



# **MANIPALCIGNA HEALTH INSURANCE COMPANY LIMITED**

## **ANNUAL REPORT**

**FINANCIAL YEAR 2020-21**

## DIRECTORS' REPORT

The Directors of your Company have pleasure in presenting the Ninth Annual Report on the business and operations of your Company and the Revenue Account, the Profit and Loss Account (Shareholders' Account), the Statement of Receipts and Payments Account (Cash Flow Statement) for the financial year ended 31<sup>st</sup> March 2021, the Balance Sheet as at 31<sup>st</sup> March, 2021 along with the Report of the Auditors thereon and the Management Report for the Financial Year 2020-21 to the Members of ManipalCigna Health Insurance Company Limited.

### BRIEF OVERVIEW

Your Company, ManipalCigna Health Insurance Company Limited, was incorporated on 12<sup>th</sup> March 2012. Your Company has obtained the Certificate of Registration bearing No. 151 from the Insurance Regulatory and Development Authority of India (IRDAI), Hyderabad on 13<sup>th</sup> November, 2013 to carry on business of General (Health) Insurance in India.

### KEY FINANCIAL RESULTS

The Highlights of the performance of the Company are as below:

Particulars	Figures in '000	
	For the Year Ended 31 <sup>st</sup> March 2021	For the Year Ended 31 <sup>st</sup> March 2020
<b>Income:</b>		
Premium earned (Net)	63,13,667	50,34,357
Profit/Loss on sale/redemption of Investments	(74,852)	1,35,337
<b>Other Income</b>		
Interest, Dividend & Rent	4,51,492	3,73,833
<b>Expenses:</b>		
Claims incurred (Net)	(38,59,547)	(31,03,170)
Commission	(8,21,188)	(6,30,251)
Operating expenses	(31,83,662)	(31,47,250)
Premium Deficiency	-	-
Funds for future appropriation	-	-
<b>Profit /(Loss) for the year</b>	<b>(11,74,090)</b>	<b>(13,37,143)</b>

### INVESTMENT AND INVESTMENT INCOME

The investment funds of the Company are managed in accordance with the IRDAI regulations and the Investment Policy of the Company. The investment portfolio increased by 38.77 % from 612.09 Crores as at 31<sup>st</sup> March, 2020 to Rs.849.37 Crores as at 31<sup>st</sup> March, 2021. The investment income for the year under review was Rs.37.66 Crores as against Rs.50.92 Crores generated in the previous year, a decrease of 26.04%. The Return on Investments for the year ended 31<sup>st</sup> March, 2021 was at 5.04% (excluding unrealized gains/losses from debt securities).

As on 31<sup>st</sup> March, 2021, your Company held investments of Rs.333.21 Crores (39.23%) in government securities & approved securities, Rs.226.30 Crores (26.64%) in securities of the infrastructure sector and Rs.61.78 Crores (7.27%) in the housing sector. Further, the Company also held Rs.108.55 Crores (12.78%) in bank fixed deposits and liquid mutual funds.

Your Company held 100% of its debt assets in Sovereign and AAA/A1+ or equivalent rated assets, reflecting high degree of safety.

#### **DIVIDEND**

Since your Company is in initial stages of its business and there is an overall deficit for the year under review, the Directors do not recommend any Dividend for the Financial Year 2020-21.

#### **TRANSFER TO RESERVES**

The Company has not transferred any amount to Reserves out of amount available for appropriations.

#### **RESOURCES AND LIQUIDITY**

The Authorised Share Capital of the Company is Rs.10,000,000,000. During the year under review, the paid-up share capital of your Company increased by Rs.2,130,000,000 to finance further expansion of business taking the paid-up share capital to Rs.9,419,021,730 as on 31<sup>st</sup> March, 2021. The share premium as on 31<sup>st</sup> March, 2021 stood at Rs.3,298,637,526.

#### **PUBLIC DEPOSITS**

During the year under review, the Company did not accept any deposits within the meaning of the provisions of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

#### **LOANS, GUARANTEES OR INVESTMENTS**

In line with the clarification given by the Ministry of Corporate Affairs under the Companies (Removal of Difficulties) Order, 2015 dated February 13, 2015, the provisions of Section 186 of the Companies Act, 2013 relating to Loans, Guarantees and Investments does not apply to the Company.

#### **COST AUDIT**

The Company is not required to undertake the cost audit as required under Section 148 of the Companies Act, 2013.

#### **DIRECTORS / KEY MANAGERIAL PERSONAL**

In accordance with the provisions of the Companies Act, 2013, Mr. S. Vaitheeswaran, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

#### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Provisions of the Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with the Corporate Governance Guidelines issued by IRDAI are not applicable to your Company during the financial year 2020-21, hence it is not mandatory for your Company to undertake initiatives under "Corporate Social Responsibility".

## **BOARD EVALUATION**

In accordance with the provisions of Section 178 of the Companies Act, 2013 as amended by Companies (Amendment) Act, 2017, the Nomination and Remuneration Committee shall specify the manner for effective evaluation of performance of Board, its Committees and individual Directors and review its implementation and compliance.

In view of the above, the Board evaluated the performance of Board, its Committees and individual Directors.

Also, the performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

## **REMUNERATION POLICY**

Your Company has revised the Nomination and Remuneration/Compensation Policy (NRC Policy) in accordance with the provisions of the Guidelines on 'Remuneration of Non-executive Directors and Managing Director /Chief Executive Officer / Whole-time Directors of Insurers' dated 5<sup>th</sup> August, 2016 issued by IRDAI.

The Policy, inter alia pertaining to the remuneration of Directors, Key managerial personnel and other employees, ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors; the relationship of remuneration to performance is clear, and meets appropriate performance benchmarks; the remuneration to Directors, Key managerial personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The policy is annexed to the Directors' Report. The copy of the policy of the Company is available on [www.manipalcigna.com](http://www.manipalcigna.com).

## **SALIENT FEATURES OF THE POLICY**

- To ensure that the remuneration payable shall be reasonable and sufficient to attract, retain and motivate the working potential of the Director(s), Key managerial Personnel (KMP) and other employees of the Company;
- To ascertain that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- To ensure that the remuneration to the Director(s), Key managerial Personnel (KMP) and other employees of the Company involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
- To lay down criteria with regard to identifying persons who are qualified to become Directors and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration;
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer companies, in the industry;
- To carry out evaluation of the performance of Director(s), Key Managerial Personnel and other employees to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations; and
- To lay down criteria for appointment, removal of Directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY AND INTERNAL AUDIT**

Your Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The internal audit function is guided by Internal Audit Policy, as approved by the Audit Committee. Further, the day to day operations are guided by Internal Audit manual. To maintain its

objectivity and independence, the Internal Audit function reports to Audit Committee of the Board. The internal audit function formulates an annual risk based audit plan and presents it to the Audit Committee for approval. The Internal Audit Department monitors and evaluates the efficacy and adequacy of Internal Control System in the Company and adherence with established policies and laid down procedures. Based on the internal audit report, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Findings of various audits carried out during the financial year are monitored and periodically presented to the Senior Leadership Team for timely resolution. Significant audit observations thereon are presented to the Audit Committee of the Board. The internal audit function adopts a risk based audit approach and covers core areas such as compliance, operations, financial, technology etc. The Internal Audit team comprises of personnel with professional qualifications, experience and certifications in audit.

