



**Apollo Munich Health
Insurance Company Limited**

] th Annual Report

201X-1Y

Contents	Page No.
Corporate Information	03
Directors' Report	04
Corporate Governance Report	17
Auditors' Report	33
Financial Statements	37
Management Report	73

Corporate Information

Board of Directors

Dr. Prathap C Reddy	Chairman
Ms. Shobana Kamineni	Whole Time Director
Ms. Suneeta Reddy	Director
Mr. Wolfgang Diels	Director
Mr. Christian Ludwig Schmid	Director
Mr. Antony Jacob	Whole Time Director & CEO
Mr. M.B.N. Rao	Independent Director
Mr. Bernhard Steinruecke	Independent Director

Senior Management

Mr. R. Krishnan	Deputy CEO and Chief Marketing Officer
Mr. Srikanth Kandikonda	CFO & Company Secretary
Mr. Sriharsha A Achar	Chief People Officer

Auditors

M/s. S. Viswanathan
M/s. S. N. Dhawan & Co.

Registered Office

Apollo Hospitals Complex,
Jubilee Hills,
Hyderabad-500 033.

Corporate Office

1st Floor, SCF-19,
Sector - 14, Gurgaon,
Haryana - 122001.

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED

Reg. Off: Apollo Hospitals complex, Jubilee Hills, Hyderabad - 500033

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the eighth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2014.

1. Industry Overview:

The health insurance segment has witnessed consistent growth since its launch in 1986, more so after the liberalization of the insurance sector in 2000. The growth has been especially fast-track in the last 5 years with the advent of various government sponsored health insurance schemes and increased awareness.

Despite economic slowdown, the health insurance segment managed to hold ground and registered double digit growth of 14.8% in 2013-14 maintaining the growth rate of 14.9% in the previous year. It continues to be the second biggest segment of the non-life insurance industry and contributes about 29 per cent of the total premium. Health insurance premium collections touched INR 17,623 crores in 2013-14, compared with INR 15,341 crores in the previous year.

In terms of healthcare financing, only about 30% of Indian population has some kind of support to cover their medical expenses either partially or wholly. However due to advanced technology and medical inflation, people have started to realize that paying for one's healthcare expenses out of personal funds is no longer a viable solution for the common man. Hence the acceptance of health insurance is growing slowly but steadily.

Alongside, health insurance products have also grown and have moved from being plain indemnity covers to products for specific ailments with customized features. Products now offer coverage for critical illnesses, diabetes, maternity cover, etc. The next big thing in the health insurance industry would be the move from offering plain indemnity based products, towards comprehensive health management programs – which will be the future of health insurance.

For health insurance to appeal to everyone, we believe insurance providers must develop policies that not only protect a person financially in case of ill health, but also help support and maintain one's good health. Plans that help improve people's lifestyles, support disease management and cover hitherto avoided population segments are the need of the hour.

2. Financial Results:

Your Company completed its sixth full year of operations in a challenging and competitive market. During the year under review, the Company achieved Gross Written Premium of INR 6925.81 Million as compared to INR 6200.45 Million in 2012-13, a growth of about 12 percent. The income from investments during the year was INR 485.20 Million as compared to INR 416.17 Million in 2012-13. The loss for the year was INR 369.66 Million in comparison to a profit of INR 51 Million during 2012-13. The total incurred claims during the year under review were INR 3564.36 Million as compared to INR 2619.75 Million in 2012-13.

3. Company's Outlook:

The economic outlook of the country appears to be grim and the GDP is expected to grow at around 5-6% despite challenges in the current year.

The Health Insurance segment is expected to continue its growth trend given the low penetration of Health Insurance in the country and increased awareness among the consumers towards the necessity of health insurance. The competition has intensified with the entry of more players into the Health Insurance sector. Also the existing players have intensified their focus towards Health Insurance considering its vast potential. Stringent regulations coupled with inadequate pricing will pose several challenges for the health insurance segment as well as for the non-life industry as a whole. However, it is expected that the claims experience will bring back sanity which should eventually result in adequate pricing based on the quality of risks.

To counter the above challenges, the Company's strategy will involve strengthening existing distribution channels, exploring new avenues for distribution, taking advantage of Bancassurance opportunities. It would also continue to focus on launching new products to be able to grow profitably. The Company will also focus on acquiring new accounts wherein the pricing is adequate and will stay away from the loss making accounts. The Company would continue to adopt the strategy of risk based pricing to ensure that the actual cost of the risk is covered by the premium charged.

The Company would continue to balance the twin objectives of growth in topline and bottom line through prudent investments, efficient risk management processes, optimizing customer acquisition cost, controlling expenses of management, designing new products and further leveraging on its business relationships.

We strongly believe that customer service excellence is an essential ingredient for future profitable growth. Keeping the same in view, the Company shall continue its focus on establishing high standards of customer service and shall strive to set new benchmarks for the health insurance segment.

4. Capital:

In order to undertake the expansion plan and to meet the solvency requirements, the Company has increased its capital by infusion of funds to tune

of INR 600.00 Million during the year. The paid-up equity capital of your Company as on 31.03.2014 was at INR 3309.80 Million.

5. Solvency:

During the year under review, the Company has met the solvency norms specified in Section 64VA of the Insurance Act, 1938 read with the IRDA (Assets, Liabilities and Solvency Margin of Insurers) Regulations, 2000.

6. IRDA Registration & approvals:

The Company's certificate of registration with Insurance Regulatory and Development Authority, dated 03rd August, 2007 has been renewed for the financial year 2014-15.

7. Deposits:

The Company has not accepted any public deposits during the year.

8. ISO Certification:

During financial year 2013-14, Company has received ISO 9001:2008 re-certification which is applicable for 3 Financial Years ending in financial year 2015-16. During the next two Fiscal Years i.e. 2014-15 and 2015-16, ISO will conduct Periodic Audit – 1 and Periodic Audit – 2 to verify continued validity of AMHI processes conformity to defined Quality Management System (QMS).

Hence, during current financial year AMHI will undergo a Periodic Audit – 1, for its design, distribution & servicing of health insurance products. The main purpose of the Periodic Audit - 1 for the certification body is to find out whether our management system really works in everyday operations, or not. It will also focus on issues that were identified as weak in the previous year's ISO Audit either as non-conformities &/or observations. During their visit the auditor(s) will pay more attention as to how the key processes are performed, measured and improved. In other words, whether our QMS follows the clause of continual improvement or not.

ISO 9001:2008 is the internationally recognized standard for Quality Management Systems (QMS). It prescribes systematic control of business activities to ensure that the needs and expectations of customers are met. This certification also ensures that a Company's product and services are among the best in class.

9. Underwriting and Portfolio Management:

The Company executed strong underwriting discipline in a competitive environment to achieve planned portfolio results.

10. Products:

The product portfolio of the Company comprises of comprehensive range of products in the health, travel and accident insurance categories.

Health Insurance products:

- Easy Health: With over 3 variants, this product has been considered as the best health insurance product across all its peers with two independent rating agencies having adjudged it as the top rated plan across the year.
- Maxima: The health insurance plan that not only caters to inpatient hospitalization cover but also provides a comprehensive outpatient module to cover all illnesses.
- Optima Restore: The innovative award winning health insurance plan that comprehensively covers inpatient hospitalization benefits with unique features such as the Restore benefit and Multiplier benefit.
- Optima Cash: Daily hospitalization cash benefit is an ideal top up to any health insurance plans providing fixed benefits of everyday spent in hospital.
- Optima Plus: A renewable top-up indemnity based health insurance plan to provide coverage in case of catastrophes.
- Optima Senior: A specially designed health insurance plan to cover senior citizens who currently do not have any insurance coverage.

In the travel insurance, the Company's product 'Easy Travel' offers a wide range of benefits to match any travel offerings in the market. The plan offers solutions to individuals, families and senior citizens with a unique annual multi-trip option for customers who travel frequently in a year. In the current year, the Company has also introduced the product for sale on the online platform.

The Personal Accident product of the Company offers wide range of benefits to cover the liabilities associated with an accident.

With respect to the group insurance products, the Company offers group /corporate cover solutions with tailor made benefits in all categories i.e. health, international travel, domestic travel and accident covers depending upon the requirement of the group.

During the year under review, the Company had introduced the product "Energy", a policy exclusively designed for individuals suffering from chronic conditions such as diabetes and hypertension. The plan uniquely provides a comprehensive wellness program that helps an individual manage his health while rewarding him in case he improves or manages his health. The plan also offers day 1 hospitalisation coverage for diabetes and hypertension. While reviewing Company's product portfolio, the Company has also post evaluation withdrawn its product "Insure Health", based on distribution feedback and product need analysis.

This year has seen the launch of new bancassurance partnerships with Citibank and Canara Bank, a variety of product solutions using a combination of the retail and group plans have been provided based on partner requirements.

The Company's flagship plan "Easy Health" has received approval which enabled modification of premium rates and introduction of new benefits. In addition to the above, the Company has also received approval for "Optima Vital" which offers coverage against for critical illnesses, "Optima Super" a more comprehensive top-up cover to existing health insurance and also "Apollo Munich Health Plan" that offers unique product platform to meet bancassurance needs allowing multiple product solutions to be provided to various partners based on customer and premium segments. The Company has also filed Optima Restore with revised premiums and benefits, and is awaiting approval on the same.

11. Office network:

The total number of offices of your company stands at 52, comprising of 8 territory offices in major cities, 43 spoke offices across the country, and one corporate office. All the offices are fully functional and networked with the head office over a wide area network. The geographical spread of these offices has improved the visibility and customer base for the Company.

12. Distribution Channels:

In order to expand the business segment, efficient distribution channels are a pre requisite. Right from inception, your Company has been pursuing a strategy of having multichannel distribution. The Company shall use these distribution channels to map the country and make the products available within easy reach for the customers.

Agency distribution continues to be the primary channel of distribution, well supported by other channels such as corporate agents, strategic partnership, Bancassurance, travel portal, sales associates, direct sales force, digital and a dedicated rural distribution.

The current change in insurance regulation favouring Banks to distribute health insurance plans of the pure health insurance companies has worked in favour of the Company. The Company has successfully initiated its partnership with Citibank and Canara Bank to distribute its products among their customers on a pan India basis. The company is pursuing bancassurance as a channel for the future and would consistently work towards making it efficient while penetrating the untapped potential.

The Company has been constantly encouraging its valued customers to purchase its retail policies online. The business generated through the digital channel has also been growing steadily. During the year the online portal has been made more robust and user friendly to enable the customers to buy, through easy steps, both new policies as well as renew retail policies. The Company expect that the digital channel will witness significant growth in the coming years and are accordingly geared up to meet the increase in demand.

In line with the long-term strategy, your Company has adopted a prudent approach towards its group business.

The Company believes that, these distribution channels will help in achieving the targets set out in the business plan.

13. Rural and Social Sector:

The Company has met its rural and social sector obligations as required under the IRDA (Obligations of Insurers to Rural and Social Sectors) Regulations, 2002 as amended till date for the financial year ended 31st March, 2014.

14. Claims, Provider Network and Health Management:

The company has been able to maintain the level of customer service and also renewed focus on cost control in the current year. In the same endeavor, the Company went live with "In house claims processing" with effect from 1st January 2014. The company embarked on many innovative measures including dedicated vertical for fraud and abuse management that is expected to reduce the cost of claims in the next year.

In Financial Year 2013-14 more than 1,21,000 claims worth INR 3,794 Million have been settled which is an increase of 47% over the previous year. Despite increase in volumes, the Company was able to maintain its commitment to the customers. There were major regulatory changes that affect claims in the current year and the company's proactive approach ensured compliance to all the regulations which no other insurer was able to do before the deadline.

15. Customer Service & Mission Customer:

'We will always fulfill our promise to the Customer. We will do this in a caring, uncomplicated way and strive to delight the customer'. In the Financial Year 2013-14 all employees at AMHI took this oath & sworn to exhibit the CARE Principles in all their interaction with internal & external customers. CARE stands for Compassionate, Accountable, Responsive, Expert.

The CARE Principles were launched as part of the overall strategic initiative under Leap 20-20, termed as 'Mission Customer'. This mission aspires to create a culture that will ensure SIMPLY OUTSTANDING EXPERIENCE to our customers through our People, Process & Systems.

Accordingly, several initiatives were undertaken to achieve our long term vision:

Under the 'Parivartan' Project, a group of 40 Senior staff were trained to deliver the 'Mission Customer' message across 50 locations to 1700+ onroll/offroll employees, partners and vendors. During the workshops we came across many stories, instances and experiences which showed compassion, accountability, responsiveness and displayed that we are expert.

CARE awards have been instituted & every nomination is scrutinized, evaluated & recognized for demonstrating CARE Behaviors.

The Performance Management System has objectively been realigned to CARE & measurable performance indicators via Internal & External Net Promoter Scores has been given due weightage in every employees Goal sheets.

Core Processes for CRM, Policy dispatch, PPC, Claims are being continuously reviewed to make them more customer friendly.

System enhancements have been initiated to segment HNI customers, provide a single source to trigger email & sms, renewal payment facilitation via URL link sent to customers, Launching external portal for distributors and several other technology enablers to improve turnaround time and provide better customer experience.

Complaint handling and redressal process has also been strengthened, to address the grievances/complaints/queries of customers. The grievances/complaints from policy holders or regulatory authorities are resolved fairly and promptly by the Company.

The Mission Customer journey has just began & we are all very excited at the infinite possibilities of raising the bar and becoming the Industry leader, in delivering MAGIC to our customers.

16. Information Technology:

Information Technology (IT) continues to enable business growth by providing strategic tools for enhanced customer service, business development and delivering operational excellence. With business growth, this vertical plays a central role in handling scale, providing business continuity and delivering a seamless customer experience across the entire value chain.

Some of the key initiatives delivered during the year were as follows:

- A web based application to capture medical data of customers "MDE" to facilitate auto underwriting and improve process productivity.
- A rules engine "I-log" to facilitate auto underwriting, improves process productivity and consistent decision.
- An upgraded CRM system to meet future business growth and scale requirements.
- EDM- elixir distribution system to meet growing business requirements and scalability that replaced the current channel management system.
- IVR Enabled renewal process integrated with Call centre operations to enhance Renewal facility.
- A web based application to capture application information to facilitate Banca operation.
- Data Loss Prevention tool "Websense" for strengthening data Security.
- A unified communication platform "LYNC" for integrated and seamless communication across internal and external stakeholders.

- Virtualization and consolidation of server hardware and licenses to reduce hardware foot print and cost optimization.
- All end of life hardware refreshed (server, network, storage, desktops & laptops) to four times computing capacity to enhance process efficiency and future business growth.

17. Investments:

Your Company's investment portfolio consists of various securities invested with prudence, while seeking a reasonable yield in line with the market conditions. During the year under review, the Company has focused primarily on increasing cash flows and thereby invested surplus, rather than taking excessive risk on its investment portfolio. The total investments of the Company as on 31st March, 2014 were INR 6531.96 Million as against INR 5387.51 Million at the end of the previous year, an increase in the investment portfolio of around 21.24 percent. The growth of the investment portfolio indicates strong cash flow generation as well as prudent investment management. During the year, the Company earned an investment income of INR 485.20 Million as against INR 416.17 Million in the previous year. The average yield on these investments during the year worked out to 9.46 percent as against 9.13 percent earned in the previous year

18. Reinsurance:

The reinsurance programme for the year under review had been designed in accordance with the guidelines laid down by the Insurance Regulatory and Development Authority. The Company met its obligation of ceding the mandatory reinsurance premium to General Insurance Corporation of India.

Further, in order to mitigate the risk arising out of single large loss and/or catastrophe loss affecting Company's net, your Company has also taken a risk cum catastrophe excess of loss cover for personal accident and travel insurance portfolio.

