

EASAFETYNET.TOLIVELONGER.
OURTOMORROW.TOKEEPGOING.
TOTHEFULLEST.**PROTECT...**
MORROW.TOHAVEASAFETYNET.
R.YOUR HEALTH & WELL-BEING.
SAFETYNET.YOURTOMORROW.
ORROW.TOLIVETOTHEFULLEST.
EFULLEST.TOLIVELONGER.
EASAFETYNET.TOKEEPGOING.

Aditya Birla Health Insurance Co. Limited

(A subsidiary of Aditya Birla Capital Limited)



**ADITYA BIRLA
CAPITAL**

PROTECTING INVESTING FINANCING ADVISING



Challenging paradigms. Enabling growth.

We, at ABHICL, continue to challenge set paradigms in the health insurance sector to drive positive social transformation. Going beyond the traditional approach of being just another insurer playing the role of a health financier, our objective is to enable and influence better healthcare choices for our customers; and encourage them to make health and fitness an integral part of their everyday lives.

During the reporting year, our strong operational and financial performance once again validated the differentiation of our business model and the appreciation and support that we continue to receive from all stakeholders. The year also witnessed the reinforcement of our capabilities across products, people and distribution domains, so that more customers can be benefited. As we make swift strides towards our goals, we are ready for the future, today.

About ABHICL

Aditya Birla Health Insurance Co. Limited (ABHICL) is committed to transforming the perception of health insurance in India. We believe the emphasis of health insurance in the country should be more on health, rather than insurance; and that's exactly what we are focusing on.

ABHICL serves as an enabler and influencer of health and healthcare choices that customers make, in addition to being a payer of healthcare expenses. Thus, ABHICL acts as a much needed catalyst in growing the health insurance landscape in India through product innovations and a wider choice of consumer relevant products.

We will continue to challenge the status quo, redefine paradigms and enable our growth.

FY19 Highlights

₹497 Crore

GROSS WRITTEN PREMIUM (GWP)

2.3 Million

LIVES COVERED



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BANK PARTNERS

5,800+

HOSPITAL TIE-UPS

18,500+

ADVISORS

40%

ABHICL CUSTOMERS BEGAN
THEIR HEALTH JOURNEY

DIGITAL FIRST

We provide our annual report online, which allows us to reduce the amount of paper we print and distribute.



bit.ly/2QFnudE

Message from the CEO

Maximising our potential



I am happy to share with you our performance for FY 2018-19. During our second full year of operations, we continued to fortify our position in the industry. From offering a wide array of solutions, to engaging with our consumers through multiple channels and putting in place people, processes and systems, we have further strengthened our foundation in the year. We also imbibed all our learnings across the different aspects of our business to fine-tune our operations and address bottlenecks, if any. With the basics firmly in place, we are now geared up to take our business to greater heights.

A REMARKABLE YEAR FOR US

The fact that we have doubled the total number of lives covered to over 2.3 million is a strong testimony of the broad-based acceptance of our offerings. Our distribution network has multiplied significantly and we are now present in over 800 locations (as compared to 150+ in FY 2017-18) and have created a large capacity of over 18,500 agents. Additionally, we have entered into tie-ups with 10 banks and over 5,800 hospitals in a short span of just two years. Share of retail premiums in our total gross written premium (GWP) rose to 65% from 37% a year back, while share of higher-margin fixed benefit products have more than doubled to 19% from 8%. Non-metros contributed to a little over one-third of our total GWP.

In a nutshell, we are taking long strides on our multi-distribution strategy with an emphasis on deepening our bancassurance relationships. Our go-to-market strategy of moving away from 'Buy and Forget' towards 'Buy and Engage' has started yielding rich dividends.

The strong operational performance was a precursor to a robust financial scorecard. During the year, we ticked the right boxes across a host of indicators of financial progress. On one hand, we doubled our GWP to ₹497 Crores, while on the other hand, our combined ratio reduced significantly to 149% (from 188% in FY 2017-18). Rapid growth in GWP, rising share of high margin products and an improving combined ratio together led to containment of loss before tax to

₹257 Crores. This is commendable, especially when viewed in context of the outstanding top-line growth in the year. We are committed to grow in a profitable, responsible and sustainable manner and are confident of turning profitable in the next three years at indicative GWP levels of ₹2,000 Crores.

A HEALTH PARTNER TO OUR CUSTOMERS

We help our customers 'overcome uncertainties' and concurrently, focus on being their 'health partner'. This unique approach enables us to transcend the conventional boundaries of being 'just another' health insurance company and grow as an enabler and influencer of better healthcare choices for our customers.

By motivating our customers to undertake small, yet significant steps to a better future in their daily lives; we motivate them to embrace a healthier way of life. Our efforts are receiving appreciation from all counters, reinstating our faith in our strategies and objectives. Our new age approach has found traction in the market, which is evident from the fact that 40% of our retail customers have already embarked on their health journey with us.

GROWING OUR PRESENCE

During the year gone by, we took our solutions to a larger pool of consumers and approached them as a health partner and an evangelist. We engage with consumers closely through the channel that they find convenient. In just two years, we have built a thriving network of physical and digital platforms to connect with our customers. Currently, about 90% of our sales are digitally enabled. Our digital platforms play an important role in not just acquiring but also servicing customers throughout their journey with us. We have thus built an entire digital ecosystem for our customers.

Riding high on this robust network, the three offerings that we have launched since inception continue to perform exceptionally well till date. They provide customers with unique value proposition, which places equal emphasis on the 'health' part of health insurance. We consistently strive to understand the evolving customer requirements and their aspirations and deliver bespoke solutions that delight them.

With a focus on delivering solutions that meet unchartered consumer demands. Going forward, we will maintain our emphasis on developing products that cater to niche market segments, serve unique and unrecognised customer requirements and continue to build on our solutions-focused approach.

Our differentiated approach of emphasising on the health aspect extends beyond our customers. We, at ABHICL, firmly believe in walking on the path that we preach. Vitalize, our employee engagement initiative, focuses on employee wellness and encourages them to demonstrate healthy behaviour and to make sure that they deliver right and superior experiences to our customers. After all, happy and healthy people ensure happier and healthier customers. We also encourage our distributors and their families to participate in various fitness events by incentivising them.

BEING FUTURE-READY, TODAY

The past two years have provided a big validation of our differentiated business model and we have received widespread acceptance and appreciation. This adulation motivates us to remain one of the fastest growing companies in the health insurance sector. We are confident of playing a pivotal role in redefining the sector by expanding the realms of health proposition offered by insurers like us.

We will continue to foray into micro-customer segments to provide solutions catering to specific disease conditions, age profile, gender and so on. We are deploying the tools of healthy analytics, consumer data and data analytics effectively to provide solutions that are relevant to the consumers. The average age of our customers is less than five years when compared to the industry average. Our focus is on engaging with younger consumers and driving a culture of healthy living for them. During FY 2018-19, we rolled out an advertising campaign around the theme of 'Game of Choices', which makes young professionals consider the trade-offs between their health and their goals. Such unique campaigns enable us to communicate the message of healthier living to a larger universe of consumers, more effectively.

On distribution front, we will continue to expand our agents network further and at the same time focus on activating current base to maximise their potential. Secondly, our aim is to partner with more banks on one hand and capitalize our existing banks partnerships. Our microfinance partnerships are enabling us to make deeper inroads in rural India. By attracting large distributors and leveraging on an open architecture, we have created an automatic pull factor and now will place grow these channels vertically.

LEVERAGING A FAVOURABLE POLICY ENVIRONMENT

The Government of India has played the role of a facilitator for the health insurance industry. Introduction of schemes such as Ayushman Bharat has provided access of good-quality health insurance to the marginalised sections of the society. Such schemes are creating higher awareness and boosting universal health coverage. We, at ABHICL, are keen to partner the government in this journey.

In conclusion, I would like to extend my gratitude to all our stakeholders including employees, customers, our parent organisation, our partners and the society at large for their faith in our vision and seek their continued support.

Our journey has just begun, and we are confident of creating value for all our stakeholders in a sustainable manner. We are excited to explore a world of limitless possibilities and are challenging paradigms to enable our future growth.

Best Regards,

MAYANK BATHWAL

CHIEF EXECUTIVE OFFICER AND WHOLE-TIME DIRECTOR, ADITYA BIRLA HEALTH INSURANCE CO. LIMITED

ABHICL at a Glance

Our approach

Putting health at the heart of health insurance for all stakeholders



KNOW YOUR HEALTH

Understand your health through specially formulated online questionnaires and a series of clinical tests.



IMPROVE YOUR HEALTH

Follow our Incentivised Wellness Programme and start becoming active.

Being active earns you Active Dayz™ which you can use to earn rewards.



GET REWARDED

For every step you take to be healthy we will reward you for it.



STAY PROTECTED

Comprehensive health insurance cover that ensures support for any medical event.

Living our purpose

Empowering and motivating families to prioritise their health and lead fulfilling lives

WE HAVE EMBRACED A HEALTH-ORIENTED CULTURE AND ARE 'WALKING THE TALK' DILIGENTLY.

Our customers



We provide multiple ways in which our customers can adopt a healthier life. These span physical and digital platforms, and solutions as well as services.

The four broad buckets include:

- Know your health
- Improve your health
- Get rewarded
- Stay protected

Our employees



Through our 'Vitalize' programme we engage our employees in varied health-oriented activities such as participation in Marathons, Walkathons, Treks, Cricket, Football tournaments to name a few.

Our distributors



We conduct regular health check-up camps, professional fitness training workshops and sponsor participation of our distributors and their families in local marathons and walkathons to encourage them towards healthy living.

ABHICL at a Glance (Continued)

Wide spectrum of solutions

Indemnity

ACTIV HEALTH: PLATINUM

The flagship product rewards policy holders through the HealthReturns™ programme

- Comprehensive insurance plan
- Customers earn up to 30% of their annual policy premium as HealthReturns™. One can use the earned HealthReturns™ to pay renewal premium or to pay for health medicines, diagnostic tests and more
- Flexibility in choice of room
- 527 day care procedures covered
- Day one cover for cost of medicines, diagnostic tests, and doctor consultation for chronic conditions like diabetes, hypertension, high cholesterol, and asthma under the Chronic Management Programme
- Cumulative bonus of 10% of sum insured for every claim free year. Maximum accumulation of 100% of sum insured

ACTIV ASSURE: DIAMOND PLAN

A health insurance indemnity product that incorporates ABHICL's unique HealthReturns™ programme

- 150% reload of sum insured, for subsequent claims due to unrelated illness, upto a maximum of ₹50 Lakhs
- Covers 586 day care procedures even if hospitalisation is for less than 24 hours
- International/Domestic emergency assistance services (including air ambulance)
- Provides HealthReturns™ worth up to 30% of the premium for staying fit and healthy

Fixed Benefits

ACTIV SECURE

An umbrella retail fixed benefit

Critical illness

- Complete protection against 20, 50 or 64 critical illnesses, as per the chosen plan
- Sum insured options of up to ₹1 Crore for enhanced protection
- Lump sum pay-out on detection
- Option to avail second e-opinion

Personal accident

- Complete protection for death and disability
- Protection against income loss
- Protection for hospitalisation related expenses
- Cumulative bonus leading to increased protection every year

Cancer secure

- Protection for all three stages of cancer, namely early, major and advanced
- Up to 150% of sum insured on detection of advanced stage cancer
- Cumulative bonus leading to increased protection every year
- Option to avail second e-opinion

Group Insurance

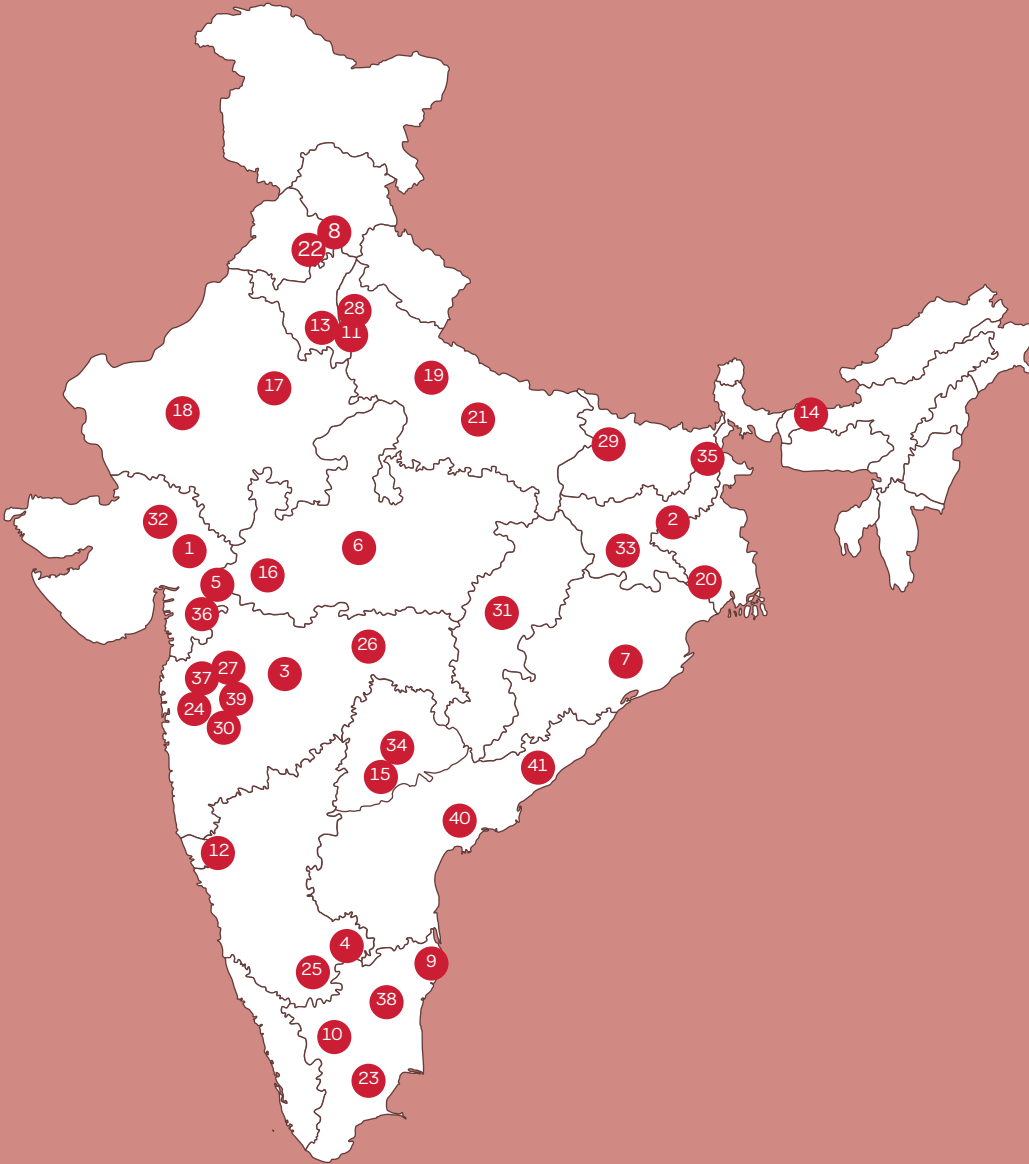
GROUP HEALTH INSURANCE PRODUCTS

A group hospitalisation cover with world-class features

- Group Activ Health plan offers a comprehensive coverage with world-class features and several optional covers customised by the way of features, limits and waivers of restrictions along with cashless claim settlement
- Group Activ Secure plan offers a lump sum benefit on the occurrence of health events under plans such as:

Group Personal Accident Cover | Group Critical Illness Cover | Group Hospital Cash Benefit

Our presence



OUR GEOGRAPHIC PRESENCE

- | | |
|----------------|------------------|
| 1. Ahmedabad | 22. Ludhiana |
| 2. Asansol | 23. Madurai |
| 3. Aurangabad | 24. Mumbai |
| 4. Bangalore | 25. Mysore |
| 5. Baroda | 26. Nagpur |
| 6. Bhopal | 27. Nasik |
| 7. Bhubaneswar | 28. Noida |
| 8. Chandigarh | 29. Patna |
| 9. Chennai | 30. Pune |
| 10. Coimbatore | 31. Raipur |
| 11. Delhi | 32. Rajkot |
| 12. Goa | 33. Ranchi |
| 13. Gurgaon | 34. Secunderabad |
| 14. Guwahati | 35. Siliguri |
| 15. Hyderabad | 36. Surat |
| 16. Indore | 37. Thane |
| 17. Jaipur | 38. Trichy |
| 18. Jodhpur | 39. Vashi |
| 19. Kanpur | 40. Vijaywada |
| 20. Kolkata | 41. Vizag |

Agency

- Presence in 41 cities with 59 branches
- 18,500 Advisors as on March 2019

Bank Partners



Broker

- Focused on tie-up with top brokers across 50+ cities

Digital

- Presence across all digital channels
- Partnership with key online aggregators
- Presence through tele callers and direct sales team

Distributor Connect

Nurturing collaborations

In our short journey so far, we have built a robust multi-channel distribution model across agency broker, bancassurance, direct marketing, online channel and more. We engage continuously with each channel through focused and distinct strategies. Our multi-faceted campaigns and health activation programmes facilitate the growth of our channels, by creating higher awareness about our health propositions leading to improved lead generation and business outcomes.



Bancassurance channel

- We have classified our bancassurance partners based on the customer segment that they cater to – mass, mass premier and premier
- Marketing communications are developed keeping in mind the needs of these segments

Other channels

- Adopted health-event based activations such as yoga day and health check-ups, among others
- Implemented product-based activations like personal accident product activation at petrol pumps, distribution of women hygiene kits and breast cancer screening for critical illness product, and so on

#MovementAgainstHunger

Insight:

Children do not enrol into schools as they cannot afford a meal.

Campaign thought:

Following a two pronged approach of our purpose of making India healthy and creating a social impact, #MovementAgainstHunger was designed for HDFC Bank – Branch Banking and Telesales verticals. For every policy above a particular amount, a month’s meal was donated to under privileged children through the NGO Annamrita.

Result:



#JumpForHealth

Insight:

According to ‘The American Journal of Health’, jumping 10 times, twice a day is good for bones.

Campaign thought:

A prosthetic leg was contributed for every 10000 jumps collected. Participants had to post their videos on our social media handles and tag three people to create a chain. 200 legs were donated in 2017 and 572 in 2018.

Result:



Cancer Awareness Activation

Market fact:

While health insurance companies usually focus on Cancer, we, at ABHICL offer a product which covers Cancer + 49 critical illnesses.

Campaign thought:

To create awareness, cancer screening was organised across our distribution channels.

Result:



These engagements help us take our purpose to a vast population and promote the cause of healthier living among a diverse set of consumers while improving the productivity of our channels.

People

Growing together, growing healthier

At ABHICL, we encourage our employees to adopt a healthier lifestyle. We believe healthy employees make happy employees. Our purpose en dash Empowering and motivating families to prioritise health and live fulfilling lives begins right within the organisation. As our employees develop a strong belief in our wellness proposition through their own experiences and learnings, they are able to communicate the same with conviction to our customers.

WE CONTINUE TO STRENGTHEN OUR RESOLVE OF HELPING EMPLOYEES LIVE HEALTHIER LIVES THROUGH A WIDE GAMUT OF ACTIVITIES ACROSS THE YEAR.

OXFAM TRAILWALKER

Held in November every year, this event comprises teams of four who walk 100 kilometres in 48 hours. The amount collected for teams registered and qualified is sent to schools catering to unprivileged children through Oxfam.



TATA MARATHON

Tata Marathon is an annual international marathon held in Mumbai, India, on the third Sunday of January. Every year, our employees participate enthusiastically in this event. During FY 2018-19, 25 employees from our business unit participated.

STEP UP INDUCTION

This induction programme encourages new joiners at ABHICL to undertake Zumba sessions and other fitness activities for two days.



ABH VITALIZE

It is a structured intervention, with a well defined architecture that incentivises employees to adopt a healthier way of living. It has three levels, similar to our Company's customer value proposition:

Know your health

Provide health assessment on body mass index (BMI), blood pressure, cholesterol, blood sugar levels and other parameters.

Improve your health

Create platforms where employees can manage their diet and physical fitness based on parameters identified under the first level.

Get rewarded

Incentivise employees for their efforts to stay healthy.

Marketing and Branding

Creating an expansive and agile brand

During the year, we continued to strengthen our brand communication to take our unique value proposition to more number of people. Some of the prominent campaigns are highlighted in this section.



#ChaloKhelne campaign

On Children's Day, we undertook an innovative campaign to encourage healthy living among consumers. Being cognisant of the rising usage of mobile and tabs by children, and consequently, a decline in outdoor sports, we aimed to reverse this trend via the campaign. We urged parents to join their kids in outdoor sports and thereby adopt a healthier lifestyle for the family.

The campaign communicated the message of changing 'Jao Khelne' to **#ChaloKhelne** and reinforces our belief that parents can act as strong role models in imbibing healthy living habits in their children.



Impact of our campaigns

BRAND AWARENESS SCORE

81 → **82**
 PRE-ATL CAMPAIGN POST-ATL CAMPAIGN

ON DIGITAL PLATFORMS

18 Millions
 REACH

THROUGH EARNED MEDIA (PR)

#1
 PR – TV VISIBILITY RANK DURING THE CAMPAIGN MONTH

BRAND CONSIDERATION SCORE

42 → **49**
 PRE-ATL CAMPAIGN POST-ATL CAMPAIGN

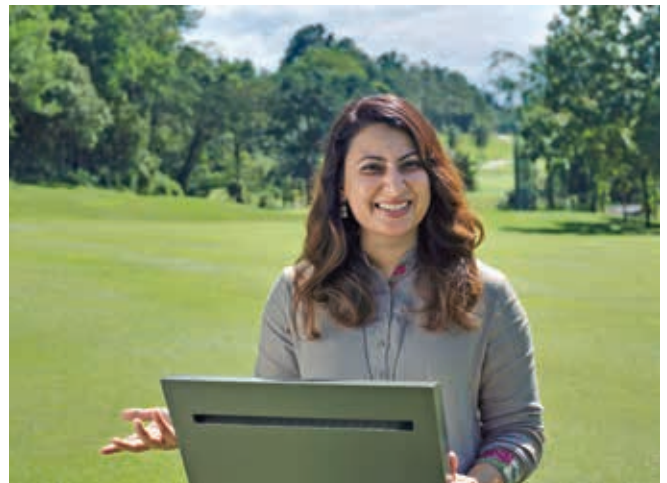
12 Millions
 VIEWS

46% SOV
 PR – VISIBILITY SHARE AMONGST STAND ALONE HEALTH INSURANCE PLAYERS

'Game of Choices' campaign

In January 2019, we launched a Television Commercial (TVC) titled 'Game of Choices'. Under the TVC, the participants were urged to evaluate their health goals against their professional goals. The campaign highlighted how people tend to put their health on the back seat in their pursuit of other life goals. The questions asked were hard hitting and provoked consumers to create a balance between their professional goals and health.

Launched across 45+ television channels and social media platforms, this campaign struck the right cord with consumers and was an instant success.



Leadership Team

Managing with foresight



01

01. MR. MAYANK BATHWAL**Chief Executive Officer (CEO) & Whole-time Director**

Mayank's expert leadership led ABHICL to enter the Indian health market with a differentiated business model and grow rapidly in less than two years. He has rich experience of nearly 25 years in financial services across various functions and multiple lines of businesses.



02

02. MS. VARIJ PUJARA**Chief Distribution Officer**

Varij is driving the key agenda of multi-distribution channel such as Third Party Distribution, Direct - Online & Tele Sales, Bancassurance, Sales training, Business development and Group business.

Overall, Varij has 21 plus years of experience in sales & marketing, business development and building long lasting strategic alliances out of which 16 years has been in Insurance Industry.



03

03. MS. DARSHANA SHAH**Chief Marketing Officer**

Darshana oversees the varied aspects of brand marketing and communications, such as product marketing, customer and channel engagement, digital marketing and corporate communication functions. She also drives marketing research and insight initiatives. Darshana has over 22 years of experience in marketing and communication.



04

04. MS. ANURADHA SRIRAM**Chief Actuarial**

Anuradha manages different aspects of the actuarial function, such as pricing, reserving as per regulatory requirements, valuation, experience review and reporting. Additionally, she is responsible for the product function as well as product design and market planning. Anuradha has 26 years of industry experience.



05. MS. SHIKHA BAGAI

Chief Financial Officer

Shikha oversees finance, accounts, taxation, investments and financial planning functions. She has 20 years of industry experience.



06 MR. MAHESH KUMAR RADHAKRISHNAN

Head Legal, Risk, Compliance & Company Secretary

Mahesh Kumar Radhakrishnan has over 22 years of experience and in his last few assignments has worked with organisations such as Kotak Life Insurance Company Limited, Max Bupa Health Insurance Company Limited and Exide Life Insurance Company Limited heading the Legal, Compliance, Risk & Secretarial functions.



07. MR. NIREN SRIVASTAVA

Head – Human Resource & Administration

Niren has over 13 years of experience in managing various facets of Human Resources function in financial services companies. He started his career with Bajaj Life insurance and worked with Yes Bank before joining Aditya Birla Group in 2009. He has worked with Aditya Birla Sun Life Insurance Company Limited in the capacity of AVP-Sales HR and in his last assignment was working as Vice President and Head – Business HR for Aditya Birla Sun Life AMC Limited.

Board of Directors

Steering ahead with
a broader vision

1

1. MR. AJAY SRINIVASAN
 Non-executive Director
 DIN 00121181

Mr. Ajay Srinivasan is the Chief Executive Officer at Aditya Birla Capital Limited (ABCL), the holding company of all the financial services businesses of the Aditya Birla Group.

Ajay joined the Aditya Birla Group in 2007 and in his role as the leader of the business at Aditya Birla Capital, he has successfully led and transformed the organization into a Universal Financial Solutions provider focusing on the Protecting, Investing and Financing needs of our customers. In the last decade that Ajay has led our Financial Services business, the organization has grown from 5 business entities in 2007 to 13 businesses in 2018.

Ajay's experience in the financial services industry spans across 3 decades, with 16 years of being a CEO of CEO's. He has a track record of setting up and successfully scaling multiple business entities, not just in India but also internationally.

Before joining the Aditya Birla Group, Ajay was Chief Executive - Fund Management at Prudential Corporation Asia, based in Hong Kong between January 2001 and July 2007. Under Ajay's leadership, Prudential's fund management operations in Asia grew rapidly, with total funds under management of about USD 70 Bn, making it the second largest retail fund manager in Asia at that



2

2. MR. SUSHIL AGARWAL
 Non-executive Director
 DIN 00060017

Mr. Sushil Agarwal is associated with the Aditya Birla Group since the beginning of his career in 1989 and has a distinction of working closely with the former Chairman Late Mr. Aditya Vikram Birla and current Chairman Mr. Kumar Mangalam Birla. He has richly contributed in many restructuring, Mergers and Acquisitions initiatives of the group with his widely acknowledged financial acumen and analytical skills.

In recognition of his stellar contribution he was awarded as "Business

Leader Corporate CFO' at the 11th ICAI Awards 2017. He was honoured with the Chairman's Exceptional Contribution Award in 2000 and Outsourcing Leadership Award in 2014.

time. As a member of Prudential Corporation Asia's Board of Directors, Ajay also oversaw the development of Prudential's retirement business in Asia. Prior to his stint at Prudential, he was Deputy Chief Executive Officer and Chief Investment Officer for the India operations of ITC Threadneedle Asset Management.

Ajay holds a B.A with Honours in Economics from St Stephens College, University of Delhi and MBA from the Indian Institute of Management, Ahmedabad. He is engaged with several bodies including the CII and is a member of the Advisory Board of the City of London.



3

3. MR. DEVAJYOTI BHATTACHARYA
 Non-executive Director
 DIN 00868751

Mr. Dev Bhattacharya is the Group Executive President and Business Head of New Ventures of the Aditya Birla Group.

Mr. Bhattacharya joined the Group in 1996 as Vice President, Corporate Strategy and Business Development. He has over 28 years of experience encompassing manufacturing, finance, software and media industries and has had successful stints as an entrepreneur, management consultant and media producer during his career.

Mr. Bhattacharya has earned a bachelor of technology degree in mechanical engineering from NIT, Rourkela, and a postgraduate degree in industrial engineering from NITIE, Mumbai.

In 2013, he was named among India's best CFOs by Business today in the category 'Enhancing Competitiveness through M&A'. He has been consistently recognized for excellence by 'CFO 100' under the category 'Winning Edge in Mergers Acquisition and Corporate Finance' in 2014-2017 and under category 'Winning Edge in Strategy' in 2011.

He has experience of more than 25 years. He has rich experience in multi business, multi sector and multicultural exposure including cross border, financial & commercial activities.



4

4. DR. AJIT RANADE
Non-executive Director
DIN 00918651

Dr. Ajit Ranade is Group Executive President and Chief Economist with the Aditya Birla Group. Ranade was earlier with ABN Amro Bank. He was a member of the Capital Account Convertibility Committee and the FEMA Review committee of the Reserve Bank of India. He was a member of the Governing Council of the Banking Codes and Supervisory Board of India. He is a Member of the National Executive Committee of the Federation of Indian Chambers of Commerce and Industry and a Member of the Economic Policy Council of the Confederation of Indian Industry. He is Chairman of the Research Advisory Panel of the Indian Institute of Banking and Finance. He is Government of India's nominee on the Governing Board of Economic Research Institute for ASEAN and East Asia (ERIA) based in Jakarta, Indonesia. He is a Director on the Board of India International Exchange. He has served as a member of the Board of Governors of IIT, Bombay. He served as a member on the Board of MCX, India's largest commodity exchange. He is a board member of the Gokhale Institute of Politics and Economics, and chairs the Academic Council of Meghnad Desai Academy of Economics.

He received the Distinguished Alumnus Award from IIT Bombay in 2009, Scholar of the Year Award from Wadia Trust in 2010,

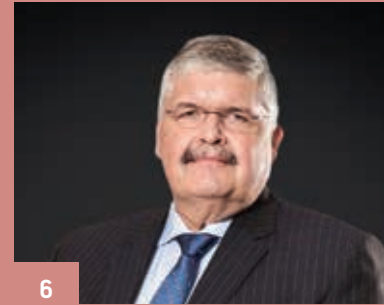


5

5. MR. ASOKAN NAIDU
Non-executive Director
DIN 07425396

Mr. Asokan Naidu started his career as an undergraduate Articled –Clerk, in themed 1980's, with Peat, Marwick and Mitchell (now KPMG). After qualifying as a Chartered Accountant in 1989, he immediately moved into Commerce and Industry. Over a career that spans in excess of 30 years, Asokan has filled many senior corporate executive roles in diverse industries, including Building Materials manufacturing, Property, Transport, Decorative, Paper Manufacturing and Financial Services.

In 2004, he joined Momentum (now MMI Group Limited) as Group CFO and was appointed CEO of Momentum New Markets in 2008. New Markets was Momentum's first foray into the mass market in South Africa. In 2011, He relocated to India to set up the Liaison Office, for MMI. Whilst in India, he identified an opportunity for MMI in Health Insurance and Wellness, which culminated in a joint venture between Aditya Birla Capital and MMI. He is currently the CEO of India for MMI and is a non- executive director on the Boards of



6

Aditya Birla Health Insurance and Aditya Birla Wellness.

