



**Apollo Munich Health
Insurance Company Limited**

12TH Annual Report

2017-18

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Corporate Information

Board of Directors

Ms. Shobana Kamineni
Ms. Suneeta Reddy
Mr. Karthik Reddy
Dr. Doris Sophia Hoepke
Mr. Andrew Kielty
Mr. MBN Rao
Mr. Bernhard Steinruecke
Mr. Bharat Shah
Dr. Clemens Muth
Mr. Antony Jacob

Senior Management

Mr. Antony Jacob - Whole-time director & CEO
Mr. Krishnan Ramachandran - Deputy CEO
Mr. Srikanth Kandikonda - CFO & Company Secretary
Dr. Sriharsha A Achar - Chief People Officer

Auditors

M/s S. Viswanathan LLP, Chartered Accountants
M/s S.N. Dhawan & Co., Chartered Accountants

Registered Office

Apollo Hospitals Complex,
Jubilee Hills, Hyderabad – 500033
IRDAI Registration No: 131
CIN No: U66030TG2006PLC051760
Tel No: 0124 – 4584333, Fax: 0124 – 4584111
Website: www.apollomunichinsurance.com

Corporate Office

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

Debenture Trustee

Axis Trustee Services Limited
2nd Floor, Bombay Dyeing Mill Compound,
Pandurang Budhkar Marg, Worli, Mumbai – 400 025
Email: debenturetrustee@axistrustee.com
Website: www.axistrustee.com



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 twelfth Annual Report together with the Audited Statement of Accounts for the financial year ended 31st March, 2018.

1. Industry Overview:

Health insurance is one of the most important personal finance tools a person must own to fight soaring medical costs and avail quality healthcare services. The value that health insurance brings to people in maintaining their health and mitigating financial consequences of medical emergencies is evident with the consistent growth of the sector. The GWP of standalone private health insurers registered the sharpest rise of 41.61% in 2017-18. It rose to INR 82.9 billion in 2017-18, from INR 58.6 billion in 2016-17.

Over the years, the health insurance sector has been on a high-growth curve. The prime reasons for this increase are increased awareness and medical inflation growing at a higher rate than general inflation. Insurance companies have also been instrumental in increasing the awareness of health insurance. The number of offerings have evolved from one-size-fits-all to customized covers. Moreover, internet has fuelled the growth of health insurance sector by making buying and renewing a hassle-free process.

For the period ending 31st March, 2018, your Company achieved a Gross Written Premium of INR 1,717 crore, reflecting a growth of 32%. Your Company continues to grow at a higher rate than the industry, and your insurance products continue to get high ratings by market participants. Your Company enjoys one of the best claims ratios in the industry as well as strong customer loyalty.

To accomplish success, we paved focus on improving profitability which was reflected in a significant improvement in loss and expense ratios. More importantly, the goals and targets that we had set for your Company regarding the customers, people, business model, value proposition, and brand have all progressed well. Also, our objective of building a committed and compliant Apollo Munich was also on track.

2. Financial Results:

Your Company completed its Tenth full year of operations in a challenging and competitive market. During the year under review, the Company achieved GWP of INR 17.2 Billion as compared to INR 13 Billion in FY 2016-17, a growth of about 32%. The income from investments during the year was INR 829.8 Million as compared to INR 814.8 Million in 2016-17. The profit for the year was INR 152.4 Million in comparison to INR 1,322.9 Million during FY 2016-17. The total



incurred claims during the year under review were INR 7.89 Billion as compared to INR 6.05 Billion in FY 2016-17.

3. Capital:

The paid-up equity capital of your Company as on 31st March, 2018 was at INR 3.57 billion.

4. Issue of Non-Convertible Debentures:

During the year under review, the Company after necessary approvals had issued and allotted 800 Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable Non-Convertible Debentures (NCDs) of the face value of INR 1,000,000 each, on a private placement basis, with a coupon of 8.40% per annum, payable annually for cash aggregating to INR 80 crore, in accordance with the Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015 and SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended. The date of allotment of NCDs was 18th September, 2017. The NCDs were issued by the Company with an object of further strengthening the solvency by way of augmenting capital under 'Other Forms of Capital' to facilitate the growth without dilution of its equity capital.

The NCDs are redeemable at the end of 10 years from the date of allotment with a call option to the Company at the end of 5 years from the date of allotment.

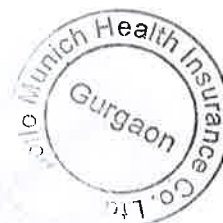
The NCDs were rated by CARE and were assigned the rating of AA Stable. The NCDs are listed on the Whole Sale Debt Market Segment of BSE Limited effective September 25th, 2017.

5. Solvency:

During the year under review, the Company has met the solvency norms specified in Section 64VA of the Insurance Act, 1938 as amended by The Insurance Laws (Amendment) Act, 2015 read with the IRDAI (Assets, Liabilities, and Solvency Margin of General Insurance Business) Regulations, 2016.

6. IRDAI Registration and Approvals:

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



7. Underwriting and Portfolio Management:

The market continues to witness irrational and unsustainable pricing in group health insurance business. Your Company 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, the Company has continued its focus on leveraging the technology for quality and consistent underwriting risk decisions. The underwriting rule engine implemented few years back is monitored at regular intervals and enhanced based on the needs.

Underwriting: The Company has maintained a consistent, scientific underwriting approach focused on robust risk assessment. Underwriting guidelines continue to form an important element of pricing of products. A rule engine to automate part of underwriting has been in place for a few years. Currently, new projects have been initiated to enhance efficiency and scope of the rule engine.

8. Products:

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

Travel Insurance: Easy Travel is your Company's flagship product in Travel segment, and offers a range of benefits to individuals, families and senior citizens. There is also an annual plan for people who travel frequently and need a plan to take care of multiple trips.

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

Group Products: Your Company offers a variety of group solutions in Health, Travel and Personal Accident lines of business. Last year, the Company has added a range of new products to its Group portfolio to make it more comprehensive. These will offer ever more customized solutions to new-age Digital, Banca and Travel partners.

New Launches: The Company has launched a groundbreaking new product during the financial year 2017-18 – Health Wallet.

9. Office Network:

The total number of offices of the Company stood at 158, comprising of 5 Zonal offices in Delhi, Mumbai, Bangalore, Kolkata and Indore, 151 spoke offices across the country, 1 Branch and Corporate office and 1 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.



10. 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 multi-channel distribution. The Company shall use these distribution channels to map the country and make the products available within easy reach for the customers.

Over the longer term, positive macro-economic and social factors will also drive reform. The ageing population and concern over the adequacy of the safety net provided by the health system will create significant additional demand for insurance.

Agency remains the dominant distribution channel but the gap to bank-based distribution is narrowing, well supported by other channels such as corporate agents, strategic partnership, travel portal, sales associates, direct sales force, digital and a dedicated rural distribution.

The change in IRDAI Corporate Agency guidelines in 2013 allowing Banks and other NBFCs to distribute health insurance plans of Stand-alone health insurance companies apart from the General insurance companies had worked in favour of your Company. Subsequent Regulations released by IRDAI in 2016 allowing Banks and other NBFCs to enter into corporate agency distribution agreement with 3 each of Life insurers, General insurers and Health Insurers has further propelled the on-boarding of new banking partnerships by your Company.

The business generated through the digital channel has also been growing steadily. The Company expects significant growth in the digital channel in the coming years and is 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.

11. Rural and Social Sector:

The Company has met its rural and social sector obligations as required under the IRDAI (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015 as amended till date for the FY ended 31st March, 2018.

12. Claims, Provider Network and Health Management:

India, specifically the northern regions witnessed one of the highest incidences of infectious disease in a decade, primarily lead by Dengue, Chikungunya and Malaria, in last few years. The Company has been able to maintain the level of customer service even in the face of such challenge through provider engagement, new pro-active innovative ways of claim processing, establishing protocols for fast processing etc.

The Company's focus has been on cost optimization by improvement of efficiency, by reduction in query rates and improved turnaround time. The Net

Promoter Score (NPS) has consistently been positive and industry leading, both for cashless and reimbursement claim processes.

13. Information Technology:

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

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

- Disaster Recovery (DR) Center and Business Continuity Plan (BCP) - The DR site built at Bangalore lies in a different and low seismic zone. DR established at Netmagic data Centre has been strengthened with facilities and environmental requirements. Projects -
 - Partnership engagements- Engaging more partners by leveraging IT efficiency.
 - Products - Successfully launched our flagship product: Health Wallet, Optima Enhance, Price Revisions in various products (Easy Health, Optima Restore, Travel, IPA) and Combi product.
- Information Security - Improving Information security posture through Security Incident Reporting (SIEM) and Email Gateway tools. Further strengthening it through implementation of internet access policy and data leakage prevention process.

14. 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, 2018 were INR 13227.21 Mio as against INR 10436.72 Mio at the end of the previous year, an increase in the investment portfolio of around 26.74%. 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 829.87 Million as against INR 814.84 Million in the previous year. The average yield on these investments during the year worked out to 8.03% as against 8.51% earned in the previous year.

15. Reinsurance:

The reinsurance programme for the year under review had been designed in accordance with the guidelines laid down by IRDAI. 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. The Company has also taken proportionate treaty in the health retail business to diversify the risk exposure.

16. 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 IRDAI is attached as a part of this report.

17. Extract of Annual Return:

The extract of the Annual Return in prescribed form MGT- 9 is placed on the website of the Company at the link - <http://www.apollomunichinsurance.com/Miscellaneous/Public-Disclosures/Disclosures-under-Companies-Act-2013.aspx>.

18. Number of meetings of Board:

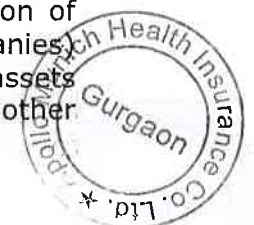
During the year under review, the Board met six (6) times on 27th April, 2017, 14th July, 2017, 24th October, 2017, 01st August, 2017, 30th November, 2017 and 09th February, 2018.

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

19. Directors' Responsibility Statement:

In accordance with the requirements of section 134 of the Companies Act, 2013 (the Act), 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 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 they had laid down internal financial controls to be followed by the Company and that such internal financial controls are 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.

20. 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 IRDAI.

21. Directors comments on Auditors Report and Secretarial 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.

22. Particulars of Loans, Guarantees or Investments under Section 186 of the Act:

The Company has not given any loan or guarantee to any person or body corporate. The investments of the Company are in compliance with the norms prescribed by IRDAI from time to time and the Investment Policy of the Company.

23. Related Party Transactions:

Transactions / arrangements by the Company in its ordinary course of business with related parties primarily includes

- Issuance of insurance policies,
- Collection of premiums,
- Payment of insurance claims arising out of insurance policies issued,
- TPA services,
- Reinsurance services, etc.

Audit Committee of Board 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. Therefore, the information on transaction with related parties pursuant to Section 134(h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 as per Form AOC 2 is Nil.

24. Transfer to Reserves (Debenture Redemption Reserve)

In accordance with the provisions of Section 71 of the Act read with Rule 18 of the Companies (Share Capital and Debentures) Rules, 2014, during the year, an amount of INR 10.67 Mio was transferred to the Debenture Redemption Reserve from profit.

25. Dividend:

The Directors do not recommend any dividend on equity shares for the year ended 31st March, 2018.

26. Material Changes and Commitments affecting the Financial Position:

There were no material changes or commitments, affecting the financial position of the Company between March 31st, 2018 and the date of this Report.

27. 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 2017-18: Nil

Expenditure in Foreign Currency during 2017-18: INR 202.53 Million

28. Risk Management Framework:

Your Company has a Risk Management Framework in place to ensure that the Company identifies, assesses, monitors and reports all material risks. The Company has in place the Risk Management Policy of the Company. The guiding principle behind Company's Enterprise Risk Management Framework is to

consider the risks of the enterprise as a whole rather than considering individual risks in isolation. The main objective of the said Policy is to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the business. The Company has set up a Risk Management Committee (RMC) 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.

29. Board Evaluation:

Pursuant to the provisions of the Section 178 and Section 149 read with Schedule IV of the Act, the Company has placed a mechanism for evaluation of performance of all the Directors including the Independent Directors, the Chairperson, the Board as a whole, as well as, the Board Committees. All the Directors have carried out an annual performance evaluation of the Individual Directors, the Board as a whole and the Board Committees. In addition, the Independent Directors have *inter-alia* separately evaluated the performance of the Board as a whole, its Committees, Individual Directors and Chairman of the Board, at their separate meeting held on 04th May, 2018.

The Nomination and Remuneration Committee undertook an evaluation of each Director's performance. The Board on the recommendation of Nomination and Remuneration Committee, has evaluated its own performance, individual Directors and of Board Committees.

The evaluation of the Board and the Board Committees was carried out on the basis of various parameters like composition in terms of its size and diversity, Board communication & relationships including review and flow of information, attendance in Board/Committee meetings, participation on business strategic planning, follow up on implementation of decisions taken at Board/Committee meetings etc.

The evaluation of Directors (including Independent Directors) was carried out based on parameters like attendance, active participation, bringing one's own experience to bear on the items for discussion, awareness and observance of governance, value addition to the business and strategic aspects of the Company.

30. Change in the nature of business:

There was no change in the nature of business of the Company during the year under review.

31. Directors and Key Managerial Personnel:

As on 31st March, 2018 the Board of Directors comprises of Eleven (11) Directors of which five (5) are Non-executive Directors, three (3) are Independent Directors, two (2) Alternate Directors and one (1) Executive Director. Mr. Antony Jacob, Whole-time Director & Chief Executive Officer is the Executive Director of the Company. During the Financial Year 2017-18, the Board was chaired by Dr. Prathap C Reddy, a Non-Executive Director.



The Board in its meeting held on 4th May, 2018 took note of the resignation of Dr. Prathap C Reddy from the position of the Director of the Company effective end of 4th May, 2018 due to his increased commitments in Apollo Hospitals Enterprise Limited, Apollo Foundation and PCR Foundation. The Board placed on records Dr. Reddy's incredible and tireless contribution as one of the founders of the Company. The Board further registered Dr. Reddy's vision of taking the idea of health insurance to the pinnacle of glory wherein Apollo Munich has emerged as one of the best Standalone Health Insurance Company in India.

In addition to aforesaid changes, Ms. Shobana Kamineni was appointed as the Chairperson of the Board and the General meetings effective 4th May, 2018 and Dr. Doris Sophia Hoepke tendered her resignation effective end of 3rd August, 2018. The Board placed on records its sincere appreciation for the valuable contribution made by Dr. Doris during her association with the Company.

Further, Mr. Karthik Reddy and Dr. Clemens Muth were inducted as the Additional Director(s) on the Board of the Company effective 4th May, 2018 and 3rd August, 2018 respectively who shall hold their office upto the date of the forthcoming Annual General Meeting of the Company.

The Company has three (3) Independent Directors on the Board i.e. Mr. MBN Rao, Mr. Bharat Shah and Mr. Bernhard Steinruecke. In accordance with the provisions of the Companies Act, 2013, the Independent Directors are not liable to retire by rotation and have been appointed for a term of 5 years from their respective appointment dates.

Mr. Bharat Shah was appointed as an Independent Director on the Board of the Company by the Shareholders in their meeting held on 27th September, 2017 for a period of five years w.e.f. 27th September, 2017 until 26th September, 2022.

During the year under review, the present term of appointment of Mr. Antony Jacob, Whole-time Director & Chief Executive Officer expired on 31st March, 2018 and Mr. Jacob was duly re-appointed as Whole-time Director & CEO for a period of three (3) years effective 1st April, 2018 vide IRDAI approval letter dated 3rd May, 2018.

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

Mr. Antony Jacob, Whole-time Director and Chief Executive Officer and Mr. Srikanth Kandikonda, Chief Financial Officer and Company Secretary have been designated as "Key Managerial Personnel" of the Company under the provisions of the Companies Act, 2013.



The Company has in place Remuneration Policy in line with the requirements of Section 178 of the Companies Act, 2013 and in view of the notified IRDAI Guidelines on Remuneration of Non-executive Directors and Managing Director/ Chief Executive Officer/ Whole-time Directors of insurers. The said Policy is named as 'Policy on Appointment and Remuneration for Whole-time Director, Managing Director, Chief Executive Officer, Non-executive Director, Key Management Person(s)' and also a separate policy on Appointment and Remuneration of Independent Directors.

The objective of the Company's Remuneration Policy is to ensure that the Directors and 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.

32. Subsidiaries/Joint Venture/Associates

The Company does not have any subsidiary/joint venture/associate company during the year under review.

33. Deposits:

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

34. Significant and Material Orders passed by the Regulators or Courts or Tribunals:

There were no significant or material orders passed by the regulators, courts or tribunals which would impact the going concern status of the Company or its future operations.

35. 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 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.

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.



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.

