

# ANNUAL REPORT

2013-2014



**Central Insurance Repository Limited**

*Aaj Digital .... Toh Kal Befikar*



**Central Insurance Repository Limited**

*Aaj Digital .... Toh Kal Befikar*

**CENTRAL INSURANCE REPOSITORY LIMITED****Board of Directors**

Shri N. Rangachary	Chairman
Shri G. Anantharaman	Director – Independent Director [Appointed on 21st April, 2014]
Shri Milind Kharat	Director (Nominee of United India Insurance Co. Ltd.)
Shri Vipin Anand	Director (Nominee of Life Insurance Corporation of India)
Shri V.V. Balaji	Director (Nominee of ICICI Prudential Life Insurance Co. Ltd.)
Smt. Vibha Padalkar	Director (Nominee of HDFC Standard Life Insurance Company Ltd.)
Shri Nayan Mehta	Director
Shri Mayank Bathwal	Director (Nominee of Birla Sun Life Insurance Company Ltd.) [Appointed on 18th February, 2014]
Shri Satish Budhakar	Director (Nominee of Central Depository Services (India) Ltd.)
Shri Cyrus Khambata	Managing Director

**Management**

Shri Cyrus Khambata	Managing Director
Shri Bharat Sheth	Chief Financial Officer
Shri Ramkumar K.	Senior Vice President [On deputation from CDSL]
Shri R.K.Rao	Vice President & Company Secretary
Ms.Shajitha Lobo	Vice President

**Auditors**

Lodha & Co.  
Chartered Accountants  
6, Karim Chambers,  
40 A.D. Marg (Hamam Street),  
Mumbai - 400 001.

**Registered Office**

17<sup>th</sup> Floor, P.J. Towers,  
Dalal Street,  
Mumbai – 400 - 001

**Bankers**

Bank of India  
Stock Exchange Branch,  
Ground Floor, P.J.Towers, Dalal Street,  
Mumbai 400 001.

## Directors' Report

Your Directors are pleased to present the Third Annual Report along with Audited Financial Statements of your Company for the Financial Year ended 31<sup>st</sup> March, 2014.

### Financial Highlights

Particulars	For the Year ended 31 <sup>st</sup> March, 2014 (₹ in lakhs)	For the Year ended 31 <sup>st</sup> March, 2013 (₹ in lakhs)
Income	248.76	266.57
Expenditure	137.42	84.57
Profit/ (Loss) before Depreciation and Tax	111.34	182.00
Depreciation	57.69	N I L
Profit / (Loss) before Tax	53.65	182.00
Deferred Tax/Current Tax	11.00	33.50
Profit/ (Loss) after Tax	42.65	148.50

During the year under review your company has reported a total income of Rs.248.76 lakhs out of which non-operating income amounts to Rs.248.66 lakhs which has gone down by Rs.17.81 lakhs i.e by 6.68% as compared to the previous year. The funds received by the company on account of subscription towards the Equity Capital were deployed profitably as per the Investment policy of the company which has resulted in generation of the aforesaid income. The year has ended with a Net Profit after tax of Rs.42.65 lakhs as against Rs.148.50 lakhs in the previous year which has gone down mainly due to operational expenses and depreciation incurred during the year due to commencement of operations of the company. It may be observed that the Paid-up Equity Capital and the Net worth of your company as on 31<sup>st</sup> March, 2014 stands at Rs.30.00 crore and Rs.32.02 crore respectively.

### **IRDA License**

Your directors are pleased to report that during the year under review, your Company received from IRDA a License to act as insurance repository for holding insurance policies in electronic form in e-insurance accounts of policy holders. The License is valid upto 31<sup>st</sup> July, 2014. This insurance repository activity is undertaken in pursuance to issuance of guidelines on insurance repositories and electronic issuance of insurance policies by IRDA on 29<sup>th</sup> April, 2011.

### **Commencement of operations**

IRDA had organized a function at Hyderabad on 16<sup>th</sup> September, 2013 for the launch of Insurance Repository Services at the hands of Hon'ble Finance Minister. Your company had received a communication from IRDA on 3<sup>rd</sup> April, 2013 vide which IRDA enabled your company to initiate and implement the processes and systems required to commence insurance repository business. As the required processes and systems were already in place, your company was in a position to commence operations immediately upon receiving the final registration certificate on 31<sup>st</sup> July, 2013 from IRDA and the company's systems was made operational for opening of e-insurance accounts.

### **Operational Statistics**

During the year under review, your company has opened a total of 2532 e-Insurance accounts under its Repository and a total of 559 e-insurance policies have been credited in the e-insurance accounts. The break-up of the above data is given below :

Module	Description	Count	Total Count
No. of e-Insurance Accounts opened	CIRL	677	2532
	Approved Persons	1676	
	Insurance Companies	179	
No. of Policies Credited	Edelweiss Tokio Life Insurance company	3	559
	HDFC Standard Life Insurance Co. Ltd.	180	
	ICICI Prudential Life Insurance Co. Ltd.	154	
	India First Life insurance Co . Ltd	144	
	PNB Metlife India Insurance Co. Ltd.	2	
	TATA AIA Life Insurance Co. Ltd.	10	
	Reliance Life Insurance Co. Ltd.	28	
	Kotak Mahindra Life Insurance Co. Ltd.	7	
	Star Union Dai-ichi Life Insurance Co. Ltd.	0	
	Birla Sun Life Insurance Co. Ltd.	31	

It may be mentioned that digitization of insurance policies has not caught up in a big way yet as policyholders are more comfortable owning a physical document. We are hopeful that shifting of policies to electronic form would catch up to the desired levels after IRDA makes it mandatory for all insurance companies to issue policies in electronic form. However, it is expected that most policies would shift to electronic form in the next 8-10 years. Presently, only life insurance policies can be digitized and we expect in the near future IRDA would allow digitization of non-life policies like Health and Motor policies.

