



# **Apollo Munich Health Insurance Company Limited**

## **13<sup>TH</sup> Annual Report**

### **2018-19**

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## Corporate Information

### Board of Directors

Ms. Shobana Kamineni  
Ms. Suneeta Reddy  
Mr. Karthik Reddy  
Mr. Andrew Kielty  
Mr. Has Volker Sprave  
Mr. MBN Rao  
Mr. Bernhard Steinruecke  
Mr. Bharat Shah  
Mr. Antony Jacob

### Senior Management

Mr. Antony Jacob – Managing Director  
Mr. Krishnan Ramachandran - CEO (Designate)  
Mr. Srikanth Kandikonda - CFO & Company Secretary

### Statutory 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](http://www.apollomunichinsurance.com)

### Corporate Office

1<sup>st</sup> Floor, SCF – 19,  
Sector 14, Gurgaon  
Haryana

### CPC Office

Central Processing Center,  
2<sup>nd</sup> & 3<sup>rd</sup> Floor, iLabs Centre,  
Plot No 404-405, Udyog Vihar,  
Phase III, Gurgaon-122016

### Debenture Trustee

Axis Trustee Services Limited  
2<sup>nd</sup> Floor, Bombay Dyeing Mill Compound,  
Pandurang Budhkar Marg, Worli, Mumbai – 400 025  
Email: [debenturetrustee@axistrustee.com](mailto:debenturetrustee@axistrustee.com)  
Website: [www.axistrustee.com](http://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 thirteenth Annual Report together with the Audited Statement of Accounts for the financial year ended 31<sup>st</sup> March, 2019.

### 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 a rise of 36.7% in 2018-19. It rose to INR 113.6 billion in 2018-19, from INR 83.1 billion in 2017-18.

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 31<sup>st</sup> March, 2019, your Company achieved a Gross Written Premium of INR 2,194 crore, reflecting a growth of 28%. 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.

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 Eleventh full year of operations in a challenging and competitive market. During the year under review, the Company achieved GWP of INR 21.9 Billion as compared to INR 17.2 Billion in FY 2017-18, a growth of about 28%. The income from investments during the year was INR 1,041.48 Million as compared to INR 829.87 Million in 2017-18. The profit for the year was INR 112.03 Million in comparison to INR 152.4 Million during FY 2017-18. The total incurred claims during the year under review were INR 10.47 Billion as compared to INR 7.89 Billion in FY 2017-18.



### 3. Capital:

The paid-up equity capital of your Company as on 31<sup>st</sup> March, 2019 was at INR 3.58 billion. In view of raising additional capital for the projected growth of business for the Financial Year 2019-20 and to further strengthen and maintain the adequate Solvency Margin requirements, the Board of Directors vide circular resolution dated on 30<sup>th</sup> June, 2019, had raised additional equity capital vide Right Issue and post Right Issue, the paid up equity capital of your Company was at INR 3.72 billion.

### 4. Issue of Non-Convertible Debentures:

During the year under review, the Company after necessary approvals had issued and allotted 740 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 10.25% per annum, payable annually for cash aggregating to INR 74 Crores, 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 18<sup>th</sup> September, 2018. 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 Acuité Ratings were assigned the rating of AA Stable. The NCDs are listed on the Whole Sale Debt Market Segment of BSE Limited.

As at March 31<sup>st</sup>, 2019, the Company's outstanding NCDs stood at INR 154 Crores consisting of 1540 NCDs having face value of INR 10,00,000/-. The Company has been regular in payment of its obligations towards NCDs.

### 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 03<sup>rd</sup> August, 2007 and holds a valid certificate of registration.



## 7. Underwriting and Portfolio Management:

Your 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. While market continues with unsustainable pricing in group health insurance business, the Company remains committed to profitable business as the strategy and accordingly continues to exhibit underwriting and pricing discipline which is reflected in the bottom-line performance of Group business 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. Rule engine enhancement project is near completion which would enhance efficiency and scope of the same.

## Health Management & Clinical Informatics:

The Company has also started using outlier analysis to identify the factors responsible for adverse incidence rate and average claim size which will serve as an input for finding out conditions for Average Length of Stay reduction and Home Health Care initiative. This year the focus has been on maintaining the level of wellness services utilizing innovation and technology reflected in a considerable improvement in wellness test adherence and wellness discounts.

## 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. "EduCare" is our student travel insurance plan. The product provides a modular structure based plan which is a unique and exclusive offering suited to students, specially crafted for insurance requirements of top universities around the world.

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:** Last year saw under Group Policies, the launch of new banca partnership with HDFC Bank and other partnership with Anand Rathi, Spicejet, Paisabazaar and Vayamtech and enhancement of product portfolio with existing partners like Bandhan Bank and Equitas



Under the Retail health Policies, the year gone by saw an upgrade to the Energy and IPA policies. Apart from the above, new products like iCan and POS Optima Restore were launched in the retail market.

#### 9. Office Network:

The total number of offices of the Company stood at 186, comprising of 8 Zonal offices in Delhi, Ahmedabad, Mumbai, Hyderabad, Bangalore, Chennai, Kolkata and Indore, 176 spoke offices across the country, 1 Branch and Corporate office and 1 Central Processing Centre. The Company's registered office is situated at Hyderabad, Telangana. 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. The national health insurance scheme launched by the Prime Minister is also driving the need for adequate health insurance amongst common population across the country.

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 and your company has been able to generate significant wallet share amongst the competing general insurance and health insurance companies within the digital partners. 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 which has shown positive results. 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 31<sup>st</sup> March, 2019.

12. Claims, Provider Network and Health Management:

Initiatives like Orange zone, preferred provider network, Claims Sahyog, etc. have been scaled up for unique customer experience. New initiatives like Virtual orange zone and Walk-in and walk-out at cashless service are also being expanded to be able to serve the larger base of customers.

The Company’s focus has been on cost optimization by improvement of efficiency, by reduction in query rates and improved turnaround time. NPS (Net Promoter Score) has consistently been positive and industry leading, both for cashless and reimbursement claim process

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:

- New capabilities created towards enhancing the digital portfolio – Portal for agents, Customer application for renewal & discounts, New customer acquisition tool used by agents.
- Customer engagement & Self service capability for customers through HealthJinn mobile Application.
- Increase in digital adoption through technology enhancement.
- Partnership engagements: Time to market reduction with minimize IT intervention.
- Simplifying the application integration framework through implementation of Oracle ESB – Enterprise service Bus.
- IT Operations Consolidation with single Partner with SLA’s enabling better system availability with enhanced service window to focus on 24\*7 business operations.
- Monitoring Tools (Nagios XI) implemented and being embraced to move towards proactive management of Infrastructure.
- Development teams embracing Agile methodology.
- Improvement in Information Security posture by deploying:
  - DRM: Digital Rights Management
  - MDM: Mobile Device Management





- SIEM: Security information and event management
- 2FA: Two Factor Authentication

#### 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 31<sup>st</sup> March, 2019 were INR 16,987.89 Mio as against INR 13,227.21 Mio at the end of the previous year, an increase in the investment portfolio of around 28.43%. 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 1,041.68 Million as against INR 829.87 Million in the previous year. The average yield on these investments during the year worked out to 7.73% as against 8.03% earned in the previous year.

During the year, certain companies of IL&FS Group were unable to make repayments to their lenders on due dates. The Company also faced certain instances of interest defaults and as such, the IL&FS Group is yet to present a comprehensive resolution plan to the NCLT even as on date. In light of these developments, the Company took a conservative view and reversed the interest income amounting to INR 57.05 Mio on the securities of IL&FS group and further made provision for impairment loss amounting to INR 99.85 Mio. The company registered a profit after tax of INR 112.03 Mio. Had IL&FS group not defaulted on the interest payment on the due dates, the profit of the company would have been INR 268.93 Mio compared to INR 112.03 Mio.

#### 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 proportional treaties in Personal Accident and 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 appended and also 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 five (5) times on 4<sup>th</sup> May, 2018, 11<sup>th</sup> June, 2018, 03<sup>rd</sup> August, 2018, 16<sup>th</sup> October, 2018 and 06<sup>th</sup> February, 2019.

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
- Other 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. Further, in line with the requirements of IRDAI Guidelines for Corporate Governance notified on May 18<sup>th</sup>, 2016, the Board has framed and approved Related Party Transaction Policy of the Company.

#### 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 29.88 Mio was transferred to the Debenture Redemption Reserve (DRR) from profit. As at March 31<sup>st</sup>, 2019, the balance in DRR stands at INR 40.57 Mio.

#### 25. Dividend:

The Directors do not recommend any dividend on equity shares for the year ended 31<sup>st</sup> March, 2019.

#### 26. Material Changes and Commitments affecting the Financial Position:

The Board in its meeting held on 19<sup>th</sup> June, 2019 has approved the execution of Share Purchase Agreement for acquisition of shares by HDFC and Scheme of Merger/amalgamation of your Company with HDFC ERGO General Insurance Company Limited. HDFC has considered and agreed to acquire approximately 50.8% of Equity Shares held by Indian Promoter Shareholders of the Company viz. Apollo Energy Company Limited and Apollo Hospitals Enterprise Limited, Subscribers to Memorandum and Articles of Association and 0.4% from certain other Shareholders of the Company subject to the Regulatory approvals from Insurance Regulatory and Development Authority of India and other statutory bodies for the said transaction. Necessary applications for the regulatory approvals has also been filed in this regard.

There were no other material changes or commitments, affecting the financial position of the Company between March 31<sup>st</sup>, 2019 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 2018-19: Nil



Expenditure in Foreign Currency during 2018-19: 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 15<sup>th</sup> April, 2019.

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 31<sup>st</sup> March, 2019, the Board of Directors comprises of Nine (09) Directors of which five (5) are Non-executive Directors, three (3) are Independent 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 2018-19, the Board was chaired by Ms. Shobana Kamineni, a Non-Executive Director.

The Board, after consideration of the recommendation of the Nomination and Remuneration Committee, in its meeting held on 29<sup>th</sup> April, 2019, approved the elevation of Mr. Antony Jacob as the Managing Director and Mr. Krishnan Ramachandran as the Chief Executive Officer of the Company effective 30<sup>th</sup> April, 2019 subject to seeking necessary regulatory approvals. Mr. Antony Jacob shall continue to hold the position of the Principal Officer in terms of the IRDAI regulations.

During the year under review, Mr. Hans Volker Sprave was also inducted as the Additional Director on the Board of the Company effective 20<sup>th</sup> February, 2019 who shall hold office upto the date of the forthcoming Annual General Meeting of the Company. The Board, vide circular resolution dated 20<sup>th</sup> February, 2019, took note of the resignation of Dr. Clemens Muth as the Director of the Company effective 18<sup>th</sup> February, 2019 due to his increased commitments in Munich Re Group. The Board placed on records that during his tenure, the Company has been enriched with his invaluable and significant contribution being one of the Board members 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. The present term of five (5) years of Mr. MBN Rao and Mr. Bernhard Steinruecke is expiring on 14<sup>th</sup> October, 2019 and they shall be re-appointed for another term of five (5) years in the forthcoming 13<sup>th</sup> Annual General Meeting of the Company.

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. Karthik Reddy and Mr. Andrew Kielty are the Directors who retire by rotation at the ensuing Annual General meeting of the Company and being eligible, offer themselves for re-appointment.

The Board in its meeting held on 29<sup>th</sup> April, 2019 have also categorised Mr. Krishnan Ramachandran, Chief Executive Officer as the "Key Managerial Personnel" of the Company under the provisions of the Companies Act, 2013.

including Mr. Antony Jacob, Managing Director and Mr. Srikanth Kandikonda, Chief Financial Officer and Company Secretary who were already 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 the IRDAI 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 Corporate Governance Guidelines of IRDAI on 18<sup>th</sup> 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 3 (three) years of second term





M/s. S.N. Dhawan & Co., Chartered Accountants – Completed 2 (two) years 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 11<sup>th</sup> AGM for a period of 5 (five) years i.e. from the conclusion of the 11<sup>th</sup> AGM till the conclusion of 16<sup>th</sup> AGM. The term of appointment of M/s. S. Viswanathan LLP, Chartered Accountants, as per applicable law, will be expiring on the conclusion of the 15<sup>th</sup> AGM.

#### 40. Human Resource and People Development:

The principles of Pride, Camaraderie, Credibility, Respect and Fairness are well embedded into the culture of the organization which ensures employee experiences a transparent, respectful and caring work environment.

With C.A.R.E. standing for our belief in being Compassionate, Accountable, Responsive and Expert; we continue to transcend these principles into enhancing our employees' experience. Niramaya, our employee well-being initiative; is aimed at achieving the right balance of heart, mind and soul. One of the programs under Niramaya is 'Reach Out,' which focusses on emotional well-being, giving all our employees access to qualified counsellors to undertake free counselling session.

We continue to stay true to our commitment of providing critical experiences and learning opportunities to our people and grow them internally to take up leadership opportunities within the organization. ZBH Academy was our effort to ensure that every transition is successful through adequate mentorship. In association with IIM – Ahmedabad, this was a 5-month leadership development initiative that aimed at grooming internal talent to take up larger business leadership roles in the immediate/near future.

Our people centric policies, innovative practices and simplified processes helps us keep our employees happy and engaged which in turn enables them to deliver their best at workplace. Programs like Leave Donation policy where employees can donate leaves to a colleague, Voluntary Benevolent Fund to support employees in unforeseen circumstances when they are in need of financial funds; talk about our promise to take care of our employees.

The efforts in this area have been recognized by Great place to work by rating us among the 100 best companies to work for since 2011 (9 times in a row). We have also been adjudged best in class in the Insurance Domain as well as in the Top 20 BFSI list.

As the industry continues to evolve, there is a need to constantly engage and develop talent. Digital disruption has transformed how we attract, develop and manage people. Some of the key HR focus areas during last Financial Year are as follows:

- Promoting Diversity & Inclusion
- Step further to drive Meritocracy
- Redefining Rewards & Recognition
- Transformational shift in Learning & Development



- Strengthening our Recruitment practices
- Higher focus on hiring compatible talent

As on 31<sup>st</sup> March, 2019 the head count of the Company was 3949.

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. During the Financial Year 2018-19, five (5) cases have been reported and investigated under POSH.

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 1<sup>st</sup> 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 Shareholders in its meeting held on 5<sup>th</sup> December, 2017 amended and substituted the ESOP 2011 with "Employees Stock Option Plan-2017 (ESOP 2017)" to enable the key employees of the Company to participate in its future growth and financial success. Under the ESOP 2017, 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.

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 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. There has been no variation in the terms of the options granted. During the year, none of the KMPs and employees were granted any Options. During the year, 45,000 Options were lapsed and the Company received INR 9.54 Mio as exercise consideration at INR 10/ INR 19.69 towards exercise of 518,750 number of options.



Particulars of options granted by the Company upto March 31<sup>st</sup>, 2019 is summarized below:

<b>Particulars of options granted up to 31<sup>st</sup> March, 2019</b>	
Options granted	64,40,000
Options vested	24,95,000
Options exercised	20,88,750
Number of shares allotted pursuant to exercise of options	20,88,750
Options forfeited / lapsed	326,250
Total number of options in force	40,25,000

#### 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 K Phani & T Sriram, Practicing Company Secretaries, for conducting Secretarial Audit of the Company for the FY 2018-19. The Auditors has not made any qualification, reservation or any adverse remark in their Report for FY 2018-19. 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, Chairperson of the Board, Mr. Antony Jacob, Managing Director 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.

The road to respectable and stable employment is strewn with obstacles, especially for women, coming from families living on economic margins. Hence there is great noble need to properly identify and skill this high potential, significantly large and deserving segment of our society. Your Company has identified this as an important societal need and designed an initiative to address this through a structured skill development initiative ROSHINI.

In line with Your Company's purpose of Making India Health Confident, ROSHINI is centred around Government of India's initiatives 'Beti padhao beti bachao' and 'Skill India', with a clear focus on backward districts identified by Niti Aayog. It is aimed at imparting paramedical skills in rural girl youth of our country to make them employable. The program provides skills and certification, over a 2 month in class and on job training and also assists the participating women to get employed as 'General Duty Assistants', a job category that has a supply deficit in the healthcare industry.

ROSHINI is designed basis guidelines from National Skills Development Council and implemented through select execution partners employed for the job by Your Company. Post completion of training and certification we facilitate



placement of all participating women in hospitals, nursing homes, home care companies etc., thus helping them with employment opportunities as well.

In FY 2018-19, the first year of ROSHINI, over 800 women across 10 cities and 5 states, underwent this program. While 200+ women have already been employed, remaining are at different stages of program completion. This is Company's way of "giving back to society".

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 18<sup>th</sup> May, 2016, the Company was required to spend INR 10.33 Mio for the financial year 2018-19 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 2018-19, the Company has spent INR 5.31 Mio out of the approved allocated CSR expenditure of INR 10.33 Mio. The Company continues to strengthen its CSR endeavor and is working towards designing and implementing existing as well as new CSR initiatives in areas such as healthcare, education and skills development. The road map for CSR activities is a continuous process and the Company shall endeavor to incur CSR expenditure going forward.

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):

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. Vide press release dated November 14, 2018, the IASB proposed the deferral of IFRS 17: Insurance Contracts by one year i.e. to be implemented from January 1, 2022. Accordingly, it is expected that MCA and IRDAI may also defer the implementation of IND AS-117: Insurance Contracts.

#### 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 05<sup>th</sup>, 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 of remuneration of Whole-time Director and CEO in terms of aforesaid Guidelines is disclosed hereunder:

Particulars	Year Ended 31 <sup>st</sup> March 2019
Number of MD/CEO/WTD’s having received variable remuneration award during the financial year	1
Number and total amount of sign on awards made during the financial year	NIL
Details of Guaranteed Bonus if any paid as joining/sign in bonus	NIL
<b>Breakdown of the amount of remuneration awards for Financial year(Amount in INR)</b>	
Fixed	23,251,861
Variable	4,054,082
Deferred	NIL
Non-deferred	NIL
Total amount of deferred remuneration paid out in the financial year	NIL
<b>Total amount of outstanding deferred remuneration</b>	
Cash (in million)	NIL



Shares	NIL
Shares linked instruments	NIL
Other forms	NIL

47. Secretarial Standards:

The Company has complied with the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India.

48. 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.

**For and on behalf of the Board**



**Shobana Kamineni**  
(Chairperson)  
DIN: 00003638



**Place: Gurgaon**  
**Date: 7<sup>th</sup> August, 2019**

**Form No. MGT-9  
EXTRACT OF ANNUAL RETURN**

**As on the financial year ended on March 31<sup>st</sup>, 2019**

**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

1. CIN : U66030TG2006PLC051760
2. Registration Date : November 22<sup>nd</sup>, 2006
3. Name of the Company : Apollo Munich Health Insurance Company Limited
4. Category/Sub-Category of the Company : Health Insurance
5. Address of the Registered office and contact details : Apollo Hospitals Complex, 8-2-293/82/J III/DH/900,  
Jubilee Hills, Hyderabad, Telangana – 500033  
Tel No: 0124 – 4584333, Fax: 0124 – 4584111  
Website: www.apollomunichinsurance.com
6. Whether listed Company : YES (Debentures are Listed on WDM segment of BSE Ltd)
7. Name, Address and Contact details of Registrar and Transfer Agent
- a) Equity Shares : XL Softech Systems Limited,  
3 Sagar Society Road No. 2,  
Banjara Hills, Hyderabad-5000034  
Phone: 23545912/14/15  
Fax: 040-2355344  
Email:xlfield@gmail.com  
Website:www.xlsoftech.com
- b) Debentures : Beetal Financial & Computer Services P Ltd  
Beetal House, 3rd Floor, 99, Madangir,  
Behind LSC, New Delhi – 110062  
Email: beetalrta@gmail.com; beetal@beetalfinancial.com  
Website: www.beetalfinancial.com

**II. BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1	Health Insurance	(Non–Life Insurance) 6512 (sub–class 65120)	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
	NA	NA	NA	NA	NA

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

**i. Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	% Change during the year
<b>A. Promoter</b>									
<i>1) Indian</i>									
a) Individual / HUF	-	500	500	0	400	100	500	0	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	182,422,929	182,422,929	50.97	182,422,929	-	182,422,929	50.90	(0.07)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-total(A)(1):-	-	182,423,429	182,423,429	50.97	182,423,329	100	182,423,429	50.90	(0.07)
<i>2) Foreign</i>									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Body Corporate	-	173,954,205	173,954,205	48.61	-	173,954,205	173,954,205	48.54	(0.07)
j) Banks / FI's	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Sub-total(A)(2):-	-	173,954,205	173,954,205	48.61	-	173,954,205	173,954,205	48.54	(0.07)
<b>Total Promoter shareholding A</b>	-	356,377,634	356,377,634	99.58	182,423,329	173,954,305	356,377,634	99.43	(0.15)
<b>B. Public Shareholding</b>									
<i>1. Institutions</i>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-





d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total(B)(1)	-	-	-	-	-	-	-	-	-
2. Non Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
(i) Indian	-	-	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
(i) Individual shareholders holding nominal share capital	-	-	-	-	-	-	-	-	-
- upto Rs. 1 lakh	-	-	-	-	-	-	-	-	-
(ii) - excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
C) Others-Employees ESOP	375,597	1,136,556	1,512,153	0.26	2,030,693	210	2,030,903	0.57	0.31
Sub-total(B)(2)	375,597	1,136,556	1,512,153	0.26	2,030,693	210	2,030,903	0.57	0.31
Total Public Shareholding (B)= (B)(1)+ (B)(2)	375,597	1,136,556	1,512,153	0.26	2,030,693	210	2,030,903	0.57	0.31
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	375,597	357,514,190	357,889,787	100	184,454,022	173,954,515	358,408,537	100	-



**ii. Shareholding of Promoters**

S. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered - red to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Shobana Kamineni	100	0	0	100	0	0	0
2	Sangita Reddy	100	0	0	100	0	0	0
3	Apollo Energy Company Limited	146,713,929	40.99	0	146,713,929	40.93	0	(0.06)
4	Preetha Reddy	100	0	0	100	0	0	0
5	Suneeta Reddy	100	0	0	100	0	0	0
6	Sucharita Reddy	100	0	0	100	0	0	0
7	Apollo Hospitals Enterprise Limited	35,709,000	9.98	0	35,709,000	9.96	0	(0.02)
8	Munich Health Holding AG	173,954,205	48.61	0	173,954,205	48.54	0	(0.07)
	<b>Total</b>	<b>356,377,134</b>	<b>99.58</b>	<b>0</b>	<b>356,377,134</b>	<b>99.43</b>	<b>0</b>	<b>(0.15)</b>



**iii. Change in Promoters Shareholding (please specify, if there is no change)**

S. No	Particulars	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	<b>Apollo Energy Company Limited</b>					
	At the beginning of the year	01.04.2018	146,713,929	40.99	146,713,929	40.99
	At the End of the year	31.03.2019			146,713,929	40.93
2	<b>Apollo Hospitals Enterprise Limited</b>					
	At the beginning of the year	01.04.2018	35,709,000	9.99	35,709,000	9.99
	At the End of the year	31.03.2019			35,709,000	9.96
3	<b>Munich Health Holding AG</b>					
	At the beginning of the year	01.04.2018	173,954,205	48.61	173,954,205	48.61
	At the End of the year	31.03.2019			173,954,205	48.54
	<b>Total</b>		356,377,134	99.42	356,377,134	99.42

**iv. Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	<b>Krishnan Ramachandran</b>					
	At the beginning of the year	01.04.2018	148,274	0.04	148,274	0.04
	Allotment of Shares (ESOP)	04.05.2018	100,000	0.03	248,274	0.07
	Allotment of Shares (ESOP)	20.02.2019	100,000	0.03	348,274	0.10
	At the end of the year	31.03.2019			348,274	0.10
2	<b>Srikanth Kandikonda</b>					
	At the beginning of the year	01.04.2018	300,597	0.08	300,597	0.08
	At the end of the year	31.03.2019			300,597	0.08
3	<b>Dr. Sriharsha A Achar</b>					



	At the beginning of the year	01.04.2018	115,603	0.03	115,603	0.03
	At the end of the year	31.03.2019			115,603	0.03
4	<b>Vishwanath Mahendra</b>					
	At the beginning of the year	01.04.2018	100,525	0.03	100,525	0.03
	At the end of the year	31.03.2019			100,525	0.03
5	<b>Sanjay Manaktala</b>					
	At the beginning of the year	01.04.2018	40,210	0.01	40,210	0.01
	Allotment of Shares (ESOP)	03.08.2018	50,000	0.01	90,210	0.03
	At the end of the year	31.03.2019			90,210	0.03
6	<b>Dr. Nandini Ali</b>					
	At the beginning of the year	01.04.2018	40,210	0.01	40,210	0.01
	Allotment of Shares (ESOP)	06.02.2019	50,000	0.01	90,210	0.03
	At the end of the year	31.03.2019			90,210	0.03
7	<b>Suraj Mishra</b>					
	At the beginning of the year	01.04.2018	10,000	0.00	10,000	0.00
	Allotment of Shares (ESOP)	06.02.2019	80,000	0.02	90,000	0.03
	At the end of the year	31.03.2019			90,000	0.03
8	<b>Padmesh Nair</b>					
	At the beginning of the year	01.04.2018	75131	0.02	75131	0.02
	At the end of the year	31.03.2019			75,131	0.02
9	<b>Dr. Bhabatosh Mishra</b>					
	At the beginning of the year	01.04.2018	75,131	0.02	75,131	0.02
	At the end of the year	31.03.2018			75,131	0.02
9	<b>Ankur Kharbanda</b>					
	At the beginning of the year	01.04.2017	25,131	0.01	25,131	0.01
	Allotment of Shares (ESOP)	06.02.2019	50,000	0.01	75,131	0.02
	At the end of the year	31.03.2018			75,131	0.02

**v. Shareholding of Directors and Key Managerial Personnel:**

S. No	Shareholding of each Directors and each Key Managerial Personnel	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares	No. of shares	% of total shares
1	<b>Shobana Kamineni –Director</b>					
	At the beginning of the year	01.04.2018	100	0	100	0.00
	At the end of the year	31.03.2019	-	-	100	0.00
2	<b>Suneeta Reddy –Director</b>					
	At the beginning of the year	01.04.2018	100	0	100	0.00
	At the end of the year	31.03.2019	-	-	100	0.00
3	<b>Antony Jacob ( Chief Executive Officer and Whole-time director)</b>					
	At the beginning of the year	01.04.2018	474,620	0.13	474,620	0.13
	At the end of the year	31.03.2019	-	-	474,620	0.13
4	<b>Srikanth Kandikonda – (Chief Financial Officer and Company Secretary)</b>					
	At the beginning of the year	01.04.2018	300,597	0.08	300,597	0.08
	At the end of the year	31.03.2019	-	-	300,597	0.08



**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	Nil		Nil	Nil
i) Principal Amount		80,00,00,000		
ii) Interest due but not paid		-		
iii) Interest accrued but not due		3,36,98,614		
Total (i+ii+iii)	Nil	83,36,98,614	Nil	Nil
Change in Indebtedness during the financial year	Nil	74,00,00,000	Nil	Nil
- Addition		-		
- Reduction				
Net Change	Nil	74,00,00,000	Nil	Nil
Indebtedness at the end of the financial year	Nil		Nil	Nil
i) Principal Amount		1,54,00,00,000		
ii) Interest due but not paid		-		
iii) Interest accrued but not due		10,03,36,455		
Total (i+ii+iii)	Nil	1,64,03,36,455	Nil	Nil

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

(Amount in INR)

S. No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		<b>Antony Jacob (CEO &amp; Whole-time Director)</b>	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22,210,362	22,210,362
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,228,643	2,228,643
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
5	Others - Deferred incentives	-	-
	Total (A)	24,439,005	24,439,005
	Ceiling as per the Act	As per Note below	

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



**B. Remuneration to other Directors**

(Amount in INR)

S. No	Particulars of Remuneration	Name of Directors			Total Amount
		M B N Rao	Bernhard Steinruecke	Bharat Shah	
1	Independent Directors				
	Fee for attending Board/Committee meetings	1,200,000	1,300,000	700,000	3,200,000
	Commission	-	-	-	-
	Others	-	-	-	-
	Total (1)	1,200,000	1,300,000	700,000	3,200,000
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending Board/Committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial	1,200,000	1,300,000	700,000	3,200,000
	Remuneration Overall Ceiling as per the Act				

Note: Sitting fees of INR 100,000 per meeting of the Board or Committee(s) was paid to the Independent Directors of the Company.

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

(Amount in INR)

S. No	Particulars of Remuneration	Key Managerial Personnel Srikanth Kandikonda (CFO & CS)
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,362,827
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,049,769
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-
2	Stock Option	-
3	Sweat Equity	-
4	Commission	-
5	Others Deferred Incentives	-
	<b>Total</b>	<b>11,412,596</b>



**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES\*:**

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

\*As per Companies Act, 2013, there were no penalties/punishments/compounding of offences for the year ending March 31<sup>st</sup>, 2019.

For and On behalf of the Board of Directors  
 For Apollo Munich Health Insurance Company Limited

Date: 07.08.2019  
 Place: Gurgaon



Ms. Shobana Kamini  
 Chairperson  
 (DIN 00003836)



## **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 2018-19:

Name	Designation	Ratio of remuneration of each Director to the median Remuneration of the employee
Ms. Shobana Kamineni	Non - Executive Director	-
Ms. Suneeta Reddy	Non - Executive Director	-
Mr. Karthik Reddy	Non-Executive Director	-
Mr. Antony Jacob	Whole-time Director & CEO	91.08:1
Mr. Andrew Kielty	Non - Executive Director	-
Mr. Hans Volker Sprave	Non- Executive Director	
Mr. MBN Rao	Independent Director	3.75:1
Mr. Bernhard Steinruecke	Independent Director	4.06:1
Mr. Bharat Shah	Independent Director	2.19:1

### **2. Percentage increase in remuneration of each Director and Key Managerial Personnel in FY 2018-19:**

Name	Designation	Increase in Remuneration (%)
Mr. Antony Jacob	Whole-time Director & CEO	10%
Mr. Srikanth Kandikonda	CFO & Company Secretary	10%

- Percentage increase in the median remuneration of employees in FY 2018-19: **9.87%**
- Number of permanent employees on the rolls of the Company as on March 31, 2019:**3949**
- 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 2018-19 is **8.10%**. The average increase in the remuneration of managerial personnel (i.e. Whole-time Director & CEO) stood at **10%** and of non-managerial personnel was **8.09%**.

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.





**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31/03/2019

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

To,  
The Members,  
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 31<sup>st</sup> March 2019. 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 31<sup>st</sup> March, 2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s.Apollo Munich Health Insurance Company Limited for the financial year ended on 31/03/2019 according to the provisions of:

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



(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: 07-08-2019  
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.*



Annexure 'A'

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.

Our Secretarial Audit Report for the Financial Year ended on March 31, 2019 of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we follow provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 07-08-2019  
Place: HYDERABAD

Signature:

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



**ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2018-19**

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> <ul style="list-style-type: none"> <li>i. To continue and enhance Company's commitment to the cause of healthcare, wellness and education;</li> <li>ii. To work towards ensuring environment sustainability; and</li> <li>iii. In consultation with the local community, the Company will design and effectively implement projects in areas such as healthcare, education and skills development.</li> </ul> <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 <a href="http://www.apollomunichinsurance.com/Downloads/Corporate-Social-Responsibility-Policy.pdf">www.apollomunichinsurance.com/Downloads/Corporate-Social-Responsibility-Policy.pdf</a>										
2	Composition of the CSR Committee	<p>CSR Committee comprises of following members:-</p> <ul style="list-style-type: none"> <li>• Ms. Shobana Kamineni, Chairperson</li> <li>• MBN Rao, Independent Director</li> <li>• Antony Jacob, Managing Director</li> </ul>										
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>2015-16</th> <th>2016-17</th> <th>2017-18</th> <th>Average Net Profits</th> <th>Minimum Expenditure required (2%)</th> </tr> </thead> <tbody> <tr> <td>74,598</td> <td>1,322,933</td> <td>152,399</td> <td>516,643</td> <td>10332.87</td> </tr> </tbody> </table>	2015-16	2016-17	2017-18	Average Net Profits	Minimum Expenditure required (2%)	74,598	1,322,933	152,399	516,643	10332.87
2015-16	2016-17	2017-18	Average Net Profits	Minimum Expenditure required (2%)								
74,598	1,322,933	152,399	516,643	10332.87								
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	INR 10.33 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 10.33 Mio</p> <p>INR 5.02 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	<p>As regards the amount of CSR expenditure for the Financial Year 2018-19, the Company has spent INR 5.31 Mio out of the approved allocated CSR expenditure of INR 10.33 Mio. The Company continues to strengthen its CSR endeavor and is working towards designing and implementing existing as well as new CSR initiatives in areas such as healthcare, education and skills development.</p> <p>Further, it is pertinent to note the recent amendment under the Companies Act, 2013, in the calculation methodology of "Net Profits" (Section 197) wherein the carry forward accumulated business losses of the company are allowed to be adjusted against the Net Profits (if any). Accordingly, the Company wouldn't have any net profits left after adjusting</p>										

		against the carry forward businesses losses therefore, the Company is not required to spend on the CSR activities for the FY 2018-19.
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	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.

(1) S.No	(2) CSR project or activity identified	(3) Sector in which the project is covered	(4) Projects or programme: (i) Local area or other (ii) Specify the State or District where the projects or programmes was undertaken	(5) Amount outlay (Budget) project or programme wise	(6) Amount spent on project or programs: Sub head: 1. Direct expenditure on project or programme; 2. Overhead	(7) Cumulative expenditure up to the date of reporting	(8) Amount spent: Direct or through implementing agencies*
1.	ROSHINI	Healthcare and Skill Development	<ul style="list-style-type: none"> <li>• Delhi</li> <li>• Utrkhand</li> <li>• Andhra Pradesh</li> <li>• Rajasthan</li> <li>• Nagaland</li> <li>• Punjab</li> </ul>	1,02,32,870	43,18,838	43,18,838	Direct
2.	Education	Education	Pan India	10,00,000	9,90,000	9,90,000	Direct
	Total			1,03,32,870	53,08,838	53,08,838	

\*Give details of implementing agencies

**For Apollo Munich Health Insurance Company Limited**

  
**Antony Jacob**  
**Managing Director**



**For CSR Committee of Apollo Munich Health Insurance Company Limited**

  
**Shobana Kamineni**  
**Chairperson**

**Date: 07.08.2019**

**Place: Gurgaon**

## 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 Managing Director 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 31<sup>st</sup> March, 2019, the Company's Board of Directors comprised of nine (9) Directors, of which five (5) are Non-Executive Directors, three (3) are Independent Directors, and one 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 2018-19, the Board was chaired by Ms. Shobana Kamineni, a Non-Executive Director.

The Board in its meeting held on 03<sup>rd</sup> August, 2018 took note of the resignation of Dr. Doris Sophia Hoepke from the position of the Director of the Company effective end of 03<sup>rd</sup> August, 2018 due to her increased commitments in Munich Re Group. The Board placed on records Dr. Doris's invaluable contribution as one of the Board members of the Company.

During the Financial Year 2018-19, Dr. Clemens Muth was appointed as an Additional Director on 03<sup>rd</sup> August, 2018 in the capacity of Representative Director of Munich Health Holding AG on the Board of the Company and the Board vide circular resolution dated 20<sup>th</sup> February, 2019 also took note of the resignation of Dr. Clemens Muth as the Director of the Company effective 18<sup>th</sup> February, 2019 due to his increased commitments in Munich Re Group.



Mr. Hans Volker Sprave was also inducted as an Additional Director in the capacity of Representative Director of Munich Health Holding AG, on the Board of the Company effective 20<sup>th</sup> February, 2019 who shall hold office upto the forthcoming Annual General Meeting of the Company.

The Board comprises of two (2) 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 31<sup>st</sup> March, 2019 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 31<sup>st</sup> March, 2019 is as under:-

Name of the Director	Category	Qualification	Field of Specialization	No of other Directorships*
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	5
Karthik Reddy (DIN:02354216)#	Non-Executive Director	BA (International Relations) at University of Southern California	Finance and Health Care Industry	3



		MSc (Management) and MSc (Investment Management) in Cass Business School-City University, London		
Andrew Kiely (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	8
Antony Jacob (DIN:00210724)	Executive, Whole-time Director & Chief Executive Officer	B.COM, ACA	Finance and Insurance	1
Hans Volker Sprave (DIN :08352625)	Non-Executive Director	Diploma in Economics	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.

# Mr. Karthik Reddy ceased to be an Alternate Director with effect from 04<sup>th</sup> May 2018 and appointed as an additional director on 4<sup>th</sup> May, 2018.

The Board, after consideration of the recommendation of the Nomination and Remuneration Committee, in its meeting held on 29<sup>th</sup> April, 2019, approved the elevation of Mr. Antony Jacob as the Managing Director and Mr. Krishnan Ramachandran as the Chief Executive Officer of the Company effective 30<sup>th</sup> April, 2019. Mr. Antony Jacob shall continue to hold the position of the Principal Officer in terms of the IRDAI regulations.



The details of the Board of Directors as on 7<sup>TH</sup> August, 2019 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	Andrew Kielty (DIN:07071351)	Non-executive Director
5	Hans Volker Sprave (DIN :08352625)	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, Managing Director

### 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. The present term of five (5) years of Mr. MBN Rao and Mr. Bernhard Steinreucke is expiring on 14<sup>th</sup> October, 2019 and shall be re-appointed for another term of two (2) years in the forthcoming 13<sup>th</sup> Annual General Meeting of the Company.



### **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 2018-19**

The Board met five (5) times during Financial Year 2018-19:

- May, 04<sup>th</sup> 2018
- June, 11<sup>th</sup> 2018
- August, 03<sup>rd</sup> 2018
- October, 16<sup>th</sup> 2018
- February, 06<sup>th</sup> 2019

The gap between any two (2) 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	Number of Board Meetings		Sitting fees paid (in INR)
			Held	Attended	
1	Dr. Prathap C Reddy	Non-Executive Director	1*	1	-
2	Shobana Kamineni	Non-Executive Director	5	5	-
3	Suneeta Reddy	Non-Executive Director	5	5	-
4	Karthik Reddy	Non-Executive Director	4**	4	-
5	Dr. Doris Sophia Hoepke	Non-Executive Director	3***	3	-
6	Andrew Kielty	Non-Executive Director	5	5	-
7	Hans Volker Sprave	Non-Executive Director	0#	0	-
8	Dr. Clemens Muth	Non-Executive Director	2^	2	-
6	MBN Rao	Independent Director	5	4	4,00,000
7	Bharat Shah	Independent Director	5	4	4,00,000
8	Bernhard Steinruecke	Independent Director	5	5	5,00,000
9	Antony Jacob	Whole-time Director & Chief Executive Officer, Executive Director	5	5	-

\*Eligible to attend only 1 Board Meeting as Dr. Prathap C Reddy resigned effective 04.05.2018

\*\*Eligible to attend 4 Board Meetings as appointed on the Board effective 04.05.2018

\*\*\*Eligible to attend only 3 Board Meetings as resigned effective 03.08.2018

#Not Eligible to attend any Board Meeting as no meeting held post his appointment during the Financial Year 2018-19

^Eligible to attend only 2 Board Meetings as appointed on the Board effective 03.08.2018

## 3. Agenda and Minutes:

The Company Secretary in consultation with the Managing 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 31<sup>st</sup>, 2019, 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

Ms. Shobana Kamineni is the permanent invitee to the Audit Committee meetings. 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 May, 04<sup>th</sup> 2018, August, 03<sup>rd</sup> 2018, October 16<sup>th</sup> 2018, February, 02<sup>nd</sup> 2019. 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 Kieilty	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 31<sup>st</sup>, 2019, the Committee met on April 29<sup>th</sup>, 2019 to consider and recommend to the Board the audited financial statements for the Financial Year ended March 31<sup>st</sup>, 2019.

#### **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 ten (10) members - five 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 31<sup>st</sup>, 2019, Investment Committee comprised of following members:

S. No	Name of Committee Members	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
10	Mr. MBN Rao	Non-executive Director, Member

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 May 04<sup>th</sup>, 2018, August 03<sup>rd</sup>, 2018, October 16<sup>th</sup>, 2018, February 02<sup>nd</sup>, 2019. 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	
Bharat Shah	3*	3	300,000
Shobana Kamineni	4	4	NIL
Suneeta Reddy	4	4	NIL
Andrew Kielty	4	4	NIL
MBN Rao	1**	1	NIL
Antony Jacob	4	4	NIL
Krishnan Ramachandran (Deputy CEO)	4	4	NIL
Srikanth Kandikonda (CFO)	4	4	NIL
Sanjay Kulshrestha (CIO)	4	4	NIL
Vishwanath Mahendra (AA & CRO)	4	4	NIL

\*Eligible to attend 3 meetings as appointed as the member effective 4<sup>th</sup> May, 2018.

\*\* Eligible to attend 1 meeting as appointed as the member effective 16<sup>th</sup> October, 2018. No sitting fees has been paid to Mr MBN Rao for attending the Investment Committee meeting.

The Board in its meeting held on May 4<sup>th</sup>, 2018 re-constituted the Investment Committee by inducting Mr. Bharat Shah, Independent Director of the Company was included as the Chairperson and a permanent member of the Investment Committee.

Further, the Investment Committee was also re-constituted by the Board in its meeting held on October 16<sup>th</sup>, 2018, by inducting Mr. MBN Rao, Independent Director as the member of the Investment Committee.

#### **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 14<sup>th</sup>, 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 31<sup>st</sup>, 2019 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 held on February 06<sup>th</sup>, 2019.

The Board in its meeting held on May 4<sup>th</sup>, 2018, re-constituted the Policyholders' Protection and Risk Management Committee wherein Mr. Karthik Reddy was inducted as the permanent member of the Committee by replacing Ms. Suneeta Reddy from the Committee who expressed his inability to continue as the member of the Committee due to her increased commitments in Apollo Hospitals Group. As on March 31<sup>st</sup>, 2019, 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	Mr. Karthik 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](mailto: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 May, 04<sup>th</sup> 2018, August, 03<sup>rd</sup> 2018, October, 16<sup>th</sup> 2018, February, 02<sup>nd</sup> 2019. 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
Karthik Reddy	3*	3	NIL
Antony Jacob	4	4	NIL
Krishnan Ramachandran	4	4	NIL

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

\*Eligible to attend 3 meetings as appointed as the member effective 4<sup>th</sup> May, 2018.

#### 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 31<sup>st</sup>, 2019, 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 four (4) times on May, 04<sup>th</sup> 2018, August, 03<sup>rd</sup> 2018, October, 16<sup>th</sup> 2018, February, 06<sup>th</sup> 2019.

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	4	4	4,00,000
MBN Rao	4	4	4,00,000
Shobana Kamineni	4	4	NIL
Andrew Kielty	4	4	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 10<sup>th</sup>, 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 three (3) times on May, 04<sup>th</sup> 2018, August, 03<sup>rd</sup> 2018, October 16<sup>th</sup> 2018.

As on March 31<sup>st</sup>, 2019, 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	3	2	NIL
MBN Rao	3	3	NIL
Antony Jacob	3	3	NIL

# No sitting fee is paid for attending the CSR Committee.

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](http://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 18<sup>th</sup> May, 2016. The Company is required to spend INR 10.33 Mio for the Financial Year 2018-19 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 2018-19, the Company has spent INR 5.31 Mio out of the approved allocated CSR expenditure of INR 10.33 Mio. The Company continues to strengthen its CSR endeavor and is working towards designing and implementing existing as well as new CSR initiatives in areas such as healthcare, education and skills development. The road map for CSR activities is a continuous process and the Company shall endeavor to incur CSR expenditure going forward.

#### 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 31<sup>st</sup>, 2019 the Management Committee comprises of three (3) senior management officials (CXOs) of the Company namely Chief Executive Officer, Deputy CEO & CMO 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 31<sup>st</sup>, 2019, 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	Mr. Srikanth Kandikonda	Member, Chief Financial Officer & Company Secretary

The Board in its meeting held on 03<sup>rd</sup> August, 2018 took note of the movement of Dr. Sriharsha A Achar, Chief People Officer to the Promoter Group Company while taking on a group role in the capacity of Group Chief Human Resources Officer (Group CHRO) of the Apollo Hospitals.

The Management appreciated his immense contributions to the Company over the last 9+ years. Dr. Achar served the Company until 5<sup>th</sup> August 2018.

The Board placed on records the significant contribution made by Dr. Achar during his stint at Apollo Munich and appreciated the great work done by him, while playing a pivotal role in architecting and embedding a People First Culture in the organization and setting up the robust People Management practices, which are now the benchmark for the insurance industry and beyond. It was mentioned that Dr Achar has left a solid legacy behind him that would forever remain deep in the hearts.

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 18<sup>th</sup>, 2016, the Board has framed and approved Related Party Transaction Policy in its meeting held on 27<sup>th</sup> 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 the Code of Conduct for the year under review.

## 8. Whistle Blower Policy:

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



## **9. Pecuniary relationship or transaction of Non-Executive Directors vis-à-vis the Company:**

The Company does not have any pecuniary relationship/ transaction with any of its Non-Executive Directors 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 April 15<sup>th</sup>, 2018 for the financial year 2018-19 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 Corporate Governance Guidelines	IRDAI Regulatory Compliances
<b>Name of Compliance Officer</b>	Mr. Srikanth Kandikonda	Ms. Deepti Rustagi
Designation	CFO & Company Secretary	EVP –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@apolloomunichinsurance.com	deepti.rustagi@apolloomunichinsurance.com

#### 15. Corporate Information:

Apollo Munich Health Insurance Company Limited was incorporated on November 22<sup>nd</sup>, 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.

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

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

The Corporate Office address is 1<sup>st</sup> Floor, SCF – 19, Sector 14, Gurgaon, Haryana.

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

The Insurance Regulatory Development Authority 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 & INE092V02028. Beetal Financial & Computer Services Private Limited is the Company's Registrar for the NCDs. The correspondence office address of Registrar is Beetal House, 3<sup>rd</sup> Floor, 99, Madangir, Behind LSC, New Delhi – 110062.



### 16. Shareholding Pattern:

The Shareholding pattern of the Company as on March 31<sup>st</sup>, 2019 is as follows:

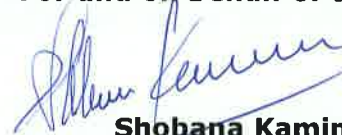
S. No	Name of shareholders	Number of Equity shares	% (Holding in Equity Share Capital)
1	Apollo Energy Company Limited	146,713,929	40.93
2	Apollo Hospitals Limited	35,709,000	9.96
3	Munich Health Holding AG	173,954,205	48.54
4	Others	2,031,403	0.57
	<b>Total</b>	<b>358,408,537</b>	<b>100</b>

### 17. 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](http://www.apollomunichinsurance.com)) and adequate steps have been taken to ensure publication of requisite disclosure in news papers.

For and on behalf of the Board



**Shobana Kamineni**  
 (Chairperson)  
 DIN: 00003638



**Place: Gurgaon**  
**Date: 7<sup>th</sup> August, 2019**



**CERTIFICATE FOR COMPLIANCE OF THE CORPORATE GOVERNANCE**  
**GUIDELINES FOR FY 2018-19**

I, Srikanth Kandikonda, Chief Financial Officer and Company Secretary, do hereby certify that Apollo Munich Health Insurance Company Limited has complied with the Corporate Governance Guidelines for insurance companies as amended from time to time and nothing has been concealed or suppressed.

**For Apollo Munich Health Insurance Company Limited**



**Srikanth Kandikonda**  
**CFO & Company Secretary**  
**Date: 13<sup>th</sup> May, 2019**  
**Place: Gurugram**

S. M. Dhawan & CO LLP  
Chartered Accountants  
2nd Floor, Plot No. 421, Sector-18  
Phase IV, Udyog Vihar, Gurugram  
Haryana- 122016

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

## INDEPENDENT AUDITORS' REPORT

### To the Members of Apollo Munich Health Insurance Company Ltd. Report on the Audit of Financial Statements

#### Opinion

We have audited the financial statements of **Apollo Munich Health Insurance Company Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2019, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Act, 1999, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 and the Companies Act, 2013 (to the extent applicable) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to Insurance Companies:

- i. In the case the Balance Sheet, of the state of affairs of the Company as at 31 March 2019;
- ii. in the case of the Revenue Account, of the net surplus for the year ended on that date;
- iii. in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iv. In the case of the Receipts and Payments Account, of the receipts and payments for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Emphasis of Matter

We draw attention to Note 10 of Schedule 16(C) of the financial statements, which describes that as at 31 March 2019 the Company has an exposure of 59,92,39 KINR in Infrastructure Leasing and financial services (IL&FS Group) which is facing liquidity crisis resulting which IL&FS defaulted in payment obligations against debts. Considering the current situation, management has reversed all the interest income accrued on these investments and remaining unserved and created a provision to the tune of 9,98,48 KINR netted off with the Investments. Our opinion is not modified in respect of this matter.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

### 1. Recognition of deferred tax assets

As indicated in Schedule 16(C) note 20 to the financial statements of the Company, the Company assessed deferred tax assets of 264,651 KINR at 31 March 2019, including 72,240 KINR on tax losses carried forward. Unrecognized deferred tax assets related to tax losses carried forward and other components amounts to 114845 KINR at 31 March 2019. Where an enterprise has unabsorbed depreciation and carried forward losses deferred tax asset on said items is recognized only if it is virtually certain supported with convincing evidence that the Company will have taxable future profits in foreseeable future on which this asset may be realized.

Company's ability to recover deferred tax assets is assessed by management at the close of each financial year taking into account forecasts of future taxable results. We have considered the recoverability of such deferred tax assets carried forward as a key audit matter due to the importance of management's estimation and judgment and the materiality of amounts at stake.

### How our audit addressed the key audit matter

We reviewed the evaluation process of deferred tax assets on tax losses carried forward and other components implemented by Management.

We assessed the permanence of methods used, the relevance and consistency of underlying assumptions (budget and mid-term plan including earnings growth and applicable tax rates) and tested the arithmetic accuracy.

We assessed the probability that the Company may use in the future its deferred tax assets, particularly with regard to:

- the review of deferred tax liabilities existing in the same tax jurisdiction, that may be charged against existing tax losses carried forward before they expire;
- the ability to generate sufficient future taxable profits in a foreseeable future allowing the use of existing tax losses carried forward and unabsorbed depreciation.



## 2. Valuation of technical provisions

The estimation of liabilities arising from insurance contracts such as claims incurred but not reported reserve, and claims incurred but not enough reported reserve as disclosed in Schedule 16 (B) Note (h) to the financial statements, involves a significant degree of judgement. These liabilities are based on the pattern of risk distributions over coverage period, the best-estimated ultimate cost of all claims incurred but not reported or enough reported at a given date together with the related claims handling costs and persistency (including consideration of policyholder behavior). Actuarial computations have been used to determine these provisions. Underlying these computations are a number of explicit or implicit assumptions relating to the expected settlement amount and settlement patterns of claims. Since the determination of such a provision requires the expertise of an external valuation expert who incorporates significant assumptions, judgements and estimations, the valuation of these liabilities was significant to our audit.

### How our audit addressed the key audit matter

Read together with our comments in other matter paragraph of this report, we assessed management's calculations of the technical reserves by performing the following procedures:

- We tested the underlying Company data to source documentation;
- Obtained and reviewed the certificate given by appointed actuary for the actuarial liabilities as at 31 March 2019
- Enquired from the appointed actuary about the methodology, data, models and assumptions used and applied our industry knowledge and experience and compared the methodology, data, models and assumptions used against recognized actuarial practices;
- Understood and tested the governance process in place to determine the insurance contract liabilities, including testing the associated financial reporting control framework;

## 3. Key Regulatory Compliances

Insurance sector is highly regulated sector in India. Certain regulations like IRDAI (Investment) Regulations, 2016 and IRDAI (Expenses of Management of Insurer transacting General or Health Insurance Business) Regulations, 2016 IRDAI (Asset, liabilities and Solvency Margin of General Insurance business) Regulations, 2016 are some key regulations, non-compliance of which may invite substantial penal actions against the Company. Considering the significance of these regulations applicable to the Company we have considered it as key audit matter.

### How our audit addressed the key audit matter

Understood the requirements of regulations and assessed the management process of ensuring the compliances with these regulations.

With respect to the IRDAI (Investment) Regulations, 2016, ensured that the Investment portfolio of the Company meets the requirement of these regulations and is within prescribed limits.



With respect to the IRDAI (Asset, liabilities and Solvency Margin of General Insurance business) Regulations, 2016 ensured that the solvency margin of the Company is calculated in compliance with the requirement of this regulation and available solvency margin of the Company is more than the required solvency margin.

With respect to IRDAI (Expenses of Management of Insurer transacting General or Health Insurance Business) Regulations, 2016 verified whether the expenses of management calculated by the management are as per requirement of these regulations and are within the limits of this regulation or not.

As the expenses of management exceeds the limits of this regulations, we discussed the matter with the management for the exemptions/forbearance received from the regulator (if any).

Reviewed the forbearance granted by the regulator for the year which was subject to certain conditions mentioned therein. Reviewed the compliance of those conditions.

### **Responsibility of the Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, as applicable to non-life insurance companies which includes the requirements of the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Act, 1999, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 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.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditors' Responsibility for the audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue



an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(I) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the annual financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them



all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated 29 April, 2019 certifying the matters specified in paragraph 3 & 4 of Schedule C to the IRDA Financial Statements Regulations.

As required by Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' 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 the audit;
- b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- c) As the Company's accounting system is centralized at head office, no returns for the purposes of our audit are prepared at the branches of the Company;
- d) The financial statements 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 to the extent applicable and with the accounting principles prescribed by the Regulations and orders/directions issued by the IRDAI in this behalf;
- f) On the basis of the written representations received from the directors as on 31 March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2019, from being appointed as a director in terms of Section 164 (2) of the Companies Act, 2013;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Companies Act 2013, as amended; In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Companies Act 2013, to the extent applicable, read together with section 34A of the Insurance Act, 1938



- l) The investments have been valued in accordance with the provisions of the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 and the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the Regulations) and Orders / Directions Issued by Insurance Regulatory and Development Authority of India in this behalf;
- j) The Accounting Policies selected by the Company are appropriate and are in compliance with Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable and with Accounting Principles as prescribed in the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and Orders / Directions/Circulars issued by Insurance Regulatory and Development Authority of India in this behalf;
- k) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 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 the pending litigations on its financial position in its Financial Statements (Refer Schedule 16 C (1) to the Financial Statements).
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses.
  - iii. No amount was required to be transferred to the Investor Education and Protection fund by the Company.

#### Other Matter

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, 2019 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, 2019 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.

#### For S.N. Dhawan & CO LLP

Chartered Accountants

Firm's Registration No.: 000050N/ N500045

**Rajeev K. Saxena**  
Partner

Membership No.: 077974

Place: Gurugram

Date: 29 April 2019



#### For S Viswanathan LLP

Chartered Accountants

Firm's Registration No. 004770S/S200025

**V C Krishnan**  
Partner

Partner

Membership No: 22167

Place:

Date 29 April 2019

*Viswanathan*  
29/04/19





## Annexure - A to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

#### Opinion

We have audited the internal financial controls over financial reporting of Apollo Munich Health Insurance Company Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company, has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

#### Basis of Opinion

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibility of the Management and Those Charged with Governance for the Financial Statements

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 its 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 Companies Act, 2013.



### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. As part of an audit in accordance with the Guidance Note and the Standards of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of Management and Directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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



**Other Matter**

The actuarial valuation of liabilities for Claims Incurred but Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) as at 31 March, 2019 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, 2019. 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**

Chartered Accountants

Firm's Registration No.: 000050N/ N500045



**Rajeev K. Saxena**

Partner

Membership No.: 077974

Place: Gurugram

Date: 29 April 2019

**For S Viswanathan LLP**

Chartered Accountants

Firm's Registration No. 004770S/S200025

**V C Krishnan**

Partner

Membership No: 22167

Place:

Date: 29 April 2019



S. N. Dhawan & CO LLP  
Chartered Accountants  
2nd Floor, Plot No. 421, Sector-18  
Phase IV, Udyog Vihar, Gurugram  
Haryana- 122016

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

Ref: SND/RS/04-19/017

**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, 2019, we certify that:
  - a) We have reviewed the management report attached to the financial statements for the year ended 31 March 2019 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 2019 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 2019, 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**

Chartered Accountants

Firm's Registration No.: 000050N/ N500045




**Rajeev K. Saxena**

Partner

Membership No.: 077974

UDIN:19077974AAAAAG6824

Place: Gurugram

Date: 29 April 2019

**For S Viswanathan LLP**

Chartered Accountants

Firm's Registration No. 004770S/S200025



**V C Krishnan**

Partner

Membership No: 022167

UDIN: 19022167AAAAAA6831

Place:

Date 29 April 2019



**APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED**  
 Registration No. 131 dated 3rd August 2007  
 Health Insurance Revenue Account for the Year ended 31st March 2019

Sl. Particulars No.	Schedule	Year ended 31.03.2019 (Rs. in '000)	Year ended 31.03.2018 (Rs. in '000)
1. Premium Earned (Net)			
2. Profit/(Loss) on sale/redemption of Investments	1	16,728,993	12,643,408
3. Other Income		66,471	38,801
4. Interest, Dividend & Rent (Gross)		43,216	29,329
<b>Total (A)</b>		<u>784,680</u>	<u>665,517</u>
		<u><b>17,623,360</b></u>	<u><b>13,377,055</b></u>
1. Claims Incurred (Net)	2	10,470,933	7,898,751
2. Commission	3	1,369,753	1,113,914
3. Operating Expenses related to Insurance Business	4	4,656,969	3,714,679
<b>Total (B)</b>		<u>16,497,655</u>	<u>12,727,344</u>
Operating Profit/(Loss) from Miscellaneous Business C=(A-B)		<u><b>1,125,705</b></u>	<u><b>649,711</b></u>
<b>Appropriations</b>			
Transfer to Shareholders' Account			
Transfer to Catastrophe Reserve		1,125,705	649,711
Transfer to Other Reserves			
<b>Total (C)</b>		<u><b>1,125,705</b></u>	<u><b>649,711</b></u>

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**  
Chartered Accountants  
(Registration No. 000050N/N500045)

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

**Shobana Kamneni**  
Chairperson  
(DIN: 00003836)

**Hans Volker Sprave**  
Director  
(DIN: 08352625)

**Rajeev K Saxena**  
Partner  
(Membership No. 77974)

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

**Antony Jacob**  
Whole Time Director &  
Chief Executive Officer  
(DIN: 00210724)

**Srikanth Kandikonda**  
Chief Financial Officer  
& Company Secretary  
(Membership No. F9655)

Place: Gurugram  
Date: 29/4/2019



**APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED**  
 Registration No. 131 dated 3rd August 2007  
**Profit and Loss Account for the Year ended 31st March 2019**

Sl. No.	Particulars	Schedule	Year ended 31.03.2019 (Rs. in '000)	Year ended 31.03.2018 (Rs. in '000)
<b>1.</b>	<b>Operating Profit/(Loss)</b>			
	(a) Health Insurance		1,125,705	649,711
<b>2.</b>	<b>Income from Investments</b>			
	(a) Interest, Dividends & Rent - Gross		180,509	110,460
	(b) Amortisation of Discount / Premium		(111)	-
	(c) Add: Profit on sale of Investments		9,926	15,088
	Less: Loss on sale of Investments		-	-
<b>3.</b>	<b>Other Income</b>			
	(a) Profit/(Loss) on sale of Fixed Assets		1,544	(4,446)
	(b) Others		3,702	5,214
	<b>Total (A)</b>		<u>1,321,275</u>	<u>776,027</u>
<b>4.</b>	<b>Provisions (Other than Taxation)</b>			
	(a) For diminution in the value of investments		103,266	-
	(b) For doubtful debts		-	-
	(c) Others		-	-
<b>5.</b>	<b>Other Expenses</b>			
	(a) Expenses other than those related to Insurance Business		99,717	65,265
	(b) Fund raising expenses and interest on NCD		111,616	70,450
	(c) Corporate Social Responsibility (CSR) expenses		5,309	-
	(d) Expenses in excess of the limits allowed as per IRDAI EOM Regulation (Refer Note No. 29)		889,337	487,913
	<b>Total (B)</b>		<u>1,209,248</u>	<u>623,028</u>
	<b>Profit/(Loss) Before Tax</b>		<u>112,030</u>	<u>152,399</u>
	Less: Provision for Taxation		-	-
	Current Tax/Mat Payable		48,659	32,611
	Less: Mat Credit Entitlement		(48,659)	(32,611)
	<b>Profit/(Loss) After Tax</b>		<u>112,030</u>	<u>152,399</u>
	<b>Balance available for appropriation</b>		<u>112,030</u>	<u>152,399</u>
	<b>Appropriations</b>			
	(a) Interim dividends paid during the year		-	-
	(b) Proposed final dividend		-	-
	(c) Dividend distribution tax		-	-
	(d) Debenture Redemption Reserve		29,884	10,685
	(e) Transfer to any Reserves or other accounts		-	-
	Balance of Profit/(Loss) brought forward from last year		(1,946,165)	(2,087,879)
	<b>Balance carried forward to Balance Sheet</b>		<u>(1,864,019)</u>	<u>(1,946,165)</u>
	<b>Basic Earning per Share</b>		0.31	0.43
	<b>Diluted Earning per Share</b>		0.31	0.43
	(Refer Schedule 16 (C) Note 22)			

Significant Accounting Policies and Notes to Financial Statements

16

As per our report of even date attached

For and on behalf of the Board

**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
(Registration No. 000050N/N500045)

**Rajeev K Saxena**  
Partner  
(Membership No. 77974)



**Shobana Kamini**  
Chairperson  
(DIN: 00003836)

**Hans Volker Sprave**  
Director  
(DIN: 08352625)

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

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



**Antony Jacob**  
Whole Time Director &  
Chief Executive Officer  
(DIN: 00210724)

**Srikant Kandikonda**  
Chief Financial Officer  
& Company Secretary  
(Membership No. F9655)

Place: Gurugram  
Date: 29/04/2019



**APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED**  
 Registration No. 131 dated 3rd August 2007  
 Balance Sheet as at 31st March 2019



Particulars	Schedule	As at 31.03.2019 (Rs. in '000)	As at 31.03.2018 (Rs. in '000)
<b>Sources of Funds</b>			
Share Capital	5	3,584,085	3,578,898
Share Application Money		2,461	
Reserves and Surplus	6	2,638,537	2,604,292
Fair Value Change Account - Shareholders		-	1,614
Fair Value Change Account - Policyholders		1,584	
Borrowings	7	1,540,000	800,000
<b>Total</b>		<b>7,766,667</b>	<b>6,984,804</b>
<b>Application of Funds</b>			
Investments - Shareholders	8	2,278,590	1,645,138
Investments - Policyholders	8A	12,391,492	10,041,303
Deferred Tax Asset		149,806	149,806
Loans	9	-	-
Fixed Assets	10	427,620	327,104
Current Assets:			
Cash and Bank Balances	11	3,024,972	2,307,276
Advances & Other Assets	12	1,436,214	1,243,545
<b>Sub-total (A)</b>		<b>4,461,186</b>	<b>3,550,821</b>
Current Liabilities	13	5,119,388	3,843,183
Provisions	14	8,686,658	6,832,350
<b>Sub-total (B)</b>		<b>13,806,046</b>	<b>10,675,533</b>
<b>Net Current Assets (C) =(A-B)</b>		<b>(9,344,860)</b>	<b>(7,124,712)</b>
Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
Debit Balance in Profit & Loss Account		1,864,019	1,946,165
<b>Total</b>		<b>7,766,667</b>	<b>6,984,804</b>
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

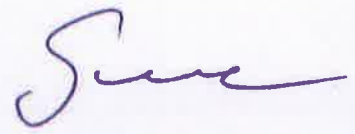
For and on behalf of the Board

**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
(Registration No. 000050N/N500045)

**Rajeev K Saxena**  
Partner  
(Membership No. 77974)

  
**Shobana Kamineni**  
Chairperson  
(DIN: 00003836)

  
**Hans Volker Sprave**  
Director  
(DIN: 08352625)

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


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

  
**Antony Jacob**  
Whole Time Director &  
Chief Executive Officer  
(DIN: 00210724)

  
**Srikanth Kandikonda**  
Chief Financial Officer  
& Company Secretary  
(Membership No. F9655)

Place: Gurgaon  
Date: 29/04/2019





**APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED**  
 Registration No. 131 dated 3rd August 2007  
 Receipts and Payments account for the year ended 31st March 2019

(Rs. In '000)

Particulars	Year Ended 31.03.2019	Year Ended 31.03.2018
<b>Cash Flows from the Operating Activities:</b>		
Premium received from policyholders, including advance receipts	25,956,635	20,246,447
Other receipts	179,923	29,247
Payments to the re-Insurers, net of commissions and claims	(1,341,526)	(989,469)
Payments to co-Insurers, net of claims recovery		
Payments of claims	(11,708,296)	(8,890,883)
Payments of commission and brokerage	(2,836,397)	(1,943,031)
Payments of other operating expenses	(5,413,559)	(4,628,032)
Preliminary and pre-operative expenses		
Deposits, advances and staff loans	(40,630)	(1,348)
Income taxes paid (Net)	(48,570)	(31,164)
Goods & Services Tax paid	(2,342,954)	(1,989,426)
Other payments		
Cash flows before extraordinary items	2,404,626	1,802,341
Cash flow from extraordinary operations		
<b>Net Cash Flow from Operating Activities</b>	<b>2,404,626</b>	<b>1,802,341</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of fixed assets	(234,208)	(164,225)
Proceeds from sale of fixed assets	2,134	587
Purchases of Investments	(6,106,460)	(3,078,288)
Loans disbursed		
Sales of Investments	2,812,450	618,100
Repayments received		
Rents/Interests/ Dividends received	955,816	860,533
Investments in money market Instruments and in liquid mutual funds (Net)	206,074	(97,324)
Expenses related to Investments	(30,675)	(32,266)
<b>Net Cash Flow from Investing Activities</b>	<b>(2,394,869)</b>	<b>(1,892,883)</b>
<b>Cash flows from Financing Activities:</b>		
Proceeds from Issuance of share capital	9,548	12,001
Proceeds from borrowing	740,000	800,000
Repayments of borrowing		
Interest paid	(41,609)	
<b>Net Cash Flow from Financing Activities</b>	<b>707,939</b>	<b>812,001</b>
<b>Effect of foreign exchange rates on cash and cash equivalents, net</b>		
<b>Net Increase/(Decrease) in cash and cash equivalents:</b>	<b>717,696</b>	<b>721,459</b>
Cash and cash equivalents at the beginning of the year	2,307,276	1,585,817
Cash and cash equivalents at the end of the year	3,024,972	2,307,276

As per our report of even date attached

For and on behalf of the Board

**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
(Registration No. 000050N/N500045)

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

**Shobana Kamneni**  
Charlperson  
(DIN: 00003836)

**Hans Volker Sprave**  
Director  
(DIN: 08352625)

**Rajeev K Saxena**  
Partner  
(Membership No. 77974)

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

**Antony Jacob**  
Whole Time Director &  
Chief Executive Officer  
(DIN: 00210724)

**Srikanth Kandikonda**  
Chief Financial Officer  
& Company Secretary  
(Membership No. F9655)

Place: Gurugram  
Date: 29/3/2019



*Handwritten signature of V.C. Krishnan*  
29/3/19



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

Particulars	Year ended 31.03.2019 (Rs. In '000)	Year ended 31.03.2018 (Rs. in '000)
<b>SCHEDULE 1</b>		
<b>PREMIUM EARNED (NET)</b>		
Premium from direct business written	21,944,394	17,175,095
Add: Premium on reinsurance accepted	-	(899)
Less: Premium on reinsurance ceded	3,368,441	2,730,650
<b>Net Premium</b>	<b>18,575,953</b>	<b>14,443,546</b>
Adjustment for change in reserve for unexpired risks	1,846,960	1,800,138
<b>Total Premium Earned (Net)</b>	<b>16,728,993</b>	<b>12,643,408</b>
<b>SCHEDULE 2</b>		
<b>CLAIMS INCURRED (NET)</b>		
Claims Paid		
Direct	11,649,783	8,690,906
Add: Re-Insurance accepted	-	72,415
Less: Re-Insurance ceded	1,731,891	1,491,621
<b>Net Claims Paid</b>	<b>9,917,892</b>	<b>7,271,700</b>
Add: Claims Outstanding at the end of the year	2,166,984	1,613,943
Less: Claims Outstanding at the beginning of the year	1,613,943	986,892
<b>Total Claims Incurred</b>	<b>10,470,933</b>	<b>7,898,751</b>
<b>SCHEDULE 3</b>		
<b>COMMISSION</b>		
Commission Paid		
Direct	2,492,849	1,964,901
Add: Re-Insurance accepted	-	3,028
Less: Re-Insurance ceded	1,123,096	854,015
<b>Net Commission</b>	<b>1,369,753</b>	<b>1,113,914</b>
<b>Break Up of expenses incurred to procure business:</b>		
Agents	1,618,760	1,302,984
Brokers	237,090	200,158
Corporate Agency	557,196	432,096
Others	79,803	29,663
<b>Total</b>	<b>2,492,849</b>	<b>1,964,901</b>



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

Particulars	Year ended 31.03.2019 (Rs. in '000)	Year ended 31.03.2018 (Rs. in '000)
<b>SCHEDULE 4</b>		
<b>OPERATING EXPENSES</b>		
1 Employees' remuneration & welfare benefits	2,403,450	1,740,028
2 Travel, conveyance and vehicle running expenses	130,334	114,286
3 Training Expenses	26,637	20,176
4 Rents, rates & taxes	161,146	137,883
5 Repairs & Maintenance	109,522	125,242
6 Printing & Stationery	46,557	75,162
7 Communication	74,899	75,542
8 Legal & Professional charges	161,908	159,073
9 Auditors' fees, expenses etc.		
(a) As Auditors	2,200	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		
(i) Audit Fees - Others	32	220
(ii) Out of pocket expenses	288	55
10 Advertisement and publicity	1,555,987	1,010,276
11 Interest & Bank Charges	48,380	37,735
12 Others expenses		
(a) Business Support	82,935	85,903
(b) Information Technology Services	319,609	290,081
(c) Others	283,680	199,030
(d) Expenses in excess of the limits allowed as per EOM Regulation transferred to Profit and Loss Account	(889,337)	(487,913)
13 Depreciation	133,101	121,069
14 Service Tax/GST Expense	5,441	8,631
<b>Total</b>	<b>4,656,969</b>	<b>3,714,679</b>



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

Particulars	Year ended 31.03.2019			Year ended 31.03.2018			Total
	Health	Personal Accident	Others	Health	Personal Accident	Others	
<b>SCHEDULE 1A</b>							
<b>PREMIUM EARNED (NET)</b>							
Premium from direct business written	19,875,310	1,794,990	274,094	15,661,784	1,312,621	200,690	17,175,095
Add: Premium on reinsurance accepted	3,086,689	253,206	28,546	(899)	-	-	(899)
Less: Premium on Reinsurance ceded	16,788,621	1,541,784	245,548	2,495,378	215,983	19,289	2,730,650
<b>Net Premium</b>	1,793,727	50,189	3,044	13,165,507	1,096,638	181,401	14,443,546
Adjustment for change in reserve for unexpired risks	14,994,894	1,491,595	242,504	1,727,430	67,974	4,734	1,800,138
<b>Total Premium Earned (Net)</b>				<b>11,438,077</b>	<b>1,028,664</b>	<b>176,667</b>	<b>12,643,408</b>
<b>SCHEDULE 2A</b>							
<b>CLAIMS INCURRED (NET)</b>							
Claims Paid	11,296,191	234,672	118,920	8,526,034	119,203	45,669	8,690,906
Direct				72,415	-	-	72,415
Add: Re-insurance accepted	1,648,405	64,944	18,542	1,457,782	29,841	3,998	1,491,621
Less: Re-insurance Ceded	9,647,786	169,728	100,378	7,140,667	89,362	41,671	7,271,700
Net Claims Paid	1,913,094	114,387	139,503	1,435,271	83,856	94,816	1,613,943
Add: Claims Outstanding at the end of the year	1,435,271	83,856	94,816	847,740	65,701	73,451	986,892
Less: Claims Outstanding at the beginning of the year	10,125,609	200,259	145,065	7,728,198	107,517	63,036	7,898,751
<b>Total Claims Incurred</b>				<b>10,470,933</b>	<b>107,517</b>	<b>63,036</b>	<b>7,898,751</b>
<b>SCHEDULE 3A</b>							
<b>COMMISSION</b>							
Commission Paid	2,370,439	101,141	21,269	1,861,646	88,919	14,336	1,964,901
Direct				3,028	-	-	3,028
Add: Re-insurance accepted	1,014,366	81,907	26,823	783,777	61,642	8,596	854,015
Less: Re-insurance ceded	1,356,073	19,234	(5,554)	1,080,897	27,277	5,740	1,113,914
<b>Net Commission</b>				<b>1,080,897</b>	<b>27,277</b>	<b>5,740</b>	<b>1,113,914</b>
<b>Break up of expenses incurred to procure business:</b>							
Agents	1,533,307	73,569	11,884	1,229,866	62,974	10,144	1,302,984
Brokers	225,524	10,558	1,008	189,504	9,502	1,152	200,158
Corporate Agency	540,478	16,702	16	415,892	16,192	12	432,096
Others	71,130	312	8,361	26,384	251	3,028	29,663
<b>Total</b>	<b>2,370,439</b>	<b>101,141</b>	<b>21,269</b>	<b>1,861,646</b>	<b>88,919</b>	<b>14,336</b>	<b>1,964,901</b>



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**APOILLO MUNICH HEALTH INSURANCE COMPANY LIMITED**  
Schedules forming part of Revenue Account

(Rs. in '000)

Particulars	Year ended 31.03.2019			Year ended 31.03.2018			Total
	Health	Personal Accident	Others	Health	Personal Accident	Others	
<b>SCHEDULE 4A</b>							
<b>OPERATING EXPENSES</b>							
1. Employees' remuneration & welfare benefits	2,176,835	196,595	30,020	1,586,713	132,983	20,332	1,740,028
2. Travel, conveyance and vehicle running expenses	118,045	10,661	1,628	104,216	8,734	1,336	114,286
3. Training Expenses	24,125	2,179	333	18,398	1,542	236	20,176
4. Rents, rates & taxes	145,952	13,181	2,013	125,734	10,538	1,611	137,883
5. Repairs & Maintenance	99,195	8,959	1,368	114,207	9,572	1,463	125,242
6. Printing & Stationery	42,167	3,808	582	68,540	5,744	878	75,162
7. Communication	67,836	6,127	936	68,886	5,773	883	75,542
8. Legal & Professional charges	146,642	13,244	2,022	145,058	12,157	1,858	159,073
9. Auditors' fees, expenses etc.							
(a) As Auditors	1,993	180	27	1,824	153	23	2,000
(b) As advisor in any other Capacity							
(i) Taxation Matters	182	16	2	183	15	2	200
(ii) Insurance matters							
(iii) Management services							
(c) In any other Capacity							
(i) Audit Fees - Others	29	3	-	201	17	2	220
(ii) Out of pocket expenses	260	24	4	50	4	1	55
10. Advertisement and publicity	1,409,277	127,275	19,435	921,260	77,211	11,805	1,010,276
11. Interest & Bank Charges	43,819	3,957	604	34,410	2,884	441	37,735
12. Others expenses							
(a) Business Support	75,115	6,784	1,036	78,334	6,565	1,004	85,903
(b) Information Technology Services	289,474	26,143	3,992	264,521	22,170	3,390	290,081
(c) Others	256,933	23,204	3,543	181,493	15,212	2,325	199,030
(d) Expenses in excess of the limits allowed as per EOM	(805,484)	(72,745)	(11,108)	(444,923)	(37,289)	(5,701)	(487,913)
Regulation transferred to Profit and Loss Account							
13. Depreciation	120,551	10,887	1,663	110,402	9,253	1,414	121,069
14. Service Tax/GST Expense	4,928	445	68	7,870	660	101	8,631
<b>Total</b>	<b>4,217,874</b>	<b>380,927</b>	<b>58,168</b>	<b>3,387,377</b>	<b>283,898</b>	<b>43,404</b>	<b>3,714,679</b>



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

Sl. Particulars No.	As at 31.03.2019 (Rs. In '000)	As at 31.03.2018 (Rs. in '000)
<b>SCHEDULE 5</b>		
<b>SHARE CAPITAL</b>		
<b>1. Authorised Capital</b> 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
<b>2. Issued Capital</b> 358,408,537 Equity Shares of Rs. 10 each (Previous year 357,889,787 Equity Shares of Rs. 10 each)	3,584,085	3,578,898
<b>3. Subscribed Capital</b> 358,408,537 Equity Shares of Rs. 10 each (Previous year 357,889,787 Equity Shares of Rs. 10 each)	3,584,085	3,578,898
<b>4. Called-up Capital</b> 358,408,537 Equity Shares of Rs. 10 each (Previous year 357,889,787 Equity Shares of Rs. 10 each)	3,584,085	3,578,898
<b>Total</b>	<b>3,584,085</b>	<b>3,578,898</b>

**SCHEDULE 5A**

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

Shareholder	As at 31.03.2019		As at 31.03.2018	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
-Indian	182,423,429	50.90%	182,423,429	50.97%
-Foreign	173,954,205	48.53%	173,954,205	48.61%
Others	2,030,903	0.57%	1,512,153	0.42%
<b>Total</b>	<b>358,408,537</b>	<b>100%</b>	<b>357,889,787</b>	<b>100%</b>

**SCHEDULE 6**

**RESERVES AND SURPLUS**

1. Capital Reserve	-	-
2. Capital Redemption Reserve	-	-
3. Share Premium		
Opening Balance	2,593,607	2,587,793
Add: Received during the year	4,361	5,814
4. General Reserves		
Less: Debt balance In Profit and Loss Account	-	-
Less: Amount utilized for Buy-back	-	-
5. Catastrophe Reserve	-	-
6. Other Reserves:-		
Debenture Redemption Reserve		
Opening Balance	10,685	-
Add: Transfer during the year	29,884	10,685
7. Balance of profit In Profit and Loss Account	-	-
<b>Total</b>	<b>2,638,537</b>	<b>2,604,292</b>

**SCHEDULE 7**

**BORROWINGS**

1. Debentures (Refer Schedule 16 (C) Note 35)	1,540,000	800,000
2. Banks	-	-
3. Financial Institutions	-	-
4. Others	-	-
<b>Total</b>	<b>1,540,000</b>	<b>800,000</b>



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

Sl. No.	Particulars	As at 31.03.2019 (Rs. in '000)	As at 31.03.2018 (Rs. in '000)
<b>SCHEDULE 8</b>			
<b>INVESTMENTS - SHAREHOLDERS (See Note a)</b>			
<b>LONG TERM INVESTMENTS</b>			
1.	Government securities and Governments guaranteed bonds including Treasury Bills	1,506,972	-
2.	Other Approved Securities	-	-
3.	Other Investments	-	-
	(a) Shares	-	-
	I) Equity	-	-
	II) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Debenture/Bonds	100,000	400,000
	(d) Investment Properties-Real Estate	-	-
	(e) Other Securities	-	-
4.	Investments in Infrastructure and Housing	521,618	100,000
	<b>Sub-total</b>	<b>2,128,590</b>	<b>500,000</b>
<b>SHORT TERM INVESTMENTS</b>			
1.	Government securities and Governments guaranteed bonds including Treasury Bills.	-	-
2.	Other Approved Securities	-	-
3.	Other Investments	-	-
	(a) Shares	-	-
	I) Equity	-	-
	II) Preference	-	-
	(b) Mutual Funds	-	1,145,138
	(c) Debentures/Bonds	100,000	-
	(d) Other Securities	-	-
4.	Investments in Infrastructure and Housing	50,000	-
	<b>Sub-total</b>	<b>150,000</b>	<b>1,145,138</b>
	<b>Total</b>	<b>2,278,590</b>	<b>1,645,138</b>

**Notes:**

- a. Aggregate amount of Company's investments other than listed equity securities and derivative instruments is Rs.2,278,590 thousand (Previous Year-Rs.1,645,138 thousand). Market value of such investments as at 31.03.2019 is Rs 2,251,481 thousand (Previous Year-Rs. 1,649,374 thousand).



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

Sl. No.	Particulars	As at 31.03.2019 (Rs. In '000)	As at 31.03.2018 (Rs. In '000)
<b>SCHEDULE 8A</b>			
<b>INVESTMENTS - POLICYHOLDERS (See Note a)</b>			
<b>LONG TERM INVESTMENTS</b>			
1.	Government securities and Governments guaranteed bonds Including Treasury Bills	3,717,681	3,716,691
2.	Other Approved Securities	-	-
3.	Other Investments	-	-
	(a) Shares	-	-
	I) Equity	-	-
	II) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Debenture/Bonds	2,730,174	1,481,085
	(d) Investment Property-Real Estate	-	-
	(e) Other Securities	-	-
4.	Investments In Infrastructure and Housing (Net of provisions of Rs. 99,848 thousands (previous year Nil))	3,273,324	3,342,340
	<b>Sub-total</b>	<b>9,721,179</b>	<b>8,540,116</b>
<b>SHORT TERM INVESTMENTS</b>			
1.	Government securities and Governments guaranteed bonds Including Treasury Bills	534,866	179,996
2.	Other Approved Securities	-	-
3.	Other Investments	-	-
	(a) Shares	-	-
	I) Equity	-	-
	II) Preference	-	-
	(b) Mutual Funds	935,616	-
	(c) Debentures/Bonds	500,091	600,000
	(d) Other Securities	-	-
4.	Investments in Infrastructure and Housing	699,740	721,191
	<b>Sub-total</b>	<b>2,670,313</b>	<b>1,501,187</b>
	<b>Total</b>	<b>12,391,492</b>	<b>10,041,303</b>

**Notes:**

a. Aggregate amount of Company's Investments other than listed equity securities and derivative Instruments is Rs.12,391,492 thousand (Previous Year-Rs.10,041,303 thousand). Market value of such investments as at 31.03.2019 is Rs 12,475,550 thousand (Previous Year-Rs. 10,085,091 thousand).

**SCHEDULE 9**

**LOANS**

**1. Security-wise Classification**

Secured

(a) On mortgage of property

(aa) In India

(bb) Outside India

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

(c) Others

Unsecured

**Total**

**2. Borrower-wise Classification**

(a) Central and State Governments

(b) Banks and Financial Institutions

(c) Subsidiaries

(d) Industrial Undertakings

(e) Others

**Total**

**3. Performance-wise Classification**

(a) Loans classified as standard

(aa) In India

(bb) Outside India

(b) Non-performing loans less provisions

(aa) In India

(bb) Outside India

**Total**

**4. Maturity-wise Classification**

(a) Short - Term

(b) Long - Term

**Total**





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

**SCHEDULE 10**  
**FIXED ASSETS**

Particulars	Cost / Gross Block				Depreciation			(Rs. in '000)		
	As at 01.04.2018	Additions/ Adjustments	Deductions/ Adjustments	As at 31.03.2019	Upto 01.04.2018	For the Year	On Sales/ Adjustments	To date 31.03.2019	As at 31.03.2019	As at 31.03.2018
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangible Assets										
a) Software	509,178	75,842	-	585,020	368,800	61,714	-	430,514	154,506	140,377
b) Website	13,598	-	-	13,598	10,318	783	-	11,101	2,497	3,282
c) Media Films	22,500	-	(22,500)	-	22,500	-	(22,500)	-	-	-
Land - Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Property	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	89,403	11,627	(5,493)	95,537	70,078	9,704	(5,452)	74,330	21,207	19,326
Information Technology Equipment	251,164	64,724	(730)	315,158	170,244	50,137	(499)	219,882	95,276	80,920
Vehicles	57,034	7,740	(5,241)	59,533	43,514	4,872	(5,070)	43,316	16,217	13,521
Office Equipments	64,564	6,924	(2,137)	69,351	50,831	5,891	(1,990)	54,732	14,619	13,733
Others	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,007,441</b>	<b>166,857</b>	<b>(36,101)</b>	<b>1,138,197</b>	<b>736,285</b>	<b>133,101</b>	<b>(35,511)</b>	<b>833,875</b>	<b>304,322</b>	<b>271,159</b>
Capital Work-in-progress										
<b>Grand Total</b>	<b>1,007,441</b>	<b>166,857</b>	<b>(36,101)</b>	<b>1,138,197</b>	<b>736,285</b>	<b>133,101</b>	<b>(35,511)</b>	<b>833,875</b>	<b>123,298</b>	<b>55,945</b>
<b>Previous Year</b>	<b>887,752</b>	<b>148,069</b>	<b>(28,380)</b>	<b>1,007,441</b>	<b>638,561</b>	<b>121,069</b>	<b>(23,348)</b>	<b>736,282</b>	<b>427,620</b>	<b>327,104</b>



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

Sl. No.	Particulars	As at 31.03.2019 (Rs. in '000)	As at 31.03.2018 (Rs. in '000)
<b>SCHEDULE 11</b>			
<b>CASH AND BANK BALANCES</b>			
1.	Cash (Including cheques, drafts and stamps)		
2.	Bank Balances	22,466	30,124
	(a) Deposit Accounts		
	(aa) Short term (due within 12 months)		
	(bb) Others	1,475,360	1,075,791
	(b) Current Accounts	852,500	502,500
	(c) Others	674,646	698,861
3.	Money at Call and Short Notice		
	(a) With banks		
	(b) With other Institutions		
4.	Others		
	<b>Total</b>	<b>3,024,972</b>	<b>2,307,276</b>
Balances with non-scheduled banks included in 2 & 3 above			
<b>SCHEDULE 12</b>			
<b>ADVANCES AND OTHER ASSETS</b>			
<b>Advances</b>			
1.	Reserve deposits with ceding companies		
2.	Application money for Investments		
3.	Pre-payments		
4.	Advances to Directors/Officers	309,565	318,740
5.	Advance Tax Paid and Taxes Deducted at Source (Net of provision for tax)	332,213	290,583
6.	Others		
	(a) Advances to Suppliers	10,136	2,875
	(b) Other advances/receivables	15,270	5,652
	<b>Total (A)</b>	<b>667,184</b>	<b>617,850</b>
<b>Other Assets</b>			
1.	Income accrued on Investments	420,148	328,909
2.	Outstanding Premiums	70,331	24,335
3.	Agent's Balances		
4.	Foreign Agencies' Balances		
5.	Due from other entities carrying on insurance business (Including re-insurance)	876	39,415
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	151,325	124,004
	(b) Input Tax Credit (GST) Unutilized	96,350	80,032
	(c) Unclaimed amount of Policy Holder (Investment)	25,229	25,704
	(d) Income on Unclaimed amount of Policyholders	4,771	3,296
	<b>Total (B)</b>	<b>769,030</b>	<b>625,695</b>
	<b>Total (A+B)</b>	<b>1,436,214</b>	<b>1,243,545</b>



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

Sl. No.	Particulars	As at 31.03.2019 (Rs. In '000)	As at 31.03.2018 (Rs. In '000)
<b>SCHEDULE 13</b>			
<b>CURRENT LIABILITIES</b>			
1.	Agents' Balances		
2.	Balances due to other Insurance companies	264,896	189,272
3.	Deposits held on re-Insurance ceded	732,657	299,431
4.	Premiums received in advance		
5.	Unallocated premium	203,025	165,896
6.	Unclaimed Amount of Policy Holders	432,500	317,856
7.	Sundry creditors	23,112	23,237
8.	Due to subsidiaries/holding company	443,961	280,137
9.	Claims Outstanding		
10.	Dues to Officers/Directors	2,166,984	1,613,943
11.	Others		
	(a) Tax deducted payable		
	(b) Other statutory dues	120,608	94,490
	(c) Employee related liability	24,326	22,646
	(d) Expenses Payable	4,058	282
	(e) Goods and Service Tax	503,224	408,709
	(f) Other Liabilities	94,929	390,289
	(g) Income on Unclaimed amount of Policyholders	100,337	33,699
	<b>Total</b>	<u>5,119,388</u>	<u>3,843,183</u>
<b>SCHEDULE 14</b>			
<b>PROVISIONS</b>			
1.	Reserve for Unexpired Risk	8,669,391	6,822,430
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	(609)	3,548
	(b) Provisions others	17,876	6,372
	<b>Total</b>	<u>8,686,658</u>	<u>6,832,350</u>
<b>SCHEDULE 15</b>			
<b>MISCELLANEOUS EXPENDITURE</b>			
1.	Discount allowed in issue of shares/debentures		
2.	Others		
	<b>Total</b>		



**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, 2019**

**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 as per the terms of reinsurance treaty.

**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**

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

Estimated liability in respect of claims is provided for the intimations received upto the year end based on assessment made by management, 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 of 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 India (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 the purchase price and any cost directly attributable to bringing the assets to its working conditions for its intended uses.

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

Depreciation/Amortization on Fixed Assets/Intangible Assets is provided on straight line method (SLM) on the basis of economic useful life of assets as estimated by the management /limit specified in part C of Schedule II of Companies Act, 2013 as below

Assets Class	Management Estimate of Useful Life in years	Useful life as per schedule II of companies Act,2013
Computer Server	6	6
Other Information Technology equipment	3	3
Office equipment	5	5
Furniture & Fixture	4 or on the basis lease term of premises whichever is higher	10



Vehicle	5	8
Computer Software	5 Years or over the life of licensed software whichever is lower	No specific life is provided

Mobile phones & tablets are fully depreciated in the month of purchase

**(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) Borrowing Cost**

Interest cost on borrowings are charged to profit and loss account in the period in which they are incurred.

### **(s) 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.

### **(t) 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.

### **(u) 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.

### **(v) 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.



**(w) 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.

**(x) Employee Stock Option Plan ("ESOP")**

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



**C. NOTES FORMING PART OF ACCOUNTS**

**1. Contingent Liabilities**

Particulars	(Amount in Rs. '000s)	
	As at 31.03.19	As at 31.03.18
Partly paid up Investments	Nil	Nil
Underwriting commitments outstanding	Nil	Nil
Claims other than against policies, not acknowledged as debts by the Company	55	7,525
Guarantees given by or on behalf of the Company	4,400	4,300
Statutory demands / liabilities in dispute, not provided for	3,356	Nil
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
Others*	20,000	29,046

\*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. 4,763 thousand (previous year Rs. 4,400 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, deposits given to sales tax office, etc.

**3. Commitments made and outstanding for:**

Particulars	(Amount in Rs. '000s)	
	As at 31.03.19	As at 31.03.18
Loans	Nil	Nil
Investments	Nil	Nil
Fixed Assets	1,13,422	104,949

**4. Claims, less reinsurance paid to claimants:**

Class of Business	In India		(Amount in Rs. '000s) Outside India	
	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18
	Health	9,840,123	7,248,009	77,769



**5. Age-wise breakup of claims outstanding:**

Class of Business	Outstanding for more than six months		(Amount In Rs. '000s) Outstanding for six months or less	
	As at 31.03.19	As at 31.03.18	As at 31.03.19	As at 31.03.18
	Health*	178,431	170,830	1,309,671

\*Excludes IBNR Claims & Co Insurance Claims

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

Class of Business	As at 31.03.19	(Amount in Rs. '000s) As at 31.03.18
Health	Nil	Nil

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

Class of Business	In India		(Amount In Rs. '000s) Outside India	
	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18
	Health	18,575,953	14,443,546	Nil

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

**8. Extent of risk retained and reinsured:**

Class of Business	Risk Retained		Risk Reinsured	
	Year ended 31.03.19	Year ended 31.03.18	Year ended 31.03.19	Year ended 31.03.18
	Health	85%	84%	15%

**9. Value of Contracts in relation to Investments:**

Particulars	(Amount In Rs. '000s)	
	As at 31.03.19	As at 31.03.18
	Purchase where deliveries are pending	Nil
Sales where payments are overdue	Nil	Nil



10. All the Investments held by the company are performing assets except exposure to IL&FS group Rs. 599,239 thousand.

The company has Invested Rs. 598,996 thousand in the Debentures of Infrastructure Leasing & Financial Services (IL&FS) group (out of which debentures of Rs 200,000 Thousands are the secured). The issuer of these securities has defaulted in its obligations towards payment of interest in the month of December 2018. Considering the present situation, the company has recognized an impairment provision amounting to Rs 99,848 thousands. In addition, Interest income on these securities has been recognized only to the extent of amount received from the issuer and the Company has not recognized further income accrual on these securities. Management is closely monitoring the developments in the IL&FS group.

11. The Company does not have any Investment property as at 31 March 2019.
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. 937,450 thousand (previous year Rs. 1,143,524 thousand).

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

Particulars	(Amount in Rs. '000s)	
	Year ended 31.03.2019	Year ended 31.03.2018
Salaries and allowances	21,322	23,425
Contribution to Provident Funds	828	786
Perquisites	5,156	2,352
<b>Total</b>	<b>27,306</b>	<b>26,563</b>

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 Rs. 15,000 thousand (Previous Year Rs. 15,000) is charged to Revenue Account, and remaining Rs. 12,306 thousand (Previous Year Rs. 11,563 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 Rs. 100,856 thousand (Previous year Rs. 106,055 thousands).



## 16. Operating Lease (Non-Cancelable)

The Company has entered into operating lease agreements for car, furniture and 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 31.03.19	As at 31.03.18
Payable not later than one year	13,219	12,080
Payable later than one year but not later than five years	5,070	7,448
Payable later than five years	-	-
<b>Total</b>	<b>18,289</b>	<b>19,528</b>

Aggregate lease rentals charged to Revenue Accounts is Rs. 164,380 thousand (Previous Year Rs. 141,363 thousand).

## 17. Related Parties & Transactions

Relationship	Names of the Related party
<b>Joint Venture partners</b>	Apollo Hospitals Enterprise Limited Apollo Energy Company Limited Munich Health Holding AG
<b>Enterprise over which Key Personnel are able to exercise Significant control</b>	Lifetime Wellness Rx International Limited Family Health Plan Insurance TPA Limited Faber Sindoori Management Services Private Limited Apollo Gleneagales Hospitals Limited Kelmed Limited 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 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 ApoKos Rehab Private Limited Apollo Hospitals Educational & Research Foundation, Hyderabad Apollo Sindoori Hotels Limited Imperial Hospitals & Research Centre Limited
<b>Key management personnel</b>	Mr. Antony Jacob, Whole Time Director and CEO



**Details of transactions with related parties and balances at year ending 31.03.19 are as follows:**

**(Amount in Rs '000s)**

Particulars	Key Management Personnel		Associates*		Joint Venture Partners		Total
	2019	2018	2019	2018	2019	2018	
<b>A. Transactions during the year</b>							
<b>Income</b>							
Premium Income	-	-	70,840	74,587	108,578	90,482	179,418
Reinsurance Commission Earned	-	-	772,930	618,581	-	-	772,930
Losses recovered from Reinsurers	-	-	1,073,859	596,814	-	-	1,073,859
<b>Expenses</b>							
Claim Payments	-	-	348,394	278,260	475,912	345,720	824,306
Interest on Debentures	-	-	33,600	17,951	33,600	17,951	67,200
TPA Fees	-	-	385,434	347,514	-	-	385,434
Remuneration to Key Managerial personnel	27,306	26,563	-	-	-	-	27,306
Services Availed	-	-	1,800	1,125	20	156	1,820
Premium on Cession to reinsurers	-	-	2,112,296	1,736,600	-	-	2,112,296
<b>B. Balances at the year end</b>							
Balances payable as on Balance sheet date	-	-	624,269	518,848	-	-	624,269
Deposit Premium Balance	-	-	16,223	5,692	3,686	3,516	19,909
Non-Convertible Debentures Issued	-	-	-	400,000	-	400,000	800,000
Interest Accrued on Non-Convertible Debentures	-	-	29,068	17,543	30,746	16,156	59,814
<b>* Associates include Enterprise over which Key Management Personnel are able to exercise significant influence.</b>							



Transactions included in note no. 17 above which are in excess of 10% of the total related party transactions of the same type are given below for the year ended 31.03.19:

Particulars	(Amount in Rs '000s)							
	Apollo Hospitals Enterprise Limited		Indraprastha Medical Corporation Limited		Munchener Ruckversicherung Gesellschaft		Apollo Med Skills Limited	
Income	2019	2018	2019	2018	2019	2018	2019	2018
Premium Income	108,578	90,482	36,867	43,846	-	-	-	-
Reinsurance Commission Earned	-	-	-	-	772,930	618,581	-	-
Losses recovered from Reinsurers	-	-	-	-	1,073,859	596,814	-	-
<b>Expenses</b>								
Claim Payments	475,912	345,720	190,012	161,744	-	-	-	-
Interest on Debentures	6,720	3,590	-	-	33,600	17,951	-	-
TPA Fees	-	-	-	-	-	-	-	-
Remuneration to Key Managerial personnel	-	-	-	-	-	-	-	-
Services Availed	-	-	307	59	-	-	1,280	-
Premium on Cession to reinsurers	-	-	-	-	2,112,196	1,736,600	-	-
<b>B. Balances at the year end</b>								
Balances payable as on Balance sheet date	-	-	-	-	581,372	486,793	-	-
Deposit Premium Balance	3,686	3,516	5,074	1,672	-	-	-	-
Non-Convertible Debentures Issued	-	80,000	-	-	-	400,000	-	-
Interest Accrued on Non-Convertible Debentures	6,149	3,231	-	-	29,068	17,543	-	-





Transactions included in note no. 17 above which are in excess of 10% of the total related transactions of the same type are given below for the year ended 31.03.19:

Particulars	(Amount in Rs '000s)					
	Family Health Plan Limited		Apollo Energy Company Limited		Mr. Antony Jacob	
Income	2019	2018	2019	2018	2019	2018
Premium Income	-	-	-	-	-	-
Reinsurance Commission Earned	-	-	-	-	-	-
Losses recovered from Reinsurers	-	-	-	-	-	-
<b>Expenses</b>						
Claim Payments	-	-	-	-	-	-
Interest on Debentures	-	-	26,880	14,361	-	-
TPA Fees	385,434	347,514	-	-	-	-
Remuneration to Key Managerial personnel	-	-	-	-	27,306	26,563
Services Availed	-	-	-	-	-	-
Premium on Cession to reinsurers	-	-	-	-	-	-
<b>B. Balances at the year end</b>						
Balances payable as on Balance sheet date	42,519	32,055	-	-	-	-
Deposit Premium Balance	8,667	1,906	-	-	-	-
Non-Convertible Debentures Issued	-	-	-	320,000	-	-
Interest Accrued on Non-Convertible Debentures	-	-	24,597	12,924	-	-



## 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 31.03.19				
Particulars	Health	Personal accident	Others	Total
<b>Segmental Revenue</b>	15,804,933	1,564,752	253,675	17,623,360
<b>Segmental Result</b>	105,377	964,331	55,997	1,125,705
<b>Segmental Liabilities</b>				
Claims Outstanding (Net)	1,913,094	114,387	139,503	2,166,984
Unexpired risk reserve (Net)	8,318,979	331,421	18,991	8,669,391
Premium received in advance	113,462	62,027	27,536	203,025
<b>Segment Assets</b>				
Outstanding Premium	69,632	699	-	70,331

(Amount in Rs. '000)				
Year ended 31.03.18				
Particulars	Health	Personal accident	Others	Total
<b>Segmental Revenue</b>	12,107,079	1,084,736	185,240	13,377,055
<b>Segmental Result</b>	(89,395)	666,047	73,059	649,711
<b>Segmental Liabilities</b>				
Claims Outstanding (Net)	1,435,271	83,856	94,816	1,613,943
Unexpired 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
<b>Segment Assets</b>				
Outstanding Premium	24,317	18	-	24,335



### 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 31.03.2019	Year ended 31.03.2018
Provident Fund	192,342	81,748
Employee State Insurance	24,861	16,333
National Pension Scheme	4,521	4,254

### (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) issued by ICAI on 'Employee Benefits' is as under:

#### i. Assumptions Used:

Particulars	31.03.2019	31.03.2018
Mortality	Indian Assured lives (2006-08) Ultimate	Indian Assured lives (2006-08) Ultimate
Discount Rate	6.96%	7.35%
Rate of increase in compensation	5.00%	5.00%
Withdrawal rate	20.00%	20.00%

#### ii. Changes in benefit obligations:

Particulars	(Amount in Rs '000s)	
	31.03.2019	31.03.2018
Present value of obligations at the beginning of Year	69,450	61,122
Interest cost	5,104	4,162
Current Service Cost	16,027	16,582
Past Service Cost	-	-
Benefits Paid	(8,987)	(6,590)
Actuarial (gain)/loss on obligation	(655)	(5,826)
Present value of obligations at end of Year	80,939	69,450



**iii. Fair Value of Plan Assets:**

Particulars	(Amount in Rs '000s)	
	31.03.2019	31.03.2018
Fair Value of Planned Assets at beginning of Year	65,902	58,517
Adjustments to Opening Balance	-	-
Contributions	19,253	10,368
Expected Return on Planned Assets	4,844	3,985
Benefits Paid	(8,987)	(6,590)
Actuarial Gain/(Loss) on Planned Assets	536	(378)
Fair Value of Planned Assets at end of year	81,548	65,902

**iv. Amounts recognized in Profit & Loss Account:**

Particulars	(Amount in Rs '000s)	
	31.03.2019	31.03.2018
Current Service Cost	16,027	16,582
Interest Cost	5,104	4,162
Past Service Cost(vested benefits)	-	-
Unrecognized Past Service Cost – Non-vested benefits	-	-
Expected Return on Plan Assets	(4,844)	(3,985)
Net Actuarial (Gain)/loss recognized for the year	(1,191)	(5,448)
Amount recognized In Profit & loss Account	15,096	11,311

**v. Amounts recognized in Balance Sheet:**

Particulars	(Amount in Rs '000s)	
	As at 31.03.2019	As at 31.03.2018
Present value of obligations at end of Year	80,939	69,450
Fair Value of Plan Assets at end of Year	81,548	65,902
Funded Status	609	(3,548)



Unrecognized Past Service Cost – Non-vested benefits

Net Asset/(Liability) recognized in the balance sheet 609 (3,548)

**vi. Balance Sheet Reconciliation:**

Particulars	(Amount in Rs '000s)	
	Year ended 31.03.2019	Year ended 31.03.2018
Opening Net (Liability)/Asset	(3,547)	(2,605)
Adjustment to Opening Balance	-	-
Expenses as above	(15,096)	(11,311)
Contribution Paid	19,253	10,368
Closing Net (Liability)/Asset	609	(3,548)

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

**(c) Long-term Incentive Plan**

Long term incentive scheme is for eligible employees whereby a fixed lump-sum amount is payable on July 31 2021. The accrual of the total Incentive payable is equally spread across the time period between enrolment to payment. In case of death of the concerned employee, accrued Incentive becomes payable. Accrual of Incentive each year, for the concerned employee(s), is subject to the criteria laid down in the Long term incentive scheme which mainly focuses on individual performance and company performance for each year. The aforesaid liability has been calculated on the basis of actuarial valuation as per the projected unit credit method.

**Amounts recognized in Profit & Loss Account:**

Particulars	(Amount in Rs '000s)	
	Year ended 31.03.2019	Year ended 31.03.2018
<b>Amounts recognized In Profit &amp; Loss Account:</b>	37,565	4,574

**Amounts recognized in Balance Sheet:**

Particulars	(Amount in Rs '000s)	
	Year ended 31.03.2019	Year ended 31.03.2018
<b>Current liability</b>	-	-
<b>Non Current liability</b>	40,280	2,714
<b>Total</b>	40,280	2,714



**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 264,651 thousand (Previous Year INR 347,890 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 unabsorbed tax losses and depreciation 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<sup>st</sup> 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.

During the Financial Year 2017-18, the Company had granted 14,15,000 Options as 3<sup>rd</sup> tranche on 1<sup>st</sup> August, 2017 under ESOP 2011 which 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 Shareholders in its meeting held on 5<sup>th</sup> December, 2017 revised the existing ESOP Scheme (ESOP 2011) which hereinafter called as "ESOP Scheme 2017". Under ESOP 2017, the Company granted 25,30,000 options as 4<sup>th</sup> tranche on 9<sup>th</sup> February, 2018. The options are exercisable over a period of 5 years from the date of vesting and 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 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, 2019 would have been higher by INR 36,665 thousands (previous year INR 39,950 thousands). Consequently, the Company's basic earnings per share would have been INR 0.07 and diluted earnings per share would have been INR 0.07.

The Key assumptions used to estimate the fair value of options granted during the year ended 31 March 2019 are as under:

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



Movements in the Options under ESOP 2017

Particulars	As at 31 March 2019	As at 31 March 2018
Outstanding at the beginning of the year	4,588,750	1,262,500
Add: Granted during the year	-	3,945,000
Less: Forfeited / lapsed during the year	45,000	-
Less: Exercised during the year	518,750	618,750
Outstanding at the end of the year	4,025,000	4,588,750
Exercisable at the end of the year	125,000	643,750

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

Particulars	Units	Year ended 31.03.2019	Year ended 31.03.2018
a. Net Profit/(Loss) after tax	Rs In '000s	112,030	152,399
b. Weighted average number of equity shares used in computing basic earnings per share	No. of shares In '000s	358,063	357,640
c. Basic earnings per share (a/b)	Rs.	0.31	0.43
d. Weighted average number of potential equity shares	No. of shares In ,000s	4,025	644
e. Diluted earnings per share(a/{b + d})	Rs.	0.31	0.43

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

Operating expenses	(Amount In '000s)	
	Year ended 31.03.19	Year ended 31.03.18
Outsourcing Expenses	515,287	452,884
Marketing Support	1,107,457	774,013
Business Promotion	448,531	236,264
<b>Total</b>	<b>2,071,275</b>	<b>1,463,161</b>



## 24. Sector Wise Business

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

Business Sector	Year ended 31.03.19			Year ended 31.03.18		
	GDWP Rs.'000s	No. of Lives	% of GWP	GDWP Rs.'000s	No. of Lives	% of GWP
Rural	846,773	213,932	3.86%	737,954	163,954	4.30%
Social	103,598	699,984	0.47%	161	250,000	0.00%
Urban	20,994,023	11,070,184	95.67%	16,436,980	8,432,302	95.70%
<b>Total</b>	<b>21,944,394</b>	<b>11,984,100</b>	<b>100%</b>	<b>17,175,095</b>	<b>8,846,256</b>	<b>100%</b>

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	In Numbers			
	Health	Overseas Travel	Personal Accident	Total
Claims O/s at the beginning of the Year	21,783	214	193	22,190
Claims reported during the Year	320,037	1,546	2,194	323,777
Claims settled during the Year	288,882	762	1,317	290,961
Claims repudiated during the Year	31,492	740	851	33,083
Claims closed during the Year	-	-	-	-
Claims O/s at the end of the Year	21,446	258	219	21,923
Less than 3 months	19,980	236	183	20,399
3 months to 6 months	275	7	4	286
6 months to 1 year	235	5	8	248
1 year and above	956	10	-	990





**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 889,337 thousand (previous year 487,913 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 31<sup>st</sup> March 2019 towards expenses of management which are in excess of limits prescribed.

**30. Summary of Financial Statements is provided as under:**

<i>(Amount In lacs)</i>						
S. No.	Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
<b><u>Operating Results:</u></b>						
1	Gross Direct Premiums	219,444	171,751	130,193	102,218	80,313
2	Net Premium Income #	185,760	144,435	106,877	86,392	68,146
3	Income from Investments (net)	8,512	7,043	6,488	4,262	3,504
4	Other Income	432	293	240	183	135
5	Total Income	194,704	151,771	113,605	90,837	71,785
6	Commission (Net) (Including Brokerage)	13,698	11,139	9,489	5,018	4,533
7	Operating Expenses	46,570	37,147	28,079	28,580	25,578
8	Net Claims Incurred	104,709	78,988	60,559	50,064	41,342
9	Change in Unexpired Risk Reserve	18,470	18,001	(3,254)	8,902	2,558
10	Operating Profit/Loss	11,257	6,497	18,730	7,227	(2,226)



(Amount in lacs)

S. No.	Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
<b><u>Non-Operating Result</u></b>						
11	Total Income under Shareholders Account	(10,137)	(4,973)	(5,501)	2,473	2,295
12	Profit /(Loss) before tax	1,120	1,524	13,229	746	69
13	Provision for Tax	-	-	-	-	(3)
14	Profit/(Loss) after tax	1,120	1,524	13,229	746	66
<b><u>Miscellaneous:</u></b>						
Policy holders' Account:						
15	Total Fund					
	Total Investments	123,915	100,413	77,076	N.A	N.A
	Yield on Investments	7.73%	8.03%	8.51%	N.A	N.A
16	Shareholders' Account:					
	Total Fund					
	Total Investments	22,786	16,451	14,470	N.A	N.A
	Yield on Investments	7.73%	8.03%	8.51%	N.A	N.A
17	Paid Up Equity Capital	35,841	35,789	35,727	35,692	34,923
18	Net Worth	43,180	42,263	40,726	27,462	25,433
19	Total Assets	197,087	157,141	122,653	104,061	89,372
20	Yield on total Investments	7.73%	8.03%	8.51%	8.92%	9.27%
21	Earnings Per Share (Rs.)	0.31	0.43	3.70	0.21	0.02
22	Book value per Share(Rs.)	12.05	11.81	11.40	7.69	7.28
23	Total Dividend	Nil	Nil	Nil	Nil	Nil
24	Dividend Per share	Nil	Nil	Nil	Nil	Nil

# Net of reinsurance



**31. Accounting Ratios is provided as under:**

<b>Performance Ratios</b>	<b>2018-2019 (In %/times)</b>	<b>2017-2018 (In %/times)</b>
<b>Gross Direct Premium Growth Rate</b> (Gross direct premium for the current year divided by the gross direct premium for the previous year)	28%	32%
<b>Gross Direct Premium to Net Worth Ratio</b> (Gross direct premium for the current year divided by paid up capital and free reserves)	5.08	4.06
<b>Growth Rate of Net Worth</b> (Net Worth as at the current balance sheet date divided by Net Worth as at the previous balance sheet date)	2%	4%
<b>Net Retention Ratio</b> (Net written premium divided by gross premium including RI acceptance)	85%	84%
<b>Net Commission Ratio</b> (Commission net of reinsurance for a class of business divided by net written premium)	7%	8%
<b>Expenses of Management to Gross Direct Premium</b> (Expenses of management plus commission paid divided by the total gross direct premium)	37%	36%
<b>Expenses of management to Net Written Premium Ratio</b> (Expenses of management plus Commission Paid divided by the Net Written Premium )	43%	43%
<b>Net Incurred Claims to Net Earned Premium</b>	63%	62%
<b>Combined Ratio</b> (Net Incurred claims divided by NEP plus Expense of management (Including Net Commission) divided by NWP)	100%	99%
<b>Technical Reserves to Net Premium Ratio</b> (Reserve for unexpired risks plus premium deficiency reserve plus reserve for outstanding claims divided by net premium)	0.58	0.58
<b>Underwriting Balance Ratio</b> (Underwriting profit divided by net premium for the respective class of business)	0.01	(0.01)
<b>Operating Profit Ratio</b> (Underwriting profit plus investment income divided by net premium)	7%	5%



<b>Performance Ratios</b>	<b>2018-2019 (in %/times)</b>	<b>2017-2018 (In %/times)</b>
<b>Liquid Assets to Liability Ratio</b> (Liquid assets of the insurer divided by the policy holders' liabilities)	0.48	0.54
<b>Net Earnings Ratio</b> (Profit after tax divided by net premium)	0.60%	1.06%
<b>Return on Net Worth</b> (Profit after tax divided by net worth)	2.59%	3.61%
<b>Available Solvency Margin to Required Solvency Margin Ratio</b>	1.64	1.74
<b>NPA Ratio</b>		
<i>Gross NPA Ratio (Policyholder)</i> (Gross NPA Policyholder Investment/Investments-Policyholder's Funds)	4.80%	-
<i>Net NPA Ratio(Policyholder)</i> (Net NPA Policyholder Investment/ Net Investments-Policyholder's Funds)	4.03%	-
<i>Gross NPA Ratio (Shareholder)</i> (Gross NPA Shareholder Investment/Investments-Shareholder's Funds)	-	-
<i>Net NPA Ratio(Shareholder)</i> (Net NPA Shareholder Investment/ Net Investments-Shareholder's Funds)	-	-

**32.** Penal actions taken by various Government Authorities for the year 2018-19.

<b>Authority</b>	<b>(Amount In Lacs)</b>			
	<b>Non -Compliance / Violation</b>	<b>Penalty Awarded</b>	<b>Penalty Paid</b>	<b>Penalty Waived/ Reduced</b>
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 /	Nil	Nil	Nil	Nil



Authority	Non -Compliance / Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
Tribunal for any matter Including claim Settlement but excluding Compensation				
Securities & Exchange Board of India	NII	NII	NII	NII
Competition Commission of India	NII	NII	NII	NII
Any other Central/ State / Local Government / Statutory Authority	NII	NII	NII	NII

**33. Statement showing the age-wise analysis of the unclaimed amount of Policyholders as on 31 March 2019:**

Particulars	Total amount	Age-wise Analysis (Amount in Lacs)						Beyond 36 months
		0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 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								
		<b>Not applicable being non-life Insurance Company</b>						
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	15.79	4.35	0.11	1.64	1.26	8.44	-	-



per law or as  
may be  
directed by  
the Authority  
but not  
refunded so  
far  
Cheques  
Issued but  
not encashed  
by the  
policyholder/  
Insured

263.04 21.20 13.17 13.52 9.00 11.43 16.26 178.46

### 34. Unclaimed amount and Investment Income due to Policyholder

(Amount in Lacs)

Particulars	Year ended 31.03.19	Year ended 31.03.18
Opening Balance	265	241
<b>Add:</b> Amount transferred to Unclaimed Fund	36	45
<b>Add:</b> Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	-	-
<b>Add:</b> Investment Income on Unclaimed Fund	21	20
<b>Less:</b> Amount of claims paid during the year	42	41
<b>Less:</b> Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	1	-
Closing Balance of Unclaimed Amount Fund	279	265

### 35. Borrowings

For the year ended 31st March, 2019, the company has raised INR 74 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)  
Borrowings

Maturity buckets  
1 to 5 years  
Above 5 years  
Total

-  
740,000  
740,000



Gist of the terms of Issue are as follows;

Series	1/2018-19/AMHI
Type, Nature and Seniority of Instrument	Unsecured, Subordinated, Fully Paid-up, Listed, Redeemable, Non-Convertible Debentures
Face Value (per security)	INR 1,000,000
Issue Size	INR 74 Crores
Issue Date / Date of Allotment	18-Sep-2018
Redemption Date	18-Sep-2028
Call option Date	18-Sep-2023
Coupon Rate	10.25% per annum
Credit Rating	"AA" (Stable) by CARE
Listing	Listed on WDM Segment of BSE
Frequency of the Interest Payment	Annually

### **36. Corporate Social Responsibility**

The Company has undertaken the below mentioned CSR Activities/projects in accordance with the CSR policy of the Company:

- Roshni:** Spreading Light through Education, Initiative is designed with the aspiration of 'Making 10,000 families financially independent' by educating, up skilling and providing employment to the girl child in Rural India, in the next 5 years.
- Education oriented CSR Initiative:** This Initiative is undertaken to provide education to underprivileged girl child through Nanhi Kall, an NGO (non-profit organization). Project Nanhi Kall is a participatory project where the Company can sponsor and contribute the education of an underprivileged girl child.
- Healthcare:** To drive the cause of preventive healthcare and wellness by organizing health camps across the country.

During the year ended 31<sup>st</sup> March 2019, the company has incurred expenditure towards CSR activities which are as below:

- 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. 10,333 thousand (Previous year 9,363 thousand), being 2% of the average net profits during the three immediately preceding financial years.
- Amount spent during the year is Rs. 5,309 thousand

S. No.	Particulars	In Cash	Yet to be paid in Cash	Total
(I)	Construction/acquisition of any asset	-	-	-
(II)	On purposes other than (I) above	5,309	-	5,309



37. Previous year figures have been reclassified wherever necessary.

S. No	Regrouped From	Regrouped to	Period	Amount (Rs. 000)	Reason
1	Schedule 12 Advances and Other Assets (Other Assets- 8 (c) - Unclaimed amount of Policy Holder (Investment))	Schedule 12 Advances and Other Assets (Other Assets- 8 (d) - Income on Unclaimed amount of Policyholders)	Mar-18	3,296	Earlier Income on unclaimed amount of policyholders was not separately shown. Now it has been separated and investments against unclaimed amount shown under point 8(c) and income against unclaimed amount under point 8(d). It has been regrouped in accordance with IRDAI Master Circular on Unclaimed Amounts of Policyholders Ver 01 dated July 25, 2017.
2	Schedule 13 Current Liabilities (6 - Unclaimed amount of Policy Holder)	Schedule 13 Current Liabilities (11 (g) - Income on Unclaimed amount of Policyholders)	Mar-18	3,296	Earlier Income on unclaimed amount of policyholders was not separately shown. Now it has been separated and liability against unclaimed amount shown under point 6 and income against unclaimed amount under point 11(g). It has been regrouped in accordance with IRDAI Master Circular on Unclaimed Amounts of Policyholders Ver 01 dated July 25, 2017.
3	Schedule 8A Investments - Policyholders (Long Term Investments - 3(e) Other securities(Housing Bonds))	Schedule 8A Investments - Policyholders (Long Term Investments - 4 Investments in Infrastructure and Housing)	Mar-18	1,169,824	This re-grouping has been done in accordance with IRDAI circular Ref No. RDA/F&A/CIR/CPM/056/03/2016, dated April 04, 2016.
4	Schedule 8A Investments - Policyholders (Long Term Investments - 4 Investments in Infrastructure and Social Sector)	Schedule 8A Investments - Policyholders (Long Term Investments - 4 Investments in Infrastructure and Housing)	Mar-18	2,172,516	This re-grouping has been done in accordance with IRDAI circular Ref No. RDA/F&A/CIR/CPM/056/03/2016, dated April 04, 2016.
5	Schedule 8A Investments - Policyholders (Short Term Investments - 3(d) Other securities)	Schedule 8A Investments - Policyholders (Short Term Investments - 4 Investments in Infrastructure and Housing)	Mar-18	491,265	This re-grouping has been done in accordance with IRDAI circular Ref No. RDA/F&A/CIR/CPM/056/03/2016, dated April 04, 2016.
6	Schedule 8A Investments - Policyholders	Schedule 8A Investments - Policyholders (Short	Mar-18	229,926	This re-grouping has been done in accordance with IRDAI circular Ref No.





	(Short Term Investments - 4 Investments In Infrastructure and Social Sector)	Term Investments - 4 Investments in Infrastructure and Housing)			RDA/F&A/CIR/CPM/056/03/2016, dated April 04, 2016.
7	Revenue Account point 3 - Less: Expenses in excess of the limits allowed as per the EOM Regulations transferred to Profit and Loss Account	Schedule 4 Operating Expenses - 12(d)- Expenses in excess of the limits allowed as per the EOM Regulations transferred to Profit and Loss Account	Mar-18	(487,913)	This re-grouping has been done in accordance with IRDAI communication Ref No. 230/F&A(Non-Life)/PD/04/2017-18(Q4)/136, dated October 08, 2018.
8	Schedule 12 Advances and Other Assets (Other Assets- 8 (a) - Rent & Other Deposits	Schedule 14 Provisions others point (b) - Provisions others	Mar-18	6,372	Earlier provisions amount was netted from Rent and other deposits. Now Rent and other deposits has been shown at gross amount and provisions shown separately in schedule 14 for better presentation.

As per our report of even date

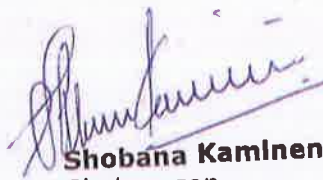
**For S. N. Dhawan & CO LLP**  
Chartered Accountants  
(Registration no. 000050N/N500045)



**Rajeev K Saxena**  
Partner  
Membership No. 77974



For and on behalf of the Board



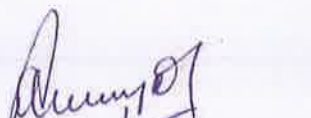
**Shobana Kamlneni**  
Chairperson  
(DIN: 00003836)



**Hans Volker Sprave**  
Director  
(DIN: 08352625)

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

  
**V.C. Krishnan**  
Partner  
Membership No. 22167

**Antony Jacob**  
Whole Time Director &  
Chief Executive Officer  
(DIN: 00210724)



**Srikanth Kandikonda**  
Chief Financial Officer  
& Company secretary  
(Membership No. F9655)



Place: Gurgaon  
Date: 29/04/2019

## APOLLO MUNICH HEALTH INSURANCE COMPANY LIMITED

### MANAGEMENT REPORT

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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 2019:

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 2019 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" (except Investments in IL&FS group), "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 product portfolio between the retail and group business. The Company follows an appropriate underwriting approach suiting to product plan, channel and geography to ensure quality business and limits its exposure. The investment portfolio is diversified within the limits set under IRDA regulations and internal rules of the Company. The investment decisions are taken after considering factors like prevalent yield, liquidity requirements and credit worthiness of instruments  
  
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 program. Special focus is given to information security and cyber risks are regularly monitored with appropriate mitigation measures in place.
8. It is confirmed that the Company does not have any operations outside India during the year ended 31 March 2019.

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 2019		As at 31 March 2018		As at 31 March 2017		As at 31 March 2016		As at 31 March 2015	
	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount	No. of Claims	Amount
30 Days	18,727	11,683	16,235	8,236	9,036	4,523	7,677	3,703	6,686	3,102
30 Days - 6 Months	1,958	1,426	4,803	2,840	2,994	1,370	1,475	1,263	1,671	1,282
6 Months - 1 Year	248	326	489	622	738	523	239	221	103	132
1 Year - 5 Years	746	1,108	592	859	619	784	389	678	234	294
5 Years & above	244	351	71	228	39	35	27	18	7	4

**Trends in Claim Settlement:**

Particulars	2018-19	2017-18	2016-17	2015-16	2014-15
Overall Average Claims Settlement time	13 days	17 days	20 days	22 days	21 days

10. As per the IRDA guidelines, all debt securities are considered as held to maturity and valued at historical cost subject to amortization. Further, the market value of debt securities as at 31 March 2019 has been calculated as per guidelines issued by Fixed Income Money Market & Derivatives Association (FIMMDA) and Financial Benchmark India Pvt. Ltd. (FBIL). 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 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 (except for Investments in IL&FS financial services limited). 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 (except exposure to IL&FS group) as on 31 March 2019.

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	2018-19
Apollo Gleneagles Hospitals Limited	Dr. Prathap C Reddy, Ms.Suneeta Reddy	Director	Claim payments	653
Apollo Hospitals Enterprise Limited	Dr. Prathap C Reddy, Ms.Suneeta Reddy, Ms. Shobana Kamineni	Director	Claim payments	4,759
			Interest on Debentures	67
Apollo Hospitals International Limited	Dr. Prathap C Reddy	Director	Claim payments	262
Family Health Plan Insurance TPA Limited	Ms. Shobana Kamineni	Member	TPA Fees	3,854
Indraprastha Medical Corporation Limited	Dr. Prathap C Reddy, Ms.Suneeta Reddy, Ms. Shobana Kamineni	Director	Claim payments	1,900
			Payment for services rendered	3
Lifetime Wellness Rx International Limited	Ms. Shobana Kamineni	Director	Payment for services rendered	2
Apollo Health and Lifestyle Ltd.	Ms.Suneeta Reddy	Director	Claims Payments	1
Samudra Healthcare Enterprises Limited	Dr. Prathap C Reddy	Director	Claim Payments	26
Faber Sindoori Management Services Private Limited	Dr. Prathap C Reddy, Ms.Suneeta Reddy	Director	Claim Payments	6
Imperial Hospital And Research Centre Ltd	Dr. Pratap C Reddy,	Director	Claim payments	512
Apollo Energy Company Limited	Ms. Shobana Kamineni	Director	Interest on Debentures	269
Apollo Med Skills Limited	Mr. Karthik Reddy	Member	Payment for services rendered	13

13. It is hereby confirmed that:

- 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**



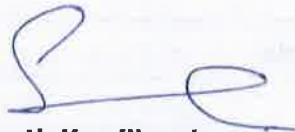
**Shobana Kamlneni**  
Chairperson  
(DIN: 00003836)



**Hans Volker Sprave**  
Director  
(DIN: 08352625)



**Antony Jacob**  
Whole Time Director & Chief  
Executive Officer  
(DIN: 00210724)



**Srikanth Kandikonda**  
Chief Financial Officer  
& Company Secretary  
(Membership No. F9655)

Place: Gurgaon

Date: 29/04/2019