36. Audit Committee:

The Company's Audit Committee currently comprises of three (3) Directors. Four (4) 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 forms part of this Report.

37. 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.

38. Certificate from Compliance Officer (under the IRDAI Corporate Governance Guidelines):

In compliance with the IRDAI 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.

39. Statutory Auditors:

At present, M/s. S. Viswanathan LLP, Chartered Accountants and M/s. S.N. Dhawan & Co. LLP, Chartered Accountants are the Joint Statutory Auditors of the Company.

As per the new Corporate Governance Guidelines of IRDAI on 18th May, 2016 (IRDAI Guidelines), a Statutory Auditor can be appointed for two terms of five years each. The period of which the auditors have already served as on the date of effect of these guidelines shall be counted towards determining the term of appointment of term of statutory auditors for five years.

The details of present term of appointment of statutory auditors of the Company at the ensuing Annual General Meeting is as follows:

M/s. S. Viswanathan LLP, Chartered Accountants- Completed 2 (two) years of second term

M/s. S.N. Dhawan & Co., Chartered Accountants - Completed 1 (one) year of second term

Thus, in accordance with the IRDAI Guidelines read with the provisions of the Companies Act, 2013, M/s S.N. Dhawan & Co. LLP, Chartered Accountants, were appointed at the last AGM for a period of 5 (five) years i.e. from the conclusion of the 11th AGM till the conclusion of 16th AGM subject to ratification at every AGM of the Company. The term of appointment of M/s. S. Viswanathan LLP,



Chartered Accountants, as per applicable law, will be expiring on the conclusion of the 15th AGM subject to ratification at every AGM of the Company.

In terms of recent amendments of the Companies Act as notified by the Ministry of Corporate Affairs, the requirement of placing the appointment of statutory auditors for necessary ratification at every annual general meeting of the Company has been omitted. Now during a single term of 5 years, there shall be no requirement for ratification for the appointment of statutory auditor. Accordingly, the appointment of M/s. S.N. Dhawan & Co., Chartered Accountants and M/s. S. Viswanathan LLP, Chartered Accountants shall not be placed before the Shareholders in the ensuing Annual general Meeting of the Company for necessary ratification.

40. Human Resource and People Development:

We continued our investment in Human Capital. Programs related to Talent Attraction, Talent Development and Talent Management continue to be institutionalized to deliver outstanding customer experience.

Your Company has been rated as a Great Place to Work Eight (8) times in a row, and the level of employee satisfaction and engagement has been very encouraging. Talent management initiatives including development of High Potential and Critical Employees continues to be an integral part of overall performance management process in the Company.

Cultural integration of people is a very key focus area and in this context our organizational learning initiatives are designed around assimilation and development of individuals and team competencies, on aspects such as people management, productivity and service delivery. Various sessions are being held to create a customer centric culture in the Company.

Being very people centric our focus continues to be on workforce diversity, contemporary people practices and competitive compensation. Employee Engagement initiatives across all locations 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 constantly since 2011 as a part of the study conducted by the Great Places to Work Institute. This award has been conferred on the Company eight times in a row. We have also been adjudged best in class in the Insurance Domain as well as in the Top 15 BFSI list.

Some of the key HR initiatives during last FY:

- Building Organization Capacity
- Building Sustainable Alternate Hiring Channels for Sales
- Quality Hiring for Sales
- Digitalization of HR and Learning & Development

The head count of the Company was 3671 as on 31st March, 2018.

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. Further, the disclosures on managerial remuneration are provided in Annexure appended to the Directors' Report.

41. Employee Stock Option Plan (ESOP):

The Company has introduced "Employees Stock Option Plan-2011 (ESOP 2011)" in the FY 2012-13 effective from 1st April, 2012. Under the ESOP 2011, the Company has given options to eligible employees to acquire equity shares in the Company. The options have been granted under various tranches.

The Company has further amended and substituted the ESOP 2011 with "Employees Stock Option Plan-2017 (ESOP 2017)" effective 5th December, 2017 to enable the key employees of the Company to participate in its future growth and financial success. The options have been granted at INR 19.69 per option. The options are exercisable over a period of 5 years from the date of vesting. The options will vest in the ratio of 20:20:20:40 starting at the end of two years from the date of the grant. The Company has also granted 4th tranche against ESOP 2011 on 1st August 2017. It will vest over a period of four years in the ratio of 25:25:50 starting at the end of two years from the date of the grant.

As per the ESOP plan, the total number of options to be granted under ESOP - 2011 and ESOP 2017 shall not at any point of time exceed numbers equalling 2% of the fully paid up equity shares of the Company as on the date of the grant. Each option would entitle the employee, on exercise, to acquire one equity share each of the Company as per the provisions of the ESOP plan.

The detail of activity under ESOP is summarized below:

Particulars of options granted up to 31st March, 2018	
Options granted	64,40,000
Options vested	64,40,000
Options exercised	15,70,000
Number of shares allotted pursuant to exercise of options	15,70,000
Options forfeited / lapsed	281,250
Total number of options in force	45,88,750

42. Secretarial Audit Report:

In accordance with the provisions of Section 204 of the Act 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 the FY 2017-18. The Auditors has not made any qualification, reservation or any adverse remark in their Report for FY 2017-18. The Secretarial Audit Report is appended hereto and forms part of this Report.

43. Corporate Social Responsibility

The Company has in place Corporate Social Responsibility ("CSR") Committee comprising of Ms. Shobana Kamineni, Director, Mr. Antony Jacob Whole-time Director and Chief Executive Officer and Mr. MBN Rao, Independent Director pursuant to the applicable Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The details of the contents of the CSR Policy of the Company is available on the website of the Company.

Your Company is committed to Making India Health Confident through innovative initiatives to bring a positive impact on the lives of individuals. Keeping this vision in mind, the Company has crafted a CSR initiative that is centred around the Government's 'Beti padhao Beti bachao' and 'Skill India' initiatives.

The Company's CSR initiative is aimed at helping address the demand – supply gap of Paramedical resources in the Country.

The plan is to tie-up with an external organization for driving program awareness and enrolment for this initiative and provide para-medical training to the enrolled members. Post completion of training and certification the organization will also facilitate their placement at local medical centres/ Nursing homes, hospitals/Home care companies, thus helping with employment opportunities as well. We plan to train 10,000 women in the next five years.

During the year under review, in terms of the provisions of Section 135(5) of the Companies Act, 2013 read with the IRDAI Guidelines for Corporate Governance for insurers in India dated 18th May, 2016, the Company was required to spend INR 9.36 Mio for the financial year 2017-18 i.e. at least two per cent (2%) of the average net profits made during the three (3) immediately preceding financial years towards the Corporate Social Responsibility (CSR) activities pursuant to CSR Policy.

As regards the amount of CSR expenditure for the Financial Year 2017-18, the Company was unable to spend the minimum CSR expenditure of INR 9.36 Mio during the previous financial year 2017-18 as it was in the process of designing projects to implement CSR activities in areas such as healthcare, education and skills development. The road map for CSR activities has been recently finalized and accordingly, the Company shall endeavour to incur CSR expenditure in FY 2018-19 and onwards.

Further with respect to CSR activities of the Company, the Annual Report on CSR activities, as prescribed under Section 135 of the Act read with Rule 9 of the



Companies (Accounts) Rules, 2014 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended to this Report.

44. Indian Accounting Standards (Ind AS):

The Ministry of Corporate Affairs (MCA) vide Notification no. G.S.R 111(E) dated February 16, 2015 notified the Companies (Indian Accounting Standards) Rules, 2015 (Rules). IRDAI vide circular No. IRDA/ F&A/ CIR/IFRS/038/03/2016 dated March 1, 2016, issued guidelines with regard to implementation of the Ind AS in insurance sector. As per the said guidelines, insurance companies shall prepare financial statements in accordance with Ind AS from 1st April, 2018 onwards, with comparatives for the period ending 31st March, 2018. As advised by IRDAI, the Company has constituted an Ind AS Steering Committee comprising of following members:

1. Mr. Antony Jacob, Whole-time Director & Chief Executive Officer
2. Mr. Srikanth Kandikonda, Chief Financial Officer & Company Secretary

The Committee has met on a regular basis and updated the Audit Committee and Board on the progress in implementation of Ind AS.

As per the above IRDAI circular no. IRDA/ F&A/ CIR/IFRS/038/03/2016 dated March 1, 2016, the Company has submitted proforma IND AS financial statements for the period ended 30th June 2017, 30th Sep 2017, 31st December 2017 and for the year ended 31st March 2018 to IRDAI.

Further, in terms of the circular IRDA/ F&A/ CIR/ACTS/146/06/2017 dated June 28, 2017 issued by IRDAI, the implementation of Ind AS in the Insurance Sector in India has been deferred for a period of two years and the same shall now be implemented effective 2020-21.

45. Vigil Mechanism:

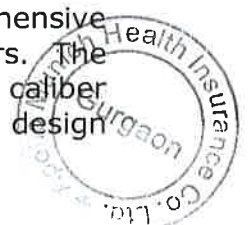
The Company has put in place a Whistleblower Policy and framework. More details are provided in the Corporate Governance Report, which forms part of this Directors' Report.

46. Remuneration of Whole-time Director/Managing Director/Chief Executive Officer:

In terms of the recently notified IRDAI Guidelines on Remuneration of Non-executive Directors and Managing Director/Chief Executive Officer/Whole-time Directors of insurers on August 05th, 2016, the following may be noted:
Qualitative Disclosure:

- Information relating to the design and structure of remuneration processes and the key features and objective of remuneration policy;

The objective is to make sure Remuneration is governed by comprehensive compensation criteria that fosters meritocracy and right behaviors. The Remuneration package is designed to attract, motivate and retain high caliber is based on the individual responsibilities and performance. The design



philosophy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for shareholders.

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

The Remuneration is adjusted for all types of risk, its outcomes are symmetric with risk outcomes, the payouts are sensitive to the time horizon of the risk and the mix of cash, equity and other forms of remuneration are consistent with risk alignment. The Company also takes into account the following minimum parameters in addition to other quantitative and judgmental elements, while adjusting the risks: Persistency, Solvency, Grievance Redressal, Expenses of Management, Claim settlement, Claim repudiations, Overall Compliance status, overall financial position such as Net-worth position of the Company and Assets under Management (AUM) etc.

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

This Remuneration policy is guided by a common reward framework and set of principles and objectives pertaining to determining qualifications, positives attributes, integrity and independence etc.

Quantitative Disclosure required as per aforesaid Guidelines are disclosed elsewhere in the financial statements and Director's Report.

47. Appreciation & Acknowledgment:

The Company is thankful to IRDAI 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.

Place: Hyderabad
Date: 3rd August, 2018

For and on behalf of the Board



Shobana Kamini
(Chairperson)
DIN: 00003638

DISCLOSURES ON MANAGERIAL REMUNERATION

1. Details of remuneration as required under Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided below:

Ratio of remuneration of each director to the median remuneration of the employees of the company for FY 2017-18:

Name	Designation	Ratio of remuneration of each Director to the median Remuneration of the employee
Dr. Prathap C Reddy	Chairman	-
Ms. Shobana Kamineni	Non - Executive Director	-
Ms. Suneeta Reddy	Non - Executive Director	-
Mr. Antony Jacob	Whole-time Director & CEO	86.00:1
Mr. Andrew Kielty	Non - Executive Director	-
Dr. Doris Sophia Hoepke	Non - Executive Director	-
Mr. MBN Rao	Independent Director	5.00:1
Mr. Bernhard Steinruecke	Independent Director	5.00:1
Mr. Bharat Shah	Independent Director	0.33:1
Mr. Karthik Reddy	Alternate Director	-
Dr. Clemens Muth	Alternate Director	-

2. Percentage increase in remuneration of each Director and Key Managerial Personnel in FY 2017-18:

Name	Designation	Increase in Remuneration (%)
Mr. Antony Jacob	Whole-time Director & CEO	5%
Mr. Srikanth Kandikonda	Executive Director & CFO & Company Secretary	5%

3. Percentage increase in the median remuneration of employees in FY 2017-18: **5.46%**
4. Number of permanent employees on the rolls of the Company as on March 31, 2018: **3507**
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in the remuneration of all employees in FY 2017-18 is **5.46%**. The average increase in the remuneration of managerial personnel stood at **5%** and of non-managerial personnel was **6%**


The average increase in remuneration of both the managerial and non-managerial personnel was determined based on the overall performance of the Company. Further the criteria for remuneration of non-managerial personnel is based on the internal evaluation of key results areas, while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors and Guidelines on remuneration of Non-executive Directors, Managing Director/Chief Executive Officer/Whole-time Directors of insurers issued by IRDAI.



ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR
2017-18

S. No	Particulars	Details
1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs	<p>The Company has adopted a Corporate Social Responsibility ("CSR") Policy in accordance with the applicable provisions of Companies Act, 2013 and allied rules (hereinafter referred as "the Act").</p> <p>The Company's value system revolves around Compassion, Accountability, Responsiveness and Expert (CARE). The Company would ensure that its values are reflected in every task it performs, every decision it takes. This would help the Company to work as a team towards creating and sustaining value for all its stakeholders, namely Customers, Business, Partners, Shareholders, Employees and most importantly, the Society at large. Whilst doing the business, the Company would actively ingrain the CARE principles into its business decision including CSR activities. This policy is aimed at continuing and enhancing the Company's initiative, and clearly defines the broad guidelines and framework for implementation, along with the responsibilities to ensure the same.</p> <p>Taking CSR as a sustainable social initiative, the Company aims to align and integrate its resources with society's developmental needs towards creating a better tomorrow. In the Company, Corporate Social Responsibility is focused on enhancing the lives of the local community in which it operates. The Company strongly believe in contributing towards the betterment of society and endeavour to create a positive impact, while achieving its business goals.</p> <p>This Policy is a guideline for Company's CSR activities intended to support local communities on a variety of socially desirable activities with a view to enable high impact of and ensure measurable outcomes of the funds deployed towards such activities in particular:-</p> <ol style="list-style-type: none"> i. To continue and enhance Company's commitment to the cause of healthcare, wellness and education; ii. To work towards ensuring environment sustainability; and iii. In consultation with the local community, the Company will design and effectively implement projects in areas such as healthcare, education and skills development. <p>The Company may also undertake and support projects/programmes in the other areas as may be approved by its CSR Committee and are permissible activities as per the relevant provisions of the Act.</p>



		The Policy is available on the website of the Company at www.apollomunichinsurance.com/Downloads/Corporate-Social-Responsibility-Policy.pdf										
2	Composition of the CSR Committee	<p>CSR Committee comprises of following members:-</p> <ul style="list-style-type: none"> • Ms. Shobana Kamineni, Director • MBN Rao, Independent Director • Antony Jacob, Whole-time Director & Chief Executive Officer 										
3	Average net profit of the Company for last three financial years	<p style="text-align: right;">(Amount in INR '000 s)</p> <table border="1"> <thead> <tr> <th>2014-15</th> <th>2015-16</th> <th>2016-17</th> <th>Average Net Profits</th> <th>Minimum Expenditure required (2%)</th> </tr> </thead> <tbody> <tr> <td>6,962</td> <td>74,598</td> <td>1,322,933</td> <td>468,164</td> <td>9,363</td> </tr> </tbody> </table>	2014-15	2015-16	2016-17	Average Net Profits	Minimum Expenditure required (2%)	6,962	74,598	1,322,933	468,164	9,363
2014-15	2015-16	2016-17	Average Net Profits	Minimum Expenditure required (2%)								
6,962	74,598	1,322,933	468,164	9,363								
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	INR 9.36 Mio										
5	<p>Details of CSR spent during the financial year</p> <p>a. Total amount to be spent for the financial year</p> <p>b. Amount unspent, if any</p> <p>c. Manner in which the amount spent during the financial year is detailed below</p>	<p>INR 9.36 Mio</p> <p>INR 9.36 Mio</p> <p>Details as per table below</p>										
6	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report	As regards the amount of CSR expenditure for the Financial Year 2017-18, the Company was unable to spend the minimum CSR expenditure of INR 9.36 Mio during the previous financial year 2017-18 as it was in the process of designing projects to implement CSR activities in areas such as healthcare, education and skills development. The road map for CSR activities has been recently finalized and accordingly, the Company shall endeavour to incur CSR expenditure in FY 2018-19 and onwards.										
7	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company	<p>The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy of the Company is in compliance with the CSR objectives and Policy of the Company.</p> 										

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified	Sector in which the project is covered	Projects or programme: (i) Local area or other (ii) Specify the State or District where the projects or programmes was undertaken	Amount outlay (Budget) project or programme wise	Amount spent on project or programs: Sub head: 1. Direct expenditure on project or programme; 2. Overhead	Cumulative expenditure up to the date of reporting	Amount spent: Direct or through implementing agencies*
1.	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2.							
3.							
Total							

*Give details of implementing agencies

For Apollo Munich Health Insurance Company Limited

Antony Jacob
Whole-time Director & CEO

For CSR Committee of Apollo Munich Health Insurance Company Limited

Shobana Kamineni
Chairperson



Date: 03.08.2018
Place: Hyderabad

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2018

*[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') for the year ended 31st March 2018. 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, 2018 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 31/03/2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made 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, 2015.

