

Directors' Report

To The Members of,

Kotak Mahindra General Insurance Company Limited

The Board of Directors of your Company is pleased to present its Fourth Annual Report together with the audited financial statements for the financial year ended March 31, 2018.

INDUSTRY HIGHLIGHT

The general insurance industry as a whole registered a growth of 18%, in which the private sector (excluding standalone health insurance companies) grew by 22%. Your Company grew its direct premium from Rs. 82.0 crore in financial year 2016-17 to Rs.185.4 crore in financial year 2017-18 at a growth rate of 126%.

FINANCIAL SUMMARY/HIGHLIGHTS

The summarized results of operations of your Company for the Financial Year ("FY") 2017-18 are as follows:

Particulars	Year ended March 2018	Year ended March 2017
Gross Written Premium	188.10	84.8
Premium Earned	115.8	32.8
Profit / (Loss) Before Tax	(32.55)	(34.7)
Profit / (Loss) After Tax	(32.55)	(34.7)
Net worth	97.73	90.2
Assets Under Management	248.9	147.1

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 FY ended March 31, 2018.

DIVIDEND AND RESERVES

Your Directors do not recommend any dividend for the current year. Your Company does not propose to carry any amount to the reserves of the Company.

PRODUCTS

In continuing with the Company's philosophy of having a diverse range of products, your Company has launched 14 new products – 6 Health and 8 Commercial products including Add-Ons. In addition to this, your Company has received approval for 6 Commercial products including Mega Risk insurance, which caters to the large corporate houses and Public Liability Insurance. In the coming year, the product offering would be expanded to meet the increasing demands in the commercial and motor insurance space.

DISTRIBUTION NETWORK

During its second full year of operations, your Company has significantly ramped up its Bancassurance and multi-distribution network through various intermediaries. Your Company has been able to engage various banking & non-banking institutions and insurance brokers as its intermediaries during the financial year. Your Company has been able to scale premium across digital and non-digital channels and collected premium (direct) of Rs. 185.4 crores in FY 2017-18. Your Company has been able to maintain its claim ratio and control its expenses through prudent underwriting principles and cost management. Going forward, your Company continues to focus on automation and increase share of digitally issued policies. Your Company also plans to build its commercial portfolio and scale up the health business in the coming years.

MARKETING

With the aim of building a sustainable digital business, your company commenced its online marketing journey through the use of search engine optimization and search engine marketing practices.

Additionally, leveraging the power of digital for customer delight, your company launched a simplified digital experience for Kotak group employees, enabling them to buy our Health Super Top Up product in a single click.

OPERATIONS

Your company has rapidly scaled up its operational capabilities from issuing 14,389 policies in April 2017 to 23,126 policies in March 2018, thereby taking the total policies issued in FY 2017-18 to 252,125 vis-à-vis 101,058 issued policies in financial year 2016-17.

CLAIMS

Your Company considers customer service as the focal point of all operations especially at the time of settlement of claims. We strongly believe and follow proactive approach of fair, fast and friendly settlement of claims. We have extensive network of garages and hospitals to offer cashless services to our customers. By using the technology platform, we are able to speed up the claims processing for the benefit of customers.

CAPITAL

During the financial year 2017-18, your Company issued 4,00,00,000 equity shares of Rs. 10/- each at par on Rights basis. The issued, subscribed and paid up share capital as on March 31, 2018 is Rs. 175,00,00,000/-. The solvency ratio of the Company as at March 31, 2018 is 1.88.

CORPORATE GOVERNANCE

Your Company has consciously endeavored to follow the policy of transparency and accountability and holds the interest of its stakeholders paramount. Your Company has implemented the requirement of Corporate Governance circular issued by IRDAI. (Note: A separate report pertaining to the requirements prescribed under the Corporate Governance Guidelines issued by the IRDAI is enclosed as Annexure 1).

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

The appointment and remuneration of Directors of the Company is governed by the provisions of the Guide lines on Corporate Governance for Insurers in India, IRDAI Guidelines on Remuneration of Non-executive Directors and Managing Director/Chief Executive Officer/Whole time Directors of Insurers issued by the IRDAI and the Companies Act, 2013 and the provisions of the Insurance Act 1938, as amended by the Insurance Laws (Amendment) Act, 2015.

At the ensuing Annual General Meeting, Ms. Anu Aggarwal (DIN:07301689) is liable to retire by rotation. Being eligible, Ms. Anu Aggarwal has offered herself for reappointment. The Board recommends her appointment.

Your Directors are not in receipt of any commission from the holding Company.

DECLARATION FROM INDEPENDENT DIRECTORS

The Board has received declarations from the Independent Directors as per the requirement of Section 149(7) of the Companies Act, 2013 and the Board is satisfied that the Independent Directors meet the criteria of independence as mentioned in Section 149(6) of the Companies Act, 2013.

BOARD EVALUATION

The Independent Directors and the Board of Directors of the Company have conducted the evaluation of the Board and its Committees in accordance with the applicable provisions of the Companies Act, 2013.

BOARD MEETINGS

During the FY ended March 31, 2018, 4 meetings were held of the Board of Directors of your Company. The details are as follows:

Date of the Board Meeting	No. of Directors who attended the Meeting	Strength of the Board on the date of the Meeting
April 21, 2017	6	7
July 18, 2017	7	7
October 24, 2017	6	7
January 23, 2018	7	7

CONSTITUTION OF COMMITTEES

In accordance with the applicable provisions of the Corporate Governance Guidelines, your Company has constituted the Audit Committee, Policyholder Protection Committee, Risk Management Committee, Investment Committee, Banking Committee and the Nomination and Remuneration Committee.

The details of the terms of reference of the Committees is provided in the report pertaining to the Corporate Governance compliance enclosed as Annexure 1.

DEPOSITS

Your Company has not accepted any deposits from the public during the FY ended 2017-18.

RELATED PARTY TRANSACTIONS

All the Related Party Transactions that were entered into during the FY were on arm's length basis and were in ordinary course of business.

Pursuant to Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013.

All related party transactions as required under Accounting Standard 18 are reported in Related Party Disclosures under Note 14 of Schedule 16 of Notes to Financial Statements

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.

RISK ARCHITECTURE

Your Company understands that Risk management and internal control is an integral part of good management practice and endeavors to make them an essential component of the business culture. As part of these efforts it has a Risk Management Policy which defines identification, assessment, mitigation and monitoring of risks. Major risks that are faced by Your Company are underwriting risk, reserve risk, assets risk, and expense risk for which appropriate policies, procedures and standards have been established. Furthermore, complementary controls in the form of independent audits of various functions are conducted and findings of which are placed to the Audit Committee in line with good Corporate Governance. Your Company has a Risk Management Committee for developing and promoting

the risk management culture which oversees the Risks Management Framework. The Company has appointed Chief Risk Officer who is responsible for the implementation and monitoring of the framework. The Risk, Internal Audit, Concurrent Audit and Statutory Audits support the identification, measurement and control of risks and helps to identify areas where corrective action is required.

WHISTLE BLOWER POLICY & VIGIL MECHANISM

Your Company has in place a Whistle Blower Policy and vigil mechanism. There are no reportable instances for the year 2017-18.

RURAL AND SOCIAL RESPONSIBILITY

Your Company fulfilled its rural and social responsibility as prescribed by the Insurance Regulatory and Development Authority of India (IRDAI).

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility were not applicable to Your Company for the FY ended 2017-18.

SUBSIDIARIES

As on March 31, 2018, Your Company did not have any subsidiaries or joint ventures.

CONSERVATION OF ENERGY/ ABSORPTION OF TECHNOLOGY

The provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are not applicable to the insurance industry. However, Your Company has used information technology in its operations.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	Year ended March 2018	Year ended March 2017
Foreign Exchange Outgo	₹ 129,934	₹ 973,865

STATUS ON IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (IND AS)

Your Company has set up a Steering Committee for implementation of IND AS as per the circular issued by Insurance Regulatory and Development Authority of India (IRDAI) on March 1, 2016. The Committee comprises of the following members:

1. Managing Director & Chief Executive Officer, Head of the Committee
2. Chief Finance Officer
3. Chief Investment Officer
4. Appointed Actuary
5. Chief Operating Officer
6. Chief Technology Officer
7. Company Secretary

IRDAI had constituted an implementation group to examine implications of implementing IND AS, address implementation issues and facilitate formulation of operational guidelines to converge with IND AS. The implementation group submitted its report along with recommendations on December 29, 2016 to IRDAI.

IRDAI vide circular dated June 28, 2017 deferred the implementation of IND AS for a period of two years and the same shall be implemented effective FY 2020-21. However, submission of Proforma IND AS financial statements needs to be submitted on a quarterly basis. Your Company has submitted its financial statements in IND AS report to IRDAI within the prescribed time.

AUDITORS

M/s K.S. Aiyar & Co. and M/s V.C. Shah & Co. were appointed as joint first statutory auditors of your Company for a period of five years subject to ratification. It is proposed to ratify reappointment of M/s K.S. Aiyar & Co. and M/s V.C. Shah & Co. as joint auditors of the Company for the FY 2018-19.

SECRETARIAL AUDITOR

Pursuant to Section 204 of the Companies Act, 2013, your Company has appointed Ms. Rupal D. Jhaveri, a Company Secretary in Practice, as its Secretarial Auditor. The Secretarial Audit Report for the FY 2017 - 2018 is annexed to this Report.

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.

In terms of the Proviso to Section 136(1) of the Companies Act, 2013, the Directors' Report is being sent to all shareholders excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, which is disclosed in a separate annexure. The said annexure is available for inspection at the Registered Office of the Company during the business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy of the said annexure may write to the Company Secretary at the Registered Office of the Company. The Board affirms that the remuneration paid to the employees of the Company is as per the remuneration policy of the Company and none of the employees listed in the said annexure is related to any Director of the Company.

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 judgements 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 FY ended March 31, 2018;
- (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

Your Company would like to thank the Insurance Regulatory and Development Authority of India, the Ministry of Corporate Affairs, the General Insurance Council and other regulatory authorities for its support. The Directors express sincere thanks for the co-operation extended by the Policyholders, Reinsurers and Intermediaries. The Directors also acknowledge and express appreciation of the teams for their efforts and commitment towards the growth of the Company.

ANNEXURES:

- Corporate Governance Report
- Secretarial audit report
- Extract of Annual Return
- Form AOC-2(Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

Managing Director and Chief Executive Officer

Gaurang Shah

Director

Virat Diwanji

Director

Place: Mumbai

Date: April 24, 2018

REPORT ON CORPORATE GOVERNANCE

In accordance the provisions of the Corporate Governance Guidelines issued by the Insurance Regulatory & Development Authority of India (IRDAI), the report containing details of the Corporate Governance systems and processes of the Company for the FY 2017 - 18 is as under:

BOARD OF DIRECTORS AND COMMITTEES

COMPOSITION, MEETING AND ATTENDANCE

The Composition of the Board of Directors of the Company as on March 31, 2018 is as follows:

Name of Directors	DIN	Designation
Mr. Gaurang Shah	00016660	Non-executive Director
Mr. G Murlidhar	03601196	Non-executive Director
Mr. Virat Diwanji	07021146	Non-executive Director
Ms. Anu Aggarwal	07301689	Non-executive Director
Mr. Dhananjay Date	01030900	Independent Director
Mr. Arun Agarwal	07299000	Independent Director
Mr. Mahesh Balasubramanian	02089182	Managing Director and Chief Executive Officer

The details of the Directors like qualification, specialization, and status of directorship as well as brief profile, as at March 31, 2018, is given at 'Annexure A' enclosed with this report.

COMPOSITION OF THE COMMITTEE POSITIONS HELD BY DIRECTORS AS ON MARCH 31, 2018

Name	Position	Audit Committee	Investment Committee	Risk Management Committee	Banking Committee	Policyholders Protection Committee	Nomination and Remuneration Committee
Mr. Gaurang Shah	Non-executive Director	-	-	-	-	Chairman	Member
Mr. G Murlidhar	Non-executive Director	Member	Chairman	-	Chairman	-	-
Mr. Virat Diwanji	Non-executive Director	-	Member	Chairman	Member	-	-
Ms. Anu Aggarwal	Non-executive Director	-	-	-	Member	-	-
Mr. Dhananjay Date	Independent Director	Member	-	-	-	-	Chairman
Mr. Arun Agarwal	Independent Director	Chairman	-	-	-	-	Member
Mr. Mahesh Balasubramanian	Managing Director and Chief Executive Officer	-	Member	Member	Member	Member	-

BOARD MEETINGS

During the FY 2017-18 four meetings of the Board were held on April 21, 2017, July 18, 2017, October 24, 2017 and January 23, 2018.

Name of Directors	No. of meetings held	No. of meetings attended
Mr. Gaurang Shah	4	4
Mr. G Murlidhar	4	3
Mr. Virat Diwanji	4	4
Ms. Anu Aggarwal	4	3
Mr. Dhananjay Date	4	4
Mr. Arun Agarwal	4	4
Mahesh Balasubramanian	4	4

AVAILABILITY OF INFORMATION TO THE BOARD:

The Board of Directors of your Company has an unfettered and complete access to all the information within the Company and to the employees of your Company. The Meetings are convened by giving appropriate notice to all the Board of Directors. Detailed agenda, memorandum along with all the relevant documents and explanatory statements are circulated to the members of the Board to facilitate meaningful, informed and focused decisions at the meetings.

The Board is apprised with all the information pertaining to the following:

- Minutes of meetings of the various Committees of the Board of Directors like Audit Committee, Investment Committee, Risk Management Committee, Policyholders Protection Committee, Nomination and Remuneration Committee and Banking Committee
- General notices of interest received from Directors of the Company
- Quarterly / Half Yearly / Annual Financial Statements of the Company
- Information pertaining to the policies of the Company
- State of affairs of the Company vide detailed updates by the managing Director and Chief Executive Officer

DIRECTORS' REMUNERATION

(₹ '000)

Name of Director	Sitting Fee	Commission
Mr. Gaurang Shah	-	-
Mr. Arun Agarwal	260	-
Mr. Dhananjay Date	260	-
Mr. G Murlidhar	-	-
Mr. Virat Diwanji	-	-
Ms. Anu Agarwal	-	-
Mr. Mahesh Balasubramanian	-	-

COMMITTEES OF THE BOARD OF DIRECTORS

The Board has constituted several committees and delegated various functions and responsibilities to such Committees, as mandated by the Corporate Governance Guidelines issued by IRDAI. The details of the various Committees are as under:

1. AUDIT COMMITTEE

The Audit Committee of the Company comprises of three Non-Executive Directors. The Chairman of the Committee is an Independent Director. The terms of reference of the Audit Committee are as follows:

- Recommend appointment of, remuneration and terms of appointment of auditors of the Company
- Review and monitor the auditor's independence and performance and effectiveness of audit process
- Examination of the financial statements and the auditor's report thereon
- Approval or any subsequent modification of transactions of the Company with related parties
- Scrutiny of inter corporate loans and investments
- Valuation of undertaking or assets of the Company, wherever necessary

- Evaluation of internal financial controls and risk management systems
- Monitoring the end use of funds raised through public offers and related matters
- Oversee financial statements, financial reporting, statement of cash flow and disclosure processes on annual and quarterly basis
- Setting up of procedures and processes to address concerns relating to adequacy of checks and control mechanisms
- Oversee efficient functioning of internal audit and review its reports
- Monitor progress made in rectification of irregularities and changes in processes wherever deficiencies have come to notice
- Oversight on procedures and processes established to attend to issues relating to maintenance of books of account, maintenance, administration procedures, transactions and other matters having bearing on the financial position of the Company, whether raised by the auditors or any other person
- Discuss with the statutory auditors before audit commences, about the nature and scope of audit

During the FY 2017 - 18 four meetings of the Committee were held on April 21, 2017, July 18, 2017, October 24, 2017 and January 23, 2018.