#### **Tie-up with insurance companies**

Your company has signed IR-Insurer agreements with the undermentioned eleven insurers:

1. ICICI Prudential Life Insurance Co. Ltd.
2. HDFC Standard Life Insurance Co. Ltd.
3. IndiaFirst Life Insurance Co. Ltd.

4. PNB MetLife Insurance Co. Ltd.
5. Kotak Mahindra Old Mutual Life Insurance Co. Ltd.
6. Reliance Life Insurance Co. Ltd.
7. Birla Sun Life Insurance Co. Ltd.
8. Edelweiss Tokio Life Insurance Co. Ltd.
9. Tata AIA Life Insurance Co. Ltd.
10. Star Union Dai-ichi Life Insurance Co. Ltd.
11. Aegon Religare Life Insurance Co. Ltd.

Your company is in touch with other life insurance companies and the process of signing up with them has been initiated.

### **Approved Persons**

Under the Guidelines issued by IRDA, insurance repositories are permitted to appoint 'Approved Persons' to act as marketing Agents for generating business, subject to registration with IRDA . Your company has appointed 239 Approved Persons all over the country who are duly registered with IRDA. With the vigorous efforts of the Approved Persons we expect to increase our market share to a decent level over the years.

### **Capital Structure**

The Authorised and Paid-up Equity Capital of your Company is Rs. 30-crore with 51% contribution from Central Depository Services (India) Limited and 42.50% contribution from nine insurance companies in Life and Non-Life sectors. The remaining 6.50% is held by a Group-company, CDSL Ventures Ltd. As per the guidelines of IRDA, networth requirement stipulated for setting up insurance repositories is Rs. 25-crore which has been met by your company as on 31<sup>st</sup> March, 2014.

## **Directors**

During the year under review, four meetings of the Board were held.

Shri Jayant Dua resigned with effect from 5<sup>th</sup> February, 2014. The Board has placed on record its appreciation of the valuable services rendered by him during his tenure as Director of the company.

Shri Mayank Bathwal and Shri G. Anantharaman were appointed as Additional Directors by the Board on 18<sup>th</sup> February, 2014 and 21<sup>st</sup> April, 2014 respectively to hold office up to the date of the next Annual General Meeting of the Company. Notices from a Member under section 160(1) of the Companies Act, 2013, signifying his intention to propose the abovenamed persons as candidates for the offices of Director has been received by the Company. Resolutions seeking their appointments as Directors and their brief profiles have been proposed in the notice of 3<sup>rd</sup> Annual General Meeting. The Board recommends their appointments as Directors.

In accordance with the provisions of Section 152(6)(c) of the Companies Act, 2013, Shri Vipin Anand, Shri V.V. Balaji and Shri Nayan Mehta will retire by rotation at the ensuing Annual General Meeting, and are eligible for re-appointment. Resolutions seeking their re-appointment have been proposed in the notice of the 3<sup>rd</sup> Annual General Meeting.

In accordance with the provisions of Section 149(5) of the Companies Act, 2013, your company has appointed an independent director on the Board viz. Shri G. Anantharaman who meets the criteria of 'independence' prescribed under section 149(6) and who has submitted declaration to the effect that he meets with the criteria of 'independence' as required under section 149(7) of the Companies Act, 2013.

## **Audit Committee:**

The Audit Committee of the Board has as its Members five Directors namely Shri N. Rangachary, Shri Vipin Anand, Shri V.V. Balaji, Smt. Vibha Padalkar and Shri Nayan Mehta. Shri N. Rangachary is the Chairman of the Committee. Pursuant to



Section 177(1) of the Companies Act, 2013 coming into force with effect from 1<sup>st</sup> April, 2014, the aforesaid Audit Committee will be reconstituted during the current year with appointment of independent directors on the Audit Committee.

The functions of the Audit Committee are broadly :

- (a) Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (b) Review and monitoring of internal control system and compliance of audit observations of the Auditors
- (c) Review of the financial statements before submission to the Board.
- (d) Supervision of other financial and accounting matters as may be referred to by the Board.
- (e) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of internal control systems
- (f) Reviewing the company's financial and risk management policies.

#### **Dividend:**

The operations of your Company have commenced during the current year. Since the insurance repository business is still in the nascent stage, your Directors do not recommend Dividend for the year. However, it will be the endeavour of the Management of your Company to have a stable dividend policy in the future.

#### **Fixed Deposits:**

Your Company has not accepted any deposits within the meaning of Section 73(1) of the Companies Act, 2013 and the Rules made thereunder.