19. Corporate Governance:

Sound Corporate Governance is critical to enhance and retain stakeholders' trust. It has been the constant endeavor of the Company to enhance the economic value, trust and confidence of all stakeholders through good corporate governance practices. Your Company maintains a highly ethical corporate culture and ensures consistent compliances with all relevant laws and regulations.

A detailed report of the Board of Directors on the compliance of the various provisions of the Corporate Governance Guidelines prescribed by Insurance Regulatory and Development Authority (IRDA) is attached as a part of this report.

20. Directors:

The Board of Directors comprises of eight Directors including two Independent Directors as on 31.03.2014.

Dr. Wolfgang Strassl, Director of the Company, stepped down from the Board effective 15th November, 2013. The Board places on record its sincere appreciation for the valuable contribution made by Dr. Wolfgang Strassl during his association with the Company.

Mr. Roberto Leonardi was inducted as additional directors at the board meeting held on 15th November, 2013.

During the year, Ms. Shobana Kamineni, Whole Time Director had been re-appointed as Whole Time Director for a further period of 3 years with effect from 17.12.2013.

Besides the above, there was no change in the directorship during the financial year 2013-14.

The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act, 1956 and the provisions of Corporate Governance guidelines notified by IRDA. The Company and the respective Directors have entered into a Deed of Covenant as per the prescribed format.

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, Dr. Prathap C Reddy and Ms. Suneeta Reddy are the Directors who retire by rotation at the ensuing Annual General meeting of the Company and being eligible, offer themselves for re-appointment.

21. Audit Committee:

The Company's Audit Committee currently comprises of four Directors. Four meetings of the Committee were held during the year. All the members of the Committee have requisite financial and management expertise/knowledge. The composition and the role of the Committee are detailed in the corporate governance report attached hereto and forming part of this report.

22. Directors' Responsibility Statement:

In accordance with the requirements of section 217(2AA) of the Companies Act, 1956, the Board of Directors hereby confirms the following:

- a) That in the preparation of the annual accounts for the financial year ended 31st March 2014, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any;
- b) That appropriate accounting policies have been selected and applied consistently and such judgments and estimates were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2014 and of the profit and loss of the Company for that period ended on that date;

- c) That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for the safeguarding of the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the financial statements have been prepared on a going concern basis.

23. Management Report:

In accordance with Part IV, Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, the Management Report forms part of the financial statements.

24. Certificate from Compliance Officer (under the IRDA Corporate Governance Guidelines):

In compliance with the IRDA Corporate Governance guidelines, a compliance certificate issued by the Company Secretary, designated as the Compliance Officer under Corporate Governance guidelines, is attached to and forms part of the Corporate Governance Report.

25. Statutory Auditors:

M/s. S. Viswanathan, Chartered Accountants and M/s. S.N. Dhawan & Co., Chartered Accountants, Joint Statutory Auditors of the Company, will retire at the ensuing annual general meeting and being eligible, offer themselves for re-appointment. A certificate under Section 139 of the Companies Act, 2013 has been obtained from them. The auditors have further certified that they have subjected themselves for the peer review process of the Institute of Chartered Accountants of India (ICAI) and they hold a valid certificate issued by the 'Peer Review Board' of ICAI.

The shareholders are requested to appoint the auditors for the period from the conclusion of ensuing Annual General Meeting to the conclusion of next Annual General Meeting and to fix their remuneration.

26. Human Resource and People Development:

The insurance industry is people centric and the success of the Company in the long-term is dependent on its ability to attract, nurture and retain talent. Workforce diversity and contemporary people practices and competitive compensation are company's target.

In addition to creating a culture of competency based talent processes during the year, the Company focused on harnessing the potential of employees and developing a value proposition for retaining its high calibre employees. Career development opportunities were extended based on fair and transparent performance based culture connecting to the organizational goals set at the start of the business.

Your Company continues to believe in constant training and enhancement of skills of its employees. The learning and development team played a pivotal role in channelizing their deliveries to the strategic needs of sales and operations in the form of need based training and structured induction programmes. Efforts were also directed towards in-house training programmes as well as sponsoring the employees to attend external training and career development programmes for improving functional and managerial effectiveness.

The Company's engagement initiatives revolved around interaction on various facets of the work environment and communication updates on the Company and the industry. In recognition to these efforts, the Company has been adjudged among top 50 best places to work for in 2014 as a part of the study conducted by the Great Places to Work Institute. The Company's sustained growth and performance coupled with the reputation of being the 'employer of choice' reaffirmed the linkages between the Company's aims and its people strategy.

The head count of the Company was 1508 as on 31st March 2014.

27. Employee Stock Option Plan (ESOP):

The Company has introduced "Employees Stock Option Plan-2011 (ESOP 2011)" in the financial year 2012-13 effective from 1st April 2012 to enable the key employees of the Company to participate in its future growth and financial success. During the financial year 2012-13, 12,70,000 options were granted to the employees. As per the ESOP, the total number of options to be granted under ESOP - 2011 shall not at any point of time exceed numbers equalling one percent of the fully paid up equity shares of the Company as on the date of the grant. The options granted above vest in tranches i.e. 25 percent on completion of 2 years from grant date. 25 percent at the end of 3 years from grant date and the balance 50 percent on completion of 4 years from the grant date and are exercisable within a period of 5 years from the respective date of vesting. Each option would entitle the employee, on exercise, to acquire (One) equity share each of the Company as per the provisions of the Employee Stock Option Plan. Being the first issue of shares to employees under ESOP, the Company had offered them at the face value (i.e. INR 10/- per share).

The detail of activity under ESOP is summarized below:

Particulars	Year ended March 31st 2014
Options Outstanding at the beginning of the year	12,50,000
Add: Granted during the year	-
Less: Options Forfeited / lapsed during the year	1,15,000
Less: Options Exercised during the year	-
Options Outstanding at the end of the year	11,35,000
Options Exercisable at the end of the year	-

28. Awards and Recognitions:

During the year under review, the Company won the following awards:-

- 2nd Best Six Sigma Project 2013
- Brand Leadership awards 2013
- Human Resources Shared service award 2013
- Abby's (Bronze) 2013
- The Health Insurance Company of the Year 2013
- The Technology Maturity Award 2013
- TOP Green IT Enterprise 2013
- Asia's Most Promising Brands and Leaders 2013
- Lean and Six Sigma Excellence Awards - 2013
- Best Health Insurer Award 2014
- Model Insurer Award 2014 - Risk Management Category
- InfoSec Maestros Awards – 100 Top CISOs 2014
- Great Place to work 2014

29. Particulars of Employees U/s 217(2A) of the Companies Act, 1956:

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (particular of Employees) Rules, 1975 as amended up to date, the name and other particulars of the employees is set out in the annexure to the Directors' Report.

However, as per the provisions of Section 219 of the Companies Act, 1956, the Directors Report and the financial statements are being sent to the shareholders of the Company excluding the aforesaid annexure. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

30. Conservation of energy, technology absorption and foreign exchange earning and outgo:

Since the Company does not carry out any manufacturing activity, the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, are not applicable to the Company with respect to conservation of energy or technology absorption.

The details of Foreign exchange earnings and outgo is hereunder:

Earning in Foreign Currency during 2013-14: Nil

Expenditure in Foreign Currency during 2013-14: INR 17.31 Million

31. Appreciation & Acknowledgment:

The Company is thankful to Insurance Regulatory and Development Authority and other regulatory and statutory authorities for their continued support, guidance and co-operation.

The Directors wish to thank all the policyholders, intermediaries, channel partners, bankers and other constituents for their support during the period and look forward to their continued support.

The Directors also wish to place on record their sincere appreciation for the sustained and dedicated efforts put in by employees of the Company at all levels.

For and on behalf of the Board



**Dr. Prathap C Reddy
(Chairman)**

**Place: Hyderabad
Date :12.08.2014**

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED

Reg. Off: Apollo Hospitals complex, Jubilee Hills, Hyderabad - 500033

Corporate Governance Report

Company's philosophy on Corporate Governance:

Apollo Munich Health Insurance Company Limited ('the Company') is fully committed to adopt the sound governance practices and its adherence in true spirit, at all times. Our Governance practices stems from an inherent desire to improve, innovate and reflect the culture of trusteeship that is deeply ingrained in our value system and forms part of the strategic thought process.

Accordingly the Corporate Governance philosophy has been scripted as under:
"As a responsible corporate citizen, the Company is committed to sound corporate practices based on its vision, values and principles in building confidence of its various stakeholders, thereby paving the way for its long term success and sustenance."

The Company's philosophy on Corporate Governance is based on following principles:

- Lay solid foundation for management
- Structure the Board to add value
- Promote ethical and responsible decision-making
- Safeguard integrity in financial reporting
- Make timely and balanced disclosures
- Recognize and manage business risks
- Respect the rights of the shareholders
- Encourage enhanced performance
- Remunerate fairly and responsibly
- Recognize the legitimate interest of the stakeholders
- Legal and statutory compliances in its true spirit

With the aforesaid principles the Company continues to focus on building trust with shareholders, policyholders, employees, customers, channel partners, statutory authorities and other stakeholders. The Company's Governance processes continuously reinforce and help actualize the Company's belief in ethical corporate citizenship and is manifested through exemplary standards of ethical behavior, both within the organization as well as in external relationships.

The Governance Structure:

The Company has a three-tier governance structure, comprising the Board of Directors at the apex and followed by the Management Committee and the heads of various departments/initiatives/verticals.

- Strategic supervision – by the Board of Directors
- Strategic management – by the CEO and Management Committee

- Executive management – by Executive Committee and the vertical/department heads

This three-tier governance structure ensures that the strategic supervision on behalf of the shareholders being free from the task of strategic management can be conducted by the Board with objectivity thereby sharpening accountability of the management. Further, strategic management being free from the task of day-to-day executive management, remains focused and energized. The structure also ensures that the executive management of the divisions, being free from the collective strategic responsibilities for the Company as a whole, is focused on enhancing the quality, efficiency and effectiveness of the functional areas.

1. Board of Directors ('BOARD'):

At Apollo Munich Health, the Directors are elected/ nominated by the shareholders of the Company with a 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 Board functions either as a full Board or through various Committees constituted to oversee specific operational areas.

All the members of the Board are eminent persons with considerable expertise and experience in insurance, health care, finance & banking sectors. The Company is immensely benefitted by the range of experience and skills that the Directors bring to the Board.

As on 31st March 2014, the Company's Board of Directors comprised of eight Directors, of which six (75 percent) are Non-executive Directors. Ms. Shobana Kamineni, Whole Time Director and Mr. Antony Jacob, Whole Time Director & CEO are the Executive Directors. The Board is chaired by Dr. Prathap C Reddy, a Non-executive Director.

Mr. MBN Rao and Mr. Bernhard Steinruecke are the Independent Directors and the composition of the Board is in conformity with the IRDA guidelines on Corporate Governance.

1.1 Composition of Board of Directors:

The Company is a joint venture company between the Apollo Hospitals Group and Munich Health Holding AG (Munich Re Group). The Board comprises of three nominees Directors from Apollo Hospitals Group, two from Munich Health Holding AG, two Independent Directors besides a Whole Time Director & CEO who is a joint nominee of Apollo Hospitals Group and Munich Health Holding AG.

There is an appropriate mix of executive, non-executive and independent Directors to maintain the professionalism and independence of the Board. The independent Directors are eminent personalities with significant expertise in the fields of finance, banking, strategy, insurance and economics.

The Board believes that the size is appropriate, based on the current circumstances.

Name of the Director	Category	Qualification	Field of Specialization	No of other Directorships*
Dr. Prathap C Reddy	Chairman, Non-executive	MD, FRCS, FCCP, FICP	Health Care Industry	14
Shobana Kamineni	Executive	BA (Economics), MBA	Insurance and Health Care Industry	13
Suneeta Reddy	Non-executive	BA (Economics & Marketing), DFM-IFMR, OPM -Harvard Business School, Boston USA	Finance	12
Dr. Wolfgang Strassl**	Non-executive	Doctorate in economics, Masters in philosophy by university of Cambridge	Insurance	0
Wolfgang Diels	Non-executive	Degree in Law	Insurance	0
MBN Rao	Non-executive, Independent	B. SC (AG), ACIB (London), FIIB, DCS (Cambridge), IDCS (London)	Finance, Banking and Insurance	14
Bernhard Steinruecke	Non-executive, Independent	Degree in Law	Finance, Banking and Insurance	4
Antony Jacob	Executive	B.COM, ACA	Finance and Insurance	0
Rob Leonardi#	Alternate Director	Chartered Accountant	Finance and Insurance	0

*Other directorships do not include alternate directorships, directorship held in foreign companies, private limited companies and companies under Section 25 of the Companies Act, 1956.

** Ceased to be a Director w.e.f. 15.11.2013

Mr. Roberto Leonardi was appointed as Additional Director w.e.f. 15.11.2013.

1.2 Tenure:

The Non-executive Directors of the Company are liable to retire by rotation. One third of the said Directors are liable to retire every year and if eligible, offer themselves for reappointment.

1.3 Responsibilities:

The Board of Directors represents the interests of the Company's shareholders and policyholders in optimizing long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The Board of Directors of the Company oversees the Company's strategic direction, review corporate performance, authorize and monitor strategic investments, ensure regulatory compliance and safeguard interests of all stakeholders.

1.4 Role of Independent Directors:

Independent Directors play a key role in the decision-making process of the Board as they contribute to the overall strategy of the Company and oversee the performance of management. The independent Directors of the Company are committed to act in the best interest of the Company and its stakeholders. The Independent Directors bring to the Company a wide range of experience, knowledge and judgment as they draw on their varied proficiencies in finance, law and corporate strategy. This wide knowledge helps foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction. Board members ensure that their work in other capacities do not impinge on their responsibilities as Directors of the Company.

2. Board Meetings:

The meetings of the Board of Directors are normally held at the corporate office of the Company at Gurgaon. As a good practice, a yearly meetings calendar is prepared and circulated to all the Directors well in advance before the commencement of the relevant financial year, so that they can adequately plan their schedule.

The Company holds atleast four Board meetings in a year, one in each quarter to review the quarterly performance, financial results and other agenda items. The gap between the two Board meetings do not exceed four calendar months. Urgent matters are also approved by the Board through circulation.

During the year under review, the Board met four (4) times on April 23rd, 2013, August 2nd, 2013, November 15th, 2013 and February 3rd, 2014. The Board also met on May 8th, 2014 for approval of annual accounts of the Company for the financial year 2013-14. The gap between any two meetings never exceeded four calendar months as stipulated in the IRDA corporate governance guidelines. The details of attendance and the sitting fee paid to the Directors are set out in the following table:

Name of the Director	Number of Board Meetings		Sitting fees paid (in INR)
	Held	Attended	
Dr. Prathap C Reddy	4	2	NIL
Shobana Kamineni*	4	4	NIL
Suneeta Reddy	4	2	NIL
Dr. Wolfgang Strassl**	3	3	NIL
Wolfgang Diels	4	3	NIL
MBN Rao	4	4	80,000
Bernhard Steinruecke	4	4	80,000
Antony Jacob	4	4	NIL
Roberto Leonardi#	2	2	NIL

* Reappointed as Whole Time Director w.e.f. 17.12.2013

** Ceased w.e.f. 15.11.2013

Appointed as Additional Director w.e.f. 15.11.2013

3. Agenda and minutes:

The Company Secretary in consultation with the Whole Time Director and the Principal Officer prepares a detailed agenda for the meetings. The Agenda papers, containing all the necessary documents and explanatory notes, are circulated to the Directors and Committee members well in advance before the meeting. In case it is not practicable to send the relevant information/documents as a part of Agenda papers, the same are tabled at the meeting. The members of the Board have access to all information of the Company. The members of the Board are also free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the Board meetings so as to provide additional inputs to the items being discussed by the Board.