#### **STRATEGY FOR INDIAN ACCOUNTING STANDARD (IND AS) IMPLEMENTATION:**

Ministry of Corporate Affairs (MCA) has outlined roadmap for implementation of International Financial Reporting Standards (IFRS) converged Indian Accounting Standards (Ind AS) vide its press release No. 11/10/2009 CI-V dated 18<sup>th</sup> January, 2016. The Insurance Regulatory and Development Authority of India (IRDAI) vide circular no. IRDA/F&A/CIR/ACTS/146/06/2017 dated 28<sup>th</sup> June, 2017 deferred the implementation of IND AS in the Insurance sector in India for a period of two years.

Further, Regulator issued Circular (IRDAI/F&A/CIR/ACTS/023/01/2020) on 21<sup>st</sup> January, 2020 on Implementation of Ind AS in the Insurance Sector. It has been decided to implement Ind AS 109 and Ind AS equivalent to IFRS 17 simultaneously, along with all other applicable Ind AS. The effective date of implementation shall be decided after finalization of IFRS 17 by IASB.

Accordingly, the circular dated 28<sup>th</sup> June 2017 stands withdrawn and no more submission on Proforma Ind AS Financials on quarterly basis is required with the regulator.

#### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

As the provisions of the Section 177(10) of the Companies Act, 2013 are not applicable to your Company; it is not required to establish a vigil mechanism for Directors and employees to report genuine concerns. However, in accordance with the Guidelines on 'Corporate Governance for insurance Sector' dated 18<sup>th</sup> May, 2016 issued by the Insurance Regulatory and Development Authority of India, the Company has a Whistle Blower Policy to deal with the instances of concerns raised about possible irregularities, governance weaknesses, financial reporting issues or other such matters.

It ensures protection to the person raising concerns about any serious irregularities within the Company.

#### **PREVENTION OF SEXUAL HARASSMENT POLICY**

The Company has in place a Prevention of Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year 2020-2021, 1 complaint was received by the Company related to sexual harassment

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

1. that in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2021 and of the Profit & Loss of your Company for the Year ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the annual financial statements have been prepared on a going concern basis; and
5. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
6. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

#### **RELATED PARTY TRANSACTIONS**

All Related Party Transactions that were entered into during the year under review were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are approved by the Audit Committee and Board. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 is Annexed in the **Form AOC-2 as Annexure I**

#### **MANAGEMENT REPORT**

The Management Report as stipulated under Regulation 3 of the IRDAI (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002, forms part of the financial statements which forms part of Annual Report.

#### **SOLVENCY MARGIN**

Your Directors are pleased to report that the value of the assets of your Company are higher than the liabilities and are also sufficient to meet the minimum solvency margin as specified in Section 64 VA of the Insurance Act, 1938 at all times.

#### **PRODUCTS**

The health insurance segment has witnessed consistent growth in the last few years with the advent of various government and regulatory initiatives and increased awareness in the urban and semi-urban Indian population. Ever since the outbreak of the COVID-19 pandemic in the month of March last year 2020, the health insurance business in India is experiencing a much-awaited renaissance. Since the last one year, customers have been investing in health insurance in elevated numbers as every day thousands of people continue to test positive for COVID-19 across various parts of the country.



ManipalCigna's foray into the health space in this interesting and growing phase of the industry witnessed the company creating its own place in the market and become a brand name, the customers could relate to, for all their health insurance needs.

Year 2020 has been an extremely busy year for the industry and could be classified as a year of regulations where the Regulator had introduced guidelines and circulars leading to revision in all the existing products. These revisions were majorly pertaining to standardization of exclusions, standardization of general terms and condition, inclusion of modern and advance treatments, etc.

Further, there were guidelines introduced by the Regulator in regards to 3 standard retail products namely Arogya Sanjeevani (standard health indemnity product), Corona Kavach (standard COVID indemnity product) and Corona Rakshak (standard COVID benefit product) which were launched as per the stipulated timelines.

1. **Revision of existing products:** Overall, there were 11 products (3 group products and 8 retail products) which were relaunched. ProHealth and ProHealth Select were relaunched with 5% increase in premium whereas no change in premium in rest of the products.
2. **New product development:** On the new product development front, FlexiCare Group Insurance was a great addition to the product portfolio along with the 3 standard retail products and launch of **Lifetime Health** – value based high sum insured product.

These array of products have strengthened MCHI's position in the market and have opened new avenues in the multiple customer segments whether Employer Employee or Affinity on the group side or Middle-class to HNI and Super HNI on the retail side. Below is the list of Products launched and active till 31st March, 2021:

1. **ManipalCigna ProHealth Insurance (Version 5):** Product with a range of inbuilt, optional and add-on covers for a one stop health solution for hospitalization, OPD treatment including Industry's first Health Savings plan - ProHealth Accumulate. The product offers a guaranteed bonus of up to 200% of the Sum Insured and unlimited restorations in a policy year, for unrelated claims. The product has a comprehensive wellness program and reward mechanism.
2. **ManipalCigna Super Top Up:** It is a specially designed health insurance plan to offer adequate cover at an affordable premium to hedge against the rising health care costs and constantly evolving family needs. It allows customers to supplement their existing medical insurance cover provided by their company or personal medical coverage like a health insurance policy or health savings, at an economical premium.
3. **ManipalCigna Lifetime Health:** Lifetime Health which is value based high sum insured product, comes in two plan variants namely India Plan and Global Plan with flexible optional packages to make the product customizable and comprehensive. While India Plan provides domestic coverage, the Global Plan provides comprehensive domestic coverage for any kind of illness or injury and global coverage for 27 major illnesses. Features such as separate sum insured for domestic and global coverage under the global plan, Loyalty Discount, Premium Waiver Benefit, coverage continuity under portability for sum insured of Rs10 lacs and above, are some of the unique features making the product one of its kind in the market. The product further offers optional packages such as Health+ and Women+ available under both India Plan and Global Plan and additionally, Global+ available with Global Plan to help customers make the coverage comprehensive and need based
4. **Arogya Sanjeevani Policy, ManipalCigna:** A standard health insurance indemnity product offering coverage primarily to the customers in need of basic health insurance.
5. **ManipalCigna ProHealth Select:** A protection solution with a unique combination of essential and value added covers. The plan comes with two versions:

Select A, designed for Affinity partners to create packaged insurance solutions catering to the health needs of their existing customer base.

Select B, offers a base protection plan with multiple options for prospect to design own insurance coverage as per life stage and premium paying capacity.

With this product, the company had introduced one of its kind option of Re-assurance benefit for automatic extension of policy for 2 Years on diagnosis of a Critical Illness or Permanent Total Disability. Also it offers 4 different Cumulative Bonus Booster options including inflation protection guaranteed bonus accumulation up to 200%.