The details of the attendance of the Members at the Committee meetings are as follows:

Name of Directors	No. of meetings held	No. of meetings attended
Mr. G Murlidhar	4	3
Mr. Dhananjay Date	4	4
Mr. Arun Agarwal	4	4

2. INVESTMENT COMMITTEE

The Investment Committee of the Company comprises of two Non-Executive Directors, the Managing Director and Chief Executive Officer, the Chief Investment Officer, the Chief Financial Officer and the Appointed Actuary. The terms of reference of the Investment Committee are as follows:

- Lay down an overall investment policy and operational framework for investment operations
- Independently review investment decisions duly supported by due diligence process and not be solely influenced by credit rating agencies
- Put in place effective reporting system to ensure compliance with the policy set apart from internal/ concurrent audit mechanism for a sustained and on – going monitoring of investment operations
- To meet at least once in a quarter and look into various aspects of investment operations and monitor them
- Furnish a report to the Board on the performance of investments at least once in a quarter and provide analysis of the Investment portfolio and future outlook to enable Board to look at possible policy changes and strategies.

During the FY 2017 - 18 four meetings of the Committee were held on April 20, 2017, July 17, 2017, October 18, 2017 and January 22, 2018.

The details of the attendance of the Members at the Committee meetings are as follows:

Name of Members	No. of meetings held	No. of meetings attended
Mr. G Murlidhar	4	3
Mr. Virat Diwanji	4	3
Mr. Mahesh Balasubramanian	4	3
Mr. Mehul Shah	4	4
Mr. Yash Kotak	4	4
Mr. Gajendra M	4	4

3. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of one Non-Executive Director, the Managing Director and Chief Executive Officer and the Appointed Actuary. The terms of reference of the Committee include:

- Lay down Company's risk management strategy
- Assist the Board in effective operation of the risk management system by performing specialized analysis and quality reviews
- Maintain group-wide and aggregated view on the risk profile of the Company in addition to solo and individual risk profile
- Report to the Board on risk exposure and action taken to manage the exposures
- Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy, mergers, acquisitions and related matters
- Establish Risk Management Framework and adopt Risk Management Policy
- Set risk tolerance limits
- Review solvency position of the company
- Monitor regular updates on business continuity
- Formulate Fraud Monitoring Policy & monitor implementation
- Review compliance with Guidelines on Insurance Fraud Monitoring Framework

During the FY 2017 - 18 five meetings of the Committee were held on April 20, 2017, July 17, 2017, October 17, 2017, January 22, 2018 and March 29, 2018.

The details of the attendance of the Members at the Committee meetings are as follows:

Name of Members	No. of meetings held	No. of meetings attended
Mr. Virat Diwanji	5	5
Mr. Mahesh Balasubramanian	5	5
Mr. Mehul Shah	5	5

4. POLICYHOLDERS PROTECTION COMMITTEE

The Policyholders Protection Committee comprises of one Non-Executive Director, the Managing Director and Chief Executive Officer, the Chief Operating Officer, Chief Technology Officer and Chief Technical Officer. Pursuant to the Corporate Governance Guidelines for Insurers, the Committee also includes a representative of customers as an invitee to the meetings. The terms of reference of the Committee include:

- Putting in place proper procedures and effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries
- Ensuring compliance with the statutory requirements as laid down in regulatory framework
- Review of mechanism at periodic intervals
- Ensuring adequacy of disclosure of material information to the policyholders at the point of sale and at periodic intervals
- Review the status of complaints at periodic intervals
- Provide details of grievances at periodic intervals in such format as may be prescribed
- Provide details of insurance ombudsman to the policyholders
- Adopt standard SOP to treat the customer fairly including time frames for policy and claims servicing
- Recommend Policy on customer education to the Board
- Review of awards given by Insurance Ombudsman/ Consumer Forums unimplemented for 3 months
- Analyze the root cause of customer complaints, identify market conduct issues and advise the management appropriately about rectifying systemic issues, if any
- Measures to reduce customer complaints and review of the same
- Review of Claims Report, including status of Outstanding Claims with ageing of outstanding claims
- Reviewing Repudiated claims with analysis of reasons
- Submit status report to the Board
- Induction of an expert/ representative of customers as an Invitee in the Policyholder Protection Committee

During the FY 2017 - 18 four meetings of the Committee were held on April 20, 2017, July 17, 2017, October 18, 2017 and January 22, 2018.

The details of the attendance of the Members at the Committee meetings are as follows:

Name of Members	No. of meetings held	No. of meetings attended
Mr. Gaurang Shah	4	2
Mr. Mahesh Balasubramanian	4	3
Mr. N. Eswaranatarajan	4	4
Mr. N. Ravichandran	4	4
Mr. Suresh Sankaranarayanan	4	3
Ms. Manisha Kapoor#	4	4

Ms. Manisha Kapoor, Representative of Customers/expert is appointed by Company as prescribed under the Guidelines for Corporate Governance for Insurers in India.

5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of three Non-Executive Directors. The terms of reference of the Committee include:

- Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommendation to the Board their appointment and removal
- Evaluation of every director's performance
- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees
- Scrutinize declarations of intending applicants before the appointment / reappointment / election of directors by shareholders at General Meetings
- Make independent and discreet references to verify accuracy of information furnished
- Determine on behalf of the Board and on behalf of shareholders with agreed terms of reference, the company's policy on specific remuneration packages and any compensation payment, for the CEO and executive directors of the Company
- Ensure Remuneration package of the Key Managerial Persons is as per the Policy

During the FY 2017 - 18 one meeting of the Nomination and Remuneration Committee was held on May 18, 2017.

The details of the attendance of the Members at the Committee meeting are as follows:

Name of Members	No. of meetings held	No. of meetings attended
Mr. Gaurang Shah	1	1
Mr. Dhananjay Date	1	1
Mr. Arun Agarwal	1	1

6. BANKING COMMITTEE

The Banking Committee comprises of three Non-Executive Directors and the Managing Director and Chief Executive Officer. The terms of reference of the Committee include:

- To consider the proposals and pass requisite resolutions for opening of bank accounts for the Company with one or more banks
- To authorize the Directors, officers and such other person or persons to operate such Accounts and to decide the manner and monetary limits for operations of such Accounts
- To revise the manner and mode of operations of the bank accounts, to decide to close any bank accounts of the Company
- To avail of any facilities including net banking facilities from one or more banks and authorize Directors, Officers of the Company and such other person or persons to operate these facilities, revise the manner and mode of operation of these facilities as it may deem fit
- Authority to instruct the banks accordingly and to do such other acts, matters and things as the Committee may think necessary

During the FY 2017 - 18 one meeting of the Committee was held on February 6, 2018.

The details of the attendance of the Members at the Committee meeting are as follows:

Name of Members	No. of meetings held	No. of meetings attended
Mr. Virat Diwanji	1	1
Mr. G Murlidhar	1	1
Mr. Mahesh Balasubramanian	1	1
Ms. Anu Aggarwal	1	1

Certification for compliance of the Corporate Governance Guidelines

I, Priti Rohira hereby certify that Kotak Mahindra General Insurance Company Limited has complied with the Corporate Governance guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

Priti Rohira

Company Secretary

ANNEXURE A TO THE CORPORATE GOVERNANCE REPORT**DETAILS OF THE DIRECTORS OF THE COMPANY:**

Name	Mr. Gaurang Shah – Non Executive Director (DIN: 00016660)
Qualification	M.Com, ACA, ACWA, ACS
Brief Details	Mr. Gaurang Shah heads the Life Insurance, Asset Management and the International business of the Kotak Mahindra Group. He took over this assignment on May 1, 2010. Mr. Shah has over 31 years of rich and varied experience in the Financial Services sector, several of which are with the Kotak Mahindra Group. He has played a stellar role in building the Group's Consumer Banking business and Life insurance business.
Status of Directorship	Kotak Mahindra Asset Management Company Limited
	Kotak Mahindra Pension Fund Limited
	Kotak Mahindra (UK) Limited
	Kotak Mahindra Inc
	Kotak Mahindra Asset Management (Singapore) Pte. Ltd.
	Kotak Mahindra Life Insurance Company Limited
Name	Mr. Arun Agarwal - Independent Director (DIN: 07299000)
Qualification	M. SC
Brief Details	Mr. Arun Agarwal has a long career span in the General Insurance Industry (Government and the Private sector). He started his career as a direct recruit officer of the GIC 1977 and worked with Oriental Insurance for the next 20 plus years. He has been involved with research and training on behalf of National Insurance Academy and has published several papers.
Status of Directorship	-
Name	Mr. Dhananjay Date - Independent Director (DIN: 01030900)
Qualification	B.A. (Hons), Chartered Insurer
Brief Details	Mr. Dhananjay Date is a Chartered Insurer from the CII, UK and an alumnus of the Bishop Cotton School, Simla and St. Stephens College, Delhi. After a stint as Branch Manager in Pune for the New India Assurance Co, he was seconded to their London Office. From 1996, he worked for Swiss Re initially in Zurich and then in London. In 2003 he returned as the Head of Swiss Re's Reinsurance operation in India. After twelve years as the Head, he took early retirement in December 2014.
Status of Directorship	Soft cell Technologies Ltd.
	Bajaj Energy Limited

Name	Mr. G Murlidhar – Non Executive Director (DIN: 03601196)
Qualification	ACA, ICWA, ACS
Brief Details	Mr. G Murlidhar is a founder member of Kotak Mahindra Life Insurance Company Limited, and has served the Company in various capacities of increasing responsibility over the years. Mr. Murlidhar has over 30 years of rich and varied experience in functional areas of Finance, Commercial Projects, Marketing, HR, IT, Consumer distribution besides handling public issues and open offers across BFSI, Services and Manufacturing.
Status of Directorship	Kotak Mahindra Life Insurance Company Limited

Name	Mr. Virat Diwanji – Non Executive Director (DIN: 07021146)
Qualification	B.E. (Mechanical), Master of Business Administration
Brief Details	Mr. Virat Diwanji is part of the Consumer Banking function of Kotak Mahindra Bank Ltd. Mr. Diwanji has over 22 years of rich and varied experience in the financial services industry. An experienced business leader in Retail finance space, Virat is currently spearheading the Branch Banking and Customer Acquisition at Kotak.
Status of Directorship	-

Name	Ms. Anu Aggarwal – Non Executive Director (DIN: 07301689)
Qualification	Bachelor of Commerce, Master of Business Administration
Brief Details	Ms. Anu Aggarwal co-heads the Conglomerate and Corporate business group of Kotak Mahindra Bank Ltd. Ms. Aggarwal has over 20 years of rich and varied experience in the financial services industry. Ms. Aggarwal is also amongst the Top women leaders in the banking industry
Status of Directorship	-

Name	Mr. Mahesh Balasubramanian – Managing Director and Chief Executive Officer (DIN: 02089182)
Qualification	Bachelor's in Mechanical Engineering and Masters in Management Studies
Brief Details	Mr. Mahesh Balasubramanian has over two decades of professional entrepreneurial experience in financial services. Starting his career at Godrej & Boyce in 1992, Mahesh moved to Cholamandalam Investment and Finance company in 1994, as the first regional head for the retail business in the West. In 2005 Mahesh joined Kotak Mahindra Bank as part of the core team of the Retail Liabilities and Branch Banking Business. He was instrumental in setting up and leading the Retail Sales, Retail Institutional, Government Business and Cross Sell verticals. In his last assignment he was also the Co-Head of Branch Banking Division. After successfully setting up and building significant scale across business in Assets, Liabilities and Branch Banking, he was given the opportunity in October 2014, to be the founder CEO of Kotak Mahindra General Insurance Company Limited. In January 2017, he was appointed as the Managing Director and Chief Executive Officer of the Company.
Status of Directorship	-

SECRETARIAL AUDIT REPORT

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

KOTAK MAHINDRA GENERAL INSURANCE COMPANY LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kotak Mahindra General Insurance Company Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Kotak Mahindra General Insurance Company Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye- Laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, overseas Direct Investment and External Commercial Borrowings (Not Applicable);
- (v) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (vi) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (vii) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 were not applicable to the Company during the Audit Period as the Company is not a listed entity:
 - (a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (b) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (c) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (e) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (f) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
 - (g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(viii) The Company, being a General Insurance Company, has complied with the Insurance Act, 1938 and regulations, guidelines and directions issued by the Insurance Regulatory & Development Authority of India (IRDAI). The Company has its own robust compliance system and the Company is also subject to monitoring by and reporting of compliances to IRDAI.

(ix) Other laws to the extent applicable to the Company as per the representations made by the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued pursuant to section 118(10) of the Act, by The Institute of Company Secretaries of India.

During the period under review the Company has generally complied with the above Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period

1. A Ordinary Resolution was passed at the Extra Ordinary General Meeting of the Company held on 24th April, 2017 by the members in pursuance of section 61 of the Companies Act, 2013 for increase in Authorized Share Capital of the Company from the present ₹ 1,50,00,00,000 (Rupees One Hundred Fifty Crores) to ₹ 1,90,00,00,000 (Rupees One Hundred Ninety Crores).
2. A Special Resolution was passed at the Extra Ordinary General Meeting of the Company held on 24th April, 2017 by the members in pursuance of section 13 of the Companies Act, 2013 for alteration of Memorandum of Association of the Company to reflect the increased Authorized Share Capital.

Place: Mumbai
Date: 17th April, 2018

Rupal Dhiren Jhaveri
FCS No: 5441
Certificate of Practice No. 4225

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

'Annexure A'

To,

The Members

KOTAK MAHINDRA GENERAL INSURANCE COMPANY LIMITED

Our report of even date is to be read along with this letter.

'Annexure A'

1. Maintenance of secretarial record is the responsibility of the management of the company.
Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Mumbai
Date: 17th April, 2018

Rupal Dhiren Jhaveri
FCS No: 5441
Certificate of Practice No. 4225

Form No. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2018

[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:

1. CIN	U66000MH2014PLC260291
2. Registration Date	December 20, 2014
3. Name of the Company	Kotak Mahindra General Insurance Company Limited
4. Category	Company limited by shares
Sub-Category of the Company	Indian Non Government Company
5. Address of the Registered office and contact details	27BKC, C27, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400051 Tel: 022 61660001
6. Whether listed Company (Yes/No)	No
7. 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:-

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the
1.	General insurance business (including health insurance)	65120	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% 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(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			% of Total Shares	No. of Shares held at the end of the year			% of Total Shares	% Change during the year
	Demat	Physical	Total		Demat	Physical	Total		
A. Promoters									
(1) Indian									
a) Individual/HUF*	-	6	6	0.01	-	6	6	0.01	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	134999994	134999994	99.99	-	174999949	174999994	99.99	29.63
f) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	-	135000000	135000000	100.00	175000000	175000000	100.00	100.00	29.63
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	135000000	135000000	100.00	175000000	175000000	100.00	100.00	29.63
B. Public Shareholding									
1. Institutions									
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)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
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
	Demat	Physical	Total	% of Total Shares	Demat	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)	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	135000000	135000000	100.00	175000000	175000000	100.00	29.63	

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

(ii) Shareholding of Promoters

Sr No	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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	135000000	100.00	-	175000000	100.00	-	29.63
Total		135000000	100.00	-	175000000	100.00	-	29.63

(iii) Change in Promoters' Shareholding (Please Specify, if There is No Change)

Sr No		Share holding 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	135000000	100.00	135000000	100.00
	Further issue of shares via Rights issue	40000000	-	40000000	-
	At the End of the year	175000000	100.00	175000000	100.00

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

Sr No	For Each of the Top 10 Shareholders	Share holding 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:

For Each of the Directors and KMP	Share holding 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	2*	-	2*	-
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	2*	-	2*	-

*2 shares held by a Directors as nominees of Kotak Mahindra Bank Ltd. They have no beneficial interest in the shares.