He has also been a Board Member of some large South Africa corporates and has also held various Leadership positions on various Industry and Community organization, including being a Past President of Rotary and a Paul Harris Fellow.

6. MR. LOUIS VON ZEUNER
Non-executive Director
DIN 07714084

Mr. Louis von Zeuner completed 32 years' service at Absa, during which time he acted in various key executive roles and served as deputy group chief executive officer from 2009 until his retirement on December 31, 2012. He has extensive business experience, including experience in audit, risk and capital matters, particularly in the financial sector.

He currently serves on the boards of a number of companies, including MMI Holdings Limited, Telkom SA Limited, Mahela Boerdery (Pty) Limited, MyPlayers (Pty) Limited, Afgri Limited, Paycorp Investments (Pty) Limited, as well as Cricket South Africa. He has recently been appointed Chairman of the Good Bank at African Bank (post curatorship).

Board of Directors (Continued)



7

7. MR. RISTO SAKARI KETOLA

Non-executive Director
DIN 07980685

Mr. Risto Ketola joined MMI in August 2016 to head up investor relations and business performance management. In this position, Risto was responsible for the investor relations function as well as the design, approval, monitoring, and reporting of balanced scorecards at various levels for the group. He has extensive experience as a financial services analyst and researcher with Standard Bank, Ketola Research and Deutsche Bank.

As MMI's Group Finance Director, he is responsible for Investor Relations, Business Performance, Group Reporting, Finance Group-wide Services, Mergers and Acquisitions and Balance Sheet Management at MMI.

8. MR. S. RAVI

Independent Director
DIN 00009790

Mr. S Ravi is a Post Graduate in Commerce and a practicing Chartered Accountant having over 30 years of experience. He holds a diploma in Information System Audit (DISA) and is an Associate Member of Association of Certified Fraud Examiners (CFE), USA. He is also registered as an Insolvency Resolution Professional.

Being the promoter partner of Ravi Rajan & Co., a chartered accountancy firm, and having served on boards of various companies has given him a rich experience in the areas of Finance & Management, Turn around Strategies, Business Valuations, Brand and Share Valuation.

He, currently, serves as independent director on the boards of various companies like Aditya Birla Health Insurance Company Ltd., STCI Finance Ltd., Star Union Dai-ichi Life Insurance Company Ltd., Tourism Finance Corporation of India Ltd. and UTI Trustee Company Pvt Ltd. He has also served as the Chairman of BSE Ltd.



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In the past, has served on the boards of over 40 prestigious institutions including insurance companies, a number of public sector banks like IDBI Bank, UCO Bank, Corporation Bank and Union Bank, and public sector enterprises like BHEL, HAL and ONGC, to name a few. He has been member of their Audit Committees, Risk Management Committees, etc. Also, he was appointed by Government of India and RBI as Chairman of the Technical Experts Committee for Punjab & Sind Bank's Strategic Turnaround. He has also served as Chairman of PNB Mutual Fund.

He is often invited by educational regulatory bodies, like ICAI, RBI and SEBI, and educational institutions to give lectures, panel discussions, etc.

Mr. Ravi is the Vice Chairman of Mumbai Management Academy & Research.

9. MS. SUKANYA KRIPALU

Independent Director
DIN 06994202

Ms. Sukanya Kripalu is a graduate of St. Xavier's College, and an alumna of the Indian Institute of Management, Kolkata, with specialization in the fields of marketing, strategy, advertising and market research. Her experience includes working with leading corporates like Nestle India Limited, Cadbury India Limited and Kellogg's India. She was earlier the CEO of Quadra Advisory and is presently associated with Sukanya Consulting.

10. MR. C. N. RAM

Independent Director
DIN 00211906

Mr. C N Ram is an experienced Information Technology professional with deep understanding of the financial services business, information security, payments technologies, manufacturing systems & ERP and the challenges in a startup world. He has won three life-time awards from prestigious organizations in India for his



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exemplary performance as CIO in multiple organizations and for innovative use of technology in business.

He is an Independent Director on the Board of NSEIT and SBI Funds Management Ltd.

He is currently Advisor to the Private Equity firm, Warburg Pincus India Pvt Ltd and works with their portfolios in India and SE Asia on their technology and operations strategies to align with their business goals.

Between 2010 and 2013 he was Group President and CIO of the multinational Essar Group where he was setting group IT strategy and mentoring CIOs of their multiple business units – Steel, Oil, Power, Projects, Telecommunications, Shipping, Ports and Retail.

Mr. Ram was one of the founding members of HDFC Bank in 1994 and as their Head - IT spearheaded efforts to become the preferred banking destination for customers. HDFC Bank was recognized time and again as the most technologically advanced amongst its peers, a position that it enjoys even today.

As the first IT employee of Bank of America in India in 1982, he was responsible for all automation projects and for computerization of their branches. Working with worldwide teams, he supervised the transfer of the banking systems to the Global Business Systems of the Bank and its integration with the rest of the organization worldwide.

11. MR. MAHENDREN MOODLEY

Independent Director
DIN 07628592

Mr. Mahendren Moodley is currently the CEO of Ayurveda Investments. He has over 15 years of investment banking experience with Rand Merchant Bank and the wider FirstRand Banking Group. Mr. Mahendren occupied many senior executive roles during his tenor at FirstRand. Roles included that of CFO of FirstRand's Banking



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Group Treasury business, Head of RMB's International Global Markets Business in the UK as well as CEO of RMB and FirstRand Bank in India. Mr. Mahendren has also been a Business Development Director within RMB's Investment Banking Division and was also the head of the joint venture Private Equity fund between RMB Corvest and FNB Private Equity. He was instrumental in many large profile mergers and acquisitions deals during his tenor at RMB. High profile deals include that of the R5 billion acquisition of Medpro South Africa by Cipla India, the R7.5 billion acquisition of Neotel by Vodafone, the successful joint venture between Momentum Metropolitan and the Aditya Birla Group from India, the R1.5 billion share buyback of Life Healthcare's shareholding in Joint Medical Holdings by the balance of the JMH shareholders and the R2.5 billion acquisition of the BWG group and Londis by SPAR South Africa to name a few. His last transaction with RMB was related to the advisory and structuring related work for Spar South Africa's 44.5 million Swiss Francs acquisition of Spar Switzerland (60% acquisition) During his tenor at RMB (FirstRand), he was a member of RMB's Main Management board as well as the FirstRand Exco.

Mr. Mahendren has extensive experience in the areas of investment banking, corporate finance and private equity. Mr. Mahendren's stint at the bank afforded him the opportunity to develop deep insight and experience into formulation of Corporate Strategy and the implementation thereof, sound corporate governance, strategic risk planning, stakeholder management and management of large and diverse fields. Mr. Mahendren has also been a member of many industry bodies locally and abroad.

Mr. Mahendren has been a representative of FirstRand's at various BRICS business summits and was an active member of the SA/India CEO's forum. Mr. Mahendren resigned from FirstRand in November 2015



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to pursue a lifelong ambition to set up his own Private Equity fund. Mr. Mahendren is currently a major shareholder in Ayurveda Investments – a healthcare centric private equity company. He is also the CEO of the business and plays an active role in the investment process of the business. Mr. Mahendren brings a deep business and political network both locally and abroad and this network has been built over years of experience in one of South Africa's largest investment banks.

12. MR. MAYANK BATHWAL

Chief Executive Officer (CEO) & Whole-time Director
DIN 06804440

Mr. Mayank Bathwal is the Chief Executive Officer at ABHICL, a joint venture between Aditya Birla Group and MMI Holdings of South Africa since August 2015. He also serves as Director on the Board of Directors for Aditya Birla Wellness Private Limited.

Mr. Mayank has been responsible for setting up the latest venture of Aditya Birla Capital Limited, a first of its kind truly digital health insurance company in India with the unique value proposition of incentivized wellness, a differentiated business model and have created an efficient multi-channel distribution system. This has resulted in making ABHICL as one of the fastest growing standalone health insurer in FY19.

Mr. Mayank has a rich experience of nearly 25 years in the industry. He joined the Aditya Birla Group in early 1994 and has worked closely in various units and projects of the group including fertilizer and copper smelting units, financial services business and power projects.

In December 1999, Mr. Mayank joined Aditya Birla Sun Life Insurance Company Limited (ABSLI), the life insurance JV between the Aditya Birla Group and Sun Life, Canada. Prior to taking charge of other finance operations at ABSLI, he led the setting up of the life insurance venture, oversaw the



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functions of business strategy and planning. After his yearlong international stint as CFO at Sun Life, Indonesia, he returned in June 2007 to join ABSLI as a CFO. In 2011, he took the additional responsibility of heading institutional sales and ended his stint as a Deputy Chief Executive Officer at ABSLI.

Mr. Mayank is Fellow member of the Institute of Chartered Accountants of India (ICAI), the Institute of Cost & Works Accountants of India (ICWA) and the Institute of Company Secretaries of India (ICSI). He is also engaged with several bodies, including the CII Sub-Committee on Accessibility Health Insurance, the FICCI Committee on Health Insurance and the Internet and Mobile Association of India's (IAMAI) Healthtech Committee.

Mr. Mayank has been the recipient of several personal and professional recognition and has been felicitated at the Annual CFO 100 Roll of Honour (for the years 2012, 2013 and 2014) for his exceptional contribution to the area of Corporate Finance. He has also received the prestigious 'Aditya Birla Group Award 2016' in the 'Accomplished Leader' category.

13. LATE MR P VIJAYA BHASKAR

Independent Director
DIN 06629884

Ceases to be a Director
w.e.f. May 4, 2018

Awards and Accolades

Our cherished moments

During the year, we were appreciated and recognised by various industry forums for the significant work done by our various departments and by brand ABHICL. Some of the prominent ones are enlisted here.

ABHICL

ASIA'S BANKING, FINANCIAL SERVICES & INSURANCE EXCELLENCE AWARDS, SINGAPORE

- **Best Health Insurance Company of the Year - 2018**

Product

THE WORLD HEALTH AND WELLNESS CONGRESS

- **Activ Health: New Insurance Product of the year**

INDIAN CHAMBER OF COMMERCE AT EMERGING ASIA INSURANCE AWARDS IN THAILAND

- **Activ Health Platinum: Best Product Innovation in Health Insurance**



Marketing

#JumpForHealth Campaign

THE E4M INDIAN DIGITAL MARKETING AWARDS, 2018

- Best use of Social Networks
- Best Benchmark Content
- Best Campaign Online Advertising

INDIA SMARTIES, 2018

- Mobile Social Category



● Gold ● Silver

Operations

ASSOCHAM INDIA'S - HEALTH INSURANCE CONGRESS 2018 & SERVICE PROVIDERS AWARDS 2018

- **ABHICL's Care Managers: Star Performer Outreach**

QUALITY CIRCLE FORUM OF INDIA, MUMBAI CHAPTER

- **New Business: Refunds**
- **New Business: Dispatch**
- **DRM: OPD cashless benefit uptake**

EXCELLENCE AWARDS FROM QUALITY CIRCLE FORUM OF INDIA AT NATIONAL LEVEL

- **Six sigma project on reduction in pre-issuance refund TAT**
- **Process improvement project on Increase in DRM OPD Cashless Benefit Uptake via Company portal**

SPECIAL RECOGNITION AWARD FROM INDIZEN – KAIZEN INSTITUTE OF INDIA

- **Increase in DRM OPD Cashless Benefit Uptake via Company portal**

IMC INSTITUTE

- **Introducing Chronic Management Programme as a unique customer value proposition: Best Practice**

THE E4M INDIAN CONTENT MARKETING AWARDS, 2018

- **Best Crown Sourced Content**
- **Best Marketed Branded Content**

GLOBAL SMARTIES, 2018

- **Mobile Social Category**

THE INDIAN HEALTHCARE AND WELLNESS SUMMIT, 2018

Best Health Awareness

INDIA DIGITAL AWARDS, 2019 ORGANISED BY IAMAI AND TIMES NOW

- **Best User Generated Content**

INDIA DIGITAL AWARDS, 2019 ORGANISED BY IAMAI AND TIMES NOW

'Insurance Company for Social Impact Award, 2019'

THE 6TH CUSTOMER EXPERIENCE AWARDS, 2019 BY KAMIKAZE & ZENDESK

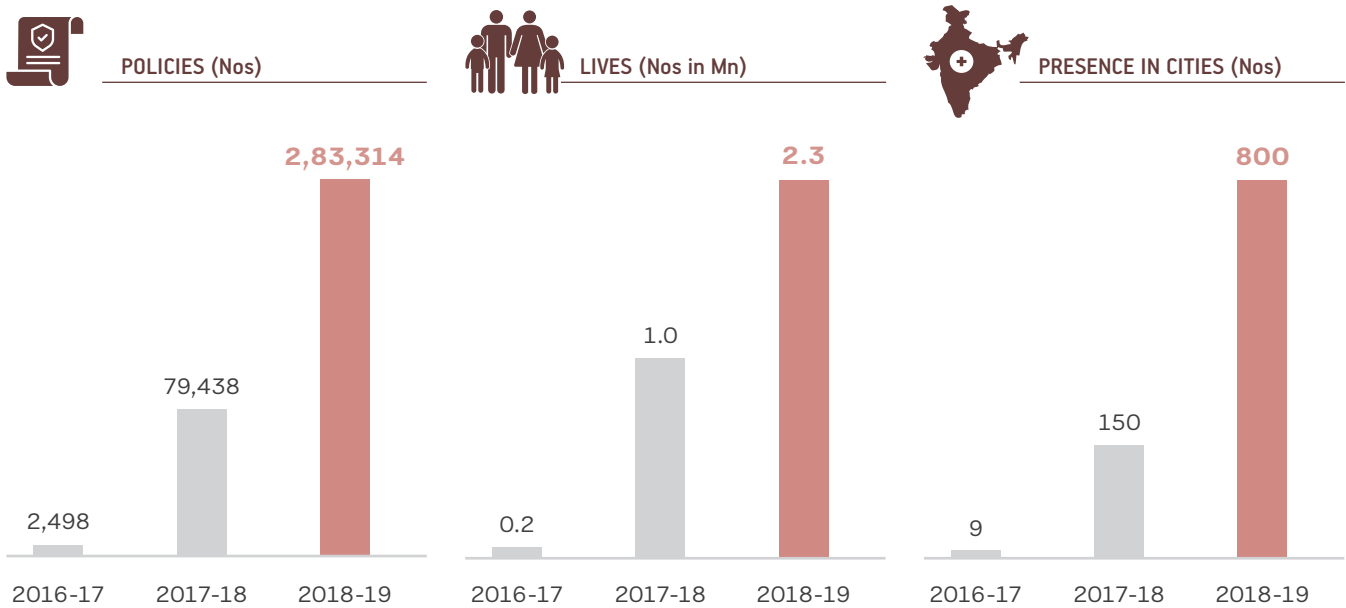
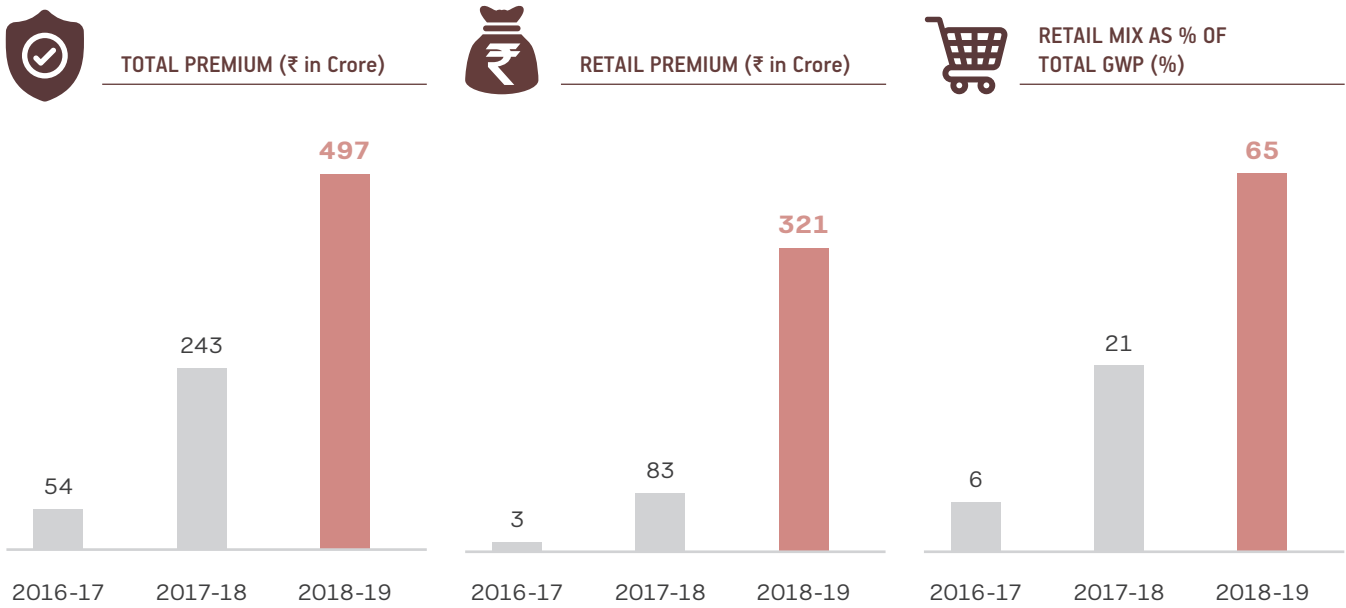
Best Use of Technology to Enhance Customer Experience

Best Customer Experience Transformation

Key Performance Highlights

Encouraging scorecard

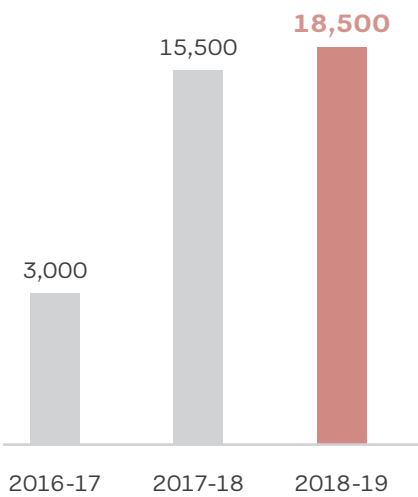
Financial metrics



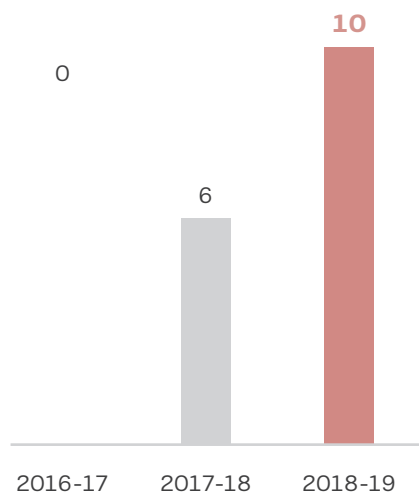
Non-financial metrics



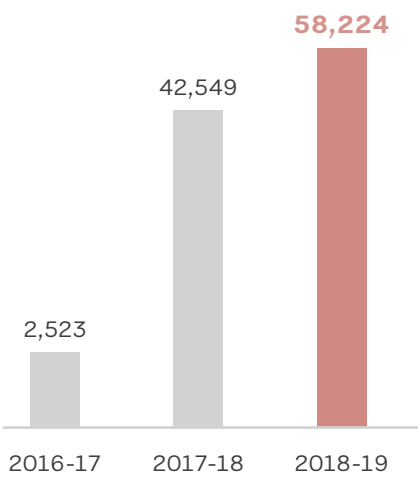
AGENTS (Nos)



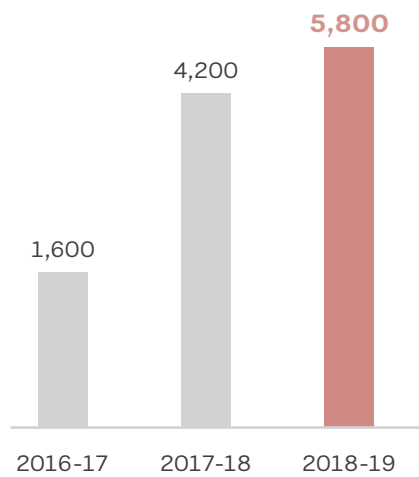
BANK PARTNERS (Nos)



CLAIMS SETTLED (Nos)



HOSPITALS (Nos)



Management Discussion and Analysis

1. OVERVIEW OF GLOBAL ECONOMY

After strong growth that lasted almost two years, the global economy started to lose momentum from the fourth quarter of 2018. Post global growth peaking at ~4% in 2017 and remaining strong at 3.8% in the first half of 2018, growth dropped to 3.2% in the second half of the 2018. The reasons for the downturn were possibly a combination of trade tensions, tightness in financial conditions, as well as other specific factors impacting large economies. The growth decline in China was a combination of tightening credit and rise in the US-China trade tensions; the Euro area economy lost momentum due to weakening consumer and business confidence, emissions standards impacting the auto industry and decline in external demand.

Trade tensions remained in the headlines for most of the year and increasingly took a toll on global trade, financial markets, business confidence and investment. The US Federal Reserve raised rates four times in the face of strong US growth. Financial markets' conditions declined during the second half of 2018 and flows to Emerging Market (EMs), as well as EM currencies were impacted as US yields surged ahead, before reversing from November 2018. Crude prices remained volatile, peaking in October (Brent crude at \$86/barrel) and bottoming in December (\$50/barrel).

India's economy started FY 2018-19 on a high with a strong 8.0% y-o-y growth in Q1. However, the economy entered a period of slower development thereafter, with growth declining in the following quarters. Central Statistics Office (CSO) Advance Estimates forecast FY 2018-19 growth rate at 7.0% compared to 7.2% y-o-y in FY 2017-18. While industrial progress picked up during the year led by strong growth in construction, agricultural and services sector growth moderated. The reasons for the slowdown can be attributed to global weakness, tight financial conditions, elevated real interest rates, Non-Banking Financial Company (NBFC) stress, strain in the informal sector, general slowdown in consumption and stressed credit markets.

Rural consumption appeared to have slowed compared to urban consumption, probably due to low agricultural prices and liquidity pressures, and the growth in rural wages also remained muted. Reports of strain in rural India has already elicited policy response in the FY 2019-20 Interim Budget, which should help to ameliorate the stress in FY 2019-20. Private investment is showing initial signs of pick up and is at a nascent stage, after a long hiatus. Capacity utilisation is approaching levels where the Company should expect a more broad-based improvement in private capital formation if demand

conditions do not deteriorate. India witnessed strong Foreign Institutional Investor (FII) outflows in the beginning of the fiscal in sync with generalised EM sell-off, which recovered towards the end of year with net outflow of US\$2 Billion. Net Foreign Direct Investment (FDI) flows were decent at US\$34.6 Billion. There were healthy inflows into Mutual Funds (MFs) with asset under management rising by 11.4% y-o-y.

Inflation remained well contained during the year with average inflation in FY 2018-19 at 3.4%, lower than Reserve Bank of India's (RBI's) target of 4%. Lower inflation was mainly caused by sharp decline in food inflation, which remained in the negative zone for five months and averaged a low 0.7% during the year. While core inflation was elevated, it also started moderating towards the end of the year. The RBI increased rates twice, in June and August 2018, before reversing its tightening. Bond yields rose in the first half of the fiscal, peaking in September and declining thereafter.

The Indian economy is currently going through a soft patch though the RBI has forecasted FY 2019-20 growth at 7.2%. The Company believes that growth may remain soft for some more time before moving up. Moreover, recovery will be contingent on policy priorities of the new government, quick easing of liquidity and credit stress faced by certain sections of the economy and a benign global environment.

2. INDUSTRY OVERVIEW

2.1. INDUSTRY PERFORMANCE

Driven by low penetration and increasing awareness among the masses, the health insurance segment has seen a consistent growth in recent years. Health insurance premium now constitutes ~30% of total non-life insurance premium as against ~22% in FY 2011-12. The health insurance industry registered premium of Rs. 50,076 Crore in FY 2018-19, which translates into growth of 18% y-o-y.

Standalone Health Insurers (SAHI) grew at 37% with gain in market share of 3.1% (FY2018-19 Market Share 22.7% versus Previous Year 19.6%).

Table1: Industry Performance and Growth (₹ Crore)

Key metrics	FY17	FY18	FY19
Total Gross Written Premium (GWP)	34,602	42,300	50,076
GWP – Group & Government	19,200	22,085	26,417
GWP – Retail	15,402	20,215	23,659
Overall y-o-y growth	22%	22%	18%

Source: IRDA / GIC Segment report

2.2. INDUSTRY STRUCTURE

Currently, there are 32 players operating in India's health insurance industry and these can be broadly divided into three categories i.e. Public Sector Undertaking (PSU) general insurers with 49% market share, private general insurers contributing 28% and standalone health insurance companies, which contribute to 23% of the market.

Figure 1: Industry Market Size and Market Share of Category of Insurers

	GWP INR Cr.		YoY Growth	3 year CAGR
Industry Total	42,317	50,073	18%	22%
PSU Insurers	55%	49%	5%	14%
Private Multiline	25%	28%	34%	28%
SAHI	20%	23%	37%	40%
	FY 18	FY 19		

Source: IRDA / GIC Segment report

Health insurance has three broad customer segments: 1) Group segment for corporates with ~50% of the market dominated by PSU insurers; 2) Retail segment with ~42% market, which has seen relatively higher growth due to increased penetration in Tier-II and Tier-III cities and 3) Government segment, which forms ~8% of the industry.

At the end of the year under review, the Company's market share stood at ~1.0% (~4.5% among SAHI), which is in line with management expectations. The Company expects that SAHI players will be growing at a faster pace than the industry average in the coming years. Among SAHI players, with a strong brand, unique CVP (Customer Value Proposition), multichannel and widespread distribution network and robust digital and servicing capabilities to manage scale, Aditya Birla Health Insurance is well positioned to exploit the growth opportunity.

2.3. INDUSTRY OUTLOOK AND OPPORTUNITY

Healthcare service and health insurance in India is evolving on account of demand side and supply side factors. The growth prognosis of health insurance industry remains robust against the backdrop of an increasing population, especially the middle class, as well as increasing lifestyle diseases. Following opportunities would remain key demand drivers:

- Significant opportunity to increase retail customer penetration as currently ~3% of the population is covered under retail health insurance schemes (excluding Government and Group policies)

- Out-of-pocket expenditures remain high, coupled with lower health expenditure:
 - India has the lowest expenditure on health compared to its peers (only 4% of GDP versus 10% global average)
 - ~70% of healthcare spending is out of pocket today versus just ~8% in South Africa and 11% in the US
- Expanding middle class, with middle-class households increasing from 70 Millions in 2016 to 110 Millions by 2025
- Evolving models of Insurers - Focus on Tier-III cities, new technologies and online distribution

3. COMPANY PERFORMANCE

3.1. OVERALL PERFORMANCE DURING FY 2018-19

The strength of the business model was validated by the Company's performance this year. It was also characterized by reinforcing capacities across products, people and distribution domains. The Company delivered a strong performance across financial and non-financial parameters during its second full year of operations. It registered gross written premium of Rs. 497 Crore of translating into growth of 104% largely on the back of retail business which registered a growth of 261%. This demonstrated its competitive strength in the areas of customer value proposition, robust multi-channel distribution and focus on digital delivery. During the financial year under review, the Company added 1.3 million lives to take the total

to 2.3 million lives. It has carefully designed an integrated phygital model (Physical + Digital) with relevant technology and digital partnerships that enables scale and improves customer experience. The accelerated growth has been accompanied by strong focus on profitability of the book being created. This has been demonstrated through multiple dimensions of broad-based product mix, diversified geographical mix, declining combined ratios and incurred claims ratio and balanced channel mix.

The Company’s differentiated business model has pushed it to focus significantly on the ‘health’ proposition in health insurance with 40% of its customers initiating their health journey with the Company during the year. In terms of its service delivery model, the Company has put in place a robust platform for supporting end-to-end customer journey from sales to servicing to wellness. The Company has empaneled 5,800+ hospitals to enable cashless services across 800+ cities. In the first two years of operations, it has stabilised its operating model for driving the CVP i.e. incentivised wellness and chronic care management. And its wellness proposition needs to be further scaled through continuous engagement with customers, distributors and healthcare ecosystem.

3.2. DISTRIBUTION CHANNELS PERFORMANCE

The Company follows a multi-channel distribution model across agency, broking, bancassurance, digital and direct marketing channels. Multi-distribution strategy has helped the Company to gain access to new geographies, especially in Tier-III cities and untapped customer segments to deliver its unique customer proposition that is the foundation of the business model. As a result, the Company expanded its footprint from 150+ locations in FY 2017-18 to 800+ locations in FY 2018-19. The Company will continue to create distribution capacities that are sustainable in the long run.

The Company’s agency network consists of around 18,400+ advisors with their spread across 41 locations through 59 branches. The Company has taken various initiatives for the agency channel to improve sales manager productivity through right profiling and hiring as well as agent profiling and segmentation to penetrate further across geographies. It will be imperative to manage capacities through timely recruitment, activation and training of sales force and agents, going forward.

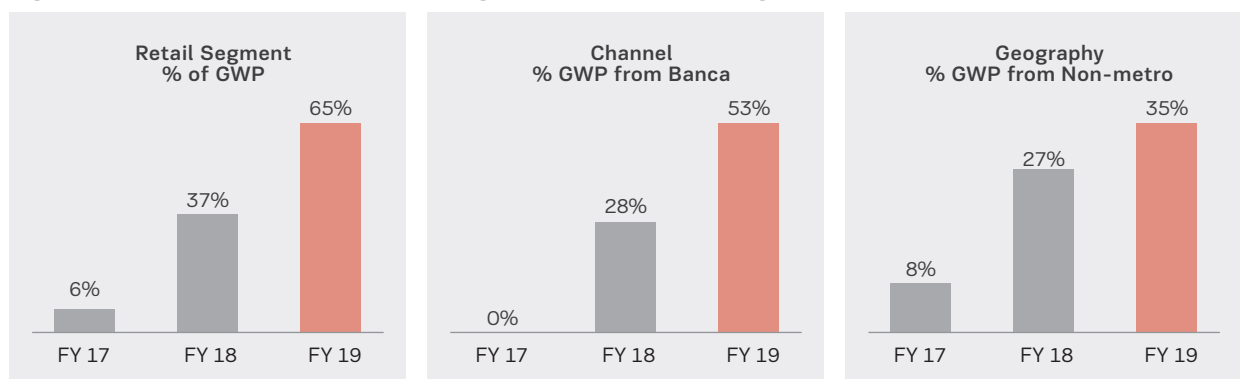
In bancassurance, the Company has one of the largest Banca distribution capacities in the industry with tie-ups with 10 bank partners. The growth for the Company was primarily on the back of bancassurance business, which saw four new bank partners’ activation in FY 2018-19, as well as new vertical activation with existing bank partners taking the total contribution of Banca to ~53% to total retail GWP. In the coming years, the Company plans to build a strong franchise in the bancassurance segment.