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

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

(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.

Clauses V (c), (d), (g), (h) stated above are not applicable to the company.

(vi) Insurance Act, 1938 & Insurance Regulatory and Development Authority Rules & Regulations framed thereunder and as amended from time to time as specifically applicable to the company.

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

(i) Secretarial Standards SS-1 and SS-2 issued by The Institute of Company Secretaries of India.

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

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



We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors 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.

During the period under review majority decision is carried through as there are no dissenting members' views at the meetings of the Board of Directors and at the Committees. These 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.

We further report that during the audit period, the Company has undertaken following events/actions:

The company has issued Non-Convertible Debt Securities (debentures) and the same have been listed with Bombay Stock Exchange.

Date: 03.08.2018
Place: Hyderabad

Signature:



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

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



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 the Corporate Governance is based on the 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 the Management Committee
- Executive management – by the 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:

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 and 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, 2018, the Company's Board of Directors comprised of eleven (11) Directors, of which five (5) are Non-executive Directors, three (3) are Independent Directors, two (2) Alternate Directors and a Whole-time Director & Chief Executive Officer. Mr. Antony Jacob, Whole-time Director & Chief Executive Officer is the Executive Director of the Company. During the Financial Year 2017-18, the Board was chaired by Dr. Prathap C Reddy, a Non-Executive Director. .

The Board in its meeting held on 4th May, 2018 took note of the resignation of Dr. Prathap C Reddy from the position of the Director of the Company effective end of 4th May, 2018 due to his increased commitments in Apollo Hospitals Enterprise Limited, Apollo Foundation and PCR Foundation. The Board placed on records Dr. Reddy's incredible and tireless contribution as one of the founders of the Company. The Board further registered Dr. Reddy's vision of taking the idea of health insurance to the pinnacle of glory wherein Apollo Munich has emerged as one of the best Standalone Health Insurance Company in India.

In addition to aforesaid changes, Ms. Shobana Kamineni was also appointed as the Chairperson of the Board and the General meetings effective 4th May, 2018 and Dr. Doris Sophia Hoepke tendered her resignation effective end of 3rd August, 2018. The Board placed on records its sincere appreciation for the



valuable contribution made by Dr. Doris during her association with the Company.

Mr. Bharat Shah was appointed as an Independent Director on the Board of the Company by the Shareholders in their meeting held on 27th September, 2017 for a period of five years w.e.f. 27th September, 2017 until 26th September, 2022. Mr. MBN Rao, Mr. Biharat Shah and Mr. Bernhard Steinruecke are the Independent Directors and have confirmed that they satisfy the criteria laid down for an Independent Director under Section 149(6) of the Companies Act, 2013. All the Directors of the Company fulfill the fit and proper criteria as mentioned in Corporate Governance Guidelines issued by the Insurance Regulatory and Development Authority of India ('IRDAI').

The Board comprises of three (3) Women Directors which fulfills the requirements of Section 149 of the Companies Act, 2013 and the composition of the Board is in conformity with the Companies Act, 2013 and the IRDAI Guidelines for Corporate Governance for insurers in India, 2016.

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 (3) Directors representing Apollo Hospitals Group, two (2) representing Munich Health Holding AG and three (3) Independent Directors besides a Whole-time Director & Chief Executive Officer who is duly appointed by the Board of Directors.

The Company is Indian Owned and Controlled and is in compliance with the Guidelines on 'Indian Owned and Controlled' as stipulated by IRDAI.

As on 31st March, 2018 the Company's Board comprises of adequate mix of Independent and Non-Independent Directors, as well as, Non-Executive Directors and Executive Directors to maintain the professionalism and independence of the Board. The composition of the Board of Directors of the Company is governed by the provisions of the Companies Act, 2013 and Rules made thereunder and IRDAI Corporate Governance Guidelines. 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.

The details of the Board of Directors as on 31st March, 2018 is as under:-

Name of the Director	Category	Qualification	Field of Specialization	No of other Directorships*
Dr. Prathap C Reddy (DIN:00003654)**	Chairman, Non-executive Director	MD, FRCS, FCCP, FICP	Health Care Industry	8
Shobana Kamineni (DIN:00003836)	Non-executive Director	BA (Economics), MBA	Insurance and Health Care Industry	9



Suneeta Reddy (DIN:00001873)	Non-executive Director	BA (Economics & Marketing), DFM-IFMR, OPM -Harvard Business School, Boston USA	Finance	4
Dr. Doris Sophia Hoepke# (DIN:07070894)	Non-executive Director	Doctorate in law	Insurance	0
Andrew Kielty (DIN:07071351)	Non-executive Director	MBA	Insurance	0
MBN Rao (DIN:00287260)	Independent Director	B. SC (AG), ACIB (London), FIIB, DCS (Cambridge), IDCS (London), MSIM	Finance, Banking and Insurance	7
Bernhard Steinruecke (DIN:01122939)	Independent Director	Degree in Law	Finance, Banking and Insurance	3
Bharat Shah (DIN:00136969)	Independent Director	B.Sc. and Higher National Diploma in Applied Chemistry	Finance, Banking and Investment Sector	9
Antony Jacob (DIN:00210724)	Executive, Whole-time Director & Chief Executive Officer	B.COM, ACA	Finance and Insurance	0
Karthik Reddy# (DIN:02354216)**	Alternate Director	BA (International Relations) at University of Southern California MSc (Management) and MSc (Investment Management) in Cass Business School-City University, London	Finance and Health Care Industry	3
Dr. Clemens Muth # (DIN:07824451)	Alternate Director	Economist	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 excluding the Company.

As on 31st March, 2018, Dr. Clemens Muth is an Alternate Director to Dr. Doris Sophia Hoepke and Mr. Karthik Reddy is an Alternate Director to Suneeta Reddy.

** Dr Prathap C Reddy resigned effective 4th May, 2018 and Mr. Karthik Reddy was appointed as an Additional Director effective 4th May, 2018.



Further, Mr. Karthik Reddy and Dr. Clemens Muth were inducted as the Additional Director(s) on the Board of the Company effective 4th May, 2018 and 3rd August, 2018 respectively who shall hold their office upto the date of the forthcoming Annual General Meeting of the Company.

The details of the Board of Directors as on 3rd August, 2018 is as under:-

S. No	Name of the Director	Category
1	Shobana Kamineni (DIN:00003836)	Chairperson, Non-executive Director
2	Suneeta Reddy (DIN:00001873)	Non-executive Director
3	Karthik Reddy (DIN:02354216)	Non-executive Director
4	Dr. Clemens Muth (DIN:07824451)	Non-executive Director
5	Andrew Kielty (DIN:07071351)	Non-executive Director
6	MBN Rao (DIN:00287260)	Independent Director
7	Bernhard Steinruecke (DIN:01122939)	Independent Director
8	Bharat Shah (DIN:00136969)	Independent Director
9	Antony Jacob (DIN:00210724)	Executive, Whole-time Director & Chief Executive Officer

1.2 Tenure:

All Directors (excluding Independent Directors, Ms. Shobana Kamineni and Mr. Antony Jacob) 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 re-appointment.

In accordance with the provisions of Section 149(10) and 152(5) of the Act, the Independent Directors are not liable to retire by rotation and are appointed for a fixed term of five (5) years.

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 at least four (4) Board meetings in a year, one in each quarter to review the quarterly performance, financial results and other Agenda items. The gap between any two (2) consecutive Board meetings do not exceed 120 days. In case of special and urgent matters, the Board's approval is taken by passing resolutions by circulation, as per law, and the same is confirmed in the next Board meeting.

a) Number of Board meetings held during financial year 2017-18

The Board met six (6) times during financial year 2017-18:

- April, 27th, 2017
- July, 14th, 2017
- August 01st, 2017
- October 24th, 2017
- November 30th, 2017
- February 09th, 2018

The Board also met on May 04th, 2018 for the approval of Annual Accounts of the Company for the financial year 2017-18. The gap between any two



meetings never exceeded four (4) calendar months as stipulated in the IRDAI Corporate Governance Guidelines.

b) Attendance of Directors at the Board meetings

The details of attendance of the Directors at the Board meetings and the sitting fees paid to the Directors are set out in the following table:

S. No.	Name of the Directors	Designation	1. Number of Board Meetings		Sitting fees paid (In INR)
			Held	Attended	
1	Dr. Prathap C Reddy	Chairman, Non-Executive Director	6	3	-
2	Shobana Kamineni	Non-Executive Director	6	6	-
3	Suneeta Reddy	Non-Executive Director	6	6	-
4	Dr. Doris Sophia Hoepke	Non-Executive Director	6	3	-
5	Andrew Kielty	Non-Executive Director	6	6	-
6	MBN Rao	Independent Director	6	6	6,00,000.00
7	Bharat Shah	Independent Director	3*	1	1,00,000.00
8	Bernhard Steinruecke	Independent Director	6	6	6,00,000.00
9	Antony Jacob	Whole-time Director & Chief Executive Officer, Executive Director	6	6	-

*Eligible to attend only 3 Board Meetings as appointed on the Board effective 27.09.2017

3. Agenda and Minutes:

The Company Secretary in consultation with the Whole-time Director and the other key officers prepares a detailed Agenda for the meetings. The Agenda papers, containing all the necessary documents and explanatory notes, are circulated to the Directors and the 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. 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 various Committees in terms of regulatory provisions including following six (6) committees for smooth and efficient discharge of its responsibilities, namely:-

- Audit Committee
- Investment Committee
- Policyholders' Protection and Risk Management Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility 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 the Audit Committee in compliance with the provisions of Section 177 of the Companies Act, 2013 and the IRDAI Corporate Governance Guidelines.



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 composition of the Committee is in conformity with the provisions of Section 177 of the Companies Act, 2013 and the IRDAI Corporate Governance Guidelines. The Chairman of the Audit Committee briefs the Board of Directors about significant discussions and decisions taken at its meeting.

As on March 31st, 2018, the Audit Committee comprised of the following members:

S.No	Name of Committee Members	Designation
1	Mr. M B N Rao	Member, Independent Director
2	Mr. Bernhard Steinruecke	Member, Independent Director
3	Mr. Andrew Kielty	Member, Non-Executive Director

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 the 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 April, 27th, 2017, August 01st, 2017, October 24th, 2017 and February 09th, 2018. 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	4,00,000
Bernhard Steinruecke	4	4	4,00,000
Andrew Kielty	4	4	-

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

After March 31st, 2018, the Committee met on May 4th, 2018 to consider and recommend to the Board the audited financial statements for the year ended March 31st, 2018.

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 - three Non-executive Directors, one Whole-time Director & CEO, Chief Investment Officer, Chief Financial Officer, Deputy CEO & CMO and Appointed Actuary/Chief Risk Officer. The Chairperson of the Committee is a Non-executive Director. The composition of the Committee is in accordance with the provisions of the IRDAI (Investment) Regulations, 2016, as amended from time to time and the IRDAI Corporate Governance Guidelines. 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 IRDAI regulations and guidelines.

As on March 31st, 2018, Investment Committee comprised of following members:

S.No	Name of Committee Members	Designation
1	Ms. Shobana Kamineni	Member, Non-Executive Director
2	Ms. Suneeta Reddy	Member, Non-Executive Director
3	Mr. Andrew Kielty	Member, Non-Executive Director
4	Mr. Antony Jacob	Member, Whole-time Director & Chief Executive Officer
5	Mr. Krishnan Ramachandran	Member, Deputy Chief Executive Officer and Chief Marketing Officer



6	Mr. Srikanth Kandikonda	Member, Chief Financial Officer & Company Secretary
7	Mr. Sanjay Kulshrestha	Member, Chief Investment Officer
8	Mr. Vishwanath Mahendra	Member, Appointed Actuary and Chief Risk Officer

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.

The Committee reviews the Investment Policy of the Company, its implementation and the operational framework for the investment operations, ensuring liquidity for smooth operations, compliance with prudential regulatory norms on investments, risk management/ mitigation strategies to ensure adequate return on investment of Policyholder and Shareholder funds. The Committee regularly apprises the Board on the performance and analysis of Company's investment portfolio and strategy.

During the year under review, the Investment Committee met four (4) times on April, 27th, 2017, August 01st, 2017, October 24th, 2017 and February 09th, 2018. 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
Shobana Kamineni	4	4	NIL
Andrew Kielty	4	4	NIL
Antony Jacob	4	4	NIL
Krishnan Ramachandran (Deputy CEO)	4	4	NIL
Srikanth Kandikonda (CFO)	4	4	NIL
Sanjay Kulshrestha (CIO)	4	3	NIL
Vishwanath Mahendra (AA & CRO)	4	4	NIL

#Members are not eligible to receive any sitting fees for attending the meetings of the Committee.

After March 31st, 2018, the Board in its meeting held on May 4th, 2018 re-constituted the Investment Committee comprising of following members and the Company Secretary shall act as the Secretary of the Committee:-



Investment Committee		
S. No	Name of the Member	Designation
1	Mr. Bharat Shah	Chairperson, Independent Director, Member
2	Ms. Shobana Kamineni	Non-executive Director, Member
3	Ms. Suneeta Reddy	Non-executive Director, Member
4	Mr. Andrew Kielty	Non-executive Director, Member
5	Mr. Antony Jacob	Whole-time Director & Chief Executive Officer, Member
6	Mr. Krishnan Ramachandran	Dy, Chief Executive Officer
7	Mr. Srikanth Kandikonda	CFO & Company Secretary, Member
8	Mr. Sanjay Kulshrestha	Chief Investment Officer, Member
9	Mr. Vishwanath Mahendra	Chief Risk Officer, Appointed Actuary & Member

4.3 Policyholders' Protection and Risk Management Committee:

In accordance with the IRDAI Corporate Governance Guidelines notified on May 18, 2016, the Board of Directors merged the Policyholders Protection Committee and Risk Management Committee effective July 14th, 2016 and named the merged Committee as the 'Policyholders Protection and Risk Management Committee'. The merged Committee functions without affecting the independence and objectivity as envisaged in the said Guidelines.

Composition: As on March 31st, 2018 the Policyholders' Protection and Risk Management Committee comprises of five (5) members - three (3) Non-executive Directors, one (1) Executive Director i.e. the CEO and the Deputy CEO of the Company. The Chairperson of the Committee is a Non-executive Director. The composition of the Committee is in accordance with the provisions of IRDAI Corporate Governance Guidelines.

The Chief Risk Officer appointed by the Board reports to the said Committee and is a permanent invitee at the Committee meetings. 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.

Further, as per the requirements arising out of the IRDAI Corporate Governance Guidelines, Mr. MBN Rao was invited as an Invitee/ Representative of



Customers, in the Committee meeting(s) held on April 27th, 2017 August 01st, 2017 and February 09th, 2018.

As on March 31st, 2018, the Policyholders' Protection and Risk Management Committee comprised of the following members:

S.No	Name of Committee Members	Designation
1	Mr. Andrew Kielty	Member, Non-Executive Director
2	Mr. Shobana Kamineni	Member, Non-Executive Director
3	Ms. Suneeta Reddy	Member, Non-Executive Director
4	Mr. Antony Jacob	Member, Whole-time Director & Chief Executive Officer
5	Mr. Krishnan Ramachandran	Member, Deputy Chief Executive Officer

The function of the Policyholders' Protection and Risk Management Committee *inter-alia* includes the following:

Policyholders' Protection

- Putting in place proper procedures and effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries.
- Ensure compliance with the statutory requirements as laid down in the regulatory framework pertaining to policyholders' protection.
- Review of the mechanism at periodic intervals.
- Ensure adequacy of disclosure of "material information" to the policyholders. These disclosures shall, for the present, comply with the requirements laid down by the Authority both at the point of sale and at periodic intervals.
- Review the status of complaints of the policyholders at periodic intervals and analyze the root cause of customer complaints, identify market conduct issues and advise the management appropriately about rectifying systemic issues, if any.
- Provide the details of grievances at periodic intervals in such formats as may be prescribed by the Authority.
- Provide details of insurance ombudsmen to the policyholders.
- Shape the customer service philosophy and policies of the organization based on the overall environment in the financial services industry.