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year				
• Additions (Principal) (₹)	-	-	-	-
• Reduction (Principal) (₹)	-	-	-	-

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Net Change	-	-	-	-
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager			Total Amount
		MD& CEO	WTD	Manager	
1	Gross salary	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,40,28,744	-	-	2,40,28,744
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	73,65,625	-	-	73,65,625
	(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 Sitting fees and Professional fees	-	-	-	-
	Total (A)	3,13,94,369	-	-	3,13,94,369
	Ceiling as per the Act	-	-	-	-

B. Remuneration to other directors:

(₹ '000)

Name of Director	Sitting Fee	Commission
Gaurang Shah	-	-
Arun Agarwal	260	-
Dhananjay Date	260	-
Murlidhar Gangadharan	-	-
Virat Diwanji	-	-
Anu Agarwal	-	-

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

Sr No	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	As mentioned above	23,00,168	41,57,500	64,57,668
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	63,792	63,792
	(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		-	23,00,168	42,21,292	65,21,460

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)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
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 arm's 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	NA
(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 – As per details in the related party disclosures

(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) Date(s) of approval by the Board, if any	
(f) Amount paid as advances, if any:	

INDEPENDENT AUDITOR'S REPORT

To

The Shareholders of

TO THE MEMBERS OF KOTAK MAHINDRA GENERAL INSURANCE COMPANY LIMITED

1. REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **KOTAK MAHINDRA GENERAL INSURANCE COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Revenue Account, the Profit & Loss Account and Receipts and Payments Account for the year ended on that date, the schedules annexed thereto, and a summary of the significant accounting policies and other explanatory information.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of Financial Statements in accordance with

- (a) The Insurance Act, 1938 (Act 4 of 1938) as amended by Insurance Laws (Amendment) Act, 2015 read with circular no. IRDAI/F&A/CIR/CPM/056/03/2016 dated 4th April, 2016 and IRDAI/F&A/CIR/CPM/010/01/2017 dated January 12, 2017 (the "Insurance Act");
- (b) The Insurance Regulatory and Development Act, 1999 (the "IRDA Act") ,
- (c) IRDA (Preparation of Financial Statements and Auditor's report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statement Regulations").
- (d) Orders/Directions Issued by the Insurance Regulatory and Development Authority of India (the "IRDA") in this regard.

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 that 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 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and in the manner so required. 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.

3. 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, the Insurance Act, the IRDA Act, the IRDA Financial Statement Regulations, orders/directions issued by the IRDA, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

4. 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 Insurance Act 1938 (4 of 1938), the IRDA Act, 1999 (41 of 1999), the IRDA financial Statement Regulations, the orders/directions issued by IRDA and the Act to the extent applicable and in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:

- (a) In the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2018;
- (b) In the case of Revenue Accounts, of the operating profit in so far as it relates to Fire Revenue Account and operating loss in so far it relates to Miscellaneous Revenue Account for the year ended on 31st March, 2018;
- (c) In the case of the Profit & Loss Account of the Loss for the year ended on 31st March, 2018; and
- (d) In the case of the Receipts and Payments Account, of the receipts and payments for the year ended on 31st March, 2018.

Other Matter

The actuarial valuation of liabilities Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) claims is the responsibility of the Company's Appointed Actuary ('the Appointed Actuary'). The estimate of claims Incurred But Not Reported (IBNR) and claims Incurred But Not Enough Reported (IBNER), included under Claims Outstanding as at March 31, 2018 has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 5.1. As required by IRDA Act and IRDA Financial Statement Regulations, we set out in the 'Annexure A' statement, certifying the matters specified in paragraph 3 and 4 of Schedule C to the Regulations.
- 5.2. As required by the IRDA Financial Statements Regulations read with Section 143 (3) of the Act, we further report:
 - (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 kept by the Company, so far as it appears from our examination of those books;
 - (c) As the Company's financial accounting system is centralized, no returns for the purposes of our audit are prepared at the branches of the Company.
 - (d) The Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account dealt with in this report are in agreement with the books of account;

- (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act to the extent they are not inconsistent with the accounting principles prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the IRDA in this regard.
- (f) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the IRDA Financial Statements Regulations and/or orders/directions issued by the IRDA in this regard,
- (g) In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards specified under section 133 of the Company Act and with the accounting principles as prescribed in the IRDA Financial Statements Regulations and Orders/direction issued by IRDA in this regard.
- (h) On the basis of the written representations received from the directors, as on 31st March, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
- (j) 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 has no pending litigations as at the balance sheet date which has an impact on its financial position in its financial statements.
 - ii. The Company did not have any other 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 during the year.

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

Chartered Accountants

ICAI Firm Registration No.100186W

Rajesh S. Joshi

Membership No.38526

Partner

Mumbai, April 24, 2018

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

Chartered Accountants

ICAI Firm Registration No. 109818W

V. C. Shah

Membership No. 10360

Partner

Mumbai, April 24, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

'Annexure A' referred to in Para 5.1 of the report of our report of even date in respect of matters specified in paragraph 3 and 4 of Schedule C to the Regulations

AUDITORS' 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 account and other records maintained by Kotak Mahindra General Insurance Company Limited ('the Company') for the year ended March 31, 2018, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2018, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
2. Based on the Management representations and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, we certify that the Company has complied with the terms and conditions of registration stipulated by IRDA;
3. We have verified the Cash Balances, to the extent considered necessary, and securities relating to the Company's investments as at March 31, 2018, by actual inspection or on the basis of certificate/confirmations received from the depository participant appointed by the Company, as the case may be.
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938(4 of 1938), as amended by Insurance Laws (Amendment) Act, 2015 relating to the application and investment of the Policyholders' funds.

This certificate is issued to comply with Para 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, ("the Regulations") and may not be suitable for any other purpose.

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

Chartered Accountants

ICAI Firm Registration No.100186W

Rajesh S. Joshi

Membership No.38526

Partner

Mumbai, April 24, 2018

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

Chartered Accountants

ICAI Firm Registration No. 109818W

V. C. Shah

Membership No. 10360

Partner

Mumbai, April 24, 2018

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 5.2 (i) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls over financial reporting of **Kotak Mahindra General Insurance Company Limited** (“the Company”) as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013 including the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the “Insurance Act”), the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance

Regulatory and Development Authority of India (the “IRDA”) and circulars/notifications issued by IRDAI from time to time (including circular no. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017) in this regard.

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI as prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable

assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

Chartered Accountants

ICAI Firm Registration No.100186W

Rajesh S. Joshi

Membership No.38526

Partner

Mumbai, April 24, 2018

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

Chartered Accountants

ICAI Firm Registration No. 109818W

V. C. Shah

Membership No. 10360

Partner

Mumbai, April 24, 2018

Balance Sheet

as at March 31, 2018

₹ '000

S. No	Particulars	Schedule	As at 31.03.2018	As at 31.03.2017
Sources of Funds				
1	Share Capital	5	1,750,000	1,350,000
2	Reserves And Surplus	6	-	-
3	Fair Value Change Account		-	-
4	Borrowings	7	-	-
TOTAL			1,750,000	1,350,000
Application of Funds				
5	Investments-Shareholders	8	755,421	772,657
	Investments-Policyholders	8A	1,733,226	698,744
6	Loans	9	-	-
7	Fixed Assets	10	102,992	136,711
8	Deferred Tax Asset (Refer Note 26 of Schedule 16)		-	-
9	Current Assets			
	Cash and Bank Balances	11	95,329	32,703
	Advances and Other Assets	12	216,511	96,730
Sub-Total (A)			311,840	129,433
10	Current Liabilities	13	968,884	353,386
11	Provisions	14	957,290	481,358
Sub-Total (B)			1,926,174	834,744
Net Current Assets (C) = (A - B)			(1,614,334)	(705,311)
12	Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
13	Debit Balance in Profit and Loss Account		772,695	447,200
TOTAL			1,750,000	1,350,000

Significant Accounting Policies & Notes to Accounts - Schedule 16

The schedules referred to above form an integral part of the Financial Statements

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
ICAI FRN : 100186W

For V. C. Shah & Co
Chartered Accountants
ICAI FRN : 109818W

Rajesh S Joshi
Partner
M. No :38526

V. C. Shah
Partner
M. No :10360

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

Director

Director

Place: Mumbai
Date: April 24, 2018

Managing Director & CEO Chief Financial Officer

Chief Compliance Officer and Company Secretary

Statement of Profit and loss

for the year ended March 31, 2018

₹ '000

S.No	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Operating Profit/(Loss)		
(a)	Fire Insurance	3,939	15,599
(b)	Marine Insurance	-	-
(c)	Miscellaneous Insurance	(396,648)	(455,910)
2	Income from Investments		
(a)	Interest, Dividend & Rent – Gross	67,248	72,015
(b)	Profit on sale/redemption of Investments	12,594	31,383
	Less: Loss on sale of investments	(2,712)	(1,332)
3	Other Income	53	42
	Profit/Loss on Sale of Fixed Assets/Other Expenses	101	-
	TOTAL (A)	(315,425)	(338,203)
4	Provisions (Other than taxation)		
(a)	For diminution in the value of Investments	-	-
(b)	For doubtful debts	-	-
(c)	Others	312	-
5	Other Expenses		
(a)	Expenses other than those related to Insurance Business:	-	-
	Employees' related remuneration and welfare benefits	9,758	9,032
(b)	Bad debts written off	-	-
(c)	Others	-	-
	TOTAL (B)	10,070	9,032
	Profit / (Loss) Before Tax	(325,495)	(347,235)
	Provision for Taxation	-	-
	Current Tax	-	-
	Deferred Tax (Refer Note 26 of Schedule 16)	-	-
	Profit / (Loss) After Tax	(325,495)	(347,235)
	Profit available for appropriation	(325,495)	(347,235)
	Appropriations		
(a)	Interim dividends paid during the year	-	-
(b)	Proposed final dividend	-	-
(c)	Dividend distribution tax	-	-
(d)	Transfer to any Reserves or Other Accounts	-	-
	Balance of profit/ (loss) brought forward from previous period	(447,200)	(99,965)
	Balance carried forward to Balance Sheet	(772,695)	(447,200)
	Earning Per Share (Basic & Diluted) (Refer Note 17 of Schedule 16)	(1.90)	(2.57)

Significant Accounting Policies & Notes to Accounts - Schedule 16

The schedules referred to above form an integral part of the Financial Statements

As per our report of even date

For K. S. Aiyar & Co.

Chartered Accountants

ICAI FRN : 100186W

For V. C. Shah & Co

Chartered Accountants

ICAI FRN : 109818W

Rajesh S Joshi

Partner

M. No :38526

V. C. Shah

Partner

M. No :10360

For and on behalf of the Board of Directors

of Kotak Mahindra General Insurance Company Limited

Director

Director

Place: Mumbai

Date: April 24, 2018

Managing Director & CEO Chief Financial Officer

Chief Compliance Officer and Company Secretary

REVENUE ACCOUNT

for the year ended March 31, 2018

₹ '000

S.No	Particulars	Schedule	For the year ended 31.03.2018				For the year ended 31.03.2017			
			Fire	Marine	Miscellaneous	Total	Fire	Marine	Miscellaneous	Total
1	Premiums earned (Net)	1	23,564	-	1,135,184	1,158,748	14,261	-	314,312	328,573
2	Profit/ (Loss) on sale/redemption of Investments		154	-	12,624	12,778	5	-	10,308	10,313
3	Others - Miscellaneous Income		0.8	-	68	69	0.01	-	14	14
4	Interest, Dividend & Rent – Gross		2,718	-	86,265	88,983	438	-	24,778	25,216
	TOTAL (A)		26,437	-	1,234,141	1,260,578	14,704	-	349,412	364,116
5	Claims Incurred (Net)	2	9,226	-	821,078	830,304	(379)	-	240,523	240,144
6	Commission	3	(84)	-	134,177	134,093	(690)	-	37,545	36,855
7	Contribution to Solatium Fund		-	-	594	594	-	-	246	246
8	Operating Expenses related to Insurance Business	4	13,356	-	674,940	688,296	174	-	527,008	527,182
9	Premium Deficiency		-	-	-	-	-	-	-	-
	TOTAL (B)		22,498	-	1,630,789	1,653,287	(895)	-	805,322	804,427
	Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C= (A - B)		3,939	-	(396,648)	(392,709)	15,599	-	(455,910)	(440,311)
	APPROPRIATIONS		-	-	-	-	-	-	-	-
	Transfer to Shareholders' Account		3,939	-	(396,648)	(392,709)	15,599	-	(455,910)	(440,311)
	Transfer to Catastrophe Reserve		-	-	-	-	-	-	-	-
	Transfer to Other Reserves		-	-	-	-	-	-	-	-
	TOTAL (C)		3,939	-	(396,648)	(392,709)	15,599	-	(455,910)	(440,311)

Significant Accounting Policies & Notes to Accounts - Schedule 16

The schedules referred to above form an integral part of the Financial Statements

As required by Sec 40C(2) of Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act 2015, we hereby certify that all expenses of management in respect of General Insurance business transactions in India by the company have been fully recognised in the revenue account as expenses.

As per our report of even date

For K. S. Aiyar & Co.