The Company Secretary while preparing the agenda and minutes of the Board/Committee meeting is required to ensure the adherence to the applicable provisions of the law including the Companies Act, 2013, Companies Act, 1956, Insurance laws and regulations. The draft minutes of the proceedings of each meeting are circulated to the Directors for their comments and thereafter, confirmed by the Board in its next meeting. The Board also takes note of the minutes of the Committee meetings duly approved by their respective chairpersons.

All material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting. The information regularly supplied to the Board inter-alia includes the following:

- Business strategy and updates;
- Annual operating plans and budgets, and any updates thereon;
- Capital budgets and updates;
- Performance reports along with the executive summary;
- Quarterly financial results;
- Minutes of the meetings of all committees;
- Statutory compliances report and certificate;
- Update on change in statutory regulations;

- Update on tax related matters;
- Updates on opening of offices/places of business;
- Show cause, demand notices and penalty notices, if any;
- Report of the policyholder's protection committee;
- Performance of investment portfolio and approval of investment policy;
- Annual reinsurance programme ;
- Action taken report on the implementation of decisions/suggestions of the Board/Committees during previous meetings;
- Other statutory agenda.

4. Board Committees:

The Board has constituted six (6) committees for smooth and efficient discharge of its responsibilities, namely:-

- Audit Committee
- Investment Committee
- Risk Management Committee
- Policyholders Protection Committee
- Remuneration Committee
- Management Committee

The constitution and terms of reference of the aforesaid Committees are determined by the Board from time to time. All the recommendations of the committees are placed before the Board for approval. The minutes of the committee meetings are placed before the Board for its information.

The role and composition of these committees, including the number of meetings held during the year under review and the attendance of the members are provided below:

4.1 Audit Committee:

The Company has set up an Audit Committee in compliance with the provisions of Section 292A of the Companies Act, 1956 and the corporate governance guidelines issued by IRDA.

Composition: The Audit Committee comprises of four (4) Directors. The chairperson of the Committee is an Independent Director. The Committee invites representatives of Internal Auditors, Statutory Auditors, other directors and senior officials, as it considers appropriate to be present at the meeting of the committee. All the members of the Committee have requisite financial and management expertise/knowledge. The Company Secretary is the secretary to the Committee.

The Audit Committee is responsible for enhancement and restoration of shareholders' confidence by promoting accountability and also by acting as a catalyst for effective financial and auditing practices in the Company. The Committee also monitors the compliance function and the Company's risk profile in respect of Compliance with external laws and regulations and internal policies.

The function of Audit Committee inter-alia includes the following:

- Oversight of the Company’s financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Review of accounting policies and financial operating system of the Company.
- Review of legislative and regulatory compliances.
- Recommending the appointment and fees/remuneration for Internal and Statutory Auditors.
- Reviewing with the management, external and internal auditors, the adequacy of internal control system.
- Discussion with auditors on any significant findings and follow up thereon
- To review key transactions involving conflict of interest.

During the year under review, the Audit Committee met four (4) times on April 23rd, 2013, August 1st, 2013, November 15th, 2013 and February 3rd, 2014. The details of the composition of the Audit Committee, attendance and the sitting fee paid to the members are set out in the following table:

Name of the Member	Number of AC Meetings		Sitting fees paid (in INR)*
	Held	Attended	
MBN Rao	4	3	60,000
Bernhard Steinruecke	4	4	80,000
Shobana Kamineni	4	4	NIL
Wolfgang Diels	4	3	NIL

*Except Independent Directors, none of the members are eligible to receive sitting fees for attending the meetings of the committee.

4.2 Investment Committee:

The Company has set up an Investment Committee which is responsible for laying down an overall Investment Policy and operational framework for the investment operations of the Company.

Composition: The Investment Committee comprises of eight (8) members - two non-executive Directors, two whole time Directors (Including CEO), Chief Investment Officer, Chief Financial Officer, Deputy CEO and Appointed Actuary. The chairperson of the Committee is a Non-executive Director. The composition of the committee is in accordance with the provisions of the IRDA (Investment) Regulations, 2000, as amended from time to time and the corporate governance guidelines issued by IRDA. The Committee invites other directors and senior officials, as it considers appropriate to be present at the meeting of the committee. All the members of the committee are fully conversant with the various responsibilities entrusted on them under IRDA regulations and guidelines. The Company Secretary is the secretary to the Committee.

The function of Investment Committee inter-alia includes the following:

- Implement the annual investment policy as approved/modified by the Board of Directors of the Company from time to time.
- Invest the funds of the Company in accordance with the annual investment policy of the Company.
- Review investment strategies adopted from time to time and provide suitable direction as needed in the best interests of the company.
- Update to Board on investment activities of the Company.
- Compliance with regulatory norms on investments.

During the year under review, the Investment Committee met four (4) times on April 23rd, 2013, August 1st, 2013, November 15th, 2013 and February 3rd, 2014. The details of the composition of the Investment Committee, attendance and the sitting fee paid to the members are set out in the following table:

Name of the Member	Number of IC Meetings		Sitting fees paid (in INR)**
	Held	Attended	
Suneeta Reddy	4	1	NIL
Wolfgang Diels	4	3	NIL
Shobana Kamineni	4	4	NIL
Antony Jacob (WTD & CEO)	4	4	NIL
R. Krishnan (Deputy CEO)*	4	4	NIL
Srikanth Kandikonda (CFO)	4	4	NIL
Sanjay Kulshrestha (CIO)	4	3	NIL
Vishwanath Mahendra	4	3	NIL

*Designation of Mr. R. Krishnan as Deputy CEO of the Company was updated in the Constitution of Investment Committee in the Board meeting held on 08.05.2014.

**Members are not eligible to receive any sitting fees for attending the meetings of the committee.

4.3 Risk Management Committee:

The Company has set up a Risk Management Committee to administer the Company's Risk Management Strategies. The Committee assists the Board in effective operation of the risk management system by performing specialized analyses and quality reviews.

Composition: The Risk Management Committee comprises of three (3) Directors. The chairperson of the Committee is a Non-executive Director. The Chief Risk Officer appointed by the Board reports to the Committee and is a permanent invitee at the Committee meetings. The composition of the committee is in accordance with the provisions of corporate governance guidelines issued by IRDA. The Committee invites other directors and senior officials, as it considers appropriate to be present at the meetings of the committee. The Company Secretary is the secretary to the Committee.

The function of Risk Management Committee inter-alia includes the following:

- Implementation of Enterprise Risk Management framework.

- Laying down risk management strategy to manage risks across the organization.
- To review the key risks associated with the business of the Company, its root causes and the efficacy of the measures in place to mitigate the same.
- Report to the Board, the details on the risk exposure and the action taken to manage the exposures.
- Assisting the Board in effective operation of the risk management system by performing specialized analysis and quality reviews.

During the year under review, the Risk Management Committee met four (4) times on April 23rd, 2013, August 1st, 2013, November 15th, 2013 and February 3rd, 2014. The details of the composition of the Risk Management Committee, attendance and the sitting fee paid to the members are set out in the following table:

Name of the Member	Number of RMC Meetings		Sitting fees paid (in INR)*
	Held	Attended	
Wolfgang Diels	4	3	NIL
Shobana Kamineni	4	4	NIL
Antony Jacob (WTD & CEO)	4	4	NIL

* Members are not eligible to receive any sitting fees for attending the meetings of the committee.

4.4 Policyholders Protection Committee:

In tandem with IRDA's Corporate Governance Guidelines, the Company has set up a Committee called Policyholders Protection Committee. The Committee looks into the broader aspects of protection of policyholders' interests, ensuring adequacy of the adherence to the Company's grievance redressal framework as well as ensuring adequate and correct disclosures to customers. The Policyholders Protection Committee assists and provides advice to the Board in relation to the protection of interest of Policyholders.

Composition: The Policyholders Protection Committee comprises of four (4) members - One Non-executive Director, two executive Directors (including CEO) and Deputy CEO of the Company. The chairperson of the Committee is an executive Director. The composition of the committee is in accordance with the provisions of corporate governance guidelines issued by IRDA. The Committee invites other directors and senior officials, as it considers appropriate to be present at the meetings of the committee. The Company Secretary is the secretary to the Committee.

The function of Policyholders Protection Committee inter-alia includes the following:

- Approval and implementation of grievance redressal procedure and mechanism to address complaints and grievances of policyholders.

- Evaluating the efficacy of the existing mechanism in place/process being followed and suggest changes for speedy redressal of complaints/grievances.
- Review the status of policyholders complaints at periodic intervals.
- Provide guidance to improve the overall satisfaction level of customers.
- Ensuring the compliance with the regulatory framework pertaining to policyholders' protection.

The Policyholders Protection committee submits the grievance disposal report on a quarterly basis to the Board inter-alia with regard to complaints/grievance received and resolved.

During the year under review, the Policyholders Protection Committee met four (4) times on April 23rd, 2013, August 1st, 2013, November 15th, 2013 and February 3rd, 2014. The details of the composition of the Policyholders Protection Committee, attendance and the sitting fee paid to the members are set out in the following table:

Name of the Member	Number of PPC Meetings		Sitting fees paid (in INR)**
	Held	Attended	
Shobana Kamineni	4	4	NIL
Antony Jacob (WTD & CEO)	4	4	NIL
Wolfgang Diels	4	3	NIL
R. Krishnan (Deputy CEO)*	4	4	NIL

* Designation of Mr. R. Krishnan as Deputy CEO of the Company was updated in the Constitution of Policyholders Protection Committee in the Board meeting held on 08.05.2014.

**Members are not eligible to receive any sitting fees for attending the meetings of the committee.

4.5 Remuneration Committee:

The Company has set up a Remuneration Committee to administer the overall policy on remuneration/compensation and the other terms of employment of executive Directors and senior management officials of the Company. The Committee recommends/approves the remuneration package of Executive Directors by reference to individual performance, experience and market conditions with a view to provide a package which is appropriate for the responsibilities involved.

The role of the Remuneration Committee includes nominating the Directors on the Board and fixing their remuneration. It also approves the appointment and compensation of Whole Time Directors and senior management officials.

Composition: The Remuneration Committee comprises of four (4) Directors. Two Independent Directors, one Non-executive Director and one executive Director. The chairperson of the Committee is an Independent Director. The Committee invites other directors and senior officials, as it considers appropriate

to be present at the meeting of the committee. The Company Secretary is the secretary to the Committee.

The function of Remuneration Committee inter-alia includes the following:

- Recommendation/approval of the remuneration and other terms of the compensation package for the senior management officials of the Company with the positions of president and above.
- Administration and approval of the quantum of performance/deferred bonus payable to the employees.
- Review the HR activities of the company including deliberation on attrition rate and providing necessary direction.
- Framing of guidelines for the Employees Stock Option Scheme.

During the year under review, the Remuneration Committee met four (4) times on April 23rd, 2013, August 1st, 2013, November 15th, 2013 and February 3rd, 2014.

The details of the composition of the Remuneration Committee, attendance and the sitting fee paid to the members are set out in the following table:

Name of the Member	Number of RC Meetings		Sitting fees paid (in INR)*
	Held	Attended	
Bernhard Steinruecke	4	4	80,000
MBN Rao	4	3	60,000
Shobana Kamineni	4	4	NIL
Wolfgang Diels	4	3	NIL

*Except Independent Directors, none of the members are eligible to receive sitting fees for attending the meetings of the committee.

4.6 Management Committee:

The Company has set up a Management Committee to manage all aspects of the day to day business operations of the Company and ensure the delivery of the Company's Business Plan.

Composition: The Management Committee comprises of four (4) senior management officials (CXOs) of the Company namely Chief Executive Officer, Deputy CEO, Chief Financial Officer and Chief People Officer. The Committee is chaired by the CEO of the Company. The Committee invites Whole Time Director and senior officials, as it considers appropriate, to be present at the meeting of the committee.

The Committee meets on a monthly basis to review and discuss the performance of the Company vis-à-vis the annual and strategic business plan and other matters within the terms of reference.

The function of Management Committee inter-alia includes the following:

- Drafting of Annual Operating Plan and submission to Board of Directors for approval.
- Review of financial performance of the company on regular intervals.
- Review the operations of the company.
- Review of competition landscape and peer analysis with respect to financial performance, products launched, counter action plan, etc.

Being executives of the Company, the members are not eligible to receive any sitting fees for attending the meetings of the committee.

5. Remuneration of Directors:

5.1 Executive Directors: During the year under review, the remuneration paid to the executive Directors is recommended and approved by the Remuneration Committee by virtue of delegation by the Board of Directors, subject to the approval of shareholders in the general meeting and IRDA, as the case may be.

5.2 Non-executive Directors: During the year under review, the Company has not paid any remuneration to any of its non-executive Directors other than the Independent Directors.

During the year under review, the Independent Directors are paid by way of sitting fee for the meeting of the Board and the Committees (as the case may be), attended by them and the associated traveling and boarding expenses. Other than the aforesaid sitting fees, traveling and boarding expenses, the Company has not paid any remuneration to any of its Independent Directors.

6. Related party transaction:

There were no materially significant related party transactions with the Directors, the management or relatives of the Directors that have a potential conflict with the interests of the Company at large. Transactions with related parties entered into by the Company in the normal course of business were placed quarterly before the Audit Committee. There were no material individual transactions with related parties, which were not in the normal course of business nor were there any material transactions with related parties or others, which were not on an arm's length basis. Details of related party transactions entered into by the Company in the normal course of business are included in the Notes to the Accounts.

7. Code of Conduct:

The Company has laid down a code of Conduct for the Board Members and Senior Management officials of the Company. All Board Members and Senior Management officials have affirmed compliance with the Code of Conduct for the year under review.

8. Whistle Blower Policy:

The company has a whistle blower policy which is designed and implemented to provide its employees a channel for communicating instances of breach in the Code of Conduct, legal violations, actual or suspected frauds and other irregularities. The framework of the policy is designed to promote responsible and secure whistle blowing. The mechanism has been communicated and posted on the Company's intranet.

9. Pecuniary relationship or transaction of Non-executive directors vis-à-vis the Company:

The Company does not have any pecuniary relationship/transaction with any of its non-executive Directors.

10. Statutory and Regulatory Compliance:

In accordance with the Compliance Policy of the Company, quarterly confirmation on statutory, regulatory as well as internal process compliances is obtained from the respective business heads. A statutory compliance report duly signed by the CEO & Whole Time Director is placed before the Board every quarter, confirming the details of compliances as well as instances of non-compliance, if any, along with the steps taken to rectify the non-compliance and prevention of the occurrence in future.

11. Name and other details of the Compliance Officers:

	Area of Compliance	
	IRDA Corporate Governance Guidelines	Rest all the Statutory and Regulatory Compliances
Name of Compliance Officer	Mr. Srikanth Kandikonda	Mr. Sameer Bhatnagar
Designation	CFO & Company Secretary	VP -Legal & Compliances
Address	Building No. 10, Tower-B, DLF Cyber City, DLF City Phase-2, Gurgaon-122002.	Building No. 10, Tower-B, DLF Cyber City, DLF City Phase-2, Gurgaon-122002.
e-mail ID	srikanth.k@apollomunichinsurance.com	sameer.bhatnagar@apollomunichinsurance.com

12. Annual General Meetings:

Details of the Annual General Meetings held during the last five years are provided below:

Financial Year	Date	Venue
2008-09	14.09.2009	Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500033
2009-10	03.08.2010	Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500033
2010-11	05.08.2011	Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500033
2011-12	08.08.2012	Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500033
2012-13	16.09.2013	Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500033

All the resolutions in the Annual General Meeting, including the special resolutions set out in the respective notices were passed by the requisite majority of the shareholders.