- Oversee the functions of the customer service council.
- Review measures for enhancing the quality of customer service.
- Provide guidance to improve in the overall satisfaction level of customers.
- Adopt standard operating procedures to treat the customer fairly including time-frames for policy and claims servicing parameters and monitoring implementation thereof.
- Put in place a framework for review of awards given by Insurance Ombudsman/ Consumer Forums.
- Review all the awards given by Insurance Ombudsman/Consumer Forums remaining unimplemented for more than three (3) months with reasons therefor and report the same to the Board for initiating remedial action, where necessary.
- Review the measures and take steps to reduce customer complaints at periodic intervals.
- Review of Claims Report, including status of Outstanding Claims with ageing of outstanding claims.
- Reviewing Repudiated claims with analysis of reasons.
- Status of settlement of other customer benefit payouts like Surrenders, Loan, Partial withdrawal requests etc.
- Review of unclaimed amounts of Policyholders, as required under the Circulars and guidelines issued by the Authority.

Risk Management

- Assist the Board in effective operation of the risk management system by performing specialised analyses and quality reviews.
- Maintain a group wide and aggregated view on the risk profile of the Company for all categories of risk including insurance risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, legal risk, reputation risk, etc.
- Report to the Board details on the risk exposures and the actions taken to manage the exposures, review, monitor and challenge where necessary, risks undertaken by the Company.
- Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy and acquisitions and related matters.



- Establish effective Risk Management framework and recommend to the Board the Risk Management policy and processes for the organization.
- Set the risk tolerance limits and assess the cost and benefits associated with risk exposure.
- Review the Company's risk- -reward performance to align with overall policy objectives.
- Discuss and consider best practices in risk management in the market and advise the respective functions.
- Review the solvency position of the Company on a regular basis.
- Monitor and review regular updates on business continuity.
- Formulation of a Fraud monitoring policy and framework for approval by the Board.
- Monitor implementation of Anti-fraud policy for effective deterrence, prevention, detection and mitigation of frauds.
- Review compliance with the guidelines on Insurance Fraud Monitoring Framework dated 21st January, 2013, issued by the Authority.

Asset Liability Management (ALM):

- Formulate and implement optimal ALM strategies, both at product level and enterprise level and meeting risk/reward objectives.
- Lay down the risk tolerance limits.
- Monitor risk exposures at periodic intervals and revise ALM strategies where required.
- Place the ALM information before the Board at periodic intervals.
- Setting the insurer's risk/reward objectives and assessing policyholder expectations.
- Quantifying the level of risk exposure (eg. market, credit and liquidity) and assessing the expected rewards and costs associated with the risk exposure.
- Ensuring that liabilities are backed by appropriate assets and manage mismatches between assets and liabilities to ensure they remain within acceptable monitored tolerances for liquidity, solvency and the risk profile of the entity.
- Reviewing, approving and monitoring systems, controls and reporting used to manage balance sheet risks including any mitigation strategies.



- Regular review and monitoring of mismatch between assets and liabilities and the acceptable tolerance limits for mismatch, if any.
- Ensuring that management and valuation of all assets and liabilities comply with standards, prevailing legislation and internal and external reporting requirements.
- Annual review of strategic asset allocation.
- Reviewing key methodologies and assumptions including actuarial assumptions, used to value assets and liabilities
- Managing capital requirements at the Company level using the regulatory solvency requirements.
- Reviewing, approving and monitoring capital plans and related decisions over capital transactions (e.g. dividend payments, acquisitions, disposals, etc).

The Policyholders' Protection and Risk Management Committee submits the grievance disposal report on a quarterly basis to the Board *inter-alia* with regard to complaints/grievance received and resolved. The Committee also reviews the steps taken by the Company to reduce unclaimed amount due to the Policyholders; reviews the awards given by Insurance Ombudsman/Consumer Forums; reviews the claims report, including status of outstanding claims with ageing and repudiated claims with analysis of reasons thereof. A designated email id viz. customerservice@apollomunichinsurance.com is provided to enable the Policyholders to submit their grievance / complaint and its speedy redressal.

The Committee regularly submits its report to the Board *inter-alia* with regard to complaints / grievances received and resolved, mechanism in place / process being followed for resolution of the complaints / grievances and its observations on the efficacy of the existing mechanism. Mr MBN Rao, Independent Director of the Company attends the meetings of Policyholders' Protection and Risk Management Committee as an expert/representative of customers in terms of the IRDAI Corporate Governance Guidelines.

During the year under review, the Policyholders Protection Committee and the Risk Management Committee met four (4) times on April 27th, 2017, August 01st, 2017, October 24th, 2017 and February 09th, 2018. The details of the composition of the Policyholders' Protection and 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 PPRMC Meetings		Sitting fees paid (in INR) #
	Held	Attended	
Andrew Kielty	4	4	NIL
Shobana Kamineni	4	4	NIL
Suneeta Reddy	4	4	NIL
Antony Jacob	4	4	NIL
Krishnan Ramachandran	4	4	NIL
Mr. MBN Rao (attended as an Expert)	4	4	NIL

#Members are not eligible to receive any sitting fees for attending the meetings of the Committee.

After March 31st, 2018, the Board in its meeting held on May 4th, 2018 re-constituted the Policyholders Protection and Risk Management Committee comprising of following members and the Company Secretary shall act as the Secretary of the Committee:-

Policyholders' Protection Committee and Risk Management Committee		
S. No	Name of the Member	Designation
1	Mr. Andrew Kielty	Chairperson, Non-executive Director, Member
2	Ms. Shobana Kamineni	Non-executive Director, Member
3	Mr. Karthik Reddy	Non-executive Director, Member
4	Mr. Antony Jacob	Whole-time Director & Chief Executive Officer, Member
5	Mr. Krishnan Ramachandran	Deputy Chief Executive Officer, Member

4.4 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.

The Nomination & Remuneration Committee has been constituted in line with the requirements of the Companies Act, 2013.



Composition: The Nomination and Remuneration Committee comprises of four (4) Directors viz. two Independent Directors and two Non-executive Directors. 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.

As on March 31st, 2018, Nomination and Remuneration Committee comprised of the following members:

S. No	Name of Committee Members	Designation
1	Mr. Bernhard Steinruecke	Member, Independent Director
2	Mr. Shobana Kamineni	Member, Non-Executive Director
3	Mr. Andrew Kielty	Member, Non-Executive Director
4	Mr. M B N Rao	Member, Independent Director

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.

During the year under review, the Nomination and Remuneration Committee met five (5) times on April 27th, 2017, August 01st, 2017, October 24th, 2017, November 30th, 2017 and February 09th, 2018.

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 NRC Meetings		Sitting fees paid (in INR) #
	Held	Attended	
Bernhard Steinruecke	5	5	500,000
MBN Rao	5	5	500,000
Shobana Kamineni	5	5	NIL
Andrew Kielty	5	5	NIL

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



4.5 Corporate Social Responsibility Committee:

In line with the requirements of Section 135 of the Companies Act, 2013 and applicable regulations of IRDAI, the Board constituted Corporate Social Responsibility (CSR) Committee in its meeting held on November 10th, 2017.

The function of CSR Committee *inter-alia* includes the following:

- To formulate and recommend to the Board the Corporate Social Responsibility Policy ("the CSR Policy") of the Company which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;
- To recommend the amount of expenditure to be incurred on the activities;
- To monitor the CSR policy of the Company from time to time;

The Committee is required to be comprised of at least three (3) or more directors out of which atleast one (1) director shall be an independent director.

The CSR Committee of the Company comprises one Independent Director, one Non-Executive Directors and one Executive Director. During the year, the Committee met two (2) times on April, 27th, 2017 and February 09th, 2018.

As on March 31st, 2018, CSR Committee comprised of following members:

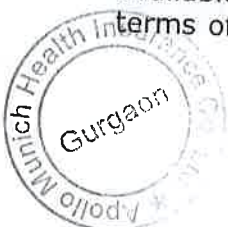
S. No	Name of Committee Members	Designation
1	Mr. Shobana Kamineni	Member, Non-Executive Director
2	Mr. M B N Rao	Member, Independent Director
3	Mr. Antony Jacob	Member, Whole-time Director & Chief Executive Officer

The attendance and the sitting fee paid to the members at said meeting is listed below:

Name of the Member	Number of CSR Meeting(s)		Sitting fees paid (in INR) #
	Held	Attended	
Shobana Kamineni	2	2	NIL
MBN Rao	2	2	NIL
Antony Jacob	2	2	NIL

No sitting fee is paid for attending the CSR Committee.

During the year, the CSR Committee recommended to the Board the Company's policy on Corporate Social Responsibility and the same was approved by the Board on February 09th, 2018. The CSR Policy *inter-alia* specifies the broad areas of CSR activities that could be undertaken by the Company. The Policy is available on the website of the Company www.apollomunichinsurance.com in terms of the provisions of Section 135(5) of the Companies Act, 2013 read with



the IRDAI Guidelines for Corporate Governance for insurers in India dated 18th May, 2016. The Company is required to spend INR 9.36 Mio for the financial year 2017-18 i.e. at least two per cent (2%) of the average net profits made during the three (3) immediately preceding financial years towards the Corporate Social Responsibility (CSR) activities.

As regards the amount of CSR expenditure for the Financial Year 2017-18, the Company was unable to spend the minimum CSR expenditure of INR 9.36 Mio during the previous financial year 2017-18 as it was in the process of designing projects to implement CSR activities in areas such as healthcare, education and skills development. The road map for CSR activities has been recently finalized and accordingly, the Company shall incur CSR expenditure in FY 2018-19 and onwards.

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: As on March 31st, 2018 the Management Committee comprises of four (4) senior management officials (CXOs) of the Company namely Chief Executive Officer, Deputy CEO & CMO, Chief People Officer and Chief Financial 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.

As on March 31st, 2018, Management Committee comprised of following members:

S.No	Name of Committee Members	Designation
1	Mr. Antony Jacob	Member, Whole-time Director & Chief Executive Officer
2	Mr. Krishnan Ramachandran	Member, Deputy Chief Executive Officer
3	Dr. Sriharsha A Achar	Member, Chief People Officer
4	Mr. Srikanth Kandikonda	Member, Chief Financial Officer & Company Secretary

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 IRDAI, 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. The Independent Directors were paid sitting fees for attending the Board and the Committee meetings 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. Further, in line with the requirements of IRDAI Guidelines for Corporate Governance notified on May 18th, 2016, the Board has framed and approved Related Party Transaction Policy in its meeting held on 27th April, 2017.

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 this 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 to the extent of sitting fees being paid to the Independent Directors of the Company.

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. 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.

12. Evaluation of the Board and the Meeting of the Independent Director's:

The Code of Conduct for the Independent Directors prescribed vide Schedule IV of the Companies Act, 2013, provides for an evaluation mechanism for the Board/Chairperson/Non-Executive Directors/Whole-time Directors/ Committees which would need to be done at a separate Meeting of Independent Directors, without the attendance of Non-Independent Directors and members of the Management.



Independent Directors of the Company met on 4th May, 2018 for the financial year 2017-18 without the presence of Executive Directors, Non-Independent Directors and management personnel to discuss the evaluation of the Board and the Committees.

In terms of the provisions of Section 178, 134 and 149 read with Schedule IV of the Companies Act, 2013, the Nomination and Remuneration Committee has evaluated the performance of all the Directors including the Independent Directors, the Chairperson, the Board as a whole, as well as, the Board Committees.

In this regard, necessary questionnaires incorporating various parameters were circulated to all the Directors to evaluate the performance of the Chairperson, Individual Directors, the Board as a whole and the Board Committees.

Feedback/ views received from the Directors were placed before the Nomination and Remuneration Committee for its deliberation.

Based on the feedback/ views received from the Directors including Independent Directors and the recommendation of Nomination and Remuneration Committee the Board of Directors of the Company undertook an evaluation of performance of all the Directors, the Chairperson, the Board as a whole and the Board Committees.

13. 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

The Company has a continuous risk review process where all top risks are reviewed by the Management Committee on quarterly basis. During the year new strategic risks have been identified. Few strategic risks have been rearticulated for better alignment with the business objective and external environment impacting the Company. Risk heat maps for entire company are published every quarter. Department risk registers are reviewed on a quarterly basis by the Risk Officers' Committee and 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 Business Continuity Plan, Disaster Recovery Plan, compliance with respect to changing Regulatory landscape, Fraud risks (through fraud analytical modelling), business mix and Bancassurance risks during the year.



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.

14. Name and other details of the Compliance Officers:

	Area of Compliance	
	IRDAI Governance Guidelines	Corporate IRDAI Regulatory Compliances
Name of Compliance Officer	Mr. Srikanth Kandikonda	Ms. Deepti Rustagi
Designation	CFO & Company Secretary	Senior VP –Legal, Compliances & Corporate Affairs
Address	iLABS Centre, 2nd & 3rd Floor, Plot No 404 - 405, Udyog Vihar, Phase – III, Gurgaon - 122016, Haryana	iLABS Centre, 2nd & 3rd Floor, Plot No 404 - 405, Udyog Vihar, Phase – III, Gurgaon -122016, Haryana
e-mail ID	srikanth.k@apollomunichinsurance.com	deepti.rustagi@apollomunichinsurance.com

15. Annual General Meetings:

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

Financial Year	Date	Venue
2012-13	16.09.2013	Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500033
2013-14	15.10.2014	Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500033
2014-15	25.09.2015	Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500033
2015-16	29.09.2016	Apollo Hospitals Complex, Jubilee Hills, Hyderabad- 500033
2016-17	27.09.2017	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.

16. Corporate Information:

Apollo Munich Health Insurance Company Limited was incorporated on November 22nd, 2006 as a Public Limited Company under the Companies Act, 1956. The Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) issued by the Company are listed on the Wholesale Debt market segment of BSE Limited effective September 25th, 2017.

The Registered Office address of the Company is Apollo Hospitals Complex, Jubilee Hills, Hyderabad-500 033, Telangana.

The CPC Office Address is iLabs Centre, 2nd & 3rd Floor, Plot No 404-405, Udyog Vihar, Phase III, Gurgaon, Haryana-122016, Haryana.

The Corporate Identification Number (CIN) of the Company is U66030TG2006PLC051760.



The Insurance Regulatory Development Authority of India of India (IRDAI) registration number is 131.

The International Securities Identification Number (ISIN) allotted to Company's equity shares is INE092V01015. XL Softech Systems Limited is the Company's Registrar & Share Transfer Agent (RTA). The correspondence office address of RTA is 3, Sagar Society, Road No 2, Banjara Hills, Hyderabad - 500 034.

The International Securities Identification Number (ISIN) allotted to Company's Unsecured Subordinated Redeemable Non-Convertible Debentures (NCDs) is INE092V08010. Beetal Financial & Computer Services P Ltd is the Company's Registrar for the NCDs. The correspondence office address of Registrar is Beetal House, 3rd Floor, 99, Madangir, Behind LSC, New Delhi - 110062.

17. Shareholding Pattern:

The Shareholding pattern of the Company as on March 31st, 2018 is as follows:

S. No	Name of shareholders	Number of Equity shares	% (Holding in Equity Share Capital)
1	Apollo Energy Company Limited	146,713,929	40.99
2	Apollo Hospitals Limited	35,709,000	9.98
3	Munich Health Holding AG	173,954,205	48.61
4	Others	1,512,153	0.42
	Total	357,889,787	100

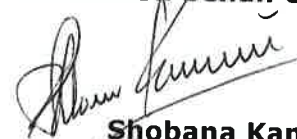
18. Means of communication:

As per the IRDAI Guidelines on Public Disclosures, the insurance companies are required to disclose their financials (Balance Sheet, Profit & Loss account, Revenue Account and Key Analytical Ratios) in the newspaper 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.

Place: Hyderabad
Date: 03.08.2018

For and on behalf of the Board



Shobana Kamineni
(Chairperson)
DIN: 00003638



S. N. Dhawan & Co LLP
(Formerly S.N. Dhawan & Co.)
Chartered Accountants
410, Ansal Bhawan
16 KG Marg, Connaught Place
NewDelhi-110001

M/s S.Viswanathann LLP
Chartered Accountants
#17, Bishop Wallers Avenue (West)
Maylapore, Chennai- 600004

Independent Auditor's Report

To the Members of Apollo Munich Health Insurance Company Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Apollo Munich Health Insurance Company Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the related Revenue Account, the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in the Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the Balance Sheet, the related Revenue Account, the Profit and Loss Account and the Receipts and Payments Account of the Company in accordance with accounting principles generally accepted in India, including the provisions of The Insurance Act, 1938 (the "Insurance Act") (amended by the Insurance Laws (Amendment) Act, 2015), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI" / "Authority") in this regard, and the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
3. 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 the 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.

Auditor's Responsibility

4. Our responsibility is to express an opinion on these financial statements based on our audit.
5. We have taken into account the provisions of the Act, the Insurance Act, the IRDA Financial Statements Regulations, orders/directions issued by the IRDAI, 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.
6. 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.
7. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on



the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required in accordance with the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations and the Act to the extent applicable and in the manner so required, 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 31 March, 2018;
- (b) In the case of Revenue Account, of the net surplus for the year ended on that date;
- (c) In the case of Profit and Loss Account, of the profit for the year ended on that date; and
- (d) In the case of Receipts and Payments Account, of the receipts and payments for the year ended on that date.