#### **Auditors:**

Lodha & Co., Statutory Auditors of your Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Auditors have given their consent in writing and have furnished a certificate to the effect that their re-appointment, if made, would be in accordance with the provisions of Section 139(1)

and that they meet with the criteria prescribed under section 141 of the Companies Act, 2013. Yours Directors recommend their re-appointment in the ensuing Annual General Meeting.

**Conservation of Energy, Technology Absorption:**

Considering the nature of operations of your Company, the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 relating to information to be furnished on conservation of energy and technology absorption are not applicable. The Company, however, will be using information technology for implementation of its insurance repository project.

**Details of foreign exchange earnings and outgo:**

Your Company did not earn any foreign exchange, nor was there any outgo in foreign exchange during the year under review.

**Directors' Responsibility Statement:**

Pursuant to Section 134(3)(c) and 134(5) of the Companies Act, 2013, the Board of Directors report that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and proper explanations relating to material departure, if any, have been provided;
- ii) accounting policies have been selected and applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on a going-concern basis;
- v) proper systems have been devised to ensure compliance with the provisions of

all applicable laws and that such systems were adequate and operating effectively.

### **Particulars of Employees:**

None of the employees of the Company is drawing remuneration in excess of the limits prescribed under Rule (5)(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### **Human Resources:**

Your Company has as on 31<sup>st</sup> March, 2014 fifteen permanent employees on the rolls of the company who are well versed in their respective areas of operations. One of the employees holds Fellowship and three employees hold Licenciate certificates from the Insurance Institute of India.

### **Acknowledgement**

Your Directors place on record their sincere gratitude for the assistance, guidance and co-operation the Company has received from IRDA, BSE Ltd., CDSL, various insurance companies, Approved Persons, bankers and all other stake holders. The Board further places on record its appreciation for the dedicated services rendered by the employees of the Company.

**For and on behalf of the Board**

Place : Mumbai  
Date : 2<sup>nd</sup> May, 2014

**N. Rangachary**  
**Chairman**

## **INDEPENDENT AUDITORS' REPORT**

TO THE MEMBERS OF CENTRAL INSURANCE REPOSITORY LIMITED

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

We have audited the accompanying financial statements of Central Insurance Repository Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Management is responsible for 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2003 ("CARO" / "the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

**For Lodha & Co.**  
Chartered Accountants  
Firm's Registration Number: 301051 E

**A M Hariharan**  
Partner  
Membership Number: 38323

Mumbai  
2<sup>nd</sup> May, 2014

**ANNEXURE REFERRED TO IN AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014 OF CENTRAL INSURANCE REPOSITORY LIMITED**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of audit, we state that:

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets  
(b) All the assets have been physically verified by the management at reasonable intervals during the year. No discrepancies were noted on such verification.  
(c) No substantial part of the fixed assets has been disposed off during the year
2. The company does not have any inventory. Therefore, the provisions of clause 4(ii) of the order are not applicable to the company.
3. The company has not granted/ taken any loans, secured or unsecured, to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. There is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of fixed assets. The company has neither purchased any inventory nor sold any goods or services. During the course of our audit, no major weakness has been noticed in the internal control system.
5. There are no particulars of contracts or arrangements referred to in section 301 of the Act which need to be entered in the register required to be maintained under that section.
6. No deposits within the meaning of section 58A, 58AA or any other relevant provision of the Act and rules framed there under have been accepted by the company.
7. In our opinion, the company has an internal audit system commensurate within the size of the company and nature of its business.
8. In respect of company's activities, the central government has not prescribed maintenance of cost records under section 209 (1) (d) of the Act.
9. (a) The company is regular in depositing undisputed statutory dues including provident fund, investors education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, Cess and other material statutory dues applicable to it with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they become payable.  
(b) There are no dues of income tax, sales tax, wealth tax, service tax, Cess which have not been deposited on account of any dispute.

10. The company has been registered for a period less than five years and hence clause 4(x) of order relating to reporting of losses is not applicable.
11. The company has not taken any loan from any financial institution or bank or debenture holders and hence clause 4(xi) of the order relating to repayment of dues is not applicable.
12. During the period, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any other statute applicable to chit fund/ nidhi/ mutual benefits fund/ societies are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures or other investments.
15. The company has not given any guarantee for loans taken by other from banks and financial institutions.
16. The company has not taken any term loan during the year.
17. The company has not raised any fund on short or long term basis.
18. During the period, company has not made any preferential allotments of shares to parties and companies covered and recorded in the registers maintained under section 301 of the Act.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across to any instance of fraud on or by the company, noticed or reported during the period, nor have we been informed of such case by the management.