6. **Corona Kavach Policy, ManipalCigna:** A standard indemnity product offering short term coverage to cater to COVID related hospitalization and home care expenses.
7. **Corona Rakshak Policy, ManipalCigna:** A standard benefit product offering short term coverage to cater to COVID related hospitalization events.
8. **ManipalCigna ProHealth Cash:** A Daily Cash plan with fixed benefit for each day of hospitalization with a host of other features.
9. **ManipalCigna Lifestyle Protection - Critical Care:** The plan offers payment of the entire Sum Insured on first diagnosis of any of the covered Critical Illnesses and procedures.
10. **ManipalCigna Lifestyle Protection - Accident Care:** Provides a comprehensive financial coverage towards accidental death or disablement including loss of employment, education fund benefit and multiple optional extensions.
11. **ManipalCigna ProHealth Group Insurance Policy:** One stop insurance solution to Employer-Employee and Affinity groups with a comprehensive suite of healthcare offerings including Base covers for essential benefits and a range of Optional Covers.

With this domestic group mediclaim product, Company has been able to successfully enter the Group mediclaim segment and formed partnerships with Lakshmi Vilas Bank, Saraswat Co-operative Bank, Bajaj Finserv, and many more. The product solutions offered include a combination of base and optional covers under the ProHealth Group plan basis partner's requirements.

12. **ManipalCigna Global Health Group Policy:** Designed to cater to the health needs of today's mobile workforce that travels overseas regularly. It offers comprehensive health cover to the HNI groups and global workforce to avail worldclass healthcare facilities across the globe.
13. **ManipalCigna FlexiCare Group Insurance Policy:** Highly flexible group product catering to all risk coverages, from illness, injury, surgery, domestic travel to wellness and capable to offer pocket size insurance coverages to cater to the requirements of the new age digital channels and partners.
14. **ManipalCigna Lifestyle Protection Group Policy:** Group coverage for Personal Accident & Critical Illness with host of optional covers that will allow creation of customized solutions based on the needs of various groups.
15. **ManipalCigna Group Overseas Travel Insurance Policy:** Group overseas travel insurance offers all round coverages for business trips, vacations and trip cancellation, travel interruptions and delays, emergency medical and health expenses, lost baggage and many more optional benefits.

For the recently closed Financial Year (2020-21), Company's focus was on increasing new business premium and renewal premium through the retail products as well as to establish a strong base for the group business. Company, through the retail products, was able to achieve Gross Written Premium (GWP) of Rs.144.62 Crores and collected renewal premium with GWP of Rs.252.50 Crores. In the Group space including new business and renewals, the Global Health Group Plan contributed Rs.58.71 Crores as GWP. With ProHealth Group Insurance plan, company has collected a GWP of Rs.225.06 Crores. The Lifestyle Protection Group Policy - Personal Accident and Critical Illness plans contributed



a GWP of Rs.25.59 Crores. FlexiCare Group Insurance contributed a GWP of Rs.47.73 Crores. Group Overseas Travel Policy contributed a GWP of Rs.1.27 Crores.

Product wise New Business premiums (in Rs. Crores) are indicated below:

Financial Year 2020-21			
Product Name	New Business Base Premium (Crores)	Renewal Business Base Premium (Crores)	Total
ProHealth Insurance	118.34	242.64	360.98
Lifetime Health	2.71	NA*	2.71
Arogya Sanjeevani Policy	0.18	NA*	0.18
Lifestyle Protection - Accident Care	1.99	1.54	3.54
Lifestyle Protection - Critical Care	0.26	1.66	1.92
ProHealth Cash	0.06	0.38	0.44
ProHealth Select	5.14	5.19	10.33
Super Top Up	15.32	1.08	16.40
Corona Kavach Policy	0.31	-	0.31
Corona Rakshak Policy	0.31	-	0.31
<b>Retail Total (A)</b>	<b>144.62</b>	<b>252.50</b>	<b>397.12</b>
Global Health Group Policy	22.92	35.79	58.71
Lifestyle Protection Group Policy	25.13	0.46	25.59
ProHealth Group Insurance Policy	129.25	95.81	225.06
Group Overseas Travel Insurance	0.64	0.63	1.27
FlexiCare Group Insurance	47.73	-	47.73
<b>Group Total (EE+Affinity) (B)</b>	<b>225.67</b>	<b>132.69</b>	<b>358.36</b>
<b>Grand Total (A+B)</b>	<b>370.29</b>	<b>385.19</b>	<b>755.48</b>

(All premium excluding taxes)

\*Renewals will fall due from next financial year.

With the focus on multi product strategy, ManipalCigna has been able to build a comprehensive and sustainable product portfolio, diversified further with the Super Top Up, to leverage on existing customers of ManipalCigna and also target new customers with any existing health Insurance from any other insurer, opening a wide market opportunity including urban and semi-urban population in the retail segment. This was further strengthened with the launch of Lifetime Health which has opened up new avenues in the Upper Middle Class, HNI and Super HNI segments with value for money propositions. These products are high margin products and will help the organization to maintain a balanced growth and stability in the future years.

ManipalCigna shall further continue to develop innovative protection solutions in line with the product philosophy and evolving market needs. Addressing the change in the market dynamics and customer behavior, the company is also focusing to introduce niche product lines like Disease Specific plan, Senior Citizen plan, etc. to cater to the specific segment of the population in the coming years.

The focus in the next financial year will be to leverage on the strong portfolio mix of retail and group products leading to a healthy and balanced mix of indemnity and fixed benefit portfolio which will help the Company to build and maintain a healthy balance sheet.

## UNDERWRITING AND OPERATIONS

Your Company continued to adhere to the underwriting principles of being fair and customer centric by assessing risks on merits, using a scientific approach of underwriting with the help of advanced automated underwriting tools. During the year under review, your Company ensured continuous enhancement of the underwriting tool by building frameworks to identify substandard risk and create rules that ensure a balanced portfolio. Your Company has been abreast with market practices and has been able to keep pace with the same without losing focus on creating a good pool of risk.

The emphasis has also been to simplify processes and achieve cost effectiveness. Your Company has ensured that the risk management and underwriting process is managed with minimal manual intervention and everyday experience becomes easy and reliable. The focus has been to achieve consistency in underwriting decisions in the long term by standardizing risk acceptance criteria.

Efficient governance mechanisms have been put in place including quarterly underwriting audits to ensure effective governance of processes & risk selection mechanisms. During the year under review, your Company effectively monitored the volatility of the portfolio by quarterly reviews to identify risks in advance and built measures to mitigate any erosion of portfolio.

Your Company is also continuously engaging segments of population in various wellness initiatives to monitor behavior and its impact on the overall health of the portfolio. Over a period of time this will ensure that the larger population will live a healthier lifestyle, positively impacting the portfolio performance in the long run.

The underwriting principles are bifurcated for different product lines i.e. Indemnity as well as Benefit based products. Wherever required underwriting rules are amended to ensure that the overall risk is balanced from an organizational viewpoint and an individual channel viewpoint to achieve desired underwriting profitability in the long term.