Other Matter

10. The actuarial valuation of liabilities in respect of Claims Incurred but Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) as at 31 March, 2018 is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"). The actuarial valuation of these liabilities in respect of Claims Incurred but Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) as at 31 March, 2018 has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory Development Authority of India ("IRDAI" / "Authority") and the Institute of Actuaries of India. We have relied upon Appointed Actuary's certificate in this regard for forming our opinion on the valuation of liabilities for Claims Incurred but Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) which exists in the financial statements.

Report on Other Legal and Regulatory Requirements

11. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated 04 May, 2018 certifying the matters specified in paragraph 3 & 4 of Schedule C to the IRDA Financial Statements Regulations.
12. As required by the Schedule C of the IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, and with Section 143(3) of the Companies Act, 2013, 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 audit;
- (b) In our opinion and to the best of our information and according to the explanations given to us, 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 financial accounting system is centralised, no returns for the purposes of our audit are prepared at the branches of the Company;
- (d) The Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account;
- (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and with the accounting principles as prescribed in the IRDAI Financial Statements Regulations and orders / directions issued by IRDAI in this regard.
- (f) In our opinion and to the best of our information and according to the explanations given to us, Investments have been valued in accordance with the provisions of the Insurance Act, the Regulations and / or orders / directions issued by IRDAI in this regard;
- (g) In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards specified under Section 133 of the Act and with the accounting principles as prescribed in the IRDAI Financial Statements Regulations and orders/directions issued by the IRDAI in this regard.
- (h) On the basis of written representations received from the Directors of the Company, as on March 31, 2018 and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2018 from being appointed as a Director in terms of Section 164 (2) of the Act.
- (i) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to "Annexure A" to this report; and
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the Impact of pending litigations on its financial position in its financial statements - Refer to 16(C)(1) the financial statements;
 - ii. the Company did not have any long term contracts including derivative contracts.
 - iii. 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. LLP
 (Formerly S.N. Dhawan & Co.)
 Chartered Accountants
 Registration No.: 000050N/ N500045



Rajeev K. Saxena
 Partner
 Membership No.: 077974
 Place: New Delhi
 Date: A May, 2018



For S Viswanathan LLP
 Chartered Accountants
 Registration No. 004770S/S200025



V C Krishnan
 Partner
 Membership No.: 22167
 Place: Chennai
 Date: _____ May, 2018



Annexure A to the Independent Auditors' Report of even date to the members of Apollo Munich Health Insurance Company Limited, on the financial statements for the year ended 31 March, 2018

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting (IFCoFR) of Apollo Munich Health Insurance Company Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act including the provisions of the Insurance Act, IRDA Act, IRDA Financial statements regulations, orders/directions issued by IRDAI.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of IFCoFR (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's



IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

Other Matter

9. The actuarial valuation of liabilities for Claims Incurred but Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) as at 31 March, 2018 is required to be certified by the Appointed Actuary as per the regulations, and has been relied upon by us, as mentioned under para "other matter" of our audit report on the financial statements for the year ended March 31, 2018. Accordingly, our opinion on the internal financial controls over financial reporting does not include reporting on the operating effectiveness of the management's internal controls over the valuation and accuracy of the aforesaid actuarial valuation.

For S.N. Dhawan & Co. LLP
 (Formerly S.N. Dhawan & Co.)
 Chartered Accountants
 Firm's Registration No.: 000050N/ N500045



Rajeev K. Saxena
 Partner
 Membership No.: 077974

For S Viswanathan LLP
 Chartered Accountants
 Firm's Registration No. 004770S/S200025



V C Krishnan
 Partner
 Membership No.: 22167

Place: New Delhi
 Date : 4 May, 2018

Place: Chennai
 Date: ___ May, 2018



S. N. Dhawan & Co LLP
(Formerly S.N. Dhawan & Co.)
Chartered Accountants
410, Ansal Bhawan
16 KG Marg, Connaught Place
NewDelhi-110001

M/s S.Viswanathan LLP
Chartered Accountants
#17, Bishop Wallers Avenue (West)
Mylapore, Chennai- 600004

Independent Auditors' Certificate in respect of provisions of paragraph 3 & 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002, ("the Regulations") read with regulation 3 of the Regulations.

1. This Certificate is issued to comply with the provisions of paragraph 3 & 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' report of Insurance Companies) Regulations 2002, ("the Regulations") read with regulation 3 of the Regulations.

Management Responsibility

2. Management of the Company is responsible for complying with the provisions of The Insurance Act, 1938 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") which includes the preparation of the Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance as aforesaid.

Auditors' Responsibility

3. Pursuant to the regulations, it is our responsibility to certify the matters contained in paragraph 3 & 4 of Schedule C of the Regulations. We conducted our examination on test check basis in accordance with the Guidance Note on Reports or Certificates for Special Purposes Issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
4. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

5. 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, 2018, we certify that:
 - a) We have reviewed the management report attached to the financial statements for the year ended 31 March, 2018 and there is no apparent mistake or material inconsistencies with the financial statements
 - b) Based on the information and explanations received during the normal course of our audit, Management Representations and Compliance certificates noted by the Audit committee, nothing has come to our attention which causes us to believe that the



Company has not complied with the terms and conditions of registration stipulated by IRDAI;

- c) We have verified the Cash balances and Securities in relation to the Company's investments as at 31 March, 2018 by actual inspection or on the basis of certificates/ confirmations received from the Company/ Custodians appointed by the Company as the case may be. As at 31 March, 2018, the Company does not have any Loans, Reversions and Life Interests;
- d) The Company is not a Trustee of any trust; and
- e) 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 as amended by Insurance Laws (Amendment) Act, 2015, relating to the application and investments of the policyholders' funds.

Restrictions on Use

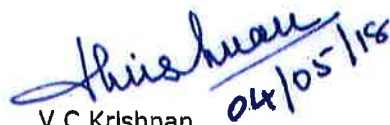
- 6. This certificate has been issued by us solely to comply with the requirements of the regulations mentioned in Para 1. It should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For S.N. Dhawan & Co. LLP
(Formerly S.N. Dhawan & Co.)
Chartered Accountants
Firm's Registration No.: 000050N/ N500045



Rajeev K. Saxena
Partner
Membership No.: 077974

For S. Viswanathan LLP
Chartered Accountants
Firm's Registration No. 004770S/ S200025



V C Krishnan
Partner
Membership No.: 22167

Place: New Delhi
Date: 4 May, 2018



Place: Chennai
Date: ___ May, 2018



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
Registration No. 131 dated 3rd August 2007
Health Insurance Revenue Account for the Year ended 31st March 2018

Sl. Particulars No.	Schedule	Year ended 31.03.18 (Rs. In '000)	Year ended 31.03.17 (Rs. In '000)
1. Premium Earned (Net)	1	12,643,408	11,013,079
2. Profit/(Loss) on sale/redemption of Investments		38,801	112,931
3. Other Income		29,329	23,974
4. Interest, Dividend & Rent (Gross)		665,517	535,874
Total (A)		13,377,055	11,685,858
1. Claims Incurred (Net)	2	7,898,751	6,055,940
2. Commission	3	1,113,914	948,950
3. Operating Expenses related to Insurance Business	4	4,202,592	3,497,628
Less:-Expenses in excess of the limits allowed as per EOM Regulation transferred to Profit and Loss Account (Refer Note No. 29)		(487,913)	(689,698)
Total (B)		12,727,344	9,812,820
Operating Profit/(Loss) from Miscellaneous Business C=(A-B)		649,711	1,873,038
Appropriations			
Transfer to Shareholders' Account		649,711	1,873,038
Transfer to Catastrophe Reserve			
Transfer to Other Reserves			
Total (C)		649,711	1,873,038

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 and on behalf of the Board

For S. N. Dhawan & Co. LLP
(Formerly known as S.N.Dhawan & Co.)
Chartered Accountants
(Registration No. 000050N/N500045)

For S Viswanathan LLP
Chartered Accountants
(Registration No. 004770S/
S200025)

Dr. Prathap C Reddy
Chairman

Shobana Kamineni
Director

Rajeev K Saxena
Partner
(Membership No. 77974)

V.C. Krishnan
Partner
(Membership No. 22167)

Antony Jacob
Whole Time Director &
Chief Executive Officer

Andrew Kielty
Director

Place: Gurgaon
Date: 4 MAY 2018

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 31st March 2018

Sl. No.	Particulars	Schedule	Year ended 31.03.18 (Rs. In '000)	Year ended 31.03.17 (Rs. In '000)
1.	Operating Profit/(Loss)			
(a)	Health Insurance		649,711	1,873,038
2.	Income from Investments			
(a)	Interest, Dividends & Rent - Gross		110,460	146,456
(b)	Amortisation of Discount / Premium		-	(3)
(c)	Add: Profit on sale of Investments		15,088	19,592
	Less: Loss on sale of Investments			
3.	Other Income			
(a)	Profit/(Loss) on sale of Fixed Assets		(4,446)	1,234
(b)	Others		5,214	6,297
	Total (A)		<u>776,027</u>	<u>2,046,614</u>
4.	Provisions (Other than Taxation)			
(a)	For diminution in the value of Investments			
(b)	For doubtful debts			
(c)	Others			
5.	Other Expenses			
(a)	Expenses other than those related to Insurance Business		65,265	33,983
(b)	Fund raising expenses and Interest on NCD		70,450	
(c)	Expenses in excess of the limits allowed as per EOM Regulation transferred from Revenue Account (Refer Note No. 29)		487,913	689,698
	Total (B)		<u>623,628</u>	<u>723,681</u>
	Profit/(Loss) Before Tax		<u>152,399</u>	<u>1,322,933</u>
	Less: Provision for Taxation			
	Current Tax/Mat Payable		32,611	203,148
	Less: Mat Credit Entitlement		(32,611)	(203,148)
	Deferred Tax			
	Profit/(Loss) After Tax		<u>152,399</u>	<u>1,322,933</u>
	Balance available for appropriation		<u>152,399</u>	<u>1,322,933</u>
	Appropriations			
(a)	Interim dividends paid during the year			
(b)	Proposed final dividend			
(c)	Dividend distribution tax			
(d)	Debenture Redemption Reserve		10,685	
(e)	Transfer to any Reserves or other accounts			
	Balance of Profit/(Loss) brought forward from last year		(2,087,879)	(3,410,812)
	Balance carried forward to Balance Sheet		<u>(1,946,165)</u>	<u>(2,087,879)</u>
	Basic Earning per Share		0.43	3.70
	Diluted Earning per Share		0.43	3.69
	(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. LLP
 (Formerly known as S.N.Dhawan & Co.)
 Chartered Accountants
 (Registration No. 000050N/N500045)

Rajeev K Saxena
 Partner
 (Membership No. 77974)



For S. Viswanathan LLP
 Chartered Accountants
 (Registration No. 004770S/S200025)

V.C. Krishnan
 Partner
 (Membership No. 22167)

Place: Gurgaon
 Date: - 4 MAY 2018



For and on behalf of the Board

Dr. Prathap C Reddy
 Chairman

Antony Jacob
 Whole Time Director &
 Chief Executive Officer

Srikanth Kandikonda
 Chief Financial Officer
 & Company Secretary

Shobana Kamineni
 Director

Andrew Kioley
 Director



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
 Registration No. 131 dated 3rd August 2007
 Balance Sheet as at 31st March 2018

Particulars	Schedule	As at 31.03.18 (Rs. in '000)	As at 31.03.17 (Rs. in '000)
Sources of Funds			
Share Capital	5	3,578,898	3,572,710
Share Application Money		-	-
Reserves and Surplus	6	2,604,292	2,587,793
Fair Value Change Account		1,614	781
Borrowings	7	800,000	-
Total		6,984,804	6,161,284
Application of Funds			
Investments - Shareholders	8	1,645,138	1,446,981
Investments - Policyholders	8A	10,041,303	7,681,114
Deferred Tax Asset		149,806	149,806
Loans	9	-	-
Fixed Assets	10	327,104	288,980
Current Assets;			
Cash and Bank Balances	11	2,307,276	1,585,817
Advances & Other Assets	12	1,237,173	1,112,630
Sub-total (A)		3,544,449	2,698,447
Current Liabilities	13	3,843,183	3,167,026
Provisions	14	6,825,978	5,024,897
Sub-total (B)		10,669,161	8,191,923
Net Current Assets (C) =(A-B)		(7,124,712)	(5,493,476)
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit & Loss Account		1,946,165	2,087,879
Total		6,984,804	6,161,284
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. LLP
(Formerly known as S.N.Dhawan & Co.)
Chartered Accountants
(Registration No. 001050N/N500045)

Rajeev K Saxena
Partner
(Membership No. 77974)



For S Viswanathan LLP
Chartered Accountants
(Registration No. 004770S/S200025)

V.C. Krishnan
Partner
(Membership No. 22167)



Place: - Gurgaon
Date: - 4 MAY 2018

For and on behalf of the Board

Prathap C Reddy
Chairman

Shobana Kamineni
Director

Antony Jacob
Whole Time Director &
Chief Executive Officer

Andrew Kietty
Director

Srikanth Kandikonda
Chief Financial Officer
& Company Secretary



APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED
 Registration No. 131 dated 3rd August 2007
 Receipts and Payments Account for the Year ended 31st March 2018

(Rs. in '000)

Particulars	Year ended 31.03.18	Year ended 31.03.17
Cash Flows from the Operating Activities:		
Premium received from policyholders, including advance receipts	20,246,447	15,373,522
Other receipts	29,247	137,677
Payments to the re-insurers, net of commissions and claims	(989,469)	(17,442)
Payments to co-insurers, net of claims recovery	-	-
Payments of claims	(8,890,883)	(7,652,302)
Payments of commission and brokerage	(1,943,031)	(1,534,880)
Payments of other operating expenses	(4,628,032)	(3,640,599)
Preliminary and pre-operative expenses	-	-
Deposits, advances and staff loans	(1,348)	(32,431)
Income taxes paid (Net)	(31,164)	(247,620)
Service tax/ Goods & Services Tax paid	(1,989,426)	(1,300,702)
Other payments	-	-
Cash flows before extraordinary items	1,802,341	1,085,223
Cash flow from extraordinary operations	-	-
	<u>1,802,341</u>	<u>1,085,223</u>
Net Cash Flow from Operating Activities		
Cash Flows from Investing Activities:		
Purchase of fixed assets	(164,225)	(153,780)
Proceeds from sale of fixed assets	587	2,763
Purchases of Investments	(3,078,288)	(4,194,515)
Loans disbursed	-	-
Sales of Investments	618,100	2,123,978
Repayments received	-	-
Rents/interests/ Dividends received	860,533	745,802
Investments in money market instruments and in liquid mutual funds (Net)	(97,324)	(35,220)
Expenses related to Investments	(32,266)	(33,983)
	<u>(1,892,883)</u>	<u>(1,544,955)</u>
Net Cash Flow from Investing Activities		
Cash flows from Financing Activities:		
Proceeds from issuance of share capital	12,001	3,481
Proceeds from borrowing	800,000	-
Repayments of borrowing	-	-
Interest/dividends paid	-	-
	<u>812,001</u>	<u>3,481</u>
Net Cash Flow from Financing Activities		
Effect of foreign exchange rates on cash and cash equivalents, net	-	-
	<u>721,459</u>	<u>(456,251)</u>
Net Increase/(Decrease) in cash and cash equivalents:		
Cash and cash equivalents at the beginning of the year	1,585,817	2,042,068
Cash and cash equivalents at the end of the year	2,307,276	1,585,817

As per our report of even date attached

For and on behalf of the Board of Directors

For S. N. Dhawan & Co LLP
 (Formerly known as S.N.Dhawan & Co.)
 Chartered Accountants
 (Registration No. 000050N/N500045)

For S. Viswanathan LLP
 Chartered Accountants
 (Registration No. 004770S/
 S200025)

Dr. Prathap C Reddy
 Chairman

Shobana Kamalan
 Director

Andrew Khaty
 Director

Rajeev K Saxena
 Partner
 (Membership No. 77974)

V.C. Krishnan
 Partner
 (Membership No. 22167)

Antony Jacob
 Whole Time Director &
 Chief Executive Officer

Srikanth Kandikonda
 Chief Financial Officer
 & Company Secretary

Place: Gurgaon
 Date:

- 4 MAY 2018



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

Particulars	Year ended 31.03.18 (Rs. in '000)	Year ended 31.03.17 (Rs. in '000)
SCHEDULE 1		
PREMIUM EARNED (NET)		
Premium from direct business written	17,175,095	13,019,305
Add: Premium on reinsurance accepted	(899)	(20,763)
Less: Premium on reinsurance ceded	<u>2,730,650</u>	<u>2,310,876</u>
Net Premium	14,443,546	10,687,666
Adjustment for change in reserve for unexpired risks	<u>1,800,138</u>	<u>(325,413)</u>
Total Premium Earned (Net)	<u>12,643,408</u>	<u>11,013,079</u>
SCHEDULE 2		
CLAIMS INCURRED (NET)		
Claims Paid		
Direct	8,690,906	7,260,607
Add: Re-Insurance accepted	72,415	254,957
Less: Re-Insurance ceded	<u>1,491,621</u>	<u>1,535,033</u>
Net Claims Paid	7,271,700	5,980,531
Add: Claims Outstanding at the end of the year	<u>1,613,943</u>	<u>986,892</u>
Less: Claims Outstanding at the beginning of the year	<u>986,892</u>	<u>911,483</u>
Total Claims Incurred	<u>7,898,751</u>	<u>6,055,940</u>
SCHEDULE 3		
COMMISSION		
Commission Paid		
Direct	1,964,901	1,465,625
Add: Re-Insurance accepted	3,028	148,790
Less: Re-Insurance ceded	<u>854,015</u>	<u>665,465</u>
Net Commission	<u>1,113,914</u>	<u>948,950</u>
Break Up of expenses incurred to procure business:		
Agents	1,302,984	948,431
Brokers	200,158	245,799
Corporate Agency	432,096	256,380
Others	<u>29,663</u>	<u>15,015</u>
Total	<u>1,964,901</u>	<u>1,465,625</u>



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

Particulars	Year ended 31.03.18 (Rs. In '000)	Year ended 31.03.17 (Rs. In '000)
SCHEDULE 4		
OPERATING EXPENSES		
1 Employees' remuneration & welfare benefits	1,740,028	1,420,922
2 Travel, conveyance and vehicle running expenses	114,286	113,450
3 Training Expenses	20,176	15,359
4 Rents, rates & taxes	137,883	113,186
5 Repairs & Maintenance	125,242	90,305
6 Printing & Stationery	75,162	19,702
7 Communication	75,542	68,072
8 Legal & Professional charges	159,073	174,512
9 Auditors' fees, expenses etc.		
(a) As Auditors	2,000	2,000
(b) As advisor In any other Capacity		
(I) Taxation Matters	200	200
(II) Insurance matters	-	-
(III) Management services	-	-
(c) In any other Capacity		
Audit Fees - Others	220	-
Out of pocket expenses	55	84
10 Advertisement and publicity	1,010,276	763,832
11 Interest & Bank Charges	37,735	27,309
12 Others expenses		
(a) Business Support	85,903	89,896
(b) Information Technology Services	290,081	255,520
(c) Others	199,030	204,324
13 Depreciation	121,069	110,115
14 Service Tax A/c	8,631	28,840
Total	4,202,592	3,497,628





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

Particulars	Year ended 31.03.18			Year ended 31.03.17			Total
	Health	Personal Accident	Others	Health	Personal Accident	Others	
SCHEDULE 1A							
PREMIUM EARNED (NET)							
Premium from direct business written	15,661,784	1,312,621	200,690	11,892,703	1,081,153	125,449	13,019,305
Add: Premium on reinsurance accepted	(899)			(899)			(20,763)
Less: Premium on reinsurance ceded	2,495,378	215,983	19,289	2,136,471	161,953	12,452	2,310,875
Net Premium	13,165,507	1,096,638	181,401	9,735,469	839,200	112,997	10,687,666
Adjustment for change in reserve for unexpired risks	1,727,430	67,974	4,734	(382,751)	65,887	1,451	(325,413)
Total Premium Earned (Net)	11,438,077	1,028,664	176,667	10,118,220	783,513	113,546	11,013,079
SCHEDULE 2A							
CLAIMS INCURRED (NET)							
Claims Paid	8,526,034	119,203	45,669	7,136,267	94,252	30,088	7,260,607
Add: Re-insurance accepted	72,415			254,957			254,957
Less: Re-insurance Ceded	1,457,782	29,841	3,998	1,499,850	33,601	1,582	1,535,033
Net Claims Paid	7,140,667	89,362	41,671	5,891,374	60,651	28,506	5,980,531
Add: Claims Outstanding at the end of the year	1,435,271	83,856	94,816	847,740	65,701	73,451	986,692
Less: Claims Outstanding at the beginning of the year	847,740	65,701	73,451	804,567	51,604	55,512	911,483
Total Claims Incurred	7,728,198	107,517	63,036	5,934,747	74,748	46,445	6,055,940
SCHEDULE 3A							
COMMISSION							
Commission Paid	1,861,646	88,919	14,336	1,377,758	75,339	12,528	1,465,625
Direct	3,028			148,790			148,790
Add: Re-insurance accepted	783,777	61,642	8,596	615,759	44,839	867	665,465
Less: Re-insurance ceded	1,080,897	27,277	5,740	505,789	30,500	11,661	548,950
Break Up of expenses incurred to procure business							
Agents	1,229,866	62,974	10,144	886,799	53,927	7,705	948,431
Brokers	189,504	9,502	1,152	228,768	14,154	2,867	245,789
Corporate Agency	415,892	16,192	12	249,268	7,103	9	256,380
Others	26,384	751	3,028	12,923	345	1,947	15,015
Total	1,861,646	88,919	14,336	1,377,758	75,339	12,528	1,465,625



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

(Rs. in '000)

Particulars	Year ended 31.03.18			Year ended 31.03.17				
	Health	Personal Accident	Others	Total	Health	Personal Accident	Others	Total
SCHEDULE 4A								
OPERATING EXPENSES								
1. Employees' remuneration & welfare benefits	1,586,713	132,983	20,332	1,740,028	1,297,965	109,265	13,692	1,420,922
2. Travel, conveyance and vehicle running expenses	104,216	8,734	1,336	114,286	103,633	8,724	1,093	113,450
3. Training Expenses	18,398	1,542	236	20,176	14,030	1,181	148	15,359
4. Rents, rates & taxes	125,734	10,538	1,611	137,883	103,392	6,704	1,090	111,186
5. Repairs & Maintenance	114,207	9,572	1,463	125,242	82,491	6,944	870	90,305
6. Printing & Stationery	68,540	5,744	878	75,162	17,997	1,515	190	19,702
7. Communication	68,886	5,773	883	75,542	62,181	5,235	656	68,072
8. Legal & Professional charges	145,058	12,157	1,858	159,073	159,411	13,419	1,682	174,512
9. Auditors' fees, expenses etc.								
(a) As Auditors	1,824	153	23	2,000	1,827	154	19	2,000
(b) As advisor in any other Capacity								
(i) Taxation Matters	183	15	2	200	183	15	2	200
(ii) Insurance matters								
(iii) Management services								
(c) In any other Capacity								
(i) Audit Fees - Others	201	17	2	220				84
(ii) Out of pocket expenses	50	4	1	55	77	6	1	84
(iii) Advertisement and publicity	921,260	77,211	11,805	1,010,276	697,735	58,737	7,360	763,832
(iv) Interest & Bank Charges	34,410	2,884	441	37,735	24,946	2,100	263	27,309
10. Advertisement and publicity								
(a) Business Support	78,334	6,565	1,004	85,903	82,117	6,913	866	89,896
(b) Information Technology Services	264,521	22,170	3,390	290,081	233,409	19,649	2,462	255,520
(c) Others	181,493	15,212	2,325	199,030	186,643	15,712	1,969	204,324
11. Depreciation	110,402	9,253	1,414	121,069	100,586	8,468	1,061	110,115
12. Service Tax A/c	7,870	660	101	8,631	26,344	2,218	278	28,840
Total	3,832,300	321,187	49,105	4,202,592	3,454,967	268,959	33,702	3,497,628



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

Sl. Particulars No.	As at 31.03.18 (Rs. in '000)	As at 31.03.17 (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 357,889,787 Equity Shares of Rs. 10 each (Previous year 357,271,037 Equity Shares of Rs. 10 each)	3,578,898	3,572,710
3. Subscribed Capital 357,889,787 Equity Shares of Rs. 10 each (Previous year 357,271,037 Equity Shares of Rs. 10 each)	3,578,898	3,572,710
4. Called-up Capital 357,889,787 Equity Shares of Rs. 10 each (Previous year 357,271,037 Equity Shares of Rs. 10 each)	3,578,898	3,572,710
Total	<u>3,578,898</u>	<u>3,572,710</u>

SCHEDULE 5A

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

Shareholder

	As at 31.03.18		As at 31.03.17	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
-Indian	182,423,429	50.97%	182,403,324	51.05%
-Foreign	173,954,205	48.61%	173,954,205	48.69%
Others	1,512,153	0.42%	913,508	0.26%
Total	<u>357,889,787</u>	<u>100.00%</u>	<u>357,271,037</u>	<u>100%</u>

SCHEDULE 6

RESERVES AND SURPLUS

1. Capital Reserve	-	-
2. Capital Redemption Reserve	-	-
3. Share Premium	-	-
Opening Balance	2,587,793	2,587,793
Add: Received during the year	5,814	-
4. General Reserves	-	-
Less: Debit balance In Profit and Loss Account	-	-
Less: Amount utilized for Buy-back	-	-
5. Catastrophe Reserve	-	-
6. Other Reserves	-	-
Debenture Redemption Reserve	10,685	-
7. Balance of profit In Profit and Loss Account	-	-
Total	<u>2,604,292</u>	<u>2,587,793</u>

SCHEDULE 7

BORROWINGS

1. Debentures	800,000	-
2. Banks	-	-
3. Financial Institutions	-	-
4. Others	-	-
Total	<u>800,000</u>	<u>-</u>



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

Sl. No.	Particulars	As at 31.03.18 (Rs. in '000)	As at 31.03.17 (Rs. in '000)
SCHEDULE 8			
INVESTMENTS - SHAREHOLDERS			
LONG TERM INVESTMENTS (See Note a)			
1.	Government securities and Governments guaranteed bonds including Treasury Bills	-	-
2.	Other Approved Securities	-	-
3.	Other Investments		
(a)	Shares	-	-
(b)	Mutual Funds	-	-
(c)	Derivative Instruments	-	-
(d)	Debenture/Bonds	400,000	400,000
(e)	Other Securities (Housing Bonds)	-	-
(f)	Subsidiaries	-	-
(g)	Investment Properties-Real Estate	-	-
4.	Investments in Infrastructure and Social Sector	100,000	-
5.	Other than Approved Investments	-	-
SHORT TERM INVESTMENTS			
1.	Government securities and Governments guaranteed bonds including Treasury Bills.	-	-
2.	Other Approved Securities	-	-
3.	Other Investments		
(a)	Shares	-	-
(b)	Mutual Funds	1,145,138	1,046,981
(c)	Derivative Instruments	-	-
(d)	Debentures/Bonds	-	-
(e)	Other Securities	-	-
(f)	Subsidiaries	-	-
(g)	Investment Properties-Real Estate	-	-
4.	Investments in Infrastructure and Social Sector	-	-
5.	Other than Approved Investments	-	-
	Total	1,645,138	1,446,981

Notes:

- a. Aggregate amount of Company's investments other than listed equity securities and derivative instruments is Rs.1,645,138 thousand(Previous Year-Rs.1,446,981 thousand). Market value of such investments as at 31.03.2018 is Rs 1,649,374 thousand (Previous Year-Rs. 1,457,983 thousand).



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

Sl. No.	Particulars	As at 31.03.18 (Rs. In '000)	As at 31.03.17 (Rs. In '000)
SCHEDULE 8A			
INVESTMENTS - POLICYHOLDERS			
LONG TERM INVESTMENTS (See Note a)			
1.	Government securities and Governments guaranteed bonds including Treasury Bills	3,716,691	2,973,873
2.	Other Approved Securities	-	-
3.	Other Investments	-	-
	(a) Shares	-	-
	(b) Mutual Funds	-	-
	(c) Debenture/Bonds	1,481,085	1,080,003
	(d) Investment Properties-Real Estate	-	-
	(e) Other Securities (Housing Bonds)	1,169,824	1,214,345
4.	Investments In Infrastructure and Social Sector	2,172,516	1,803,767
SHORT TERM INVESTMENTS			
1.	Government securities and Governments guaranteed bonds including Treasury Bills.	179,996	206,121
2.	Other Approved Securities	-	-
3.	Other Investments	-	-
	(a) Shares	-	-
	(b) Mutual Funds	-	-
	(c) Debentures/Bonds	600,000	250,000
	(d) Other Securities	491,265	150,000
4.	Investments In Infrastructure and Social Sector	229,926	3,005
	Total	10,041,303	7,681,114

Notes:

- a. Aggregate amount of Company's Investments other than listed equity securities and derivative instruments is Rs.10,041,303 thousand (Previous Year-Rs.7,681,114 thousand). Market value of such Investments as at 31.03.2018 is Rs 10,085,091 thousand (Previous Year-Rs. 7,854,010 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

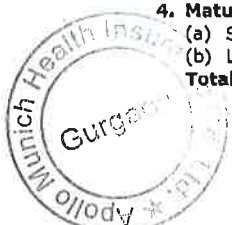
Total

4. Maturity-wise Classification

(a) Short - Term

(b) Long - Term

Total



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

Particulars	Cost / Gross Block				Depreciation			Net Block	
	As at	Additions/ Adjustments	Deductions/ Adjustments	As at	For the Year	On Sales/ Adjustments	To date	As at	As at
	01.04.2017			31.03.2018	01.04.2017	31.03.2018	31.03.2018	31.03.2018	31.03.2017
Goodwill	-	-	-	-	-	-	-	-	-
Intangible Assets	437,253	71,925	-	509,178	310,671	58,130	368,801	140,377	126,582
a) Software	10,116	3,482	-	13,598	9,326	990	10,316	3,282	790
b) Website	22,500	-	-	22,500	-	-	22,500	-	-
c) Media Films	-	-	-	-	-	-	-	-	-
Land - Freehold	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-
Buildings	82,729	6,803	(129)	89,403	60,923	9,275	70,077	19,326	21,806
Furniture & Fittings	225,973	52,217	(27,026)	251,164	152,117	40,160	170,244	80,920	73,856
Information Technology Equipment	48,992	8,042	-	57,034	36,042	7,471	43,513	13,521	12,950
Vehicles	60,189	5,600	(1,225)	64,564	46,982	5,043	50,831	13,733	13,207
Office Equipments	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	887,752	148,069	(28,380)	1,007,441	638,561	121,069	736,282	271,159	249,191
Capital Work-in-progress	-	148,069	(28,380)	1,007,441	638,561	121,069	736,282	55,945	39,789
Grand Total	887,752	148,069	(28,380)	1,007,441	638,561	121,069	736,282	327,104	289,980
Previous Year	758,129	144,760	(15,137)	887,752	542,149	110,115	638,561	289,980	-



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

Sl. No.	Particulars	As at 31.03.18 (Rs. In '000)	As at 31.03.17 (Rs. In '000)
SCHEDULE 11			
CASH AND BANK BALANCES			
1.	Cash (Including cheques, drafts and stamps)	30,124	28,088
2.	Bank Balances		
	(a) Deposit Accounts		
	(aa) Short term (due within 12 months)	1,075,791	1,265,137
	(bb) Others	502,500	75,000
	(b) Current Accounts	698,861	217,592
	(c) Others	-	-
3.	Money at Call and Short Notice		
	(a) With banks	-	-
	(b) With other Institutions	-	-
4.	Others	-	-
	Total	2,307,276	1,565,817
	Balances with non-scheduled banks Included In 2 & 3 above	-	-
SCHEDULE 12			
ADVANCES AND OTHER ASSETS			
Advances			
1.	Reserve deposits with ceding companies	-	9,228
2.	Application money for investments	-	-
3.	Pre-payments	318,740	285,728
4.	Advances to Directors/Officers	-	-
5.	Advance Tax Paid and Taxes Deducted at Source (Net of provision for tax)	290,583	259,419
6.	Others		
	(a) Advances to Suppliers	2,875	2,079
	(b) Other advances/receivables	5,652	10,478
	Total (A)	617,850	566,932
Other Assets			
1.	Income accrued on Investments	328,909	359,541
2.	Outstanding Premiums	24,335	210
3.	Agent's Balances	-	-
4.	Foreign Agencies's Balances	-	-
5.	Due from other entities carrying on Insurance business (Including re-Insurance)	39,415	3,765
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	117,632	112,949
	(b) Input Tax Credit Unutilized	80,032	42,733
	(c) Unclaimed amount of Policy Holder (Investment)	29,000	26,500
	Total (B)	619,323	545,698
	Total (A+B)	1,237,173	1,112,630



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

Sl. No.	Particulars	As at 31.03.18 (Rs. In '000)	As at 31.03.17 (Rs. In '000)
SCHEDULE 13			
CURRENT LIABILITIES			
1.	Agents' Balances	189,272	148,439
2.	Balances due to other Insurance companies	299,431	782,298
3.	Deposits held on re-insurance ceded	-	-
4.	Premiums received in advance	165,896	122,521
5.	Unallocated premium	317,856	315,374
6.	Unclaimed Amount of Policy Holders	26,533	24,102
7.	Sundry creditors	280,137	220,267
8.	Due to subsidiaries/holding company	-	-
9.	Claims Outstanding	1,613,943	986,892
10.	Dues to Officers/Directors	-	-
11.	Others		
	(a) Tax deducted payable	94,490	51,482
	(b) Other statutory dues	22,646	13,928
	(c) Employee related liability	282	2,876
	(d) Expenses Payable	408,709	498,847
	(e) Goods and Service Tax	390,289	-
	(f) Other Liabilities	33,699	-
	Total	3,843,183	3,167,026
SCHEDULE 14			
PROVISIONS			
1.	Reserve for Unexpired Risk	6,822,430	5,022,292
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	3,548	2,605
	(b) For Wealth Tax	-	-
	(c) For Doubtful Loans and Advances	-	-
	Total	6,825,978	5,024,897
SCHEDULE 15			
MISCELLANEOUS EXPENDITURE			
1.	Discount allowed in issue of shares/debentures	-	-
2.	Others	-	-
	Total	-	-



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

SCHEDULE 16

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 MARCH, 2018**

A. BACKGROUND

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

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

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

The Company is in the business of health insurance. The company's certificate of registration dated February 25, 2014 was valid till March 31, 2015. Pursuant to section 3 read with section 3A of the Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015, the said certificate shall consequentially continue to be in force from April 1, 2015 onwards.