13. Means of communication:

As per the IRDA guidelines on public disclosures, the insurance companies are required to disclose their financials (Balance sheet, Profit & Loss account, Revenue Account and Key analytical ratios) in the news paper publications and also on their website within the stipulated timelines.

Accordingly, the disclosures are hosted on the Company's website (www.apollomunichinsurance.com) and adequate steps have been taken to ensure publication of requisite disclosure in news papers.

14. Internal Audit Framework:

The Internal Audit of the functions (departments) is undertaken by the Internal Audit team of Apollo Munich and certain functions by the External Auditor – M/s S C Vasudeva & Co., Chartered Accountants.

The internal audit of Investment function is carried by M/s S K Mehta & Co., Chartered Accountants.

The Company has designed its internal control framework to provide reasonable (not absolute) assurance to ensure compliance with internal policies and procedures, regulatory matters and to safeguard reliability of the financial reporting and its disclosures. The Board and the Audit Committee considers that the internal control framework is appropriate to the business.

The internal audit is designed to review what a company is doing in order to identify potential threats to the organization's health and profitability, and designated internal auditors help with the suggestions for mitigating the risk associated with those threats in order to minimize costs.

The key internal audit findings, recommendations and compliance status of the previous key audit findings are reported to the Audit Committee. The Audit Committee actively monitors the implementation of its recommendations.

15. Risk Management Framework:

The Company has formulated a Risk Management Framework, which lays the procedures for risk assessment and mitigation. These Risks are assessed by considering their likelihood and impact, measured against a risk framework which outlines the risk appetite of our organization as defined by the Board. The outcomes are rated from very high to very low. These ratings determine the intensity of management response.

During the financial year 2013-14 the Risk Management Framework was further strengthened through the Risk based Audit Process (RBA). The objective of RBA is to evaluate effectiveness & sufficiency of internal & external control environment. The validations performed by the Audit team on Process &

Performance checks, will serve as inputs for quarterly reviews conducted by the risk officers committee. The RBA findings will trigger changes in risk exposure, implement stronger controls & revisit root causes.

Accordingly, the RBA scope was defined for financial year 2013-14 wherein 106/497 risks were audited across 28 departments. The findings of insufficiencies have been shared with the Risk officers committee to form part of the quarterly risk reviews. The Risk officers committee also performed Risk Identification for Territory & Branch offices wherein 20 new risks were identified. These risks mostly have low residual exposure levels and necessary controls have been put in place to further mitigate the risks.

These regular reviews and reporting helped exercise better control over the identified risks thereby protecting the associated business objectives. As a part of the Risk Review, the committee also monitored progress on Fraud risks (through Fraud analytical modelling), Bancassurance risks, Business Continuity plan, relocation of Data centre, and adherence of the compliance calendar.

The Risk Management Committee was also updated on the procedures adopted by the Company to assess risks and their mitigation mechanisms on periodic intervals.

For and on behalf of the Board



**Dr. Prathap C Reddy
(Chairman)**

**Place: Hyderabad
Date : 12.08.2014**

**CERTIFICATE FOR COMPLIANCE OF THE CORPORATE GOVERNANCE
GUIDELINES FOR 2013-14**

I, Srikanth Kandikonda, CFO & Company Secretary of Apollo Munich Health Insurance Company Limited (the Company) hereby certify that the Company has complied with the provisions of Corporate Governance Guidelines for insurance companies notified by IRDA, as amended from time to time and to the extent applicable, during the financial year 2013-14 and confirm that, to the best of my knowledge and belief, nothing has been concealed or suppressed.

A handwritten signature in black ink, appearing to read "Srikanth", written in a cursive style.

Place: Hyderabad
Date: 12.08.2014

Srikanth Kandikonda
CFO & Company Secretary

S. N. Dhawan & Co.
Chartered Accountants
C-37, Connaught Place,
New Delhi – 110001

S. Viswanathan
Chartered Accountants
17. Bishop Wallers Avenue (West)
CIT Colony, Mylapore
Chennai – 600004

Independent Auditors' Report

**TO THE MEMBERS OF
APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **Apollo Munich Health Insurance Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Revenue account, the Profit and Loss account and the Receipts and Payment Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in conformity with the accounting principles generally accepted in India, as applicable to general insurance companies which includes the requirements of the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act, 1956, to the extent applicable and in the manner so required read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the



appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act, 1956, to the extent applicable and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to Insurance Companies:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Revenue Account, of the deficit for the year ended on that date.
- c. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- d. in the case of the Receipts and Payments Account, of the receipts and payments of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by Schedule C of The Insurance regulatory and Development Authority (Preparation of Financial Statements and Auditor's report of Insurance Companies) Regulations, 2002, and Section 227(3) and other provisions of the Companies Act, 1956, to the extent applicable:

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- c. As the Company's accounting system is centralized, no returns for the purpose of our audit are prepared at the branches and other offices.
- d. The Balance Sheet, Miscellaneous revenue account, Profit and Loss Account, and Receipts and Payments Account dealt with by this Report are in agreement with the books.
- e. In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable accounting standards referred to under sub section 3C of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and with the accounting principles prescribed by the Regulations and orders/ directions issued by IRDA in this behalf;
- f. The Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payment Account referred to in this report are in compliance with the accounting standards referred to under sub section 3C of Section 211 of the Companies Act, 1956 to the extent



applicable read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

- g. Investments of the Company have been valued in accordance with the provisions of the Insurance Act, 1938, the Regulations and orders/directions issued by IRDA in this behalf;
- h. The actuarial valuation of liabilities in respect of Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) as on 31 March, 2014 has been duly certified by the Company's appointed actuary. The appointed actuary has also certified to the Company that the assumptions used for such valuations are appropriate and are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ('IRDA') and the Institute of Actuaries of India;
- i. We have reviewed the management report attached to the financial statements for the year ended March 31, 2014 and there is no apparent mistake or material inconsistencies with the financial statements;
- j. Based on the information and explanations received during the normal course of our audit and management representations, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration.
- k. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For S. N. Dhawan & Co.
Chartered Accountants
(Registration No. 00005014)

[Signature]



Rajeev K Saxena
Partner
(Membership No. 77974)

Place: *Gurgaon*
Date: *8 May, 2014*

For S Viswanathan
Chartered Accountants
(Registration No. 004770S)

[Signature]
08/05/14



V C Krishnan
Partner
(Membership No. 22167)

Place: *Gurgaon*
Date:

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Registration No. 131 dated 3rd August 2007
Miscellaneous Business Revenue Account for the year ended 31 March 2014

Sl. Particulars No.	Schedule	Year ended 31.03.14 (Rs.in '000)	Year ended 31.03.13 (Rs.in '000)
1. Premium Earned (Net)	1	54,34,039	44,21,296
2. Profit/(Loss) on Sale/Redemption of Investments		17,344	13,865
3. Others		-	-
4. Interest, Dividend & Rent (Gross)		2,55,156	2,15,137
Total (A)		57,06,539	46,50,298
1. Claims Incurred (Net)	2	35,64,360	26,19,753
2. Commission	3	6,38,720	4,22,907
3. Operating Expenses related to Insurance Business	4	20,82,962	18,91,723
Total (B)		62,86,042	49,34,383
Operating Profit/(Loss) from Miscellaneous Business C=(A-B)		(5,79,503)	(2,84,085)
Appropriations			
Transfer to Shareholders' Account		(5,79,503)	(2,84,085)
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		(5,79,503)	(2,84,085)

Significant Accounting Policies and Notes to Financial Statements 16

Schedules No. 1 to 16 form an Integral part of the Financial Statements

As required by Section 40C of the Insurance Act,1938, we hereby certify that all the expenses of management in respect of general insurance business transactions in India by the Company have been fully recognised in the revenue account as expenses.

As per our report of even date attached

For and on behalf of the Board

For S. N. Dhawan & Co
Chartered Accountants

For S Viswanathan
Chartered Accountants

Dr. Prathap C Reddy
Chairman

Shobana Kamineni
Whole Time Director

Rajeev K Saxena
Partner

V.C. Krishnan
Partner

Mr. Wolfgang Diels
Director

Antony Jacob
Whole Time Director &
Chief Executive Officer

Place: GURGAON
Date: 08-05-2014



Srikanth Kandikonda
Chief Financial Officer
& Company Secretary

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Registration No. 131 dated 3rd August 2007
Profit and Loss Account for the year ended 31 March 2014

Sl. No.	Particulars	Schedule	Year ended 31.03.14 (Rs.in '000)	Year ended 31.03.13 (Rs.in '000)
1.	Operating Profit/(Loss)			
(a)	Miscellaneous Insurance		(5,79,503)	(2,84,085)
2.	Income from Investments			
(a)	Interest, Dividends & Rent - Gross		1,93,378	1,65,059
(b)	Amortisation of Discount / Premium		5,792	10,778
(c)	Add: Profit on Sale of Investments		13,538	11,332
	Less: Loss on Sale of Investments		-	-
3.	Other Income			
(a)	Profit on sale of Fixed Assets		523	1,429
(b)	Others		17,344	14,568
	Total (A)		<u>(3,48,928)</u>	<u>(80,919)</u>
4.	Provisions (Other than Taxation)			
(a)	For diminution in the value of investments		-	-
(b)	For doubtful debts		-	-
(c)	Others		-	-
5.	Other Expenses			
(a)	Expenses other than those related to Insurance Business		20,443	17,571
	Total (B)		<u>20,443</u>	<u>17,571</u>
	Profit/(Loss) Before Tax		(3,69,371)	(98,490)
	Less: Provision for Taxation			
	Current Tax		-	-
	Deferred Tax (See Note 20)		-	(1,49,806)
	Wealth Tax		297	313
	Profit/(Loss) After Tax		(3,69,668)	51,003
	Balance available for appropriation		<u>(3,69,668)</u>	<u>51,003</u>
	Appropriations			
(a)	Interim dividends paid during the year		-	-
(b)	Proposed final dividend		-	-
(c)	Dividend distribution tax		-	-
(d)	Transfer to any Reserves or other accounts		-	-
	Balance of profit/(loss) brought forward from last year		(31,22,387)	(31,73,390)
	Balance carried forward to Balance Sheet		<u>(34,92,055)</u>	<u>(31,22,387)</u>
	Basic Earning per Share		(1.14)	0.18
	Diluted Earning per Share		(1.07)	0.17
	(Refer Schedule 16 (C) Note 22)			

Significant Accounting Policies and Notes to Financial Statements

16

As per our report of even date attached

For S. N. Dhawan & Co.
Chartered Accountants


Rajeev K Saxena
Partner



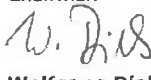
For S Viswanathan
Chartered Accountants


V.C. Krishnan
Partner



For and on behalf of the Board


Dr. Prathap C Reddy
Chairman


Wolfgang Diels
Director


Srikanth Kandikonda
Chief Financial Officer
& Company Secretary


Shobana Kamineni
Whole Time Director


Antony Jacob
Whole Time Director &
Chief Executive Officer

Place: *Gurgaon*
Date: *08-05-2014*

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Registration No. 131 dated 3rd August 2007
Balance Sheet as at 31 March 2014

Particulars	Schedule	As at 31.03.14 (Rs.in '000)	As at 31.03.13 (Rs.in '000)
Sources of Funds			
Share Capital	5	33,09,800	30,89,800
Share Application Money		2,70,000	-
Reserves and Surplus	6	24,46,414	23,36,414
Fair Value Change Account		1,120	400
Borrowings	7	-	-
Total		60,27,334	54,26,614
Application of Funds			
Investments	8	47,83,129	37,76,357
Deferred Tax Asset (See Note 20)		1,49,806	1,49,806
Loans	9	-	-
Fixed Assets	10	2,32,516	1,56,723
Current Assets:			
Cash and Bank Balances	11	22,45,316	17,77,662
Advances & Other Assets	12	7,59,014	8,32,328
Sub-total (A)		30,04,330	26,09,990
Current Liabilities	13	14,31,751	12,58,364
Provisions	14	42,02,751	31,30,285
Sub-total (B)		56,34,502	43,88,649
Net Current Assets (C) = (A-B)		(26,30,172)	(17,78,659)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit & Loss Account		34,92,055	31,22,387
Total		60,27,334	54,26,614
Significant Accounting Policies and Notes to Financial Statements	16		

Schedules No. 1 to 16 form an integral part of the Financial Statements

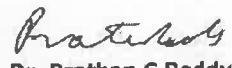
As per our report of even
date attached

For S. N. Dhawan & Co.
Chartered Accountants


Rajeev K Saxena
Partner



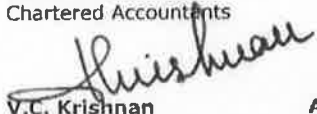
For and on behalf of the Board



Dr. Prathap C Reddy
Chairman


Shobana Kamineni
Whole Time Director



Wolfgang Diels
Director

For S Viswanathan
Chartered Accountants


V.C. Krishnan
Partner


Antony Jacob
Whole Time Director &
Chief Executive Officer


Srikanth Kandikonda
Chief Financial Officer
& Company Secretary

Place: 
Date: 08-05-2014



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
 Registration No. 131 dated 3rd August 2007
 Receipts and Payments Account for the year ended 31 March 2014

(Rs. In '000)

Particulars	March 31 2014	March 31 2013
Cash Flows from the Operating Activities:		
Premium received from policyholders, including advance receipts	70,49,755	60,09,984
Other receipts	10,518	1,16,082
Payments to the re-insurers, net of commissions and claims	2,54,933	(2,52,574)
Payments to co-insurers, net of claims recovery	-	-
Payments of claims	(39,28,079)	(32,11,880)
Payments of commission and brokerage	(7,40,541)	(5,32,259)
Payments of other operating expenses	(15,67,695)	(15,67,105)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	(9,753)	(3,927)
Income taxes paid (Net)	(689)	(5,361)
Service tax paid	(4,81,225)	(3,45,904)
Other payments	-	-
Cash flows before extraordinary items	5,87,224	2,07,056
Cash flow from extraordinary operations	-	-
Net cash flow from Operating Activities	5,87,224	2,07,056
Cash flows from Investing Activities:		
Purchase of fixed assets	(1,43,331)	(96,908)
Proceeds from sale of fixed assets	523	4,095
Purchases of investments	(11,40,727)	(14,91,036)
Loans disbursed	-	-
Sales of investments	5,62,679	8,50,575
Repayments received	-	-
Rents/Interests/ Dividends received *	4,49,734	3,64,350
Investments in money market instruments and in liquid mutual funds (Net)	(4,28,005)	1,39,088
Expenses related to investments	(20,443)	(17,571)
Net cash flow from Investing Activities	(7,19,570)	(2,47,407)
Cash flows from Financing Activities:		
Proceeds from issuance of share capital**	3,30,000	8,16,500
Proceeds from Share Application Money	2,70,000	-
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash flow from Financing Activities	6,00,000	8,16,500
Effect of foreign exchange rates on cash and cash equivalents, net	-	-
Net Increase/(Decrease) in cash and cash equivalents:	4,67,654	7,76,149
Cash and cash equivalents at the beginning of the year	17,77,662	10,01,513
Cash and cash equivalents at the end of the year	22,45,316	17,77,662

* Includes Profit on sale of Mutual Funds amounting to INR 26,789 thousands (previous year INR 25,197 thousands)
 * Includes Proceeds from Share Premium amounting to INR 110,000 thousands (previous year INR 273,200 thousands)

