



**Apollo Munich Health
Insurance Company Limited**

9TH Annual Report

2014-15

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Corporate Information

Board of Directors

Dr. Prathap C Reddy
Ms. Sobhana Kamineni
Ms. Suneeta Reddy
Mr. Antony Jacob
Mr. Bhaskara Nageswararao Mandavilli
Mr. Bernhard Alfons Steinrucke
Ms. Doris Sophia Hoepke
Mr. Andrew Kielty

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 – 500033
IRDA Registration No: 131
CIN No: U66030AP2006PLC051760
Tel No: 0124 – 4584333, Fax: 0124 – 4584111
Website: www.apollomunichinsurance.com

Corporate Office:

1st Floor, SCF – 19,
Sector 14, Gurgaon
Haryana

APOLLO MUNICH HEALTH INSURANCE CO LTD

Registered Office: Apollo Hospitals Complex, Jubilee Hills, Hyderabad– 500033

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the ninth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2015.

1. Industry Overview:

In the financial year 2014-15, the health insurance sector grew at 15.6%. The growth in the health segment is higher compared to the overall growth in the general insurance industry which was 9.4%. The health insurance segment recorded a GDP (Gross Direct Premium) of Rs 204.4 billion for the financial year 2014-15 (Rs 176.8 billion for 2013-14). The health insurance is the second largest segment after motor in the general insurance sector. The premium contribution from health segment was 24.1% (previous year 22.8%).

2. Financial Results:

Your Company completed its Eighth full year of operations in a challenging and competitive market. During the year under review, the Company achieved Gross Written Premium of INR 8.6 billion as compared to INR 6.9 billion in 2013-14, a growth of about 24 percent. The income from investments during the year was INR 596.6 Million as compared to INR 485.2 Million in 2013-14. The profit for the year was INR 6.6 Million in comparison to a loss of INR 369.7 Million during 2013-14. The total incurred claims during the year under review were INR 4.1 billion as compared to INR 3.6 billion in 2013-14.

3. Capital:

The expansion plans of the company were funded out of existing capital funds. The paid-up equity capital of your Company as on 31.03.2015 was at INR 3.5 billion.

4. 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.

5. IRDA Registration & approvals:

The Company has obtained a certificate of registration from Insurance Regulatory and Development Authority dated 03rd August, 2007 and holds a valid certificate of registration.

6. Deposits:

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

7. ISO Certification:

During financial year 2014-15, Apollo Munich retained ISO 9001:2008 certification after successfully completing the Periodic Audit -1 & Special Audit for change of address. The validity of the ISO 9001:2008 certificate issued to Apollo Munich is for 3 years ending in financial year 2016-17.

8 Underwriting and Portfolio Management:

The market continues to witness irrational and unsustainable pricing on group business. Apollo Munich remains committed to profitable business as the strategy and accordingly continues to exhibit underwriting and pricing discipline. This is reflected in the bottom-line performance of group business which is way better than the competition. On Retail business, Apollo Munich continues its focus on leveraging on technology for quality and consistent underwriting risk decisions. Its underwriting rule engine implemented earlier is monitored on regular basis and enhanced based on need.

9. 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.
- 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 hospitalization coverage for diabetes and hypertension

In the travel insurance segment, 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.

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 products "Optima Vital", a critical illness plan designed to offer lump sum payout in case an individual gets diagnosed with one of the 37 critical illnesses covered under this policy and "Optima Super" an indemnity based aggregate top up plan to provide coverage in case of catastrophes with an option to convert the top up plan into a regular (nil deductible) health insurance plan.

This year has seen the launch of new bancassurance partnership with Indian Overseas bank and continuing partnership with Citibank & Canara Bank. A variety of product solutions using a combination of the retail and group plans have been provided based on partner requirements.

10. Office network:

The total number of offices of your company stands at 85, comprising of 7 territory offices in major cities, 77 spoke offices across the country, and one Central Processing centre. 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.

11. 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 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.

12. 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, 2015.

13. 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. The company embarked on many innovative measures including dedicated vertical for fraud and abuse management, Dengue helpline, Provider tariff re-negotiation, treatment packages for small and medium category providers, and Orange zones at selected Apollo hospital premises, which are expected to reduce the cost of claims in the next year.

14. 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, and Expert.

All recruitments have engrained CARE evaluations as a Gate. Aspiring recruits are evaluated on their perception of Customer service (internal & external) and a CARE SCORE helps the Company to adjudge a good cultural fit.

CARE Awards, CARE Stories, CARE Ambassadors, CARE Compliance in Processes, have been initiated all across the Company. The Company has also initiated a Project to look at how we can make our Customer Communication 'CARE Compliant'.

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.

15. 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:

- Cross/ Upsell feature launched on Buy online portals - Personnel Accident, Critical Illness Rider and increase in sum insured.
- Partner integrations successfully launched.
- The data center was relocated successfully to a colocation center in Noida with no business impact.
- Core policy system administration upgraded and risk mitigated with respect end of life system.
- Launch of Mobility (Tablet) application for advisors which will result into instant policy issuance for advisor's client.
- Core Policy Issuance System (Elixir) upgrade covering work flow Database and Operating System successfully implemented as part of major upgrade from compliance and software concurrency perspective.
- 100% availability of the core infrastructure other than planned downtime for Elixir upgrade during prime hours.

- Information security team conducted internal reviews with our Partners and suggested areas of improvement.

16. 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 has not taken excessive risk on its investment portfolio. The total investments of the Company as on 31st March, 2015 were INR 7.4 billion as against INR 6.5 billion at the end of the previous year, an increase in the investment portfolio of around 13.89 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 596.66 Million as against INR 485.20 Million in the previous year. The average yield on these investments during the year worked out to 9.27 percent as against 9.46 percent earned in the previous year.

17. 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.

18. 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.

19. Internal Financial Controls over Financial Statements

The Company's internal controls including process embedded controls over financial reporting and their periodic monitoring enable the Company to demonstrate that entries in its financial records are accurate, complete, timely, reliable and made in accordance with applicable regulations, statutes and generally accepted accounting principles.

The process related controls ensure that the Company's books, records, accounts and financial statements are maintained in reasonable detail and appropriately reflect the Company's transactions.

The Company deploys required resources and exercises management oversight to ensure that accounting policies are applied properly and consistently so as to ensure that the financial statements provide a true and fair view of the financial affairs of the Company.

The Company adopts appropriate levels of automation for transmission of data amongst various systems. The authorization of transactions recorded in various systems follow a defined delegation and segregation of duties.

Further, the Company has dedicated resources for identification and investigation of possible frauds. These operate to minimize possibility of frauds or errors in preparation of financial statements.

20. Risk Management Framework

The Company has a Risk Management Framework in place to ensure that the Company identifies, assesses, monitors and reports all material risks. The

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.

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.

The various risks are monitored by the Risk Management Committee on a regular basis. An update on Risk management framework is also reviewed by the Board at quarterly intervals.

21. Directors and Key Managerial Personnel:

The Board of Directors comprises of eight Directors including two Independent Directors as on 31.03.2015.

The Board on the recommendation of the Nomination and Remuneration Committee (NRC) had approved the Remuneration Policy for the Appointment and remuneration of Key managerial Personnel (KMP), C-Level Positions (CXO) and other employees of the Company "Remuneration Policy for Employees and Key Managerial Personnel". The remuneration policy for independent directors "Remuneration Policy for Independent Directors" has also been approved by the Board.

The objective of the Company's Remuneration Policy is ensure that the KMP's, CXO's and other employees of the Company are governed by the compensation criteria that foster meritocracy and right behaviors. The policy covers the principles pertaining to determining the qualifications, positive attributes, integrity and independence.

Mr. Roberto Leonardi and Mr. Wolfgang Diels, Director(s) of the Company, stepped down from the Board effective from 30th April 2014 and 31st December, 2014 respectively. Mr. Christian Schmid was inducted as director of the Company effective from 15th October 2014 and he stepped down from the Board effective from 21st January 2015. The Board places on record its sincere appreciation for the valuable contribution made by Mr. Roberto Leonardi, Mr. Wolfgang Diels and Mr. Christian Schmid, during their association with the Company.

Dr. Doris Sophia Hoepke and Mr. Andrew Kielty were inducted as directors of the Company effective from 22nd January, 2015.

In terms of Ministry of Company Affairs circular, Mr. MBN Rao and Mr. Bernhard Steinreucke have been appointed as independent directors for a tenure of 5 years upto October 2019.

Besides the above, there was no change in the directorship during the financial year 2014-15.

During the financial year 2014-15, Mr. Antony Jacob, CEO & Wholetime Director and Mr. Srikanth Kandikonda, CFO and Company Secretary of the Company were designated as Key Managerial Personnel of the Company with effect from 12.08.2014.

The Company has received requisite disclosures and undertakings from all the Directors in compliance with the provisions of the Companies Act, 2013 and the provisions of Corporate Governance guidelines notified by IRDA. The Independent Directors of the Company, Mr. MBN Rao and Mr. Bernhard Steinruecke have given a declaration that they meet the criteria of independence, as per the provisions of Companies Act, 2013. 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 152 of the Companies Act, 2013, 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.

22. Audit Committee:

The Company's Audit Committee currently comprises of three 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.

23. Directors' Responsibility Statement:

In accordance with the requirements of section 134 of the Companies Act, 2013, the Board of Directors hereby confirms the following:

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits of the Company for that period;
3. that they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that they have prepared the annual accounts on a going concern basis;
5. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively and
6. That they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

24. 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.

25. 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.

26 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 M/s. S. Viswanathan, Chartered Accountants as statutory auditors for the financial year 2015-16, till the conclusion of 10th Annual General Meeting of the Company and M/s. S.N. Dhawan & Co., Chartered Accountants as statutory auditors for the financial years 2015-16 and 2016-17, till the conclusion of 11th Annual General Meeting of the Company, subject to ratification at 10th Annual General meeting of the Company.

27. 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 the 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 caliber 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 100 best places to work for in 2015 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. This award has been conferred on your company five times in a row.