## CLAIMS

Your Company believes in efficient and timely processing of claims and benefit payments to ensure ultimate customer satisfaction. Your Company has ensured faster claims settlement process and turn-around time as prescribed during the financial year 2020-21. During the year under review, your Company processed 2,51,686 claims amounting to Rs. 691,05,84,083 by settling 2,20,194 cases amounting to Rs. 358,54,75,670.32 (i.e.87% of the total cases) and repudiating 26,862 cases amounting to Rs. 189,45,97,800.10 (i.e.11% of the cases). All claims were repudiated on the basis of policy terms and conditions, sufficient evidence of non-disclosure of material facts and evidence of fraud / misrepresentation

## HUMAN RESOURCES

The Company has created a diverse and inclusive work-force based on the four building blocks- Learning for Success, Supporting Growth, Inspiring Culture and Diverse & Engaging Workplace. The Company has been able to attract 'Best in Class' talent and retention of high performers has been excellent through continual employee engagement and development. The total number of employees of your Company stands at 2048 as on 31<sup>st</sup> March 2021.

The details of the Key Managerial Personnel of the Company is annexed as **Annexure III**.

## MANAGING DIRECTORS' REMUNERATION:

### Qualitative disclosure:

- Information relating to the design and structure of remuneration processes and the key features and objective of remuneration policy are included in the Nomination and Remuneration / Compensation policy.

- Description of the ways in which current and future risks are taken into account in the remuneration processes are included in the included in the Nomination and Remuneration / Compensation policy.
- Description of the ways in which the insurer seeks to link performance, included in the Nomination remuneration policy. This is included in the Nomination and Remuneration / Compensation policy.

#### Quantitative disclosure:

- Number of MD/ CEO/ WTDs having received a variable remuneration award during the financial year: **One**
- Number and total amount of sign on awards made during the financial year: **No**
- Details of guaranteed bonus, if any, paid as joining / signing bonus: **INR 0**
- Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms. As per IRDAI Approval dated 22<sup>nd</sup> June 2020:

Mr. Prasun Sikdar was granted 1,20,00,000 Stock Options under Stock Option Plan 2019 on 22<sup>nd</sup> June 2020.

Total amount of deferred remuneration paid out in the financial year: **Nil**

Breakup of amount of remuneration awarded for the financial year to show fixed and variable, deferred and non-deferred.

SI No	Name of MD & CEO	For the Period	Fixed Remuneration in INR	Variable Remuneration in INR	Total Remuneration in INR
1	Prasun Kumar Sikdar	1-04-2020 to 31-03-2021	2,91,50,000	1,01,08,623	3,92,58,623

#### Remarks:

1. Fixed remuneration included Employer PF Contribution and NPS Employer contribution.
2. Total Remuneration mentioned herewith doesn't include any value of perquisites additionally added over and above to the total income of the employee for tax purposes.
3. Total Remuneration in Financial Statement as part of the Company's Annual Report is mentioned as INR 4,38,35,271 which includes bonus (variable remuneration) provision as on 31<sup>st</sup> March 2021, Club membership fees and PF administration charges. The variable remuneration mentioned in the table is the final amount paid during FY 2020-21.

#### CUSTOMER CARE

"Customer Delight" is paramount to company's vision of being the preferred health insurance service provider. We at ManipalCigna Health Insurance, focus on keeping the Customers at the centre of everything we do, by offering superior and seamless experience.

Digitally enabled sales and services, higher productivity, better quality, are the key cornerstones for sustainable & scalable service model. Towards this initiative, we are relentlessly looking for new business partnerships and optimize existing partnerships in order to get maximum value for customers at a competitive cost, while ensuring that we provide qualitative and seamless support.

Considering the above, it has been our constant endeavour to leverage technology to provide enhanced customer experience and transparency to our policyholders. Online sales tools like GoHealth+ & Easy quote provide convenience for customers and partners to make the right choice basis their need.

Claim is truly a Moment of Truth of the promise we have made to our customers. It is our constant endeavour to expeditiously settle genuine claims with an objective to provide seamless experience and stand by our customers at this hour of need. Medibuddy App provides convenience to upload cashless and reimbursement claims and track claims real time.

It our constant endeavour to provide customers accessibility to reach us anytime & anywhere. Our digital service tools, Interactive Voice Response System (IVRS) provides customers & partners provide access to policy information. We are constantly exploring other digital platforms to provide superior service for our customers and partners. Online recurring payment through standing instructions and E-NACH are introduced for convenient renewal payments. Our wellness program - Proactive living with continued focus has gained momentum with higher number of customers enrolling in this program.

While the customer base is significantly growing we have seen controlled YoY Policy Grievance Ratio and Claim Grievance Ratio there by reassuring us of quality of business. Ongoing process of obtaining feedback from the customers through Net Promoters Score (NPS) has enabled us to measure customer satisfaction, proactively identify improvement opportunities and focus on creating best in class customer experience.

Digitization has been a key priority and we have focused on increased usage of digitization to enhance customer's overall experience. We aim to focus on providing omni-channel customer service experience enabling customers to independently perform transactions and find immediate response to their queries.

## RISK MANAGEMENT

During the Financial year 2020-21, your Company has made headway in the area of Risk Management. There are sound mitigation practices in place to ensure interests of all the stakeholders are safeguarded.

The overall Risk Management is monitored by Risk Management Committee of the Board and managed by the Chief Risk Officer. The Risk Management Report is shared with the Committee to ensure that the Company is in line with its governance framework.

Your Company has a solid **"Three layers of Defence"** structure comprising of;

- a. Head of Departments (HOD) of respective functions
- b. Risk Management and Compliance
- c. Internal Audit

Together, these three layers in their respective capacities provide a comprehensive package for risk mitigation.

Your Company has a well differentiated structure to have focused approach on Enterprise / Operational Risk Management, Information Security, Fraud Control and Business Continuity.

At an Enterprise level, your Company monitors top risks on regular basis and tracks / reports the movement of these risks on a Quarterly basis. A Board approved Risk Management policy is in place which acts as a guiding force while carrying out related activities. In the current situation, your Company has been closely monitoring the emerging risks due to pandemic and has been taking mitigating steps keeping in mind the interest of all stakeholders.

With an objective to have risk mitigation in place at a Departmental level, your Company has compiled a repository of risks and controls in the form of Risk Control Self-Assessment (RCSA). A process of periodic review of risks and testing of controls has been put in place.

Your Company also has a mechanism in place to monitor Operational Losses / Near Miss events at a Departmental level. Such events are reported and tracked on regular basis with a clear focus to avoid repeat instances of similar nature.

Your Company has a robust Information Security system in place to ensure the confidentiality, integrity and availability of personal and health information of the customer. During the year, your Company has no instances of any data leakage or cyber-attack. A strong information security framework and Policy is in place which is in line with the Industry standards (ISO and NIST) and is also approved by the Board. Your Company has been undertaking Information Security awareness activities throughout the year. Activities like Phish-me, regular educational e-mailers, trainings are also undertaken during the year.

Your Company has ZERO tolerance for any frauds. However, if there are any frauds which come to light; a strong governance framework is in place to deal with such instances. There is an Ethics Committee to look into employee matters and Whistle blower complaints. There is also a Market Conduct Committee for Intermediary / market conduct related matters. This helps in focused reviews.