Partnerships with corporate agents and brokers are also going strong. The Company will continue to look at new tie-ups in the third-party distribution segment with a view of creating long-term strategic partnerships with key distributors.

In group segment, the Company has a diversified group portfolio through SME and creditor businesses. It is leveraging new client segments, including large corporates and SMEs for the business. Going forward, it will continue to focus on new segments to manage its top-line and margins.

To summarise, the Company’s focus for the coming year would be to optimally utilise the distribution capabilities created over the last two years and achieve maximum productivity from the available capacity. Given the strength of its innovative customer value proposition and the differentiated service model, including wellness and chronic care management, it is confident that it will be making further in-roads in its distribution channels in the years ahead.

Figure 2: Key Distribution Indicators – Segment, Channel and Geography



3.3. PRODUCT PERFORMANCE

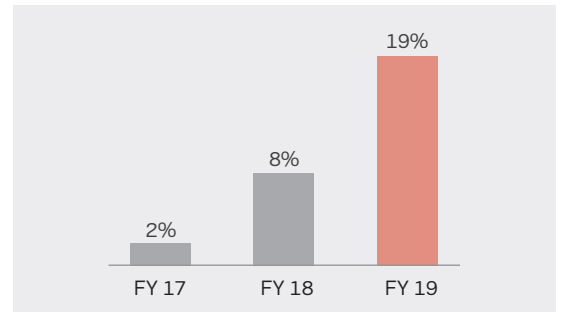
The Company started FY 2018-19 with a fully fortified retail product suite and the focus was

on broad basing the product mix. It has extended its product portfolio catering to all classes of prospective customer segments. Currently, the Company has a comprehensive product suite, which

includes Group Activ Health, Retail Activ Health, Retail Activ Assure and Retail Active Secure and Group Activ Secure. Retail Activ Assure and Retail Activ health contributed equally to the Retail segment.

The year saw the Company's flagship product Activ Health gain greater acceptance in the market and Activ Assure also contributing equally. The focus has also shifted on product packaging and launching margin accretive products, bundling combos and fixed benefit products to improve profitability. The Company is increasingly focusing on segmentation and mapping of customers and distributors with right product segments.

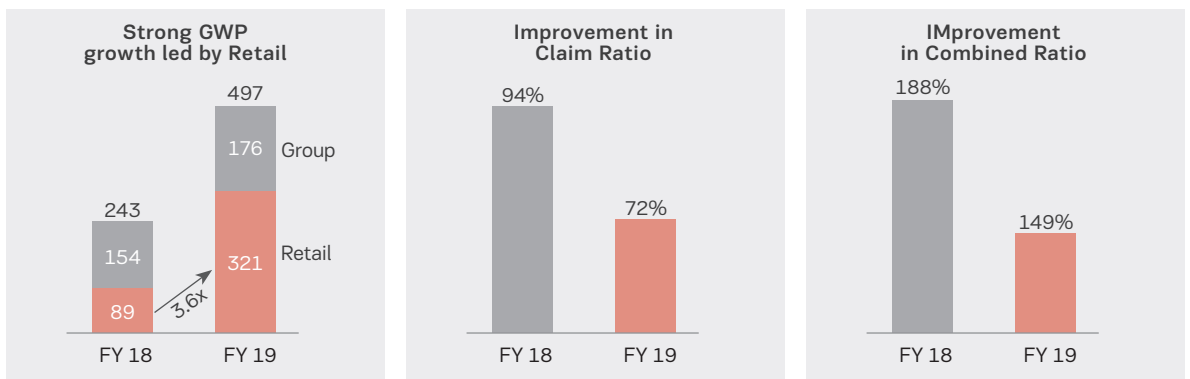
Figure 3: Fixed benefit product mix to improve profitability



3.4. FINANCIAL ANALYSIS

3.4.1. KEY SUMMARY OF FINANCIAL INDICATORS AT GLANCE

The Company ended its second full operating year on a strong note having registered Rs. 497 Crore of Gross Written Premium (GWP).



In FY 2018-19, the focus was to increase the Company's retail mix, which witnessed an increase to 65% as against 37% in the previous year. The increase in retail business contribution was on the back of its multi-channel distribution network achieved notably by leveraging bancassurance channel, improving agency channel productivity and by driving its innovative CVP. The Company has recorded good performance on key business and financial parameters as detailed below:

- Gross Written Premium (GWP) of Rs. 497 Crore in FY 2018-19 from Rs. 243 Crore in FY 2017-18, translating into growth of 104%
- The Company has broad-based its channel mix with sizeable GWP contribution from all channels with banks contributing to more than 50%
- 2.26 Million lives covered as of 31st March, 2019 as against 1.05 Million as of 31st March, 2018, translating to growth of above 100%

- Increasing retail business forming 65% of the total GWP as against 37% in previous year
- Total capital infused including share premium at Rs. 324.5 Crore in the current year taking the total capital to Rs. 705 Crore
- Solvency margin at 1.62 for FY 2018-19 against the regulatory requirement of 1.5
- Net loss of Rs. 254.5 Crore for FY 2018-19 primarily attributable to funding new business growth and distribution network creation
- The combined ratio witnessed a decline from 188% in FY 2017-18 to 149% in FY 2018-19

3.4.2. GROSS PREMIUM INCOME

Gross Written Premium and Net Earned Premium (NEP) witnessed strong growth of 104% and 129%, respectively on the back of strong inflows from retail business coupled with stable group business inflows. The Company continued the momentum in the retail segment with stellar growth in retail

premium of 261% over previous year. The Company has added nearly 1.3 Million additional lives to its portfolio during the year.

The table below summarises the performance of the Company over the year:

Table2: Gross written premium and Net Earned premium (₹ Crore)

Particulars	FY19	FY18	% Growth
Gross Written Premium	497	243	104%
Less: Reinsurance Ceded	-28	-14	100%
Net Written Premium	469	229	105%
Less: Change in Unexpired Premium Reserve (IUPR)	-121	-77	57%
Net earned premium	348	152	129%

3.4.3 OPERATING EXPENSES

The Company always recognised expense management and cost efficiency as one of the key drivers to profitable growth. Operating expenses as percentage of total gross written premium was 84% compared to 93% in the previous year. Salary as a percentage of operating expenditure has declined from 50% in previous year to 45% in the reporting period. The Company is continuously reviewing its operating model to improve its expense ratios further including improvement in productivity, strategic review of value chain including claims and provider management and technology as a key intervention to optimise costs. The growth in expenses has largely been on account of distribution capacity expansion and is in line with sales growth.

3.4.4 INCURRED CLAIMS

Claims incurred (net of reinsurance) are the total claims incurred by the Company during the year including paid, outstanding and IBNR reserves. The Company has been prudently managing the claims outflow through robust underwriting and risk selection, provider and tariff management, effective treatment and case management. Incurred claims ratio has gone down from 94% in FY 2017-18 to 72% in FY 2018-19 on account of increasing retail business as well as better claims management and sourcing of group business.

The table below summarises the performance of claims incurred over the year:

Table3: Net Incurred Claims (₹ Crore) and Claims Ratio (%)

Particulars	FY19	FY18	% Increase
Net Claims Paid	176	121	45%
Add: Claims Outstanding at the end of the period	51	22	127%
Less: Claims Outstanding at the beginning of the period	22	7	213%
Net Incurred Claims	204	136	50%
Claims Ratio%	72%	94%	

3.4.5 PROFITABILITY/NET INCOME

The net loss for the year at Rs. 254.5 Crore is higher than last year by Rs. 65.3 Crore while the overall financial performance improved with declining combined ratio and incurred claims ratio. The increase in losses is on account of increase in new business strain as well as reserving requirements from new business and investment in distribution creation.

The highlights of the Financial Results are as under:

Particulars	(Rs Crore)	
	Financial Year	
	FY19	FY18
Gross Written Premium	496.8	243.1
Net Written Premium	468.9	228.9
Net Earned Premium	348.2	151.9
Net Incurred Claims	204.1	136.1
Net Commission (Income)/ Expenses	47.4	18.9
Expenses of Management	371.5	206.2
Premium Deficiency Reserve	0	(3.7)
Investment Income – Policyholders	18.5	10.1
General Insurance Result	(256.3)	(195.3)
Investment Income – Shareholders	8.8	7.5
Other Expenses	6.9	1.4
Profit before Tax	(254.5)	(189.2)
Credit balance in P & L account at the year end	(545.6)	(291.0)

4. FINANCIAL CONDITION & STRENGTH

The Company is currently capitalised at Rs.705 Crore an increase of Rs 324.5 Crore over the previous year. This capital infusion translates into a solid financial base and is a reflection of the long-term commitment of the shareholders. Solvency refers to the minimum surplus that an insurance company needs to keep aside in the form of additional capital to meet any unprecedented increase in claims and to meet any adverse losses. Insurance Regulatory and Development Authority (IRDA) prescribes that each insurance company must have free assets equal to 1.5 times of the required solvency margin.

The Company's solvency margin at a level is in excess of 1.62, is well above the regulatory requirements of 1.5.

5. INITIATIVES AROUND CUSTOMER MANAGEMENT & CUSTOMER EXPERIENCE

The Company's business model has been created on the philosophy of health first. It is creating a differentiated model from traditional 'buy and forget' to 'buy and engage'. The Company would serve as an enabler and influencer of health of customers, in addition to fulfilling the traditional role of funding healthcare expenses. It will continue to focus on holistic approach towards health, which goes beyond sickness funding into disease prevention and wellness management.

5.1. DIGITAL ENABLEMENT TO IMPROVE CUSTOMER EXPERIENCE

The Company has a strong portfolio of digital assets with investments in technology made around Customer APP, Distributor APP, Training APP, customer portal and distributor portal. It has originated ~75% of its policies through its best-in-class digital platforms, which are now key to acquiring and servicing customers. The Company has embarked on a mission to provide its customers best-in-class service experience and it is in this direction that the Company has set out its digital and automation journey through a combination of Robotic Process Automation, Artificial Intelligence and Six Sigma implementation. The Company has not only been able to deliver phenomenal improvement in customer-led metrics but also empowered customers to have easy access to information and avail of basic services using a range of digital self-service options including APP, Website, WhatsApp and ChatBOT.

5.2. CLAIMS MANAGEMENT

The Company focuses on speedy claims settlement and has set aggressive Turnaround Time (TAT) of less than two hours for pre-authorisation and three business days for reimbursement processing with adherence being at 90% for both processes. The Company also provides handholding assistance in the claims process through care managers and in FY 2018-19 expanded this coverage to additional cities. More than 36,000 claims have been processed through TPAs for Group Health Policies and more than 23,000 claims have been processed in-house for retail health policies for FY 2018-19.

5.3 WELLNESS ENGAGEMENT WITH CUSTOMERS

Integral to the Company's vision and commitment to put 'health at the heart of health insurance' is its lifestyle management and chronic care management programmes. The Company conducts proactive health assessments and health checkups annually as part of its efforts to promote health and wellness. Through the Company's chronic care management programme, health coaches provide chronic care services for customers with diabetes, asthma, hypertension and hyperlipidemia. This coaching has helped in improving the customer's overall health and wellbeing.

The model of continuous engagement driving health outcomes for customers saw 40% of them begin their health journey with us. This is significant compared to levels of engagement in industry and will pave the way for deeper customer relationships demonstrated in increased retention and persistency levels.

5.4 CUSTOMER EXPERIENCE & NPS

The Company has instituted a process of seeking customer feedback on ongoing basis through Net Promoter Score (NPS) and the trend for FY 2018-19 has been very encouraging with an upward swing seen across key processes. The NPS process is meticulously managed with improvement opportunities being identified on a regular basis and tracked to closure.

5.5 CONTINUING THE GROWTH JOURNEY

The Company's strategy remains focused on driving profitable growth that is entrenched in its purpose of motivating Indian families to live healthy and fulfilling lives. Steering the growth in topline will be optimization of strong distribution capacity created over the last two and half years. The Company will continue to deliver strong customer experience through leveraging its digital and technology investments, service excellence and collaboration across customer channels and business functions, from distribution and underwriting to claims handling. Driving health outcomes of its customers through continuous engagement will be a key focus area as the Company steers a scale up of its operations against the backdrop of growth engine being built and drivers created thus far.

DISCLAIMER

Certain statements in this 'Management Discussion and Analysis' may not be based on historical information or facts and may be "forward looking statements" within the meaning of applicable securities laws and regulations, including, but not limited to, those relating to general business plans and strategy of the Company, its future outlook and growth prospects, future developments in its businesses, its competitive and regulatory environment and management's current views and assumptions which may not remain constant due to risks and uncertainties. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian economic conditions, changes in Government regulations, tax regimes, competitors actions, economic developments within India and such other factors such as within with the Company operates. The Company assumes no responsibility to publicly amend, modify or revise any statement, on the basis of any subsequent development, information or events, or otherwise.

Board's Report

Dear Members,

The Board of Directors of **Aditya Birla Health Insurance Co. Limited** ("the Company" or "ABHICL") is pleased to present the Fourth Annual Report and the Audited Financial Statements of the Company for the financial year ended March 31, 2019 ("financial year").

FINANCIAL SUMMARY AND HIGHLIGHTS

The highlights of the Financial Results are as under:

Particulars	Financial Year	
	2018-19	2017-18
Gross Written Premium	496.8	243.1
Net Written Premium	468.9	228.9
Net Earned Premium	348.2	151.9
Net Incurred Claims	204.1	136.1
Net Commission (Income) / Expenses	47.4	18.9
Expenses of Management	371.5	206.2
Premium Deficiency Reserve	0	(3.7)
Investment Income – Policyholders	18.5	10.1
General Insurance Result	(256.3)	(195.3)
Investment Income – Shareholders	8.8	7.5
Other Expenses	6.9	1.4
Profit before Tax	(254.5)	(189.2)
Credit balance in P & L account at the year end	(545.6)	(291.0)

The above figures are extracted from the Financial Statements prepared in accordance with accounting principles generally accepted in India including the Accounting Standards specified under section 129(3) of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act.

The detailed Financial Statements as stated above are available on the Company's website at www.adityabirlahealth.com/healthinsurance.

ACCOUNTING METHOD

IMPLEMENTATION OF INDIAN ACCOUNTING STANDARDS (IND AS) CONVERGED WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company has prepared the financial statements as per I-GAAP (Indian Generally Accepted Accounting Principles) and IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000. The Insurance Regulatory and Development Authority of India (IRDAI) vide its circular dated June 28, 2017 has deferred

implementation of Ind-AS in the Insurance Sector for a period of two years and the same shall be implemented effectively from FY 2020-21.

However, the Company continues to submit the Proforma Ind-AS financial statements to the Authority on a quarterly basis as directed under IRDAI circular no. IRDA/F&A/CIR/ACTS/262/12/2016 dated December 30, 2016.

The Accounts of the Company are consolidated with Aditya Birla Capital Limited ("ABCL"), the Holding Company to which Ind-AS applies. The Company has also prepared the financial statements in Ind-AS format for FY 2018-19.

KEY HIGHLIGHTS

The key performance highlights of the Company during the financial year under review are as follows:

- Gross Written Premium (GWP) of ₹ 497 crores in FY 2018-19 from ₹ 243 crores in FY 2017-18, translating to growth of 104%;
- Net Loss of ₹254.5 crores for FY 2018-19 primarily attributable to funding new business growth and distribution network creation;
- The Health Insurance industry grew by 18% YoY and registered GWP of ~50,000 Crores;
- The Company GWP YoY growth rate was at 104% as against SAHI YoY growth rate of 36%;
- The Company has broad-based its Channel mix with sizeable GWP contribution from all channels with Banks contributing to more than 50%;
- Number of lives covered at 2.26 million as of 31st March, 2019 as against 1.05 million as of 31st March, 2018, translating to growth of above 100%;
- Increasing retail business forming 62% of the total GWP as against 34% in previous year;
- Total capital infused including share premium at ₹ 324.5 Crores in the current year taking the total capital to ₹ 705 crores;
- Solvency margin at 1.62 for FY 2018-19 against the regulatory requirement of 1.5;
- The combined ratio witnessed a decline from 188% in FY 2017-18 to 149% in FY 2018-19.

MATERIAL EVENTS DURING THE YEAR

During the financial year under review, there were no material events in the Company.

HOLDING COMPANY / SUBSIDIARIES / JOINT VENTURES / ASSOCIATE COMPANIES

HOLDING COMPANY

During the financial year under review, Grasim Industries Limited remained the ultimate Holding Company of the Company and Aditya Birla Capital Limited continues to be the Holding Company of the Company.

SUBSIDIARY COMPANY

The Company does not have any Subsidiary Company.

JOINT VENTURE / ASSOCIATE COMPANY

The Company does not have any Joint Venture / Associate Company.

TRANSFER TO RESERVES

During the financial year under review, the Company has not transferred any amount to the General Reserve.

DIVIDEND

The Directors do not recommend any dividend for the financial year under review.

DEPOSITORY SYSTEM

As on March 31, 2019, out of the Company's total equity paid-up share capital comprising of 21,20,26,543 Equity Shares, 21,20,26,483 Equity Shares were held in dematerialized form.

SHARE CAPITAL

The Authorized Share Capital of the Company is ₹ 225,00,00,000.

The Issued, Subscribed and Paid up Equity Share Capital of the Company was ₹ 212,02,65,430 as on March 31, 2019.

During the financial year under review, the following allotments of Equity Shares were made:

Sr. No.	Date of Allotment	Name of the Shareholder	No. of Shares	Face Value per share (₹)	Premium per share (₹)	Amount (₹)
1	May 7, 2018	Aditya Birla Capital Limited	1,11,95,122	10	31	45,90,00,002
		MMI Strategic Investments (Pty) Limited	1,07,56,098	10	31	44,10,00,018
2	August 29, 2018	Aditya Birla Capital Limited	1,80,36,585	10	31	73,94,99,985
		MMI Strategic Investments (Pty) Limited	1,73,29,268	10	31	71,04,99,988
3	February 12, 2019	Aditya Birla Capital Limited	1,11,32,927	10	31	45,64,50,007
		MMI Strategic Investments (Pty) Limited	1,06,96,341	10	31	43,85,49,981

PUBLIC DEPOSITS

The Company, being an Insurance Company has not accepted any deposits from the public during the financial year under review in accordance with Section 73 of the Act read with the rules made thereunder.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

The particulars of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, are not applicable to the Company.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The particulars with respect to the conservation of energy and technology absorption as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as Annexure I to this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during the financial year under review as well as during the previous financial year. However, the foreign exchange outgo during the financial year under review was ₹ 6.1 Crore as compared to ₹ 1.4 Crore, during the previous financial year.

The foreign exchange incurred during the year under review was towards reimbursement of expenses for Information Technology services to Metropolitan International Support (Pty) Ltd.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company from end of the financial year up to the date of this Report.

CHANGE IN NATURE OF BUSINESS

During the financial year under review, there has been no change in the nature of business of the Company.

EMPLOYEE STOCK OPTION PLAN

Employee Stock Options have been recognized as an effective instrument to attract talent and align the interest of employees with that of the Company, thereby providing an opportunity

to the employees to share in the growth of the Company, to create long term wealth in the hands of employees and act as a retention tool.

In view of the above, Aditya Birla Capital Limited (ABCL) had formulated "Aditya Birla Capital Limited Employee Stock Option Scheme 2017" ("Scheme 2017") for the employees of the Company and its Subsidiaries.

The shareholders of ABCL had also extended the benefits and coverage of the Scheme 2017 to the employees of ABCL's Subsidiary Companies.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year under review, is presented as a separate section, which forms part of this Annual Report.

CORPORATE GOVERNANCE REPORT

A separate report on Corporate Governance is attached as **Annexure II**, which forms part of this Report.

In compliance with "Guidelines on Corporate Governance for the Insurance Sector" (CG Guidelines) issued by IRDAI, a Compliance Certificate issued by the Compliance Officer forms part of the Corporate Governance Report.

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARY

The Company does not have any Subsidiary Company.

RISK MANAGEMENT

The Company believes that a strong, effective and embedded risk management framework is crucial to maintaining successful business operations and delivering sustainable, long-term profitability. The Company achieves this through a strong risk culture articulated by effectively by leadership team and embodied by management at all levels through its governance structure and risk management processes.

The Company always aims to adopt best practices in controlling all the risks to which it is exposed. This is generally achieved by identifying risk exposures, assessing them, incorporating appropriate risk management strategies and monitoring and reviewing ongoing risk to incorporate changes in its operations and to enable it to make informed decisions on risk controls.

The Company has an Enterprise Risk Management (ERM) framework and policy which includes key components such as risk identification, risk assessment, risk response and risk management strategy, Risk monitoring, communication and reporting are meant to mitigate key risks which are inherent to the nature of Company's activities. The risks of the Company are broadly classified into 8 categories namely Reputation Risk, People Risk, Regulatory Risk, Operational Risk, Investment Risk, Insurance Risk, Strategic Risk and Business Risk. The key business risks identified are presented to the Risk Management Committee and monitored by the Risk Management team thereafter.

The Risk Governance Structure of the Company has 3 lines of defense. Further, the Company has identified key risk indicators for each risk category and these are monitored on a periodic basis by the Risk Management function. The Company follows a Risk Control Self-Assessment process to embed the risk management culture as a part of day to day operations. The Company also assesses and monitors fraud risks to design and implement controls in required process areas.

Information Security risk is governed through the Information Security policy which provides management direction and support for information security in accordance with business requirements and relevant laws and regulations so that its information assets are provided comprehensive protection against the consequences of breaches of confidentiality, failures of integrity or interruptions to their availability.

The Company's Investment Function is governed by the Investment Committee appointed by the Board of Directors. Investment Policy and Operating Guidelines laid down by the Board while ensuring regulatory compliances also provide the framework for management and mitigation of the risks associated with investments. Various strategies are adopted to ensure adequate controls are put in place to mitigate risk related to Asset Liability Management. The Company monitors the capital and solvency margin requirement to ensure adherence to stipulated requirements.

Strategic risks such as changes in operating environment, technology, economy and the industry are monitored by the Company through its strategic planning process.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all contracts / arrangements / transactions entered into by the Company with related parties were in the ordinary course of business and on an arm's length basis and were not considered material as per the provision of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. Hence, disclosure in form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014, is not applicable.

All related party transactions have been approved by the Audit Committee of the Company and are reviewed on a periodic basis in accordance with the Related Party Transaction Policy.

The details of contracts and arrangements with related parties of the Company for the financial year under review, are given in notes to the Financial Statements, forming part of this Annual Report. The Policy on Related Party Transactions, as approved by the Board, is available on the Company's website at: <https://www.adityabirlacapital.com/healthinsurance/#!/legals>

INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that the Company has laid down standards, processes and structures which enables it to implement Internal Financial controls across the organization and that such controls are adequate and are operating

effectively. During the year under review, no material or serious observation has been observed for inefficiency or inadequacy of such controls.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors during the course of their audits.

INTERNAL AUDIT

The Company has a robust Internal Audit practice carried out by a reputed Independent External Chartered Accountant Firm. The Internal Audit Plan is drawn in advance and is approved by the Audit Committee. The audit reports are placed in the Audit Committee and the Chairman of the Audit Committee is an Independent Director as per the requirement of the stipulated Corporate Governance norms.

The Audit Committee of the Board of Directors had appointed M/s Suresh Surana & Associates, LLP as its Internal Auditor for FY 2018-19. The Internal Audit Plan was designed to assess the adequacy of operational processes and assess the efficacy of internal controls. Internal audit is conducted with the objective of providing to the Audit Committee of the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organization's operating controls and governance processes. The audits also assess the compliance levels with the regulatory and statutory requirements.

The broad process followed by the Company for Internal Audit is as stated below:

- Establish and communicate the scope of the audits with the process owners
- Perform walkthroughs to understand major processes and related sub-processes along with different interfaces;
- Perform detailed evaluation of controls over identified risks;
- Closure of Audit between Internal Auditor and Management wherein observations are discussed and actionable or resolution plan are agreed;
- Final Audit Report is released to the concerned stakeholders;
- Key audit observation along with status of implementation of open audit findings are presented by Appointed Internal Auditor to the Audit Committee.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the management, Directors of the Company state that:-

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

APPOINTMENT/RESIGNATION OF DIRECTORS

As on March 31, 2019, the Board of Directors of the Company ("the Board") comprised of 11 (Eleven) Directors, wherein there are 6 (Six) Non-Executive Directors, 4 (Four) Independent Directors including 1 (One) Woman Director and 1 (One) CEO & Whole Time Director. The Directors on the Board possess the requisite experience and competency and are renowned in their respective fields.

All Directors are liable to retire by rotation except Independent Directors, whose term of office is of 5 consecutive years.

During the financial year under review, the following were the changes in the composition of the Board of Directors of the Company:

- Mr. P Vijaya Bhaskar ceased to be an Independent Director w.e.f. May 4, 2018, due to his untimely demise.
- Mr. Louis von Zeuner ceased to be a Non – Executive Director w.e.f. March 8, 2019, due to his resignation.

RETIREMENT BY ROTATION

As per the provisions of the Act, Dr. Ajit Ranade (DIN 00918651) and Mr. Asokan Naidu (DIN 07425396) retire from the Board by rotation this year and being eligible, offer themselves for re-appointment at the 4th Annual General Meeting of the Company.

A detailed profile of the Directors seeking re-appointment is provided in the Notice of the 4th Annual General Meeting of the Company.

The details of the remuneration paid to the Non-Executive Chairman, Executive and Non-Executive / Independent Directors of the Company for the year ended March 31, 2019 and the details on number of meetings of the Board of Directors of the Company is provided in detail in the Corporate Governance Report.

DECLARATION BY INDEPENDENT DIRECTORS

Pursuant to Section 149(7) of the Act read with the Companies (Appointment and Qualifications of Directors) Rules, 2014, the Company has received declarations from all the Independent Directors of the Company confirming that they meet the 'criteria of Independence' as prescribed under Section 149 (6) of the Act and have submitted their respective declarations as required under Section 149 (7) of the Act.

KEY MANAGERIAL PERSONNEL

In terms of the provisions of Sections 2 (51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following employees were holding the position of Key Managerial Personnel ('KMP') of the Company:

- Mr. Mayank Bathwal (Chief Executive Officer & Whole Time Director)
- Ms. Shikha Bagai (Chief Finance Officer)
- Mr. Rajiv Joshi (Company Secretary till July 31, 2018)
- Mr. Mahesh Kumar Radhakrishnan (Company Secretary w.e.f. August 1, 2018)

In terms of the provisions of CG Guidelines issued by IRDAI, the following employees were holding the position of Key Management Persons of the Company as on March 31, 2019:

- Mr. Mayank Bathwal (Chief Executive Officer & Whole Time Director)
- Ms. Shikha Bagai (Chief Finance Officer)
- Mr. Rajiv Joshi (Company Secretary till July 31, 2018)
- Mr. Mahesh Kumar Radhakrishnan (Company Secretary w.e.f. August 1, 2018)
- Ms. Anuradha Sriram (Appointed Actuary Upto September 26, 2018)
- Mr. Santanu Banerjee (Head - Human Resource & Administration till July 4, 2018)
- Mr. Niren Srivastava (Head - Human Resource & Administration w.e.f. July 27, 2018)
- Mr. Srinivas Subramanian (Head - Operations till July 26, 2018)
- Mr. Amar Joshi (Chief Distribution Officer till January 31, 2019)

- Ms. Varij Pujara (As Chief Operations Officer and Head - Institutional Sales w.e.f. July 27, 2018 till January 31, 2019)
- Ms. Varij Pujara (As Chief Distribution Officer w.e.f. February 1, 2019)
- Ms. Darshana Shah (Chief Marketing Officer)
- Mr. Sanjay Karnatak (Head - Information Technology till August 30, 2018)
- Mr. Dheeraj Agarwal (Chief Investment Officer)

ANNUAL PERFORMANCE EVALUATION

The evaluation framework for assessing the performance of the Directors of the Company comprises of contributions at the Meeting(s) and strategic perspective or inputs regarding the growth and performance of the Company, amongst others.

Pursuant to the provisions of the Act and in terms of the Framework of the Board Performance Evaluation, the Nomination and Remuneration Committee and the Board of Directors had carried out an annual performance evaluation of the performance of various Committees of the Board, individual Directors and the Chairman. The manner in which the evaluation had been carried out has been set out in the Corporate Governance Report, which forms part of this Annual Report.

MEETINGS OF THE BOARD AND ITS COMMITTEES

BOARD

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met 4 (four) times. The meetings of the Board were held on April 20, 2018, July 27, 2018, October 26, 2018 and January 21, 2019. Further details on the Board Meetings are provided in the Corporate Governance Report, which forms part of this Annual Report.

AUDIT COMMITTEE

The Company has constituted an Audit Committee with its composition, quorum, powers, roles and scope in line with the applicable provisions of the Act read with CG guidelines issued by IRDAI.

During the financial year under review, the Audit Committee through the process of Internal Audits exercised oversight on the internal controls that are in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. No material discrepancy or weakness in the internal control system of the Company were reported during the year.

During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board.

Further details on the Audit Committee are provided in the Corporate Governance Report, forming part of this Annual Report.

NOMINATION AND REMUNERATION COMMITTEE

The Company has a duly constituted Nomination and Remuneration Committee with its composition, quorum, powers, roles and scope in line with the applicable provisions of the Act.

Further details on the Nomination and Remuneration Committee are provided in the Corporate Governance Report, forming part of this Annual Report.

The Nomination and Remuneration Committee has formulated a policy on remuneration under the provisions of Section 178(3) of the Act and the same is attached as **Annexure III** to this report.

OTHER COMMITTEES

The Board of Directors has also constituted the following Committees under the relevant provisions of the Companies Act, 2013 read with CG Guidelines issued by IRDAI:

- Investment Committee
- Policyholders' Protection Committee
- Risk Management Committee

Details of all the other Committees of the Board are provided in the Corporate Governance Report, which forms part of this Annual Report.

EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Act as amended by the Companies (Amendment) Act, 2017, the extract of annual return for the financial year ended March 31, 2019 in Form MGT-9 under the provisions of 92(3) of the Act has been attached as Annexure IV to this report and uploaded on the website of the Company at www.adityabirlacapital.com/healthinsurance.

AUDITORS

STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

The Shareholders of the Company at its meeting held on July 27, 2018, had approved the appointment of M/s GBCA & Associates LLP, Chartered Accountants (Firm Reg. No. 103142W/W100292) for a term of 1 (One) year along with M/s Khimji Kunverji & Co., Chartered Accountants (Firm Reg. No: 105146W) as the Joint Statutory Auditors of the Company for the FY 2018-19.

In terms of Corporate Governance Guidelines issued by the IRDAI, an insurance company is required to have minimum 2 Joint Statutory Auditors. The Corporate Governance Guidelines also prescribe requisite criteria for eligibility of firms to be appointed as Joint Statutory Auditors of the Company.

The Company has received certificates from M/s GBCA & Associates LLP, Chartered Accountants and M/s Khimji Kunverji & Co., Chartered Accountants confirming their eligibility and willingness for the appointment as the Joint Statutory

Auditors pursuant to Section 139 (1) of the Companies Act, 2013 and as per the requirement stipulated by IRDAI.