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No case has been reported during the year under review.

As required pursuant to the provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of the employees are set out in the Annexure to the Directors' Report. The Directors' Report is being sent to the shareholders excluding the Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

The head count of the Company was 1832 as on 31st March 2015.

28. 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. Nomination and Remuneration Committee has approved the earlier vesting of the last tranche. 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 2015
Options Outstanding at the beginning of the year	11,35,000
Add : Granted during the year	-
Less: Forfeited / lapsed during the year	25,000
Less: Exercised during the year	2,48,750
Options Outstanding at the end of the year	8,61,250
Options Exercisable at the end of the year	28,750

29. Awards and Recognitions:

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

- Model Insurer Award 2014 - Risk Management Category
- InfoSec Maestros Awards – 100 Top CISOs.
- Great Place to Work 2014
- Health Insurer of the year
- Product Innovation
- Innovation of the Year
- Health Insurance Provider
- Quality Management System Certificate (ISO 9001:2008) - PA1

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

Since the Company does not carry out any manufacturing activity, the provisions with respect to conservation of energy or technology absorption are not applicable to the Company.

The details of Foreign exchange earnings and outgo is hereunder:

Earning in Foreign Currency during 2014-15: Nil

Expenditure in Foreign Currency during 2014-15: INR 9.62 Million

31. Number of meetings of Board

During the year under review, the Board met four (4) times on May 8th, 2014, August 12th, 2014, November 4th, 2014 and January 30th, 2015.

The details of attendance of the Directors at the Board and other meetings are provided in the Corporate Governance Report.

32. Declaration by directors

The Company has received declarations from all Independent Directors confirming that they meet the criteria of independence as provided under sub-section 6 of Section 149 of the Act.

The Company has also received declarations from all Directors confirming that they are not disqualified from being appointed as directors under the provisions of Section 164 of the Act. Further, all the Directors have confirmed that they comply with the 'fit and proper' criteria prescribed under the Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India (IRDAI).

33. Directors comments on auditors report

Neither the Joint Statutory Auditors nor the Secretarial Auditor have made any qualification, reservation or adverse remark or disclaimer in their reports. The reports of the Secretarial Auditors and Joint Statutory Auditors are appended.

Further, during the year under review, the Joint Statutory Auditors have not come across and hence not reported any incident of material fraud to the Audit Committee of Directors.

34. Related party Transactions

Transactions / arrangements by the Company in its ordinary course of business with related parties primarily includes sale / purchase of insurance products, lease of properties, wherein premium / brokerage / commission is received / paid from / to related parties.

Audit Committee of Directors has given its in-principle approval to different types of related party transactions which are recurring in nature and in the ordinary course of business.

Related party transactions that were entered into during the year were in the ordinary course of business and on an arm's length basis. The details of transactions with related parties are placed before the Audit Committee at its quarterly meetings for ratification.

During the year under review, the Company did not enter into any transaction or arrangement with related parties, which were material or not at arm's length.

There were no materially significant transactions with the Directors, the Management, the Promoters or the relatives of the Directors that have a potential conflict with the interest of the Company at large. As per Accounting Standard (AS) 18 on 'Related Party Disclosures', the details of related party transactions entered into by the Company are included in the Notes to Accounts.

35. Material Changes and Commitments affecting the Financial Position

There were no material changes or commitments, affecting the financial position of the Company between March 31, 2015 and the date of this report.

Further, there are no significant or material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its operations in future.

36. Secretarial audit report.

In accordance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s K Phani & T Sriram, Practicing

Company Secretaries, for conducting Secretarial Audit of the Company for FY 2014-15.

The Secretarial Audit Report is appended

37. Extract of Annual Return

The extract of the Annual Return in prescribed form MGT- 9 is appended.

38. 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

Sd/-

**Place: Gurgaon
Date: 06.08.2015**

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

Form No. MR-3**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31/03/2015

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

To,
The Members,
M/s. Apollo Munich Health Insurance Company Limited
Apollo Hospitals Complex, 8-2-293/82/J III /DH /900
Jubilee Hills, Hyderabad.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Apollo Munich Health Insurance Company Limited. (Hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of M/s. Apollo Munich Health Insurance Company Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s. Apollo Munich Health Insurance Company Limited for the financial year ended on 31/03/2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992.

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client.

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009.

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(vi) Insurance Act, 1938 & Insurance Regulatory and Development Authority Rules & Regulations

Clauses V (a) to (h) stated above are not applicable to the company.

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

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable.

Clauses (i) to (ii) stated above are not applicable to the company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

The Company has exceeded the Expenses of Management limit prescribed under section 40C of Insurance Act, 1938. The Company has applied for the waiver of requirement under Section 40 C (1) of Insurance Act, 1938 read with rule 17E of the Insurance Rules 1939 for the financial year 2014-15, the approval for which is awaited.

We further report that

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

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

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

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

Sd/-

Signature:

Name of Company Secretary in practice / Firm: K Phani / T Sriram
ACS/FCS No. F5670 / A23349
C P No.: 4963 / 8825

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U66030AP2006PLC051760
2.	Registration Date	22.11.2006
3.	Name of the Company	APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
4.	Category/Sub-category of the Company	HEALTH INSURANCE
5.	Address of the Registered office & contact details	APOLLO HOSPITALS COMPLEX, 8-2-293/82/J III/DH/900, JUBILEE HILLS, HYDERABAD, ANDHRA PRADESH – 500033
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	HEALTH INSURANCE	6512	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Apollo Energy Company Ltd	U74899DL1996PLC077667	Holding Company	64.21	2(46)

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

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	500	500	0.00	-	500	500	0.00	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	246,435,721	246,435,721	74.46	-	259,935,721	259,935,721	74.48	0.02
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub total (A) (1)	-	246,436,221	246,436,221	74.46	-	259,936,221	259,936,221	74.43	0.03
(2) Foreign									
a) NRIs - Individual	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	84,543,779	84,543,779	25.54	-	89,043,779	89,043,779	25.50	-0.04
d) Banks/ FI.	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (2)	-	84,543,779	84,543,779	25.54	-	89,043,779	89,043,779	25.50	-0.04
Total Shareholding of Promoter A = (A)(1) + (A)(2)	-	330,980,000	330,980,000	100	-	348,980,000	348,980,000	99.93	-0.07

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01-April-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others Employees - ESOP	-	-	-	-	-	248,750	248,750	0.07	0.07
Sub-total (B)(2):-	-	-	-	-	-	248,750	248,750	0.07	0.07
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	248,750	248,750	0.07	0.07
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	330,980,000	330,980,000	100	-	349,228,750	349,228,750	100.00	-

B) Shareholding of Promoters-

S N	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Ms. Shobana Kamineni	100	0.00	0.00	100	0.00	0.00	-
2	Ms. Sangita Reddy	100	0.00	0.00	100	0.00	0.00	-
3	Apollo Energy Company Limited	212,575,721	64.23	0.00	224,226,721	64.21	0.00	(0.02)
4	Ms. Preetha Reddy	100	0.00	0.00	100	0.00	0.00	-
5	Ms. Suneeta Reddy	100	0.00	0.00	100	0.00	0.00	-
6	Mrs. Sucharita Reddy	100	0.00	0.00	100	0.00	0.00	-
7	Apollo Hospitals Enterprise Limited	33,860,000	10.23	0.00	35,709,000	10.22	0.00	(0.01)
8	Munich Health Holding AG	84,543,779	25.54	0.00	89,043,779	25.50	0.00	(0.04)

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

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	330,980,000	100	330,980,000	100.00
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease				
	12.05.2014 – Allotment of Shares to promoters	18,000,000	5.16	348,980,000	100.00
	01.09.2015 – Allotment of Shares to Employees under ESOP	248,750	0.07	349,228,750	99.93
	At the end of the year	348,980,000	99.93	349,228,750	99.93

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

SNO	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease				
	01.09.2015 - Allotment of Shares to Employees under ESOP				
1	Krishnan Ramachandran	36,875	0.011	36,875	0.011
2	K. Srikanth	36,875	0.011	36,875	0.011
3	Dr. Sriharsha Achar	28,750	0.008	28,750	0.008
4	Sanjay Manaktala	10,000	0.003	10,000	0.003
5	Suraj Mishra	10,000	0.003	10,000	0.003
6	Dr. Nandini Ali	10,000	0.003	10,000	0.003
7	Padmesh Nair	6,250	0.002	6,250	0.002
8	Dr. Bhabhatosh Mishra	6,250	0.002	6,250	0.002
9	Vishwanath Mahendra	6,250	0.002	6,250	0.002
10	Sachin Malhotra	6,250	0.002	6,250	0.002
	At the end of the year	157,500	0.045	157,500	0.045

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease				
1	Shobana Kamineni - Whole Time Director	100	0.000%	100	0.000%
2	Suneeta Reddy -Director	100	0.000%	100	0.000%
	01.09.2015 - Allotment of Shares to Employees under ESOP				
3	Antony Jacob (Chief executive officer and Whole time director)	55,000	0.016%	55,000	0.016%
4	K Srikanth - Chief financial officer and Company Secretary	36,875	0.011%	36,875	0.011%
	At the end of the year	92,075	0.026%	92,075	0.026%

V. INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Antony Jacob (CEO & WTD)	Shobana Kamineni (WTD)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,536,911	4,598,400	25,135,311
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	4,448,849	10,800	4,459,649
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others – Deferred incentives	1,272,710	-	1,272,710
	Total (A)	26,258,470	4,609,200	30,867,670
	Ceiling as per the Act	As per Note below		

Note – In terms of the provisions of Section 34A of the Insurance Act, 1938, the provisions relating to ceiling on managerial remuneration as prescribed under the Companies Act, shall not apply to any matter in respect of which the approval of IRDAI has been obtained. The appointment and remuneration of the CEO & Whole time directors was approved by IRDAI.

B. Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		M B N Rao	Bernhard Steinruecke	
1	Independent Directors			
	Fee for attending board committee meetings	4,20,000	4,20,000	8,40,000
	Commission	-	-	-
	Others	-	-	-
	Total (1)	4,20,000	4,20,000	8,40,000
2	Other Non-Executive Directors	-	-	-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	-	-	-
	Total Managerial Remuneration	4,20,000	4,20,000	8,40,000
	Overall Ceiling as per the Act	NA	NA	NA

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

SN	Particulars of Remuneration	Key Managerial Personnel
		Srikanth Kandikonda (CFO & CS)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	7,125,747
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	681,370
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
5	Others - Deferred Incentives	1,186,875
	Total	8,993,992

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

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 Executive Committee and 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 2015, 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 Companies Act, 2013 and 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	9
Shobana Kamineni	Executive	BA (Economics), MBA	Insurance and Health Care Industry	9
Suneeta Reddy	Non-executive	BA (Economics & Marketing), DFM-IFMR, OPM -Harvard Business School, Boston USA	Finance	9
Dr. Doris Sophia Hopke	Non-executive	Doctorate in law	Insurance	0
Andrew Kielty	Non-executive	MBA	Insurance	0
MBN Rao	Non-executive, Independent	B. SC (AG), ACIB (London), FIIB, DCS (Cambridge), IDCS (London)	Finance, Banking and Insurance	8
Bernhard Steinruecke	Non-executive, Independent	Degree in Law	Finance, Banking and Insurance	3
Antony Jacob	Executive	B.COM, ACA	Finance and Insurance	0

*Other directorships do not include alternate directorships, directorship held in foreign companies, private limited companies and companies under Section 8 of the Companies Act, 2013.

1.2 Tenure:

The Non-executive Directors (Excluding Independent 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 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 May 8th, 2014, August 12th, 2014, November 4th, 2014 and January 30th, 2015. The Board also met on May 12th, 2015 for approval of annual accounts of the Company for the financial year 2014-15. 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	4	NIL
Dr. Doris Sophia Hoepke *	1	1	NIL
Wolfgang Diels**	3	3	NIL
Andrew Kielty*	1	1	NIL
MBN Rao	4	4	2,40,000
Bernhard Steinruecke	4	4	2,40,000
Antony Jacob	4	4	NIL
Roberto Leonardi#	0	0	NIL
Mr. Christian Schmid##	1	1	NIL

*Appointed w.e.f. 22.01.2015

** Ceased w.e.f. 31.12.2014

Ceased w.e.f. 30.04.2014

##Appointed w.e.f. 15.10.2014 and ceased w.e.f. 21.01.2015

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 and Insurance laws & 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 necessary documents.

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
- Nomination and 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 177 of the Companies Act, 2013 and the corporate governance guidelines issued by IRDA.

Composition: The Audit Committee comprises of three (3) Directors with Independent Directors forming a majority. 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, remuneration and terms of reference of appointment of auditors of the Company.
- Review and monitor the auditor's independence and performance, and effectiveness of Audit.
- Examination of the financial statements and the auditor's report thereon.

- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Reviewing with the management, external and internal auditors, the adequacy of internal control system and risk management system.
- Monitoring the end use of funds raised through public offers and related matters.
- To review key transactions involving conflict of interest.

During the year under review, the Audit Committee met four (4) times on May 8th, 2014, August 12th, 2014, November 4th, 2014 and January 30th, 2015. 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	4	90,000
Bernhard Steinruecke	4	4	90,000
Shobana Kamineni [#]	2	2	NIL
Wolfgang Diels [*]	3	3	NIL
Andrew Kielty ^{**}	1	1	NIL

[#] Ceased w.e.f. 12.08.2014

^{*} Ceased w.e.f. 31.12.2014

^{**}Appointed w.e.f. 22.01.2015

[§]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 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 May 8th, 2014, August 12th, 2014, November 4th, 2014 and January 30th, 2015. 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	3	NIL
Wolfgang Diels*	3	3	NIL
Shobana Kamineni	4	4	NIL
Andrew Kielty**	1	1	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	4	NIL
Vishwanath Mahendra	4	4	NIL

* Ceased w.e.f. 31.12.2014

**Appointed w.e.f. 22.01.2015

[§]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 May 8th, 2014, August 12th, 2014, November 4th, 2014 and January 30th, 2015. 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*	3	3	NIL
Andrew Kielty**	1	1	NIL
Shobana Kamineni	4	4	NIL
Antony Jacob (WTD & CEO)	4	4	NIL

* Ceased w.e.f. 31.12.2014

**Appointed w.e.f. 22.01.2015

\$ 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 May 8th, 2014, August 12th, 2014, November 4th, 2014 and January 30th, 2015. 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*	3	3	NIL
Andrew Kielty**	1	1	NIL
R. Krishnan (Deputy CEO)	4	4	NIL

* Ceased w.e.f. 31.12.2014

**Appointed w.e.f. 22.01.2015

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

4.5 Nomination and Remuneration Committee:

The Company has set up a Nomination and 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 Nomination and 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 Nomination and 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 Nomination and Remuneration Committee inter-alia includes the following:

- To identify persons who are qualified to become directors and who may be appointed as whole-time directors / non-whole time directors in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Recommendation/approval of the remuneration and other terms of the compensation package for the senior management officials of the Company.
- 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.

The Nomination and Remuneration Committee and the Board of Directors in its meeting held on 12th August 2014 has approved the Remuneration Policy of the Company covering criteria for determining qualification, positive attributes, independence of a director and remuneration for the directors, key managerial personnel and employees.

During the year under review, the Nomination and Remuneration Committee met four (4) times on May 8th, 2014, August 12th, 2014, November 4th, 2014 and January 30th, 2015.

The details of the composition of the Nomination and 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	90,000
MBN Rao	4	4	90,000
Shobana Kamineni	4	4	NIL
Wolfgang Diels*	3	3	NIL
Andrew Kielty**	1	1	NIL

* Ceased w.e.f. 31.12.2014

**Appointed w.e.f. 22.01.2015

[§]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 Nomination and 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. All the transactions with related parties entered by the Company were in the normal course of business and on Arm’s Length basis and were approved by 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. All the Details of related party transactions entered into by the Company 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	Ms. Deepti Rustagi
Designation	CFO & Company Secretary	VP -Legal & Compliances
Address	iLABS Centre, 2nd & 3rd Floor,	iLABS Centre, 2nd & 3rd Floor,

	Plot No 404 - 405, Udyog Vihar, Phase - III, Gurgaon -122016, Haryana	Plot No 404 - 405, Udyog Vihar, Phase - III, Gurgaon -122016, Haryana
e-mail ID	srikanth.k@apollomunichinsurance.com	deepti.rustagi@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
2013-14	15.10.2014	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 Company has designed its internal control framework with a risk based audit approach. Objective is to provide reasonable assurance to ensure top management about the compliance with internal policies and procedures, adequacy and effectiveness of risk management and control framework in the Company, regulatory matters and to safeguard reliability of the financial reporting and its disclosures. The internal audit covers auditing of processes, transactions as well as systems. The internal audit is designed to review what a company is doing in order to identify potential threats to the organization's going concern and profitability. 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.

The Company has a separate Internal Audit Department comprising of CAs, MBAs and domain experts which audits almost all the functions of its offices.

Besides a dedicated Internal Audit team, external expertise is also engaged through outsourcing and co-sourcing models

15. Evaluation of Board and meeting of Independent Director's

The code of conduct for Independent Directors prescribed vide Schedule IV of the Companies Act, 2013, provides for an evaluation mechanism for the Board/Chairperson/Non-executive Directors/Wholetime Directors which would need to be done at a separate Meeting of Independent Directors, without the attendance of Non Independent Directors and members of management.

Independent Directors of the Company met on 17th March 2015 at 1.00 pm at Centaur Hotel, Mumbai for the financial year 2014-15 without the presence of Executive Directors, Non-Independent Directors and management personnel to discuss the evaluation of Board and Committees.

16. 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 2014-15, a Strategic Risk Workshop was conducted by the Management Committee & Executive Committee members. The Workshop focused on re-assessing the recorded Strategic risks against Current Strategic Business objectives & changes in external environment impacting the Health Insurance domain. The workshop was facilitated by PWC who moderated the sessions & presented a fresh perspective on current trends, research & statistics.

The Review exercise helped the Company to identify new strategic risks, redefine existing strategic risks and re-categorize a few strategic risks as Operational & Financial risks. Out of a total of 26 Strategic risks, 14 risks have been retained & 3 new risks have been identified. Management Committee & Executive Committee have accepted Joint Ownership for a few strategic risks that are forming a part of the list of 'Top 10 Risks'. Regular reviews are conducted to discuss mitigation strategy & trends on key performance indicators affected by such risks. On the BAU front, Risk Heat maps are published on a regular basis. Department risk registers are reviewed on a quarterly basis by the Risk Officers Committee & new mitigation measures are factored into risk assessments.

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 has also been 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

Sd/-

**Place : Gurgaon
Date : 06.08.2015**

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

CERTIFICATE FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR 2014-15

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 2014-15 and confirm that, to the best of my knowledge and belief, nothing has been concealed or suppressed.

Sd/-

**Place:Gurgaon
Date: 06.08.2015**

**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, 2015, 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's Responsibility for the Financial Statements

The Company's Board of Directors 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, 2013 to the extent applicable and in the manner so required, read with Rule 7 of the Companies (Accounts) Rules, 2014 in respect of Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the 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, 2013, 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, 2015;
- 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 143 (3) and other provisions of the Companies Act, 2013, to the extent applicable, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as 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, 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 aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules,

2014 to the extent applicable and with the accounting principles prescribed by the Regulations and orders/ directions issued by IRDA in this behalf.