During the year, your Company has taken several initiatives for creating Risk Awareness including observing the first ever Virtual Risk Awareness Week. A Table top exercise was also conducted during Risk Awareness Week for functional leaders. Educational mailers are being sent on a regular basis.

Your Company also has in place a Board approved Business Continuity Plan and same is being followed. The Plan is also being reviewed on a periodic basis.

Overall, it has been an eventful year with notable achievements to maintain business continuity and achieve sustainable business growth calibrated to Risk, Cost and Quality.

#### **Note on Covid-19 & its Emerging Risks**

Your Company has strengthened the Governance structure to ensure employee well-being and Business Continuity during the pandemic. The Business Continuity Steering Committee meets periodically to review and advice on key issues. Health Committee constituting of cross functional senior team members meets on regular basis to review the situation on the ground and takes suitable measures as may be necessary. Senior Leadership Team is in regular touch with employees through "Employee Connect" programs. "Doctor on Call" facility has been made available to all employees. Return to Work calibrated to Work from Home has been implemented. Your Company has been following all Social Distancing norms and Covid appropriate protocols. From a Distributor and Customer point of view, your Company has been promoting digital services to ensure uninterrupted services. All services related to Claims, Grievances, Call Centre and other customer services have been functioning smoothly on BCP mode.

Your Company is closely monitoring the pandemic scenario and is keeping a close watch on the emerging risks & implementing mitigation steps as may be necessary. Some emerging risks which are being closely monitored by your Company include Uncertainty of Covid-19 Claims, People related Risk, Business Continuity Risk and other risks. India is in the midst of a second wave of Covid-19 pandemic, the situation arising from COVID-19 pandemic towards the end of the financial year has thrown many unexpected challenges. However, we believe that all the work your Company has done over the years in building robust business model calibrated to risk, cost, quality and compliance has helped us to effectively manage the Business Operations during this time. Your Company continues to closely monitor the implications of pandemic on its operations and financial performance. We are confident that your Company will only emerge stronger and will be well-positioned to benefit from the long-term opportunities that the Health Insurance sector in particular has to offer.

#### **MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY**

No material changes and commitments affecting the financial position of the Company have occurred between the financial year ended 31<sup>st</sup> March, 2021 and the date of this report.

#### **CHANGE IN THE NATURE OF BUSINESS**

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



## DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS/COURTS/TRIBUNAL IMPACTING GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

There were no significant and material orders passed by regulators, courts or tribunal impacting the going concern status and company's future operations, during the year under review.

## DETAILS OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARY/JOINT VENTURES/ASSOCIATES COMPANIES DURING THE YEAR

No company has become or ceased to be a subsidiary, joint venture or associate company(ies) of the Company, during the year under review.

## AUDITORS' REPORT

There is no qualification, reservation, adverse remark or disclaimer made by the statutory auditor in his report or by the Company Secretary in practice in his secretarial audit report, during the year under review.

## CORPORATE GOVERNANCE

Your Company has implemented the Corporate Governance Guidelines issued by the IRDAI setting out the systems, process and policies. Your Company has consciously endeavoured to follow the policy of transparency, accountability in the interest of all its stakeholders and has taken the same to be of paramount importance.

## BOARD OF DIRECTORS

Your Company has Ten Directors on its Board, with Four Independent Directors, four Non-Executive Directors, and one Managing Director and CEO as mentioned below.

Sr. No.	Name	Position
1.	Mr. Luis Miranda	Chairman & Independent Director
2.	Dr. Narottam Puri	Independent Director
3.	Mr. Rajeev Chitrabhanu	Independent Director
4.	Ms. Meena Ganesh*	Independent Director
5.	Dr. Ranjan Pai	Non-Executive Director
6.	Mr. Jagannathan Thattai Thiruvallur	Non-Executive Director
7.	Mr. Jason Sadler	Non-Executive Director
8.	Mr. S. Vaitheeswaran	Non-Executive Director
9.	Mr. Jerome Droesch	Non-Executive Director

10.	Mr. Prasun Sikdar	Managing Director & CEO
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\*Ms. Meena Ganesh has resigned from the Office of Director w.e.f May 5, 2021

## BOARD MEETINGS

The Board held five meetings during the financial year on 5<sup>th</sup> May, 2020, 5<sup>th</sup> August, 2020, 18<sup>th</sup> September, 2020, 4<sup>th</sup> November, 2020 and 4<sup>th</sup> February, 2021.

## BOARD COMMITTEES

There are 5 Board level committees which are as follows:

- (I) Audit Committee
- (II) Investment Committee
- (III) Risk Management Committee
- (IV) Policyholders' Protection Committee
- (V) Nomination and Remuneration Committee

The Constitution and functioning of these committees is governed wherever applicable by the relevant provisions of the Companies Act, 2013 as well as the IRDAI regulations. A brief on each committee, its scope, composition, meetings for the year are given below:

Name of Committee	Scope	Members	No. of times met during the year and meeting dates
Audit Committee	Responsible for oversight of financial reporting and internal control systems, review of financial statement, review of findings of internal and statutory auditors, review of external auditor's independence, objectivity and effectiveness and recommendation for appointment of statutory auditors and fixing their remuneration.	1. Mr. Luis Miranda (Chairman) 2. Dr. Narottam Puri 3. Mr. Rajeev Chitrabhanu 4. Mr. S Vaitheeswaran 5. Mr. Jerome Droesch	Four times on the following dates:  1) 5 <sup>th</sup> May, 2020 2) 5 <sup>th</sup> August, 2020 3) 3 <sup>rd</sup> November, 2020 4) 3 <sup>rd</sup> February, 2021
Investment Committee	Recommend and review investment policy and changes thereto, review investments and submit Investment Performance Report, provide an analysis of investment portfolio and on the future outlook to enable the Board to look out possible changes and strategies.	1. Mr. Rajeev Chitrabhanu (Chairman) 2. Dr. Ranjan Pai 3. Mr. Jagannathan Thattai Thiruvallur 4. Mr. Jason Sadler 5. Mr. Prasun Sikdar 6. Appointed Actuary 7. Chief Financial Officer 8. Chief Risk Officer 9. Chief Investment Officer	Four times on the following dates:  1) 5 <sup>th</sup> May, 2020 2) 5 <sup>th</sup> August, 2020 3) 4 <sup>th</sup> November, 2020 4) 4 <sup>th</sup> February, 2021

