as at the period end together with interest paid/payable as required under the said Act have not been given

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## Notes forming part of the financial statements as at March 31, 2015.

**16.** No provision for current tax is made for the period ended March 31, 2015 in the absence of any taxable income

**For K.S.Aiyar & Co.**

Chartered Accountants

ICAI FRN : 109818W

**For V.C.Shah & Co**

Chartered Accountants

ICAI FRN : 100186W

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

**of Kotak Mahindra General Insurance Limited**

**Raghuvir M. Aiyar**

Partner

M. No :38128

**V.C.Shah**

Partner

M. No :10360

Director

Director

Place: Mumbai

Date: April 23, 2015