**For Lodha & Co.**

Chartered Accountants

Firm's Registration Number: 301051 E

**A M Hariharan**

Partner

Membership Number: 38323

Mumbai  
2<sup>nd</sup> May, 2014

**CENTRAL INSURANCE REPOSITORY LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2014**

Particulars	Note No.	31.03.2014	31.03.2013
		( ₹ ) In Lacs	( ₹ ) In Lacs
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	3,000.00	3,000.00
(b) Reserves and Surplus	3	202.22	159.57
<b>(2) Current Liabilities</b>			
(a) Trade Payables	4	6.30	2.44
(b) Other Current Liabilities	5	1.95	10.25
(c) Short-Term Provisions	6	20.51	3.02
(d) Deferred Tax Liabilities (Net)	12	11.00	-
(e) Long-Tem Provisions	7	0.02	-
Total		3,242.00	3,175.28
<b>II.ASSETS</b>			
<b>(1) Non -Current assets</b>			
(a) Fixed assets	10		
(i) Tangible Assets		48.81	-
(ii) Intangible Assets		77.96	-
(iii) Capital work in progress		-	72.32
(iv) Intangible assets under development		17.98	58.65
(b) Long Term Loans and Advances			
Other Loans and Advances - MAT Credit Entitlement		5.90	-
<b>(2) Current assets</b>			
(a) Current investments	11	2,448.45	2,479.31
(b) Trade Receivable	8	0.07	-
(c) Cash & Cash Equivalents	9	500.21	502.65
(d) Short Term Loans and Advances	13	40.13	10.92
(e) Other current assets	14	102.49	51.43
Total		3,242.00	3,175.28
Significant accounting policies	1		
Other notes accompanying the financial statements	19-26		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For and on behalf of the Board of Directors

**For Lodha & Company**  
Chartered Accountants

**N Rangachary**  
Chairman

**Cyrus Khambata**  
Managing Director

**A. M. Hariharan**  
Partner

**R. K. Rao**  
Company Secretary

**Bharat Sheth**  
Chief Financial Officer

Place : Mumbai  
Date : 2<sup>nd</sup> May, 2014



**CENTRAL INSURANCE REPOSITORY LIMITED**  
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014**

Particulars	Note No.	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
		( ₹ ) In Lacs	( ₹ ) In Lacs
I. Operating Income	15	0.10	-
II. Non - Operating Income	16	248.66	266.57
<b>Total Revenue</b>		248.76	266.57
III. Expenses:			
Employee Benefit Expenses	17	65.49	40.63
Depreciation and amortization expenses	10	57.69	-
Other operating & administrative expenses	18	71.93	43.94
<b>Total Expenses</b>		195.11	84.57
<b>IV. Profit before tax (I - III)</b>		53.65	182.00
V. Current Tax		-	33.50
VI. Deferred Tax		11.00	-
VII. MAT		5.90	-
VIII. MAT Credit Entitlement		(5.90)	-
<b>IX. Profit after tax</b>		42.65	148.50
X. Earning per equity share of face value of 10 each:(Amount in)			
(1) Basic		0.14	0.50
(2) Diluted		0.14	0.50
Significant accounting policies	1		
Other notes accompanying the financial statements	19-26		
The accompanying notes are an integral part of the financial statements.			

As per our attached report of even date

For and on behalf of the Board of Directors

**For Lodha & Company**  
Chartered Accountants

**N Rangachary**  
Chairman

**Cyrus Khambata**  
Managing Director

**A. M. Hariharan**  
Partner

**R. K. Rao**  
Company Secretary

**Bharat Sheth**  
Chief Financial Officer

Place : Mumbai  
Date : 2<sup>nd</sup> May, 2014

**CENTRAL INSURANCE REPOSITORY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
	(₹) In Lacs	(₹) In Lacs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) Before Tax	53.65	182.00
Adjustment for non-cash and other items to be disclosed separately		
Add : Depreciation	57.69	-
Less : Interest on Bank Deposits	(56.73)	(51.93)
Dividend Income from Current Investments	(35.62)	(64.74)
Profit on sale of Mutual Fund Units	(152.51)	(149.90)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>(133.52)</b>	<b>(84.57)</b>
Adjustment for changes in working capital		
Increase in Trade Receivables	(0.07)	-
Increase in Trade Payables	3.86	1.09
Increase in Other Liabilities & Provisions	3.29	13.08
Increase in other current assets	(21.56)	(9.69)
<b>CASH GENERATED/(USED) IN OPERATING ACTIVITIES</b>	<b>(148.00)</b>	<b>(80.10)</b>
Taxes Paid	(7.64)	(34.19)
<b>A) NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(155.64)</b>	<b>(114.29)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemption/(Investment) in Units of Mutual Funds (net)	183.37	177.88
Interest on Bank Deposits	5.68	5.20
Dividend Income from Current Investments	35.62	64.74
Purchase of Fixed Assets	(184.46)	(130.97)
Capital Work In Process	72.32	-
Intangible Assets Under Development	40.67	-
<b>B) NET CASH GENERATED/(USED) IN INVESTING ACTIVITIES</b>	<b>153.20</b>	<b>116.84</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>C) NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE / (DECREASE) IN CASH &amp; CASH EQUIVALENTS (A+B+C)</b>	<b>(2.44)</b>	<b>2.55</b>
Cash and Cash Equivalents Opening Balance	2.65	0.10
Cash and Cash Equivalents Closing Balance	0.21	2.65
	<b>(2.44)</b>	<b>2.55</b>

Notes :	01.04.2013 to 31.03.2014	01.04.2012 to 31.03.2013
	(₹) In Lacs	(₹) In Lacs
<b>1. Cash and Cash Equivalents comprises of</b>		
Cash on Hand	-	0.07
With scheduled bank on Current Accounts	0.21	2.58
	0.21	2.65
<b>2. Reconciliation of Cash and Cash Equivalents</b>		
Cash and Bank Balances as per Balance Sheet	500.21	502.65
Bank Deposits with maturity date after three months	500.00	500.00
Cash and Cash Equivalents as per Cash Flow Statement	0.21	2.65
3. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard -3 on "Cash Flow Statements".		
4. Previous year figures have been regrouped / rearranged wherever necessary to conform to the current year presentation.		