The Audit Committee and Board of Directors had recommended to the Members of the Company the appointment of M/s GBCA & Associates LLP, Chartered Accountants who being eligible have offered themselves to be re-appointed as one of the Joint Statutory Auditors for a term of 5 (Five) years from conclusion of the 4th (Fourth) AGM till the conclusion of 9th (Ninth) AGM. The other Joint Statutory Auditors M/s Khimji Kunverji & Co., Chartered Accountants hold office till the conclusion of 7th (Seventh) AGM of the Company.

Pursuant to the amendments to Section 139 of the Companies Act, 2013 by the Companies (Amendment) Act, 2017 effective from May 7, 2018, the requirement of seeking ratification by the Members for the appointment of the Statutory Auditors has been withdrawn from the Act. In view of the same, ratification by the Members for appointment of M/s Khimji Kunverji & Co., as Joint Statutory Auditors of the Company for FY 2019-20 at this ensuing 4th (Fourth) Annual General Meeting is not being sought.

There are no observations made by the Statutory Auditors of the Company in their report hence does not call for any comments.

The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. Under Section 143(12) of the Act, the Statutory Auditors have not reported to the Audit Committee/ Board of Directors any incidents of fraud during the financial year under review.

SECRETARIAL AUDITORS

Pursuant to the requirements of Section 204 (1) of the Companies Act, 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Dilip Bharadiya & Associates, a firm of Company Secretaries in Practice, to conduct the Secretarial Audit for the financial year under review. The Secretarial Audit Report in Form MR-3 for the financial year under review as received from M/s. Dilip Bharadiya & Associates, a firm of Company Secretaries in Practice, is attached as **Annexure V** to this report.

The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

COST AUDITORS

The provisions of Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013 are not applicable to the Company.

WHISTLE BLOWER POLICY (VIGIL MECHANISM)

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has formulated

a vigil mechanism for Directors and Employees to report concerns, details of which are covered in the Corporate Governance Report which forms part of the Annual Report. Whistle Blower Policy is available on the Company's website at: www.adityabirlacapital.com/healthinsurance.

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place an appropriate policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the financial year under review, there was 1 (one) case reported under this policy and disposed of.

HUMAN RESOURCES

In pursuance of the Company's aspirations to become the most preferred employer in the Insurance industry, the Company continued to invest in creating a pool of talent for the growing business needs. The Company's total workforce stood at 2,083 as at March 31, 2019. Structured initiatives around talent management, learning and development and long term retention plan for talent pool across levels were implemented for skill development to enhance productivity and performance of workforce.

SECRETARIAL STANDARDS OF ICSI

The Company is in compliance with the Secretarial Standards specified by the Institute of Company Secretaries of India ("ICSI") on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2).

AWARDS AND CERTIFICATIONS

During the financial year under review, the Company has been felicitated with awards and recognitions across various functional areas. Some of these were:

- ABHICL was recognized as Best Health Insurance Company of the Year - 2018 at Asia's Banking, Financial Services & Insurance Excellence Awards, Singapore.
- ABHICL #JumpForHealth Campaign was recognized across various prestigious platforms;
 - o Gold Category – Best use of Social Networks
 - o One Gold & Two Silver awards at the E4M Indian Digital Marketing Awards 2018
 - o Silver Category – Best Benchmark Content
 - o Silver Category – Best Campaign Online Advertising
- o Gold - Best Crown Sourced Content & Silver - Best Marketed Branded Content at the E4M Indian Content Marketing Awards 2018
- o Gold in Mobile Social Category at India Smarties 2018
- o Silver in Mobile Social Category at Global Smarties 2018
- o Best Health Awareness at the Indian Healthcare and Wellness Summit 2018
- o Silver Best User Generated Content at India Digital Awards 2019 organised by IMAI & Times NOW
- o 'Insurance Company for Social Impact Award 2019' for its #JumpForHealth campaign
- KamiKaze & Zendesk recognised ABHICL at 6th Customer Experience Awards 2019 under the following categories;
 - o Best Use of Technology to Enhance Customer Experience
 - o Best Customer Experience Transformation
- ABHICL's retail indemnity product Activ Health, has been awarded as the 'New Insurance Product of the year', by the prestigious 'World Health and Wellness Congress'. The product offers an embedded incentivized wellness program that motivates the consumers to live a healthy and active life which enables them to earn up to 30% of their premium back.
- Activ Health Platinum product was recognised Best Product Innovation in Health Insurance by Indian Chamber of Commerce at Emerging Asia Insurance Awards in Thailand.
- ASSOCHAM India's - Health Insurance Congress 2018 & Service Providers Awards 2018 was awarded to ABHICL's 'Care Managers' under Star Performer Outreach category.
- Quality Circle Forum of India, Mumbai chapter awarded ABHICL for appended three categories
 - o New Business - Refunds
 - o New Business - Dispatch
 - o DRM –OPD cashless benefit uptake
- Excellence awards from Quality Circle Forum of India at National level:
 - o Six sigma project on reduction in pre issuance refund TAT

- o Process improvement project on Increase in DRM OPD Cashless Benefit Uptake via Company Portal
- Excellence award from Quality Circle Forum of India at National level for six sigma project on improving Policy dispatch TAT.
- Special Recognition award from Indizen – Kaizen Institute of India for Increase in DRM OPD Cashless Benefit Uptake via Company Portal.
- Awarded Best Practice award by IMC Institute for Introducing Chronic Management Programme as a unique customer value proposition.

OTHER DISCLOSURES

In terms of applicable provisions of the Act, the Company discloses that during the financial year under review that:

- i. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except under Employee Stock Option Schemes referred to in this Report;
- ii. There was no Scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees;
- iii. There was no Issue of shares with differential rights;
- iv. There was no transfer of shares of the Company;
- v. There was no transfer of un-paid or unclaimed amount to Investor Education and Protection Fund (IEPF);
- vi. There were no significant or material orders passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future.

TRANSFER OF UNCLAIMED AMOUNT OF POLICY HOLDERS TO NATIONAL SENIOR CITIZEN WELFARE FUND

Provisions of the IRDAI circular no. IRDA/F&A/CIR/MISC/105/07/2018 dated July 11, 2018, on unclaimed amount to be transferred to National Senior Citizen Welfare Fund is not applicable to the Company, as the Company has not completed 10 years of its operations.

CUSTOMER GRIEVANCE REDRESSAL

The Grievance Redressal Guidelines issued by IRDAI has established uniformity in the insurance industry in terms of definitions, timeframes for complaint resolution and classifications of complaints. In accordance with the Grievance Redressal Guidelines, the revised policy has been laid down in October, 2017.

Adequate steps are undertaken to provide awareness among customers about Grievance Redressal and the escalation matrix.

Grievances received by the Company are reported on 'Integrated Grievance Redressal Management System' (IRDAI - IGMS) online and a reverse feed also gets downloaded for complaints registered by customers on IGMS against the Company. Grievance Redressal team has been empowered to take decisions for ensuring effective resolution of customer complaints.

MANAGERIAL REMUNERATION

Remuneration (sitting fees) paid to Independent Directors and elements of remuneration package (including incentives) of MD & CEO and Key Management Persons as per CG Guidelines issued by Insurance Regulatory and Development Authority of India ("IRDAI") are disclosed in the Corporate Governance Report, which forms part of this Annual Report.

OTHER STATUTORY INFORMATION

MANAGEMENT REPORT

Pursuant to the provisions of Regulation 3 of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2000, the Management Report forms part of this Annual Report.

IRDAI PANEL APPOINTED ACTUARY'S CERTIFICATE

The certificate of the IRDAI Panel Appointed Actuary is attached to the Financial Statements.

CERTIFICATE FROM COMPLIANCE OFFICER (UNDER CG GUIDELINES ISSUED BY IRDAI)

In compliance with CG Guidelines issued by IRDAI, a Compliance Certificate issued by the Company Secretary, designated as the Compliance Officer under CG Guidelines, is attached to the Corporate Governance Report, which forms part of this Annual Report.

SOLVENCY MARGIN

The Directors are pleased to report that the assets of the Company are higher than its liabilities with a solvency margin of 1.62 in FY 2018-19, which is above the minimum solvency margin level of 1.50, as specified in Section 64VA of the Insurance Act, 1938 read with the IRDAI (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2000.

ACKNOWLEDGEMENTS

The Board places on record its heartfelt appreciation of the dedicated efforts put in by employees of the Company at all levels. The results of the year are testimony to their hard work and commitment.

The Board takes this opportunity to express sincere thanks to its valued customers for their continued patronage.

The Board also acknowledges the contribution of insurance advisors, banks, corporate brokers/agents and intermediaries, training institutes and business and technology partners, the Registrars, Depositories, reinsurers, underwriters and other insurance intermediaries, who have always supported and helped the Company to achieve its objectives.

The Board would like to thank the Aditya Birla Group and MMI Group, for their constant support, guidance and co-operation.

The Board would also like to express its gratitude for the valuable advice, guidance, and support received from time to time from the Insurance Regulatory and Development Authority of India, the Auditors and the other Statutory Authorities and look forward to their continued support in future.

**By order of the Board of Directors
for Aditya Birla Health Insurance Co. Limited**

Place: Mumbai
Date: April 23, 2019

Mr. Ajay Srinivasan
Director
(DIN 00121181)

Mr. Mayank Bathwal
CEO & WTD
(DIN 06804440)

ANNEXURE I TO THE BOARD'S REPORT

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Particulars pursuant to the provisions of Section 134 (3) (m) of the Act, read with the Rule 8 (A) & (B) of the Companies (Accounts) Rules, 2014, are furnished hereunder:

A. CONSERVATION OF ENERGY	MANAGEMENT RESPONSE
(i) the steps taken or impact on conservation of energy;	None
(ii) the steps taken by the company for utilising alternate sources of energy;	None
(iii) the capital investment on energy conservation equipment's;	None
B. TECHNOLOGY ABSORPTION	
(i) Efforts made towards technology absorption;	<p>Your Company has launched the following digital platforms:</p> <ul style="list-style-type: none"> • WhatsApp Integration • Chatbot • Medical Reports Digitization and OCR • Cloud based Server for Health Band data
(ii) the benefits derived like Product improvement, cost reduction, product development, import substitution;	<ul style="list-style-type: none"> • WhatsApp Integration <ul style="list-style-type: none"> o Integration with WhatsApp to provide real time updates about the proposal or policy status and progress. o Sharing of policy documents, notices and receipts real time through WhatsApp for better customer engagement and satisfaction o Providing Link and instructions to download the Activ Health App o Total 37576 Policies were successfully Sent Renewal Communication by your company. Each Policy was at-least communicated 3 times via WhatsApp during Notice Period o Your Company has sent 76,954 Customers Policy Issuance message via WhatsApp o Around 10202 Self-Service request where received on WhatsApp o Around 10% (i.e. 3904) of Activ Health App Download has happened via App Download Link Shared on WhatsApp o WhatsApp Renewal contribution to Renewal done on Website has grown from 6% in Jan'19 to 17% in Mar'19 • Chatbot <ul style="list-style-type: none"> o Chatbot on website for customers to know easily about their policy o Used for Tracking policy status o Used for tracking claims status o Customers can view policy details & track service request • Medical Reports Digitization and OCR <ul style="list-style-type: none"> o Digitalization of medical records for accurate decision making and underwriting and faster claims processing • Cloud based Server for Health Band data <ul style="list-style-type: none"> o Adaption of cloud infrastructure setup for aggregating health fitness data to be used for Health Returns
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	None
(a) the details of technology imported;	
(b) the year of import;	
(c) whether the technology been fully absorbed;	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
(iv) the expenditure incurred on Research and Development.	

By order of the Board of Directors
for Aditya Birla Health Insurance Co. Limited

Place: Mumbai
Date: April 23, 2019

Mr. Ajay Srinivasan
Director
(DIN 00121181)

Mr. Mayank Bathwal
CEO & WTD
(DIN 06804440)

ANNEXURE II TO THE BOARD'S REPORT

Corporate Governance Report

PHILOSOPHY OF CORPORATE GOVERNANCE

Corporate Governance is intrinsic to the Management of Company affairs. Good Governance aids effective management and control of business. The Company believes that sound Corporate Governance plays a crucial role in enhancing and retaining the trust of the stakeholders. It enables the Company to maintain high level of business ethics and to optimize the value for all the stakeholders. The Company ensures that its performance goals are aligned with integrity.

The Company adheres to ethical standards which lead to effective management. It believes in accurate and transparent disclosures pertaining to its operations, performance, risk and financial position.

The philosophy and objective of Corporate Governance at Aditya Birla Health Insurance Co. Limited ("Company") is "about working ethically and finding a balance between economic and social goals including the ability to function profitably while complying with the applicable laws, rules and regulations."

REPORTING UNDER CORPORATE GOVERNANCE GUIDELINES

The Company is an unlisted Public Company and consequently the provisions relating to Corporate Governance as mentioned in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations') are not applicable. However, the Company makes the following reporting / disclosures to the extent applicable and as specified under 'Guidelines for Corporate Governance for Insurers In India' ("CG Guidelines") issued by Insurance Regulatory and Development Authority of India ("IRDAI") on May 18, 2016.

Following were the Directors of the Company:

Sr. No.	Name of the Directors	Designation	Status of Directorship held in other Public Companies*	No. of Committees**	
				As Member	As Chairman/ Chairperson
1	Mr. Ajay Srinivasan	Non-Executive Director	6	5	1
2	Mr. Sushil Agarwal	Non-Executive Director	7	5	-
3	Mr. Devajyoti Bhattacharya	Non-Executive Director	5	3	-
4	Dr. Ajit Ranade	Non-Executive Director	5	-	1
5	Mr. Asokan Naidu	Non-Executive Director	-	-	-
6	Mr. Risto Sakari Ketola	Non-Executive Director	-	-	-
7	Mr. Louis Von Zeuner ¹	Non-Executive Director	-	-	-
8	Mr. Sethurathnam Ravi	Independent Director	3	1	2
9	Ms. Sukanya Kripalu	Independent Director	5	4	1
10	Late Mr. Pedamallu Vijaya Bhaskar ²	Independent Director	5	2	1
11	Mr. Colathur Narayanan Ram	Independent Director	1	-	-
12	Mr. Mahendren Moodley	Independent Director	-	-	-
13	Mr. Mayank Bathwal	CEO & Whole Time Director	-	-	-

1 Resigned w.e.f. March 8, 2019

2 Ceased w.e.f. May 4, 2018

*Excluding alternate directorships and directorships in foreign companies and companies under Section 8 of the Companies Act, 2013.

** Only Audit Committee and Stakeholders Relationship Committee of all public limited companies (whether listed or not) have been considered for the purpose of the Committee positions (membership and chairmanship).

I. BOARD OF DIRECTORS ("BOARD")

The Company's Board comprises of adequate mix of Independent Directors, Non-Executive Directors and Executive Director.

The Board takes the responsibility to set strategic objectives for the Management and to ensure that the long term interests of all stakeholders are served by adhering to and enforcing the principles of sound Corporate Governance.

The Company's Board members have diverse areas of knowledge and expertise, which is necessary in providing an independent and objective view on business issues and assessing them from the stand-point of the stakeholders of the Company.

COMPOSITION OF BOARD AND DETAILS OF DIRECTORSHIPS

The composition of the Board of Directors and its Committees is governed by the Companies Act, 2013, Insurance Act and Corporate Governance Guidelines issued by IRDAI.

As on March 31, 2019, the Company has 11 Directors on its Board of whom 10 are Non-Executive Directors. The Company has 4 Independent Directors. The Chairman of the Board holds a Non-Executive position. There is 1 Women Director on the Board of Company. The Chairperson(s) of the Audit Committee and Nomination and Remuneration Committee are Independent Directors.

BRIEF PROFILE OF DIRECTORS

Sr. No.	Name of Director	Qualification	Field of Specialisation
1	Mr. Ajay Srinivasan	BA honours in Economics from St Stephens College, Delhi and MBA from the Indian Institute of Management (IIM), Ahmedabad.	Banking & Financial Services
2	Mr. Sushil Agarwal	M. Com and Chartered Accountant	Financial Services
3	Mr. Devajyoti Bhattacharya	Bachelor of technology degree in mechanical engineering from NIT, Rourkela, and a postgraduate degree in industrial engineering from NITIE, Mumbai	Manufacturing, Finance, Software and Media Services.
4	Dr. Ajit Ranade	BE - IIT Mumbai, MBA - IIM Ahmedabad and Ph.D in Economics - Brown University, USA	Banking & Financial Services
5	Mr. Asokan Naidu	Qualified Chartered Accountant (South Africa) and MBA	Manufacturing and Financial Services
6	Mr. Risto Sakari Ketola	CFA Charterholder, BSC Economics, BSC Stats, Fellow of the Institute of Actuaries (FIA: Life Insurance), Fellow of Actuarial Society of South Africa (ASSA)	Insurance Analysis, Equity Research, Strategic Consultancy, and Asset-liability Modelling Actuary.
7	Mr. Louis Von Zeuner ¹	Bachelor of Economics	Banking & Financial Services
8	Mr. Sethurathnam Ravi	B.Sc., M.Com, FCA, DISA, Insolvency Resolution Professional (IRP) and Associate member of Association of Certified Fraud Examiners (CFE), USA	Banking & Financial Services
9	Ms. Sukanya Kripalu	Graduate, IIM-Kolkata	Marketing, Strategy, Advertising and Market Research.
10	Late Mr. Pedamallu Vijaya Bhaskar ²	Masters in Commerce (Finance & Costing) from Bangalore University, CAIIB and PGDBM from NIBM and specialized in Risk Management	Banking & Financial Services
11	Mr. Colathur Narayanan Ram	IIT Chennai and IIM Ahmedabad	Technology, Banking and Financial Services
12	Mr. Mahendren Moodley	B Comm. Honours, Post Graduate Degree in Advanced Banking, Chartered Institute of Management Accountants	Investment Banking, Corporate Finance and Private Equity.
13	Mr. Mayank Bathwal	Chartered Accountant, Company Secretary, Institute of Cost and Works Accountants	Banking, Finance and Insurance.

¹ Resigned w.e.f. March 8, 2019

² Ceased w.e.f. May 4, 2018

NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES

No remuneration is paid to the Non-Executive Directors, except the payment of sitting fees to the Independent Directors, as detailed hereunder.

The details of sitting fees paid to the Independent Directors for FY 2018-19 are as under:

Sr. No.	Name of Director	Total Sitting Fees Paid (Amount in ₹)
1	Mr. Sethurathnam Ravi	3,00,000/-
2	Ms. Sukanya Kripalu	3,35,000/-
3	Late Mr. Pedamallu Vijaya Bhaskar	95,000/-
4	Mr. Colathur Narayanan Ram	2,85,000/-
5	Mr. Mahendren Moodley	1,40,000/-
Grand Total		11,55,000/-

BOARD MEETINGS

The meetings of the Board of Directors are usually held at Mumbai; the Board meets at least once in every quarter to inter-alia review the Company's quarterly performance and financial results. The meetings are scheduled in such a manner that not more than one hundred and twenty days intervenes between two consecutive meetings. The Company Secretary receives the details on matters which require the approval of the Board / Board Committees, from various departments of the Company, so that they can be included in the Board / Board Committee agenda(s). All material information is incorporated, in detail, in the agenda papers

for facilitating meaningful and focused discussions at the meetings. The Company also complies with and follows the secretarial standards for Board and Committee Meetings. As a part of information and agenda papers, following minimum information is provided to the Directors for each meeting:

- Quarterly Performance and Financial results;
- Business review, plans and updates;
- Regulatory updates and compliances
- Minutes of the previous Board and Committee meetings;
- Any material default, show cause, demand and penalty notices forming part of compliance report;
- Review of various Policies;
- Disclosure and Declarations received from the Directors

BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

During FY 2018-19, the Board of Directors met four times, as follows:

- April 20, 2018;
- July 27, 2018;
- October 26, 2018;
- January 21, 2019

The attendance of the Directors at the above Board meetings was as under:

Sr. No.	Name of the Directors	Number of Board Meetings		Attendance in the last AGM dated July 27, 2018	
		Held: 4		Held : 1	
		Attended		Attended	
1	Mr. Ajay Srinivasan	4		Yes	
2	Mr. Sushil Agarwal	4		Yes	
3	Mr. Devajyoti Bhattacharya	4		No	
4	Dr. Ajit Ranade	4		Yes	
5	Mr. Asokan Naidu	4		No	
6	Mr. Risto Sakari Ketola	3		No	
7	Mr. Louis Von Zeuner ¹	4		No	
8	Mr. Sethurathnam Ravi	4		Yes	
9	Ms. Sukanya Kripalu	4		Yes	
10	Late Mr. Pedomallu Vijaya Bhaskar ²	1		Not Applicable	
11	Mr. Colathur Narayanan Ram	3		No	
12	Mr. Mahendren Moodley	2		No	
13	Mr. Mayank Bathwal	4		Yes	

1 Resigned w.e.f. March 8, 2019

2 Ceased w.e.f. May 4, 2018

INDEPENDENT DIRECTORS' MEETING

In accordance with the provisions of Schedule IV of the Companies Act, 2013, a meeting of the Independent Directors of the Company was held on March 27, 2019 without the presence of the Non-Independent Directors and the members of the management.

CODE OF CONDUCT

The Company has designed and implemented a Code of Conduct. The code is applicable to the executive officers and all employees of the Company. All have affirmed to the Code as on March 31, 2019. The code is available on our website, www.adityabirlacapital.com/healthinsurance

II. BOARD COMMITTEES

The Board of Directors has constituted various mandatory Committees under the Corporate Governance Guidelines issued by the IRDAI as follows:

1. Audit Committee;
2. Investment Committee;
3. Risk Management Committee;
4. Nomination and Remuneration Committee;
5. Policyholders Protection Committee.

Each Board Committee is constituted by Board and each Committee has been endowed with a well- defined scope of functions and responsibilities. Detailed descriptions of the all the Committees of the Board are as under:

AUDIT COMMITTEE

As per the provisions of Section 177 of the Companies Act, 2013 read with IRDAI Corporate Governance Guidelines, the Company has a qualified and independent Audit Committee duly constituted by the Board of Directors of the Company.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE:

The broad terms of reference of the Audit Committee, inter-alia, include the following:

- to review the Company's financial statements, financial reporting, statement of cash flow and disclosure processes, both on an annual and quarterly basis and to ensure that the financial statements are correct, sufficient and credible.
- to recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor(s) / internal auditor(s) and concurrent auditor(s).
- to review and approve Related Party Transactions / Related Party Policy
- to review internal financial control
- to review the performance of statutory auditors, internal auditors and concurrent auditors
- to ensure compliance with the internal control systems and its adequacy.
- to review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and review reports submitted by internal audit department.
- to review the functioning of the Whistle Blower mechanism/Vigil Mechanism.

COMPOSITION, MEETINGS AND ATTENDANCE OF THE AUDIT COMMITTEE:

During FY 2018-19, the Audit Committee met four times, as follows:

- April 20, 2018;
- July 27, 2018;
- October 26, 2018;
- January 21, 2019.

The Composition of the Audit Committee and the attendance of Members at the meetings during FY 2018-19 were as under:

Sr. No.	Name of Committee Member	Designation / Category	No. of Meetings	
			Held : 4	Attended
1	Mr. Ajay Srinivasan	Non-Executive Director		4
2	Late Mr. Pedamallu Vijaya Bhaskar ¹	Independent Director		1
3	Mr. Sethurathnam Ravi	Independent Director (Chairman)		4
4	Mr. Colathur Narayanan Ram	Independent Director		3
5	Ms. Sukanya Kripalu ²	Independent Director		3
6	Mr. Louis Von Zeuner ³	Non-Executive Director		3

1 Ceased w.e.f. May 4, 2018

2 Member of Committee w.e.f. July 20, 2018

3 Resigned w.e.f. March 8, 2019

The Company Secretary acts as the Secretary to the Committee.

All members of the Audit Committee are financially literate and have the necessary accounting and related financial management expertise. The Audit Committee is chaired by an Independent Director.

The Chief Executive Officer, Chief Financial Officer, Appointed Actuary, Statutory Auditors and the Internal Auditors attend each Audit Committee Meeting as invitees.

INVESTMENT COMMITTEE

As per the provisions of the IRDAI (Investments) Regulations, 2000 and IRDAI Corporate Governance Guidelines, the Investment Committee has been constituted by the Board of Directors.

TERMS OF REFERENCE OF THE INVESTMENT COMMITTEE:

The broad terms of reference of the Investment Committee, inter-alia, include the following:

- To recommend Investment Policy and lay down the operational framework for the investment operations;
- to implement the Investment Policy duly approved by the Board and ensuring requisite regulatory compliance;
- to ensure an optimal return on Funds on the Policyholders and Shareholders Funds consistent with protection, safety and liquidity of such Funds;

- to focus on a prudential Asset Liability Management (ALM) supported by robust internal control system;
- to formulate an effective mechanism for assessment, control and monitoring of credit and market risk;
- to formulate an effective reporting system to ensure compliance with the policy set out by it apart from Internal/Concurrent Audit mechanisms for a sustained and on-going monitoring of Investment Operations;
- to periodically inform Board about its activities;
- to seek from the investment function any specific details / information about the functional activities;
- to direct the investment function to implement any specific strategy over & above the existing policy for safeguarding the interest of the Policyholder and Shareholder;
- to carry out any other functions as may be specified by the IRDAI/Board from time to time.

COMPOSITION, MEETINGS AND ATTENDANCE OF THE INVESTMENT COMMITTEE:

During FY 2018-19, the Investment Committee met four times as follows:

- April 19, 2018;
- July 19, 2018;
- October 17, 2018;
- January 19, 2019.

The Composition of the Investment Committee and the attendance of Members at the meetings during FY 2018-19 were as under:

Sr. No.	Name of Committee Member	Designation / Category	No. of Meetings	
			Held : 4	Attended
1	Mr. Ajay Srinivasan	Non-Executive Director		4
2	Mr. Risto Sakari Ketola	Non-Executive Director		2
3	Mr. Mayank Bathwal	Chief Executive officer & Whole Time Director		4
4	Ms. Shikha Bagai	Chief Finance officer		4
5	Mr. Rajiv Joshi ¹	Chief Risk Officer		2
6	Mr. Mahesh Kumar Radhakrishnan ²	Head - Legal, Risk, Compliance and Company Secretary		2
7	Ms. Anuradha Sriram ³	Appointed Actuary		2
8	Mr. Dheeraj Agarwal	Chief Investment Officer		4

1 Member of Committee till July 31, 2018

2 Member of Committee w.e.f. August 1, 2018

3 Member of Committee till September 26, 2018

The members of the Committee shall elect the Chairman of the Committee at each meeting of the Committee.

The Company Secretary acts as the Secretary to the Committee.

RISK MANAGEMENT COMMITTEE

In line with the requirements under IRDAI Corporate Governance Guidelines, the Risk Management Committee has been constituted by the Board of Directors to oversee the risk management and compliance activities of the Company. The Committee is responsible for putting in place an oversight of the Company's Risk Management Strategy.

TERMS OF REFERENCE OF THE RISK MANAGEMENT COMMITTEE

The broad terms of reference of the Risk Management Committee inter-alia include the following:

- to identify and review with the Management the major areas of risk facing the business activities of the Company and strategies to manage those risks;
- to review annually, the adequacy of and compliance with the policies implemented for the management and control of risk, including investment policies, asset-liability risk, operational risk, management of risk to reputation, management of outsourcing arrangements and changes to the foregoing as appropriate.

The Composition of the Risk Management Committee and the attendance of Members at the meetings held during FY 2018-19 were as under:

Sr. No.	Name of Committee Member	Designation / Category	No. of Meetings
			Held : 4
			Attended
1	Mr. Ajay Srinivasan	Non-Executive Director	4
2	Late Mr. Pedamallu Vijaya Bhaskar ¹	Independent Director	1
3	Mr. Colathur Narayanan Ram	Independent Director	3
4	Mr. Mayank Bathwal	CEO & Whole Time Director	4
5	Mr. Louis Von Zeuner ²	Non-Executive Director	2

1 Ceased w.e.f. May 4, 2018

2 Resigned w.e.f. March 8, 2019

The members of the Committee shall elect the Chairman of the Committee at each meeting of the Committee.

The Company Secretary acts as the Secretary to the Committee.

NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted Nomination and Remuneration Committee (NRC) in line with the provisions of Section 178 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 made thereunder.

- to review annually and approve changes to policies or programs that provide for the monitoring of compliance with legal and regulatory requirements including legislative compliance management systems;
- to discuss and consider best practices in risk management in the market and advise the respective function;
- to maintain an aggregated view on the risk profile of the Company for all categories of risk including insurance risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, legal risk, reputation risk, etc.
- to review procedures for complying with anti-money laundering and suppression of terrorism laws and regulations worldwide and monitor its effectiveness.

COMPOSITION, MEETINGS AND ATTENDANCE OF THE RISK MANAGEMENT COMMITTEE:

During FY 2018-19, the Risk Management Committee met four times as follows:

- April 19, 2018;
- July 19, 2018;
- October 17, 2018;
- January 19, 2019.

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE

The broad terms of reference of the Nomination and Remuneration Committee inter-alia include the following:

- to identify persons who are qualified to become directors and who may be appointed in senior management;
- to recommend to the Board the appointment/removal of directors and senior management in accordance with the criteria laid down by the Board;

- to carry out evaluation of every director's performance in accordance with the criteria laid down by the Board;
- to formulate the criteria for determining qualifications, positive attributes and independence of a director;
- to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, senior management personnel and other employees

COMPOSITION, MEETINGS AND ATTENDANCE OF THE NOMINATION AND REMUNERATION COMMITTEE:

During FY 2018-19, the Nomination and Remuneration Committee members met three times as follows:

- July 27, 2018;
- October 26, 2018;
- January 21, 2019

The Composition of Nomination and Remuneration Committee and attendance of Members at the meetings during FY 2018-19 were as under:

Sr. No.	Name of Committee Member	Designation / Category	No. of Meetings	
			Held : 4	Attended
1	Mr. Ajay Srinivasan	Non-Executive Director		3
2	Ms. Sukanya Kripalu	Independent Director (Chairperson)		3
3	Mr. Mahendren Moodley	Independent Director		2
4	Mr. Asokan Naidu	Non-Executive Director		3

The Company Secretary acts as the Secretary to the Committee.

POLICYHOLDERS' PROTECTION COMMITTEE

In accordance with the provisions of Corporate Governance Guidelines issued by the IRDAI, the Board has constituted the Policyholders' Protection Committee to address various compliance issues relating to protection of the interests of policyholders.

TERMS OF REFERENCE OF THE POLICYHOLDERS' PROTECTION COMMITTEE

The broad terms of reference of the Policyholders' Protection Committee inter-alia include the following:

- to put in place proper procedures and effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries.
- to ensure compliance with the statutory requirements as laid down in the regulatory framework.
- to ensure adequacy of disclosure of "material information" to the policyholders.

- to review the status of complaints at periodic intervals to the policyholders.
- to provide the details of grievances at periodic intervals to IRDAI
- to provide details of insurance ombudsmen to the policyholders.
- to evaluate the merit of the investigated complaint cases
- to review the unclaimed amounts of Policyholders

COMPOSITION, MEETINGS AND ATTENDANCE OF THE POLICYHOLDERS' PROTECTION COMMITTEE:

During the FY 2018-19, the Policyholders' Protection Committee met four times as follows:

- April 19, 2018;
- July 19, 2018;
- October 17, 2018;
- January 19, 2019.