Chartered Accountants

ICAI FRN : 100186W

Rajesh S Joshi

Partner

M. No :38526

For V. C. Shah & Co

Chartered Accountants

ICAI FRN : 109818W

V. C. Shah

Partner

M. No :10360

For and on behalf of the Board of Directors

of Kotak Mahindra General Insurance Company Limited

Director

Director

Place: Mumbai

Date: April 24, 2018

Managing Director & CEO Chief Financial Officer

Chief Compliance Officer and Company Secretary

Receipts & Payments Account

for the year ended March 31, 2018

₹ '000

Particulars	For the year ended 31.03.201	For the year ended 31.03.201
Cash Flows from the operating activities:		
Premium received from policyholders, including advance receipts	2,184,766	1,002,230
Payments to the re-insurers, net of commissions and claims	(126,431)	(42,456)
Payments of claims	(385,906)	(76,821)
Payments of commission and brokerage	(154,300)	(40,387)
Payments of other operating expenses	(749,177)	(595,243)
Deposits, advances and staff loans	(4,276)	(12,359)
Income taxes paid (Net)	(26)	(46)
Service Tax/GST paid	(239,549)	(6,611)
Net cash flow from operating activities (A)	525,101	228,308
Cash flows from investing activities:		
Purchase of fixed assets	-	(44,483)
Proceeds from sale of fixed assets	1,452	-
Purchases of investments	(4,106,940)	(3,143,963)
Sales of investments	2,986,279	2,909,951
Repayments received	111,100	5,500
Rents/Interests/ Dividends received	139,827	77,437
Investments in money market instruments and in liquid mutual funds (Net)*	6,079	(3,987)
Expenses related to investments	(272)	(173)
Net cash flow from investing activities (B)	(862,475)	(199,718)
Cash flows from financing activities:		
Proceeds from issuance of share capital	400,000	-
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash flow from financing activities (C')	400,000	-
Effect of foreign exchange rates on cash and cash equivalents, (Net) (D)	-	-
Net decrease in cash and cash equivalents: (A+B+C+D)	62,626	28,590
Cash and cash equivalents at the beginning of the year	32,703	4,113
Cash and cash equivalents at the end of the year	95,329	32,703
Net increase/(decrease) in cash and cash equivalents	62,626	28,590

As per our report of even date

For K. S. Aiyar & Co.
Chartered Accountants
ICAI FRN : 100186W

For V. C. Shah & Co
Chartered Accountants
ICAI FRN : 109818W

For and on behalf of the Board of Directors

of Kotak Mahindra General Insurance Company Limited

Rajesh S Joshi
Partner
M. No :38526

V. C. Shah
Partner
M. No :10360

Director

Director

Place: Mumbai

Date: April 24, 2018

Managing Director & CEO Chief Financial Officer

Chief Compliance Officer and Company Secretary

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

SCHEDULE 1 - PREMIUM EARNED (NET)

₹ '000

Particulars	For the year ended 31.03.2018					For the year ended 31.03.2017				
	Fire	Marine	Miscellaneous*	Total	Fire	Marine	Miscellaneous*	Total		
	Cargo	Others			Cargo	Others				
Premium from direct business written :	81,556	-	-	1,772,359	1,853,915	9,281	-	-	811,248	820,529
Add : Premium on reinsurance accepted	22,029	-	-	4,668	26,697	23,906	-	-	4,226.6	28,133
Less : Premium on reinsurance ceded	59,897	-	-	191,309	251,206	11,096	-	-	70,284	81,380
Net Premium	43,688	-	-	1,585,718	1,629,406	22,091	-	-	745,191	767,282
Adjustment for change in reserve for unexpired risks :						-	-	-	-	-
Change in the unexpired risk reserve	20,124	-	-	450,534	470,658	7,830	-	-	430,879	438,709
Total Premium Earned (Net)	23,564	-	-	1,135,184	1,158,748	14,261	-	-	314,312	328,573
Premium Income from business effected :						-	-	-	-	-
In India	23,564	-	-	1,135,184	1,158,748	14,261	-	-	314,312	328,573
Outside India	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	23,564	-	-	1,135,184	1,158,748	14,261	-	-	314,312	328,573

*Refer Schedule 1A

SCHEDULE 1A - PREMIUM EARNED (NET)

₹ '000

For the year ended 31.03.2018

Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
Premium from direct business written :	814,659	579,048	1,393,707	-	-	-	-	71,015	252,789	-	54,848	1,772,359
Add : Premium on reinsurance accepted	-	-	-	-	-	4,668	-	-	-	-	-	4,668
Less : Premium on reinsurance ceded	60,029	37,699	97,728	-	-	542	-	45,623	12,723	-	34,693	191,309
Net Premium	754,630	541,349	1,295,979	-	-	4,126	-	25,392	240,066	-	20,155	1,585,718
Adjustment for change in reserve for unexpired risks :												
Change in the unexpired risk reserve	152,304	160,952	313,256	-	-	104	-	4,004	110,445	-	22,725	450,534
Total Premium Earned (Net)	602,326	380,397	982,723	-	-	4,022	-	21,388	129,621	-	(2,570)	1,135,184
Premium Income from business effected :												
In India	602,326	380,397	982,723	-	-	4,022	-	21,388	129,621	-	(2,570)	1,135,184
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	602,326	380,397	982,723	-	-	4,022	-	21,388	129,621	-	(2,570)	1,135,184

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

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For the year ended 31.03.2017

Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
Premium from direct business written :	448,954	240,298	689,252	-	-	-	-	27,452	94,492	-	53	811,248
Add : Premium on reinsurance accepted	-	(0.4)	(0.4)	-	-	4,227	-	-	-	-	-	4,226.6
Less : Premium on reinsurance ceded	30,933	16,556.6	47,490	-	-	374	-	17,656	4,725	-	39	70,284
Net Premium	418,021	223,741	641,762	-	-	3,853	-	9,795	89,767	-	14	745,191
Adjustment for change in reserve for unexpired risks :	-	-	-	-	-	-	-	-	-	-	-	-
Change in the unexpired risk reserve	238,099	126,974	365,073	-	-	1,394	-	11,172	53,219	-	21	430,879
Total Premium Earned (Net)	179,922	96,767	276,689	-	-	2,459	-	(1,377)	36,548	-	(7)	314,312
Premium Income from business effected :												
In India	179,922	96,767	276,689	-	-	2,459	-	(1,377)	36,548	-	(7)	314,312
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	179,922	96,767	276,689	-	-	2,459	-	(1,377)	36,548	-	(7)	314,312

SCHEDULE 2 - CLAIMS INCURRED (NET)

₹ '000

Particulars	For the year ended 31.03.2018					For the year ended 31.03.2017				
	Fire	Marine	Miscellaneous*	Total	Fire	Marine	Miscellaneous*	Total		
	Cargo	Others			Cargo	Others				
Claims Paid Direct	4,837	-	-	369,372	374,209	-	-	-	68,595	68,595
Add : Claims on Re-insurance accepted to direct claims	804	-	-	169	973	396	-	-	237.8	157.7
Less : Claims on Re-insurance Ceded to claims	2,595	-	-	45,246	47,841	-	-	-	3,429	3,429
Net Claims Paid	3,046	-	-	324,295	327,341	396	-	-	65,404	65,008
Claims Outstanding (Inculding IBNR and BNER)						-	-	-	-	-
Add : Claims Outstanding at the end of the year (Net of Reinsurance)	6,197	-	-	673,903	680,100	17	-	-	177,120	177,137
Less : Claims Outstanding at the beginning of the year (Net of Reinsurance)	17	-	-	177,120	177,137	-	-	-	2,001	2,001
Total Claims Incurred (Net)	9,226	-	-	821,078	830,304	379	-	-	240,523	240,144
Claims paid to claimants:										
In India	9,226	-	-	821,078	830,304	379	-	-	240,523	240,144
Outside India	-	-	-	-	-	-	-	-	-	-
Total Claims Incurred	9,226	-	-	821,078	830,304	379	-	-	240,523	240,144

*Refer Schedule 2A SCHEDULE 2A - CLAIMS INCURRED (NET)

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

SCHEDULE 2A - CLAIMS INCURRED (NET)

₹ '000

For the year ended 31.03.2018

Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
Claims Paid Direct	307,829	5,259	313,088	-	-	-	-	7,050	49,231	-	3	369,372
Add : Claims on Re-insurance accepted to direct claims	-	-	-	-	-	169	-	-	-	-	-	169
Less : Claims on Re-insurance Ceded to claims	38,737	263	39,000	-	-	-	-	3,783	2,461	-	2	45,246
Net Claims Paid	269,092	4,996	274,088	-	-	169	-	3,267	46,770	-	1	324,295
Claims Outstanding (Incuding IBNR and IBNER)												
Add : Claims Outstanding at the end of the year (Net of Reinsurance)	124,676	515,913	640,589	-	-	-	-	9,312	22,674	-	1,328	673,903
Less : Claims Outstanding at the beginning of the year (Net of Reinsurance)	49,208	118,685	167,893	-	-	-	-	1,332	7,894	-	1	177,120
Total Claims Incurred (Net)	344,560	402,224	746,784	-	-	169	-	11,247	61,550	-	1,328	821,078
Claims paid to claimants:												
In India	344,560	402,224	746,784	-	-	169	-	11,247	61,550	-	1,328	821,078
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total Claims Incurred	344,560	402,224	746,784	-	-	169	-	11,247	61,550	-	1,328	821,078

₹ '000

For the year ended 31.03.2017

Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
Claims Paid Direct	59,017	304	59,321	-	-	-	-	-	9,274	-	-	68,595
Add : Claims on Re-insurance accepted to direct claims	-	(1)	(0.8)	-	-	238.6	-	-	-	-	-	237.8
Less : Claims on Re-insurance Ceded to claims	3,059	15	3,074	-	-	-	-	-	355	-	-	3,429
Net Claims Paid	55,958	287.9	56,246	-	-	239	-	-	8,919	-	-	65,404
Claims Outstanding (Incuding IBNR and IBNER)												
Add : Claims Outstanding at the end of the year (Net of Reinsurance)	49,208	118,685	167,893	-	-	-	-	1,332	7,894	-	1	177,120
Less : Claims Outstanding at the beginning of the year (Net of Reinsurance)	838	1,151	1,989	-	-	-	-	-	12	-	-	2,001
Total Claims Incurred (Net)	104,328	117,822	222,150	-	-	239	-	1,332	16,801	-	1	240,523
Claims paid to claimants:												
In India	104,328	117,822	222,150	-	-	239	-	1,332	16,801	-	1	240,523
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total Claims Incurred	104,328	117,822	222,150	-	-	239	-	1,332	16,801	-	1	240,523

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

SCHEDULE 3 - COMMISSION

₹ '000

Particulars	For the year ended 31.03.2018					For the year ended 31.03.2017				
	Fire	Marine	Miscellaneous*	Total		Fire	Marine	Miscellaneous*	Total	
	Cargo	Others				Cargo	Others			
Commission Paid Direct	9,118	-	-	173,151	182,269	67	-	-	49,732	49,798
Add: Commission paid on Re-insurance Accepted	406	-	-	42	448	309	-	-	37	346
Less: Commission earned on Re-insurance Ceded	9,608	-	-	39,016	48,624	1,065	-	-	12,224	13,289
Net Commission	(84)	-	-	134,177	134,093	690	-	-	37,545	36,855
Break-up of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:						-	-	-	-	-
Agents	150	-	-	13,074	13,224	-	-	-	160	160
Brokers	368	-	-	36,567	36,935	9	-	-	7,937	7,946
Corporate Agency	8,600	-	-	95,061	103,661	57	-	-	36,308	36,365
Others	-	-	-	28,449	28,449	-	-	-	5,327	5,327
TOTAL (B)	9,118	-	-	173,151	182,269	66	-	-	49,732	49,798
Commission Paid										
In India	9,118	-	-	173,151	182,269	66	-	-	49,732	49,798
Outside India	-	-	-	-	-	-	-	-	-	-
Total Premium Earned (Net)	9,118	-	-	173,151	182,269	66	-	-	49,732	49,798

*Refer Schedule 3A

₹ '000

For the year ended 31.03.2018

Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
Commission Paid Direct	130,002	35	130,037	-	-	-	-	96	34,358	-	8,660	173,151
Add: Commission paid on Re-insurance Accepted	-	-	-	-	-	42	-	-	-	-	-	42
Less: Commission earned on Re-insurance Ceded	6,110	1,448	7,558	-	-	-	-	23,200	1,940	-	6,318	39,016
Net Commission	123,892	(1,413)	122,479	-	-	42	-	(23,104)	32,418	-	2,342	134,177
Break-up of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:												
Agents	12,828	16	12,844	-	-	-	-	5	188	-	37	13,074
Brokers	32,680	2	32,682	-	-	-	-	61	3,792	-	32	36,567
Corporate Agency	56,184	16	56,200	-	-	-	-	30	30,240	-	8,591	95,061
Others	28,310	1	28,311	-	-	-	-	-	138	-	-	28,449
TOTAL (B)	130,002	35	130,037	-	-	-	-	96	34,358	-	8,660	173,151
Commission Paid In India	130,002	35	130,037	-	-	-	-	96	34,358	-	8,660	173,151
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Net Commission	130,002	35	130,037	-	-	-	-	96	34,358	-	8,660	173,151

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

₹ '000

For the year ended 31.03.2017

Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
Commission Paid Direct	35,653	-	35,653	-	-	-	-	-	14,071	-	8	49,732
Add: Commission paid on Re-insurance Accepted	-	-	-	-	-	37	-	-	-	-	-	37
Less: Commission earned on Re-insurance Ceded	3,367	601	3,968	-	-	-	-	7,541	709	-	6	12,224
Net Commission	32,286	(601)	31,685	-	-	37	-	(7,541)	13,362	-	2	37,545
Break-up of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:												
Agents	158	-	158	-	-	-	-	-	2	-	-	160
Brokers	7,929	-	7,929	-	-	-	-	-	7	-	1	7,937
Corporate Agency	22,239	-	22,239	-	-	-	-	-	14,062	-	7	36,308
Others	5,327	-	5,327	-	-	-	-	-	-	-	-	5,327
TOTAL (B)	35,653	-	35,653	-	-	-	-	-	14,071	-	8	49,732
Commission Paid In India	35,653	-	35,653	-	-	-	-	-	14,071	-	8	49,732
Outside India	-	-	-	-	-	-	-	-	-	-	-	-
Net Commission	35,653	-	35,653	-	-	-	-	-	14,071	-	8	49,732

SCHEDULE 4 - OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

₹ '000

		For the year ended 31.03.2018				For the year ended 31.03.2017					
		Fire	Marine Cargo	Miscellaneous* Others	Total	Fire	Marine Cargo	Miscellaneous* Others	Total		
S.No	Particulars										
1	Employees' remuneration & welfare benefits	6,127	-	-	355,399	361,526	70	-	-	267,012	267,082
2	Travel, conveyance and vehicle running expenses	241	-	-	15,383	15,624	5	-	-	11,266	11,271
3	Training expenses	28	-	-	1,645	1,673	3	-	-	6,723	6,726
4	Rents, rates & taxes	601	-	-	40,094	40,695	14	-	-	30,922	30,936
5	Repairs and maintenance	188	-	-	10,966	11,154	1	-	-	2,833	2,834
6	Printing & stationery	89	-	-	5,602	5,691	1	-	-	1,668	1,669
7	Communication	150	-	-	9,028	9,178	3	-	-	6,806	6,809
8	Legal & professional charges	525	-	-	35,879	36,404	9	-	-	22,942	22,951
9	Auditors' fees, expenses etc										
(a)	as auditor	34	-	-	1,966	2,000	1	-	-	1,499	1,500
(b)	as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-
	(i) Taxation matters	-	-	-	-	-	-	-	-	-	-
	(ii) Insurance matters	-	-	-	-	-	-	-	-	-	-
	(iii) Management services; and	-	-	-	-	-	-	-	-	-	-
(c)	in any other capacity	1	-	-	65	66	0.06	-	-	137	137
(d)	out of pocket expenses	0.27	-	-	16	16	0.01	-	-	19	19