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, as amended by the Insurance Laws (Amendment) Act, 2015, 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 tax) is recognized on assumption of risk. 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. Reserve for unexpired risk is provided at 50% of the Net Written Premium.

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. 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 IRDAI.

(i) Allocation of Investment Income

Investment income is recognized in Profit & Loss Account and Revenue Account based on income generated against investments representing securities in policyholders and shareholder's funds.

(j) Investments

Investments are made in accordance with the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 and Insurance Regulatory & Development Authority of Indian (Investment) Regulations, 2016, 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.

(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 Revenue/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:

<u>Asset Class</u>	<u>Estimated Useful life</u>
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



Mobile Phones & Tablets are fully depreciated in the month of purchase

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

(o) Impairment of Assets

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

(p) Income Taxes

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

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

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

(q) Employee Benefits

Provident Fund

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

Gratuity

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



Deferred Incentive Plan

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

(r) Provisions and Contingent Liabilities

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

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

(s) Earnings Per Share (EPS)

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

(t) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease Rent under operating leases is recognized in the revenue 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.



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(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 31.03.18	As at 31.03.17
Partly paid up Investments	Nil	Nil
Underwriting commitments outstanding	Nil	Nil
Claims other than against policies, not acknowledged as debts by the Company	18,897	18,897
Guarantees given by or on behalf of the Company	4,300	1,800
Statutory demands / liabilities in dispute, not provided for	Nil	Nil
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
Others*	29,046	36,551

*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 4,400 thousands (previous year Rs. 1,900 thousands). The deposits have been placed with banks for the purposes of executing bank guarantees in favour of UIDAI for e-KYC, hospitals towards cash-less arrangements and deposits given to sales tax office.

3. Commitments made and outstanding for:

Particulars	<i>(Amount in Rs. '000s)</i>	
	As at 31.03.18	As at 31.03.17
Loans	Nil	Nil
Investments	Nil	Nil
Fixed Assets	104,949	93,506

4. Claims, less reinsurance paid to claimants:

Class of Business	In India		<i>(Amount in Rs. '000s)</i> Outside India	
	Year ended 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17
	Health	7,248,009	5,961,970	23,691



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 31.03.18	As at 31.03.17	As at 31.03.18	As at 31.03.17
Health*	170,830	134,133	1,107,641	589,321

*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 31.03.18	As at 31.03.17
Health	NII	NII

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

Class of Business	<i>(Amount in Rs. '000s)</i>			
	In India		Outside India	
	Year ended 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17
Health	14,443,546	10,687,666	NII	NII

(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 31.03.18	Year ended 31.03.17	Year ended 31.03.18	Year ended 31.03.17
	Health	84%	82%	16%

9. Value of Contracts in relation to Investments:

Particulars	<i>(Amount in Rs. '000s)</i>	
	As at 31.03.18	As at 31.03.17
Purchase where deliveries are pending	NII	NII
Sales where payments are overdue	NII	NII

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

11. The Company does not have any Investment property as at 31 March 2018.

12. The Investments have been segregated into Policyholders & Shareholders' funds at security level as per the IRDAI circular no. IRDA/F&A/CIR/CPM/056/03/2016 dated April 4, 2016. Accordingly, the investment income is now recognized in Profit and Loss



account and Revenue account based on income generated against investments representing securities in policyholders and shareholders' funds.

13. The historical cost of investments in mutual funds which have been valued on fair value basis is Rs. 1,143,524 thousand (previous year Rs. 1,046,200 thousand).

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

Particulars	(Amount in Rs. '000s)	
	Year ended 31.03.2018	Year ended 31.03.2017
Salaries and allowances	23,425	28,215
Contribution to Provident Funds	786	1,164
Perquisites	2,352	2,200
Total	26,563	31,579

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 of India (IRDAI) as per the requirement of Sec 34A of the Insurance Act, 1938. Pursuant to the said approval INR 15,000 thousands (Previous Year INR 15,000) is charged to Revenue Account, and remaining INR 11,563 thousands (Previous Year INR 16,579 thousands) is charged to Profit and Loss Account.

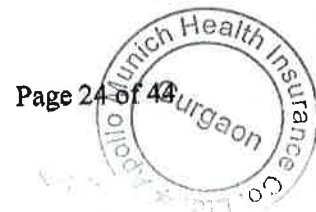
15. The total remuneration of key management persons as per guidelines for corporate governance for insurers in India issued by IRDAI is INR 106,055 thousands (Previous year INR 95,820 thousands).

16. Operating Lease (Non-Cancelable)

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

Particulars	(Amount in Rs. '000s)	
	As at 31.03.18	As at 31.03.17
Payable not later than one year	12,080	20,481
Payable later than one year but not later than five years	7,448	18,733
Payable later than five years	-	-
Total	19,528	39,214

Aggregate lease rentals charged to Revenue Accounts is Rs. 136,038 thousand (Previous Year Rs. 113,609 thousand).



17. Related Parties & Transactions

Relationship	Names of the Related party
Joint Venture partners	Apollo Hospitals Enterprise Limited Apollo Energy Company Limited Munich Health Holding AG
Enterprise over which Key Personnel are able to exercise Significant control	Lifetime Wellness Rx International Limited Family Health Plan Insurance TPA Limited Faber Sindoori Management Services Private Limited Apollo Gleneagales Hospitals Limited Kelmed Limited P. Obul Reddy & Sons Medversity Online Limited, Hyderabad Apollo Gleneagales PET-CT Private Limited Indraprastha Medical Corporation Limited Apollo Hospital International Limited Apollo Health and Lifestyle Limited Munchener Ruckversicherung Gesellschaft Apollo Home Healthcare Limited Samudra Healthcare Enterprises Limited Associated Electrical Agencies Apex Agencies PPN Power Generating Company Private Limited Apollo Rajshree Hospitals Pvt Ltd Apollo Dialysis Private Limited Apollo Med Skills Limited Assam Hospitals Limited Apollo Hospitals Educational Trust
Key management personnel	Mr. Antony Jacob, Whole Time Director and CEO



Details of transactions with related parties and balances at year ending 31.03.18 are as follows:

(Amount in Rs '000s)

Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
A. Transactions during the year								
Premium Income			74,587	66,546	90,482	95,367	165,069	161,913
Apollo Health & Lifestyle Limited	-	-	4,101	-	-	-	4,101	-
Family Health Plan Insurance TPA Limited	-	-	11,452	8,087	-	-	11,452	8,087
Apex Agencies	-	-	179	88	-	-	179	88
Apollo Hospitals Enterprise Limited	-	-	-	-	90,482	95,367	90,482	95,367
Apollo Hospitals International Limited	-	-	298	8,692	-	-	298	8,692
Associated Electrical Agencies	-	-	-	188	-	-	-	188
Faber Sindoori Management Services Private Limited	-	-	2,087	2,682	-	-	2,087	2,682
Indraprastha Medical Corporation Limited	-	-	43,846	40,656	-	-	43,846	40,656
Keimed Private Limited	-	-	951	701	-	-	951	701
Lifetime Wellness Rx International Limited	-	-	1,219	2,565	-	-	1,219	2,565
Apollo Gleneagles Hospital Limited	-	-	-	36	-	-	-	36
P. Obul Reddy & Sons	-	-	-	120	-	-	-	120
Medversity Online Limited	-	-	2,165	-	-	-	2,165	-
Samudra Healthcare Enterprises Limited	-	-	-	3	-	-	-	3
Apollo Home Health Care Limited	-	-	1,650	1,622	-	-	1,650	1,622
PPN Power Generating Company Private Limited	-	-	1,848	1,100	-	-	1,848	1,100
Apollo Gleneagles PET-CT Private Limited	-	-	6	6	-	-	6	6
Apollo Dialysis Private Limited	-	-	25	-	-	-	25	-
Apollo Med Skills Limited	-	-	4,625	-	-	-	4,625	-





Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Apollo Hospitals Educational Trust	-	-	135	-	-	-	135	-
Claim Payments	-	-	278,260	244,209	345,720	282,511	623,980	526,720
Imperial Hospital & Research Centre Limited	-	-	36,230	35,707	-	-	36,230	35,707
Family Health Plan Insurance TPA Limited	-	-	-	83	-	-	-	83
Apollo Hospitals Enterprise Limited	-	-	-	-	345,720	282,511	345,720	282,511
Apollo Hospitals International Limited	-	-	20,048	24,044	-	-	20,048	24,044
Faber Sindoori Management Services Private Limited	-	-	17	343	-	-	17	343
Indraprastha Medical Corporation Limited	-	-	161,744	134,908	-	-	161,744	134,908
Apollo Gleneagles Hospital Limited	-	-	51,841	47,454	-	-	51,841	47,454
Apollo Health & Lifestyle Limited	-	-	164	214	-	-	164	214
Samudra Healthcare Enterprises Limited	-	-	1,141	1,456	-	-	1,141	1,456
Apollo Rajshree Hospitals Pvt Ltd	-	-	4,434	-	-	-	4,434	-
Assam Hospitals Limited	-	-	2,641	-	-	-	2,641	-
TPA Fees	-	-	347,514	257,096	-	-	347,514	257,096
Family Health Plan Insurance TPA Limited	-	-	347,514	257,096	-	-	347,514	257,096
Premium on Cession to reinsurers	-	-	1,736,600	386,737	-	-	1,736,600	386,737
Munchener Ruckversicherung Gesellschaft	-	-	1,736,600	386,737	-	-	1,736,600	386,737



Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Reinsurance Commission Earned	-	-	618,581	135,355	-	-	618,581	135,355
Munchener Ruckversicherung Gesellschaft	-	-	618,581	135,355	-	-	618,581	135,355
Losses recovered from Reinsurers	-	-	596,814	93,365	-	-	596,814	93,365
Munchener Ruckversicherung Gesellschaft	-	-	596,814	93,365	-	-	596,814	93,365
Remuneration to Key Managerial personnel	26,563	31,579	-	-	-	-	26,563	31,579
Ms Shobana Kamineni	-	3,435	-	-	-	-	-	3,435
Mr. Antony Jacob	26,563	28,144	-	-	-	-	26,563	28,144
Services Availed	-	-	1,125	701	156	2,035	1,281	2,736
Apollo Health & Lifestyle Limited	-	-	191	367	-	-	191	367
Apollo Hospitals Enterprise Limited	-	-	-	-	156	2,035	156	2,035
Indraprastha Medical Corporation Limited	-	-	59	-	-	-	59	-
Lifetime Wellness RX International Limited	-	-	875	334	-	-	875	334
Non-Convertible Debentures Issued	-	-	400,000	-	400,000	-	800,000	-
Apollo Hospital Enterprise Limited	-	-	-	-	80,000	-	80,000	-
Apollo Energy Company Limited	-	-	-	-	320,000	-	320,000	-
Munchener Ruckversicherung Gesellschaft	-	-	400,000	-	-	-	400,000	-





Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
B. Outstanding balances at the year end								
Balances payable as on Balance sheet date	-	-	518,848	173,610	-	-	518,848	173,610
Family Health Plan Insurance TPA Limited	-	-	32,055	15,593	-	-	32,055	15,593
Munchener Ruckversicherung Gesellschaft	-	-	486,793	158,017	-	-	486,793	158,017
C. Deposit Premium Balance			5,692	5,907	3,516	2,861	9,208	8,768
Apollo Hospitals Enterprise Limited	-	-	-	-	3,516	2,861	3,516	2,861
Lifetime Wellness RX International Limited	-	-	107	23	-	-	107	23
Family Health Plan Insurance TPA Limited	-	-	1,906	1,456	-	-	1,906	1,456
Faber Sindoori Management Services Private Limited	-	-	236	240	-	-	236	240
Apollo Gleneagales Hospitals Limited	-	-	124	124	-	-	124	124
Keimed Limited	-	-	12	48	-	-	12	48
Medversity Online Limited, Hyderabad	-	-	210	46	-	-	210	46
Apollo Gleneagales PET-CT Private Limited	-	-	3	3	-	-	3	3
Indraprastha Medical Corporation Limited	-	-	1,672	2,336	-	-	1,672	2,336
Apollo Hospital International Limited	-	-	11	33	-	-	11	33
Apollo Health and Lifestyle Limited	-	-	1,277	1,257	-	-	1,277	1,257
Apollo Home Healthcare Limited	-	-	53	236	-	-	53	236
Samudra Healthcare Enterprises Limited	-	-	27	27	-	-	27	27



Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Associated Electrical Agencies	-	23	-	23	-	-	-	23
Apex Agencies	-	-	23	-	-	-	23	-
PPN Power Generating Company Private Limited	-	-	4	-	-	-	4	-
Apollo Rajshree Hospitals Pvt Ltd	-	14	14	14	-	-	14	14
Apollo Med Skills Limited	-	28	-	28	-	-	-	28
Assam Hospitals Limited	-	13	13	13	-	-	13	-

*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:

(Amount in Rs. '000)				
Year ended 31.03.18				
Particulars	Health	Personal accident	Others	Total
Segmental Revenue	12,107,079	1,084,736	185,240	13,377,055
Segmental Result	(89,395)	666,047	73,059	649,711
Segmental Liabilities				
Claims Outstanding (Net)	1,435,271	83,856	94,816	1,613,943
Unexplred risk reserve (Net)	6,525,251	281,232	15,947	6,822,430
Premium received in advance	87,007	62,236	16,653	165,896
Segment Assets				
Outstanding Premium	24,317	18	-	24,335

(Amount in Rs. '000)				
Year ended 31.03.17				
Particulars	Health	Personal accident	Others	Total
Segmental Revenue	10,732,689	835,130	118,039	11,685,858
Segmental Result	1,326,202	513,958	32,878	1,873,038
Segmental Liabilities				
Claims Outstanding (Net)	847,740	65,701	73,451	986,892
Unexplred risk reserve (Net)	4,797,822	213,257	11,213	5,022,292
Premium received in advance	15,464	46,872	10,185	122,521
Segment Assets				
Outstanding Premium	210	-	-	210



19.(a) Defined Contribution Plan

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

Particulars	(Amount in Rs '000s)	
	Year ended 31.03.2018	Year ended 31.03.2017
Provident Fund	81,748	57,730
Employee State Insurance	16,333	3,502
National Pension Scheme	4,254	3,364

(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	31.03.2018	31.03.2017
Mortality	Indian Assured lives (2006-08) Ultimate	India Assured lives (2006-08)
Discount Rate	7.35%	6.81%
Rate of Increase in compensation	5.00%	8.00%
Withdrawal rate	20.00%	15.00%

ii. Changes in benefit obligations:

Particulars	(Amount in Rs '000s)	
	31.03.2018	31.03.2017
Present value of obligations at the beginning of Year	61,122	52,725
Interest cost	4,162	3,807
Current Service Cost	16,582	13,073
Past Service Cost	-	-
Benefits Paid	(6,590)	(7,650)
Actuarial gain/(loss) on obligation	5,826	833
Present value of obligations at end of Year	69,450	61,122



III. Fair Value of Plan Assets:

Particulars	(Amount in Rs '000s)	
	31.03.2018	31.03.2017
Fair Value of Planned Assets at beginning of Year	58,517	47,681
Adjustments to Opening Balance	-	-
Contributions	10,368	12,000
Expected Return on Planned Assets	3,985	3,443
Benefits Paid	(6,590)	(7,650)
Actuarial Gain/(Loss) on Planned Assets	(378)	3,043
Fair Value of Planned Assets at end of year	65,902	58,517

IV. Amounts recognized in Profit & Loss Account:

Particulars	(Amount in Rs '000s)	
	31.03.2018	31.03.2017
Current Service Cost	16582	13,073
Interest Cost	4162	3,807
Past Service Cost(vested benefits)	-	-
Unrecognized Past Service Cost - Non-vested benefits	-	-
Expected Return on Plan Assets	(3,985)	(3,443)
Net Actuarial (Gain)/loss recognized for the year	5,448	3,876
Amount recognized in Profit & loss Account	11,311	9,561

V. Amounts recognized in Balance Sheet:

Particulars	(Amount in Rs '000s)	
	As at 31.03.2018	As at 31.03.2017
Present value of obligations at end of Year	69,450	61,122
Fair Value of Plan Assets at end of Year	65,902	58,517



Funded Status	(3,548)	(2,605)
Unrecognized Past Service Cost - Non-vested benefits	-	-
Net Asset/(Liability) recognized in the balance sheet	(3,548)	(2,605)

vi. Balance Sheet Reconciliation :

Particulars	<i>(Amount in Rs '000s)</i>	
	Year ended 31.03.2018	Year ended 31.03.2017
Opening Net (Liability)/Asset	(2,605)	(5,044)
Adjustment to Opening Balance	-	-
Expenses as above	(11,311)	(9,561)
Contribution Paid	10,368	12,000
Closing Net (Liability)/Asset	(3,548)	(2,605)

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 INR 347,890 thousand (Previous Year INR 255,933 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 during the year is NIL (Previous Year INR NIL).