The Composition of the Policyholders' Protection Committee and the attendance of Members at the meeting during FY 2018-19 were as under:

Sr. No.	Name of Committee Member	Designation / Category	No. of Meetings	
			Held : 4	Attended
1	Mr. Ajay Srinivasan	Non-Executive Director		4
2	Mr. Asokan Naidu	Non-Executive Director		3
3	Mr. Mayank Bathwal	CEO & Whole time Director		4

The members of the Committee elect the Chairman at each meeting of the Committee.

The Company Secretary acts as the Secretary to the Committee.

III. SUBSIDIARY COMPANY

The Company does not have any subsidiary company.

IV. KEY MANAGERIAL PERSONNEL ('KMP')

Pursuant to section 203 of the Companies Act, 2013 and CG Guidelines issued by IRDAI, the following employees were holding the position of Key Managerial Personnel ('KMP') of the Company as on March 31, 2019:

Sr. No.	Name of the KMPs	Designation/ Category
1	Mr. Mayank Bathwal	CEO & Whole Time Director
2	Ms. Shikha Bagai	Chief Finance Officer
3	Ms. Darshana Shah	Chief Marketing Officer
4	Mr. Dheeraj Agarwal	Chief Investment Officer
5	Mr. Santanu Banerjee ¹	Head – Human Resource & Administration
6	Mr. Srinivas Subramanian ²	Head – Operations
7	Mr. Niren Srivastava ³	Head - Human Resource & Administration
8	Ms. Varij Pujara ⁴	Chief Operations Officer & Head - Institutional Sales
9	Mr. Rajiv Joshi ⁵	Head – Legal, Risk, Compliance and Company Secretary
10	Mr. Mahesh Kumar Radhakrishnan ⁶	Head – Legal, Risk, Compliance and Company Secretary
11	Mr. Sanjay Karnatak ⁷	Head – Information Technology
12	Ms. Anuradha Sriram ⁸	Appointed Actuary
13	Mr. Amar Joshi ⁹	Chief Distribution Officer
14	Ms. Varij Pujara ¹⁰	Chief Distribution Officer

1 Resigned w.e.f July 4, 2018

2 Resigned w.e.f July 26, 2018

3 Appointment w.e.f. July 27, 2018

4 Role change w.e.f. July 27, 2018 upto January 31, 2019

5 Resigned w.e.f July 31, 2018

6 Appointment w.e.f. August 1, 2018

7 Resigned w.e.f August 30, 2018

8 Upto September 26, 2018

9 Resigned w.e.f January 31, 2019

10 Role change w.e.f February 1, 2019

V. COMPLIANCE OFFICER

Details of Chief Compliance Officer of the Company for complying with the requirements of IRDAI regulations and Corporate Governance Guideline are as follows:

Sr. No.	Name	Designation	Period
1	Mr. Rajiv Joshi	Head – Legal, Risk, Compliance and Company Secretary	Till July 31, 2018
2	Mr. Mahesh Kumar Radhakrishnan	Head – Legal, Risk, Compliance and Company Secretary	W.e.f. August 1, 2018

VI. SECRETARIAL AUDIT

Pursuant to the requirements of Section 204 (1) of the Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Dilip Bharadiya & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit of the Company for FY 2018-19. The Secretarial Audit Report as prescribed in Form MR-3 issued by M/s. Dilip Bharadiya & Associates, Practicing Company Secretaries forms part of this Annual report.

VII. DISCLOSURES

Disclosures Required Under Irdai Corporate Governance Guidelines

The following disclosures required in line with the IRDAI Corporate Governance Guidelines are annexed to this Corporate Governance report.

- Quantitative and qualitative information on the Company's financial and operating ratios namely, incurred claim, Commission and expenses ratios

- Actual solvency margin details vis-à-vis the required margin
- Financial performance including growth rate and current financial position
- Description of the risk management architecture
- Details of number of claims intimated, disposed of and pending with details of duration
- All pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the insurance Company.
- Elements of remuneration package (including incentives) of CEO & Whole Time Director and all other directors and Key Management Persons
- Payments made to group entities from the Policyholders Funds
- Any other matters which have material impact on the financial position

Related Party Transactions

All the Related Party Transactions were in ordinary course of business and on arm's length basis undertaken in accordance with the approved Related Party Transactions Policy. The related party transactions of the Company are quarterly placed and reviewed by the Audit Committee on a quarterly basis and necessary briefing is also given to the Board. Details of related party transactions entered into by the Company are included in the Notes to the Accounts in the financial statements.

Remuneration of Directors

The Company is currently paying sitting fees to its Independent Directors. The Company pays remuneration to Mr. Mayank Bathwal, CEO & Whole time Director. The remuneration payable to the Mr. Bathwal is approved by the IRDAI in terms of the provisions of section 34A of the Insurance Act, 1938. Other than this, the Company is not paying any kind of remuneration/Commission to Directors.

The details of sitting fees paid to the Independent Directors have been provided in this Annual Report. The details of remuneration paid to Mr. Mayank Bathwal have been provided in form MGT-9 annexed to the Directors' Report.

None of the Directors of the Company have any holding in the share capital of the Company.

Disclosures Pursuant to Guidelines on Remuneration of Non-Executive Directors and Managing Directors/ Chief Executive Officer / Whole-Time Directors of Insurance Companies Issued by Irdai.

Qualitative:

Information relating to the design and structure of remuneration process and the key feature and objective of remuneration policy

The Company has adopted the Aditya Birla Group Executive Remuneration Philosophy/policy.

At the Aditya Birla Group, the Company expects the executive team to foster a culture of growth and entrepreneurial risk-taking. The Company's Executive Remuneration Philosophy/Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, and promotion and advancement opportunities – with the long term success of the stakeholders.

Aditya Birla Group is a conglomerate and organized in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

Objectives of the Executive Remuneration Program

The Company executive remuneration program is designed to attract, retain, and reward talented executives, who will contribute to the long-term success and thereby build value for the shareholders.

The Company's executive remuneration program is intended to:

- Provide for monetary and non-monetary remuneration elements to the executives on a holistic basis.
- Emphasize "Pay for Performance" by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

Covered Executives

The Company's Executive Remuneration Philosophy/Policy applies to the following:

- Directors of the Company
- Key Managerial Personnel: Chief Executive Officer and equivalent (eg: Deputy Managing Director), Chief Financial Officer and Company Secretary.
- Senior Management

Remuneration Guidelines for Managing Director/Whole Time Director/ Chief Executive Officer

Remuneration shall be reasonable, taking into account relevant factors including the industry practice, competency, competition and grade. It will be mix of Fixed Salary, valued and Non Valued Perquisites / Benefits, Retirals, Annual Bonus, Long Term Deferred Cash Plans and ESOP's with risk alignment.

Remuneration shall be adjusted for all type of risk such as credit, market and liquidity risk, Further, Re-muneration payout are sensitive to the time horizon of the risk remuneration outcomes shall be symmet-ric with risk outcomes.

The Annual Bonus and Long Term Deferred Cash plans would be linked to comprehensive business per-formance, both quantitative and qualitative, over a short term and long term period. Benefits are defined as Total Cost to Company i.e. Salary, Retirals and other Benefits and will include imputed value of bene-fits like Housing and Car. The vesting condition of long term deferred bonus will be subject to business performance and have an element of claw back in case of unfavorable business performance.

The MD/ CEO/ WTD remuneration is designed / modified basis the achievement of the goal sheet pa-rameters, that have both qualitative and quantitative elements of risk adjustments. The goal sheet achievement against each parameter is reviewed by the highest authority on a yearly basis.

Remuneration practice would be governed by IRDAI and related guidelines as applicable from time to time.

Description of the ways in which current and future risks are taken into account in the remuneration processes.

Other Remuneration Elements

The Managing Director/ Whole Time Director/ Chief Executive Officer are subject to an employment agreement. Each such agreement generally provides for a total remuneration package for the executives including continuity of service across the Group Companies. The Company limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross ups for the executives.

Risk and Compliance

The Company aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. The Company review our remuneration programs for factors such as, remuneration mix overly

weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds and, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

Variable Pay

As per the business strategy and industry practice, when a component of variable portion of pay (constituting annual variable pay/ bonus and the deferred pay/ bonus approved in a particular year) exceeds 60% of the total pay (Total Cost to Company) then in that event such variable portion will be considered to be "Substantial". Where component of variable portion is Substantial, an appropriate part of the Variable portion of pay will be deferred over a minimum period of 3 years, in line with the requirements of Regulations, from the date of payout of the initial tranche.

Claw back Clause:

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, the Company shall recover from our executives, the remuneration received in excess, of what would be payable to him / her as per restatement of financial statements, pertaining to the relevant performance year.

Implementation

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

Description of the ways in which the insurer seeks to link performance during a performance measurement period with levels of remuneration.

Performance Goal Setting

The Company aim to ensure that annual incentive plans and long term incentive plans, the target performance goals shall be achievable and realistic. Threshold performance (the point at which incentive plan is paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement. Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance. Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

Quantitative disclosure:

The following table sets forth for the period indicated, the details of qualitative disclosure for remuneration of MD & CEO:

Particulars	As at FY 2018-19
Number of MD/ CEO/ WTDs having received a variable remuneration award during the financial year	1
Number and total amount of sign on awards made during the financial year	NIL
Details of guaranteed bonus, if any, paid as joining/signing bonus	NIL
Total amount of outstanding deferred remuneration	
Cash	
Shares and Shares linked Instruments	NIL
Other Forms	NIL
Total amount of deferred remuneration paid out in the financial year	NIL
Breakup of amount of remuneration awarded for the financial year	
Fixed Pay (₹)	20688231
Variable Pay (₹)	
Deferred (LTIP) ((Tranche – 1 (FY 17-18), Paid out in FY 18-19) + (Tranche – 2 (FY 18-19), Paid out in FY 18-19)	7051200
Non Deferred	11951940
Share- Linked instruments (in numbers)	
Employee Stock Option's (LTIP 2 ESOP+LTIP 3 PRSU+LTIP 3 ESOP)	830920
Restricted Stock Units (RSU's)	2500

* For the year ended March 31, 2019, variable pay and share-linked instruments represent amounts paid/options granted during the year FY 2018-19 as per IRDAI approval.

Note:

- The remuneration paid/payable to CEO & WTD is governed by the provisions of Section 34A of the Insurance Act, 1938.
- Stock options and Restricted Stock Units of Aditya Birla Capital Limited are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017.

VIII. WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy to escalate any issues on integrity / business issues / people issues and gender issues. The Company's Grievances and Disciplinary Committee constituted under the Whistle Blower Policy conduct a proper and unbiased investigation and ascertain the correctness and trueness of the complaint and recommend necessary corrective measures, including punitive actions such as termination of employment / agency / contracts. Summary of cases as and when reported, along with status is placed before the Risk Management Committee and Audit Committee for their review and discussion.

designed for better governance. The quarterly compliance certificate is taken from relevant function heads based on which the joint certification is submitted by Head Legal, Risk, Compliance and Company Secretary, Chief Finance Officer, Appointed Actuary and Chief Executive Officer and consolidated Compliance Certificate is placed before Board and Audit Committee.

Pursuant to applicable laws and the relevant Compliance Checklists, the necessary certificates are installed in the System, known as Legal & Compliance Management Portal ("LCMP"). This is an Internal Portal, which is a repository for all regulatory notifications designed for better governance of Compliance.

IX. COMPLIANCE CERTIFICATION

The Compliance team has a repository of all regulatory notifications and compliance requirements which is

X. MANAGEMENT

A detailed Management Discussion and Analysis forms part of the Annual Report.

Shareholders & General Information:**General Body Meetings**

The details of the Annual General Meetings and Extra Ordinary General meetings of the members of the Company are as follows:

Financial Year	AGM / EGM	Date	Time	Venue
2015 – 2016	EGM	May 21, 2015	03.00 p.m.	A-4, Aditya Birla Centre, S.K. Ahire Marg, Worli, Mumbai – 400030
		November 04, 2015	03.00 p.m.	
		November 20, 2015	11.00 a.m.	
		January 20, 2016	11.00 a.m.	
2016 – 2017	EGM	May 20, 2016	11.30 a.m.	18th Floor, Tower-1, One India bulls Centre, Jupiter Mill Compound, 841, S.B. Marg, Elphinstone Road, Mumbai 400 013
		1st AGM	July 23, 2016	
2017 – 2018	2nd AGM	June 2, 2017	10.30 a.m.	10/A, Romell Tech- Park, Bldg. No. 2, 10th Floor, Nirlon Compound, Western Express Highway, Goregaon East, Mumbai – 400063
	EGM	August 9, 2017	02:00 p.m.	
2018 -2019	EGM	April 20, 2018	2:30 p.m.	18th Floor, Tower-1, One India bulls Centre, Jupiter Mill Compound, 841, S.B. Marg, Elphinstone Road, Mumbai 400 013
	3rd AGM	July 27, 2018	5.30 p.m.	

Shareholder Information

Date, Time and Venue of the 4th Annual General Meeting	July 24, 2019 at 1.30 p.m. Board Room, 18th floor, One Indiabulls Centre Tower 1, Jupiter Mill Compound, 841, S. B. Marg, Elphinstone Road, Mumbai - 400 013.
Financial Year	2019-20
Registrar and Transfer Agents	Link Intime India Pvt Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (w), Mumbai 400078. Contact Person Name: Ms. Avani Ghate Contact Number: 7498979128
Registration no. of the Company as per Companies Act with the Registrar of Companies	263677
Registration no. of the Company as per Insurance Act with the Insurance Regulatory and Development Authority	153
ISIN	INE546U01012
Corporate Identification Number (CIN)	U66000MH2015PLC263677
Permanent Account Number (PAN)	AANCA4062G
Registered office/ address for correspondence	One Indiabulls Centre, 9th Floor, Tower 1, Jupiter Mill Compound, S. B. Marg, Elphinstone Road, Mumbai - 400 013 (W.e.f October 1, 2018) 10/A, Romell Tech- Park, Bldg. No. 2, 10th Floor, Nirlon Compound, Western Express Highway, Goregaon East, Mumbai - 400063 (Till September 30, 2018)

Means of Communication

As per the IRDAI guidelines on public disclosures, the insurance companies are required to disclose their financials (Balance Sheet, Profit & Loss Account, Revenue Account and Key Analytical Ratios) by newspaper publication and host the same on their websites within stipulated timelines.

Accordingly, the disclosures are hosted on the Company's website www.adityabirlacapital.com/healthinsurance and adequate steps have been taken to ensure publication of requisite disclosure in newspapers.

Details of Directors Seeking Re-Appointment/ Appointment at The Fourth (4th) Annual General Meeting

In accordance with the provisions of Companies Act, 2013 and Articles of Association of the Company, Mr. Asokan Naidu – Non-Executive Director (DIN 07425396) and Dr. Ajit Ranade – Non-Executive Director (DIN 00918651) will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. A brief profile of Mr. Asokan Naidu and Dr. Ajit Ranade is as follows:

Name of Directors	Re-Appointment							
	Mr. Asokan Naidu	Dr. Ajit Ranade						
Date of Birth	April 29, 1961/ 58 years	April 24, 1961/ 58 years						
Date of Appointment/Re-appointment	July 23, 2016	February 6, 2017						
Qualification	Qualified Chartered Accountant (South Africa) and MBA	BE - IIT Mumbai, MBA - IIM Ahmedabad and Ph.D in Economics - Brown University, USA						
Expertise in specific functional Area	Manufacturing and Financial Services	Banking & Financial Services						
List of Public Ltd. Companies (in India) in which outside Directorships held	Aditya Birla Wellness Private Limited MMI Business and Technology Solutions Private Limited	Delhi Power Company Limited Delhi Transco Limited BSES Yamuna Power Limited BSES Rajdhani Power Limited India International Exchange (IFSC) Limited Axar Digital Services Private Limited						
Membership/Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	NIL	<table border="1"> <thead> <tr> <th>Name of Company</th> <th>Position and Name of Committee</th> </tr> </thead> <tbody> <tr> <td>Delhi Power Company Limited</td> <td>Chairman CSR Committee</td> </tr> <tr> <td>Delhi Power Company Limited</td> <td>Chairman Audit Committee</td> </tr> </tbody> </table>	Name of Company	Position and Name of Committee	Delhi Power Company Limited	Chairman CSR Committee	Delhi Power Company Limited	Chairman Audit Committee
Name of Company	Position and Name of Committee							
Delhi Power Company Limited	Chairman CSR Committee							
Delhi Power Company Limited	Chairman Audit Committee							

Review of Policy(IES)

During the financial year under review, the following policy(ies)/ code were/ was reviewed by the Board of Directors and that there were no material changes/ implications.

Sr. No.	Name of Policy(ies)/ Code
1	Investment Policy
2	Credit Policy
3	Asset Liability Management Policy
4	Code of Conduct – Investment Operations
5	Retention & Reinsurance Policy
6	Anti Money Laundering Policy
7	Anti Fraud Policy
8	Underwriting Policy
9	Related Party Transactions Policy
10	Nomination & Remuneration Policy
11	Appointment of Agent Policy
12	Grievance Redressal Policy
13	Insurance Awareness Policy
14	Maintenance of Insurance Records Policy
15	Outsourcing Policy
16	Risk Management Policy
17	Whistle Blower Policy
18	Prevention of Sexual Harassment Policy
20	Allocation & Apportionment of Expense Policy
21	Information Security Policy
22	Business Continuity Plan and Disaster Recovery Policy
23	Stewardship Policy
24	Payment of Commission or Remuneration or Reward to Insurance Agents and Intermediaries Policy
25	Voting Policy

Reporting Under Irdai Corporate Governance Guidelines

A detailed report on status of compliance with the Corporate Governance Guidelines is filed on an annual basis with the IRDAI.

“Certification for compliance of the Corporate Governance Guidelines”

I, Mahesh Kumar Radhakrishnan, Company Secretary and Head Legal, Risk, Compliance & Company Secretary, hereby certify that to the best of my knowledge and information available with me, the Company has complied with the Corporate Governance Guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

for Aditya Birla Health Insurance Co. Limited

Mahesh Kumar Radhakrishnan
Head – Legal, Risk, Compliance & Company Secretary

Place: Mumbai
Date: April 23, 2019

DISCLOSURE REQUIREMENTS AS PER GUIDELINES ON CORPORATE GOVERNANCE ISSUED BY THE IRDAI FOR INSURANCE SECTOR

The Corporate Governance Guidelines issued by the IRDAI has prescribed certain mandatory disclosures as follows:

DISCLOSURES REGARDING THE BOARD GOVERNANCE STRUCTURE

THESE INCLUDE:

- Number of Board and its Committees' meetings held during the financial year.
- Details of composition of the Board and the Committees mandated including the names of the Directors, their fields of specialization, status of directorship held, etc.
- Number of meetings held by the Directors and the members of the Committee.
- Details of remuneration paid, if any to the Independent Directors.

The above data has been furnished as a part of the Directors Report and Corporate Governance Report forming part of the Annual Report.

BASIS, METHODS AND ASSUMPTIONS ON WHICH THE FINANCIAL INFORMATION IS PREPARED AND IMPACT OF CHANGES, IF ANY

The basis, methods and assumptions using which the Financial Statements have been prepared have been detailed in financial statements i.e. significant accounting policies and notes forming part of the Financial Statements.

QUANTITATIVE AND QUALITATIVE INFORMATION ON THE COMPANY'S FINANCIAL AND OPERATING RATIOS

Particulars	No. of Claims (as at March 31, 2018)	No. of Claims (as at March 31, 2019)
No. of Claims Outstanding at the beginning of the year	1,034	3,166
No. of Claims Intimated/ reported during the year	44,428	59,140
No. of Claims Settled during the year	38,929	45,357
No. of Claims Repudiated during the year	3,367	12,867
No. of Claims Outstanding at the end of Year	3,166	4082

Details of duration of outstanding claims	No. of Claims (as at March 31, 2018)	No. of Claims (as at March 31, 2019)
Less than 3 months	3153	3,897
3 months and less than 6 months (Pending due to non-receipt of the required documents from the customer)	13	65
6 months and less than 1 year	0	86 *
1 year and above	0	34 *
Total	3166	4,082

* Cashless document awaited from hospital

NAMELY, INCURRED CLAIM, COMMISSION AND EXPENSES RATIOS

Information, both quantitative and qualitative, on the insurer's financial and operating ratios have been submitted in the financial section of the Annual Report.

ACTUAL SOLVENCY MARGIN DETAILS VIS-À-VIS THE REQUIRED MARGIN

The details of the solvency ratio are as below:

Particulars	FY 2018-19	FY 2017-18
Actual Solvency Ratio	1.62	1.67
Required Solvency Ratio	1.5	1.5

FINANCIAL PERFORMANCE INCLUDING GROWTH RATE AND CURRENT FINANCIAL POSITION

A detailed analysis of the financial performance of the Company including current financial position has been furnished in Management Discussion and Analysis section of the Annual Report.

DESCRIPTION OF THE RISK MANAGEMENT ARCHITECTURE

The Risk Management Architecture of the Company has been detailed under the Risk Management section of the Annual Report.

DETAILS OF NUMBER OF CLAIMS INTIMATED, DISPOSED OF AND PENDING WITH DETAILS OF DURATION

The claims settlement experience for the Company during FY 2018-19 is as follows:

ALL PECUNIARY RELATIONSHIPS OR TRANSACTIONS OF NON-EXECUTIVE DIRECTORS

The Company's Non-Executive Directors and Independent Directors do not have any pecuniary relationships or

transactions with the Company, its Directors or its Senior Management except to the extent and manner as disclosed in the Annual Report.

ELEMENTS OF REMUNERATION PACKAGE (INCLUDING INCENTIVES) OF MD & CEO AND ALL OTHER DIRECTORS AND KEY MANAGEMENT PERSONS

The details of remuneration paid to CEO & WTD and KMP's (as specified by IRDAI) are as below:

Particulars	₹ in thousands)	
	CEO & WTD	KMP
Basic	8,904	29,297.60
Bonus	11,952	21,015.84
Retrials	1,068	9,171.09
Allowance	9,952	36,172.70
Perquisites	1,432	813.38
LTIP (Tranche – 1 (FY 17-18), Paid out in FY 18-19)	2,251	2,199.38
LTIP (Tranche – 2 (FY 18-19), Paid out in FY 18-19)	4,800	7,692.00
Others	400	1,657.15
Unclaimed LTA	75	325.51
Total	40,835	1,08,345

In addition to the above, stock options of Aditya Birla Capital Limited are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017.

No remuneration is paid to the Non-Executive Directors, except the payment of sitting fees to the Independent Directors.

ALL RELATED PARTY TRANSACTIONS

Details of Related Party Transactions entered into by the Company are included in the 'Details of related parties and transactions with related parties' section of the Notes to the Accounts forming part of the financial statements.

PAYMENTS MADE TO GROUP ENTITIES FROM THE POLICYHOLDERS FUNDS

Details of the payments made to group entities from the Policyholders funds by the Company are included in the Notes to the Accounts forming part of the Financial Statements.

ANY OTHER MATTERS WHICH HAVE MATERIAL IMPACT ON THE FINANCIAL POSITION

There are no matters which have material impact on the financial position except those disclosed in the financial statements.

By order of the Board of Directors
for Aditya Birla Health Insurance Co. Limited

Place: Mumbai
Date: April 23, 2019

Mr. Ajay Srinivasan
Director
(DIN 00121181)

Mr. Mayank Bathwal
CEO & WTD
(DIN 06804440)

ANNEXURE III

EXECUTIVE REMUNERATION PHILOSOPHY/ POLICY

Aditya Birla Health Insurance Co. Limited, (“the Company”), an Aditya Birla Group Company adopts/shall adopt this Executive Remuneration Philosophy/Policy as applicable across Group Companies. This philosophy/ policy is detailed below.

ADITYA BIRLA GROUP: EXECUTIVE REMUNERATION PHILOSOPHY/POLICY

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy/ Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, promotion and advancement opportunities – with the long-term success of our stakeholders.

OUR BUSINESS AND ORGANIZATIONAL MODEL

Our Group is a conglomerate and organized in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

I. Objectives of the Executive Remuneration Program

Our executive remuneration program is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders.

Our executive remuneration program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis
2. Emphasize “Pay for Performance” by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

II. Covered Executives

Our Executive Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company:
2. Key Managerial Personnel: Chief Executive Officer and equivalent (eg: Deputy Managing Director), Chief Financial Officer and Company Secretary.
3. Senior Management (as defined in the Companies Act, 2013):

Policy for appointment and remuneration

Appointment Criteria and Qualifications

The Nomination and Remuneration Committee (the “Committee”) shall appoint Directors and individuals in Senior Management according to the process which enable the identification of individual who are qualified to become Directors and who may be appointed in senior management.

The Committee while making appointments to the Board assess the approximate mix of diversity, skills, experience and expertise. The Committee shall consider the benefits of diversity in identifying and recommending persons to Board membership and shall ensure no member is discriminated on the grounds of religion, race, Origin, sexual orientation or any other physical or personal attribute.

Remuneration Guidelines for Managing Director/ Whole-time Director / Chief Executive Officer are as given in detail in Appendix-A.

III. Business and Talent Competitors

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition, we look at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable and support the Group’s global mobility objectives for executive talent. Secondary reference points bring to the table, the executive pay practices and pay levels in other markets and industries, to appreciate the differences in levels and medium of pay and build in as appropriate for decision making.

IV. Executive Pay Positioning

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognize the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

V. Executive Pay-Mix

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits

Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/ focus areas for the business.

Long-Term Incentive:

Our Long-term incentive plans incentivize stretch performance, link executive remuneration to sustained long term growth and act as a retention and reward tool.

We use stock options as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units as a secondary long term incentive vehicle, to motivate and retain our executives.

VI. Performance Goal Setting

We aim to ensure that for both annual incentive plans and long term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

VII. Executive Benefits and Perquisites

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

Other Remuneration Elements

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the Group Companies.

We limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross-ups for our executives.

Risk and Compliance

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs for factors such as, remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

Claw back Clause:

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him/ her as per restatement of financial statements, pertaining to the relevant performance year.

Implementation

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

Appendix A: Managing Director / Whole Time Director / Chief Executive Officer Remuneration Guidelines

1. OBJECTIVE

To ensure effective governance of compensation and alignment of compensation with performance & prudent risk mitigation.

2. COVERAGE

Applicable for Managing Director / Chief Executive Officer / Whole Time Director

3. REMUNERATION GUIDELINES

3.1 Remuneration shall be reasonable, taking into account relevant factors including the industry practice, competency, competition and grade. It will be a mix of Fixed Salary, Valued and Non Valued Perquisites / Benefits, Retirals, Annual Bonus, Long Term Deferred Cash Plans and ESOP's with risk alignment.

3.2 Remuneration shall be adjusted for all types of risk such as credit, market and liquidity risks, Further, Remuneration payouts are sensitive to the time horizon of the risk and Remuneration outcomes shall be symmetric with risk outcomes.

3.3 The Annual Bonus and Long Term Deferred cash plans would be linked to comprehensive business performance, both quantitative and qualitative, over a short term and long terms period. Benefits are defined as Total Cost to Company i.e. Salary, Retirals and other Benefits and will include imputed value of benefits like Housing and Car. The vesting condition of long term deferred bonus will be subject to business performance and have an element of claw back in case of unfavorable business performance.

Changes in CEO Remuneration will be subject to Board and Regulatory approval. CEO Remuneration will be linked with the business and individual performance and ranges of the payout would follow planned scheme or formulae as below:

Annual Fixed Cost (a) :	Fixed payout including retiral's as approved by Board & Regulator
Benefits (b) :	As per compensation plans designed for CEO and approved by Board & Regulator
Annual Performance Bonus (c) :	CEO would be eligible for Annual Performance Bonus, with payout linked with Business and individual performance. This is Targeted Annual Performance Pay/ Bonus. The annual performance pay/ bonus shall be upto 60% of the annual fixed cost/ payout. Depending on superior business and individual performance, the payout of Annual performance bonus can be more, which would be capped at 165% of the Targeted Annual Pay/ Bonus amount. (i.e. the cap would be 99% of Annual Fixed Cost)
Long Term Incentive Plans (d) :	CEO would be eligible for LTIP schemes as launched by the company with approval from the Board & Regulator. Such schemes as may be applicable from time to time, will clearly specify the ceiling or maximum possible payout in the scheme document during presentation to board or regulator for approval.
ESOPs (e) :	Allotment and vesting as per scheme approved by the Board & Regulator
Total Annual Compensation (f) :	Summary of (a + b + c + d + e).

3.4 The MD/CEO/WTD remuneration is designed/modified basis the achievement of the goal sheet parameters. The goal sheet parameters will have both qualitative and quantitative elements of risk adjustments. The goal sheet achievement against each parameter shall be reviewed by the highest authority on a yearly basis.

pay (Total Cost to Company) then in that event such variable portion will be considered to be "Substantial". Where component of variable portion is Substantial, an appropriate part of the Variable portion of pay will be deferred over a minimum period of 3 years, in line with the requirements of Regulations, from the date of payout of the initial tranche.