As per our report of even date attached

For and on behalf of the Board of Directors

For S. N. Dhawan & Co.
Chartered Accountants

For S Viswanathan
Chartered Accountants

Dr. Prathap C Reddy
Chairman

Shobana Kamineni
Whole Time Director

Wolfgang Dieis
Director

Rajeev K Saxena
Partner



V.C. Krishnan
Partner

Antony Jacob
Whole Time Director &
Chief Executive Officer

Srikanth Kandikonda
Chief Financial Officer
& Company Secretary



Place: GURGAON
Date: 08-05-2014

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Schedules forming part of Revenue Account

Particulars	Year ended 31.03.14 (Rs.in '000)	Year ended 31.03.13 (Rs.in '000)
SCHEDULE 1		
PREMIUM EARNED (NET)		
Premium from direct business written	69,24,703	61,99,862
Add: Premium on reinsurance accepted	1,110	588
Less: Premium on reinsurance ceded	4,19,564	9,38,688
Net Premium	65,06,249	52,61,762
Adjustment for change in reserve for unexpired risks	10,72,210	8,40,466
Total Premium Earned (Net)	54,34,039	44,21,296
SCHEDULE 2		
CLAIMS INCURRED (NET)		
Claims Paid		
Direct	39,72,122	31,60,632
Add: Re-insurance accepted	1,777	576
Less: Re-insurance ceded	5,56,033	5,63,134
Net Claims Paid	34,17,866	25,98,074
Add: Claims Outstanding at the end of the year	5,49,903	4,03,409
Less: Claims Outstanding at the beginning of the year	4,03,409	3,81,730
Total Claims Incurred	35,64,360	26,19,753
SCHEDULE 3		
COMMISSION		
Commission Paid		
Direct	7,45,480	5,47,803
Add: Re-insurance accepted	394	213
Less: Re-insurance ceded	1,07,154	1,25,109
Net Commission	6,38,720	4,22,907
Break Up of expenses incurred to procure business:		
Agents	4,17,008	2,83,308
Brokers	1,45,082	95,808
Corporate Agency	22,965	14,339
Others (Insurance Companies)	1,60,425	1,54,348
Total	7,45,480	5,47,803



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Schedules forming part of Revenue Account

Particulars	Year ended 31.03.14 (Rs.in '000)	Year ended 31.03.13 (Rs.in '000)
SCHEDULE 4		
OPERATING EXPENSES		
1 Employees' remuneration & welfare benefits	7,40,300	6,86,398
2 Travel, conveyance and vehicle running expenses	69,642	66,682
3 Training Expenses	6,034	12,722
4 Rents, rates & taxes	95,982	83,052
5 Repairs & Maintenance	79,342	60,244
6 Printing & Stationery	42,543	24,614
7 Communication	50,889	42,795
8 Legal & Professional charges	94,420	1,46,028
9 Auditors' fees, expenses etc.		
(a) As Auditors	1,900	1,700
(b) As advisor in any other Capacity	-	-
(i) Taxation Matters	100	-
(ii) Insurance matters	-	-
(iii) Management services	-	-
(c) In any other Capacity	-	-
(i) Audit Fees - Others	9	-
(ii) Out of pocket expenses	760	575
10 Advertisement and publicity	3,69,188	3,18,497
11 Interest & Bank Charges	11,205	6,697
12 Others expenses		
(a) Business Support	1,59,860	1,06,783
(b) Information Technology Services	1,86,152	1,83,767
(c) Others	1,06,074	65,646
13 Depreciation	67,539	79,038
14 Service Tax A/c	1,023	6,485
Total	20,82,962	18,91,723



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Schedules forming part of Revenue Account

Particulars	Year ended 31.03.14			Year ended 31.03.13			Total
	Health	Personal Accident	Others	Personal Accident	Others	Total	
SCHEDULE 1A							
PREMIUM EARNED (NET)							
Premium from direct business written	65,80,955	2,78,041	65,707	59,31,784	55,712	61,99,862	
Add: Premium on reinsurance accepted	1,110			588		588	
Less: Premium on Reinsurance ceded	3,34,525	76,134	8,905	8,53,503	10,395	9,36,588	
Net Premium	62,47,540	2,01,907	56,802	50,78,869	45,317	52,61,762	
Adjustment for change in reserve for unexpired risks	10,51,459	22,108	(1,357)	1,37,576	3,141	8,40,466	
Total Premium Earned (Net)	51,96,081	1,79,799	58,459	42,55,797	42,176	44,21,296	
SCHEDULE 2A							
CLAIMS INCURRED (NET)							
Claims Paid							
Direct	39,13,857	31,884	26,381	31,19,183	11,842	31,50,632	
Add: Re-insurance accepted	1,777			576		576	
Less: Re-insurance Ceded	5,40,146	13,489	2,388	5,48,100	1,818	5,69,134	
Net Claims Paid	33,75,488	18,395	23,993	25,71,579	9,824	25,98,074	
Add: Claims Outstanding at the end of the year	5,09,257	24,089	19,577	3,83,243	19,815	4,03,400	
Less: Claims Outstanding at the beginning of the year	3,63,243	20,351	19,815	3,40,668	20,462	3,81,730	
Total Claims Incurred	35,18,502	22,103	23,755	25,94,154	9,177	26,19,753	
SCHEDULE 3A							
COMMISSION							
Commission Paid							
Direct	7,14,713	24,908	5,859	5,25,886	4,159	5,47,803	
Add: Re-insurance Accepted	394			213		213	
Less: Re-insurance ceded	87,055	19,159	939	1,04,357	1,419	1,25,106	
Net Commission	6,28,053	5,749	4,920	4,21,742	2,740	4,22,907	
Break Up of expenses Incurred to procure business:							
Agents	3,96,343	15,941	4,724	2,68,768	3,177	2,83,308	
Brokers	1,35,932	8,015	1,135	89,184	982	95,808	
Corporate Agency	22,013	952		13,586		14,339	
Others (Insurance Companies)	1,60,425			1,54,348		1,54,348	
Total	7,14,713	24,908	5,859	5,25,886	4,159	5,47,803	



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Schedules forming part of Revenue Account

Particulars	Year ended 31.03.14			Year ended 31.03.13			Total	Health	Personal Accident	Others	Total
	Health	Personal Accident	Others	Health	Personal Accident	Others					
SCHEDULE 4A											
OPERATING EXPENSES											
1. Employees' remuneration & welfare benefits	7,03,551	29,724	7,025	7,40,300	6,55,718	23,512	6,166	6,06,398			
2. Travel, conveyance and vehicle running expenses	66,185	2,796	661	69,642	63,799	2,294	599	66,682			
3. Training Expenses	5,734	242	58	6,034	5,172	436	114	12,722			
4. Rents, rates & taxes	91,217	3,854	911	95,982	79,461	2,845	746	83,052			
5. Repairs & Maintenance	75,404	3,186	752	79,342	57,859	2,064	541	60,244			
6. Printing & Stationery	40,431	1,708	404	42,543	23,550	843	221	24,614			
7. Communication	48,363	2,043	483	50,889	40,945	1,466	384	42,795			
8. Legal & Professional charges	89,733	3,791	896	94,420	1,39,714	5,002	1,312	1,46,028			
9. Auditors' fees, expenses etc.	1,806	76	18	1,900	1,627	58	15	1,700			
(a) As Auditor											
(b) As advisor in any other Capacity											
(i) Taxation matters	95	4	1	100	-	-	-	-			
(ii) Insurance matters	-	-	-	-	-	-	-	-			
(iii) Management services	-	-	-	-	-	-	-	-			
(c) In any other Capacity	731	31	7	769	550	20	5	575			
10. Advertisement and publicity	3,50,861	14,824	3,503	3,69,188	3,04,735	10,610	2,862	3,18,457			
11. Interest & Bank Charges	10,649	450	106	11,205	6,407	230	60	6,697			
12. Others expenses											
(a) Business Support	1,51,924	6,419	1,517	1,58,860	1,02,166	3,658	959	1,06,783			
(b) Information Technology Services	1,76,911	7,474	1,767	1,86,152	1,75,621	6,295	1,651	1,83,767			
(c) Others	1,00,808	4,259	1,007	1,06,074	62,808	2,249	590	65,646			
13. Depreciation	64,187	2,711	641	67,539	75,621	2,707	710	79,039			
14. Service Tax A/c	972	41	10	1,023	6,204	222	58	6,485			
Total	39,79,562	83,633	19,767	20,82,962	18,09,927	64,801	16,925	18,91,723			



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Schedules forming part of Balance Sheet

Sl. Particulars No.	As at 31.03.14 (Rs.In '000)	As at 31.03.13 (Rs.In '000)
SCHEDULE 5		
SHARE CAPITAL		
1. Authorised Capital 500,000,000 Equity Shares of Rs. 10 each (Previous year 310,000,000 Equity shares of Rs.10 each)	50,00,000	31,00,000
2. Issued Capital 331,080,006 Equity Shares of Rs. 10 each (Previous year 309,080,006 Equity Shares of Rs. 10 each)	33,10,800	30,90,800
3. Subscribed Capital 330,980,000 Equity Shares of Rs. 10 each (Previous year 308,980,000 Equity Shares of Rs. 10 each)	33,09,800	30,89,800
4. Called-up Capital 330,980,000 Equity Shares of Rs. 10 each (Previous year 308,980,000 Equity Shares of Rs. 10 each)	33,09,800	30,89,800
Total	33,09,800	30,89,800

Out of the above, 212,575,721 (previous year 198,335,721) Equity Shares of Rs. 10 each are held by Apollo Energy Company Limited, the Holding Company.

SCHEDULE 5A

**SHARE CAPITAL
PATTERN OF SHAREHOLDING**
(As certified by the Management)

Shareholder	As at 31.03.14		As at 31.03.13	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
-Indian	24,64,36,221	74.46%	22,99,36,221	74.42%
-Foreign	8,45,43,779	25.54%	7,90,43,779	25.58%
Others	-	-	-	-
Total	33,09,80,000	100%	30,89,80,000	100%

SCHEDULE 6

RESERVES AND SURPLUS

1. Capital Reserve	-	-
2. Capital Redemption Reserve	-	-
3. Share Premium	23,36,414	20,63,214
Opening Balance	1,10,000	2,73,200
Add: Received during the year	-	-
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 and Loss Account	-	-
Total	24,46,414	23,36,414

SCHEDULE 7

BORROWINGS

1. Debentures/Bonds	-	-
2. Banks	-	-
3. Financial Institutions	-	-
4. Others	-	-
Total	-	-



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Schedules forming part of Balance Sheet

Sl. No.	Particulars	As at 31.03.14 (Rs.in '000)	As at 31.03.13 (Rs.in '000)
SCHEDULE 8			
INVESTMENTS			
LONG TERM INVESTMENTS (See Note a)			
1.	Government securities and Governments guaranteed bonds including Treasury Bills. {See Note (b)}	18,02,882	15,72,798
2.	Other Approved Securities	-	-
3.	Other Investments	-	-
	(a) Shares	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debenture/Bonds	5,00,130	6,00,845
	(e) Other Securities (Housing Bonds)	5,40,481	3,71,848
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4.	Investments in Infrastructure and Social Sector	6,63,597	4,66,409
5.	Other than Approved Investments	-	-
SHORT TERM INVESTMENTS			
1.	Government securities and Governments guaranteed	1,98,004	59,553
2.	Other Approved Securities	-	49,392
3.	Other Investments	-	-
	(a) Shares	-	-
	(b) Mutual Funds	5,47,890	2,15,621
	(c) Derivative Instruments	-	-
	(d) Debentures/Bonds	2,00,145	1,90,174
	(e) Other Securities	2,80,000	1,49,717
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4.	Investments in Infrastructure and Social Sector	50,000	1,00,000
5.	Other than Approved Investments	-	-
	Total	47,83,129	37,76,357

Notes:

- a. Aggregate amount of Company's Investments other than listed equity securities and derivative instruments is Rs.4,783,129 thousand (Previous Year-Rs.3,776,357 thousand). Market value of such investments as at 31.03.2014 is Rs 4,732,410 thousand (Previous Year-Rs. 3,814,399 thousand).
- b. Government securities include Deposits held under section 7 of Insurance Act 1938, having book value of Rs. 119,806 thousand (Previous Year Rs. 118,683 thousand).

SCHEDULE 9

LOANS

1. Security-wise Classification

Secured

(a) On mortgage of property

(aa) In India

(bb) Outside India

(b) On Shares, Bonds, Govt, Securities, etc.

(c) Others

Unsecured

Total

2. Borrower-wise Classification

(a) Central and State Governments

(b) Banks and Financial Institutions

(c) Subsidiaries

(d) Industrial Undertakings

(e) Others

Total

3. Performance-wise Classification

(a) Loans classified as standard

(aa) In India

(bb) Outside India

(b) Non-performing loans less provisions

(aa) In India

(bb) Outside India

Total

4. Maturity-wise Classification

(a) Short - Term

(b) Long - Term

Total



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Schedules forming part of Balance Sheet

SCHEDULE 10
FIXED ASSETS

Particulars	As at		Cost / Gross Block		Upto	For the Year	Depreciation	To date	Net Block	
	01.04.2013	As at	Additions/	Deductions/Adjus					01.04.2013	On Sales/
		31.03.2014	tments	tments	01.04.2013		Adjustments	31.03.2014	31.03.2014	31.03.2013
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangible Assets										
a) Software	2,22,218	2,86,657	64,439	-	1,49,939	33,713	-	1,83,652	1,03,005	72,279
b) Website	8,758	10,116	1,358	-	4,565	1,512	-	6,077	4,039	4,193
c) Media Films	22,500	22,500	-	-	22,500	-	-	22,500	-	-
Land - Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings	85,921	91,420	5,499	-	66,219	10,915	-	77,134	14,286	19,702
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-
Information Technology	64,825	1,41,274	76,660	(211)	56,972	9,676	(211)	66,437	74,837	7,853
Equipment	41,470	42,909	3,263	(1,824)	8,607	8,150	(1,824)	14,933	27,976	32,863
Vehicles	64,955	66,106	1,412	(261)	57,778	3,573	(261)	61,090	5,016	7,177
Office Equipments	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	5,10,647	6,60,982	1,52,631	(2,296)	3,66,580	67,539	(2,296)	4,31,823	2,29,159	1,44,067
Capital Work-in-progress	-	-	-	-	-	-	-	-	3,357	17,656
Grand Total	5,10,647	6,60,982	1,52,631	(2,296)	3,66,580	67,539	(2,296)	4,31,823	2,32,516	1,56,723
Previous Year	4,36,065	5,10,647	93,194	(18,612)	3,03,488	79,038	(15,946)	3,66,580	1,56,723	-



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Schedules forming part of Balance Sheet

Sl. No.	Particulars	As at 31.03.14 (Rs.in '000)	As at 31.03.13 (Rs.in '000)
SCHEDULE 11			
CASH AND BANK BALANCES			
1.	Cash (Including cheques, drafts and stamps)	20,171	18,972
2.	Bank Balances	-	-
	(a) Deposit Accounts	-	-
	(aa) Short term (due within 12 months)	10,94,508	9,10,622
	(bb) Others	7,01,803	7,78,762
	(b) Current Accounts	4,28,834	69,306
	(c) Others	-	-
3.	Money at Call and Short Notice	-	-
4.	Others	-	-
	Total	22,45,316	17,77,662
SCHEDULE 12			
ADVANCES AND OTHER ASSETS			
Advances			
1.	Reserve deposits with ceding companies	-	-
2.	Application money for Investments	-	-
3.	Pre-payments	3,12,526	2,73,826
4.	Advances to Directors/Officers	-	-
5.	Advance Tax Paid and Taxes Deducted at Source (Net of provision for tax)	15,057	14,369
6.	Others	-	-
	(a) Advances to Suppliers	3,557	1,231
	(b) Other advances	4,067	5,778
	Total (A)	3,35,207	2,95,204
Other Assets			
1.	Income accrued on Investments	2,34,524	1,90,797
2.	Outstanding Premiums	53,263	2,26,556
3.	Agent's Balances	-	-
4.	Foreign Agencies's Balances	-	-
5.	Due from other entities carrying on Insurance business (including re-Insurance)	49,787	32,987
6.	Due from subsidiaries/holding company	-	-
7.	Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]	-	-
8.	Others	-	-
	(a) Rent & other deposits	71,027	59,391
	(b) Service Tax Unutilized Credit	15,206	27,393
	Total (B)	4,23,807	5,37,124
	Total (A+B)	7,59,014	8,32,328