- f. 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;
- g. 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, 2015 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;
- h. We have reviewed the management report attached to the financial statements for the year ended March 31, 2015 and there is no apparent mistake or material inconsistencies with the financial statements;
- i. 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.
- j. On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013.
- k. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (a) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – **Refer Note C (1) of Schedule 16 to the financial statements;**
 - (b) The Company did not have any long-term contracts including derivative contracts.
 - (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. N. Dhawan & Co.
Chartered Accountants
(Registration No. 000050N)

Sd/-

Rajeev K Saxena
Partner
(Membership No. 77974)

Date: 12th May, 2015
Place: Delhi

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

Sd/-

V C Krishnan
Partner
(Membership No. 22167)

Date: 12th May, 2015
Place: Chennai

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

Auditors' Certificate

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by **Apollo Munich Health Insurance Company Limited** ('the Company') for the year ended 31 March 2015, we certify that:

- (a) We have verified the cash balances and investments of the Company as at 31 March, 2015. The Company had no secured loans.
- (b) According to the information and explanations given to us, the Company is not a trustee of any trust.
- (c) In our opinion and according to the information and explanations given to us, no part of the assets of the policyholders' funds has been directly or indirectly applied in contravention of the provisions of the Insurance Act, 1938 relating to the application and investments of the policyholders funds.

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

For S. N. Dhawan & Co.
Chartered Accountants
(Registration No. 000050N)

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

Sd/-
Rajeev K Saxena
Partner
(Membership No. 77974)

Sd/-
V C Krishnan
Partner
(Membership No. 22167)

Date: 12th May, 2015
Place: Delhi

Date: 12th May, 2015
Place: Chennai

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Registration No. 131 dated 3rd August 2007
Miscellaneous Business Revenue Account for the Year Ended 31 March 2015

Sl. Particulars No.	Schedule	Year Ended 31.03.15 (Rs.in '000)	Year Ended 31.03.14 (Rs.in '000)
1. Premium Earned (Net)	1	6,558,845	5,434,039
2. Profit/(Loss) on Sale/Redemption of Investments		22,824	17,344
3. Others		-	-
4. Interest, Dividend & Rent (Gross)		327,616	255,156
Total (A)		6,909,285	5,706,539
1. Claims Incurred (Net)	2	4,134,270	3,564,360
2. Commission	3	453,336	638,720
3. Operating Expenses related to Insurance Business	4	2,557,792	2,082,962
Total (B)		7,145,398	6,286,042
Operating Profit/(Loss) from Miscellaneous Business C=(A-B)		(236,113)	(579,503)
Appropriations			
Transfer to Shareholders' Account		(236,113)	(579,503)
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
Total (C)		(236,113)	(579,503)

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

Dr. Doris Sophia Hoepke
Director

Antony Jacob
Whole Time Director &
Chief Executive Officer

Place:
Date:

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 2015

Sl. No.	Particulars	Schedule	Year Ended 31.03.15 (Rs.in '000)	Year Ended 31.03.14 (Rs.in '000)
1.	Operating Profit/(Loss)			
(a)	Miscellaneous Insurance		(236,113)	(579,503)
2.	Income from Investments			
(a)	Interest, Dividends & Rent - Gross		223,697	193,378
(b)	Amortisation of Discount / Premium		6,460	5,792
(c)	Add: Profit on Sale of Investments		16,045	13,538
	Less: Loss on Sale of Investments		(11)	-
3.	Other Income			
(a)	Profit on sale of Fixed Assets		3,584	523
(b)	Others		22,052	17,344
	Total (A)		35,714	(348,928)
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		28,752	20,443
	Total (B)		28,752	20,443
	Profit/(Loss) Before Tax		6,962	(369,371)
	Less: Provision for Taxation			
	Current Tax		-	-
	Deferred Tax		-	-
	Wealth Tax		317	297
	Profit/(Loss) After Tax		6,645	(369,668)
	Balance available for appropriation		6,645	(369,668)
	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		(3,492,055)	(3,122,387)
	Balance carried forward to Balance Sheet		(3,485,410)	(3,492,055)
	Basic Earning per Share		0.02	(1.14)
	Diluted Earning per Share		0.02	(1.07)
	(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

For and on behalf of the Board

Rajeev K Saxena
Partner

Dr. Prathap C Reddy
Chairman

Shobana Kamineni
Whole Time Director

For S Viswanathan
Chartered Accountants

Dr. Doris Sophia Hoepke
Director

Antony Jacob
Whole Time Director &
Chief Executive Officer

V.C. Krishnan
Partner

Srikanth Kandikonda
Chief Financial Officer
& Company Secretary

Place:
Date:

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Registration No. 131 dated 3rd August 2007
Balance Sheet as at 31 March 2015

Particulars	Schedule	As at 31.03.15 (Rs.in '000)	As at 31.03.14 (Rs.in '000)
Sources of Funds			
Share Capital	5	3,492,288	3,309,800
Share Application Money		-	270,000
Reserves and Surplus	6	2,536,414	2,446,414
Fair Value Change Account		792	1,120
Borrowings	7	-	-
Total		6,029,494	6,027,334
Application of Funds			
Investments	8	5,051,751	4,783,129
Deferred Tax Asset		149,806	149,806
Loans	9	-	-
Fixed Assets	10	231,225	232,516
Current Assets:		-	-
Cash and Bank Balances	11	2,691,788	2,245,316
Advances & Other Assets	12	812,630	759,014
Sub-total (A)		3,504,418	3,004,330
Current Liabilities	13	1,935,617	1,431,751
Provisions	14	4,457,499	4,202,751
Sub-total (B)		6,393,116	5,634,502
Net Current Assets (C) =(A-B)		(2,888,698)	(2,630,172)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit & Loss Account		3,485,410	3,492,055
Total		6,029,494	6,027,334
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

For and on behalf of the Board

Rajeev K Saxena
Partner

Dr. Prathap C Reddy
Chairman

Shobana Kamineni
Whole Time Director

Dr. Doris Sophia Hoe
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:

APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Registration No. 131 dated 3rd August 2007
Receipts and Payments Account for the year ended 31 March 2015

(Rs.in '000)

Particulars	March 31 2015	March 31 2014
Cash Flows from the Operating Activities:		
Premium received from policyholders, incl. advance receipts and service tax	9,625,800	7,780,795
Other receipts	(75,911)	10,518
Payments to the re-insurers, net of commissions and claims	(660,142)	254,933
Payments to co-insurers, net of claims recovery	-	-
Payments of claims	(4,394,670)	(3,928,079)
Payments of commission and brokerage	(954,740)	(740,541)
Payments of other operating expenses	(2,595,982)	(2,294,899)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	(27,890)	(13,589)
Income taxes paid (Net)	6,871	(689)
Service tax paid	(674,873)	(481,225)
Other payments	-	-
Cash flows before extraordinary items	248,463	587,224
Cash flow from extraordinary operations	-	-
Net cash flow from Operating Activities	248,463	587,224
Cash flows from Investing Activities:		
Purchase of fixed assets	(75,112)	(143,331)
Proceeds from sale of fixed assets	4,699	523
Purchases of investments	(1,151,083)	(1,140,727)
Loans disbursed	-	-
Sales of investments	832,191	562,679
Repayments received	-	-
Rents/Interests/ Dividends received *	548,205	449,734
Investments in money market instruments and in liquid mutual funds (Net)	49,943	(428,005)
Expenses related to investments	(13,322)	(20,443)
Net cash flow from Investing Activities	195,521	(719,570)
Cash flows from Financing Activities:		
Proceeds from issuance of share capital**	2,488	330,000
Proceeds from Share Application Money	-	270,000
Proceeds from borrowing	-	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
Net cash flow from Financing Activities	2,488	600,000
Effect of foreign exchange rates on cash and cash equivalents, net	-	-
Net Increase/(Decrease) in cash and cash equivalents:	446,472	467,654
Cash and cash equivalents at the beginning of the year	2,245,316	1,777,662
Cash and cash equivalents at the end of the year	2,691,788	2,245,316

* Includes Profit on sale of Mutual Funds amounting to INR 38,899 thousands (previous year INR 26,789 thousands)

** Includes Proceeds from Share Premium amounting to NIL (previous year INR 110,000 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

Dr. Doris Sophia Hoepke
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:

Date:

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

Particulars	Year Ended 31.03.15 (Rs.in '000)	Year Ended 31.03.14 (Rs.in '000)
SCHEDULE 1		
PREMIUM EARNED (NET)		
Premium from direct business written	8,031,286	6,924,703
Add: Premium on reinsurance accepted	579,260	1,110
Less: Premium on reinsurance ceded	1,795,927	419,564
Net Premium	6,814,619	6,506,249
Adjustment for change in reserve for unexpired risks	255,774	1,072,210
Total Premium Earned (Net)	6,558,845	5,434,039
SCHEDULE 2		
CLAIMS INCURRED (NET)		
Claims Paid		
Direct	4,318,864	3,972,122
Add: Re-insurance accepted	58,214	1,777
Less: Re-insurance ceded	446,612	556,033
Net Claims Paid	3,930,466	3,417,866
Add: Claims Outstanding at the end of the year	753,707	549,903
Less: Claims Outstanding at the beginning of the year	549,903	403,409
Total Claims Incurred	4,134,270	3,564,360
SCHEDULE 3		
COMMISSION		
Commission Paid		
Direct	876,069	745,480
Add: Re-insurance accepted	124,660	394
Less: Re-insurance ceded	547,393	107,154
Net Commission	453,336	638,720
Break Up of expenses incurred to procure business:		
Agents	555,632	417,008
Brokers	182,402	145,082
Corporate Agency	70,195	22,965
Others (Insurance Companies)	67,840	160,425
Total	876,069	745,480

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

Particulars	Year Ended 31.03.15 (Rs.in '000)	Year Ended 31.03.14 (Rs.in '000)
SCHEDULE 4		
OPERATING EXPENSES		
1 Employees' remuneration & welfare benefits	1,019,876	740,300
2 Travel, conveyance and vehicle running expenses	66,037	69,642
3 Training Expenses	9,974	6,034
4 Rents, rates & taxes	105,015	95,982
5 Repairs & Maintenance	78,294	79,342
6 Printing & Stationery	40,373	42,543
7 Communication	51,284	50,889
8 Legal & Professional charges	48,964	94,420
9 Auditors' fees, expenses etc.		
(a) As Auditors	1,900	1,900
(b) As advisor in any other Capacity	-	-
(i) Taxation Matters	100	100
(ii) Insurance matters	-	-
(iii) Management services	-	-
(c) In any other Capacity	-	-
(i) Audit Fees - Others	29	9
(ii) Out of pocket expenses	392	760
10 Advertisement and publicity	560,973	369,188
11 Interest & Bank Charges	12,873	11,205
12 Others expenses		
(a) Business Support	165,521	159,860
(b) Information Technology Services	206,782	186,152
(c) Others	112,780	106,074
13 Depreciation	76,282	67,539
14 Service Tax A/c	343	1,023
Total	2,557,792	2,082,962