As per our attached report of even date

For and on behalf of the Board of Directors

**For Lodha & Company**  
Chartered Accountants

**N Rangachary**  
Chairman

**Cyrus Khambata**  
Managing Director

**A. M. Hariharan**  
Partner

**R. K. Rao**  
Company Secretary

**Bharat Sheth**  
Chief Financial Officer

Place : Mumbai  
Date : 2<sup>nd</sup> May, 2014

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2014

### Corporate Information

The Company was incorporated on July 12, 2011, with the main objective of setting up an insurance repository to provide policyholders a facility to keep insurance policies in electronic form and to undertake changes, modifications and revisions in the insurance policy with speed and accuracy in order to bring about efficiency, transparency and cost reduction in issuance and maintenance of insurance policies. The company has commenced its business operations in the current financial year.

### NOTE 1

#### i. General

The financial statements are prepared on the basis of historical cost convention, on the accounting principles of a going concern and are in accordance with the applicable accounting standards.

The preparation of financial statements requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including current liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable and result shown ever are not likely to differ from these estimates materially. Any revision to accounting estimates is recognised prospectively.

#### ii. Revenue Recognition

All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis.

#### iii. Fixed Assets

Fixed assets are shown at their original cost of acquisition including taxes, duties, freights and other incidental expenses relating to acquisition and installation less accumulated depreciation.

#### iv. Software Costs

Systems Software, Application Software and additions of new modules thereto are capitalised and any modifications/changes thereto are charged to revenue.

#### v. Depreciation/Impairment Loss

Depreciation on fixed assets is provided on Straight Line Method, however the Company has provided depreciation at a rate higher than those prescribed in Schedule XIV to the Companies Act, 1956 (hereinafter referred to as "the Act") as give below:-

Description of asset	Rates as per the Schedule XIV	Rates used
	%	%
Computer Hardware/software	16.21	50

Assets costing 5,000 or less are fully written off in the year of purchase.

Additional depreciation is provided on technical evaluation from time to time as considered appropriate by the management. In case, the recoverable amount of the fixed assets is lower than its carrying amount, a provision is made for the impairment loss.

#### vi. Investments

- a) Long term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments.
- b) Current investments are stated at lower of cost and fair/market value on individual investment basis.

### **vii. Employees Benefits**

Short term Employee Benefits are estimated and provided for. Post Employment Benefits and Other Long term Employee Benefits are treated as follows:

(i) Defined Contribution Plans:

Provident Fund: The Provident fund plan is operated by Regional Provident Fund Commissioner (RPFC) and the contribution thereof is paid/provided for.

Contributions to the defined contribution plan is charged to Profit & Loss Account for the respective financial year

(ii) Defined Benefits Plans:

(a) Gratuity : Provision for Gratuity is made on the basis of actuarial valuation on projected Unit Credit Method as at the end of the year

(b) Long term compensated absences: Provision for Leave encashment is made on the basis of actuarial valuation as at the end of the year

Actuarial gains/losses at the end of the year accrued to the defined benefit plans are taken to Profit & Loss Account for the respective financial year and are not deferred.

### **viii. Income Tax**

Provision for current tax is made on the basis of relevant provisions of the Income Tax Act, 1961. The deferred tax for timing differences between the book and tax profits for the year is accrued for, using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets arising from unabsorbed carried forward losses and depreciation are recognised to the extent there is virtual certainty that these would be realised in future.

Minimum Alternate Tax (MAT) is recognized at each Balance Sheet date and carried as assets only to the extent there is convincing evidence that the Company will pay normal Income tax during the subsequent period specified in the Income Tax Act

### **ix. Provisions and Contingent Liabilities**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- a) The Company has a present obligation as a result of past event,
- b) A probable outflow of resources is expected to settle the obligation and
- c) The amount of the obligation can be reliably estimated.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, such reimbursement is recognised to the extent of provision or contingent liability as the case may be, only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of

- a) A present obligation arising from a past event, when it is not possible that an outflow of resources will be required to settle the obligation.
- b) A possible obligation, unless the probability of outflow of resources is remote.

**NOTE 2**
**SHARE CAPITAL**

	As at 31.03.2014		As at 31.03.2013	
	Number	(₹)In Lacs	Number	(₹)In Lacs
<u>Authorised</u> Equity Shares of 10 each	30,000,000	3,000	30,000,000	3,000
<u>Issued, Subscribed &amp; Paid up</u> Equity Shares of 10 each fully paid up	30,000,000	3,000	30,000,000	3,000

Terms/rights attached to equity shares

- i) The Company has only one class of equity shares having a face value of ₹10 each per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pay dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.
- ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- iii) As per records of the Company, including its register of shareholders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Shares held by Holding Company and its subsidiaries	As at 31.03.2014		As at 31.03.2013	
Name of the Shareholders	No.of shares	(₹)In Lacs	No.of shares	(₹)In Lacs
Central Depository Services (India) Limited, Holding Company and its nominees	15,299,999	1,530.00	15,299,999	1,530.00
CDSL Ventures Limited, Subsidiary of Holding Company	1,950,001	195.00	2,950,001	295.00