21. Employee Stock Options

The Company had 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. The options have been granted under various tranches.

The Company has introduced another "Employee Stock Option Plan 2017 (ESOP 2017)" in the financial year 2017-18 effective from 9th February 2018. Under ESOP 2017, the company has given options to eligible employees to acquire shares in the Company. The options have been granted at INR 19.69 per option. The options are exercisable over a period of 5 years from the date of vesting. The options will vest in ratio of 20:20:20:40 starting at the end of two years from the date of grant.



The company has also granted 4th tranche against ESOP 2011 on 1 August 2017. It will vest over a period of four years in the ratio of 25:25:50 starting at the end of two years from the date of grant.

The Company has adopted intrinsic value method for computing the compensation cost of options granted. As the exercise price is equal to 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, 2018 would have been higher by INR 39,950 thousands (previous year INR 7,270 thousands). Consequently the Company's basic earnings per share would have been INR 0.31 and diluted earnings per share would have been INR 0.31.

The Key assumptions used to estimate the fair value of options granted during the year ended 31 March 2018 are as under:

- Risk- Free Rates are derived from the G Sec of applicable maturity.
- Volatility is based on average of last 6 years data of BSE and NSE indices.
- Dividend Yield is assumed to be Zero.

Movements In the Options under ESOP 2011 and 2018

Particulars	As at 31 March 2018	As at 31 March 2017
Outstanding at the beginning of the year	1,262,500	460,625
Add: Granted during the year	3,945,000	1,225,000
Less: Forfeited / lapsed during the year	-	75,000
Less: Exercised during the year	618,750	348,125
Outstanding at the end of the year	4,588,750	1,262,500
Exercisable at the end of the year	643,750	1,262,500

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 31.03.2018	Year ended 31.03.2017
a. Net Profit/(Loss) after tax	Rs In '000s	152,399	1,322,933
b. Weighted average number of equity shares used in computing basic earnings per share	No. of shares in '000s	357,640	357,162
c. Basic earnings per share (a/b)	Rs.	0.43	3.70
d. Weighted average number of potential equity shares	No. of shares in ,000s	644	358
e. Diluted earnings per share(a/{b + d})	Rs.	0.43	3.69



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

Operating expenses	(Amount in '000s)	
	Year ended 31.03.18	Year ended 31.03.17
Outsourcing Expenses	452,884	393,447
Marketing Support	774,013	516,679
Business Promotion	236,264	247,152
Total	1,463,161	1,157,278

24. Sector Wise Business

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

Business Sector	Year ended 31.03.18			Year ended 31.03.17		
	GDWP Rs.'000s	No. of Lives	% of GWP	GDWP Rs.'000s	No. of Lives	% of GWP
Rural	737,954	163,954	4.30%	493,888	70,687	3.80%
Social	161	250,000	0.00%	2,943	181,804	0.02%
Urban	16,436,980	8,432,302	95.70%	12,522,474	6,124,372	96.18%
Total	17,175,095	8,846,256	100%	13,019,305	6,376,863	100%

25. Apollo Munich has a comprehensive Risk Management Framework in place. Risk management is viewed quite seriously by the management of the Company. The Company has a Risk Management Committee in place with representation from the Board of Directors, in line with the Corporate Governance Guidelines of IRDAI. Besides this, the Company has also constituted Risk Governance and Risk Officers Committee. In addition to above, there are functional teams for managing risks comprise of the Risk Managers and Risk Coordinators. Risk Management Policy of the Company gives the roles and responsibilities in great detail at each level. Broadly, functional teams are responsible for identifying risk in their respective areas. Risk Officers Committee ensures at organization level that all risks are identified and assessed as per guidelines in place and reports key risk to Risk Governance Committee which in turn assists Risk Management Committee at Board level to ensure that adequate system of internal control is in place and risk landscape of the Company is as per its defined risk appetite. Chief Risk Officer, who is overall in charge of risk management, is part of various risk committees and ensures that risk awareness culture is in place among other things.



26. The details of number of Claims Intimated, disposed off and pending with details of duration:

Claims Experience	Health	Overseas Travel	In Numbers	
			Personal Accident	Total
Claims O/s at the beginning of the Year	13,042	130	254	13,426
Claims reported during the Year	262,181	1,195	1,680	265,056
Claims settled during the Year	225,659	557	1,072	227,288
Claims repudiated during the Year	27,780	554	670	29,004
Claims closed during the Year	-	-	-	-
Claims O/s at the end of the Year	21,784	214	192	22,190
Less than 3 months	21,784	214	192	22,190
3 months to 6 months	-	-	-	-
6 months to 1 year	-	-	-	-
1 year and above	-	-	-	-

27. Disclosure of Fire and Marine Revenue accounts:

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

28. 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.

29. The company has charged expenses of INR 487,913 (previous year 689,698 thousand) to Profit and Loss account, being the amount in excess of limits prescribed in Schedule I of IRDAI (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016. IRDAI has given forbearance to the company for the year ending 31st March 2018 towards expenses of management which are in excess of limits prescribed.



30. Summary of Financial Statements is provided as under:

(Amount in lacs)

S. No	Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
<u>Operating Results:</u>						
1	Gross Direct Premiums	171,751	130,193	102,218	80,313	69,247
2	Net Premium Income #	144,435	106,877	86,392	68,146	65,062
3	Income from Investments (net)	7,043	6,488	4,262	3,504	2,725
4	Other Income	293	240	183	135	82
5	Total Income	151,771	113,605	90,837	71,785	67,869
6	Commission (Net) (Including Brokerage)	11,139	9,489	5,018	4,533	6,387
7	Operating Expenses	37,147	28,079	28,580	25,578	20,830
8	Net Claims Incurred	78,988	60,559	50,064	41,342	35,643
9	Change In Unexpired Risk Reserve	18,001	(3,254)	8,902	2,558	10,722
10	Operating Profit/Loss	6,497	18,730	(1,727)	(2,226)	(5,713)
<u>Non-Operating Result</u>						
11	Total Income under Shareholders Account	(4,973)	(5,501)	2,473	2,295	2,019
12	Profit /(Loss) before tax	1,524	13,229	746	69	(3,694)
13	Provision for Tax	-	-	-	(3)	(3)
14	Profit/(Loss) after tax	1,524	13,229	746	66	(3,697)
<u>Miscellaneous:</u>						
Policy holders' Account:						
15	Total Fund					
	Total Investments	100,413	77,076	N.A	N.A	N.A



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(Amount in lacs)

S. No	Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
	Yield on Investments	8.03%	8.51%	N.A	N.A	N.A
16	Shareholders' Account:					
	Total Fund					
	Total Investments	16,451	14,470	N.A	N.A	N.A
	Yield on Investments	8.03%	8.51%	N.A	N.A	N.A
17	Paid Up Equity Capital	35,789	35,727	35,692	34,923	33,098
18	Net Worth	42,263	40,726	27,462	25,433	22,642
19	Total Assets	157,078	122,653	104,061	89,372	81,698
20	Yield on total Investments	8.03%	8.51%	8.92%	9.27%	9.29%
21	Earnings Per Share (Rs.)	0.43	3.70	0.21	0.02	(1.14)
22	Book value per Share(Rs.)	11.81	11.40	7.69	7.28	6.84
23	Total Dividend	NII	NII	NII	NII	NII
24	Dividend Per share	NII	NII	NII	NII	NII

Net of reinsurance

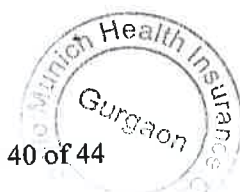
31.Accounting Ratios is provided as under:

Performance Ratios	2017-2018 (in %/times)	2016-2017 (in %/times)
Gross Direct Premium Growth Rate (Gross direct premium for the current year divided by the gross direct premium for the previous year)	32%	27%
Gross Direct Premium to Net Worth Ratio (Gross direct premium for the current year divided by paid up capital and free reserves)	4.06	3.20
Growth Rate of Net Worth (Net Worth as at the current balance sheet date divided by Net Worth as at the previous balance sheet date)	4%	48%



Performance Ratios	2017-2018 (in %/times)	2016-2017 (in %/times)
Net Retention Ratio (Net written premium divided by gross premium including RI acceptance)	84%	82%
Net Commission Ratio (Commission net of reinsurance for a class of business divided by net written premium)	8%	9%
Expenses of Management to Gross Direct Premium (Expenses of management plus commission paid divided by the total gross direct premium)	36%	38%
Expenses of management to Net Written Premium Ratio (Expenses of management plus Commission Paid divided by the Net Written Premium)	43%	46%
Net Incurred Claims to Net Earned Premium	62%	55%
Combined Ratio (Net Incurred claims divided by NEP plus Expense of management (Including Net Commission) divided by NWP)	99%	97%
Technical Reserves to Net Premium Ratio (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	0.58	0.56
Underwriting Balance Ratio (Underwriting profit divided by net premium for the respective class of business)	(0.01)	0.11
Operating Profit Ratio (Underwriting profit plus investment income divided by net premium)	5%	17%
Liquid Assets to Liability Ratio (Liquid assets of the insurer divided by the policy holders' liabilities)	0.54	0.45
Net Earnings Ratio (Profit after tax divided by net premium)	1.06%	12.38%
Return on Net Worth (Profit after tax divided by net worth)	3.61%	32.48%
Available Solvency Margin to Required Solvency Margin Ratio	1.74	1.90

NPA Ratio



32. Penal actions taken by various Government Authorities for the year 2017-18.

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



33. Statement showing the age-wise analysis of the unclaimed amount of Policyholders as on 31 March 2018:

Particulars	Total amount	Age-wise Analysis (INR in Lakhs)							
		0-6 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	84.16	67.70	6.83	1.85	7.75	0.03	-	-	
Cheques Issued but not encashed by the policyholder/ Insured	274.47	70.38	16.40	8.44	9.96	14.83	9.51	144.96	



34. Unclaimed amount and Investment Income due to Policyholder

(INR in Lakhs)

Particulars	Year ended 31.03.18	Year ended 31.03.17
Opening Balance	241	245
Add: Amount transferred to Unclaimed Fund	45	67
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	-	-
Add: Investment Income on Unclaimed Fund	20	18
Less: Amount of claims paid during the year	41	89
Less: Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	-	-
Closing Balance of Unclaimed Amount Fund	265	241

35. Borrowings

For the year ended 31st March, 2018, the company has raised INR 80 Crores through an issue of listed, unsecured redeemable subordinated Non-Convertible Debentures through private placements in the nature of Subordinated Debt which qualifies as other forms of capital under Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015. These Non-Convertible Debentures had been issued with the object of further strengthening the Issuer's Solvency by way of augmenting its capital under "Other Form of Capital" to facilitate growth of the Issuer.

(Amount in Rs. '000s)

Maturity buckets	Borrowings
1 to 5 years	-
Above 5 years	800,000
Total	800,000

Gist of the terms of issue are as follows;

Series	1/2017-18/AMHI
Type, Nature and Seniority of Instrument	Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable, Non-Convertible Debentured
Face Value (per security)	INR 1,000,000
Issue Size	INR 80 Crores
Issue Date / Date of Allotment	18-Sep-2017
Redemption Date	17-Sep-2027
Call option Date	19-Sep-2022
Coupon Rate	8.40% per annum
Credit Rating	"AA" (Stable) by CARE
Listing	Listed on WDM Segment of BSE
Frequency of the Interest Payment	Annually



36. In terms of the provisions of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, the company was required to spend Rs. 9,363 thousands (being 2% of average net profits during the three immediately preceding financial years), In pursuance of Corporate Social Responsibility (CSR) activities. The company would be spending the same in future years.

37. Previous year figures have been reclassified wherever necessary.

As per our report of even date

For S. N. Dhawan & Co.
(Formerly known as S.N.Dhawan & Co.)
Chartered Accountants
(Registration no. 000050N/N500045)



Rajeev K Saxena
Partner
Membership No. 77974



For S Viswanathan LLP
Chartered Accountants
(Registration No. 004770S/S200025)



V.C. Krishnan
Partner
Membership No. 22167

For and on behalf of the Board of Directors



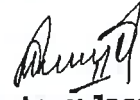
Dr. Prathap C Reddy
Chairman



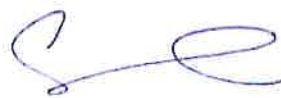
Shobana Kamineni
Director



Andrew Kielty
Director



Antony Jacob
Whole Time Director &
Chief Executive Officer



Srikanth Kandikonda
Chief Financial Officer
& Company secretary

Place:
Date:

Gurgaon
- 4 MAY 2010



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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 2018:

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 2018 have 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, as amended, 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 does not have any operations outside India during the year ended 31 March 2018.



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

(Amount Rs in Lacs)

Days	As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015		As at 31 March 2014	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
30 Days	16,235	8,236	9,036	4,523	7,677	3,703	6,686	3,102	6,546	2,665
30 Days - 6 Months	4,803	2,840	2,994	1,370	1,475	1,263	1,671	1,282	3,520	721
6 Months - 1 Year	489	622	738	523	239	221	103	132	67	96
1 Year - 5 Years	592	859	619	784	389	678	234	294	212	216
5 Years & above	71	228	39	35	27	18	7	4	2	1

Trends in Claim Settlement:

Particulars	2017-18	2016-17	2015-16	2014-15	2013-14
Overall Average Claims Settlement time	17 days	20 days	22 days	21 days	18 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 2018 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 2018.



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

(Amount Rs in Lacs)

Name of the Entity	Name of Director	Interested As	Nature of Transaction	2017-18
Apollo Gleneagles Hospitals Limited	Dr. Prathap C Reddy, Ms.Suneeta Reddy	Director	Claim payments	518
Apollo Hospitals Enterprise Limited	Dr. Prathap C Reddy, Ms.Suneeta Reddy, Ms. Shobana Kamineni	Director	Claim payments Payment for services rendered	3,457 2
Apollo Hospitals International Limited	Dr. Prathap C Reddy	Director	Claim payments	200
Family Health Plan Insurance TPA Limited	Ms. Shobana Kamineni	Member	TPA Fees	3,475
Indraprastha Medical Corporation Limited	Dr. Prathap C Reddy, Ms.Suneeta Reddy, Ms. Shobana Kamineni	Director	Claim payments Payment for services rendered	1,617 0.59
Lifetime Wellness Rx International Limited	Ms. Shobana Kamineni	Director	Payment for services rendered	9
Apollo Health and Lifestyle Ltd.	Ms.Suneeta Reddy	Director	Claims Payments Payment for services rendered	2 2
Samudra Healthcare Enterprises Limited	Dr. Prathap C Reddy	Director	Claim Payments	11
HDFC ERGO General Insurance Co Limited	Mr. Bernhard Steinruecke	Director	Claim Payments	721
Faber Sindoori Management Services Private Limited	Dr. Prathap C Reddy, Ms.Suneeta Reddy	Director	Claim Payments	0.17
Imperial Hospital And Research Centre Ltd	Dr. Pratap C Reddy,	Director	Claim payments	362



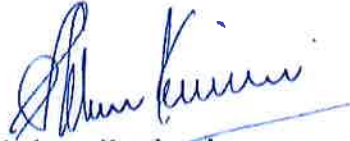
13. It is hereby confirmed that:

- 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, and The Companies Act, 2013, 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 Kamini
Director



Andrew Kielty
Director



Antony Jacob
Whole Time Director &
Chief Executive Officer



Srikanth Kandikonda
Chief Financial Officer
& Company Secretary

Place: *Gurgaon*

Date: *04.05.2018*