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

(Rs.in '000)

Particulars	Year Ended 31.03.15				Year Ended 31.03.14			
	Health	Personal Accident	Others	Total	Health	Personal Accident	Others	Total
SCHEDULE 1A								
PREMIUM EARNED (NET)								
Premium from direct business written	7,501,555	442,059	87,672	8,031,286	6,580,955	278,041	65,707	6,924,703
Add: Premium on reinsurance accepted	579,260	-	-	579,260	1,110	-	-	1,110
Less: Premium on Reinsurance ceded	1,688,164	95,973	11,790	1,795,927	334,525	76,134	8,905	419,564
Net Premium	6,392,651	346,086	75,882	6,814,619	6,247,540	201,907	56,802	6,506,249
Adjustment for change in reserve for unexpired risks	203,803	49,240	2,731	255,774	1,051,459	22,108	(1,357)	1,072,210
Total Premium Earned (Net)	6,188,848	296,846	73,151	6,558,845	5,196,081	179,799	58,159	5,434,039
SCHEDULE 2A								
CLAIMS INCURRED (NET)								
Claims Paid								
Direct	4,270,404	35,926	12,534	4,318,864	3,913,857	31,884	26,381	3,972,122
Add: Re-insurance accepted	58,214	-	-	58,214	1,777	-	-	1,777
Less: Re-insurance Ceded	438,464	7,455	693	446,612	540,146	13,499	2,388	556,033
Net Claims Paid	3,890,154	28,471	11,841	3,930,466	3,375,488	18,385	23,993	3,417,866
Add: Claims Outstanding at the end of the year	674,139	47,550	32,018	753,707	506,257	24,069	19,577	549,903
Less: Claims Outstanding at the beginning of the year	506,257	24,069	19,577	549,903	363,243	20,351	19,815	403,409
Total Claims Incurred	4,058,036	51,952	24,282	4,134,270	3,518,502	22,103	23,755	3,564,360
SCHEDULE 3A								
COMMISSION								
Commission Paid								
Direct	828,724	39,359	7,986	876,069	714,713	24,908	5,859	745,480
Add: Re-insurance Accepted	124,660	-	-	124,660	394	-	-	394
Less: Re-insurance ceded	519,585	27,172	636	547,393	87,056	19,159	939	107,154
Net Commission	433,799	12,187	7,350	453,336	628,051	5,749	4,920	638,720
Break Up of expenses incurred to procure business:								
Agents	524,567	24,219	6,846	555,632	396,343	15,941	4,724	417,008
Brokers	170,985	10,278	1,139	182,402	135,932	8,015	1,135	145,082
Corporate Agency	65,332	4,862	1	70,195	22,013	952	-	22,965
Others (Insurance Companies)	67,840	-	-	67,840	160,425	-	-	160,425
Total	828,724	39,359	7,986	876,069	714,713	24,908	5,859	745,480

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

(Rs.in '000)

Particulars	Year Ended 31.03.15				Year Ended 31.03.14			
	Health	Personal Accident	Others	Total	Health	Personal Accident	Others	Total
SCHEDULE 4A								
OPERATING EXPENSES								
1. Employees' remuneration & welfare benefits	952,607	56,136	11,133	1,019,876	703,551	29,724	7,025	740,300
2. Travel, conveyance and vehicle running expenses	61,681	3,635	721	66,037	66,185	2,796	661	69,642
3. Training Expenses	9,316	549	109	9,974	5,734	242	58	6,034
4. Rents, rates & taxes	98,088	5,780	1,147	105,015	91,217	3,854	911	95,982
5. Repairs & Maintenance	73,130	4,309	855	78,294	75,404	3,186	752	79,342
6. Printing & Stationery	37,710	2,222	441	40,373	40,431	1,708	404	42,543
7. Communication	47,902	2,822	560	51,284	48,363	2,043	483	50,889
8. Legal & Professional charges	45,735	2,695	534	48,964	89,733	3,791	896	94,420
9. Auditors' fees, expenses etc.								
(a) As Auditors	1,774	105	21	1,900	1,806	76	18	1,900
(b) As advisor in any other Capacity								
(i) Taxation Matters	93	6	1	100	95	4	1	100
(ii) Insurance matters	-	-	-	-	-	-	-	-
(iii) Management services	-	-	-	-	-	-	-	-
(c) In any other Capacity								
(i) Audit Fees - Others	27	2	-	29	9	-	-	9
(ii) Out of pocket expenses	366	21	5	392	722	31	7	760
10. Advertisement and publicity	523,972	30,877	6,124	560,973	350,861	14,824	3,503	369,188
11. Interest & Bank Charges	12,024	709	140	12,873	10,649	450	106	11,205
12. Others expenses								
(a) Business Support	154,604	9,110	1,807	165,521	151,924	6,419	1,517	159,860
(b) Information Technology Services	193,143	11,382	2,257	206,782	176,911	7,474	1,767	186,152
(c) Others	105,341	6,208	1,231	112,780	100,808	4,259	1,007	106,074
13. Depreciation	71,251	4,198	833	76,282	64,187	2,711	641	67,539
14. Service Tax A/c	320	19	4	343	972	41	10	1,023
Total	2,389,084	140,785	27,923	2,557,792	1,979,562	83,633	19,767	2,082,962

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

Sl. Particulars No.	As at 31.03.15 (Rs.in '000)	As at 31.03.14 (Rs.in '000)
SCHEDULE 5		
SHARE CAPITAL		
1. Authorised Capital		
500,000,000 Equity Shares of Rs. 10 each (Previous year 500,000,000 Equity shares of Rs.10 each)	5,000,000	5,000,000
2. Issued Capital		
349,328,756 Equity Shares of Rs. 10 each (Previous year 331,080,006 Equity Shares of Rs. 10 each)	3,493,288	3,310,800
3. Subscribed Capital		
349,228,750 Equity Shares of Rs. 10 each (Previous year 330,980,000 Equity Shares of Rs. 10 each)	3,492,288	3,309,800
4. Called-up Capital		
349,228,750 Equity Shares of Rs. 10 each (Previous year 330,980,000 Equity Shares of Rs. 10 each)	3,492,288	3,309,800
Less: Calls Unpaid	-	-
Add: Equity Shares forfeited (Amount originally paid-up)	-	-
Less: Par value of Equity Shares bought back	-	-
Less: Preliminary Expenses	-	-
Less: Expenses including commission or brokerage on underwriting or subscription of shares	-	-
Total	3,492,288	3,309,800

Out of the above, 224,226,721 (previous year 212,575,721) 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 31.03.15		As at 31.03.14	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
-Indian	259,936,221	74.43%	246,436,221	74.46%
-Foreign	89,043,779	25.50%	84,543,779	25.54%
Others - ESOP	248,750	0.07%	-	-
Total	349,228,750	100%	330,980,000	100%

SCHEDULE 6

RESERVES AND SURPLUS

1. Capital Reserve	-	-
2. Capital Redemption Reserve	-	-
3. Share Premium		
Opening Balance	2,446,414	2,336,414
Add: Received during the year	90,000	110,000
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	2,536,414	2,446,414

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 31.03.15 (Rs.in '000)	As at 31.03.14 (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)}	1,952,217	1,802,882
2.	Other Approved Securities	-	-
3.	Other Investments		
	(a) Shares	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debenture/Bonds	700,109	500,130
	(e) Other Securities (Housing Bonds)	491,501	540,481
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4.	Investments in infrastructure and Social Sector	611,466	663,597
5.	Other than Approved Investments	-	-
SHORT TERM INVESTMENTS			
1.	Government securities and Governments guaranteed	348,080	198,004
2.	Other Approved Securities	-	-
3.	Other Investments		
	(a) Shares	-	-
	(b) Mutual Funds	497,672	547,890
	(c) Derivative Instruments	-	-
	(d) Debentures/Bonds	50,000	200,145
	(e) Other Securities	199,543	280,000
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4.	Investments in infrastructure and Social Sector	201,163	50,000
5.	Other than Approved Investments	-	-
	Total	5,051,751	4,783,129

Notes:

- a. Aggregate amount of Company's investments other than listed equity securities and derivative instruments is Rs.5,051,751 thousand (Previous Year-Rs.4,783,129 thousand). Market value of such investments as at 31.03.2015 is Rs 5,174,189 thousand (Previous Year-Rs. 4,732,410 thousand).
- b. Government securities include Deposits held under section 7 of Insurance Act 1938, having book value of Rs. 120,930 thousand (Previous Year Rs. 119,806 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

(Rs.in '000)

Particulars	Cost / Gross Block			Depreciation				Net Block		
	As at 01.04.2014	Additions/ Adjustments	Deductions/Adjus tments	As at 31.03.2015	Upto 01.04.2014	For the Year	On Sales/ Adjustments	To date 31.03.2015	As at 31.03.2015	As at 31.03.2014
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangible Assets										
a) Software	286,657	34,274	-	320,931	183,652	32,663	-	216,315	104,616	103,005
b) Website	10,116	-	-	10,116	6,077	1,083	-	7,160	2,956	4,039
c) Media Films	22,500	-	-	22,500	22,500	-	-	22,500	-	-
Land - Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	91,420	7,322	(34,331)	64,411	77,134	8,294	(34,325)	51,103	13,308	14,286
Information Technology										
Equipment	141,274	25,158	(2,151)	164,281	66,437	24,151	(1,043)	89,545	74,736	74,837
Vehicles	42,909	4,852	(1,318)	46,443	14,933	8,630	(1,105)	22,458	23,985	27,976
Office Equipments	66,106	2,758	(17,462)	51,402	61,090	1,232	(17,461)	44,861	6,541	5,016
Others	-	-	-	-	-	-	-	-	-	-
Total	660,982	74,364	(55,262)	680,084	431,823	76,053	(53,934)	453,942	226,142	229,159
Capital Work-in-progress									5,083	3,357
Grand Total	660,982	74,364	(55,262)	680,084	431,823	76,053	(53,934)	453,942	231,225	232,516
Previous Year	510,647	152,631	(2,296)	660,982	366,580	67,539	(2,296)	431,823	232,516	-