3.5 As per the business strategy and industry practice, when a component of variable portion of pay (constituting annual variable pay/ bonus and the deferred pay/ bonus approved in a particular year) exceeds 60% of the total

3.6 Remuneration practice would be governed by IRDA and related guidelines as applicable from time to time

By order of the Board of Directors
for Aditya Birla Health Insurance Co. Limited

Place: Mumbai
Date: April 23, 2019

Mr. Ajay Srinivasan
Director
(DIN 00121181)

Mr. Mayank Bathwal
CEO & WTD
(DIN 06804440)

ANNEXURE IV TO THE BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on March 31, 2018

Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

1 REGISTRATION & OTHER DETAILS:

CIN	U66000MH2015PLC263677
Registration Date	April 22, 2015
Name of the Company	Aditya Birla Health Insurance Co. Limited
Category/ Sub-category of the Company	Public Company - Limited by Shares (Standalone Health Insurance Company)
Address of the Registered office & contact details	9th floor, One Indiabulls Centre, Tower-1, Jupiter Mill Compound, S. B. Marg, Elphinstone Road, Mumbai – 400013. (w.e.f. October 1, 2018) Contact Number: +91 022 6279 9561 Email Id: mahesh.radhakrishnan@adityabirlacapital.com
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt Ltd 247 Park, C 101, 1st floor, L.B.S. Marg, Vikhroli (w), Mumbai 400083. Contact Person Name: Ms. Avani Ghate Contact Number: 7498979128 Email Id: avani.ghate@linkintime.co.in

2 PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Name & Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
Non life Insurance (Health insurance)	6512 (sub-class 65120)	100%

3 PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Name & Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
Name: Aditya Birla Capital Limited (ABCL) [Formally known as "Aditya Birla Financial Services Limited" (ABFSL)] Address: Indian Rayon Compound, Veraval-362266, Gujarat.	L67120GJ2007PLC058890	Holding Company	51%	2(46)

4 SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2018)				No. of Shares held at the end of the year (March 31, 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
(1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	6,49,07,868	28,61,036	6,77,68,904	51%	8,29,44,453	2,51,89,085	10,81,33,538	51%	-
d) Bank/ FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	6,49,07,868	28,61,036	6,77,68,904	51%	8,29,44,453	2,51,89,085	10,81,33,538	51%	-
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	6,51,11,298	6,51,11,298	49%	-	10,38,93,005	10,38,93,005	49%	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	6,51,11,298	6,51,11,298	49%	10,38,93,005	10,38,93,005	49%	49%	-
Total Shareholding of Promoter (A)=(A)(1)+(A)(2)	6,49,07,868	6,79,72,334	13,28,80,202	100%	8,29,44,453	12,90,82,090	21,20,26,543	100%	-

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2018)				No. of Shares held at the end of the year (March 31, 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC SHAREHOLDING	-	-	-	-	-	-	-	-	-
(1) Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
C) CENTRAL GOVT	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	-
(2) Non Institutions	-	-	-	-	-	-	-	-	-
a) Bodies corporates	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-	-	-	-	-	-	-	-	-
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)	6,49,07,868	6,79,72,334	13,28,80,202	100%	8,29,44,453	12,90,82,090	21,20,26,543	100%	-

(II) SHARE HOLDING OF PROMOTERS

Sr. No.	Shareholding at the beginning of the year (April 1, 2018)				Shareholding at the end of the year (March 31, 2019)				% change in share holding during the year
	Shareholders Name	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	Shareholders Name	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Aditya Birla Capital Limited (ABCL)	6,77,68,844	51%	-	Aditya Birla Capital Limited (ABCL)	10,81,33,478	51%	-	-
2	Ms. Pinky Mehta (Nominee of ABCL)	10	-	-	Ms. Pinky Mehta (Nominee of ABCL)	10	-	-	-
3	Mr. Subhro Bhaduri (Nominee of ABCL)	10	-	-	Mr. Subhro Bhaduri (Nominee of ABCL)	10	-	-	-
4	Mr. A Dhananjaya (Nominee of ABCL)	10	-	-	Mr. A Dhananjaya (Nominee of ABCL)	10	-	-	-
5	Mr. Ajay Kakar (Nominee of ABCL)	10	-	-	Mr. Ajay Kakar (Nominee of ABCL)	10	-	-	-
6	Ms. Anjali Makhija (Nominee of ABCL)	10	-	-	Ms. Anjali Makhija (Nominee of ABCL)	10	-	-	-
7	Mr. Mukesh Malik (Nominee of ABCL)	10	-	-	Mr. Mukesh Malik (Nominee of ABCL)	10	-	-	-
8	MMI Strategic Investments (Pty) Limited	6,51,11,298	49%	-	MMI Strategic Investments (Pty) Limited	10,38,93,005	49%	-	-
Total		13,28,80,202	100%	-	Total	21,20,26,543	100%	-	-

(III) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Shareholders Name	Share holding at the beginning of the Year (April 1, 2018)		Cumulative Share holding during the year (March 31, 2019)	
	No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
At the beginning of the year	6,77,68,844	51%	6,77,68,844	51%
Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
Right Issue - Allotment of Shares to Aditya Birla Capital Limited on May 7, 2018	1,11,95,122	51%	7,89,63,966	51%
Right Issue - Allotment of Shares to Aditya Birla Capital Limited on August 29, 2018	1,80,36,585	51%	9,70,00,551	51%
Right Issue - Allotment of Shares to Aditya Birla Capital Limited on February 12, 2019	1,11,32,927	51%	10,81,33,478	51%
At the end of the year	10,81,33,478	51%	10,81,33,478	51%

(IV) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)

Sr. No. Shareholders Name	Share holding at the beginning of the Year (April 1, 2018)		Cumulative Share holding during the year (March 31, 2019)	
	No.of shares	% of total shares of the company	No of shares	% of total shares of the company

NIL

(V) SHAREHOLDING OF DIRECTORS & KEY MANAGERIAL PERSONNEL

Sr. No. Name of Director and KMP	Share holding at the beginning of the Year (April 1, 2018)		Cumulative Share holding during the year (March 31, 2019)	
	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
Nil				
At the beginning of the year	-	-	-	-
At the end of the year	-	-	-	-

5 INDEBTEDNESS

	Secured Loans excluding deposits (in ₹)	Unsecured Loans (in ₹)	Deposits (in ₹)	Total Indebtedness (in ₹)
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				
• Addition	-	-	-	-
• Reduction	-	-	-	-
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)	-	-	-	-

6 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 (INR)
		Mr. Mayank	Bathwal	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			3,82,59,447
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			14,31,924
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option #			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify...			-
5	Others, please specify			-
	Total (A)			3,96,91,371/-
	Ceiling as per the Act *			

Note: # Stock options of Aditya Birla Capital Limited are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017.

* The Provisions/Ceiling relating to payment of Managerial Remuneration under the Companies Act, 2013 are not applicable to the Company since the Company is an Insurance Company under the provisions of Insurance Act 1938. The appointment of MD & CEO and the payment of remuneration is as per the approval of Insurance Regulatory and Development Authority of India (IRDAI).

B. REMUNERATION TO OTHER DIRECTORS:

Sr. No.	Particulars of Remuneration	Name of Directors					Total Amount (INR)
		Mr. S Ravi	Ms. Sukanya Kripalu	Mr. P Vijaya Bhaskar	Mr. C N Ram	Mr. Mahendren Moodley	
Independent Directors							
1	· Fee for attending Board and Committee meetings	3,00,000	3,35,000	95,000	2,85,000	1,40,000	11,55,000
2	· Commission	-	-	-	-	-	-
3	· Others, please specify	-	-	-	-	-	-
	Total (1)	3,00,000	3,35,000	95,000	2,85,000	1,40,000	11,55,000
Other Non-Executive Directors							
1	· Fee for attending board committee meetings	-	-	-	-	-	-
2	· Commission	-	-	-	-	-	-
3	· Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	3,00,000	3,35,000	95,000	2,85,000	1,40,000	11,55,000
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (INR)
		Mr. Rajiv Joshi (Company Secretary till July 31, 2018)	Ms. Shikha Bagai (Chief Finance Officer)	Mr. Mahesh Kumar Radhakrishnan (Company Secretary w.e.f. August 1, 2018)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	53,01,234	86,29,848	49,17,527	1,88,48,609
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	5,31,444	-	5,31,444
	(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	53,01,234	91,61,292	49,17,527	1,93,80,053

Stock options of Aditya Birla Capital Limited are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017.

7 PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed
A. Company			
Penalty	-	-	-
Punishment	-	-	-
Compounding	-	-	-
B. Directors			
Penalty	-	-	-
Punishment	-	-	-
Compounding	-	-	-
C. Other Officers In Default			
Penalty	-	-	-
Punishment	-	-	-
Compounding	-	-	-

By order of the Board of Directors
for Aditya Birla Health Insurance Co. Limited

Place: Mumbai
Date: April 23, 2019

Mr. Ajay Srinivasan
Director
(DIN 00121181)



Mr. Mayank Bathwal
CEO & WTD
(DIN 06804440)

ANNEXURE V TO THE BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

To,
The Members,
ADITYA BIRLA HEALTH INSURANCE CO. LIMITED
Mumbai

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aditya Birla Health Insurance Co. Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the 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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2019, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in **Annexure I**, during the financial year ended on 31st March, 2019, 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 thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; to the extent applicable,
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") were not applicable to the Company during the audit period:-
 - (a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations");

- (b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (g) 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;
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018.

We have relied on the representations made by the Company and its Officers and report of the Internal Auditors for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the financial year under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We 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 and Key Managerial Personnel that took place during the period under review were carried out generally 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 are captured and recorded as part of the minutes.

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.

We further report that, during the year under review:

- The shareholders in their meeting held on 20/04/2018 approved the increase in Authorised share capital to ₹ 225 crores.
- The Board of Directors in the meeting held on 20/04/2018 approved the issue of 2,19,51,220 Equity Shares on Rights basis which were then allotted after the resolution being passed in the Share allotment committee on 07/05/2018 for allotment.

- The Board of Directors in the meeting held on 27/07/2018 approved the issue of 3,53,65,853 Equity Shares on Rights basis which were then allotted after the resolution being passed in the Share allotment committee on 29/08/2018 for allotment.
- The Board of Directors in the meeting held on 21/01/2019 approved the issue of 2,18,29,268 Equity Shares on Rights basis which were then allotted after the resolution being passed in the Share allotment committee on 12/02/2019 for allotment.

Place: Mumbai
Date: April 23, 2019

Dilip Bharadiya
Proprietor
DILIP BHARADIYA & ASSOCIATES
FCS No.: 7956., C P No.: 6740

ANNEXURE - I**LIST OF DOCUMENTS VERIFIED:**

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March, 2018.
3. Minutes of the meetings of the Board of Directors, Audit Committee, along with Attendance Register held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Statutory Registers viz.
 - Register of Directors & KMP
 - Register of Directors' Shareholding
 - Register of Employee Stock Options
 - Register of loans, guarantees and security and acquisition made by the Company
 - Register of Renewed and Duplicate Share Certificate
6. Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.
8. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.

To,
The Members,
ADITYA BIRLA HEALTH INSURANCE CO. LIMITED MUMBAI

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

- 1) Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
- 2) I 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. I believe that the processes and practices, I followed provide a reasonable basis for our opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
- 4) Wherever required, I 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. My examination was limited to the verification of procedures on test basis.
- 6) The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For DILIP BHARADIYA & ASSOCIATES

Dilip Bharadiya
Proprietor

DILIP BHARADIYA & ASSOCIATES
FCS No.: 7956., C P No.: 6740

Place: Mumbai
Date: April 23, 2019

~~Independent Auditor's Report~~

INDEPENDENT DIRECTOR REPORT



To
The Members of
Aditya Birla Health Insurance Co. Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. We have audited the standalone Financial Statements ('Financial Statements') of Aditya Birla Health Insurance Co. Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2019, the related Revenue Account (also called the "Policyholders' Account" or the "Technical Account"), the Profit and Loss Account (also called the "Shareholders' Account" or "Non-Technical Account") and the Receipts and Payments Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. 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 in accordance with the Insurance Act, 1938 as amended ('the Insurance Act'), the Insurance Regulatory and Development Authority Act, 1999 (IRDAI Act), the IRDAI Financial Statements Regulations and the orders/directions issued by the IRDAI ('the Regulations') and the Companies Act, 2013 ('the Act') to the extent applicable 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 the Insurance Companies.

BASIS FOR OPINION

2. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India ('ICAI'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

3. The Company's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the Management Discussion

and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and such other disclosures related Information, excluding the standalone financial statements and auditor's report thereon ('Other Information'). The other information is expected to be made available to us after the date of this auditors' report. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

4. In connection with our audit of the standalone financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
5. When we read the other Information and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charges with governance as required under SA 720 'The Auditor's responsibilities Relating to other Information'.

RESPONSIBILITY OF MANAGEMENT FOR FINANCIAL STATEMENTS

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the Balance Sheet, the related Revenue Account, the Profit and Loss Account and Receipts and Payments Account of the Company in accordance with the accounting principles generally accepted in India, including the provisions of the Insurance Act, the IRDAI Act, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDAI Financial Statements Regulations"), orders/directions issued by the IRDAI in this regard, the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, and Companies (Accounting Standards) Amendment Rules, 2016, to the extent applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; 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. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

7. Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Our audit process in accordance with the SAs is narrated in details in "Annexure 1" to this report.

OTHER MATTERS

8. The actuarial valuation of liabilities in respect of Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) included under claims outstanding and Premium Deficiency Reserve (PDR) creation as at March 31, 2019 has been duly certified, in absence of Appointed Actuary of the Company, by the Empanelled Appointed Actuary in terms of Circular Ref: IRDA/ACTL/MISC/MISC/074/03/2017 dated March 31, 2017 in pursuance of Clause 6 of IRDAI guidelines on Transitory Provisions under IRDAI (Appointed Actuary) Regulations, 2017 of the Company. The Empanelled Actuary has also certified that the assumptions considered for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Institute of Actuaries of India. We have relied upon such certifications of the Empanelled Actuary.
9. The comparative financial information of the Company for the year ended March 31, 2018, included in these financial statements, are based on the previously issued statutory financial statements prepared in accordance

with section 133 of the Act which were audited by the then joint auditors "Khimji Kunverji & Co, Chartered Accountants, Mumbai and MSKA & Associates, Chartered Accountants, Mumbai" for the year ended March 31, 2018, whose reports dated April 20, 2018 expressed an unmodified opinion on those financial statements. Our opinion is not modified in respect of this matter.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

10. As required by the IRDAI Financial Statements Regulations, we have issued a separate certificate dated April 23, 2019, certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDAI Financial Statements Regulations.
11. As required by the IRDAI Financial Statements Regulations, read with Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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. As the Company's financial accounting system is centralised, no returns for the purposes of our audit are prepared at the branches of the Company.
 - d. The Balance Sheet, the Revenue Account, the Statement of Profit and Loss, and the Receipts and Payments Account dealt with by 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016, to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by IRDAI 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 IRDAI Financial Statements Regulations and/or orders/directions issued by the IRDAI in this regard.
 - g. On the basis of the written representations received from the directors as on March 31, 2019, taken on record by the Board of Directors, none of the directors is

Independent Auditor's Report (Contd.)

- disqualified as on March 31, 2019 from being appointed as a director in terms of section 164 (2) of the Act.
- h. 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 2". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- i. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the company to its directors during the year is in accordance with the provisions of section 197 of the Act read with section 34A of the Insurance Act.
- 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 does not have pending litigations which would impact its financial position.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Khimji Kunverji & Co.
Chartered Accountants
FRN: 105146W

Hasmukh B Dedhia
Partner
(Membership No: F- 033494)
Date: April 23, 2019
Place: Mumbai

For G B C A & Associates LLP
(Formerly G B C A & Associates)
Chartered Accountants
FRN: 103142W / W100292

Sanjeev D. Lalan
Partner
(Membership No: 045329)
Date: April 23, 2019
Place: Mumbai

Annexure 1 to the Independent Auditors' Report to the Members of Aditya Birla Health Insurance Co. Limited (referred to in paragraph 7 titled "Auditor's Responsibilities for the Audit of the Financial Statements")

As part of our audit in accordance with SAs we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Take into consideration the applicable reporting framework, relevant provisions of the Act and the Rules made there under.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- In cases where valuation of assets and liabilities are carried out by any expert like valuer or actuary, verifying whether data given to such expert is complete.
- Recalculating the income accrual, verifying the investments and recomputing the valuation thereof.

Annexure 2 to the Independent Auditors' Report to the Members of Aditya Birla Health Insurance Co. Limited [Referred to in paragraph 11 (h) titled "Report on other legal and regulatory requirements"]

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 Aditya Birla Health Insurance Co. Limited ("the Company") as at March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

The actuarial valuation of liabilities in respect of Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) included under claims outstanding and Premium Deficiency Reserve (PDR) creation is required to be certified by the Appointed/Empanelled Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") and has been relied upon by us, as mentioned in "Other Matter" para of our audit report on the financial statements of the Company as at and for the year ended March 31, 2019. Accordingly, we have not audited the internal financial controls over financial reporting in respect of the valuation and accuracy of the aforesaid actuarial valuation.

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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the 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 Act, the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015, 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") 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" and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. 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, 2019 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 ICAI.

For Khimji Kunverji & Co.
Chartered Accountants
FRN: 105146W

Hasmukh B Dedhia
Partner
(Membership No: F- 033494)
Date: April 23, 2019
Place: Mumbai

For G B C A & Associates LLP
(Formerly G B C A & Associates)
Chartered Accountants
FRN: 103142W / W100292

Sanjeev D. Lalan
Partner
(Membership No: 045329)
Date: April 23, 2019
Place: Mumbai

Revenue Account

FOR THE YEAR ENDED 31ST MARCH 2019

IRDA REGISTRATION NO. 153 DATED 11 JULY 2016



		(₹ '000)	
Particulars	Schedule	Year Ended 31st March 2019	Year Ended 31st March 2018
1 Premiums earned (Net)	1	34,82,280	15,19,812
2 Profit/ Loss on sale/ redemption of investments (Net)		17,223	8,133
3 Accretion/(Amortisation) of Debt Securities		(6,624)	(7,290)
4 Others		597	107
5 Interest, Dividend & Rent (Gross)		1,74,076	1,00,368
Total (A)		36,67,552	16,21,130
1 Claims Incurred (Net)	2	20,41,111	13,60,680
2 Commission	3	4,74,513	1,89,173
3 Operating Expenses related to Insurance Business	4	37,15,328	20,62,158
4 Premium Deficiency		-	(37,847)
Total (B)		62,30,952	35,74,164
Operating Loss from miscellaneous business [C= (A - B)]		(25,63,400)	(19,53,034)
APPROPRIATIONS			
Transfer to Shareholders' Account		(25,63,400)	(19,53,034)
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (D)		(25,63,400)	(19,53,034)
Significant Accounting Policies and Notes to the Accounts	16		

The Schedules referred to above and the notes to accounts form an integral part of the Financial Statements.

As per our report of even date attached.

For Khimji Kunverji & Co For G B C A & Associates LLP For and on behalf of Board of Directors of Aditya Birla Health Insurance Co. Limited
(Formerly G B C A & Associates)

Chartered Accountants
FRN : 105146W

Chartered Accountants
FRN : 103142W / W100292

Hasmukh B Dedhia
Partner
(Membership No: F-033494)

Sanjeev D. Lalan
Partner
(Membership No: 045329)

Ajay Srinivasan
Director
DIN-00121181

Asokan Naidu
Director
DIN-07425396

Mayank Bathwal
CEO and Whole Time Director
DIN: 06804440

Date : 23rd April 2019
Place : Mumbai

Date : 23rd April 2019
Place : Mumbai

Shikha Bagai
Chief Financial Officer

Mahesh Kumar Radhakrishnan
Company Secretary
(Membership No: 27720)

Date : 23rd April 2019
Place : Mumbai



Profit And Loss Account

FOR THE YEAR ENDED 31ST MARCH 2019

IRDAI REGISTRATION NO.153 DATED 11TH JULY 2016

		(₹ '000)	
Particulars	Schedule	Year Ended 31st March 2019	Year Ended 31st March 2018
1 OPERATING LOSS			
(a) Miscellaneous Insurance		(25,63,400)	(19,53,034)
2 INCOME FROM INVESTMENTS			
(a) Interest, Dividend and Rent (Gross)		89,743	78,140
(b) Profit on sale of Investments		1,270	5,090
Less: Loss on sale of Investments		(102)	(3,086)
(c) Accretion/(Amortisation) of Debt Securities		(3,421)	(5,389)
3 OTHER INCOME		-	-
Total (A)		(24,75,910)	(18,78,279)
4 PROVISIONS (OTHER THAN TAXATION)			
(a) For diminution in the value of Investments		10,000	-
(b) For doubtful debts		-	-
(c) Others		-	-
5 OTHER EXPENSES			
(a) Expenses other than those related to Insurance Business		58,973	13,955
(b) For doubtful debts		-	-
(c) Interest on delayed refund		120	-
(d) Others		-	-
Total (B)		69,093	13,955
Loss Before Tax [C = (A-B)]		(25,45,003)	(18,92,234)
Provision for Taxation		-	-
Loss After Tax		(25,45,003)	(18,92,234)
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 Loss brought forward from last Year		(29,10,958)	(10,18,724)
Balance carried forward to Balance Sheet		(54,55,961)	(29,10,958)
Earnings per Share [Nominal value per share ₹ 10]			
- Basic	21	(14.43)	(16.30)
- Diluted	21	(14.43)	(16.30)
Significant Accounting Policies and Notes to the Accounts	16		

The Schedules referred to above and the notes to accounts form an integral part of the Financial Statements.

As per our report of even date attached.

For Khimji Kunverji & Co For G B C A & Associates LLP For and on behalf of Board of Directors of Aditya Birla Health Insurance Co. Limited
(Formerly G B C A & Associates)

Chartered Accountants Chartered Accountants
FRN : 105146W FRN : 103142W / W100292

Hasmukh B Dedhia **Sanjeev D. Lalan**
Partner Partner
(Membership No: F-033494) (Membership No: 045329)

Ajay Srinivasan
Director
DIN-00121181

Asokan Naidu
Director
DIN-07425396

Mayank Bathwal
CEO and Whole Time Director
DIN: 06804440

Date : 23rd April 2019
Place : Mumbai

Date : 23rd April 2019
Place : Mumbai

Shikha Bagai
Chief Financial Officer

Mahesh Kumar Radhakrishnan
Company Secretary
(Membership No: 27720)



Date : 23rd April 2019
Place : Mumbai

Balance Sheet

AS AT 31ST MARCH 2019

IRDA REGISTRATION NO. 153 DATED 11 JULY 2016

Particulars	Schedule	(₹ '000)	
		As at 31st March 2019	As at 31st March 2018
SOURCES OF FUNDS			
Share capital	5	21,20,265	13,28,802
Reserves and surplus	6	49,29,735	24,76,198
Fair value change account - Shareholders		-	-
Fair value change account - Policyholders		332	82
Borrowings	7	-	-
Total		70,50,332	38,05,082
APPLICATION OF FUNDS			
Shareholders' investments	8	14,44,639	7,49,189
Policyholders' investments	8A	34,41,875	13,51,558
Less : Provision made		(10,000)	-
Net Policyholders' investments		34,31,875	13,51,558
Loans	9	-	-
Fixed assets	10	6,17,433	4,99,850
Current assets:			
Cash and bank balances	11	2,23,440	3,01,613
Advances and other assets	12	6,23,244	4,91,644
Sub-total (A)		8,46,684	7,93,257
Current liabilities	13	20,96,740	11,63,015
Provisions	14	26,49,520	13,36,715
Sub-total (B)		47,46,260	24,99,730
Net current assets (C) = (A - B)		(38,99,576)	(17,06,473)
Miscellaneous expenditure (To the extent not written off or adjusted)		-	-
Debit balance in profit and loss account		54,55,961	29,10,958
Total		70,50,332	38,05,082
Significant Accounting Policies and Notes to the Accounts	16		

The Schedules referred to above and the notes to accounts form an integral part of the Financial Statements.

As per our report of even date attached.

For Khimji Kunverji & Co For G B C A & Associates LLP For and on behalf of Board of Directors of Aditya Birla Health Insurance Co. Limited
(Formerly G B C A & Associates)

Chartered Accountants Chartered Accountants
FRN : 105146W FRN : 103142W / W100292

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Date : 23rd April 2019
Place : Mumbai

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Place : Mumbai

Shikha Bagai
Chief Financial Officer

Mahesh Kumar Radhakrishnan
Company Secretary
(Membership No: 27720)



Date : 23rd April 2019
Place : Mumbai

Receipt and Payment Account

FOR THE YEAR ENDED 31ST MARCH 2019

IRDA REGISTRATION NO. 153 DATED 11 JULY 2016

Particulars	(₹ '000)	
	Year Ended 31st March 2019	Year Ended 31st March 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Premium received from policy holder, including advance receipts, other receipts	51,13,613	21,15,555
Payments to the re-insurer, net of commission and Claims	8,747	(1,68,860)
Payments of claims	(18,47,390)	(12,72,542)
Payments of commission and brokerage	(4,63,080)	(1,75,819)
Payments of other operating expenses	(34,18,396)	(19,71,901)
Deposit, advances and staff loans	(90,050)	(98,905)
Service Tax / Goods and service tax paid	54,729	(4,952)
Other payments	30,579	33,960
Cash inflows / (outflows) before extraordinary items	(6,11,248)	(15,43,464)
Cash flows from extraordinary operations	-	-
Net cash inflows / (outflows) from operating activities (A)	(6,11,248)	(15,43,464)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase/sale of fixed assets (including intangible asset under development and capital advances)	(1,17,582)	(2,13,880)
Purchase of investments	(82,49,617)	(7,95,122)
Sale of investments	54,64,100	9,83,378
Rent / Interest / Dividends received	1,91,174	1,77,011
Net cash flows from investing activities (B)	(27,11,925)	1,51,387
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share capital (including share premium)	32,45,000	13,30,000
Net cash flows from financing activities (C)	32,45,000	13,30,000
Effect of foreign exchange rates on cash and cash equivalents (net)	-	-
Net changes in cash and cash equivalents (A+B+C)	(78,173)	(62,077)
Cash and cash equivalents at the beginning of the year	3,01,613	3,63,690
Cash and cash equivalents at the end of the year (Refer Schedule 11)	2,23,440	3,01,613
Net increase / (decrease) in cash and cash equivalents	(78,173)	(62,077)
Cash and cash equivalents comprise (Refer Schedule 11)		
Balances with banks		
On current accounts	2,18,781	3,00,540
On Deposits	3,897	532
Cash on hand	762	541
Total cash and bank balances at end of the year	2,23,440	3,01,613

Note :

Cash comprises cash on hand, Current Accounts and deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

As per our report of even date attached.

For Khimji Kunverji & Co For G B C A & Associates LLP For and on behalf of Board of Directors of Aditya Birla Health Insurance Co. Limited
(Formerly G B C A & Associates)

Chartered Accountants Chartered Accountants
FRN : 105146W FRN : 103142W / W100292

Hasmukh B Dedhia **Sanjeev D. Lalan**
Partner Partner
(Membership No: F-033494) (Membership No: 045329)

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Mayank Bathwal
CEO and Whole Time Director
DIN: 06804440 

Date : 23rd April 2019 Date : 23rd April 2019
Place : Mumbai Place : Mumbai

Shikha Bagai
Chief Financial Officer

Mahesh Kumar Radhakrishnan
Company Secretary
(Membership No: 27720)

Date : 23rd April 2019
Place : Mumbai

Schedule

FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE – 1 PREMIUM EARNED [NET]

Particulars	For the year ended 31st March 2019			For the year ended 31st March 2018		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Premium from direct business written*	42,34,305	7,33,721	49,68,026	23,03,068	1,28,608	24,31,676
Add: Premium on reinsurance accepted	-	-	-	-	-	-
Less: Premium on reinsurance ceded	(2,30,773)	(48,625)	(2,79,398)	(1,22,557)	(19,343)	(1,41,900)
Net Premium	40,03,532	6,85,096	46,88,628	21,80,511	1,09,265	22,89,776
Less: Adjustment for change in reserve for unexpired risks	(9,17,619)	(2,88,729)	(12,06,348)	(7,21,721)	(48,243)	(7,69,964)
Total Premium Earned (Net)	30,85,913	3,96,367	34,82,280	14,58,790	61,022	15,19,812

* Net of Service Tax/ Goods and Service Tax

SCHEDULE – 2 CLAIMS INCURRED [NET]

Particulars	For the year ended 31st March 2019			For the year ended 31st March 2018		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Claims paid						
Direct	18,09,312	37,797	18,47,109	12,66,965	5,577	12,72,542
Add: Re-insurance accepted	-	-	-	-	-	-
Less: Re-insurance ceded	(86,680)	(2,879)	(89,559)	(63,552)	(279)	(63,831)
Net Claims paid	17,22,632	34,918	17,57,550	12,03,413	5,298	12,08,711
Add: Claims outstanding at the end of the year	4,08,856	97,989	5,06,845	2,15,006	8,278	2,23,284
Less: Claims outstanding at the beginning of the year	2,15,006	8,278	2,23,284	69,833	1,482	71,315
Total Claims Incurred (Net)	19,16,482	1,24,629	20,41,111	13,48,586	12,094	13,60,680

SCHEDULE – 3 COMMISSION

Particulars	For the year ended 31st March 2019			For the year ended 31st March 2018		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Commission paid						
Direct	4,97,035	9,166	5,06,201	1,99,417	3,889	2,03,306
Add: Re-insurance accepted	-	-	-	-	-	-
Less: Commission on Re-insurance ceded	(26,128)	(5,560)	(31,688)	(13,331)	(802)	(14,133)
Net Commission	4,70,907	3,606	4,74,513	1,86,086	3,087	1,89,173
Break Up of expenses incurred to procure business:						
Agents	97,125	75	97,200	39,477	58	39,535
Brokers	1,36,963	6,674	1,43,637	1,15,861	3,812	1,19,673
Corporate Agency	57,111	251	57,362	1,164	-	1,164
Bank assurance	1,80,685	2,163	1,82,848	26,833	19	26,852
Others	25,151	3	25,154	16,082	-	16,082
	4,97,035	9,166	5,06,201	1,99,417	3,889	2,03,306

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SCHEDULE – 4 OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(₹ '000)

Particulars	For the year ended 31st March 2019			For the year ended 31st March 2018		
	Health	Personal Accident	Total	Health	Personal Accident	Total
1 Employee's remuneration and welfare benefits	14,16,077	5,11,062	19,27,139	10,73,104	68,380	11,41,484
2 Travel, conveyance and vehicle running expenses	78,388	13,583	91,971	47,826	2,671	50,497
3 Training expenses	35,012	6,067	41,079	12,912	721	13,633
4 Rent, rates and taxes	1,07,697	18,662	1,26,359	80,589	5,135	85,724
5 Repairs & Maintenance	10,125	1,754	11,879	5,199	331	5,530
6 Printing and stationery	45,062	22,957	68,019	24,278	1,228	25,506
7 Communication	28,041	4,859	32,900	23,310	1,302	24,612
8 Legal and professional charges	70,104	12,148	82,252	27,997	1,563	29,560
9 Auditor's fees, expenses etc						
(a) as auditor	2,131	369	2,500	1,805	95	1,900
(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-
(iii) Certification service	89	15	104	85	5	90
(c) Out of Pocket Expenses	281	49	330	253	14	267
10 Advertisement and publicity	7,24,776	-	7,24,776	3,33,947	-	3,33,947
11 Interest and bank charges	5,322	922	6,244	2,144	119	2,263
12 Others						
(a) Membership and subscription	3,328	1,695	5,023	2,985	167	3,152
(b) Insurance	793	137	930	779	43	822
(d) Director's sitting fees	984	171	1,155	1,295	72	1,367
(e) Miscellaneous expenses	28,366	4,915	33,281	36,542	2,041	38,583
(f) Stamp duty	4,346	2,214	6,560	1,286	72	1,358
(g) Information Technology expenses	35,457	18,064	53,521	21,175	1,072	22,247
(h) Electricity expense	14,269	2,473	16,742	13,444	749	14,193
(i) Housekeeping charges	29,716	5,149	34,865	17,928	1,001	18,929
(i) Data center charges	10,048	1,741	11,789	7,588	423	8,011
(j) Agent training expenses	15,175	2,629	17,804	2,996	167	3,163
(k) Wellness expense	50,499	25,727	76,226	19,954	1,114	21,068
(l) Medical fees	36,132	18,408	54,540	15,421	861	16,282
(m) Call centre charges	27,250	4,722	31,972	27,025	1,509	28,534
(n) Reward and recognition expenses	77,121	13,364	90,485	31,344	1,750	33,094
(o) Transaction processing services	30,233	5,239	35,472	21,815	1,218	23,033
(p) Loss on Sale of Fixed Assets	135	24	159	-	-	-
13 Depreciation	1,10,163	19,089	1,29,252	1,07,317	5,992	1,13,309
	29,97,120	7,18,208	37,15,328	19,62,343	99,815	20,62,158

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SCHEDULE – 5 SHARE CAPITAL

		(₹ '000)	
SN	Particulars	As at 31st March 2019	As at 31st March 2018
1	Authorised Capital		
	22,50,00,000 Equity Shares of ₹ 10 each (31st March, 2018: 15,00,00,000 Equity Shares of ₹ 10 each)	22,50,000	15,00,000
2	Issued Capital		
	21,20,26 543 Equity Shares of ₹ 10 each (31st March, 2018: 13,28,80,202 Equity Shares of ₹ 10 each)	21,20,265	13,28,802
3	Subscribed and paid up Capital		
	21,20,26 543 Equity Shares of ₹ 10 each (31st March, 2018: 13,28,80,202 Equity Shares of ₹ 10 each)	21,20,265	13,28,802
	Total	21,20,265	13,28,802

Of the above 10,81,33,538 shares (31st March, 2018: 6,77,68,904) are held by the holding company, Aditya Birla Capital Limited (Formerly known as Aditya Birla Financial Services Limited) along with its nominee's.