Schedules forming part of Balance Sheet

Sl. No.	Particulars	As at 31.03.14 (Rs.in '000)	As at 31.03.13 (Rs.in '000)
SCHEDULE 13			
CURRENT LIABILITIES			
1.	Agents' Balances	49,820	37,989
2.	Balances due to other Insurance companies	96,272	71,468
3.	Deposits held on re-Insurance ceded	-	-
4.	Premiums received in advance	48,594	30,995
5.	Unallocated premium	3,42,900	3,28,875
6.	Unclaimed Amount of Policy Holders	54,290	30,988
7.	Sundry creditors	65,384	61,932
8.	Due to subsidiaries/holding company	-	-
9.	Claims Outstanding	5,49,903	4,03,409
10.	Dues to Officers/Directors	-	-
11.	Others	-	-
	(a) Tax deducted payable	39,941	50,773
	(b) Other statutory dues	5,673	4,882
	(c) Employee related liability	1,547	217
	(d) Expenses Payable	1,77,427	2,36,836
	Total	14,31,751	12,58,364

SCHEDULE 14

PROVISIONS

1.	Reserve for Unexpired Risk	42,01,725	31,29,515
2.	For Taxation (less advance tax paid and taxes deducted at source)	-	-
3.	For Proposed Dividend	-	-
4.	For Dividend Distribution Tax	-	-
5.	Others	-	-
	(a) For Employee Benefits	-	-
	(b) For Wealth Tax	-	40
	(c) For Doubtful Loans and Advances	1,026	730
	Total	42,02,751	31,30,285

SCHEDULE 15

MISCELLANEOUS EXPENDITURE

1.	Discount allowed in issue of shares/debentures	-	-
2.	Others	-	-
	Total	-	-



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2014

A. BACKGROUND

Apollo Munich Health Insurance Company Limited is a joint venture between Apollo Hospitals Group and Munich Health Holding AG, part of Munich Re group.

The Company was incorporated on 22 November, 2006 and received the certificate of commencement of business on 29 December, 2006.

The Company obtained regulatory approval to undertake general insurance business on 3 August, 2007 from Insurance Regulatory and Development Authority (IRDA) under section 3(2A) of the Insurance Act, 1938. The Company commenced its operations in November, 2007.

The Company is in the business of health Insurance. The Company has obtained certificate of renewal of registration from IRDA dated 25 February 2014. The renewed registration is valid upto 31 March, 2015.

B. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with generally accepted accounting principles and practices followed in India and conform to the statutory requirements of the Insurance Act, 1938, The Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, orders and directions issued by IRDA. In this regard, The Companies Act, 1956 to the extent applicable and the accounting standards issued by the Institute of Chartered Accountants of India (ICAI) to the extent applicable. The financial statements have been prepared on historical cost convention and on accrual basis as a going concern.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent liabilities. 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 financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revision to accounting estimates is recognized prospectively in the period in which results are known.



(c) Revenue Recognition

Premium

Premium (net of service tax) is recognized as income over the contract period or period of risk, whichever is appropriate. Any subsequent revision or cancellation of premium is accounted for in the year in which they occur.

Commission on Reinsurance Premium

Commission on reinsurance ceded is recognized as income in the year of cession of reinsurance premium.

Profit commission under reinsurance treaties, wherever applicable, is recognized in the year of final determination of the profits and as intimated by the reinsurer.

Premium Deficiency

Premium deficiency is recognized whenever the ultimate amount of expected claims, related expenses and maintenance costs exceeds related sum of premium carried forward to the subsequent accounting period as reserve for unexpired risk.

Reserve for Unexpired Risk

Reserve for unexpired risk represents that part of the net premium (premium net of reinsurance ceded) attributable to the succeeding accounting period subject to a minimum amount of reserves as required by Section 64V (1) (ii) (b) of Insurance Act, 1938.

Interest Income/ Dividend Income

Interest income is recognized on accrual basis. Dividend is recognized when the right to receive the dividend is established.

Accretion / Amortization of Discounts / Premium

Accretion of discounts and amortization of premium relating to debt securities is recognized over holding / maturity period.

(d) Reinsurance Premium

Reinsurance Premium on ceding of risk is accounted in the year in which risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Unearned premium on reinsurance ceded is carried forward to the period of risk and is set off against related unearned premium. Premium on excess of loss reinsurance cover is accounted as per the reinsurance arrangements.

(e) Acquisition Cost of Insurance Contracts

Costs relating to acquisition of new and renewal of Insurance contracts viz commission, etc., are expensed in the year in which they are incurred.

(f) Premium Received in Advance

Premium received in advance represents premium received in respect of those policies issued during the year where the risk commences subsequent to the Balance Sheet date.



(g) Claims Incurred

Estimated liability in respect of claims is provided for the intimations received upto the year end based on assessment made by Third Party Administrator (TPA), information provided by the insured and judgment based on the past experience.

Claims are recorded in the revenue account, net of claims recoverable from reinsurers / coinsurers to the extent there is a reasonable certainty of realization. These estimates are progressively re-valued on availability of further information.

(h) Claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER)

IBNR represents that amount of claims that may have been incurred prior to the end of the current accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims incurred but not enough reported. IBNR and IBNER liabilities are provided based on actuarial principles and certified by the Appointed Actuary. The methodology and assumptions on the basis of which the liability has been determined has also been certified by the Actuary to be appropriate, in accordance with guidelines and norms issued by the Institute of Actuaries of India and in concurrence with the IRDA.

(i) Allocation of Investment Income

Investment income is apportioned to Profit & Loss Account and Revenue Account in the ratio of average of shareholder's funds and policyholders funds at the end of each month.

(j) Investments

Investments are made in accordance with the Insurance Act, 1938 and Insurance Regulatory & Development Authority (Investment) Regulations, 2000, as amended from time to time.

Investments are recorded at cost including acquisition charges (such as brokerage, transfer stamps) if any, and exclude interest paid on purchase.

Debt securities, including Government securities are considered as held to maturity and are stated at historical cost adjusted for amortization of premium and/or accretion of discount over the maturity period of securities on straight line basis.

Listed and actively traded securities are measured at fair value as at the Balance Sheet date. For the purpose of calculation of fair value, the lowest value of the last quoted closing price of the stock exchanges is considered wherever the securities are listed. Unrealized gain/ losses due to change in fair value of listed securities is credited / debited to 'Fair Value Change Account'.

Investments in Units of Mutual funds are stated at fair value being the closing Net Asset Value (NAV) at Balance Sheet date. Unrealized gains/losses are credited / debited to the 'Fair Value Change Account'.

(k) Fair Value Change Account

'Fair Value Change Account' represents unrealized gains or losses due to change in fair value of traded securities and mutual fund units outstanding at the close of the



year. The balance in the account is considered as a component of shareholder's funds and not available for distribution as dividend.

(l) Profit / Loss on Sale / Redemption of Investments

Profit or loss on sale / redemption of investments, being the difference between sale consideration / redemption value and carrying value of investments is credited or charged to Profit and Loss account. The profit / loss on sale of investments include accumulated changes in the fair value previously recognized in 'Fair Value Change Account' in respect of a particular security.

(m) Long Term / Short Term Investments

Investments maturing within twelve months from the Balance Sheet date and investments made with specific intention to dispose off within twelve months from the date of acquisition are classified as short term investments. Other investments are classified as long term Investments.

(n) Fixed Assets and Depreciation/Amortization

Fixed assets are stated at cost less accumulated depreciation. Cost includes incidental expenses relating to acquisition and installation of assets.

Depreciation/Amortization on Fixed Assets/Intangible Assets is provided on straight line method (SLM) with reference to the management's assessment of the estimated useful life of the asset or rates mentioned in Schedule XIV to Companies Act, 1956, whichever is higher. The depreciation rates used are given below:

<u>Asset Class</u>	<u>Rate of Depreciation</u>
Information Technology Equipment	25%
Computer Software	20%
Office equipments	25%
Furniture & Fixtures	25% or on the basis of lease term of premises, whichever is higher
Vehicles	20%
Media Films	33%

Assets individually costing up to Rs. 20,000 are fully depreciated in the year of purchase.

Depreciation on assets purchased / disposed off during the year is provided on pro- rata basis with reference to the date of addition / deletion.

(o) Impairment of Assets

The carrying amounts of assets are reviewed by the Company at the date of Balance Sheet. If there is any indication of impairment based on internal / external factors, an impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at a rate that reflects current market assessments of the time value of money and the risks specific to the asset, as determined by the management.



(p) Income Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognized only to an extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each Balance sheet date, the Company re-assesses deferred tax assets / liabilities.

(q) Employee Benefits

Provident Fund

Contributions to provident fund scheme, a defined contribution plan are made to the Regional Provident Fund Authority at prescribed rates and charged to profit and loss account when due.

Gratuity

The Company's liability towards gratuity is covered by a group policy with Life Insurance Corporation of India and Kotak Mahindra Life Insurance Company Limited based on actuarial valuation.

Deferred Incentive Plan

The Company has a Deferred Incentive Plan ('DIP') for selected personnel. The plan is a discretionary deferred compensation plan and provision is accrued on the basis of actuarial valuation.

(r) Provisions and Contingent Liabilities

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



(s) Earnings Per Share (EPS)

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on 'Earnings per Share' issued by the Institute of Chartered Accountants of India. Basic earnings per share are computed by dividing the net profit or loss for the year by weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti dilutive.

(t) Leases

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease Rent under operating leases are recognized in the profit and loss account in accordance with terms of the lease.

(u) Foreign Exchange Transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary items denominated in foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate ruling on that date. Exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise.

(v) Allocation of Operating Expenses

Operating expenses are apportioned to revenue account on the basis of direct written premium in each sub class of business at the end of financial year. Expenses incurred and/or allocable for earning investments income are charged to profit and loss account.

(w) Employee Stock Option Plan ("ESOP")

The Company follows the intrinsic method of computing the compensation cost, for options granted under the scheme. The difference if any, between the intrinsic value and the grant price, being the compensation cost is amortized on a straight line basis over the vesting period of the options.



C. NOTES FORMING PART OF ACCOUNTS

1. Contingent Liabilities

Particulars	(Amount in Rs. '000s)	
	As at 31.03.14	As at 31.03.13
Partly paid up Investments	Nil	Nil
Underwriting commitments outstanding	Nil	Nil
Claims other than against policies, not acknowledged as debts by the Company	13,897	Nil
Guarantees given by or on behalf of the Company	3,980	3,780
Statutory demands / liabilities in dispute, not provided for	6,199	7,621
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
Others*	97,800	109,800

*Represents amounts payable on cancellation of a service contract.

2. Encumbrances

The Company has all the assets within India. All the assets of the Company are free from any encumbrances except deposits in banks amounting to Rs 3,980 thousands (previous year Rs. 3,780 thousands). The deposits have been placed with banks for the purposes of executing bank guarantees in favour of hospitals towards cash-less arrangements.

3. Commitments made and outstanding for:

Particulars	(Amount in Rs. '000s)	
	As at 31.03.14	As at 31.03.13
Loans	Nil	Nil
Investments	Nil	Nil
Fixed Assets	30,027	32,081

4. Claims, less reinsurance paid to claimants:

Class of Business	In India		(Amount in Rs. '000s) Outside India	
	Year ended 31.03.14	Year ended 31.03.13	Year ended 31.03.14	Year ended 31.03.13
	Miscellaneous	3,406,469	2,596,448	11,397



5. Age-wise breakup of claims outstanding:

Class of Business	<i>(Amount in Rs. '000s)</i>			
	Outstanding for more than six months		Outstanding for six months or less	
	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
Miscellaneous*	31,323	14,929	338,610	229,407

*Excludes IBNR Claims & Co Insurance Claims

6. Claims Settled and remaining unpaid for a period of more than six months:

Class of Business	<i>(Amount in Rs. '000s)</i>	
	As at 31.03.14	As at 31.03.13
Miscellaneous	Nil	Nil

7. (a) Premium less reinsurance written during the year :

Class of Business	<i>(Amount in Rs. '000s)</i>			
	In India		Outside India	
	Year ended 31.03.14	Year ended 31.03.13	Year ended 31.03.14	Year ended 31.03.12
Miscellaneous	6,506,249	5,261,762	Nil	Nil

(b) No premium income is recognized on "varying risk pattern" basis.

8. Extent of risk retained and reinsured:

Class of Business	Risk Retained		Risk Reinsured	
	Year ended 31.03.14	Year ended 31.03.13	Year ended 31.03.14	Year ended 31.03.13
Miscellaneous	94%	85%	6%	15%

9. Value of Contracts in relation to Investments:

Particulars	<i>(Amount in Rs. '000s)</i>	
	As at 31.03.14	As at 31.03.13
Purchase where deliveries are pending	Nil	Nil
Sales where payments are overdue	Nil	Nil

10. All the investments held by the Company are performing assets.

11. The Company does not have any investment property as at 31 March 2014.

12. The investments as at year-end have not been allocated to Policy Holders & Shareholders accounts since the same are not earmarked separately.

13. The historical cost of investments in mutual funds which have been valued on fair value basis is Rs. 546,770 thousand (previous year Rs. 215,220 thousand).



14. Investments made pursuant to section 7 of Insurance Act, 1938, are as follows:

Particulars	(Amount in Rs. '000s)	
	As at 31.03.14	As at 31.03.13
6.25% GOI CDSS 02-01-2018	76,738	75,871
6.01% GOI CDSS 25-03-2028	5,521	5,451
6.17% GOI CDSS 12-06-2023	15,021	14,860
7.95% GOI CDSS 28-08-2032	19,523	19,497
8.20% GOI CDSS 15-02-2022	2,004	2,005
8.33% GOI CDSS 07-06-2036	999	999
	119,806	118,683

These investments are in the constituent subsidiary general ledger account with Axis Bank Limited.

15. Details of Managerial Remuneration as per terms of appointment are as under:

Particulars	(Amount in Rs. '000s)	
	Year ended 31.03.2014	Year ended 31.03.2013
Salaries and allowances	24,987	19,823
Contribution to Provident Funds	796	750
Perquisites	3,105	2,344
Total	28,888	22,917

Expenses towards gratuity provision are determined actuarially on an overall basis annually and accordingly have not been considered in the above information.

The Company has applied for the approval of Insurance Regulatory and Development Authority (IRDA) for the Managerial remuneration paid to Mr. Antony Jacob, the Chief Executive officer and Whole time Director of the Company as per the requirement of Sec 34A of the Insurance Act, 1938. The said IRDA approval is awaited. Basis the approval received for previous year 2012-13 Rs. 15,000 thousands (Previous Year Rs. 15,000) is charged to Revenue Account, and remaining Rs. 9,077 thousands (Previous Year Rs. 3088 thousands) is charged to Profit and Loss Account.

16. Operating Lease (Non-Cancelable)

The Company has entered into operating lease agreements for office premises at different locations. The break-up of future minimum lease rentals to be paid towards non-cancellable lease arrangements is as follows:

Particulars	(Amount in Rs. '000s)	
	As at 31.03.14	As at 31.03.13
Payable not later than one year		99



Payable later than one year but not later than five years	-	-
Payable later than five years	-	-
Total	<u>-</u>	<u>99</u>

Aggregate lease rentals charged to Revenue Accounts is Rs. 96,186 thousand (Previous Year Rs. 84,021 thousand).