List of Shareholders holding 5% or more shares in the Company	As at 31.03.2014		As at 31.03.2013	
Name of the Shareholders	No.of shares	%	No.of shares	%
Central Depository Services (India) Limited, Holding Company and its nominees	15,299,999	51.00	15,299,999	51.00
CDSL Ventures Limited, Subsidiary of Holding Company	1,950,001	6.50	2,950,001	9.82
Life Insurance Corporation of India	2,500,000	8.33	2,500,000	8.33
ICICI Prudential Life Insurance Company Limited	1,500,000	5.00	1,500,000	5.00
HDFC Standard Life Insurance Co. Ltd.	1,500,000	5.00	1,500,000	5.00

	As at 31.03.2014 (₹) In Lacs	As at 31.03.2013 (₹) In Lacs
<b>NOTE 3</b>		
<b>Reserves &amp; Surplus</b>		
<b>Profit and Loss Account</b>		
Opening Balance	159.57	11.07
Add: Profit for the year	42.65	148.50
Closing Balance	<u>202.22</u>	<u>159.57</u>
<b>NOTE 4</b>		
<b>Trade Payables</b>		
Related Parties	-	1.38
Others (Refer note no.23 for detail of dues to Micro,Small & Medium Enterprises)	6.30	1.06
	<u>6.30</u>	<u>2.44</u>
<b>NOTE 5</b>		
<b>Other Current Liabilities</b>		
Statutory dues payable	1.04	1.25
Vendors for capital assets	0.91	9.00
	<u>1.95</u>	<u>10.25</u>
<b>NOTE 6</b>		
<b>Short-Term Provisions</b>		
Provision For Ex-Gratia	14.61	3.00
Provision for Leave Encashment & gratuity	-	0.02
Provision for MAT	5.90	-
	<u>20.51</u>	<u>3.02</u>
<b>NOTE 7</b>		
<b>Long-Term Provisions</b>		
Provision for Leave Encashment & gratuity	0.02	-
	<u>0.02</u>	<u>-</u>
<b>NOTE 8</b>		
<b>Trade Receivable</b>		
Due for a period not exceeding six months from the date they are due for payment		
Considered good	0.07	-
	<u>0.07</u>	<u>-</u>
<b>NOTE 9</b>		
<b>Cash &amp; Cash Equivalents</b>		
Cash on Hand	-	0.07
Bank Balance		
- In Current Accounts	0.21	2.58
- Term deposit with maturity period less than 12 months	500.00	-
- Term deposit with maturity period more than 12 months	-	500.00
	<u>500.21</u>	<u>502.65</u>

NOTE 10 FIXED ASSETS (₹) in Lacs									
DESCRIPTION	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK		
	As on 01.04.2013	Additions	Deductions	As on 31.03.2014	Upto 31.03.2013	For the year	Deductions	Upto 31.03.2014	As on 31.03.2014
<b>(I) TANGIBLE ASSETS</b>									
Computer Hardware	-	72.32	-	72.32	-	23.51	-	23.51	48.81
<b>Total (I)</b>	-	72.32	-	72.32	-	23.51	-	23.51	48.81
<b>(II) INTANGIBLE ASSETS</b>									
Computer Software	-	112.14	-	112.14	-	34.18	-	34.18	77.96
<b>Total (II)</b>	-	112.14	-	112.14	-	34.18	-	34.18	77.96
<b>Total (I + II)</b>	-	184.46	-	184.46	-	57.69	-	57.69	126.77
Previous Year	-	-	-	-	-	-	-	-	-



NOTE 11 Current Investments	31.03.2014			31.03.2013		
	Face Value (₹)	No. of units	Book Value (₹) in Lacs	Face Value (₹)	No. of units	Book Value (₹) in Lacs
<b>Investment in Mutual Funds</b>						
(Non Trade, Quoted & fully paid up)						
DSP Black Rock FMP Sr 146-12M Growth	10	6,020,501	602.05	-	-	-
DSP BlackRock FMP Sr 84 - Dir-Growth	-	-	-	10	5,503,150	550.32
ICICI Prudential FMP Sr 72 - Plan R	10	5,911,402	591.14	-	-	-
ICICI Prudential FMP Sr 66- 368 Dy Plan B -Direct	-	-	-	10	5,403,723	540.37
Reliance Yearly Interval Fund-Series 2- Direct Plan- Growth	10	5,498,433	600.00	10	5,499,600	549.96
Reliance Fixed Horizon Fund - XXIV 11 Direct Plan	10	3,948,606	394.86			
<b>Sub Total (A)</b>			<b>2,188.05</b>			<b>1,640.65</b>
(Non Trade, Unquoted & fully paid up)						
DSP BlackRock Liquidity Fund - Direct Plan - DDR*	1000	4,641	46.43	1000	14,402	144.06
ICICI Prudential Flexible Income Plan -Direct -DDR*	100	202,372	213.97	100	282,959	299.19
Reliance Liquid Fund - Treasury Plan -Direct-DDR*		-	-	1000	25,865	395.41
<b>Sub Total (B)</b>			<b>260.40</b>			<b>838.66</b>
*DDR - Daily Dividend Reinvestment						
<b>Aggregate amount of investment in Units of Mutual Funds (A+B)</b>			<b>2,448.45</b>			<b>2,479.31</b>
<b>Aggregate Amount of Quoted Investment</b>						
<b>Aggregate Amount of Unquoted Investment</b>						
<b>Market Value/ Repurchase Price of Quoted Investments</b>						
	<b>No. Units</b>		<b>Value (₹) in Lacs</b>	<b>No. Units</b>		<b>Value (₹) in Lacs</b>
	21,378,942		2,188.05	16,406,473		1,640.65
	207,013		260.40	323,226		838.66
	21,378,942		2,241.83	16,406,473		1,663.39
<b>Basis of Valuation : Mutual Funds are valued at lower of cost and market value/fair value.</b>						