Risk Management Committee	Responsible to lay down Company's Risk Management Strategy, to maintain a group-wide and aggregated view on the risk profile of the insurer, advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy, mergers and acquisitions and related matters.	<ol style="list-style-type: none"> <li>1. Mr. Luis Miranda</li> <li>2. (Chairman)</li> <li>3. Mr. Jagannathan Thattai Thiruvallur</li> <li>4. Mr. S. Vaitheeswaran</li> <li>5. Mr. Prasun Sikdar</li> <li>6. Mr. Jerome Droesch</li> <li>7. Mr. Sameer Bhatnagar *appointed w.e.f November 4, 2020</li> </ol>	<p>Four times on the following dates:</p> <ol style="list-style-type: none"> <li>1) 5<sup>th</sup> May, 2020</li> <li>2) 5<sup>th</sup> August, 2020</li> <li>3) 3<sup>rd</sup> November, 2020</li> <li>4) 3<sup>rd</sup> February, 2021</li> </ol>
Policyholders' Protection Committee	Responsible for putting in place proper procedures and effective mechanism to address Complaints and grievances of policyholders and review the status of complaints at periodic intervals, ensure compliance with the statutory requirements, ensure adequacy of disclosure of 'material information' to the policyholders.	<ol style="list-style-type: none"> <li>1. Ms. Meena Ganesh (Chairman) *resigned w.e.f May 5, 2021</li> <li>2. Mr. Luis Miranda</li> <li>3. Mr. Jagannathan Thattai Thiruvallur</li> <li>4. Mr. S. Vaitheeswaran</li> <li>5. Mr. Prasun Sikdar</li> <li>6. Mr. Jerome Droesch</li> <li>7. Customer Representative</li> </ol>	<p>Four times on the following dates:</p> <ol style="list-style-type: none"> <li>1) 5<sup>th</sup> May, 2020</li> <li>2) 5<sup>th</sup> August, 2020</li> <li>3) 4<sup>th</sup> November, 2020</li> <li>4) 4<sup>th</sup> February, 2021</li> </ol>
Nomination and Remuneration Committee	Recommend to the Board appointment and removal of Directors and person appointed in senior management, carry out evaluation of every director's performance, formulate the criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial personnel and other employees.	<ol style="list-style-type: none"> <li>1. Dr. Narottam Puri (Chairman)</li> <li>2. Ms. Meena Ganesh- *resigned w.e.f May 5, 2021</li> <li>3. Dr. Ranjan Pai</li> <li>4. Mr. Jason Sadler</li> </ol>	<p>One time on the following date:</p> <ol style="list-style-type: none"> <li>1) 4<sup>th</sup> February, 2021</li> </ol>

Company Secretary of the Company functions as the Secretary to all the Board Committees.

Details of the composition of the Board of Directors and Committees mandated, setting out name, qualification, field of specialization, status of directorship for the meeting held during the year are given below:

Details of Board of Directors				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Luis Miranda	M.Com, MBA, ACA	Finance Services	Chairman & Independent Director	Five

Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	Four
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Five
Ms. Meena Ganesh*	Master of Business Administration (MBA)	Health Care, E-commerce	Independent Director	Four
Dr. Ranjan Pai	MBBS	Hospital and Education	Non-Executive Director	Four
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Non-Executive Director	Four
Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director	Five
Mr. S. Vaitheeswaran	BE (Hons), Graduate Dp in Material Management	Sales, Marketing, Operation	Non-Executive Director	Five
Mr. Jerome Drosch	Engineering	Health and Wellness, Insurance Services	Non-Executive Director	Four
Mr. Prasun Sikdar	Post Graduate, Masters in Economics	Insurance	Managing Director and CEO	Five

\*Ms. Meena Ganesh has resigned from the Office of Director w.e.f May 5, 2021

Details of Audit Committee				
Name	Qualification	Field Specialization of	Status of Directorship/ Membership	No. of Meetings attended
Mr. Luis Miranda	M.Com, MBA, ACA	Finance Services	Independent Director	Four
Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	Four
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Four
Mr. S. Vaitheeswaran	BE (Hons), Graduate Dp. in Material Management	Sales, Marketing, Operation	Non-Executive Director	Four
Mr. Jerome Drosch	Engineering	Health and Wellness, Insurance Services	Non-Executive Director	Four

Details of Investment Committee				
Name	Qualification	Field Specialization of	Status of Directorship/ Membership	No. of Meetings attended
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Four
Dr. Ranjan Pai	MBBS	Hospital and Education	Non-Executive Director	Three
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research)	Manufacture and Marketing	Chairman & Non-Executive Director	Three

Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director	Four
Mr. Prasun Sikdar	Post Graduate, Masters in Economics	Insurance	Managing Director and CEO	Four
Mr. Manoj Naik*	B.E, PGDM - IIM Bangalore	Finance	Chief Financial Officer and Member	Three
Mr. Srikanth Kandikonda**	B. Com, Fellow Member of Institute of Cost & Accountants of India and Fellow Member of Institute of Company Secretaries of India	Finance	Chief Financial Officer	One
Mr. Joydeep Saha	Fellow of Institute of Actuaries of India	Actuarial	Appointed Actuary and Member	Four
Mr. Sameer Bhatnagar	B. Sc (Statistics), LL.B, MBA(Finance), LL.M, Fellow Insurance Institute of India (F.I.I.I.), Post Graduate Diploma in International Business (PGDIB), DLL, DHR	Legal, Compliance, Secretarial and Risk	Chief Risk Officer and Member	Four
Mr. Mahesh Darak	B.Com and M.M.S (Finance)	Investment	Chief Investment Officer and Member	Four

\*Resigned w.e.f November 4, 2020

\*\*Appointed w.e.f November 4, 2020

Details of Risk Management Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Luis Miranda	M.Com, MBA, ACA	Finance Services	Independent Director	Four
Mr. S. Vaitheeswaran	BE (Hons), Graduate Dp. in Material Management	Sales, Marketing, Operation	Non-Executive Director	Four
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman & Non-Executive Director	Three
Mr. Prasun Sikdar	Post Graduate, Masters in Economics	Insurance	Managing Director and CEO	Four
Mr. Jerome Driesch	Engineering	Health and Wellness, Insurance Services	Non-Executive Director	Four
Mr. Sameer Bhatnagar*	B. Sc (Statistics), LL.B, MBA(Finance), LL.M, Fellow Insurance Institute of India (F.I.I.I.), Post Graduate Diploma in	Insurance	Chief Risk Officer	One



	International Business (PGDIB), DLL, DHR			
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\*Appointed w.e.f November 4, 2020

Details of Policyholders' Protection Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Ms. Meena Ganesh*	Master of Business Administration (MBA)	Health Care, E-commerce	Independent Director	Four
Mr. Luis Miranda	M.Com, MBA, ACA	Finance Services	Independent Director	Four
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman and Non-Executive Director	Three
Mr. S. Vaitheeswaran	BE (Hons), Graduate Dp. in Material Management	Sales, Marketing, Operation	Non-Executive Director	Four
Mr. Prasun Sikdar	Post Graduate, Masters in Economics	Insurance	Managing Director and CE)	Four
Mr. Jerome Drosch	Engineering	Health and Wellness Insurance Services	Non-Executive Director	Four
Mr. Rajesh Moorti	B.com Chartered Accountant	Finance	Expert / Customer Representative	Four

Ms. Meena Ganesh has resigned from the Office of Director w.e.f May 5, 2021

Details of Nomination and Remuneration Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	One
Ms. Meena Ganesh*	Master of Business Administration (MBA)	Health Care, E-commerce	Independent Director	One
Dr. Ranjan Pai	MBBS	Hospital and Education	Non-Executive Director	One
Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director and Member	One

Ms. Meena Ganesh has resigned from the Office of Director w.e.f May 5, 2021

## INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met to discuss:

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors; and
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

## STATUTORY AUDITORS

In accordance with the provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and in accordance with the provisions of 'Guidelines for Corporate Governance for insurers in India' issued by Insurance Regulatory & Development Authority of India bearing reference No. IRDA/F&A/GDL/CG/100/05/2016 dated 18<sup>th</sup> May 2016, M/s. CNK & Associates LLP, Chartered Accountants (Firm Registration No. 108296W) were appointed as Joint Statutory Auditors of the Company at the 5<sup>th</sup> AGM to hold office till the conclusion of the 10<sup>th</sup> AGM,.