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

Sl. No.	Particulars	As at 31.03.15 (Rs.in '000)	As at 31.03.14 (Rs.in '000)
SCHEDULE 11			
CASH AND BANK BALANCES			
1.	Cash (including cheques, drafts and stamps)	27,545	20,171
2.	Bank Balances		
	(a) Deposit Accounts	-	-
	(aa) Short term (due within 12 months)	1,732,486	1,135,911
	(bb) Others	682,590	660,400
	(b) Current Accounts	249,167	428,834
	(c) Others	-	-
3.	Money at Call and Short Notice	-	-
4.	Others	-	-
	Total	2,691,788	2,245,316
	Balances with non-scheduled banks included in 2 & 3 above	-	-
SCHEDULE 12			
ADVANCES AND OTHER ASSETS			
Advances			
1.	Reserve deposits with ceding companies	6,786	-
2.	Application money for investments	-	-
3.	Pre-payments	200,093	312,526
4.	Advances to Directors/Officers	-	-
5.	Advance Tax Paid and Taxes Deducted at Source (Net of provision for tax)	8,186	15,057
6.	Others		
	(a) Advances to Suppliers	11,680	3,557
	(b) Other advances	8,073	4,067
	Total (A)	234,818	335,207
Other Assets			
1.	Income accrued on investments	289,048	234,524
2.	Outstanding Premiums	48,660	53,263
3.	Agent's Balances	-	-
4.	Foreign Agencies's Balances	-	-
5.	Due from other entities carrying on insurance business (including re-insurance)	144,442	49,787
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	87,990	71,027
	(b) Service Tax Unutilized Credit	7,672	15,206
	Total (B)	577,812	423,807
	Total (A+B)	812,630	759,014

Schedules forming part of Balance Sheet

Sl. No.	Particulars	As at 31.03.15 (Rs.in '000)	As at 31.03.14 (Rs.in '000)
SCHEDULE 13			
CURRENT LIABILITIES			
1.	Agents' Balances	92,707	49,820
2.	Balances due to other insurance companies	232,342	96,272
3.	Deposits held on re-insurance ceded	-	-
4.	Premiums received in advance	65,828	48,594
5.	Unallocated premium	234,027	342,900
6.	Unclaimed Amount of Policy Holders	34,431	54,290
7.	Sundry creditors	84,487	65,384
8.	Due to subsidiaries/holding company	-	-
9.	Claims Outstanding	753,708	549,903
10.	Dues to Officers/Directors	-	-
11.	Others	-	-
	(a) Tax deducted payable	50,048	39,941
	(b) Other statutory dues	7,060	5,673
	(c) Employee related liability	805	1,547
	(d) Expenses Payable	380,174	177,427
	Total	<u>1,935,617</u>	<u>1,431,751</u>

SCHEDULE 14

PROVISIONS

1.	Reserve for Unexpired Risk	4,457,499	4,201,725
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	-	-
	(c) For Doubtful Loans and Advances	-	1,026
	Total	<u>4,457,499</u>	<u>4,202,751</u>

SCHEDULE 15

MISCELLANEOUS EXPENDITURE

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

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, 2015

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 insurance laws (Amendment) Act, 2015 has removed the process of annual renewal of certificate of registration issued to insurers. As per IRDA Circular dated 07.04.2015, the certificate of registration issued for the financial year 2014-15 shall continue to be in force from 1st April 2015 subject to the provisions of section 3A read with section 3 of the Insurance Act, 1938.

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, 2013 including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, 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 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) basis the useful life estimate of assets as mentioned in Part C of Schedule II of Companies Act, 2013. Useful life estimates for depreciation used are given below:

Asset Class	Estimated Useful life
Computer Server	6 Years
Other Information Technology Equipment	3 Years
Computer Software	5 Years
Office equipments	5 Years
Furniture & Fixtures	4 years or on the basis of lease term of premises, whichever is higher
Vehicles	5 years
Media Films	3 Years

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	<i>(Amount in Rs. '000s)</i>	
	As at 31.03.15	As at 31.03.14
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	13,897
Guarantees given by or on behalf of the Company	2,380	3,980
Statutory demands / liabilities in dispute, not provided for	Nil	6,199
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
Others*	675	893

*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 2,380 thousands (previous year Rs. 3,980 thousands). The deposits have been placed with banks for the purposes of executing bank guarantees in favor of hospitals towards cash-less arrangements.

3. Commitments made and outstanding for:

Particulars	<i>(Amount in Rs. '000s)</i>	
	As at 31.03.15	As at 31.03.14
Loans	Nil	Nil
Investments	Nil	Nil
Fixed Assets	9,758	30,027

4. Claims, less reinsurance paid to claimants:

Class of Business	In India		<i>(Amount in Rs. '000s)</i> Outside India	
	Year ended	Year ended	Year ended	Year ended
	31.03.15	31.03.14	31.03.15	31.03.14
Miscellaneous	3,921,619	3,406,469	8,847	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 31.03.15	As at 31.03.14	As at 31.03.15	As at 31.03.14
Miscellaneous*	43,061	31,323	438,435	338,610

*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 31.03.15	As at 31.03.14
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 31.03.15	Year ended 31.03.14	Year ended 31.03.15	Year ended 31.03.14
Miscellaneous	6,814,619	6,506,249	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 31.03.15	Year ended 31.03.14	Year ended 31.03.15	Year ended 31.03.14
Miscellaneous	79%	94%	21%	6%

9. Value of Contracts in relation to Investments:

Particulars	<i>(Amount in Rs. '000s)</i>	
	As at 31.03.15	As at 31.03.14
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 2015.

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. 496,880 thousand (previous year Rs. 546,770 thousand).

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

Particulars	<i>(Amount in Rs. '000s)</i>	
	As at 31.03.15	As at 31.03.14
6.25% GOI CDSS 02-01-2018	77,606	76,738
6.01% GOI CDSS 25-03-2028	5,591	5,521
6.17% GOI CDSS 12-06-2023	15,181	15,021
7.95% GOI CDSS 28-08-2032	19,549	19,523
8.20% GOI CDSS 15-02-2022	2,004	2,004
8.33% GOI CDSS 07-06-2036	999	999
	120,930	119,806

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	<i>(Amount in Rs. '000s)</i>	
	Year ended 31.03.2015	Year ended 31.03.2014
Salaries and allowances	30,195	24,987
Contribution to Provident Funds	834	796
Perquisites	2,211	3,105
Total	33,240	28,888

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

The Managerial remuneration paid to the Chief Executive officer and Whole time Director of the Company is in accordance with the approval accorded by the Insurance Regulatory and Development Authority (IRDA) as per the requirement of Sec 34A of the Insurance Act, 1938. Pursuant to the said approval Rs. 19,811 thousands (Previous Year Rs. 19,811) is charged to Revenue Account, and remaining Rs 13,428 thousands (Previous Year Rs. 9,077 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	<i>(Amount in Rs. '000s)</i>	
	As at 31.03.15	As at 31.03.14
Payable not later than one year	30,264	-
Payable later than one year but not later than five years	36,977	-

Payable later than five years	-	-
Total	67,241	-

Aggregate lease rentals charged to Revenue Accounts is Rs. 99,784 thousand (Previous Year Rs. 96,186 thousand).

17. Related Parties & Transactions

Relationship	Names of the Related party
Holding Company	Apollo Energy Company Limited
Enterprise over which Key Managerial Personnel are able to exercise Significant Control	Lifetime Wellness Rx International Limited Family Health Plan Limited Apollo Reach Hospital Enterprise Limited Faber Sindoori Management Services Private Limited Dishnet Wireless Limited Keimed Limited P. Obul Reddy & Sons Medversity Online Limited, Hyderabad 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 Apollo Home Healthcare Limited Samudra Healthcare Enterprises Limited Apollo Health Resources Limited Associated Electrical Agencies Apex Agencies
Joint Venture partners	Apollo Hospitals Enterprise Limited Apollo Energy Company 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 31.03.15 are as follows:

(Amount in Rs '000s)

Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
A. Transactions during the year								
Premium Income	-	38	93,284	52,564	77,214	60,298	170,498	112,900
Apollo Health & Lifestyle Limited	-	-	2,731	1,309	-	-	2,731	1309
Imperial Hospital & Research Centre Limited	-	-	3	4,632	-	-	3	4,632
Family Health Plan Limited	-	-	5,468	4,337	-	-	5,468	4,337
Apex Agencies	-	-	102	111	-	-	102	111
Apollo Health Resources Limited	-	-	1,224	1,569	-	-	1,224	1,569
Apollo Hospitals Enterprise Limited	-	-	-	-	77,214	60,298	77,214	60,298
Apollo Hospitals International Limited	-	-	5,502	4,941	-	-	5,502	4,941
Associated Electrical Agencies	-	-	153	170	-	-	153	170
Faber Sindoori Management Services Private Limited	-	-	2,316	1,265	-	-	2,316	1,265
Indraprastha Medical Corporation Limited	-	-	72,462	30,578	-	-	72,462	30,578
Keimed Private Limited	-	-	2,056	1,299	-	-	2,056	1,299
Lifetime Wellness Rx International Limited	-	-	1,260	559	-	-	1,260	559
Apollo Gleneagles Hospital Limited	-	-	7	11	-	-	7	11
Apollo Reach Hospitals Enterprises Limited	-	-	-	363	-	-	-	363
Ms Shobana Kamineni	-	2	-	-	-	-	-	2
Mr. Antony Jacob	-	36	-	-	-	-	-	36
P. Obul Reddy & Sons	-	-	-	192	-	-	-	192
Mediversity Online Limited, Hyderabad	-	-	-	1,228	-	-	-	1,228

Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Claim Payments	-	-	151,071	151,939	157,719	121,066	308,790	273,005
Imperial Hospital & Research Centre Limited	-	-	23,059	30,348	-	-	23,059	30,348
Family Health Plan Limited	-	-	1,585	14,319	-	-	1,585	14,319
Apollo Health Resources Limited	-	-	-	102	-	-	-	102
Apollo Hospitals Enterprise Limited	-	-	-	-	157,719	121,066	157,719	121,066
Apollo Hospitals International Limited	-	-	12,536	10,856	-	-	12,536	10,856
Faber Sindoori Management Services Private Limited	-	-	328	407	-	-	328	407
Indraprastha Medical Corporation Limited	-	-	80,627	70,600	-	-	80,627	70,600
Keimed Private Limited	-	-	157	182	-	-	157	182
Apollo Gleneagles Hospital Limited	-	-	31,200	23,302	-	-	31,200	23,302
Apollo Reach Hospitals Enterprises Limited	-	-	465	52	-	-	465	52
Apollo Health & Lifestyle Limited	-	-	20	-	-	-	20	-
Samudra Healthcare Enterprises Limited	-	-	1,094	1,771	-	-	1,094	1,771
TPA Fees	-	-	172,222	124,699	-	-	172,222	124,699
Family Health Plan Limited	-	-	172,222	124,699	-	-	172,222	124,699
Losses recovered from Reinsurers	-	-	-	139	-	-	-	139
Munchener Ruckversicherung Gesellschaft	-	-	-	139	-	-	-	139
Remuneration to Key Managerial Personnel	33,240	28,888	-	-	-	-	33,240	28,888
Ms Shobana Kamineni	4,811	4,811	-	-	-	-	4,811	4,811
Mr. Antony Jacob	28,429	24,077	-	-	-	-	28,429	24,077
Services Availed	-	-	10,792	16,664	327	1,045	11,299	17,709
Apollo Health & Lifestyle Limited	-	-	126	3,806	-	-	126	3,806
Imperial Hospital & Research Centre Limited	-	-	1,190	5,974	-	-	1,190	5,974
Apollo Hospitals Enterprise Limited	-	-	-	-	327	1,045	327	1,045
Indraprastha Medical Corporation Limited	-	-	45	-	-	-	45	-

Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
Lifetime Wellness RX International Limited	-	-	451	792	-	-	451	792
Apollo Home Healthcare Limited	-	-	612	-	-	-	612	-
Dishnet Wireless Limited	-	-	8,548	6,092	-	-	8,548	6,092
B. Outstanding balances at the year end								
Balances payable as on Balance sheet date	-	-	-	25,596	-	-	-	25,596
Family Health Plan Limited	-	-	-	25,596	-	-	-	25,596
Balances receivable as on Balance sheet date	-	-	-	6	-	-	-	6
Munchener Ruckversicherung Gesellschaft	-	-	-	6	-	-	-	6

*Associates include Enterprise 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:

<i>(Amount in Rs '000s)</i>				
Particulars	Year ended 31.03.15			Total
	Health	Personal accident	Others	
Segmental Revenue	6,517,728	314,838	76,719	6,909,285
Segmental Result	(363,190)	109,912	17,165	(236,113)
Segmental Liabilities				
Claims Outstanding (Net)	674,139	47,551	32,018	753,708
Unexpired risk reserve (Net)	4,328,457	118,979	10,063	4,457,499
Premium received in advance	43,285	16,460	6,083	65,828
Segment Assets				
Outstanding Premium	48,660	-	-	48,660

<i>(Amount in Rs '000s)</i>				
Particulars	Year ended 31.03.14			Total
	Health	Personal accident	Others	
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

19. (a) Defined Contribution Plan

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

Particulars	<i>(Amount in Rs '000s)</i>	
	Year ended 31.03.2015	Year ended 31.03.2014
Provident Fund	34,163	28,146
Employee State Insurance	433	772
National Pension Scheme	2,236	1,866

(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	31.03.2015	31.03.2014
Mortality	India Assured lives (2006-08)	LIC (1994-96) Ult.
Discount Rate	8.04%	9.14%
Rate of increase in compensation	8%	10%
Withdrawal rate	15%	15%

ii. Changes in benefit obligations:

Particulars	<i>(Amount in Rs '000s)</i>	
	31.03.2015	31.03.2014
Present value of obligations at the beginning of Year	33,681	28,179
Interest cost	3,079	2,395
Current Service Cost	8,477	13,012
Past Service Cost	-	-
Benefits Paid	(3,725)	(2,255)
Actuarial (gain)/loss on obligation	(2,043)	(7,650)
Present value of obligations at end of period	39,469	33,681

iii. Fair Value of Plan Assets:

Particulars	(Amount in Rs '000s)	
	31.03.2015	31.03.2014
Fair Value of Planned Assets at beginning of Year	36,748	30,506
Adjustments to Opening Balance	-	-
Contributions	4,115	5,845
Expected Return on Planned Assets	3,359	2,898
Benefits Paid	(3,725)	(2,255)
Actuarial Gain/(Loss) on Planned Assets	2,788	(246)
Fair Value of Planned Assets at end of year	43,285	36,748

iv. Amounts recognized in Profit & Loss Account:

Particulars	(Amount in Rs '000s)	
	31.03.2015	31.03.2014
Current Service Cost	8,477	13,012
Interest Cost	3,078	2,395
Past Service Cost(vested benefits)	-	-
Unrecognized Past Service Cost – Non-vested benefits	-	-
Expected Return on Plan Assets	(3,359)	(2,898)
Net Actuarial (Gain)/loss recognized for the year	(4,830)	(7,404)
Amount recognized in Profit & loss Account	3,366	5,105

v. Amounts recognized in Balance Sheet:

Particulars	(Amount in Rs '000s)	
	As at 31.03.2015	As at 31.03.2014
Present value of obligations at end of Year	39,469	33,681
Fair Value of Plan Assets at end of period	43,285	36,748
Funded Status	3,816	3,067
Unrecognized Past Service Cost – Non-vested benefits	-	-
Net Asset/(Liability) recognized in the	3,816	3,067

balance sheet

vi. Balance Sheet Reconciliation :

Particulars	(Amount in Rs '000s)	
	Year ended 31.03.2015	Year ended 31.03.2014
Opening Net Liability/(Asset)	(3,067)	(2,327)
Adjustment to Opening Balance	-	-
Expenses as above	3,366	5,105
Contribution Paid	(4,115)	(5,845)
Closing Net Liability/(Asset)	(3,816)	(3067)

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. 1,199,449 thousand (Previous Year Rs. 1,200,841 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 NIL).

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. The First tranche of the options got vested on 1st April 2015.

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, 2015 would have been higher by Rs. 232 thousands (previous year Rs 336 thousands). Consequently the Company's basic earnings per share would have been Rs. 0.02 and diluted earnings per share would have been 0.02.

The Key assumptions used to estimate the fair value of options granted during the year ended 31 March 2015 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 2015	As at 31 March 2014
Outstanding at the beginning of the year – As at 1 April 2014	11,35,000	12,50,000
Add: Granted during the year	-	-
Less: Forfeited / lapsed during the year	25,000	1,15,000
Less: Exercised during the year	248,750	
Outstanding at the end of the year	861,250	11,35,000
Exercisable at the end of the year	28,750	-

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 31.03.2015	Year ended 31.03.2014
a. Net profit/(loss) after tax	Rs in '000s	6,645	(369,668)
b. Weighted average number of equity shares used in computing basic earnings per share	No. of shares in '000s	347,103	324,772
c. Basic earnings per share (a/b)	Rs.	0.02	(1.14)
d. Weighted average number of potential equity shares	No. of shares in ,000s	861	1,225
e. Diluted earnings per share (a/{b + d})	Rs.	0.02	(1.07)

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

Operating expenses	(Amount in '000s)	
	Year ended 31.03.15	Year ended 31.03.14
Outsourcing Expenses	374,588	405,333
Marketing Support	218,655	137,299
Business Promotion	342,318	232,031
Total	935,561	774,663

24. Sector Wise Business

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

Business Sector	Year ended 31.03.15			Year ended 31.03.14		
	GDWP Rs.'000s	No. of Lives	% of GWP	GDWP Rs.'000s	No. of Lives	% of GWP
Rural	496,652	177,549	6.19%	385,596	244,923	5.57%
Social	5,947	79,702	0.07%	75,211	155,748	1.09%
Urban	7,528,688	3,662,917	93.74%	6,463,896	2,803,387	93.34%
Total	8,031,287	3,920,168	100%	6,924,703	3,204,058	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	2014-15	2013-14	2012-13	2011-12	2010-11
<u>Operating Results:</u>						
1	Gross Premium Written	8,610,546	6,925,813	6,200,450	4,758,505	2,834,625
2	Net Earned Premium Income	6,558,845	5,434,039	4,421,296	3,008,239	1,487,390
3	Income from Investments (net)	350,440	272,500	229,002	148,036	66,964
4	Other Income	-	-	-	-	-
5	Total Income	6,909,285	5,706,539	4,650,298	3,156,275	1,554,354
6	Commission (Net of Reinsurance)	453,336	638,720	422,907	281,339	177,424
7	Brokerage	182,402	145,082	95,808	79,293	53,417

(Amount in Rs '000s)

S. No.	Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
8	Operating Expenses	2,557,792	2,082,962	1,891,723	1,741,095	1,332,592
9	Claims Incurred	4,134,270	3,564,360	2,619,753	1,750,890	921,536
10	Operating Profit/Loss	(236,113)	(579,503)	(284,085)	(617,049)	(877,198)
11	Total Income under Shareholders Account	243,075	210,132	185,595	142,917	82,868
12	Profit /(Loss) before tax	6,962	(369,371)	(98,490)	(474,132)	(794,330)
13	Provision for Tax	(317)	(297)	149,493*	(140)	(84)
14	Profit/(Loss) after tax	6,645	(369,668)	51,003	(474,272)	(794,414)
	Miscellaneous:					
	Policy holders' Account:					
15	Total Fund					
	Total Investments					Not applicable being General Insurance Co.
	Yield on investments					
16	Shareholders' Account:					
	Total Fund					
	Total Investments					Not applicable being General Insurance Co.
	Yield on investments					
17	Paid Up Equity Capital	3,492,288	3,309,800	3,089,800	2,546,500	1,962,000
18	Net Worth	2,543,292	2,264,159	2,303,827	1,436,324	1,050,696
19	Total Assets	8,937,200	8,169,781	6,692,876	5,036,028	3,600,011
20	Yield on total investments	9.27%	9.29%	9.13%	8.76%	8.20%
21	Earnings Per Share (Rs.)	0.02	(1.14)	0.18	(2.29)	(5.66)
22	Book value per Share(Rs.)	7.28	6.84	7.46	5.64	5.36
23	Total Dividend	Nil	Nil	Nil	Nil	Nil
24	Dividend Per share	Nil	Nil	Nil	Nil	Nil

* Includes Deferred Tax Asset, Refer Note 20.