17. Related Parties & Transactions

Relationship	Names of the Related party
Holding Company	Apollo Energy Company Limited
Associates	<p>A. Enterprise Under Common Control</p> <p>Apollo Gleneagales Hospitals Limited Indraprastha Medical Corporation Limited Apollo Hospital International Limited Apollo Health and Lifestyle Limited Imperial Hospital and Research Centre Limited Munchener Ruckversicherung Gesellschaft Quintiles Phase One Clinical Trials Private Limited Samudra Healthcare Enterprises Limited</p> <p>B. Enterprise over which Key Managerial Personnel are able to exercise Significant Control</p> <p>Lifetime Wellness Rx International Limited Family Health Plan Limited Apollo Reach Hospital Enterprise Limited Faber Sindoori Management Services Private Limited Indo-German Chamber of Commerce Dishnet Wireless Limited Emed Life Insurance Broking Services Limited Health Net Global Private Limited HDFC Ergo General Insurance Company Limited Keimed Limited P. Obul Reddy & Sons Medversity Online Limited, Hyderabad Aargonda Apollo Medical & Educational Research Foundation Apollo Health Resources Limited Associated Electrical Agencies Indian Hospitex Private Limited Apex Agencies</p>
Joint Venture partners	Apollo Hospitals Enterprise Limited Munich Health Holding AG
Key management personnel	Ms Shobana Kamineni, Whole Time Director Mr. Antony Jacob, Whole Time Director and CEO



Details of transactions with related parties and balances at year ending 31.03.14 are as follows:

(Amount in Rs '000s)

Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
A. Transactions during the year	38	41	806,970	787,285	60,298	33,105	867,306	820,431
Premium Income	-	-	1,309	537	-	-	1,309	537
Apollo Health & Lifestyle Limited	-	-	754,431	769,901	-	-	754,431	769,901
HDFC Ergo General Insurance Co. Ltd.	-	-	4,632	3,802	-	-	4,632	3,802
Imperial Hospital & Research Centre Limited	-	-	4,337	3,480	-	-	4,337	3,480
Family Health Plan Limited	-	-	111	98	-	-	111	98
Apex Agencies	-	-	1,569	898	-	-	1,569	898
Apollo Health Resources Limited	-	-	-	-	60,298	33,105	60,298	33,105
Apollo Hospitals Enterprise Limited	-	-	4,941	4,709	-	-	4,941	4,709
Apollo Hospitals International Limited	-	-	170	145	-	-	170	145
Associated Electrical Agencies	-	-	1,265	2,557	-	-	1,265	2,557
Faber Sindoori Management Services Private Limited	-	-	30,578	(2,197)	-	-	30,578	(2,197)
Indraprastha Medical Corporation Limited	-	-	1,299	1,561	-	-	1,299	1,561
Keimed Private Limited	-	-	559	281	-	-	559	281
Lifetime Wellness Rx International Limited	-	-	11	-	-	-	11	-
Apollo Gleneagles Hospital Limited	-	-	363	401	-	-	363	401
Apollo Reach Hospitals Enterprises Limited	-	-	-	-	-	-	-	-
Ms Shobana Kamineni	2	-	-	-	-	-	2	-
Mr. Antony Jacob	36	41	-	-	-	-	36	41
P. Obul Reddy & Sons	-	-	192	-	-	-	192	-
Medversity Online Limited, Hyderabad	-	-	1,228	-	-	-	1,228	-
Indian Hospitex Private Limited	-	-	(1)	740	-	-	(1)	740
Healthnet Global Limited	-	-	-	114	-	-	-	114
Quintiles Phase One Clinical Trials India Private Limited	-	-	(24)	258	-	-	(24)	258



Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total
	2014	2013	2014	2013	2014	2013	
Claim Payments			405,391	288,885	121,066	108,007	396,892
HDFC Ergo General Insurance Co. Limited	-	-	253,291	138,232	-	-	138,232
Imperial Hospital & Research Centre Limited	-	-	30,348	28,193	-	-	28,193
Family Health Plan Limited	-	-	14,319	40,987	-	-	40,987
Apollo Health Resources Limited	-	-	102	-	-	-	-
Apollo Hospitals Enterprise Limited	-	-	-	-	121,066	108,007	108,007
Apollo Hospitals International Limited	-	-	10,856	6,158	-	-	6,158
Faber Sindoori Management Services Private Limited	-	-	407	163	-	-	163
Indraprastha Medical Corporation Limited	-	-	70,600	54,170	-	-	54,170
Keimed Private Limited	-	-	182	200	-	-	200
Apollo Gleneagles Hospital Limited	-	-	23,302	19,308	-	-	23,302
Apollo Reach Hospitals Enterprises Limited	-	-	52	291	-	-	291
Aragonda Apollo Medical & Educational Research Foundation	-	-	159	122	-	-	159
Samudra Healthcare Enterprises Limited	-	-	1,771	1,031	-	-	1,031
Indian Hospitex Private Limited	-	-	2	30	-	-	2
TPA Fees			162,273	178,018			178,018
HDFC Ergo General Insurance Co. Limited	-	-	37,574	38,432	-	-	38,432
Family Health Plan Limited	-	-	124,699	139,586	-	-	139,586
Management Expenses			279,895	307,408			307,408
HDFC Ergo General Insurance Co. Limited	-	-	279,895	307,408	-	-	307,408
Premium on Cession to reinsurers				(2)			(2)
Munchener Ruckversicherung Gesellschaft	-	-	-	(2)	-	-	(2)
Reinsurance Commission Earned				27			27
Munchener Ruckversicherung Gesellschaft	-	-	-	27	-	-	27
Losses recovered from Reinsurers			139	654			654
Munchener Ruckversicherung Gesellschaft	-	-	139	654	-	-	654



Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total
	2014	2013	2014	2013	2014	2013	
Remuneration to Key Managerial Personnel	28,888	22,917	-	-	-	-	22,917
Ms Shobana Kamineni	4,811	4,829	-	-	-	-	4,829
Mr. Antony Jacob	24,077	18,088	-	-	-	-	18,088
Services Availed	-	-	32,004	31,348	1,045	-	31,348
Apollo Health & Lifestyle Limited	-	-	3,806	1,080	-	-	3,806
Imperial Hospital & Research Centre Limited	-	-	5,974	7,250	-	-	7,250
Indo-German Chamber of Commerce	-	-	364	1,153	-	-	364
Emed Life Insurance Broking Services Limited	-	-	12,976	7,500	-	-	12,976
Apollo Hospitals Enterprise Limited	-	-	-	-	1,045	-	1,045
Indraprastha Medical Corporation Limited	-	-	-	45	-	-	45
Lifetime Wellness RX International Limited	-	-	792	5,231	-	-	792
Dishnet Wireless Limited	-	-	6,092	6,089	-	-	6,092
Healthnet Global Limited	-	-	2,000	3,000	-	-	2,000
B. Outstanding balances at the year end	-	-	25,670	16,660	-	-	16,660
Balances payable as on Balance sheet date	-	-	25,670	16,660	-	-	16,660
Family Health Plan Limited	-	-	25,596	16,579	-	-	16,579
Emed Life Insurance Broking Services Limited	-	-	74	81	-	-	81
Balances receivable as on Balance sheet date	-	-	34,065	25,628	-	-	25,628
HDFC Ergo General Insurance Co. Limited	-	-	34,059	25,309	-	-	25,309
Munchener Ruckversicherung Gesellschaft	-	-	6	319	-	-	319

* Associates include Enterprise under Common Control and Enterprises over which Key Management Personnel are able to exercise significant influence.



18. Segment Information

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. The operating expenses and investment and other income have been allocated to various segments as per accounting policies disclosed above. Segment revenue and segment results have been incorporated in the financial statements. However, due to the nature of the business, segment assets and liabilities have been allocated to the various segments to the extent possible. There are no reportable geographical segments during the year. Financial information about the business segment is given below:

(Amount in Rs '000s)

Particulars	Year ended 31.03.14			
	Health	Personal accident	Others	Total
Segmental Revenue	5,455,056	190,739	60,744	5,706,539
Segmental Result	(671,059)	79,252	12,304	(579,503)
Segmental Liabilities				
Claims Outstanding (Net)	506,257	24,070	19,576	549,903
Unexpired risk reserve (Net)	4,124,654	69,739	7,332	4,201,725
Premium received in advance	33,592	11,433	3,569	48,594
Segment Assets				
Outstanding Premium	53,263	-	-	53,263

(Amount in Rs '000s)

Particulars	Year ended 31.03.13			
	Health	Personal accident	Others	Total
Segmental Revenue	4,474,898	131,167	44,233	4,650,298
Segmental Result	(350,924)	51,521	15,318	(284,085)
Segmental Liabilities				
Claims Outstanding (Net)	363,243	20,351	19,815	403,409
Unexpired risk reserve (Net)	3,073,196	47,631	8,688	3,129,515
Premium received in advance	21,617	7,412	1,966	30,995
Segment Assets				
Outstanding Premium	226,556	-	-	226,556



19. (a) Defined Contribution Plan

The Company has recognized following amounts towards defined contribution plans as expenses in the Revenue Account:

Particulars	(Amount in Rs '000s)	
	Year ended 31.03.2014	Year ended 31.03.2013
Provident Fund	28,146	24,129
Employee State Insurance	772	928
National Pension Scheme	1,866	1,410

(b) Gratuity Plan

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of actuarial valuation as per the projected unit credit method. The gratuity plan has been funded through a policy taken from LIC of India and Kotak Mahindra Life Insurance Co Limited. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

i. Assumptions Used:

Particulars	31.03.2014	31.03.2013
Mortality	LIC (1994-96) Ult.	LIC (1994-96) Ult.
Discount Rate	9.14%	8.50%
Rate of increase in compensation	10%	10%
Withdrawal rate	15%	8%

ii. Changes in benefit obligations:

Particulars	(Amount in Rs '000s)	
	31.03.2014	31.03.2013
Present value of obligations at the beginning of Year	28,179	15,567
Interest cost	2,395	1,226
Current Service Cost	13,012	11,059
Past Service Cost	-	-
Benefits Paid	(2,255)	(466)
Actuarial (gain)/loss on obligation	(7,650)	793
Present value of obligations at end of period	33,681	28,179



iii. Fair Value of Plan Assets:

Particulars	(Amount in Rs '000s)	
	31.03.2014	31.03.2013
Fair Value of Planned Assets at beginning of Year	30,506	19,852
Adjustments to Opening Balance	-	(99)
Contributions	5,845	9,042
Expected Return on Planned Assets	2,898	2,284
Benefits Paid	(2,255)	(466)
Actuarial Gain/(Loss) on Planned Assets	(246)	(107)
Fair Value of Planned Assets at end of year	36,748	30,506

iv. Amounts recognized in Profit & Loss Account:

Particulars	(Amount in Rs '000s)	
	31.03.2014	31.03.2013
Current Service Cost	13,012	11,059
Interest Cost	2,395	1,227
Past Service Cost(vested benefits)	-	-
Unrecognized Past Service Cost – Non-vested benefits	-	-
Expected Return on Plan Assets	(2,898)	(2,284)
Net Actuarial (Gain)/loss recognized for the year	(7,404)	900
Amount recognized in Profit & loss Account	5,105	10,902

v. Amounts recognized in Balance Sheet:

Particulars	(Amount in Rs '000s)	
	As at 31.03.2014	As at 31.03.2013
Present value of obligations at end of Year	33,681	28,179
Fair Value of Plan Assets at end of period	36,748	30,506
Funded Status	3,067	2,327
Unrecognized Past Service Cost – Non-vested benefits	-	-
Net Asset/(Liability) recognized in the balance sheet	3,067	2,327



vi. Balance Sheet Reconciliation :

Particulars	(Amount in Rs '000s)	
	Year ended 31.03.2014	Year ended 31.03.2013
Opening Net Liability/(Asset)	(2,327)	(4,285)
Adjustment to Opening Balance	-	99
Expenses as above	5,105	10,902
Contribution Paid	(5,845)	(9,043)
Closing Net Liability/(Asset)	(3067)	(2,327)

Note: As the Gratuity Fund is managed by Life Insurance Corporation of India (LIC) and Kotak Mahindra Life Insurance Co. Limited details of investments are not available with the Company.

20. The Company has carried out its deferred tax computation in accordance with the mandatory Accounting Standard, AS 22 - 'Taxes on Income' issued by the Institute of Chartered Accountants of India. There has been a net deferred tax asset amounting to Rs. 1,200,841 thousand (Previous Year Rs. 1,032,820 thousand) on account of accumulated losses, unabsorbed depreciation and other components. The Company has performed reassessment of the deferred tax assets after considering the current year's taxable income as well as Company's ability to generate sufficient taxable income in the future. The deferred tax asset has been created on the Company's eligible tax losses to the extent that there is a virtual certainty supported by convincing evidence from the management about the availability of sufficient future taxable income against which such deferred tax can be realized. The amount of deferred tax asset recognized in books of account is NIL (Previous Year Rs 149,806 thousand).

21. Employee Stock Options

The Company has introduced "Employees Stock Option Plan-2011 (ESOP 2011)" in the financial year 2012-13 effective from 1 April 2012. Under the ESOP 2011, the Company has given options to eligible employees to acquire equity shares in the Company. Each option entitles the eligible employee to acquire one equity share (face value of Rs. 10 each) in the Company.

The options are being granted at Rs. 10 per option. The options will vest over a period of 2 to 4 years from the date of grant and are exercisable over a period of 5 years from the respective date of vesting.

Vesting Percentage	Vesting Period
25%	2 years after the date of grant
25%	3 years after the date of grant
50%	4 years after the date of grant

The Company has adopted intrinsic value method for computing the compensation cost of options granted. As the exercise price is more than the fair value of shares on the date of grant, the value of options is Nil and hence no compensation cost is recognized in the books.

Had the Company followed fair value method (Black Scholes Method) for valuing the stock options, the compensation cost and charges to the profit and Loss account for the year ended 31 March, 2014 would have been higher by Rs. 336 thousands (previous year Rs 493 thousands). Consequently the Company's basic earnings per share would have been Rs. -1.14 and diluted earnings per share would have been -1.08.

The Key assumptions used to estimate the fair value of options granted during the year ended 31 March 2014 are as under:



- a) Risk- Free Rates are derived from the G Sec of applicable maturity.
b) Volatility is based on average of last 5 years data of BSE and NSE indices.
c) Dividend Yield is assumed to be Zero.

Movements in the Options under ESOP 2011

Particulars	As at 31 March 2014	As at 31 March 2013
Outstanding at the beginning of the year - As at 1 April 2013	12,50,000	-
Add: Granted during the year	-	1,270,000
Less: Forfeited / lapsed during the year	1,15,000	20,000
Less: Exercised during the year	-	-
Outstanding at the end of the year	11,35,000	1,250,000
Exercisable at the end of the year	-	-

22. Basic earnings per equity share have been computed by dividing net profit (loss) after tax by the weighted average number of equity shares outstanding for the year.

Particulars	Units	Year ended 31.03.2014	Year ended 31.03.2013
a. Net profit/(loss) after tax	Rs In '000s	(369,668)	51,003
b. Weighted average number of equity shares used in computing basic earnings per share	No. of shares in '000s	324,772	290,374
c. Basic earnings per share (a/b)	Rs.	(1.14)	0.18
d. Weighted average number of potential equity shares	No. of shares in ,000s	1,225	1,266
e. Diluted earnings per share(a/{b + d})	Rs.	(1.07)	0.17

23. Expenses relating to outsourcing, business development and marketing support are given below:

Operating expenses	(Amount in '000s)	
	Year ended 31.03.14	Year ended 31.03.13
Outsourcing Expenses	405,333	480,769
Marketing Support	66,860	98,424
Business Promotion	302,470	220,073
Total	774,663	799,266



24. Sector Wise Business

Disclosure of sector-wise business based on gross direct written premium (GWP) is as under:

Business Sector	Year ended 31.03.14			Year ended 31.03.13		
	GWP Rs.'000s	No. of Lives	% of GWP	GWP Rs.'000s	No. of Lives	% of GWP
Rural	385,596	244,923	5.57%	536,038	696,423	8.65%
Social	75,211	155,748	1.09%	355,906	1,116,553	5.74%
Urban	6,463,896	2,803,387	93.34%	5,307,918	383,249	85.61%
Total	6,924,703	3,204,058	100%	6,199,862	2,196,225	100%

25. Disclosure of Fire and Marine Revenue accounts:

As the Company operates in single insurance business class viz. Miscellaneous Insurance Business, the reporting requirements as prescribed by IRDA with respect to presentation of Fire and Marine Insurance revenue accounts are not applicable.

26. There are no dues outstanding for more than 45 days during the year which are payable to Micro, Small and Medium Enterprises. This information pursuant to the provisions of Micro, Small and Medium Enterprises Development Act, 2006 is determined to the extent such parties have been identified on the basis of information available with the Company.

27. Summary of Financial Statements is provided as under:

(Amount in Rs '000s)

S. No.	Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Operating Results:						
1	Gross Premium Written	6,925,813	6,200,450	4,758,505	2,834,625	1,146,691
2	Net Earned Premium Income	5,434,039	4,421,296	3,008,239	1,487,390	699,577
3	Income from Investments (net)	272,500	229,002	148,036	66,964	30,017
4	Other Income	-	-	-	-	-
5	Total Income	5,706,539	4,650,298	3,156,275	1,554,355	729,594
6	Commission (Net of Reinsurance)	638,720	422,907	281,339	177,424	105,635
7	Brokerage	145,082	95,808	79,293	53,417	52,158
8	Operating Expenses	2,082,962	1,891,723	1,741,095	1,332,592	



(Amount in Rs '000s)

S. No.	Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
9	Claims Incurred	3,564,360	2,619,753	1,750,890	921,536	597,360
10	Operating Profit/Loss	(579,503)	(284,085)	(617,049)	(877,198)	(956,441)
11	Total Income under Shareholders Account	210,132	185,595	142,917	82,868	59,464
12	Profit /(Loss) before tax	(369,371)	(98,490)	(474,132)	(794,330)	(896,978)
13	Provision for Tax	(297)	149,493*	(140)	(84)	(4)
14	Profit/(Loss) after tax	(369,668)	51,003	(474,272)	(794,414)	(896,981)
Miscellaneous:						
Policy holders' Account:						
15	Total Fund					
	Total Investments					
	Yield on Investments					
Shareholders' Account:						
16	Total Fund					
	Total Investments					
	Yield on investments					
17	Paid Up Equity Capital	3,309,800	3,089,800	2,546,500	1,962,000	1,292,999
18	Net Worth	2,264,159	2,303,827	1,436,324	1,050,696	895,438
19	Total Assets	8,169,781	6,692,876	5,036,028	3,600,011	1,914,206
20	Yield on total investments	9.29%	9.13%	8.76%	8.20%	8.82%
21	Earnings Per Share (Rs.)	(1.14)	0.18	(2.29)	(5.66)	(8.11)
22	Book value per Share(Rs.)	6.84	7.46	5.64	5.36	6.80
23	Total Dividend	NII	NII	NII	NII	NII
24	Dividend Per share	NII	NII	NII	NII	NII

* Includes Deferred Tax Asset, Refer Note 20.



28. Accounting Ratios is provided as under:

Performance Ratios	2013-2014 (in %/times)	2012-2013 (in %/times)
Gross Direct Premium Growth Rate (Gross premium for the current year divided by the gross premium for the previous year)	12%	30%
Gross Direct Premium to Net Worth Ratio (Gross premium for the current year divided by paid up capital plus free reserves)	3.06	2.69
Growth Rate of Net Worth (Shareholders' funds as at the current balance sheet date divided by shareholders' funds as at the previous balance sheet date)	(2%)	60%
Net Retention Ratio (Net premium divided by gross premium including RI acceptance)	94%	85%
Net Commission Ratio (Commission net of reinsurance for a class of business divided by net premium)	9.82%	8.04%
Expenses of Management to Gross Direct Premium (Expenses of management plus commission paid divided by the total gross direct premium)	41%	39%
Expenses of management to Net Written Premium Ratio (Expenses of management plus Direct Commission Paid divided by the NWP)	43%	46%
Net Incurred Claims to Net Earned Premium	66%	59%
Combined Ratio (Net Incurred claims divided by NEP plus Expense of management (including Net Commission) divided by NWP)	107%	103%
Technical Reserves to Net Premium Ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	0.87	0.80
Underwriting Balance Ratio (Underwriting profit divided by net premium for the respective class of business)	(0.16)	(0.12)
Operating Profit Ratio (Underwriting profit plus investment income divided by net premium)	(11%)	(6%)
Liquid Assets to Liability Ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.58	0.52
Net Earnings Ratio (Profit after tax divided by net premium)	(6%)	1%



Performance Ratios	2013-2014 (in %/times)	2012-2013 (in %/times)
Return on Net Worth (Profit after tax divided by net worth)	(16%)	(4%)
Available Solvency Margin to Required Solvency Margin Ratio	1.84	1.77
NPA Ratio	-	-

29. Penal actions taken by various Government Authorities for the year 2013-14.

Authority	(Amount in '000s)			
	Non -Compliance / Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
Insurance Regulatory and Development Authority	Nil	Nil	Nil	Nil
Service Tax Authorities	Nil	Nil	Nil	Nil
Income Tax Authorities	Nil	Nil	Nil	Nil
Any other Tax Authorities	Nil	Nil	Nil	Nil
Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
Registrar of Companies / NCLT / CLB / Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	Nil	Nil	Nil
Penalty awarded by any Court / Tribunal for any matter including claim Settlement but excluding Compensation	Nil	Nil	Nil	Nil
Securities & Exchange Board of India	Nil	Nil	Nil	Nil
Competition Commission of India	Nil	Nil	Nil	Nil
Any other Central/ State / Local Government / Statutory Authority	Nil	Nil	Nil	Nil

30. The Company had received exemption from IRDA under the provisions of Sec 40 C (1) of the Insurance Act, 1938 read with rule 17 E of the Insurance Rules, 1939. The Exemption was valid for a period of 5 financial years starting from FY 2008-09 to FY 2012-13. The Company has applied for the waiver of requirement of under Section 40 C (1) of Insurance Act, 1938 read with rule 17E of the Insurance Rules 1939 for the current year, the approval for which is awaited.




31. Statement showing the age-wise analysis of the unclaimed amount of Policyholders as on 31 March 2014:


Particulars	Total amount	Age-wise Analysis (Amount in '000s)						
		1-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	Beyond 36 months
Claims settled but not paid to the policyholders/ insured's due to any reasons except under litigation from the insured/ policyholders	-	-	-	-	-	-	-	-
Sum due to the insured/ policyholders on maturity or otherwise	Not applicable being non-life insurance Company							
Any excess collection of the premium/ tax or any other charges which is refundable to policyholders either as per terms of conditions of policy or as per law or as may be directed by the Authority but not refunded so far	2,187	1,859	154	149	25	-	-	-
Cheques issued but not encashed by the policyholder/ insured	54,290	29,908	4,834	5,406	3,507	2,783	2,585	5,267

32. Previous year figures have been reclassified wherever necessary.

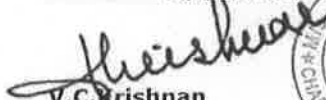
As per our report of even date


For S. N. Dhawan & Co.
Chartered Accountants


Rajeev K Saxena
Partner
Membership No. 77974




For S Viswanathan
Chartered Accountants


V.C. Krishnan
Partner
Membership No. 22167





For and on behalf of the Board of Directors


Dr. Prathap C Reddy
Chairman


Wolfgang Diels
Director


Srikanth Kandikonda
Chief Financial Officer
& Company secretary


Shobana Kamineni
Whole Time Director


Antony Jacob
Whole Time Director &
Chief Executive Officer

Place: GURGAON
Date: 08-05-2014

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED

MANAGEMENT REPORT

In accordance with Part IV of Schedule B of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the following report is submitted by the Management for the year ended 31 March 2014:

1. It is confirmed that the registration granted by the Insurance Regulatory and Development Authority (IRDA) has been renewed and the same is valid up to 31 March 2015.
2. It is certified that all the dues payable to the statutory authorities up to 31 March 2014 has been duly paid.
3. It is confirmed that the shareholding pattern and transfer of shares affected during the year is in accordance with the statutory and regulatory requirements.
4. It is declared that the management has not directly or indirectly invested outside India, the funds of the holders of policies issued in India.
5. The required solvency margins under the Insurance Act, 1938, have been maintained.
6. It is certified that the values of all the assets have been reviewed on the date of Balance Sheet and in management's 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 heading – "Loans", "Investments", "Agents Balances", "Outstanding Premiums", "Interest, Dividend 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 several items specified under "Other Accounts".
7. The Company is exposed to a variety of risks associated with its insurance business and the investment portfolio. The Company maintains a diversified portfolio between the retail and group business. The Company follows a restrictive underwriting approach ensuring quality business and limits its exposure to certain market conditions. The investment portfolio is diversified within the limits set under IRDA regulations and internal rules of the Company. Major portion of investment funds were deployed in Govt. Securities, AAA and AA+ rated instruments and deposits with scheduled banks.

Operational risks are sought to be managed by a system of limits, internal controls, and segregation of duties, where ever feasible. The Company has engaged a chartered accountant firm to undertake the internal audit function. Internal controls, key operational risks and compliances are reviewed and audited on a regular basis. The Company has covered its risk exposure at the appropriate levels through adequate reinsurance programme.

8. It is confirmed that the Company do not have any operations outside India during the year ended 31 March 2014.



9. Ageing of claims outstanding and trends in settlement of claims in direct business are given below.

Days	As at 31 March 2014	
	No. of Claims	Amount (Rs.'000s)
30 Days	6,546	266,470
30 Days - 6 Months	3,520	72,140
6 Months - 1 Year	67	9637
1 Year - 5 Years	212	21,570
5 Years & above	2	115

Trends in Claim Settlement:

Particulars	2013-14	2012-13	2011-12	2010-11	2009-10
Overall Average Claims Settlement time	18 days	18 days	17 days	21 days	22days

10. As per the IRDA guidelines, all debt securities are considered as held to maturity and valued at historical cost subject to amortization. Further, the market value of debt securities as at 31 March 2014 has been calculated as per guidelines issued by Fixed Income Money Market & Derivatives Association (FIMMDA). The investments in the Mutual Funds are valued at the Net Asset Values (NAV) of these Mutual funds as on the Balance Sheet date. The Company does not have any exposure in stocks and shares.
11. The Company has Invested In approved Government securities, AAA or AA+ rated Debt securities, Bank Deposits, Mutual Funds and money market instruments. The primary objective is to generate optimum return while minimizing the risks. The Investments are planned based on the cash flow position and liquidity requirements of the Company. There was no delay in servicing of interest or repayment of principal amounts on the Investments. Considering the past track record, the Management is confident of maintaining the quality and performance of the Investments. All the investments of the Company are performing assets as on 31 March 2014.
12. The details of payments made to entities in which directors are interested are given below:-

Name of the Entity	Nature of Transaction	(Amount in Rs. '000s)	
		2013-14	2012-13
Apollo Gleneagles Hospitals Limited	Claim payments	23,302	19,308
Apollo Hospitals Enterprise Limited	Claim payments	121,066	108,007
Apollo Hospitals International Limited	Claim payments	10,856	6,158
Emed Life Insurance Broking Services Limited	Payment for services rendered	12,976	7,500



Family Health Plan Limited	Claim payments	14,319	40,987
	TPA Fees	124,699	139,586
Indraprastha Medical Corporation Limited	Claim payments	70,600	54,170
	Payment for services rendered	-	45
Lifetime Wellness Rx International Limited	Payment for services rendered	792	5,231
Munchener Ruckversicherung Gesellschaft	Payment on Re-Insurance balances (net)	139	656
Health Net Global Pvt Limited	Payment for services rendered	2,000	3,000
Apollo Health and Lifestyle Ltd.	Claims Payments	-	-
	Payment for services rendered	3,806	1,080
Apollo Reach Hospital Enterprise Limited	Claim Payments	52	291
Dishnet Wireless Limited	Payment for services rendered	6,092	6,089
HDFC ERGO General Insurance Co Limited	Claim Payments	253,291	138,232
	TPA Fees	37,574	38,432
	Management Expenses	279,895	307,408
Indo-German Chamber of Commerce	Payment for services rendered	364	1,153
Aaragonda Apollo Medical & Educational Research Foundation	Claim Payments	159	122
Samudra Healthcare Enterprise Limited	Claim Payments	1,771	1,031
Faber Sindoori Management Services Private Limited	Claim Payments	407	163
Imperial Hospital And Research Centre Ltd	Claim payments	30,348	28,193
	Payment for services rendered	5,974	7,250
Indian Hospitex Pvt Ltd		2	30



13. It is hereby confirmed that:

- a. In the preparation of the financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures, if any.
- b. The management 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 at the end of financial year and of the operating profit or loss and of the profit or loss of the Company for the year.
- c. The management 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), and The Companies Act, 1956, (1 of 1956) for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The management has prepared the financial statements on a going concern basis.
- e. The management has ensured that the internal audit system commensurate with the size and nature of business and is operating effectively.

For and on behalf of the Board of Directors**Dr. Prathap C Reddy**
Chairman**Antony Jacob**
Whole Time Director &
Chief Executive Officer**Shobana Kamineni**
Whole Time Director**Srikanth Kandikonda**
Chief Financial Officer
& Company Secretary**Wolfgang Diels**
Director

Place: GURGAON

Date: 08-05-2014



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
APOLLO HOSPITALS COMPLEX, JUBILEE HILLS, HYDERABAD-500033
 Additional information as per Part IV of schedule VI to the Companies Act, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

Balance Sheet Date State Code
 Date Month Year

Capital Raised during the year (Amount in Rs.Thousands)

Public Issue Right Issue

Bonus Issue Private Placement

II. Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities Total Assets

Source of Funds

Paid up Capital Reserves & Surplus
 (Includes Fair value change account)

Secured Loans Unsecured Loans

Deferred Liability

Applications of Funds

Net Fixed Assets Investments

Net Current Assets Misc. Expenditure

Accumulated Losses

III. Performance of the Company (Amount in Rs.Thousands)

Turnover Total Expenditure
 (Net earned Premium, income from investments and other incomes)

Loss Before Tax Loss After Tax

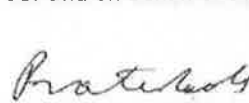
Earnings per share Rs. Dividend Rate %


IV. Generic Names of Three Principal Products / Services of Company (as per monetary Terms)

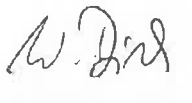
Item Code No.
 (ITC code)


Service Description

For and on behalf of the Board of Directors


Dr. Prathap C Reddy
 Chairman


Shobana Kamineni
 Whole Time Director


Wolfgang Diels
 Director


Antony Jacob
 Whole Time Director &
 Chief Executive Officer


Srikanth Kandikonda
 Chief Financial Officer
 & Company Secretary



Place : GURGAON
 Date : 05-05-2014