M/s V.P.Thacker & Company, Chartered account, bearing firm registration no.118696W, were appointed as joint statutory auditors of the Company at the 6<sup>th</sup> AGM till the conclusion of 11<sup>th</sup> AGM.

## SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. GMJ & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for the Financial Year 2020-21. The Secretarial Audit Report is annexed as **Annexure II**.

## STATUTORY INFORMATION

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

#### Conservation of energy:

Particulars	Management's Response
1. Steps taken/ impact on conservation of energy	None
2. Steps taken by the Company for utilizing alternate sources of energy	None
3. Capital investment on energy conservation equipment	None

#### Technology absorption:

Particulars	Management Response
1. Efforts made towards technology absorption	1. Your Company has ensured successfully provisioned adequate infrastructure and IT support for 100% Work from Home as per government guidelines during the lockdown period
2. Benefits derived like product improvement, cost reduction, product development or import substitution	2. Your Company has ensured that Information security and data protection controls are in place and strengthened for Remote Working as per IRDAI guidelines
	3. Your Company has launched the IRDA Mandated Standard products – Aarogya Sanjeevani., Corona Products and Saral Suraksha as Mandated by the Regulator.

	<p>Your Company has also launched all the revised version of our existing products as mandated by the regulator.</p> <ol style="list-style-type: none"> <li>4. Your Company has gone live with the Group Flexi care in the group line of Business.</li> <li>5. Your Company has implemented a technological advanced Integration layer named Red hat Suite for an effective, faster and seamless integration with Partners. Your company has already integrated with 50+ partners which now do online business on a real time basis.</li> <li>6. Your company has successfully shut down the legacy Retail Policy Admin System – iPAS and transitioned the functionality into a local policy admin system which has now enabled us for Real time policy decision and eliminating the dependency on the global platform and also saving costs.</li> <li>7. Your Company has launched a New age Website under the Udaan - Digital Transformation Project. The new asset will be the bedrock for all future digital transformations for an enhanced customer and Partner engagement.</li> </ol>
3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
a) details of technology imported	Nil
b) year of import	NA
c) whether the technology been fully absorbed	NA
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NA
4. expenditure incurred on Research and Development	Nil

#### Foreign exchange earnings and outgo:

	(Figures in Lakhs)	
Particulars	For the Year Ended 31 <sup>st</sup> March 2021	For the Year Ended 31 <sup>st</sup> March 2020
Foreign Exchange earnings	24.24	2.65
Foreign exchange outgo	3,741.89	3,703.08

## **DETAILS OF EMPLOYEE STOCK OPTIONS**

Details of Employee Stock Options The disclosure shall include the following details of all the Employee Stock Options Scheme(s) implemented from time to time:

- (a) options granted: 1,69,96,000
- (b) options vested: Nil
- (c) options exercised: Nil
- (d) the total number of shares arising as a result of exercise of option: Nil
- (e) options lapsed: Nil
- (f) the exercise price: Nil
- (g) variation in terms of options: Nil
- (h) money realised by exercise of options: Nil
- (i) total number of options in force: 3,62,86,657
- (j) employee wise details of options granted to:
  - (i) Key Managerial Personnel: 1,20,00,000 Stock Options were granted to Managing Director and CEO and 45,00,000 Stock Options were granted to Chief Financial officer during FY 2020-21.
  - (ii) any other employee who receives a grant of options in any one year of options amounting to five percent or more of total options granted during that year: Nil
  - (iii) identified employees who were granted options, during any one year, equal to or exceeding one percent of the issued capital, excluding outstanding warrants and conversions, of the company at the time of grant: Managing Director and CEO

## **ANNUAL RETURN**

As per the provisions of the Section 92 of the Companies Act, 2013, the Annual Return of the Company can be accessed on the website of the Company at <https://www.manipalcigna.com/disclosures/public-disclosures>.

## **DETAILS IN RESPECT OF FRAUDS REPORTED BY THE AUDITORS UNDER SECTION 143(12) OF COMPANIES ACT, 2013**

There are no frauds reported by the Auditor, which are required to be disclosed under Section 143(12) of Companies Act, 2013.

## **STATEMENT ON DECLARATION GIVEN BY THE INDEPENDENT DIRECTORS UNDER SECTION 149 (6) OF THE COMPANIES ACT, 2013:**

As per the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 all the Independent Directors have submitted declaration to the effect that they meet with the criteria of 'independence' as required under Section 149(7) of the Companies Act, 2013.

## **APPLICATION TO IRDAI FOR TRANSFER OF SHARES TO MANIPAL GROUP**

During the year under review, pursuant to IRDAI approval dated 14<sup>th</sup> September, 2020, TTK Partners LLP has transferred 10,43,70,043 shares of the Company to Cigna Holdings Overseas, Inc.

Your Company has also received the approval from the IRDAI vide letter dated 15<sup>th</sup> March, 2021 for the transfer of balance 8,16,40,108 shares to MEMG Fund Advisors, LLP. The said balance transfer is in process.

## **COMPLIANCE WITH THE APPLICABLE SECRETARIAL STANDARDS**

The Company has complied with the applicable secretarial standards for the Financial year 2020-21.

## **ACKNOWLEDGMENTS**

The Board of Directors sincerely thank the Chairman, the members and other officials of the IRDAI for their advice, counsel and guidance from time to time.

Your Directors also place on record their appreciation for the excellent assistance and co-operation received from the Governing Body Insurance Council, Registrar of Companies (ROC) and the Bankers of the Company.

The Board also thank the shareholders and its policyholders for the support given and the confidence reposed in the operations of the Company.

Your Directors record their appreciation of the dedicated efforts and contribution of the employees at all levels for the growth of the Company achieved during the year.