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

₹ '000

		For the year ended 31.03.2018					For the year ended 31.03.2017				
		Fire	Marine	Miscellaneous*	Total		Fire	Marine	Miscellaneous*	Total	
S.No	Particulars	Cargo	Others				Cargo	Others			
10	Advertisement and publicity	176	-	-	38,685	38,861	10	-	-	46,630	46,640
11	Interest & Bank Charges	45	-	-	2,633	2,678	2	-	-	1,389	1,391
12	Others										
	Membership and Subscription Fees	32	-	-	2,161	2,193	1	-	-	2,319	2,320
	Information Technology Related Expenses	1,189	-	-	69,450	70,639	20	-	-	44,429	44,449
	Electricity Expenses	39	-	-	2,277	2,316	2	-	-	5,514	5,516
	Business Promotion	0.04	-	-	2	2	0.04	-	-	87	87
	Directors Sitting Fees	10	-	-	590	600	0.29	-	-	640	640
	Miscellaneous Expenses	2,519	-	-	2,969	5,488	6	-	-	12,989	12,995
13	Depreciation	1,362	-	-	80,130	81,492	27	-	-	61,184	61,211
TOTAL		13,356	-	-	674,940	688,296	174	-	-	527,008	527,182

*Refer Schedule 4A

SCHEDULE 4 (A) - OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

₹ '000

For the year ended 31.03.2018

S.No	Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
1	Employees' remuneration & welfare benefits	160,513	125,452	285,965	-	-	-	-	7,541	56,737	-	5,156	355,399
2	Travel, conveyance and vehicle running expenses	7,467	5,308	12,775	-	-	-	-	276	2,115	-	217	15,383
3	Training expenses	785	558	1,343	-	-	-	-	32	244	-	26	1,645
4	Rents, rates & taxes	16,658	11,840	28,498	-	-	-	-	4,765	6,287	-	544	40,094
5	Repairs and maintenance	5,235	3,721	8,956	-	-	-	-	216	1,624	-	170	10,966
6	Printing & stationery	2,708	1,925	4,633	-	-	-	-	102	786	-	81	5,602
7	Communication	4,311	3,064	7,375	-	-	-	-	172	1,336	-	146	9,029
8	Legal & professional charges	16,960	12,055	29,015	-	-	-	-	584	5,739	-	540	35,878
9	Auditors' fees, expenses etc												
(a)	as auditor	939	667	1,606	-	-	-	-	39	290	-	31	1,966
(b)	as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-
(ii)	Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-
(iii)	Management services; and	-	-	-	-	-	-	-	-	-	-	-	-
(c)	in any other capacity	31	22	53	-	-	-	-	1	10	-	1	65
(d)	out of pocket expenses	8	5	13	-	-	-	-	0.8	2	-	0.2	16
10	Advertisement and publicity	21,249	15,103	36,352	-	-	-	-	243	1,885	-	205	38,685

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

₹ '000

For the year ended 31.03.2018

S.No	Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
11	Interest & Bank Charges	1,257	893	2,150	-	-	-	-	52	390	-	41	2,633
12	Others												
	Membership and Subscription Fees	1,063	756	1,819	-	-	-	-	37	276	-	29	2,161
	Information Technology Related Expenses	33,172	23,578	56,750	-	-	-	-	1,363	10,258	-	1,079	69,450
	Electricity Expenses	1,087	773	1,860	-	-	-	-	45	337	-	35	2,277
	Business Promotion	1	1	2	-	-	-	-	0.04	0.31	-	0.03	2
	Directors Sitting Fees	282	200	482	-	-	-	-	12	87	-	9	590
	Miscellaneous Expenses	1,480	1,052	2,532	-	-	-	-	64	333	-	40	2,969
13	Depreciation	38,210	27,160	65,370	-	-	-	-	1,560	11,967	-	1,233	80,130
	TOTAL	313,416	234,133	547,549	-	-	-	-	17,105	100,703	-	9,583	674,940

₹ '000

For the year ended 31.03.2017

S.No	Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
1	Employees' remuneration & welfare benefits	147,475	79,468	226,944	-	-	-	-	3,713	36,351	-	5	267,012
2	Travel, conveyance and vehicle running expenses	6,396	3,423	9,819	-	-	-	-	186	1,261	-	0	11,266
3	Training expenses	3,781	2,024	5,805	-	-	-	-	123	796	-	0	6,724
4	Rents, rates & taxes	16,423	8,790	25,213	-	-	-	-	2,252	3,455	-	1	30,921
5	Repairs and maintenance	1,593	853	2,446	-	-	-	-	52	335	-	0	2,833
6	Printing & stationery	944	505	1,449	-	-	-	-	29	189	-	0	1,667
7	Communication	3,823	2,046	5,869	-	-	-	-	119	817	-	0	6,806
8	Legal & professional charges	12,841	6,873	19,714	-	-	-	-	384	2,843	-	1	22,942
9	Auditors' fees, expenses etc												
(a)	as auditor	842	452	1,294	-	-	-	-	27	177	-	0	1,498
(b)	as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-	-	-	-	-
(i)	Taxation matters	-	-	-	-	-	-	-	-	-	-	-	-
(ii)	Insurance matters	-	-	-	-	-	-	-	-	-	-	-	-
(iii)	Management services; and	-	-	-	-	-	-	-	-	-	-	-	-
(c)	in any other capacity	77	41	118	-	-	-	-	2	16.2	-	0	137
(d)	out of pocket expenses	11	6	17	-	-	-	-	0	2	-	0	19
10	Advertisement and publicity	28,472	15,239	43,711	-	-	-	-	389	2,530	-	1	46,631
11	Interest & Bank Charges	781	418	1,199	-	-	-	-	25	164	-	0	1,388

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

₹ '000

For the year ended 31.03.2017

S.No	Particulars	Motor OD	Motor TP	Motor Total	Workmen's Compensation	Public Liability	Engineering	Aviation	Personal Accident	Health Insurance	Trade Credit	Others	Total
12	Others												
	Membership and Subscription Fees	1,346	720	2,066	-	-	-	-	34	220	-	0	2,310
	Information Technology Related Expenses	24,985	13,373	38,358	-	-	-	-	810	5,259	-	1	44,428
	Electricity Expenses	3,101	1,660	4,761	-	-	-	-	101	653	-	0	5,515
	Business Promotion	49	26	75	-	-	-	-	2	10.29	-	0	87
	Directors Sitting Fees	361	193	554	-	-	-	-	12	76	-	0	642
	Miscellaneous Expenses	7,306	3,910	11,216	-	-	-	-	237	1,537	-	0	13,000
13	Depreciation	34,421	18,423	52,844	-	-	-	-	1,110	7,230	-	2	61,186
	TOTAL	295,025	158,443	453,467	-	-	-	-	9,607	63,921	-	11	527,008

SCHEDULE 5 - SHARE CAPITAL

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
1	Authorised Capital 190,000,000 (Previous Year: 150,000,000) Equity Shares of ₹ 10 each	1,900,000	1,500,000
2	Issued Capital 175,000,000 (Previous Year: 135,000,000) Equity Shares of ₹ 10 each	1,750,000	1,350,000
3	Subscribed Capital 175,000,000 (Previous Year: 135,000,000) Equity Shares of ₹ 10 each	1,750,000	1,350,000
4	Called-up Capital 175,000,000 (Previous Year: 135,000,000) Equity Shares of ₹ 10 each	1,750,000	1,350,000
	Less : Calls unpaid	0	0
	Add : Equity Shares forfeited (amount originally paid up)	0	0
	Less : Par Value of Equity Shares bought back	0	0
	Less : Preliminary Expenses	0	0
	Less : Expenses including commission or brokerage on underwriting or subscription of shares	0	0
	TOTAL	1,750,000	1,350,000

Entire 175,000,000 (Previous Year 135,000,000) equity shares of ₹ 10 each fully paid up are held by Kotak Mahindra Bank Ltd the holding company and its nominees.

SCHEDULE 5A - PATTERN OF SHAREHOLDING

Particulars	As at 31.03.2018		As at 31.03.2017	
	Numbe of Shares	% of Holding	Numbe of Shares	% of Holding
Promoters				
- Indian	175,000,000	100%	135,000,000	100%
- Foreign	-	0%	-	0%
Others				
TOTAL	175,000,000	100%	135,000,000	100%

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

SCHEDULE 6 - RESERVES AND SURPLUS

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	-	-
4	General Reserves	-	-
	Less: Debit balance in Profit and Loss Account	-	-
	Less: Amount utilized for Buy-back	-	-
5	Catastrophe Reserve	-	-
6	Other Reserves	-	-
7	Balance in Profit & Loss Account	-	-
	TOTAL	-	-

SCHEDULE 7 - BORROWINGS

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
1	Debentures/ Bonds	-	-
2	Banks	-	-
3	Financial Institutions	-	-
4	Others	-	-
	TOTAL	-	-

SCHEDULE 8 - INVESTMENTS-SHAREHOLDERS

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
	LONG TERM INVESTMENTS		
1	Government securities and Government guaranteed bonds including Treasury Bills	193,810	259,688
2	Other Approved Securities	-	-
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	162,275	141,098

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	351,965	269,032
5	Other than Approved Investments	-	-
	SHORT TERM INVESTMENTS		
1	Government securities and Government guaranteed bonds including Treasury Bills	676	29,643
2	Other Approved Securities	-	-
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	10,315	16,572
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	18,032	56,624
	(e) Other Securities - Commercial Papers	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	18,348	-
5	Other than Approved Investments	-	-
	TOTAL	755,421	772,657

Notes:

- All the Investments are free of any encumbrances.
- All the above Investments are performing assets.
- During the Period under review, there have been investments in Subsidiary, Joint Ventures & Fellow Subsidiaries as below:
 - Investment in Mutual Fund Schemes of Kotak Mahindra Asset Management Company Limited ₹ 12,000 (PY 12,000) (figures in '000)
 - Investment in Debentures of Kotak Mahindra Prime Ltd ₹ 100,012 (PY Nil) (figures in '000)
- Aggregate amount of investments other than listed equity securities and derivative instruments- ₹ 2,488,654 (PY 1,471,401) (figures in '000) Market Value: ₹ 2,420,945 (PY1,474,119) (figures in '000).
- Investment maturing within twelve months from balance sheet date and investments made with the specific intention to dispose of within twelve month from balance sheet date are categorised as Short Term Investments.
- Segregation of Policyholders & Shareholders with reference to IRDAI Circular no IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and Circular No. IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

SCHEDULE 8A - INVESTMENTS-POLICYHOLDERS

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
	LONG TERM INVESTMENTS		
1	Government securities and Government guaranteed bonds including Treasury Bills	737,223	301,720
2	Other Approved Securities	-	-
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	287,790	109,206
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	624,202	208,223
5	Other than Approved Investments	-	-
	SHORT TERM INVESTMENTS		
1	Government securities and Government guaranteed bonds including Treasury Bills	1,199	22,943
2	Other Approved Securities	-	-
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	18,293	12,827
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	31,980	43,825
	(e) Other Securities - Commercial Papers	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	32,539	-
5	Other than Approved Investments	-	-
	TOTAL	1,733,226	698,744

Notes:

- All the Investments are free of any encumbrances.
- All the above Investments are performing assets.
- During the Period under review, there have been investments in Subsidiary, Joint Ventures & Fellow Subsidiaries as below:
 - Investment in Mutual Fund Schemes of Kotak Mahindra Asset Management Company Limited ₹ 12,000 (PY 12,000) (figures in '000)
 - Investment in Debentures of Kotak Mahindra Prime Ltd ₹ 100,012 (PY Nil) (figures in '000)
- Aggregate amount of investments other than listed equity securities and derivative instruments- ₹ 2,488,654 (PY 1,471,401) (figures in '000) Market Value: ₹ 2,420,945 (PY1,474,119) (figures in '000).
- Investment maturing within twelve months from balance sheet date and investments made with the specific intention to dispose of within twelve month from balance sheet date are categorised as Short Term Investments.
- Segregation of Policyholders & Shareholders with reference to IRDAI Circular no IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and Circular No. IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

SCHEDULE 9 - LOANS

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
1	SECURITY-WISE CLASSIFICATION		
	Secured	-	-
	(a) On mortgage of property	-	-
	(aa) In India	-	-
	(bb) Outside India	-	-
	(b) On Shares, Bonds, Govt. Securities	-	-
	(c) Others	-	-
	Unsecured	-	-
	TOTAL	-	-
2	BORROWER-WISE 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	-	-

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

SCHEDULE 10 - FIXED ASSETS

₹ '000

Particulars	Cost/ Gross Block			Depreciation				Net Block		
	As at 01.04.2017	Additions during the year	Deductions/ Adjustments during the year	As at 31.03.2018	As at 01.04.2017	For the year ended 31.03.2018	On Sales/ Adjustments	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles - Software	126,914	30,789	-	157,703	43,794	52,559	-	96,353	61,350	83,120
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	3,795	14	-	3,809	544	635	-	1,179	2,630	3,251
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	393	43	-	436	356	45	-	401	35	33
IT Equipments	63,716	9,883	-	73,599	25,183	23,564	-	48,747	24,852	38,533
Vehicles	15,241	7,853	1,257	21,837	4,538	4,484	249	8,773	13,064	10,703
Office Equipment	621	779	-	1,400	132	207	-	339	1,061	489
Others	-	-	-	-	-	-	-	-	-	-
TOTAL	210,680	49,361	1,257	258,784	74,547	81,494	249	155,792	102,992	136,129
Capital Work in progress	581	-	581	-	-	-	-	-	-	581
Grand Total	211,261	49,361	1,838	258,784	74,547	81,494	249	155,792	102,992	136,711
Previous Year	149,615	62,369	724	211,260	13,337	61,210	-	74,547	136,711	

SCHEDULE 11 - CASH AND BANK BALANCE

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
1	Cash (including cheques, drafts and stamps)	6,401	7,550
2	Bank Balances		
	(a) Deposit Accounts	-	-
	(aa) Short-term (due within 12 months)	-	-
	(bb) Others	-	-
	(b) Current Accounts	88,928	25,153
	(c) Others	-	-
3	Money at Call and Short Notice		
	(a) With Banks	-	-
	(b) With other Institutions	-	-
4	Others	-	-
	TOTAL	95,329	32,703

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

SCHEDULE 12 - ADVANCES AND OTHER ASSETS

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
	ADVANCES		
1	Reserve deposits with ceding companies	-	-
2	Application money for investments	-	-
3	Prepayments	6,915	9,464
4	Advances to Directors/Officers	-	-
5	Advance tax paid and taxes deducted at source (Net of provision for taxation)	72	46
6	Others:-		
	Advances to employees	1,204	1,240
	Advances to vendors	5,001	1,654
	TOTAL (A)	13,192	12,404
	OTHER ASSETS		
1	Income accrued on investments	72,121	48,903
2	Outstanding Premiums	-	-
3	Agents' Balances	-	-
4	Foreign Agencies Balances	-	-
5	Due from other entities carrying on insurance business (including reinsurers)	6,838	-
6	Due from subsidiaries/ holding company	-	55
7	Deposit with Reserve Bank of India	-	-
8	Others:-		
	Investment of Unclaimed Amount	633	248
	Security and other deposits	1,675	759
	Service Tax Unutilised Credit	-	9,657
	Sundry Debtors	1,297	883
	Terrorism Pool Receivables	45,269	23,821
	GST Unutilised Credit	75,486	-
	TOTAL (B)	203,319	84,326
	TOTAL (A+B)	216,511	96,730

Notes

Forming Part of Financial Statements for the year ended March 31, 2018

SCHEDULE 13 - CURRENT LIABILITIES

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
1	Agents' Balances	18,134	7,094
2	Balances due to other insurance companies	59,174	30,741
3	Deposits held on re-insurance ceded	-	-
4	Premiums received in advance	13,874	14,195
5	Unallocated Premium	41,020	27,667
6	Unclaimed Amount of Policyholders	627	248
7	Sundry creditors	2,368	3,671
8	Due to subsidiaries/ holding company	1,944	4,269
9	Claims Outstanding	683,672	177,982
10	Due to Officers/ Directors	-	-
11	Others:-		
	Statutory Dues	53,594	9,573
	Refund Payable - Premium	1,205	599
	Provision for expenses	92,106	77,067
	Solatium Fund	852	258
	Payable to Employees	314	22
	TOTAL	968,884	353,386

SCHEDULE 14 - PROVISIONS

₹ '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
1	Reserve for Unexpired Risk	941,790	471,133
2	For taxation (less advance tax paid and taxes deducted at source)	-	-
3	For proposed dividends	-	-
4	For dividend distribution tax	-	-
5	Others		
	Gratuity	13,587	5,992
	Leave Encashment	1,913	4,233
6	Reserve for Premium Deficiency	-	-
	TOTAL	957,290	481,358

SCHEDULE 15 - MISCELLANEOUS EXPENDITURE

Rs. '000

S.No	Particulars	As at 31.03.2018	As at 31.03.2017
1	Discount Allowed in issue of shares/ debentures	-	-
2	Others	-	-
	Total	-	-

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

SCHEDULE 16: NOTES TO THE FINANCIAL STATEMENTS

1. Background

Kotak Mahindra General Insurance Company Limited ("The Company") was incorporated on December 20, 2014 under Companies Act, 2013 as a 100% subsidiary of Kotak Mahindra Bank Limited. The Company received certificate of registration from Insurance Regulatory and Development Authority (IRDAI) on November 18, 2015 with registration no. 152 and subsequently commenced operations on December 17, 2015. The Company is in the business of underwriting general insurance policies relating to Fire and Miscellaneous segments.