28. Accounting Ratios is provided as under:

Performance Ratios	2014-2015 (in %/times)	2013-2014 (in %/times)
Gross Direct Premium Growth Rate (Gross premium for the current year divided by the gross premium for the previous year)	16%	12%
Gross Direct Premium to Net Worth Ratio (Gross premium for the current year divided by paid up capital plus free reserves)	3.16	3.06
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)	12%	(2%)
Net Retention Ratio (Net premium divided by gross premium including RI acceptance)	79%	94%
Net Commission Ratio (Commission net of reinsurance for a class of business divided by net premium)	7%	9.82%
Expenses of Management to Gross Direct Premium (Expenses of management plus commission paid divided by the total gross direct premium)	43%	41%
Expenses of management to Net Written Premium Ratio (Expenses of management plus Direct Commission Paid divided by the NWP)	50%	43%
Net Incurred Claims to Net Earned Premium	63%	66%
Combined Ratio (Net Incurred claims divided by NEP plus Expense of management (including Net Commission) divided by NWP)	107%	107%
Technical Reserves to Net Premium Ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	0.79	0.87
Underwriting Balance Ratio (Underwriting profit divided by net premium for the respective class of business)	(0.09)	(0.16)
Operating Profit Ratio (Underwriting profit plus investment income divided by net premium)	(4%)	(11%)
Liquid Assets to Liability Ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.72	0.58

Performance Ratios	2014-2015 (in %/times)	2013-2014 (in %/times)
Net Earnings Ratio (Profit after tax divided by net premium)	0.10%	(6%)
Return on Net Worth (Profit after tax divided by net worth)	0.26%	(16%)
Available Solvency Margin to Required Solvency Margin Ratio	1.72	1.84
NPA Ratio	-	-

29. Penal actions taken by various Government Authorities for the year 2014-15.

Authority	Non -Compliance / Violation	(Amount in '000s)		
		Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
Insurance Regulatory and Development Authority	Sec.64 VB of the Insurance Act	1,500	1,500	Nil
	Commission paid to Agents whose licenses were Expired	500	500	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(and previous year), the approval for which is awaited.

31. Statement showing the age-wise analysis of the unclaimed amount of Policyholders as on 31 March 2015:

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	2,691	1,701	685	102	62	124	17	-
Cheques issued but not encashed by the policyholder/ insured	31,740	4,812	2,292	3,426	3,634	4,239	3,143	10,194

32. The company has revised its estimate of useful life of tangible assets as prescribed in Part C of schedule II of the companies Act, 2013, w.e.f April 01, 2014. As prescribed in said Schedule II, depreciation has been calculated on the remaining useful life on a prospective basis. Had the company continued with the useful life adopted in earlier years, charge for Depreciation for the current year ended March 31, 2015 would have been higher by 4,473 thousands, and the net profit would have been lower by the same amount.

33. Previous year figures have been reclassified wherever necessary.

As per our report of even date

For S. N. Dhawan & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Rajeev K Saxena
Partner
Membership No. 77974

Dr. Prathap C Reddy
Chairman

Shobana Kamineni
Whole Time Director

For S Viswanathan
Chartered Accountants

Dr. Doris Sophia Hoepke
Director

Antony Jacob
Whole Time Director &
Chief Executive Officer

V.C.Krishnan
Partner
Membership No. 22167

Srikanth Kandikonda
Chief Financial Officer
& Company secretary

Place:
Date:

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.

U	6	6	0	3	0	A	P	2	0	0	6	P	L	C	0	5	1	7	6	0
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Balance Sheet Date

3	1
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 /

0	3
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 /

2	0	1	5
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 State Code

0	1
---	---

Date Month Year

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

Public Issue

N	I	L
---	---	---

 Right Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

	2	7	2	4	8	8
--	---	---	---	---	---	---

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

Total Liabilities

6	0	2	9	4	9	4
---	---	---	---	---	---	---

 Total Assets

6	0	2	9	4	9	4
---	---	---	---	---	---	---

Source of Funds

Paid up Capital

3	4	9	2	2	8	8
---	---	---	---	---	---	---

 Reserves & Surplus (Includes Fair value change account)

2	5	3	6	4	1	4
---	---	---	---	---	---	---

Secured Loans

N	I	L
---	---	---

 Unsecured Loans

N	I	L
---	---	---

Deferred Liability

N	I	L
---	---	---

Applications of Funds

Net Fixed Assets

2	3	1	2	2	5
---	---	---	---	---	---

 Investments

5	0	5	1	7	5	1
---	---	---	---	---	---	---

Net Current Assets

-	2	8	8	8	6	9	8
---	---	---	---	---	---	---	---

 Misc. Expenditure

N	I	L
---	---	---

Accumulated Losses

3	4	8	5	4	1	0
---	---	---	---	---	---	---

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

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

7	1	8	1	1	1	2
---	---	---	---	---	---	---

 Total Expenditure

7	1	7	4	1	5	0
---	---	---	---	---	---	---

Profit Before Tax

		6	9	6	2
--	--	---	---	---	---

 Profit After Tax

		6	6	4	5
--	--	---	---	---	---

Earnings per share Rs.

	0	.	0	2
--	---	---	---	---

 Dividend Rate %

N	I	L
---	---	---

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

Item Code No. (ITC code)

N	A
---	---

Service Description

G	E	N	E	R	A	L		I	N	S	U	R	A	N	C	E
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For and on behalf of the Board of Directors

Dr. Prathap C Reddy
Chairman

Shobana Kamineni
Whole Time Director

Dr. Doris Sophia Hoepke
Director

Antony Jacob
Whole Time Director &
Chief Executive Officer

Srikanth Kandikonda
Chief Financial Officer
& Company Secretary

Place :
Date :

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 2015:

1. It is confirmed that the registration granted by the Insurance Regulatory and Development Authority (IRDA) has been renewed and the same is valid.
2. It is certified that all the dues payable to the statutory authorities up to 31 March 2015 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 2015.

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

Days	As at 31 March 2015	
	No. of Claims	Amount (Rs.'000s)
30 Days	6,581	301,001
30 Days – 6 Months	1,556	91,408
6 Months – 1 Year	85	8,271
1 Year – 5 Years	209	20,288
5 Years & above	7	442

Trends in Claim Settlement:

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
Overall Average Claims Settlement time	21 days	18 days	18 days	17 days	21 days

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 2015 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 2015.

12. The details of payments made to entities in which directors are interested are given below:-

(Amount in Rs. '000s)

Name of the Entity	Name of Director	Interested As	Nature of Transaction	2014-15
Apollo Gleneagles Hospitals Limited	Dr. Pratap C Reddy, Ms.Suneeta Reddy	Director	Claim payments	31,200
Apollo Hospitals Enterprise Limited	Dr. Pratap C Reddy, Ms.Suneeta Reddy, Ms. Shobana Kamineni	Director	Claim payments	157,719

Apollo Hospitals International Limited	Dr. Pratap C Reddy	Director	Claim payments	12,536
Family Health Plan Limited	Ms. Shobana Kamineni	Member	Claim payments TPA Fees	1,585 172,222
Indraprastha Medical Corporation Limited	Dr. Pratap C Reddy, Ms.Suneeta Reddy, Ms. Shobana Kamineni	Director	Claim payments Payment for services rendered	80,627 45
Lifetime Wellness Rx International Limited	Ms. Shobana Kamineni	Director	Payment for services rendered	451
Apollo Health and Lifestyle Ltd.	Dr. Pratap C Reddy	Director	Claims Payments Payment for services rendered	20 126
Apollo Reach Hospital Enterprise Limited	Dr. Pratap C Reddy	Director	Claim Payments	465
Dishnet Wireless Limited	Mrs. Suneeta Reddy, Mr. M B N Rao	Director	Payment for services rendered	8,548
HDFC ERGO General Insurance Co Limited	Mr. Bernhard Steinrucke	Director	Claim Payments TPA Fees Management Expenses	325,620 8,544 180,771
Samudra Health Care Enterprise Limited	Dr. Pratap C Reddy	Director	Claim Payments	1,094
Faber Sindoori Management Services Private Limited	Dr. Pratap C Reddy, Ms.Suneeta Reddy	Director	Claim Payments	328
Imperial Hospital And Research Centre Ltd	Dr. Pratap C Reddy, Ms.Suneeta Reddy	Director	Claim payments Payment for services rendered	23,059 1,190
Keimed Private Limited	Ms. Shobana Kamineni	Director	Claim payments	157

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

Shobana Kamineni
Whole Time Director

Dr. Doris Sophia Hoepke
Director

Antony Jacob
Whole Time Director &
Chief Executive Officer

Srikanth Kandikonda
Chief Financial Officer
& Company Secretary

Place:

Date: