

**Date:** June 27<sup>th</sup>, 2019

**Ref No:** AMHI/BSE/Debt/2019-20/12

To  
The Manager  
Listing Department  
Wholesale Debt Segment  
BSE Limited  
Phiroze Jeejeebhoy Tower, Dalal Street  
Mumbai – 400 001

**Ref: Script Code of Debt: BSE: 958265, ISIN: INE092V08028, Security ID: 1025AMHI28**

**Sub: Intimation of Ratings obtained from Credit Rating Agency under Regulation 51 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir/ Madam

In accordance with Regulation 51 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed credit rating letter issued by Acuite Ratings & Research Limited for the captioned Unsecured Subordinated Listed Non-Convertible Debentures (NCDs) of the Company.

Please note that Acuite Ratings & Research Limited has placed the ratings on the captioned NCDs issued by the Company under “Watch with Positive implications’.

This is for your necessary information and request to take the same on records.

Thanking you,

Yours faithfully,  
**For Apollo Munich Health Insurance Company Limited**

**Srikanth Kandikonda**  
**CFO & Company Secretary**

**Apollo Munich Health Insurance Co. Ltd.**

Central Processing Center, 2<sup>nd</sup> & 3<sup>rd</sup> Floor, iLABS Centre, Plot No. 404-405, Udyog Vihar, Phase-III, Gurugram - 122 016, Haryana **Corp. Office:** 1<sup>st</sup> Floor, SCF -19, Sector - 14, Gurugram - 122 001, Haryana. **Regd. Office:** Apollo Hospitals Complex, 8-2-293/82/J III/DH/900, Jubilee Hills, Hyderabad, Telangana - 500033, India. • **Tel:** +91 124 4584333 • **Fax:** +91 124 4584111  
• **Website:** www.apollomunichinsurance.com • **Email:** customerservice@apollomunichinsurance.com • **IRDAI Reg. No.:** - 131  
• **CIN:** U66030TG2006PLC051760

**Press Release**

**Apollo Munich Health Insurance Company Limited**

June 22, 2019

**Rating Update**



<b>Total Facilities Rated*</b>	Rs.74.00 Cr.
<b>Long Term Rating</b>	ACUITE AA (Placed under rating watch with "Positive Implications")

\* Refer Annexure for details

**Rating Rationale**

Acuite has placed the long term ratings of '**ACUITE AA (read as ACUITE double A)**' on the Rs. 74.00 Cr. Non-Convertible Debentures of Apollo Munich Health Insurance Company Limited on '**Rating watch with Positive implications**'.

**Rationale for placing the rating on Watch:**

AMHICL has announced that the Board of Directors of the company have approved the Share Purchase Agreement (SPA) proposed to be entered into by and amongst AMHICL, Apollo Hospitals Enterprise Limited (AHEL), Apollo Energy Company Limited (AECL), Munich Health Holding AG (MHH), HDFC ERGO General Insurance Company Limited (HDFC ERGO) and Housing Development Finance Corporation Limited (HDFC Limited) and the subscribers to the memorandum of association of the Company (being Ms. Suneeta Reddy, Ms. Sangita Reddy, Ms. Shobana Kamineni, Ms. Preetha Reddy and Ms. Sucharitha Reddy). The SPA is in connection with acquisition of up to 51.2% of the issued and paid-up share capital of AMHICL by HDFC Limited from AHEL, AECL and other shareholders. ("Proposed Acquisition").

Further, the Board of Directors of the Company have approved the in-principle draft Scheme of Arrangement and Amalgamation ("Scheme"), for the merger of the Company into and with the HDFC ERGO, subject to finalization of the swap ratio and other terms of the Scheme.

The rating action reflects Acuite's expectations of a likely improvement in credit profile of AMHICL post the acquisition of majority stake by HDFC Limited. Acuite is in discussions with the management of AMHICL to understand the contours of the deal and its implications on the operational and financial performance of the company till its merger with HDFC ERGO.

HDFC Limited, incorporated in 1977 is a leading housing finance Institution with a loan book of Rs. 4066.07 Billion and PAT of Rs. 96.33 billion in FY2019 on standalone basis. Besides the flagship company HDFC Limited, HDFC Group also has interests in banking, Asset Management, Life insurance and General insurance businesses through HDFC Bank, HDFC Mutual Fund, HDFC Life and HDFC ERGO respectively.

HDFC ERGO is the third largest private sector general insurance company with '51:49' joint venture between HDFC and ERGO International AG. The company has reported gross direct premium of Rs. 86 billion in FY2019, thereby having 9.3 % market share (private sector) in terms of gross direct premium. *Source: HDFC Limited*

**About the Company:**

AMHICL, a leading standalone private health insurance company in India, was incorporated in 2006 and is licensed from Insurance Regulatory and Development Authority (IRDA) for undertaking health insurance business. The company is a joint venture between Apollo Hospitals Group and Munich Health Holding AG, a division of Germany based reinsurance company Munich Re.

AMHICL was originally known as Apollo DKV Insurance Company Limited, a joint venture between Apollo Hospitals Group and Deutsche Krankenversicherung AG (DKV AG), Europe based private health insurer and a subsidiary of ERGO Group, with ultimate ownership of Munich Re. Apollo DKV was renamed Apollo Munich Health Insurance Company Limited in December 2009 as a part of the rebranding strategy.

The company had a network of 158 branches as on March 31, 2018 with additional 39 branches being planned to be opened in near term. AMHICL is controlled by Apollo Hospitals Group with 50.97% (as on

March 31, 2018) shareholding of which 40.99% is held by Apollo Energy Company Limited and 9.98 % is held by Apollo Hospitals Enterprise Limited and Munich Health Holding AG holds 48.61%.

### Analytical Approach

Acuite has taken a standalone view to evaluate the credit quality of AMHICL and subsequently factored in support from the Apollo Hospitals Group on account of the strong management, financial and operational linkages.

### About the Rated Entity - Key Financials

	Unit	FY19 (Actual)	FY18 (Actual)	FY17 (Actual)
Gross Direct Premium Income	Rs. Cr.	2194.44	1,717.51	1,301.93
Profit after tax	Rs. Cr.	11.20	15.24	132.29
Combined ratio	(%)	100	99	97
Solvency Ratio	Times	1.6	1.7	1.9
Return on Net Worth (RoNW)	(%)	2.6	3.6	32.5

For further details, kindly refer to Acuite's release dated July 06, 2018:

<https://www.acuite.in/documents/ratings/revise/27053-RR-20181030.pdf>

### Rating History (Upto last three years)

Date	Name of Instrument / Facilities	Term	Amount (Rs. Cr.)	Ratings/Outlook
October 30, 2018	Subordinated debt	Long Term	74.00	ACUITE AA / Stable (Assigned)

### \*Annexure – Details of instruments rated

ISIN	Name Of The Facilities	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. Cr.)	Rating/ Outlook
INE092V08028	Subordinated Debt	18-Sep-2018	10.25%	18-Sep-2028	74.00	ACUITE AA (Placed under Rating watch with Positive implication)

### Contacts:

Analytical	Rating Desk
<p>Vinayak Nayak Vice President - Rating Operations Tel: 022-49294071 <a href="mailto:vinayak.nayak@acuite.in">vinayak.nayak@acuite.in</a></p> <p>Leena Gupta Senior Rating Analyst - Rating Operations Tel: 022-49294061 <a href="mailto:leena.gupta@acuite.in">leena.gupta@acuite.in</a></p>	<p>Varsha Bist Senior Manager - Rating Desk Tel: 022-49294022 <a href="mailto:rating.desk@acuite.in">rating.desk@acuite.in</a></p>

**About Acuite Ratings & Research:**

Acuite Ratings & Research Limited (*erstwhile SMERA Ratings Limited*) is a full-service Credit Rating Agency registered with the Securities and Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI), for Bank Loan Ratings under BASEL-II norms in the year 2012. Since then, it has assigned more than 6,000 credit ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Mumbai.

**Disclaimer:** *An Acuite rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Acuite ratings are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuite, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuite is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind arising from the use of its ratings. Acuite ratings are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website ([www.acuite.in](http://www.acuite.in)) for the latest information on any instrument rated by Acuite.*