2. Significant Accounting Policies:

A. Basis of Preparation

The Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles in India to comply with the accounting standards specified under section 133 and the relevant provision of the Companies Act, 2013, as applicable, and in accordance with the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 read with Insurance Regulatory and Development Authority of India circular IRDAI /F&A/CIR/FA/059/03/2015 dated March 31, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), and the regulations framed there under (also refer IRDAI) the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), circulars/notifications issued by IRDAI from time to time (including circular no. IRDA/F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017)

B. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make judgments, estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcome requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. The estimates and assumptions used in the financial statements are based on Management's evaluation of the relevant facts and circumstances up to and as of the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is accounted for prospectively.

C. Revenue Recognition

Premium:

Premium net of goods and services tax (GST) (including reinsurance accepted & reinstatement premium) is recognised on commencement of the risk and for installment policies it is recognised on installment due dates. Premium earnings are recognised over the period of the policy or period of risk. Any revisions in premium amount are recognised in the year in which they occur & over the remaining period of the policy. Any Subsequent cancellations of policies are recognised in the same period in which it occurs.

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

Commission on reinsurance ceded:

Commission on reinsurance ceded is recognized as income on ceding of reinsurance premium. Profit commission under reinsurance treaties, wherever applicable, is recognized in the year of final determination of the profits and as intimated by the Reinsurer.

Income earned on investments:

Interest income is recognized on accrual basis. Dividend income is recognized when right to receive is established. Accretion of discount and amortization of premium relating to debt securities is recognized over the holding or maturity period of such securities on constant yield basis.

The Net gain/ loss on transfer/ sale of debt securities is the difference between the transfer/sale price and the net amortized cost/ book value which is computed on a Weighted average basis as on the date of transfer/ sale. Sale consideration for the purpose of realized gain/loss is net of brokerage and taxes, if any and excludes the interest received on sale

The realized gain or loss on mutual funds is the difference between sale consideration and carrying cost as on the date of sale, determined on a weighted average cost basis and includes accumulated changes in fair value taken in fair value change account earlier.

Any unrealized gain or loss in respect of mutual funds are recognized in 'fair value change account' in balance sheet and not available for distribution for dividend.

D. Premium Received In Advance

Premium received in advance represents the premium received prior to the commencement of the risk assumed on any policy. On balance sheet date such premium received in advance reflects in current liabilities.

E. Reserve for Unexpired Risk

Reserve for unexpired risk is recognized net of reinsurance ceded and represents premium written that is attributable and to be allocated to succeeding accounting periods for risks to be borne by the Company under contractual obligations over a contract period or period of risk, whichever is applicable. As per circular vide IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016 such reserves are calculated on a pro-rata basis under 1/365 basis subject to 100% for marine hull business, on all unexpired policies at Balance Sheet Date..

F. Reinsurance Premium Ceded and Reinsurance Accepted

Proportional Re-insurance premium ceded is accounted on due basis at the time when related premium income is accounted for. Non-proportional reinsurance cost is accounted as per terms of the reinsurance arrangements. Any revisions in reinsurance premium ceded are recognised in the period in which it occur. On cancellation of policies, related reinsurance premium ceded are recognised in the same period in which it occur.

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

G. Premium Deficiency Reserve

Premium deficiency is recognized when sum of expected claim cost, related expenses & maintenance cost (related to claims handling) exceed related reserve for unexpired risk. It is recognized on an annual basis and at segmental revenue account level viz., Fire, Marine & Miscellaneous. Premium Deficiency Reserve is estimated and certified by the Appointed Actuary.

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

H. Claims

Claims incurred includes claims paid net of reinsurance recovery and salvage value retained by the insured, change in loss reserve during the period, change in claims incurred but not reported (IBNR) & change in claims incurred but not enough reported (IBNER). Claims incurred also include survey fees/legal fees & other expenses directly attributable to claim cost. Claims will be recognized as and when intimation of it is received and provision will be determined (net of reinsurance recovery) by the management on the best estimate of claims likely to be paid based on survey reports, based on information received from various sources and from past experience.

Any subsequent information may result in revision of likely amount of final claim payment and accordingly there will be change in provision for outstanding claims.

IBNR is claim reserves provided for those claims which are incurred but not yet reported and IBNER is claim reserves provided for those claims which are incurred but not enough reported. Estimated liability for IBNR and IBNER has been estimated by the Appointed Actuary in compliance with the relevant regulations and guidelines issued by IRDAI and the same is duly certified by the Appointed Actuary of the Company.

I. Acquisition Cost

Acquisition costs are those costs that vary with, and are primarily related to, the acquisition of new and renewal insurance contracts viz commission. These costs are expensed in the period in which they are incurred.

J. Segment Reporting

In case of General insurance business, based on the primary segments identified under Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 read with AS 17 on "Segment Reporting" as specified under sec 133 of the act, read with rule 7 of The Companies(Accounts) Rules 2014 the Company has classified and disclosed segment information for Fire, Marine and Miscellaneous lines of business.

There are no reportable geographical segments, since all business is written in India.

K. Allocation of Investment income

In accordance with Circular No. IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017 issued by IRDAI on Segregation of Policyholder's fund and Shareholder funds, investment income for the period has been allocated to Revenue Account and Profit and Loss Account on basis of the ratio of average balance of policyholder's funds to average balance of shareholder's funds as at the close of each reporting period. Within the Revenue Account, the investment income shall be further allocated among the lines of business in proportion to average policy holder funds.

L. Allocation of Expenses

The Company has Board approved policy on allocation and apportionment of expenses of management as per notification of IRDAI dated April 27, 2016. The policy covers basis of allocation, expenses which shall be allocated, basis of apportionment and expenses which shall be apportioned. Expenses of Management related to insurance business are allocated to various segments on the following basis:

- a) Expenses which are directly identifiable are allocated to respective business segments on actuals
- b) Expenses which are not directly identifiable, are apportioned to the business segments on the basis of net written premium (before XOL).

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

M. Property, Plant and Equipment

Property, plant and Equipment are stated at acquisition cost inclusive of incidental expenses, net of accumulated depreciation and accumulated impairment losses, if any.

Intangible Assets

Intangible assets comprising software are stated at cost less amortization. Significant expenditure on improvements to software are capitalised when it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and such expenditure can be measured and attributed to the assets reliably.

Depreciation / Amortisation:

Deprecation is provided on a pro-rata basis on a Straight Line Method over the estimated useful life of the assets at rates which equal to or higher than the rates prescribed under Schedule II of the Companies Act, 2013 in order to reflect the actual usage of the assets. The estimated useful lives of assets based on technical evaluation by management are as follows:

Asset Type	Useful life in years
Improvement to leasehold premises	Over the period of lease subject to a maximum of 6 years
Office equipment	5
Furniture and Fixtures	6
Motor Vehicles	4
Intangible (Computer Software -including development expenditure)	3
Information Technology Equipment(Including computers)	3

Used assets purchased are depreciated over the residual useful life from the date of purchase.

For assets purchased and sold during the year, depreciation is provided on pro rata basis by the Company.

Assets costing less than ₹ 5,000 are fully depreciated in the year of purchase.

Capital work in progress includes assets which are not yet ready for its intended use and are carried at cost.

Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

N. Employee Benefits

a. Short Term Benefits

All employee benefits payable within 12 months of rendering the services are classified as short term employee benefits. Benefits such as salary, bonuses, short term compensated absences and non-monetary benefits etc. are recognized in the period in which the employees renders the related service. All the short term benefit are accounted on undiscounted basis.

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

b. Long term Benefits

i. Provident Fund – Defined Contribution Plan:

Contribution as required by the Statute made to the Government Provident Fund is debited to the Profit and Loss Account when incurred. The company has no further obligations.

ii. New Pension Scheme - Defined Contribution Plan:

The Company contributes up to 10% of employees' salary per annum, for employees who have opted to the New Pension Fund administered by a PFRDA appointed pension fund manager. The Company recognises such contributions as an expense in the year they are incurred.

iii. Gratuity – Long Term Benefit Plan:

The Company provides for Gratuity, a defined benefit plan covering employees in accordance with the Payment of Gratuity Act, 1972. The Company's liability is actuarially determined (using Projected Unit Credit Method) at the Balance Sheet date.

Actuarial gains / losses are recognised immediately in the Profit and Loss Account in the year they are incurred.

iv. Compensated Absences - Other Long-Term Employee Benefits:

The Company accrues the liability for compensated absences based on the actuarial valuation as at the Balance Sheet date conducted by an independent actuary which includes assumptions about demographics, early retirement, salary increases, interest rates and leave utilisation. The net present value of the Company obligation is determined based on the Projected Unit Credit Method as at the Balance Sheet date. Actuarial Gains / Losses are recognised immediately in the Profit and Loss Account in the year in which they arise.

O. Investments

Investments are made and accounted for in accordance with the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, The IRDA (Investment) Regulations, 2016 as amended and various other relevant circulars/ notification issued by IRDAI from time to time.

Investments are recorded at cost and include brokerage, transfer charges, stamps etc, and excludes pre acquisition interest, if any.

Investments maturing within twelve months from balance sheet date and investments made with specific intention to dispose off within twelve months from balance sheet date are classified as 'short term investments'

Investments other than 'short term investment' are classified as 'long term investment'.

Debt securities & non-convertible preference shares are considered as 'held to maturity' and stated at historical cost adjusted for amortization of premium or accretion of discount determined on constant yield to maturity basis over the holding/maturity period.

Mutual fund units are stated at their 'Net Asset Value' as at the balance sheet date. Any unrealized gain/loss will be accounted for under fair value change account.

In accordance with Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016 and Circular No. IRDA/F&A/CIR/CPM/010/01/2017 dated January 12, 2017, in respect of Preparation of Financial Statements and Auditors' Report of Insurance Companies, the company has segregated investments between Policyholder and Shareholder.

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

P. Foreign Currency Transactions

Transactions denominated in foreign currency are recorded at the rate prevailing on the date of transactions. Foreign currency assets and liabilities are stated at the rate prevailing on the balance sheet date. Any gain or loss on settlement or restatement are accounted for in revenue account and profit & loss account.

Q. Operating Leases

Where all the risks and benefits of ownership are retained by the lessor those are classified as operating lease. Payment on account of operating leases are accounted for under revenue account on straight line basis over the lease period.

R. Contribution to Terrorism Pool

In accordance with the requirements of IRDAI, the Company, together with other insurance companies, participated in the Terrorism Pool. This pool is managed by General Insurance Corporation of India (GIC). In accordance with the terms of the agreement, GIC retro cedes, to the Company, terrorism premium to the extent of shares agreed to be borne by the Company in the risk which is recorded as reinsurance accepted. Such Insurance accepted is recorded based on quarterly confirmation received from GIC. Accordingly, reinsurance accepted on account of Terrorism Pool has been recorded in accordance with the latest statement received from GIC as on December 31, 2017.

The entire amount of reinsurance accepted for the current year on this account, net of claims and expenses up to the above date, has been carried forward to the subsequent accounting period as Changes in unearned premium under Insurance Contract Liabilities for subsequent risks, if any, to be borne by the company.

S. Contribution to Solatium Fund

As per the requirements of IRDA, the company provides for contribution to Solatium Fund @ 0.10 % on the gross direct premium of motor third party policies.

T. Taxation

The company provides for current tax on taxable income for the current accounting period as per the provision of the Income Tax Act, 1961.

Deferred tax charge or credit and corresponding deferred tax liabilities or assets are recognized for future tax consequences attributable to timing differences between accounting income and taxable income for the year.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the asset can be realized in future. However, where there is unabsorbed depreciation or carry forward of losses under taxation laws, deferred tax assets are recognized only to the extent there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available against which deferred tax assets can be realized.

Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount virtually certain to be realized.

U. Goods and Services Tax (GST)

GST liability on premium are set-off against available GST credits. Unutilized credits, if any, are carried forward under "Advances and Other Assets" for set-off in subsequent periods.

V. Share Issue Expenses

Share Issue expenses in relation to increase in share capital are written off when incurred.

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

W. Earnings per share

Basic earnings per share is calculated by dividing net profit after tax by the weighted average number of equity shares outstanding during the reporting period.

Number of equity shares used in computing diluted earnings per share comprises the weighted average number of shares considered for basic earnings per share and also weighted average number of equity shares which would have been issued on conversion of all dilutive potential shares. In computing diluted earnings per share only potential equity shares that are dilutive are considered.

X. Provisions & Contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that 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 their 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 losses arising from claims other than insurance claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

A disclosure for a contingent liability other than those under policies is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Y. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Receipts and Payments Account include cash and cheques in hand, bank balances, other investments with original maturity of three months or less which are subject to insignificant risk of changes in value.

Z. Employee stock option scheme

Cash settled scheme:

The cost of cash-settled transactions (stock appreciation rights) is measured initially using intrinsic value method at the grant date taking into account the terms and conditions upon which the instruments were granted. This intrinsic value is amortised on a straight-line basis over the vesting period with a recognition of corresponding liability. This liability is remeasured at each balance sheet date up to and including the settlement date with changes in intrinsic value recognised in the Revenue/Profit and loss account in 'Employees' remuneration & welfare benefits'.

AB. Receipts and Payments Account

Receipts and Payments Account is prepared and reported using the Direct Method, in conformity with para 2.2 of the Master Circular on Preparation of Financial Statements -General Insurance Business dated October 5, 2012, issued by the IRDA.

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

3. Contingent Liabilities:-

Sr No. Particulars	As at 31.03.2018	As at 31.03.2017
1 Partly paid up investments	Nil	Nil
2 Underwriting commitments outstanding	Nil	Nil
3 Claims, other than those under policies, not acknowledged as debts	Nil	Nil
4 Guarantees given by or on behalf of the Company	Nil	Nil
5 Statutory demands/liabilities in dispute, not provided for	Nil	Nil
6 Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
7 Others	Nil	Nil

4. Encumbrances on Assets

The assets of the Company are free from any encumbrances.

5. Capital Commitments

Sr No. Particulars	As at 31.03.2018	As at 31.03.2017
1 Estimated amount of commitment pertaining to contracts remaining to be executed in respect of Fixed Asset (Net of Advances)	14,843	26,787

6. Claims

Claims, less reinsurance paid to claimants in/outside India are as under:

Sr No. Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
1 In India	326,368	65,008
2 Outside India	Nil	Nil

There are no claims that have been settled and remaining outstanding for more than 6 months as at the end of year (Previous Year Nil).

Ageing of gross claims outstanding for more than 6 months is as under:

Sr No. Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
1 More than 6 months	141,675	3,235
2 Other Claims	32,299	38,527

7. Premium

(a) Premiums, less reinsurance, written from business in/outside India:

Sr No. Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
1 In India	1,629,406	767,282
2 Outside India	Nil	Nil

(b) Premium income recognised, based on Varying Risk Pattern is Rupees Nil (Previous Year Nil).

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

8. Extent of Risks Retained and Reinsured

Extent of risk retained and reinsured based on Gross written premium (excluding excess of loss and catastrophe reinsurance):

Product	Gross Premium	Premium Ceded	Retention	Ceded %	Retention%
For the year ended 31.03.2018					
Motor	1,393,707	69,685	1,324,022	5%	95%
Health	252,789	12,723	240,266	5%	95%
Personal Accident	71,015	39,101	31,914	55%	45%
Fire	103,585	51,319	52,266	50%	50%
Engineering	4,668	-	4,668	0%	100%
Others	54,848	29,592	25,256	54%	46%
For the year ended 31.03.2017					
Motor	689,252	34,463	654,789	5%	95%
Health	94,492	4,725	89,767	5%	95%
Personal Accident	27,452	13,616	13,835	50%	50%
Fire	33,186	8,939	24,246	27%	73%
Engineering	4,227	-	4,227	0%	100%
Others	53	30	23	56%	44%

9. Investments:

Value of contracts in relation to investments for:

Particulars	As at 31.03.2018	As at 31.03.2017
Purchases where deliveries are pending	50,000	50,000
Sales where payments are overdue	Nil	Nil

Historical cost of value of Investments which are valued on fair value basis ₹ Nil (Previous Year Nil).

Investments made are in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015 and Insurance Regulatory and Development Authority (Investment) Regulations, 2000 as amended and are performing investments.

10. Managerial Remuneration

Sr No.	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
1	Salary & Perquisites	23,430	22,798
2	Contribution to Provident & Other Funds	1,329	1,232

- The managerial remuneration is in accordance with the requirements of section 34A of the Insurance Act, 1938 and as approved by IRDAI.
- The managerial remuneration does not include provision for gratuity and leave encashment, as provision for gratuity & leave encashment liability is determined actuarially for the Company as a whole and accordingly have not been considered in the above information.

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

11. Sector wise Business based on Gross Direct Premium Income (GDPI):

Particulars	As at 31.03.2018		As at 31.03.2017	
	GDPI	% of GDPI	GDPI	% of GDPI
Rural	1,02,481	6%	88,228	11%
Urban	17,51,434	94%	732,301	89%
Total	18,53,915	100%	820,529	100%

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Number of Lives	1,941	48
GDPI	2.96	6.28

12. Premium Deficiency Reserve:

In accordance with Master Circular and Corrigendum on Master Circular on preparation of financial statement issued by IRDA vide circular number IRDA/F&I/CIR/F&A/231/10/2012 dated October 5, 2012 and circular number IRDA/F&A/CIR/FA/126/07/2013 dated July 3, 2013 respectively, in respect of calculation and recognition of Premium deficiency, the company does not require to make any provision for Premium Deficiency Reserve during the current year. (Previous Year Nil).

13. Operating Leases:

In respect of commercial premises taken on operating leases, rental payments are recognized in statement of profit & loss account on straight line basis over the period of lease term.

The aggregate operating lease rent amounting to ₹ 29,764 (Previous Year 27,565) has been charged to the Revenue Accounts in the current year.

The Company has entered into only cancellable lease agreements with lessor and there are no transactions in the nature of sublease.

14. Related Party:

The disclosures related to related parties as required by Accounting Standard 18 on Related Parties Disclosures as specified under Section 133, and the relevant provisions of the companies Act 2013.

Particulars	Nature of Relationship	Name of the party
Parties where control exists	Holding Company	Kotak Mahindra Bank Limited (KMBL) Uday S. Kotak along with relatives and entities controlled by him holds 30.04% (P.Y. 32.02%) of the equity share capital of Kotak Mahindra Bank Limited as on 31 st March, 2018
Other Related Parties	Fellow Subsidiaries	Kotak Mahindra Prime Limited Kotak Securities Limited Kotak Mahindra Investments Limited Kotak Mahindra Capital Company Limited Kotak Mahindra Asset Management Company Limited Kotak Mahindra Life Insurance Company Limited

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

Particulars	Nature of Relationship	Name of the party
		Kotak Mahindra Trustee Company Limited
		Kotak Investment Advisors Limited
		Kotak Mahindra Trusteeship Services Limited
		Kotak Infrastructure Debt Fund Limited (Formerly known as Kotak Forex Brokerage Limited)
		IVY Product Intermediaries Limited (Formerly known as ING Vysya Financial Services Limited)
		BSS Microfinance Limited
		Kotak Mahindra (International) Limited
		Kotak Mahindra (UK) Limited
		Kotak Mahindra, Inc.
		Kotak Mahindra Asset Management (Singapore) Pte Limited
		Kotak Mahindra Financial Services Limited
		Kotak Mahindra Pension Fund Limited
Key Management Personnel (KMP)	Managing Director & CEO	Mahesh Balasubramanian
Enterprises over which individual or their relatives have their significant influence		Kotak Commodities Services Private Ltd Infina Finance Private Ltd Phoenix ARC Private Limited Harisiddha Trading and Finance Pvt Ltd Palko Properties Private Ltd

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

The following are transactions and closing balances of related parties in the ordinary course of business:

Description of Transactions	Party Name	FY 17-18				FY 16-17			
		Holding Company	Fellow Subsidiaries	KMP/ Significant Control	Enterprises over which Individual having Significant influence	Holding Company	Fellow Subsidiaries	KMP/ Significant Control	Enterprises over which Individual having Significant influence
Assets									
Bank Balance	Kotak Mahindra Bank Ltd.	88,923				25,147			
Commission Paid in Advance	Kotak Mahindra Bank Ltd.	407				180			
Outstanding Receivables	Kotak Mahindra Prime Limited		44				39		
	Kotak Mahindra Bank Ltd.					55			
Prepaid Expenses	Kotak Mahindra Life Insurance Co. Limited		11				11		
Investment in Bonds	Kotak Mahindra Prime Limited		1,00,000						
Int Accrued - Bonds/ Debentures	Kotak Mahindra Prime Limited		3,802						
Liability									
Commission Payable	Kotak Mahindra Bank Ltd.	8,278				3,344			
	Kotak Mahindra Prime Limited		961				617		
Outstanding Payables	Kotak Mahindra Bank Ltd.	1,688				4,269			
	Kotak Mahindra Life Insurance Co. Limited		84				194		
	Kotak Mahindra Prime Limited		201						
Premium Deposits	Kotak Investment Advisors Limited		120						
	Kotak Mahindra Asset Management Company Limited		0.11				51		
	Kotak Mahindra Bank Ltd.	11,868				8,864			
	Kotak Mahindra Investment Limited		0.003				23		
	Kotak Mahindra Prime Limited		1,962				1,731		
	Kotak Securities Limited		34						
	Phoneix ARC Private Limited				0.65				
	Uday Kotak and Relatives								38
Premium Received in Advance	Kotak Mahindra Bank Ltd.	5				486			
	Kotak Mahindra Investment Limited						110		
	Kotak Securities Limited		187				71		
	Kotak Investment Advisors Ltd		42						
Reimbursement to Group Companies	Kotak Mahindra Bank Ltd.					75			

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

Description of Transactions	Party Name	FY 17-18					FY 16-17				
		Holding Company	Fellow Subsidiaries	KMP/ Significant Control	Enterprises over which Individual Significant influence	Individual having Significant influence	Holding Company	Fellow Subsidiaries	KMP/ Significant Control	Enterprises over which Individual having Significant influence	Individual having Significant influence
Transfer of Employee Liability from Group Companies	Kotak Mahindra Bank Ltd. Kotak Mahindra Life Insurance Co Limited	548					425	30			
Transactions during the year											
Claims Paid	Kotak Mahindra Asset Management Company Limited		38				18				
	Kotak Mahindra Bank Ltd.	2,435					316	478			
	Kotak Mahindra Prime Limited							29			
	Kotak Securities Limited		221								
	Kotak Investment Advisors Limited		73								
	Kotak Mahindra Capital Company Limited		108								
Commission Paid	Kotak Mahindra Bank Ltd. Kotak Mahindra Prime Limited	91,961	10,708				30,892	5,473			
Employee Insurance Premium	Kotak Mahindra Life Insurance Co Limited		305					299			
Interest Income	Kotak Mahindra Prime Limited		3,440								
Interest Paid	Kotak Mahindra Asset Management Company Limited		0.09								
Investment in Equity Shares	Kotak Mahindra Bank Ltd.	4,00,000									
Premium Income	Kotak Investment Advisors Limited		691					425			
	Kotak Mahindra Asset Management Company Limited		769					670			
	Kotak Mahindra Bank Ltd. Kotak Mahindra Capital Company Limited	28,403	328				23,829	194			
	Kotak Mahindra Investment Limited		304					315			
	Kotak Mahindra Life Insurance Co Limited		50					15			
	Kotak Mahindra Pension Fund Limited		14					14			
	Kotak Mahindra Prime Limited		1,511					545			

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

Description of Transactions	Party Name	FY 17-18					FY 16-17				
		Holding Company	Fellow Subsidiaries	KMP/ Significant Control	Enterprises over which Individual having Significant influence	Individual having Significant influence	Holding Company	Fellow Subsidiaries	KMP/ Significant Control	Enterprises over which Individual having Significant influence	Individual having Significant influence
	Kotak Mahindra Trusteeship Services Limited		29					37			
	Kotak Commodities Services Private Ltd				220					177	
	Infina Finance Private Ltd				67					18	
	Uday S Kotak Along with relatives					389					300
	Kotak Securities Limited		3,575					2,167			
	Phoenix ARC Private Limited			5	235					177	
	Harisiddha Trading and Finance Pvt Ltd										
	Paiko Properties Private Ltd				5						
	Maresh Balasubramanian			51					36		
	Relative of Maresh Balasubramanian			5					4		
	Kotak Mahindra Bank Ltd.						53				
Reimbursement From Group Companies											
Bank Charges	Kotak Mahindra Bank Ltd.	216									
Reimbursement to Group Companies	Kotak Mahindra Bank Ltd.	43,228					39,792				
	Kotak Mahindra Life Insurance Co Limited		974					2,214			
	Kotak Mahindra Prime Ltd		186								
Rent Premises	Kotak Mahindra Prime Ltd		153								
	Kotak Mahindra Life Insurance Co Limited		1,487								
Remuneration of Key Management Personnel	Maresh Balasubramanian			24,758					24,030		
Purchase of Bonds/ Debenture	Kotak Mahindra Bank Ltd.						1,03,307				
Transfer of Employee Liability from Group Companies	Kotak Mahindra Bank Ltd.	548					425				
	Kotak Mahindra Life Insurance Co Limited							30			

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

15. Employee Benefit Plans:

Defined Contribution Plan:

Sr No. Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
1 Provident Fund	14,427	10,997
2 National Pension Scheme	1269	895

Defined Benefit Plan:

Gratuity

The company has a defined gratuity plan payable to every employee on separation from the company. The gratuity plan provides a lump sum payment to vested employees at retirement or on termination of employment based on respective employee's salary and years of employment with the Group subject to a maximum of ₹ 2,000 (Previous year: ₹ 1,000)

Disclosures as required under accounting standard AS-15 on Employee Benefits are given below:

Amount to be recognized in Balance Sheet:-

Particulars	As at 31.03.2018	As at 31.03.2017
Amount to be Recognized in Balance Sheet		
Present Value of Funded Obligations	Nil	Nil
Fair Value of Plan Assets	Nil	Nil
Present Value of Unfunded Obligations	13587	5,992
Unrecognized Past Service Cost	Nil	Nil
Amount not Recognized as an Asset (limit in Para 59(b))	Nil	Nil
Net Liability	13587	5,992
Amounts in Balance Sheet		
Liability	13587	5,992
Assets	Nil	Nil
Net Liability is bifurcated as follows:		
Current	1269	78
Non Current	12318	5,913
Net Liability	13587	5,992
Expense To Be Recognized in the Statement of P&L		
Current Service Cost	3565	2,609
Interest on Defined Benefit Obligation	683	449
Expected Return on Plan Assets	Nil	Nil
Net Actuarial Losses / (Gains) Recognized in Year	624	-482
Past Service Cost	2317	Nil
Losses / (Gains) on "Curtailments & Settlements"	Nil	Nil
Losses / (Gains) on "Acquisition / Divestiture"	Nil	Nil
Effect of the limit in Para 59(b)	Nil	Nil
Total, Included in "Employee Benefit Expense"	7189	2575
Actual Return on Plan Assets	Nil	Nil

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

Particulars	As at 31.03.2018	As at 31.03.2017
Reconciliation of Benefit Obligations & Plan Assets For the Period		
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	5992	3,122
Current Service Cost	3565	2609
Interest Cost	683	449
Actuarial Losses / (Gain)	624	(482)
Past Service Cost	2317	
Actuarial Losses / (Gain) due to Curtailment		Nil
Liabilities Extinguished on Settlements		
Liabilities Assumed on Acquisition / (Settled on Divestiture)	463	379
Exchange Difference on Foreign Plans		
Benefits Paid	(57)	(84)
Closing Defined Benefit Obligation	13587	5,992
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Actuarial Gain / (Losses)	Nil	Nil
Assets Distributed on Settlements	Nil	Nil
Contributions by Employer	57	84
Assets Acquired on Acquisition / (Distributed on Divestiture)	Nil	Nil
Exchange Difference on Foreign Plans	Nil	Nil
Benefits Paid	(57)	(84)
Closing Fair Value of Plan Assets	Nil	Nil
Expected Employer's Contribution Next Year	1269	78

Experience Adjustments:-

Particulars	As at 31.03.2018	As at 31.03.2017
Defined Benefit Obligation	13587	5,992
Plan Assets		
Surplus / (Deficit)	(13587)	(5,992)
Exp. Adj. on Plan Liabilities	2046	(39)
Exp. Adj. on Plan Assets	0	0

Summary of Principal Actuarial Assumptions:-

Particulars	As at 31.03.2018	As at 31.03.2017
Discount Rate (p.a.)	7.18%	7.18%
Expected Rate of Return on Assets (p.a.)	0.00%	0.00%
Salary Escalation Rate (p.a.)	7.00%	7.00%

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

Leave Encashment:

The company has a scheme of compensated absences where leaves are accruing for employees and liability of which are determined actuarially as at the year end.

The break-up of the Defined Benefit Obligation (which equals to net liability assuming this liability is not externally funded) between current & non-current is as follows:-

Particulars	As at 31.03.2018	As at 31.03.2017
Net Liability	1,913	4,233

Financial Assumptions at the Valuation Date:-

Particulars	As at 31.03.2018	As at 31.03.2017
Discount Rate (p.a.)	7.90%	7.18%
Salary Escalation Rate (p.a.)	7.00%	7.00%

16. Segmental Reporting:

The company's primary reportable segments are business segments which have been identified in accordance with the regulations and AS – 17 Segment Reporting. Operating Expenses & Income from Investments are allocated to business segments as mentioned in para 1K & 1L of schedule Segments revenue and segment results are shown in financial statements. Segmental assets and liabilities are disclosed to the extent identifiable:

Period	Products	Claims Outstanding	Reserve for Unexpired Risk
As at 31.03.2018	Motor	641,089	709,975
	Health	24,866	164,443
	PA	9,312	15,176
	Fire	6,197	27,951
	Engg	-	1498
	Others	1,328	22,747
	Total	682,792	941,790
As at 31.03.2017	Motor	167,894	396,719
	Health	7,894	53,998
	PA	1,332	11,172
	Fire	18	7,828
	Engg	-	1,394
	Others	1	21
	Total	177,140	471,133

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

17. Earnings Per Share:

Sr No. Particulars	As at 31.03.2018	As at 31.03.2017
1 Net Profit/(Loss) available to Equity Shareholders	(325,495)	(347,235)
2 Weighted Average Number of Equity Shares:-		
Number of Shares at the beginning of the year	13,50,00,000	13,50,00,000
Shares issued during the year	4,00,00,000	Nil
Number of Shares at the end of the year	17,50,00,000	13,50,00,000
Weighted Average Number of Equity Shares outstanding during the year	17,14,93,151	13,50,00,000
3 Nominal Value of Equity Shares	₹ 10	₹ 10
4 Basic Earnings Per Share	(1.90)	(2.57)
5 Diluted Earnings Per Share	(1.90)	(2.57)

There were no dilutive equity shares or potential equity shares issued and so weighted average number of equity shares is similar to calculate both basic earnings per share and diluted earnings per share.

18. Penalties Levied by Various Government Authorities During Financial Year 2017-18:

Sr No. Particulars	Non Compliance / Violation	Penalty Awarded	Penalty Paid	Penalty Waived / Reduced
1 Insurance Regulatory and Development Authority	Nil	Nil	Nil	Nil
2 Service Tax Authorities -	Nil	Nil	Nil	Nil
3 Income Tax Authorities -	Nil	Nil	Nil	Nil
4 Any other Tax Authorities	Nil	Nil	Nil	Nil
5 Enforcement Directorate/Adjudicating Authority/Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6 Registrar of Companies/ NCLT/CLB/Department of Corporate Affairs or any Authority under Companies Act, 2013/1956	Nil	Nil	Nil	Nil
7 Penalty awarded by any Court/Tribunal for any matter including claim settlement but excluding compensation	Nil	Nil	Nil	Nil
8 Securities and Exchange Board of India	NA	NA	NA	Nil
9 Competition Commission of India	Nil	Nil	Nil	Nil
10 Any other Central/State/Local Govt/Statutory Authority (Tariff Advisory Committee)	Nil	Nil	Nil	Nil

19. Contribution to Solatium Fund

The IRDA had asked the General Insurance Council ("the Council") to recommend the percentage of contribution to be made to a Solatium Fund and matters relating to the administration of the Fund. The Council recommended contribution of 0.10% of the all third party motor gross written premium as solatium fund to the administrator. Accordingly the company has provided ₹ 594(Previous Year ₹ 246) towards solatium fund during the year which is charged to revenue account and also disclosed under current liabilities.

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

20. Micro and Small Scale business entities:

According to the information available with the Company there are no dues (Previous Year Nil) payable to Micro, Small and Medium enterprises as defined under Micro, Small and Medium Enterprises Development, 2006 as at March 31, 2018.

21. Employee share option plans (ESOP) & Stock Appreciation rights (SARs):

Employee share option plans (ESOP)

Equity Settled Options

At the General Meetings of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolutions on 5th July 2007, 21st August 2007 and 29th June 2015, to grant options to the eligible employees of the Bank and its subsidiaries and associate companies. Pursuant to these resolutions, the following Employees Stock Option Schemes had been formulated and adopted:

- (a) Kotak Mahindra Equity Option Scheme 2007; and
- (b) Kotak Mahindra Equity Option Scheme 2015

Further, pursuant to the Scheme of Amalgamation of ING Vysya Bank (IVBL) with the Bank, the Bank has renamed and adopted the ESOP Schemes of the erstwhile IVBL, as given below:

- (a) Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2007
- (b) Kotak Mahindra Bank Ltd. (IVBL) Employee Stock Option Scheme 2010; and
- (c) Kotak Mahindra Bank Ltd. (IVBL) Employees Stock Option Scheme 2013

Consequent to the above, the Bank has granted stock options to employees of the Company. In accordance with the SEBI Guidelines and the guidance note on "Accounting for Employee Share based payments", the excess, if any, of the market price of the share, preceding the date of grant of the option under ESOPs over the exercise price of the option is amortised on a straight-line basis over the vesting period. The Company has reimbursed the Bank 'NIL' (Previous Year 'NIL' during the year on account of such costs and the same is forming part of Employee costs and included under the head "Reimbursement of expense on ESOP Scheme" under Note XX Employee Benefit Expenses under Note 4A Employee Remuneration and Welfare Benefit Expenses

Stock Appreciation rights (SARs)

At the General Meeting of the holding company, Kotak Mahindra Bank Limited, the shareholders of the Bank had unanimously passed Special Resolution on 29th June, 2015 to grant stock appreciation rights (SARs) to the eligible employees of the Bank, its subsidiaries and associate companies. Pursuant to this resolution, Kotak Mahindra Stock Appreciation Rights Scheme 2015 has been formulated and adopted. Subsequently, the SARs have been granted under this scheme and the existing SARs will continue. The contractual life (which is equivalent to the vesting period) of the SARs outstanding ranges from 1.30 to 3.67 years.

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

Detail of activity under SARs plan is summarized below:

Particulars	No. of SARs	
	As at 31.03.2018	As at 31.03.2017
Outstanding at the beginning of the year	15,250	15,348
Granted during the year	7,770	7,750
Additions/Reduction due to transfer of employees		Nil
Exercised during the year	(7,377)	(7,848)
Expired during the year		Nil
Outstanding at the end of the year	15,643	15,250

Effect of grant of SARs to employees on the statement of profit and loss and on its financial position

Particulars	As at 31.03.2018	As at 31.03.2017
Employee Compensation	8,150	8,401
Closing balance of liability for cash-settled options	9,443	8,673

Had the Company recorded the compensation cost computed on the basis of fair valuation method instead of intrinsic value method, employee compensation cost would have been higher by ₹ 13,174 (Previous Year 4,016) and the Loss after tax would have been higher by ₹13,174 (Previous year 4,016). Consequently the basic and diluted EPS would have been lower by ₹ 0.07((Previous year 0.03).

22. Provision for Free Look period:

The provision for free look period is NIL and it is duly certified by the Appointed Actuary.

23. Accounting Ratios are given in Annexure 1.

24. Summary of Financial Statement is provide in Annexure 2.

25. Statement showing Age-wise Analysis of the unclaimed amount:

Schedule-I (FORM A)

Statement showing the Age-wise Analysis of the Unclaimed Amount of the Policyholders as on

₹ In "000"

Particulars	Total Amount	AGE-WISE ANALYSIS						
		0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	36-120 months
Claims settled but not paid to the policyholders/beneficiaries due to any reasons except under litigation from the policyholders/ beneficiaries								
Sum due to the policyholders/ beneficiaries on maturity or otherwise								
Any excess collection of the premium/tax or any other charges which is refundable to the policyholders/ beneficiaries 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	627.22	515.06	72.51	28.71	10.77	0.18		
Cheques issued but not encashed by the policyholder/beneficiaries								
Total	627.22	515.06	72.51	28.71	10.77	0.18		

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

Schedule-I (FORM B)

Progress of settlement of unclaimed amounts during the quarter ending (Current quarter)

₹ In "000"

Particulars	unclaimed cases as at beginning of current quarter		unclaimed cases added during the current quarter		unclaimed cases settled during the current quarter		unclaimed cases as at the end of the current quarter	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders								
Sum due to the insured / policyholders on maturity or otherwise								
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	10,323	574	3,368	1	542	1,396	13,149	627
Cheques issued but not encashed by the policyholder / insured								
Total	10,323	574	3,368	1	542	1,396	13,149	627

FORM C

Details of Unclaimed Amount and Investment Income

₹ In "000"

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Balance	248.29	36.32
Add: Amount transferred to Unclaimed Fund	4,830.96	1,654.96
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)		
Add: Investment Income on Unclaimed Fund	56.57	18.65
Less: Amount of claims paid during the year	4,508.60	1,461.64
Less: Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	-	-
Closing Balance of Unclaimed Amount Fund	627.22	248.29

26. Taxation

The company has unabsorbed depreciation and carry forward of losses under tax laws. However deferred tax assets has not been recognized in financial statement as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized.

27. Foreign Exchange

Expenditure in Foreign Currency (on cash basis) in current year: ₹ 129 (Previous Year: ₹ 974)

Schedules forming part of the Financial Statements

for the year ended March 31, 2018

(Currency: In thousands of Indian Rupees unless otherwise stated)

28. Disclosure of certain expenses

As required under Circular no 067/IRDA/F&A/CIR/MAR -08 dated March 28, 2008, outsourced services include payments made for various outsourced services amounting to ₹ 74,764 (Previous Year: 45,541)

29. Disclosure of other works given to auditors

Pursuant to clause 7.1 (g) of Corporate Governance Guidelines issued by IRDA on August 5, 2009 the remuneration paid to Auditors for services other than statutory / concurrent / internal audit are disclosed below:

Name	Particulars	Nature	2018	2017
V.C Shah & Co	Statutory Auditors	Certification work	42	39
V.C Shah & Co	Statutory Auditors	Tax Audit	25	103
K.S.Aiyar & Co	Statutory Auditors	Certification work	Nil	12

30. Prior year figures have been regrouped, reclassified in the respective schedule and notes wherever considered necessary.

As per our report of even date

For K. S. Aiyar & Co.

Chartered Accountants
ICAI FRN : 100186W

For V. C. Shah & Co

Chartered Accountants
ICAI FRN : 109818W

For and on behalf of the Board of Directors

of Kotak Mahindra General Insurance Company Limited

Rajesh S Joshi

Partner
M. No :38526

V. C. Shah

Partner
M. No :10360

Director

Director

Place: Mumbai

Date: April 24, 2018

Managing Director & CEO Chief Financial Officer

Chief Compliance Officer and Company Secretary

[illegible]

ANALYTICAL RATIOS FOR THE YEAR ENDED 31ST MARCH 2017 ANNEXURE - 1

Particular	Total	Fire	Marine	Motor			Workmen's Compensation	Public Liability	Miscellaneous				Trade Credit	Health Insurance	Personal Accident	Aviation	Engineering	NA	NA	NA	Others	Miscellaneous Total
				OD	TP	Total																
Gross Direct Premium Growth Rate	21.12	NA	NA	17.28	19.58	18.02	NA	NA	NA	NA	NA	NA	NA	109.26	NA	NA	NA	NA	NA	NA	NA	20.87
Gross Direct Premium to Net Worth ratio	0.91	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Growth rate of Net Worth	-28%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Retention Ratio	90%	67%	NA	93%	93%	93%	NA	NA	NA	91%	NA	NA	36%	95%	NA	26%	NA	91%	91%	91%	26%	91%
Net Commission Ratio	5%	-3%	NA	8%	-0.3%	5%	NA	NA	NA	1%	NA	NA	-77%	15%	NA	12%	NA	5%	5%	12%	12%	5%
Expense of Management to Gross Direct Premium Ratio	70%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense of Management to Net Premium Ratio	75%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Incurred Claims to Net Earned Premium	73%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Combined Ratio	147%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technical Reserves to net premium ratio	0.85	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Underwriting balance ratio	-1.45	1.06	NA	-1.40	-1.85	-1.56	NA	NA	NA	0.89	NA	3.47	-2	NA	2.92	-2	NA	-2	NA	2.92	-2	-2
Operating Profit Ratio	-134%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Liquid Assets to liabilities ratio	0.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net earning ratio	-45%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Return on Net Worth Ratio	-38%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Available Solvency Margin Ratio to Required Solvency Margin Ratio	1.80	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NPA Ratio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross NPA Ratio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net NPA Ratio	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

ANNEXURE – 2

No	Particulars	FY 17-18	FY 16-17	FY 15-16
OPERATING RESULTS				
1	Gross Direct Premiums	18,539.15	8,205.29	370.89
2	Net Earned Premium #	11,587.48	3,285.72	6.05
3	Income from investments (net) @	1,017.62	355.29	16.62
4	Other income (Pl. specify)	(5.25)	(2.32)	0.57
5	Total income	12,599.85	3,638.69	23.24
6	Commissions (Net) (Including Brokerage	1,340.93	368.55	21.00
7	Operating Expenses	6,882.96	5,271.82	1,586.64
8	Net Incurred Claims	8,303.05	2,401.45	21.03
9	Change in Unexpired Risk Reserve	4,706.57	4,387.10	324.26
10	Operating Profit/loss	(3,927.09)	(4,403.12)	(1,605.44)
NON-OPERATING RESULT				
11	Total income under shareholders' account	672.14	930.75	632.53
12	Profit/ (loss) before tax	(3,254.95)	(3,472.36)	(972.91)
13	Provision for tax	-	-	-
14	Profit / (loss) after tax	(3,254.95)	(3,472.36)	(972.91)
MISCELLANEOUS				
15	Policy holders' Account:	Not applicable for	Not applicable for	Not applicable for
	Total funds	General insurance	General Insurance	General Insurance
	Total Investments	Co	Co	Co
	Yield on investments			
16	Shareholders' Account:	Not applicable for	Not applicable for	Not applicable for
	Total funds	General Insurance	General Insurance	General Insurance
	Total Investments	Co	Co	Co
	Yield on investments			
17	Paid up equity capital	17,500	13,500	13,500
18	Net worth	9,773	9,028	12,500
19	Total assets	29,035	17,375	13,857
20	Yield on total investments	8.19%	10.47%	8.20%
21	Earnings per share (₹)	(1.90)	(2.57)	(1.18)
22	Book Value per share (₹)	5.70	6.69	15.21
23	Total Dividend	-	-	-
24	Dividend per share (₹)	-	-	-

Net of reinsurance

@ Net of losses

Points 15&16 may be given separately, if it is feasible.

*1st year means the most recent concluded financial year.