	As at 31.03.2014 ( ₹ ) In Lacs	As at 31.03.2013 ( ₹ ) In Lacs
<b>NOTE 12</b>		
<b>DEFERRED TAX LIABILITY (NET)</b>		
Expenses allowed on Payment Basis	(4.95)	-
Depreciation	15.95	-
	11.00	-
<b>NOTE 13</b>		
<b>Short Term Loans and Advances (Unsecured, considered good)</b>		
Adv tax & Tax deducted at source (Net of Provision ₹33.5 lacs)	8.83	1.21
Advances	0.03	-
Cenvat Credit Receivable	26.32	9.46
Pre Paid Expenses	4.95	0.25
	40.13	10.92
<b>NOTE 14</b>		
<b>Other Current Assets (Unsecured, considered good)</b>		
Interest accrued on term deposit	102.49	51.43
	102.49	51.43

	01.04.2013 to 31.03.2014 <u>(₹) In Lacs</u>	01.04.2012 to 31.03.2013 <u>(₹) In Lacs</u>
<b>NOTE 15</b>		
<b>Revenue from Operations</b>		
New Policy (EIA) Charges- Created by CIRL	0.01	-
New Policy (EIA) Charges- Created by Insurer	0.02	-
Existing Policy Charges	0.07	-
	<u>0.10</u>	<u>-</u>
<b>NOTE 16</b>		
<b>Non-Operating Income</b>		
Interest on Bank Deposits	56.73	51.93
Income from Current Investments :		
- Dividend from Mutual Funds	35.62	64.74
- Profit on sale of Mutual Fund units	152.51	149.90
Other Income	3.80	-
	<u>248.66</u>	<u>266.57</u>
<b>NOTE 17</b>		
<b>Employee Benefit Expenses</b>		
Salaries & Other allowances	61.55	37.16
Contribution to PF & Other funds	3.43	3.27
Staff welfare expenses	0.26	0.20
Reimbursement of Salaries to staff on deputation from holding company	0.25	-
	<u>65.49</u>	<u>40.63</u>
<b>NOTE 18</b>		
<b>Other Expenses</b>		
Travel & Coveyance	4.28	3.37
Communication, Telephone & Courier charges	0.38	0.32
Insurance	1.35	0.34
Directors Sitting fees	3.32	3.70
Auditor's Remuneration		
- As Audit Fees	0.45	0.45
- Reimbursement of expenses	0.09	0.09
Rent ,Rates & Taxes	22.04	13.38
Legal & Professional Fees	2.96	2.40
Computer Maintenance Charges	12.99	-
Administrative expenses	18.00	18.00
Business Development Expenses	0.95	-
Miscellaneous Expenses		
Other Misc Expenses	3.77	1.89
Outsourcing Services	1.35	-
	<u>71.93</u>	<u>43.94</u>

**NOTE 19**  
**CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contract to be executed on capital account and not provided for ₹387.26 Lacs as on 31.03.2014 (as on 31.03.2013 ₹512.13 Lacs) plus applicable taxes.

**NOTE 20**

a) In the opinion of the Management, assets other than fixed assets and non current investments have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet. The provision for depreciation and other known liabilities is adequate and not in excess of what is required.

b) The accounts of certain trade receivables, loans and advances given/received and trade payables are subject to formal confirmations/reconciliations and consequent adjustments, if any. The management does not expect any material difference affecting the current period's financials statements, reconciliations/adjustments.

**NOTE 21**

The Company is primarily engaged to do the business of providing insurance policyholders a facility to keep insurance policies in Electronic Form and there is no separate reportable segment as per Accounting Standard 17 on "Segment Reporting" prescribed in Companies (Accounting Standards) Rules, 2006.

**NOTE 22**
**Related Party Disclosures:**
**(a) List of related parties and their relationship:**
**(i) Entity where control exists**

BSE Limited – Ultimate Holding Company

Central Depository Services (India) Limited (CDSL) – Holding Company

**(ii) Associates :**

CDSL Ventures Limited (CVL)- Fellow Subsidiary

**(b) Transactions during the year:**

	01.04.2013 to 31.03.2014 ( ₹ ) In Lacs	01.04.2012 to 31.03.2013 ( ₹ ) In Lacs
BSE Limited Expenses for Director Sitting Fees & Identity Cards	0.72	0.59
Central Depository Services (India) Limited Reimbursement of Expenses	37.66	27.72
CDSL Ventures Limited Reimbursement of Legal & Professional Expenses	1.40	-
<b>(c) Balances at</b>	<b>As at 31.03.2014</b>	<b>As at 31.03.2013</b>
Central Depository Services (India) Limited Payable	-	1.38

Notes :

a) No amounts in respect of the related parties has been provided for as doubtful debts or written off/back during the period.

b) Related party relationship is as identified by the Company and relied upon by the auditors.

c) All the above transactions are in the ordinary course of the business of the Company

### NOTE 23

As at March 31,2014 , no supplier has intimated the company about its status as Micro or Small Enterprises or its Registration with appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006.