SCHEDULE – 5A PATTERN OF SHAREHOLDING

[As certified by the Management]

Shareholders	As at 31st March 2019		As at 31st March 2018	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	10,81,33,538	51.00%	6,77,68,904	51.00%
- Foreign	10,38,93,005	49.00%	6,51,11,298	49.00%
Total	21,20,26,543	100.00%	13,28,80,202	100.00%

SCHEDULE – 6 RESERVES AND SURPLUS

		(₹ '000)	
SN	Particulars	As at 31st March 2019	As at 31st March 2018
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium		
	Balance at the beginning of the year	24,76,198	14,70,588
	Add: Additions during the year	24,53,537	10,05,610
	Balance at the end of the year	49,29,735	24,76,198
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 of Profit in Profit & Loss Account	-	-
	Total	49,29,735	24,76,198

SCHEDULE – 7 BORROWINGS

		(₹ '000)	
SN	Particulars	As at 31st March 2019	As at 31st March 2018
1	Debentures/ Bonds	-	-
2	Banks	-	-
3	Financial Institutions	-	-
4	Others	-	-
	Total	-	-

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SCHEDULE – 8 SHAREHOLDERS' INVESTMENTS

		(₹ '000)	
SN	Particulars	As at 31st March 2019	As at 31st March 2018
Long Term Investments			
1	Government securities and Government guaranteed bonds including Treasury Bills	7,88,443	5,45,480
2	Other Approved Securities	3,58,750	1,52,819
3	Other Investments	-	-
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	97,512	-
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties - Real Estate	-	-
4	Investments in Infrastructure and Social Sector	-	-
	(a) Infrastructure Bonds	99,642	-
	(b) Infrastructure Equity	-	-
	(c) Housing Bonds (AAA and equivalent)	50,689	50,890
5	Other than Approved Investments	-	-
Short Term Investments			
1	Government securities and Government guaranteed bonds including Treasury Bills	-	-
2	Other Approved Securities	-	-
3	Other Investments	-	-
	(a) Shares	-	-
	(aa) eEquity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	49,603	-
	(e) Other Securities	-	-
	(aa) Fixed Deposits	-	-
	(bb) Commercial Papers	-	-
	(cc) Certificate of Deposits	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	-	-
	(aa) Infrastructure Bonds	-	-
	(bb) Infrastructure Equity	-	-
	(cc) Housing Bonds (AAA and equivalent)	-	-
5	Other than Approved Investments	-	-
	Total	14,44,639	7,49,189
	Investments in India	14,44,639	7,49,189
	Investments outside India	-	-

Notes:

- Aggregate Book Value of Investments (Other Than Listed Equities & Derivative Instruments) is ₹ 14,44,638.94 thousand (previous year ₹ 7,49,189.18 thousand).
- Aggregate Market Value of Investments (Other Than Listed Equities & Derivative Instruments) is ₹ 14,35,743.95 thousand (previous year ₹ 7,10,280.70 thousand).
- Includes investment in mutual fund amounting to NIL (previous year NIL)
- Includes investments qualifying for infrastructure and social sector investments of ₹ 1,50,330.76 thousand (previous year ₹ 50,889.63 thousand)

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SCHEDULE – 8A POLICYHOLDERS' INVESTMENTS

Particulars	(₹ '000)	
	As at 31st March 2019	As at 31st March 2018
Long Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	4,01,178	1,52,766
2 Other Approved Securities	3,04,167	-
3 Other Investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	3,95,005	3,52,558
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment properties - Real Estate	-	-
4 Investments in Infrastructure and Social Sector	-	-
(aa) Infrastructure Bonds	8,10,812	4,16,411
(bb) Infrastructure Equity	-	-
(cc) Housing Bonds (AAA and equivalent)	5,51,179	2,02,865
5 Other than Approved Investments	3,49,679	1,49,987
Short Term Investments		
1 Government securities and Government guaranteed bonds including Treasury Bills	-	-
2 Other Approved Securities	-	-
3 Other Investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	2,89,332	17,571
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	3,00,523	-
(e) Other Securities	-	-
- Fixed Deposits	40,000	59,400
(f) Subsidiaries	-	-
(g) Investment properties - Real estate	-	-
4 Investments in Infrastructure and Social Sector	-	-
5 Other than Approved Investments	-	-
Total	34,41,875	13,51,558
Investments in India	34,41,875	13,51,558
Investments outside India	-	-

Notes:

- Aggregate Book Value of Investments (Other Than Listed Equities & Derivative Instruments) is ₹ 34,41,877.20 thousand (previous year ₹ 13,51,558.48 thousand).
- Aggregate Market Value of Investments (Other Than Listed Equities & Derivative Instruments) is ₹ 34,18,848.29 thousand (previous year ₹ 13,33,743.42 thousand).
- Includes investment in mutual fund amounting to ₹ 2,89,332.09 thousand (previous year ₹ 17,570.77 thousand)
- Includes investments qualifying for infrastructure and social sector investments of ₹ 13,61,991.69 thousand (previous year ₹ 6,19,276.00 thousand)

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SCHEDULE – 9 LOANS

Particulars	(₹ '000)	
	As at 31st March 2019	As at 31st March 2018
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 loans		
(aa) against policies	-	-
(bb) Others	-	-
Total	-	-
2 Borrower-Wise Classification		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Companies		
(e) Loans against policies	-	-
(f) 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	-	-

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82 SCHEDULE – 10 FIXED ASSETS

SN	Particulars	Gross Block			Depreciation		Net Block				
		As at 1st April 2018	Additions	Deletion	As at 31st March 2019	Upto 1st April 2018	For the Period	On Sales/ Adjustments	Up to 31st March 2019	As at 31st March 2019	As at 31st March 2018
	Intangibles										
1	Software	2,51,632	2,91,125	-	5,42,757	92,022	74,242	-	1,66,264	3,76,493	1,59,610
	Total	2,51,632	2,91,125	-	5,42,757	92,022	74,242	-	1,66,264	3,76,493	1,59,610
	Intangible Assets Under Development										
	B	1,66,889	2,18,769	3,25,792	59,866	-	-	-	-	59,866	1,66,889
	Tangibles										
1	Freehold Land	-	-	-	-	-	-	-	-	-	-
2	Leasehold Property	-	-	-	-	-	-	-	-	-	-
3	Buildings	-	-	-	-	-	-	-	-	-	-
4	Furniture & Fittings	17,024	2,662	2,024	17,662	9,018	2,653	361	11,310	6,353	8,006
5	Leasehold Improvement	54,182	22,786	-	76,968	6,641	10,767	(537)	17,945	59,023	47,541
6	Information Technology Equipment	1,11,130	26,951	283	1,37,798	30,847	26,061	(1,138)	58,046	79,752	80,283
7	Vehicles	12,238	6,006	2,264	15,980	3,610	3,848	1,160	6,298	9,682	8,628
8	Office Equipment	39,977	10,317	2,710	47,584	11,084	11,681	1,445	21,320	26,264	28,893
	Total	2,34,551	68,722	7,281	2,95,992	61,200	55,010	1,291	1,14,919	1,81,074	1,73,351
	Capital work in progress	-	20,615	20,615	-	-	-	-	-	-	-
	Grand total (A + B + C + D)	6,53,072	5,99,231	3,53,688	8,98,615	1,53,222	1,29,252	1,291	281,182	6,17,432	4,99,850
	Previous year	3,25,885	3,27,402	214	6,53,072	39,914	1,13,308	-	1,53,222	4,99,850	2,85,970

(₹ '000)

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SCHEDULE – 11 CASH AND BANK BALANCES

Particulars	(₹ '000)	
	As at 31st March 2019	As at 31st March 2018
1 Cash (including cheques, drafts and stamps)	762	541
2 Bank Balances		
(a) Deposit Accounts	-	-
(aa) Short-term (due within 12 months)	569	532
(ab) Others - Long -term (Maturity more than 12 months)	3,200	-
Add : Interest Accrued on Deposit	128	
(b) Current Accounts	2,18,781	3,00,540
(c) Others	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
Total	2,23,440	3,01,613
Cash and bank balance In India	2,23,440	3,01,613
Cash and bank balance outside India	-	-
	2,23,440	3,01,613

Balances with non-scheduled banks included in 2 above

SCHEDULE – 12 ADVANCES AND OTHER ASSETS

Particulars	(₹ '000)	
	As at 31st March 2019	As at 31st March 2018
Advances		
1 Reserve deposits with ceding companies	-	-
2 Advance to ceding companies	-	-
3 Application money for investments	-	-
4 Prepayments	20,509	47,722
5 Advances to Directors / Officers	-	-
6 Advance tax paid and taxes deducted at source	-	-
7 Others		
(a) Advance to Suppliers	70,343	24,576
Less: Provisions made	-	-
Sub-total	70,343	24,576
(b) Other advances	30,343	24,020
Total (A)	1,21,195	96,318
Other Assets		
1 Income accrued on investments	1,53,116	71,528
2 Outstanding Premiums	-	-
3 Agents' Balances	3,478	951
Less: Provisions made	-	-
Sub-total	3,478	951
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business	6,564	1,08,600
6 Due from subsidiaries/ holding*	26,731	41,703
7 Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]	-	-
8 Others		
(a) Rent and other deposits	79,158	63,564
(b) Input tax credit (net)	1,59,531	60,338
(c) Cenvat credit on capital goods	-	-

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Particulars	(₹ '000)	
	As at 31st March 2019	As at 31st March 2018
(d) Deferred lease assets	-	-
(e) Recoverable from employees	-	-
(f) Unclaimed Investment account	1,279	-
(g) Other Recoverable	1,183	-
(h) Contribution to group gratuity fund	71,009	48,642
Total (B)	5,02,049	3,95,326
Total (A+B)	6,23,244	4,91,644

* Subsidiaries also includes fellow subsidiaries

SCHEDULE – 13 CURRENT LIABILITIES

Particulars	(₹ '000)	
	As at 31st March 2019	As at 31st March 2018
1 Agents' balances	86,173	40,525
2 Balances due to other insurance companies	92,916	28,055
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	18,466	8,207
5 Unallocated premium	4,81,391	3,48,093
6 Sundry creditors	5,84,043	2,75,543
7 Due to subsidiaries/ holding company*	27,224	96,179
8 Claims Outstanding	5,06,833	2,23,286
9 Unclaimed amount of policyholders/ insured	1,013	-
10 Due to Officers/ Directors	-	-
11 Others		
(a) Tax deducted payable	18,504	31,560
(b) Other statutory dues	1,87,436	33,515
(c) Provident fund payable	10,531	8,006
(d) Premium refund payable	3,915	1,884
(e) Due to employees	78,295	68,162
(e) Payable for investment	-	-
Total	20,96,740	11,63,015

* Subsidiaries also includes fellow subsidiaries

SCHEDULE – 14 PROVISIONS

Particulars	(₹ '000)	
	As at 31st March 2019	As at 31st March 2018
1 Reserve for Unexpired Risk	23,53,678	11,47,330
2 For taxation (less advance tax paid and taxes deducted at source)	-	-
3 For proposed dividends	-	-
4 For dividend distribution tax	-	-
5 Bonus payable to policy holders	-	-
6 Others		
(a) For Gratuity	69,976	51,619
(b) For Compensated absence	25,663	15,967
(c) For Other operating expense related	-	-
(d) Premium Deficiency Reserve	-	-
(e) Bonus Payable	2,00,203	1,21,800
Total	26,49,520	13,36,716

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SCHEDULE – 15 MISCELLANEOUS EXPENDITURE

Particulars	(₹ '000)	
	As at 31st March 2019	As at 31st March 2018
(To the extent not written off or adjusted)		
1 Discount Allowed in issue of shares/ debentures	-	-
2 Others	-	-
Total	-	-

SCHEDULE 16 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

I BACKGROUND

“Aditya Birla Health Insurance Co. Limited (“the Company”) was incorporated on April 22, 2015 as a company under the Companies Act, 2013. As on 31st March, 2019, Aditya Birla Capital Limited (Formerly Known as “Aditya Birla Financial Services Limited”) holds 51% and MMI Strategic Investment Pty Ltd. holds 49% of paid up capital of the Company respectively. The Company is registered with the Insurance Regulatory and Development Authority of India (“IRDAI”) for conducting health insurance business, under section 3 of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015. The Certificate of Registration (Form – IRDA/ R3) has been issued by the Authority on July 11, 2016. Pursuant to Section 3 read with Section 3A of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015, said certificate shall consequentially continue to be in force from the date of registration.”

II SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, on an accrual basis of accounting, in accordance with the accounting principles generally accepted in India, including the applicable provisions of the Insurance Act, 1938 (the “Insurance Act”) as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002, orders/ directions issued by IRDAI in this regard, from time to time (including circular no. IRDA/F&A/CIR/CPM/ 056/03/2016 dated April 04, 2016), Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, to the extent applicable and various circulars/notifications issued by IRDAI and practices prevailing in the insurance industry in India.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

(B) USE OF ESTIMATES

The preparation of the financial statements in conformity with accounting principles generally accepted in India (GAAP) requires that the Company’s management make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amounts of revenues and expenses for the year and disclosures relating to contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates. Differences between the actual and estimates, if any, are recognised in the year in which they materialize or are known.

(C) REVENUE RECOGNITION

(i) Premium Income

Premium including Reinsurance accepted (net of service tax / goods and service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Reinstatement premium is recorded as and when such premiums are recovered. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Premium received in advance represents premium received prior to commencement of the risk.

(ii) Income earned on investments

Interest income on investments is recognised on an accrual basis. Accretion of discount and amortization of premium relating to debt securities including Commercial Paper (CP), Certificate of Deposits (CD) and

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T-bills is recognized on effective interest rate method over the holding / maturity period. The net realized gains or losses on the debt securities is the difference between the net sale consideration and the amortized cost, which is computed on a weighted average basis, as on the date of sale. In case of mutual fund units, the profit or loss on sale of investment includes the accumulated changes in the fair value previously recognised under "Fair Value Change Account". Sale consideration for the purpose of realized gain/ loss is net of brokerage and taxes, if any, and excludes interest received on sale. Such investments income shall be allocated between the revenue account and profit and loss account on actual basis.

(D) REINSURANCE CEDED

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

(E) COMMISSION RECEIVED

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

(F) RESERVE FOR UNEXPIRED RISK

Reserve for unexpired risk represents that a part of the net premium written which is attributable to and allocated to the succeeding accounting period. During the previous year company has opted to calculate Reserve for Unexpired Risk from '1/365 Method' to '50% of net written premium of preceding twelve months in terms of IRDAI Circular number IRDA /F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and the same policy company is following during current financial Year.

(G) PREMIUM DEFICIENCY

Premium deficiency is recognised for the Company at segmental revenue account level. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling)

exceeds related reserve for unexpired risk. The expected claim costs is calculated and duly certified by the paneled Actuary.

(H) CLAIMS INCURRED

Claims incurred comprises of claims paid, change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) and specific settlement costs comprising legal and investigation fees and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate, on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDAI vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and applicable provisions of Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used generally accepted actuarial methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

(I) ACQUISITION COSTS

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission, policy issue expenses, etc. These costs are expensed in the period in which they are incurred. Acquisition cost on premium received in advance are recognised as prepaid expenses.

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(J) FIXED ASSETS

(i) Tangible:

Tangible assets, capital work in progress are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, borrowing costs, if capitalization criteria are met and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure during construction/ acquisition and exclusive of CENVAT credit / Goods and Service Tax credit or other tax credit available to the Company. Subsequent expenditure relating to tangible assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

(ii) Intangible:

An intangible asset is recognized when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure during construction/ acquisition and exclusive of CENVAT credit / Goods and Service Tax credit or other tax credit available to the Company. Subsequent expenditure incurred on existing assets expensed out except where such expenditure increases the future economic benefits from the existing assets, in which case the expenditure is amortized over the remaining useful life of the original asset.

(iii) Capital work in progress

Capital work in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

(K) DEPRECIATION ON FIXED ASSETS

Based on management's evaluation, useful life prescribed in Schedule II of the Companies Act, 2013 represent actual useful life of fixed assets except for Leasehold Improvement and furniture and fittings at leased premises, Office Equipment other than electronic and servers. The company

uses straight line method for different classes of its fixed assets :

Category of Fixed Assets	Useful Life
Leasehold Improvements and Furniture and fittings at leased premises	6 years or the maximum renewable period of the respective leases, whichever is lower
Office Equipment (Other than Electronic equipment)	5 Years
Servers	6 years

Depreciation on property, plant and equipment comprising of furniture and fittings other than at leased premises, Information Technology Equipment, Vehicles, Electronic office equipment, mobile phone and software is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which are different as compared to those prescribed under the Schedule II to the Companies Act, 2013. The estimates of useful life of these assets based on technical evaluation have not undergone a change on account of transition to the Companies Act, 2013. The Company has used the following useful lives to provide depreciation on such class of asset:

Category of Fixed Assets	Useful Life
Furniture & fittings (other than installed at leased premises)	7 years
Information Technology Equipment	4 years
Vehicles	4/5 Years (As per OYCS Policy)
Office Equipment (Electronic equipment)	4 Years
Mobile Phones (included in office equipment under schedule 10)	2 Years
Software*	5 years

*During the year, Management has changed the estimated useful life of assets for Intangible assets (Software) from 3 years to 5 years based on technical evaluation carried out.

(L) IMPAIRMENT OF ASSETS

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each balance sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in

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use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

(M) OPERATING LEASES

As lessee:

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as Operating lease. Operating lease rentals including escalations, in respect of an asset taken on operating lease, are charged to the Revenue Account on a straight line basis over the lease term. Initial direct costs incurred specifically for an operating lease are charged to the Revenue Account.

(N) FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

At the Balance Sheet date, monetary items denominated in foreign currencies are converted into rupee equivalents at the exchange rates prevailing at that date.

All exchange differences arising on settlement/conversion of foreign currency transactions are included in the Revenue Account.

(O) INVESTMENTS

Investments are made and accounted for in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended and various other circulars/notifications issued by the IRDAI in this context from time to time.

Investments are recorded at cost, which include brokerage, taxes, if any, stamp duty and excludes broken period interest.

Investments maturing within twelve months from the Balance Sheet date and investments made with the specific intention to be disposed off within twelve months from the balance sheet

date are classified as short-term investments. Investments other than short-term investments are classified as long-term investments.

The Investment made by the Company are segregated between Policyholder's funds and Shareholder's funds

All debt securities including CPs, CDs, T-Bills are considered as 'held to maturity' and accordingly stated at historical cost subject to amortization of premium or accretion of discount on effective interest rate basis in the Revenue Account and in the Profit and Loss Account over the period of maturity/ holding.

All mutual fund investments are valued at net asset value as at Balance Sheet date.

In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of mutual fund investments are accounted in "Fair Value Change Account" and carried forward in the Balance Sheet and is not available for distribution.

The Company assesses, whether any impairment has occurred on its investments, at each Balance Sheet date. If any such indication exists, then carrying value of such investment is reduced to its recoverable amount/ market value on the Balance Sheet date and the impairment loss is recognised in the Profit and Loss Account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists then impairment loss, earlier recognised in Profit and loss Account, is reversed in Profit and loss account and the investment is restated to that extent.

(P) EMPLOYEE BENEFITS

(i) Short-term employee benefits

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, bonuses, short term compensated absences and other non-monetary benefits are recognised in the period in which the employee renders the related service. All short term employee benefits are accounted on undiscounted basis.

(ii) Long term employee benefits

The Company has both defined contribution and defined benefit plans, of which some have assets in special funds or similar securities. The plans

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are financed by the Company and in case of some defined contribution plans, by the Company along with its employees.

Defined contribution plans

These are plans in which the Company pays predefined amounts to recognised provident fund and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Defined benefit plans

Gratuity defined benefit plans is calculated as at the Balance Sheet date by independent actuaries using projected unit credit method in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for calculated future salary increases, utilizing a discount rate corresponding to the interest rate estimated by the actuary, having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

The Company recognizes the net obligation of the scheme in Balance Sheet as an asset or liability in accordance with AS 15 "Employee Benefits". The discount rate used for estimation of liability is based on Government securities yield. Gain or loss arising from change in actuarial assumptions / experience adjustments is recognised in the Revenue Account for the period in which they emerge. Expected long term rate of return on assets has been determined based on historical experience and available market information.

(iii) Other long term benefits

Other long term employee benefits include accumulated long term compensated absences and long term incentive plans.

- i. The employees are entitled for 21 days leave during the calendar year, which can be accumulated up to 36 days. The company provides for the liability at year end on account of unavailed leave as per the independent actuarial valuation using the Projected Unit Credit Method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss as and when incurred.

- ii. The cost of performance based compensation incentive under long term incentive plan is measured considering the achievement of the performance indicators applicable to the plans and applying the actuarial assumptions and principles in accordance with AS 15 (Revised 2005) Employee Benefits as valued by an independent actuary on each Balance Sheet date.

(Q) TAXATION

Income tax expense comprises current tax (i.e. amount of tax payable on the taxable income for the period determined in accordance with the Income-tax Act, 1961), and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the period). Current tax is the amount expected to be paid to the tax authorities after taking credit for allowances and exemptions in accordance with the Income-tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realized. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realized.

In accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India and in accordance with the provisions of the Income Tax Act, 1961, Minimum Alternate Tax ("MAT") credit is recognised as an asset to the extent there is convincing evidence that the Company will pay normal income tax in future by way of a credit to the profit and loss account and shown as MAT credit entitlement.

Schedule**FORMING PART OF FINANCIAL STATEMENTS****(R) SERVICE TAX / GOODS AND SERVICE TAX (GST)**

Service Tax / GST collected is considered as a liability against which Service Tax/ GST paid for eligible input tax credit, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority. Service Tax/ GST paid for eligible input services not recoverable by way of credits is recognized in the Revenue Account as expenses.

(S) SEGMENT REPORTING

In case of Health 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" specified under Section 133 of the Companies Act, 2013, the Company has classified and disclosed segment information for Health Insurance and Personal Accident Insurance.

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

The allocation of revenue and expenses to specific segments is done in the following manner, which is applied on a consistent basis.

The Revenue is directly attributable and identifiable to the business segments and is apportioned on an actual basis.

Operating Expenses relating to Insurance Business: are allocated on the following basis

- (i) Acquisition Cost shall be directly allocated to the respective business segment.
- (ii) Expenses, which are directly attributable and identifiable to the business segments, are apportioned on an actual basis.
- (iii) Expenses, which are not directly identifiable though attributable to a class of business segments collectively, are apportioned amongst the respective segments on a gross written premium basis.

The accounting policies used in segment reporting are same as those used in the preparation of financial statements.

(T) EARNINGS PER SHARE ("EPS")

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

The weighted average numbers of equity shares are adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without corresponding change in resources.

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

(U) PROVISIONS AND CONTINGENCIES

A provision is recognised when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources embodying economic resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect current best estimates. Contingent liabilities are not recognised. A Contingent asset is neither recognised nor disclosed.

(V) RECEIPTS AND PAYMENTS ACCOUNT

- (i) 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 IRDAI.

(ii) Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term

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balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(W) UNCLAIMED AMOUNT OF POLICYHOLDERS

Assets held for unclaimed amount of policyholders is created & maintain in accordance with requirement of IRDAI master circular on “unclaimed amounts of

policyholders” dated July 25, 2017 and investment regulations, 2016 as amended from time to time.

Unclaimed amount of policyholders is invested in money market instruments which is valued at market value.

Income on unclaimed amount of policyholders (net of fund management) charges is credited to respective unclaimed account & accounted for on accrual basis.

III NOTES FORMING PART OF ACCOUNTS

- 1** During the previous year company has opted to calculate Reserve for Unexpired Risk from ‘1/365 Method’ to ‘50% of net written premium of preceding twelve months in terms of IRDAI Circular number IRDA /F&A/CIR/CPM/056/03/2016 dated April 04, 2016 and the same policy company is following during current financial Year.

2 CONTINGENT LIABILITY

	As at 31st March 2019	As at 31st March 2018
Partly paid up Investments	-	-
Underwriting commitments outstanding	-	-
Claims, other than against Policies, not acknowledged as debts	6,095	412
Guarantees given by or on behalf of the Company	3,000	-
Statutory demands / liabilities in dispute, not provided for	-	-
Reinsurance obligations to the extent not provided for in Accounts	-	-
Total	9,095	412

3 ENCUMBRANCES ON ASSETS

All the assets of the Company are free from any encumbrances deposits in banks amounting to ₹ Nil thousands (31st March, 2018 - Nil). The deposits have been placed with banks for the purposes of executing bank guarantees. The Company has all assets within India.

4 COMMITMENTS

	As at 31st March 2019	As at 31st March 2018
Loans	-	-
Investment	-	-
Property, Plant and Equipment	46,102	61,076
Total	46,102	61,076

5 CLAIMS, LESS REINSURANCE PAID TO CLAIMANTS

	In India		Outside India	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Health	16,89,526	11,96,198	-	-
Personal Accident	39,355	5,298	-	-
Total	17,28,881	12,01,496	-	-

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6 AGE-WISE BREAKUP OF CLAIMS OUTSTANDING*

(₹ '000)

Class of business	Outstanding for more than six months		Outstanding for six months or less	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
Health	3,012	-	1,93,001	1,18,889
Personal Accident	-	-	70,236	2,499
Total	3,012	-	2,63,237	1,21,388

*Excluding IBNR provisions, amounts payable to service providers and third party administrator.

7 CLAIMS SETTLED AND REMAINING UNPAID FOR A PERIOD OF MORE THAN SIX MONTHS UPON CLASS OF BUSINESS

(₹ '000)

Class of business	As at 31st March 2019	As at 31st March 2018
Health	14,297.00	-
Personal Accident	-	-

8 NUMBER OF CLAIMS INTIMATED, DISPOSED OF AND PENDING

Particulars	As at 31st March 2019			As at 31st March 2018		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Claims pending at the beginning of the year	3,138	28	3,166	1,021	13	1,034
Claims intimated	58,320	820	59,140	44,378	50	44,428
Claims paid	(45,076)	(281)	(45,357)	(38,903)	(26)	(38,929)
Claims rejected	(12,457)	(410)	(12,867)	(3,358)	(9)	(3,367)
Claims pending at the end of the year	3,925	157	4,082	3,138	28	3,166

9 AGEING OF PENDING CLAIMS

Particulars	As at 31st March 2019			As at 31st March 2018		
	Health	Personal Accident	Total	Health	Personal Accident	Total
0 to 30 days	1,68,022	49,115	2,17,137	1,11,121	2,499	1,13,620
31 days to 6 months	24,979	21,121	46,100	7,768	-	7,768
6 months to 1 year	2,644	-	2,644	-	-	-
1 year to 5 years	367	-	367	-	-	-
5 years and above	-	-	-	-	-	-
Total	1,96,012	70,236	2,66,248	1,18,889	2,499	1,21,388

10 (A) PREMIUMS, LESS REINSURANCE WRITTEN FROM BUSINESS IN/OUTSIDE INDIA

(₹ '000)

Class of business	Outstanding for more than six months		Outside India	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
Health	40,03,532	21,80,511	-	-
Personal Accident	6,85,096	1,09,265	-	-
Total	46,88,627	22,89,776	-	-

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(B) PREMIUM INCOME RECOGNIZED ON "VARYING RISK PATTERN" IS NIL (31ST MARCH, 2018 NIL).**11 EXTENT OF RISK RETAINED AND REINSURED**

Extent of risk retained and reinsured with respect to gross written premium is set out below:

For the year ended on 31st March, 2019:

Particulars	Basis	Gross Premium	Retention	Ceded	Retention	Ceded
		('000)	('000)	('000)	%	%
Health	Sum Insured	42,34,305	40,03,533	2,30,773	95%	5%
Personal Accident	Sum Insured	7,33,721	6,85,096	48,625	93%	7%
Total		49,68,026	46,88,628	2,79,398	94%	6%

For the year ended on 31st March, 2018:

Particulars	Basis	Gross Premium	Retention	Ceded	Retention	Ceded
		('000)	('000)	('000)	%	%
Health	Sum Insured	23,03,068	21,80,511	1,22,557	95%	5%
Personal Accident	Sum Insured	1,28,608	1,09,265	19,343	85%	15%
Total		24,31,676	22,89,776	1,41,900	94%	6%

12 INVESTMENT

Value of contracts in relation to investments for:

- Purchases where deliveries are pending NIL (31st March, 2018: NIL); and
- Sales where payments are overdue NIL (31st March, 2018 : NIL).

Historical cost of investments that are valued on fair value basis is ₹ 2,89,000 thousand (31st March, 2018 : ₹ 17,488.67 thousand).

All investments are made in accordance with Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 and Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended from time to time. The Company has a security as per below mentioned details that has been classified as NPA in line with Investments - Master Circular version - 02 May 2017 issued by IRDAI and 10% provision is made as per the circular. The Company has no other non-performing assets for the purpose of income recognition as per the directions of IRDAI.

Security Name	Security ISIN	Total Face Value	Maturity Date
9.5119% Jharkhand Road Projects Implementation Co Ltd Series B Tran 1	INE746N07648	10000	20-04-2022

(A) Allocation of investment

- Investments are allocated separately to policy holders and share holders, as applicable;

(B) Allocation of investment income

Investment income is allocated on actuals basis between revenue account(s) and profit and loss account.

(C) Investment Properties – Real Estate

The Company does not have any Investment Properties - Real Estate as at March 31, 2019 (Previous year: NIL)

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13 STATEMENT SHOWING THE AGE-WISE ANALYSIS OF THE UNCLAIMED AMOUNT OF THE POLICYHOLDERS

For the year ended on 31st March, 2019:

('000)

Particulars	Total Amount	Age-wise analysis (in months)					
		04-12 m	13-18 m	19-24 m	25-30 m	31-36 m	Beyond 36 m
Claims settled out not paid to the policyholders / insured due to any reasons except under litigation from the insured /policyholders	0.14	0.14	-	-	-	-	-
Sum due to the insured /policyholders on maturity or otherwise	-	-	-	-	-	-	-
Excess collection of the premium I 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	9.41	8.78	0.62	0.01	-	-	-
Cheques issued but not encashed by the policyholder/insured	-	-	-	-	-	-	-

For the year ended on 31st March, 2018:

('000)

Particulars	Total Amount	Age-wise analysis (in months)					
		04-12 m	13-18 m	19-24 m	25-30 m	31-36 m	Beyond 36 m
Claims settled out 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	-	-	-	-	-	-	-
Excess collection of the premium I 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	-	-	-	-	-	-	-
Cheques issued but not encashed by the policyholder/insured	-	-	-	-	-	-	-

14 EMPLOYEE STOCK OPTION PLAN

Pursuant to ESOP Plan being established by the holding company (i.e. Aditya Birla Capital Limited), stock options were granted to the employees of the Company during the financial year. Total cost incurred by the holding company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of ₹ 49,591 thousand has been recovered from the Company during the year, which has been charged to the Statement of Profit and Loss. The balance sum of ₹ 1,26,88 thousand will be recovered in future period.

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15 SEGMENT INFORMATION**a) Business Segments**

The Company's primary reportable segments are identified in accordance with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002. Segment revenue and segment results have been incorporated in the financial statements.

Particulars	As at 31st March 2019			As at 31st March 2018		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Segmental Revenue	32,43,822	4,23,729	36,67,552	15,54,749	66,381	16,21,123
Segmental Result	(21,40,686)	(4,22,712)	(25,63,398)	(19,04,420)	(48,617)	(19,53,034)
Segmental Liabilities	4,27,309	97,989	5,25,298	2,23,215	8,278	2,31,493
Unallocated Liabilities	-	-	42,20,962	-	-	22,68,236
Segmental Assets	-	-	-	-	-	-
Unallocated Assets	-	-	63,40,630	-	-	33,93,855

('000)

b) Geographical Segment

Since the Company's entire business is conducted within India, there is no reportable Geographical Segmentation for the year

16 MANAGERIAL REMUNERATION

The Managing Director and Chief Executive Officer (MD & CEO) and the Executive Director are remunerated in terms of the approval granted by IRDAI.

Details of their remuneration included in employee remuneration and welfare benefits are as follows:

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Salary, perquisites and bonus*	72,533	27,981
Contribution to Provident Fund & Gratuity	1,440	973
Total	73,973	28,954

('000)

Out of the above INR 15,000 thousand (31st March, 2018 INR 15,000 thousand) remuneration for each Director has been charged to Revenue Account and balance has been transferred to Profit and Loss Account. Expenses towards leave encashment provision are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

* Salary includes LTIP & ESOP

17 (A) EXPENDITURE IN FOREIGN CURRENCY:

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Travelling	227	1,008
Remuneration	-	-
Software License Fees	-	-
Purchase of Fixed Assets	-	-
Professional fees Others	60,588	13,050
Total	60,815	14,058

('000)

(b) During the year foreign exchange gain aggregating INR 597 thousand (Previous year: foreign exchange gain aggregating INR 7 thousand) is included in Other Income, under the Revenue Account

(c) The year end foreign currency exposure is NIL (31st March, 2018: NIL)

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18 LEASES

In respect of premises taken on operating lease, the lease agreements are generally mutually renewable / cancelable by the lessor/lessee.

The detail of future rentals payable for Non Cancelable operating lease are given below:

Particulars	(₹ '000)	
	As at 31st March 2019	As at 31st March 2018
a. not later than one year	28,369	59,265
b. later than one year and not later than five years	8,794	26,466
c. later than five years	-	-

An amount of INR 109,520 thousand (31st March, 2017: INR 67,880 thousand) towards said lease payments has been recognised in the statement of revenue account.

19 RELATED PARTY DISCLOSURES:

As per Accounting Standard (AS) 18 on Related Party Disclosures the related parties of the Company are as follows:

(a) Name of the related parties and description of their relationship:

- (i) Holding Company
- (ii) Subsidiaries of immediate Holding Companies
- (iii) Subsidiaries of fellow Subsidiaries
- (iv) Associates and joint ventures
- (v) Individuals owning, directly or indirectly, interest in the voting power that gives them control
- (vi) Key management personnel
- (vii) Enterprises over which any person described in (v) and (vi) are able to exercise significant influence with whom transactions have taken place.

DISCLOSURES IN RESPECT OF TRANSACTIONS WITH RELATED PARTIES AND OUTSTANDING FOR THE YEAR ENDED 31 MARCH 2019.**(A) Enterprises where control exists**

Ultimate Holding company	Grasim Industries Limited with effect from 1st July, 2017
Holding Company	Aditya Birla Capital Ltd (Formerly known as "Aditya Birla Financial Services Limited (ABFSL)" with effect from 23 March, 2017)
Foreign Promoter	MMI Strategic Investment Pty Ltd.
Key Managerial Personnel	Mayank Bathwal - Chief Executive Officer Shikha Bagai - Chief Financial Officer

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(B) Disclosures of transaction between the Company and related parties and outstanding balances for the year ended :

Sr. No.	Name of the related party with Whom the transaction has been made	Description of relationship with the party	Nature of Transaction	For the Year Ended	
				31st March 2019	31st March 2018
1	2	3	4	5	6
1	Aditya Birla Capital Ltd (formerly known as Aditya Birla Financial Services Limited)	Holding Company	a) Group mediclaim premium b) Reimbursement of expenses (including ESOP) c) Recovery of Expenses d) Transfer of Liability e) Issue of Additional Share Capital f) Balance Payable g) Balance Receivable h) Securities Premium i) Share Capital	- 39,085 - - 16,54,950 5,392 - 17,64,165 10,81,335	310 17,786 222 - 6,78,300 6,538 - 5,12,861 6,77,689
2	Aditya Birla PE Advisors Private Limited (Formerly known as Aditya Birla Capital Advisors Private Limited)	Fellow Subsidiary	a) Group mediclaim premium	37	79
3	Aditya Birla Finance Limited	Fellow Subsidiary	a) Group mediclaim premium b) Recovery of Expenses c) Balance Receivable	8,995 3,059 463	14,764 1,468 771
4	Aditya Birla Financial Shared Services Limited	Fellow Subsidiary	a) Group mediclaim premium b) Reimbursement of expenses (exc gst) c) Reimbursement of expenses (inc GST) d) Recovery of Expenses e) Transfer of Liability (Employee Transfer) f) Transfer of Assets g) Prepaid Expenses h) Balance Receivable i) Balance Payable	3,822 1,07,543 666 220 - - 928 - 20,856	599 45,578 - 195 139 - - - 5,007
5	Aditya Birla Housing Finance Limited	Fellow Subsidiary	a) Group mediclaim premium b) Recovery of Expenses c) Balance Receivable	2,306 144 40	9,643 127 36
6	Aditya Birla Insurance Brokers Limited	Fellow Subsidiary	a) Group mediclaim premium b) Brokerage Expenses c) Transfer of Liability (Employee Transfer) d) Reimbursement of expenses e) Balance Payable	1,775 21,832 - 394 926	1,629 82,752 112 - 119
7	Aditya Birla Money Limited	Fellow Subsidiary	a) Group mediclaim premium b) Recovery of Expenses c) Balance Receivable	83 282 -	1,792 249 591
8	Aditya Birla My Universe Limited (Formerly known as "Aditya Birla Customer Services Limited")	Fellow Subsidiary	a) Group mediclaim premium b) Reimbursement of Expenses (Salary Paid) c) Transfer of Liability (Employee Transfer) d) Advertising Cost e) Balance Payable	200 - - - -	78 16 214 - 1,537
9	Aditya Birla Money Mart Limited	Fellow Subsidiary	a) Advertisement Cost	-	450

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FORMING PART OF FINANCIAL STATEMENTS

Sr. No.	Name of the related party with Whom the transaction has been made	Description of relationship with the party	Nature of Transaction	For the Year Ended	
				31st March 2019	31st March 2018
('000)					
10	Aditya Birla Sun Life Insurance Company Limited (formerly known as Birla Sun Life Insurance Company Limited)	Fellow Subsidiary	a) Group mediclaim premium	1,74,027	1,74,204
			b) Reimbursement of expenses	10,026	10,968
			c) Insurance Expenses	-	1,751
			d) Transfer of Asset (Employee Transfer)	1,190	-
			e) Transfer of Liability (Employee Transfer)	-	3,374
			f) Insurance Premium	6,297	1,187
			g) Balance Payable	1,817	-
			h) Balance Receivable	-	1,163
11	Aditya Birla Wellness Private Limited	Fellow Subsidiary	a) Group mediclaim premium	112	1,123
			b) Recovery of Expenses	10,576	21,167
			c) Outsourcing Contract wellness tracking services	46,554	48,181
			d) Transfer of Assets	-	-
			e) Reimbursement of Expenses	3,719	-
			f) Balance Receivable	16,965	37,517
			g) Balance Payable	-	57,978
12	Aditya Birla Sun Life AMC Limited (Formerly known as Birla Sun Life Asset Management Company Limited)	Fellow Subsidiary	a) Group mediclaim premium	33,878	21,974
			b) Recovery of Expenses	7,219	516
			c) Transfer of Asset (Employee Transfer)	1,499	148
			d) Transfer of Liability	63	-
			e) Balance Receivable	-	-
			f) Balance Payable	50	-
13	Idea Payment Bank	Fellow Subsidiary	a) Group mediclaim premium	578	7,057
14	Metropolitan International Support (Pty) Ltd.	Foreign Promoter	a) Reimbursement of expenses	7,080	437
			b) Recovery of Expenses	-	3,978
			c) IT Development & Support	13,092	32,528
			d) Balance Receivable	4,782	437
			e) Balance Payable	-	25,000
15	MMI Strategic Investment Pty Ltd.	Foreign Promoter	a) Issue of Additional Share Capital	15,90,050	6,51,700
			b) Recovery of Expenses	-	-
			c) Securities Premium	31,65,570	19,63,337
			d) Share Capital	10,38,930	6,51,113
16	M/S Ultratech Cement Ltd	Fellow Subsidiary	a) Group Insurance Receipts (Net of Refund)	98,684	58,237
17	M/s Aditya Birla ARC Limited	Fellow Subsidiary	a) Group Insurance Receipts	55	-
18	Idea Cellular Limited	Fellow Subsidiary	a) Group Insurance Receipts	68,860	3,07,071
			b) Telephone Exp Reimbursement	1,148	-
19	Grasim Industries	Ultimate Holding company	a) Group Insurance Receipts	23,142	49,277
			b) Refund	8,756	2,475
20	Mr. Mayank Bathwal	Key Managerial Personnel	Managerial Remuneration	39,700	28,955
21	Mr. Rahil Bathwal	Relative of Key Managerial Personnel	ABG Pratibha Scholarship	2,265	-
22	Mrs. Shikha Bagai	Key Managerial Personnel	Remuneration	9,131	8,115

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20 EMPLOYEE BENEFITS**(a) Defined Contribution Plan:**

Particulars	(₹ '000)	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Contribution to Provident Fund	52,256	36,816
Contribution to Superannuation Fund	-	-
Contribution to National Pension Scheme	-	-

(b) Defined Benefit Plans - Gratuity and Leave Encashment

The following tables summarize the components of the net employee benefit expenses recognized in the Profit and Loss Account, the fund status and amount recognized in the balance sheet for the gratuity and leave encashment.

Disclosures relating to actuarial valuation of Leave encashment and gratuity liability:

	('000)			
	Gratuity		Leave Encashment	
	2018-19	2017-18	2018-19	2017-18
(i) Assumptions	Indian Assured lives Mortality {2006-08} Ultimate*	Indian Assured lives Mortality {2006-08} Ultimate*	Indian Assured lives Mortality {2006-08} Ultimate*	Indian Assured lives Mortality {2006-08} Ultimate*
Discount Rate	7.10%	7.55%	7.10%	7.55%
Rate of increase in compensation	7%	7%	7%	7%
Rate of leave Availment (Per Annum)	NA	NA	2%	2%
Rate of leave encashment during employment (Per Annum)	NA	NA	0%	0%
(ii) Changes in present value of obligations				
PBO at beginning of year	51,619	31,044	15,967	7,104
Interest Cost	3,778	2,296	1,169	526
Past service Cost				
Current Service Cost	7,716	18,469	15,659	10,897
Actuarial loss/(gain) on obligations arising from:				
- Change in demographic assumption	(271)	(3,927)	(47)	(1,121)
- Change in financial assumption	4,208	(1,188)	805	(300)
- Experience Variance	5,844	2,534	(3,225)	(965)
Benefits paid including transfer in / (out)	2,157	2,391	(5,360)	(174)
Acquisition / Divestiture			696	
Employer contributions	(5,074)	-	-	-
PBO at end of year	69,977	51,619	25,664	15,967
(iii) Amounts to be recognised in balance sheet				
PBO at end of year	69,977	51,619	25,664	15,967
Net (Asset) / Liability recognised in the balance sheet	(1,033)	2,976	-	-
(iv) Expense Recognised				
Current Service Cost	7,716	18,469	15,659	10,897
Interest Cost	3,778	2,296	1,169	526
Past Service Cost	-	-	-	-
Actuarial (gain)/ loss				
- Changes in demographic assumption	(271)	(3,927)	(47)	(1,121)
- Changes in financial assumption	4,208	(1,188)	805	(300)
- changes in experience variance	5,844	2,534	(3,225)	(965)
Return on plan assets, excluding amount recognised in net interest expense	-	-	-	-
Expense recognised in the revenue account	21,275	18,184	14,361	9,037

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	Gratuity		Leave Encashment	
	2018-19	2017-18	2018-19	2017-18
(i) Assumptions	Indian Assured lives Mortality {2006-08} Ultimate*	Indian Assured lives Mortality {2006-08} Ultimate*	Indian Assured lives Mortality {2006-08} Ultimate*	Indian Assured lives Mortality {2006-08} Ultimate*
(v) Movements in the liability recognised in Balance Sheet				
Opening Net liability	51,619	31,044	15,967	7,104
Expenses as above	21,275	18,184	14,361	9,037
Benefits paid/Contribution made	(2,917)	2,391	(4,664)	(174)
Closing Net Liability	69,977	51,619	25,664	15,967
(vi) Changes in fair value of plan assets				
Fair Value of Plan Assets at beginning of year	48,642	-	-	-
Investment Income	3,561	2,030	-	-
Contributions made	17,700	45,709	-	-
Benefits paid including transfer in / (out)	-	2,391	-	-
Return on plan assets, excluding amount recognised in net interest expense	1,106	(1,488)	-	-
Fair Value of Plan Assets at end of year	71,009	48,642	-	-
(vii) Investment details of plan assets				
Insurer Managed Fund	100%	100%	-	-
Others	-	-	-	-
Total fund balance	100%	100%	-	-

General description of plan :

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Company's scheme is more favorable as compared to the obligation under Payment of Gratuity Act, 1972.

viii. Net assets/liability and actuarial experience gain/(loss) for present benefit obligation ('PBO') and plan assets

Particulars	(₹ '000)			
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
PBO	69,977	51,619	31,044	14,106
Plan assets	71,009	48,642	-	-
Net assets/(liability)	1,032	(2,977)	(31,044)	(14,106)
Experience gain/(loss) on PBO	5,844	2,534	2374	-
Experience gain/(loss) on plan assets	-	-	-	-
Actuarial gain due to change in assumptions	3,936	(5,116)	1,214	-

Best estimate of contribution for next year :

Particulars	Amount	
	('000)	
Employees gratuity fund	818	

(c) Other Benefit Plans - Long term Incentive Plan

The following tables summarize the components of the net employee benefit expenses recognized in the Profit and Loss Account and amount recognized in the balance sheet for long term incentive plan.

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Disclosures relating to actuarial valuation of long term incentive plan

Particulars	Long term incentive plan	
	2018-19	2017-18
	Indian Assured lives Mortality {2006-08} Ultimate*	Indian Assured lives Mortality {2006-08} Ultimate*
(i) Assumptions		
Discount Rate	7.10%	7.70%
(II) Amounts to be recognised in balance sheet		
PBO at end of year	77,893	64,655
Net (Asset) / Liability recognised in the balance sheet	77,893	64,655

(₹ '000)

21 EARNINGS PER SHARE (EPS)

Particulars	For the year ended	
	31st March, 2019	31st March, 2018
Net profit after tax for the year (₹ '000)	(25,45,003)	(18,92,234)
Weighted average no. of equity shares for basic	17,63,69,009	11,60,85,682
Weighted average no. of equity shares for diluted	17,63,69,009	11,60,85,682
Basic earnings per share	(14.43)	(16.30)
Diluted earnings per share	(14.43)	(16.30)
Nominal value per share	10.00	10.00

(₹ '000)

22 IN PURSUANT TO CIRCULAR 067 DATED 28TH MARCH, 2008 ISSUED BY IRDA, FOLLOWING OPERATING EXPENSES ARE SEPARATELY DISCLOSED:

Particulars	For the year ended	
	31st March, 2019	31st March, 2018
Transaction processing charges	35,472	23,033
Call centre charge	31,972	28,533
Electricity and water	16,742	14,193
Medical charges-policy issuance	54,540	16,282

(₹ '000)

23 EXPENSES OF MANAGEMENT

As per the IRDA's Order No.: IRDA/F&A/ORD/EMT/042/03/2013 dated 04-Mar-2013, the Company has been exempted from necessary compliances required under section 40C(l) of the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 read with Rule 17E of the Insurance Rules, 1939 for the first five years of its operations.

24 SECTOR WISE BUSINESS

Disclosure of Sector wise business based on Gross Direct Premium Income (GDPI) as per Insurance Regulatory and Development Authority (Obligations of Insurers to Rural or Social Sectors) Regulations, 2015 is as under:

Business Sector	For the year ended		For the year ended	
	31st March, 2019		31st March, 2018	
	GDPI	% of GDPI	GDPI	% of GDPI
Rural	1,65,688	3%	35,075	1%
Urban	48,02,338	97%	23,79,341	99%
Total	49,68,026	100%	24,14,416	100%

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	(₹ '000)	
Social Sector	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Number of lives	17,233	59,398
GDPI('000)	641	4,985

25 PREMIUM DEFICIENCY RESERVE

In accordance with Master Circular and Corrigendum on Master Circular on preparation of financial statement issued by IRDAI 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 premium deficiency for the following segments is:

	(₹ '000)	
Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Health	-	(37,847)
Personal Accident	-	-

26 ACTUARIAL VALUATION OF CLAIMS WHERE CLAIMS PERIOD EXCEEDS FOUR YEARS

Currently the Company does not offer any product where the claim payment term exceeds four years. Hence, no actuarial assumptions have been disclosed.

27 MICRO SMALL AND MEDIUM ENTERPRISES

There is no Micro, Small and Medium Enterprise to which the Company owes dues, which are outstanding for more than 45 days during the year ended March 31, 2019. This information-as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

28 SHARE CAPITAL

During the year the Company has increased its authorized share capital from -: ₹ 15,00,000 thousands to ₹ 22,50,000 thousands. The Company has allotted ₹ ₹ 3,244,999,981 worth of equity shares as per below details:

Allotment date : 07 May, 2018

	('000)			
Name of Shareholder	No. of shares	Price per share	Amount	Proportion of holding
Aditya Birla Capital Limited (ABCL)	1,11,95,122	41	4,59,000	51%
MMI Strategic Investment Pty Ltd	1,07,56,098	41	4,41,000	49%

Allotment date : 29 August, 2018

	('000)			
Name of Shareholder	No. of shares	Price per share	Amount	Proportion of holding
Aditya Birla Capital Limited (ABCL)	1,80,36,585	41	7,39,500	51%
MMI Strategic Investment Pty Ltd	1,73,29,268	41	7,10,500	49%

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Allotment date : 12 February, 2019

('000)				
Name of Shareholder	No. of shares	Price per share	Amount	Proportion of holding
Aditya Birla Capital Limited (ABCL)	1,11,32,927	41	4,56,450	51%
MMI Strategic Investment Pty Ltd	1,06,96,341	41	4,38,550	49%

29 PENAL ACTION TAKEN BY VARIOUS AUTHORITIES

IRDA circular no 005/IROA/F&A/CIR/MAY-09 requires disclosure as per given format in respect of penal actions taken by various Government Authorities.

('000)				
Authority	Non-Compliance / Violation	Penalty Awarded	Penalty Paid	Penalty Waived / Reduced
1. Insurance Regulatory and Development Authority	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
2. Service Tax Authorities	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
3. Good and Service Tax Authorities	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
3. Income Tax Authorities	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
4. Any other Tax Authorities	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
5. Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
6. Registrar of Companies/ NCLT/CLB/Department of Corporate Affairs or any Authority under Companies Act, 2013/1956	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
7. Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
8. Securities and Exchange Board of India	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
9. Competition Commission of India	N/A	-	-	-
	(N/A)	(-)	(-)	(-)
10. Any other Central/State/Local Government/ Statutory Authority	N/A	-	-	-
	(N/A)	(-)	(-)	(-)

(31st March,2018 figures are in brackets)

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FORMING PART OF FINANCIAL STATEMENTS

30 SUMMARY OF FINANCIAL STATEMENTS IS PROVIDED AS UNDER:

Particulars	('000)			
	2018-19	2017-18	2016-17	2015-16*
Operating Results				
Gross Premium Written	49,68,026	24,31,676	5,40,424	-
Net Earned Premium Income	34,82,280	15,19,812	1,34,830	-
Income from Investments (net)	1,84,675	1,01,211	59,391	-
Other Income	597	107	-	-
Total Income	36,67,552	16,21,130	1,94,221	-
Commissions (Net) (Including Brokerage	4,74,513	1,89,173	32,497	-
Operating Expenses	37,15,328	20,62,158	8,34,768	-
Net Incurred Claims	20,41,111	13,60,680	1,66,396	-
Premium deficiency reserve	-	(37,847)	37,847	-
Operating Profit/(Loss)	(25,63,401)	(19,53,035)	(8,77,287)	-
Non-Operating Results				
Total Income under Shareholders Account	18,397	60,801	10,571	-
Profit / (loss) before tax	(25,45,004)	(18,92,235)	(8,66,716)	(1,51,881)
Provision for Tax	-	-	-	-
Profit/(Loss) after tax	(25,45,004)	(18,92,235)	(8,66,716)	(1,51,881)
Miscellaneous				
Policyholder's Account:				
a) Total funds	34,41,875	13,51,558	11,92,504	-
b) Total Investments Insurance	34,41,875	13,51,558	7,70,979	-
c) Yield on Investments Company	7.75%	7.65%	6.33%	-
Shareholder's Account:				
a) Total funds	14,44,639	7,49,189	15,18,255	-
b) Total Investments	14,44,639	7,49,189	15,18,255	-
c) Yield on Investments	7.43%	6.92%	7.85%	-
Paid Up Equity Capital	21,20,265	13,28,802	10,04,412	1,80,000
Net Worth	15,94,039	8,94,042	14,56,276	27,993
Total Assets	63,40,631	33,93,855	31,25,096	1,80,452
Yield on total investments	7.65%	7.29%	7.72%	-
Earning Per Share (₹)	(14.43)	(16.30)	(10.22)	(39.38)
Book value per Share (₹)	8	7	14	10
Total Dividend	-	-	-	-
Dividend Per share	-	-	-	-

* The Company had received the certificate of registration with IRDAI on 11th July, 2016 and thus summary of financial statement is not provided for FY 2015-16.

31 ACCOUNTING RATIOS:

Performance Ratios	As at	As at
	31st March, 2019	31st March, 2018
	In times or %	In times or %
Gross Premium Growth Rate (Overall)	104%	350%
Gross Premium Growth Rate (Health)	84%	334%
Gross Premium Growth Rate (Personal Accident)	471%	1237%
Gross Direct Premium to Net worth Ratio	3.12	2.72
Growth rate of Net Worth	78%	-39%
Net Retention Ratio (Overall)	94%	94%
Net Retention Ratio (Health)	95%	95%
Net Retention Ratio (Personal Accident)	93%	85%
Net Commission Ratio (Overall)	10%	8%
Net Commission Ratio (Health)	12%	9%
Net Commission Ratio (Personal Accident)	1%	3%

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FORMING PART OF FINANCIAL STATEMENTS

Performance Ratios	As at	As at
	31st March, 2019	31st March, 2018
	In times or %	In times or %
Expense of Management to Gross Direct Premium Ratio	85%	93%
Expense of Management to Net Written Premium Ratio	90%	99%
Net Incurred Claims to Net Earned Premium	59%	89%
Combined Ratio	149%	188%
Technical Reserves to net premium ratio	0.61	0.60
Underwriting balance ratio	-0.79	-1.38
Operating profit ratio	-74%	-131%
Liquid Assets to liabilities ratio	0.10	0.22
Net earnings ratio	-54%	-83%
Return on net worth ratio	-160%	-212%
Reinsurance Ratio	6%	6%
Claim Ratio	41%	56%
Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	1.62	1.67

32 CORPORATE SOCIAL RESPONSIBILITY

The provision of section 135 of Companies Act, 2013, relating to corporate social responsibility do not apply to the company for the year under audit.

33 PROVISION FOR FREE LOOK PERIOD

The provision for freelook period is INR 9,903 Thousand (31st March 2018 : INR 2,570 Thousand) as duly certified by panelled actuary.

34 LOAN RESTRUCTURING

The Company has not given any loans during the financial year and in the previous year.

35 During the quarter ended 30th June, 2018, Management has changed the estimated useful life of assets for Intangible assets (Software) from 3 years to 5 years based on technical evaluation carried out. This has resulted in reduction of depreciation as well as Loss for the Period ended 31st March 2019 amounting to ₹ 68,092 (In '000).

36 Previous year figures have been regrouped / reclassified wherever necessary to conform to current years grouping / classification.

Management Report

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority of India (IRDAI) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, the following management report for the year ended 31st March, 2019 is submitted:

- We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority to transact health insurance business.
- To the best of our knowledge and belief, all the material dues payable to the statutory authorities have been duly paid.
- We confirm that the shareholding pattern and the transfer of shares during the year ended 31st March, 2019 are in accordance with the statutory or regulatory requirements.
- We declare that funds of holders of policies issued in India have not been directly or indirectly invested outside India.
- We confirm that the Company has maintained the required solvency margins laid down by Insurance Regulatory and Development Authority.
- We certify that the all assets of the Company have been reviewed on the date of the Balance Sheet and to the best of our knowledge and belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value under the several headings – “Loans”, “Investments”, “Agents balances”, “Outstanding Premiums”, “Interest, Dividends and Rents outstanding”, “Interest, Dividends and Rents accruing but not due”, “Amounts due from other persons or Bodies carrying on insurance business”, “Sundry Debtors”, “Bills Receivable”, “Cash” and the several items specified under “Other Accounts” except debt securities which are stated at cost/ amortised cost .
- The Company is exposed to a variety of risks associated with health insurance business such as quality of risks undertaken, fluctuations in value of assets and higher expenses in the initial years of operation. The Company monitors these risks closely and effective remedial action is taken wherever deemed necessary. The Company has, through an appropriate reinsurance program kept its risk exposure at a level commensurate with its capacity.
- The Company does not have operations outside India.
- (a) Ageing Analysis of Claims outstanding and the Average Claims settlement period is given below:

Particulars	As at 31st March, 2019			As at 31st March, 2018		
	Health	Personal Accident	Total	Health	Personal Accident	Total
0 to 30 days	1,68,022	49,115	2,17,137	1,11,121	2,499	1,13,620
31 days to 6 months	24,979	21,121	46,100	7,768	-	7,768
6 months to 1 year	2,644	-	2,644	-	-	-
1 year to 5 years	367	-	367	-	-	-
5 years and above	-	-	-	-	-	-
Total	1,96,012	70,236	2,66,248	1,18,889	2,499	1,21,388

(b) Details of average claim settlement time

Particulars	2018-19	2017-18
Overall Average Claims Settlement Period (In Working Days)	7	7

- Details of payments to individuals, firms, Companies and organizations in which directors are interested during the year ended on 31st March, 2019 (Refer Annexure):
- We certify that all debt securities and non convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the Revenue Accounts and in the Profit and Loss Account over the period of maturity/holding. All mutual fund investments are valued at net asset value as at balance sheet date. In accordance with the Regulations, any unrealized gains/losses arising due to change in fair value of mutual fund investments or listed equity shares are accounted in "Fair Value Change Account" and carried forward in the balance sheet and is not available for distribution.
- The Company has adopted a prudent investment policy with emphasis on optimizing return with minimum risk. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDA. The Company has carried out periodic

review of the investment portfolio. All investments are made in accordance with Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 and Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended from time to time. The Company has a security as per below mentioned details that has been classified as NPA in line with Investments - Master Circular version – 02nd May 2017 issued by IRDAI and 10% provision is made as per the circular. The Company has no other non-performing assets for the purpose of income recognition as per the directions of IRDAI.

13. The Management of Aditya Birla Health Insurance Co. Limited certifies that:

- i. The financial statements have been prepared in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDA from time to time (including Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated 04th April, 2016), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, to the extent applicable and the relevant provisions of the Companies Act, 2013, and disclosures have been made, wherever the same is

required. There is no material departure from the said standards, principles and policies.

- ii. The Company has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 and of the operating profit or loss and of the profit or loss of the company for the year ended on that date.
- iii. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) as amended by Insurance Laws (Amendment) Act, 2015 / Companies Act, 1956, (1 of 1956)/ the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The financial statements of the Company have been prepared on a going concern basis.
- v. The Company's internal audit is conducted by an in-house audit team and an appointed audit firm. The scope of work of internal audit is commensurate with the size and nature of the Company's business. The management has ensured that an internal audit system commensurate with the size and nature of business exists and is operating effectively.

For and on behalf of Board of Directors

Ajay Srinivasan
Director
DIN-00121181

Shikha Bagai
Chief Financial Officer

Date : 23rd April 2019
Place : Mumbai

Asokan Naidu
Director
DIN-07425396

Mahesh Kumar Radhakrishnan
Company Secretary
(Membership No: 27720)

Mayank Bathwal
CEO and Whole Time Director
DIN: 06804440



Annexure 1

Details of payments to individuals, firms, Companies and organizations in which directors are interested during the year ended on March 31, 2019:

S No.	Name of the Director	Entity in which Director is interested	Interested as	Amount of payment during the FY 2018-19 (Rs. in ' 000)
1	Mr. Ajay Srinivasan	Aditya Birla Management Corporation Private Limited	Director	9,517.20
2	Mr. Sushil Agarwal Mr. Asokan Poogesen Naidu Mr. Mayank Bathwal	Aditya Birla Wellness Private Limited	Director	80,677.39
3	Mr. Risto Sakari Ketola	Metropolitian International Support Pvt Ltd	Director	33,486.92
4	Mr. Asokan Poogesen Naidu	MMI Business And Technology Solutions Private Limited	Director	2,857.74
5	Mr. Mayank Bathwal	Rahil Bathwal	Son	2,265.03
6	Mr. Ajay Srinivasan	Aditya Birla Sun Life AMC Ltd.	Director	14,593.09

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TOKEEPGOING.TOLIVETOTH
TOLIVETOTHEFULLEST.TOHAV

CORPORATE ADDRESS:

Aditya Birla Health Insurance Co. Limited
One Indiabulls Centre, Tower 1, 9th Floor,
Jupiter Mill Compound, 841, Senapati Bapat Marg,
Elphinstone Road, Mumbai – 400013