### NOTE 24

The company has determined the liability for Employee Benefits as on 31st March ,2014 in accordance with the revised accounting standard 15 on "Employee Benefits" prescribed in Companies (Accounting Standards) Rules,2006.

a) Defined benefit plans-Gratuity-As per Actuarial Valuation on March 31,2014

	31.03.2014 ( ₹ ) In Lacs	31.03.2013 ( ₹ ) In Lacs
<b>A Expenses Recognized in the statement of Profit &amp; Loss Account for the year ended</b>		
1 Current Service Cost	0.45	-
2 Past Service Cost	-	0.39
3 Interest Cost	0.03	-
4 Expected Return on Plan Assets	(0.09)	(0.04)
5 Net Actuarial ( Gain)/ Loss recognized for the period	(0.14)	0.02
6 Expenses recognized in statement of P&L A/c	0.25	0.37
<b>B Net Asset / (Liability) recognized in the Balance Sheet</b>		
1 Present Value of Obligation	0.72	0.39
2 Fair Value of Plan Assets at the end of the period	1.28	0.86
3 Funded Status	0.56	0.47
4 Unrecognised Actuarial Gain/ (Loss)	-	-
5 Unrecognised Past Service Cost- non vested benefits	-	-
6 Net Assets / (Liability) recognized in the Balance Sheet	0.56	0.47
<b>C Changes in present value of obligations</b>		
1 Present Value of Obligation as at April 01, 2013	0.39	-
2 Interest Cost	0.03	-
3 Current Service Cost	0.45	0.39
4 Benefits Paid	-	-
5 Actuarial (Gain)/Loss on Obligation	(0.15)	-
6 Present Value of Obligation as at March31,2014	0.72	0.39
<b>D Changes in Fair Value of Plan Assets</b>		
1 Fair Value of Plan Assets as at April 01 , 2013	0.86	0.27
2 Expected Return on Plan Assets	0.09	0.04
3 Contributions	0.34	0.57
4 Benefits Paid	-	-
5 Actuarial Gain / (Loss) on plan assets	(0.01)	(0.02)
6 Fair Value of Plan Assets as at March 31,2014	1.28	0.86
<b>E Fair Value of Plan Assets</b>		
1 Fair Value of Plan Assets as at April 01,2013	0.86	0.27
2 Actual Return on Plan Assets	0.08	0.02
3 Contributions	0.34	0.57
4 Benefits Paid	-	-
5 Fair Value of Plan Assets as at March 31,2014	1.28	0.86
6 Funded Status (including unrecognised past service cost)	0.56	0.47
7 Excess of Actual over estimated return on Plan Assets	0.01	(0.02)

<b>F Actuarial Gain / (Loss) Recognized</b>		
1 Actuarial Gain/(Loss) for the period (Obligation)	0.15	-
2 Actuarial Gain /(Loss) for the period (Plan Assets)	(0.01)	(0.02)
3 Total Gain / (Loss) for the period	0.14	(0.02)
4 Actuarial Gain / (Loss) recognized for the period	0.14	(0.02)
5 Unrecognized Actuarial Gain / (Loss) at March 31, 2014	-	-
<b>G Movements in the Liability recognized in Balance Sheet</b>		
1 Opening Net Liability	(0.47)	(0.27)
2 Expenses recognized in Profit & Loss A/c	0.25	0.37
3 Contribution Paid	(0.34)	(0.57)
4 Closing Net Liability	(0.56)	(0.47)
<b>H Actuarial Assumptions</b>		
1 Mortality	IALM(2006-08)Ult	LIC(1994-96)Ult
2 Discount Rate as at March 31,2014	7.95%	7.95%
3 Rate of Increase in Compensation	4.00%	4.00%

#### NOTE 25

Earning per share	31.03.2014	31.03.2013
Numerator - Net Profit as per Profit & Loss Account (Amount in ₹ Lacs)	42.65	148.50
Denominator – Weighted Average Number of Equity Shares outstanding during the year (No.'s)	30,000,000	29,992,055
Nominal Value of Shares (₹)	10	10
Basic and Diluted Earnings per share ( Amount in ₹)	0.14	0.50

#### NOTE 26

Previous period's figures have been regrouped whenever necessary.

As per our attached report of even date

For and on behalf of the Board of Directors

**N Rangachary**  
Chairman

**Cyrus Khambata**  
Managing Director

Place : Mumbai  
Date : 2<sup>nd</sup> May, 2014

**R. K. Rao**  
Company Secretary

**Bharat Sheth**  
Chief Financial Officer



**Central Insurance Repository Limited**

*Aaj Digital .... Toh Kal Befikar*



# Central Insurance Repository Limited

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