## **FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**



**CHAIRMAN**

**DIN:01055493**

**Place: Mumbai**

**Date: 5<sup>th</sup> May, 2021**



**ANNEXURE – I**

**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

- 1. Details of contracts or arrangements or transactions not at arm's length basis: Nil**
- 2. Details of material contracts or arrangement or transactions at arm's length basis: Nil**

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**



**CHAIRMAN**

**DIN:01055493**

**Place: Mumbai**

**Date: 5<sup>th</sup> May, 2021**

**GMJ & Associates**  
Company Secretaries

3rd & 4th Floor, Vaastu Darshan,  
'B' Wing, Above Central Bank of India,  
Azad Road, Andheri (East),  
Mumbai - 400 069.  
Tel. No.: 6191 9293  
Email : cs@gmj.co.in

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**Form No.MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2021**  
(Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014)

To,  
The Members,  
**MANIPALCIGNA HEALTH INSURANCE COMPANY LIMITED**  
401/402, 4<sup>th</sup> Floor, Raheja Titanium,  
Western Express Highway,  
Goregaon (East), Mumbai - 400 063.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MANIPALCIGNA HEALTH INSURANCE COMPANY LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes, 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 March 31, 2021 complied with the statutory provisions of the applicable Acts 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, minutes, forms and returns filed and other records maintained by **MANIPALCIGNA HEALTH INSURANCE COMPANY LIMITED** for the financial year ended on **March 31, 2021** according to the provisions of:

- i. The Companies Act, 2013 ("the Act") including the Companies (Amendment) Act, 2020 and the rules made thereunder;

Cont.2....



: 2 :

- ii. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;
- iii. The Company, being a health insurance company, has complied with following acts:
  - a) The Insurance Act, 1938 including amendments and part thereof;
  - b) The Insurance Regulatory and Development Authority Act, 1999 and rules and regulations made thereunder;
  - c) The Rules, regulations, guidelines, circulars and notifications issued by the Insurance Regulatory and Development Authority of India (IRDAI) as are applicable to a Health Insurance Company.

The Company has its own robust compliance system and the Company is also subject to monitoring by and reporting of compliances to IRDAI.

- iv. We have also examined compliance with the applicable clauses of the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. wherever applicable.

We report that during the conduct of the audit, in our opinion, adequate systems exist in the Company to monitor and ensure compliance with general laws.

We report that the Compliance by the Company of applicable financial laws, like direct, indirect tax laws and Goods and Service Tax has not been reviewed in this Audit since the same has been subject to review by statutory financial auditor and other designated professionals.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review, the existing composition was in compliance with the provisions of the Act.

Cont.3....



: 3 :

2. 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.
3. Adequate notices are given to all directors to schedule the Board Meetings, Board Committee Meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decisions are carried through while the dissenting members' views, if any, are captured and recorded as part of Minutes.

We further report that during the audit period, the Board of Directors of the Company has issued and allotted 21,30,00,000 Equity Shares of Rs. 10/- each to the existing shareholders of the Company on private placement basis and complied with the provisions of the Act.

As informed, the Company has responded appropriately to notices/emails received from the statutory/regulatory authorities including by taking corrective measures wherever found necessary.

For **GMJ & ASSOCIATES**  
Company Secretaries

[SONIA CHETTIAR]  
PARTNER  
ACS: 27582 COP: 10130  
UDIN : A027582C000258824

PLACE: MUMBAI  
DATE: MAY 5, 2021.

**Note:** 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,  
MANIPALCIGNA HEALTH INSURANCE COMPANY LIMITED  
401/402, 4th Floor, Raheja Titanium,  
Western Express Highway,  
Goregaon (East), Mumbai - 400 063.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of 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 followed 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 and regulations, standards is the responsibility of the 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.
7. We have verified the Documents provided by the Company through Virtual Private Network (VPN) for audit purpose due to COVID-19 restrictions in Maharashtra, Mumbai, physical examination of documents is not possible.

For GMJ & ASSOCIATES  
Company Secretaries



[SONIA CHETTIAR]  
PARTNER  
ACS: 27582 COP: 10130  
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C N K & Associates LLP,  
Chartered Accountants  
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Mumbai - 400057

V P Thacker & Co.  
Chartered Accountants  
402, Embassy Centre,  
207, Nariman Point  
Mumbai - 400021

## INDEPENDENT AUDITORS' REPORT

The Members

**ManipalCigna Health Insurance Company Limited**

### Report on audit of the Financial Statements

#### Opinion

We have audited the accompanying Financial Statements of **ManipalCigna Health Insurance Company Limited** ("the Company") (*formerly known as "CignaTTK Health Insurance Company"*), which comprise the Balance Sheet as at March 31, 2021, the related Revenue Account (also called the "Policyholders' Account", or the "Technical Account"), the Profit and Loss Account (also called the "Shareholders' Account", or "Non-Technical Account"), and the Receipts and Payments Account each for the year ended March 31, 2021 and 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 Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), Insurance Regulatory and Development Authority (Preparation of Financials Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ("the Regulations"), Companies Act 2013 ("the Act") to the extent applicable and 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2021;
- (b) in the case of the Revenue Account, of the net surplus for the year ended on that date;
- (c) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- (d) 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 Insurance Act, 1938, the IRDA Act and the Regulations thereunder, the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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



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**Other Matter**

The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR), including claims Incurred But Not Enough Reported (IBNER) and provisioning for Premium Deficiency and Free Look Reserve as at March 31, 2021 is the responsibility of the Company's Appointed Actuary ("Actuary") and has been duly certified by the Actuary. The Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms, if any, issued by the IRDAI and the Actuarial Society of India in concurrence with the Authority. We have relied upon the Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.  
Our opinion is not modified in respect of this matter.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, Management Report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of 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 Act with respect to the preparation of these Financial Statements to give a true and fair view of the financial position, financial performance and Receipts and Payments of the Company in accordance with the requirements of the Insurance Act read with IRDA, Regulations / orders / directions / circulars / guidelines issued by the Authority in this regard and in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, further amended by Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and in the manner so required.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement 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.

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

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#### **Auditors' Responsibilities for the Audit of the 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 scepticism 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to the financial statements, 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 auditors' 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 auditors' 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.

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.

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**Report on Other Legal and Regulatory Requirements**

1. As required by the Regulations, we have issued a separate certificate dated May 5, 2021, as “**Annexure A**”, certifying the matters specified in paragraphs 3 and 4 of Schedule C to these Regulations.
2. As required by paragraph 2 of schedule C to the IRDA Financial Statement Regulation and Section 143 (3) of the Act, 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 purposes of our audit;
  - (b) In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company, so far as it appears from our examination of those books;
  - (c) As the Company's financial accounting system is centralized, no returns for the purposes of our audit are prepared at the branches of the Company;
  - (d) The Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account;
  - (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, further amended by Companies (Accounting Standards) Amendment Rules, 2016 to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by the IRDA in this regard;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the Regulations and/or orders/directions issued by the IRDA in this regard;
  - (g) In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards notified under the Act which continue to be applicable in respect of Section 133 of the Companies Act, 2013, and the Rules framed thereunder and with the accounting principles as prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the IRDA in this regard;
  - (h) On the basis of the written representations received from the Directors, as on March 31, 2021 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2021, from being appointed as a director in terms of Section 164(2) of the Act;
  - (i) Our report with respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, is provided in **Annexure B** hereto;

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- (j) 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 Act, as amended, we report that managerial remuneration is governed u/s 34A of the Insurance Act, 1938 and requires IRDAI approval. Accordingly, the provisions of Section 197 read with schedule V to the Act are not applicable, and hence reporting under Section 197(16) is not required. However, sitting fees paid to directors is in compliance with Section 197(5) of the Act.
- (k) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
  - (i) The Company has disclosed the impact of pending litigations as at March 31, 2021 on its financial position in its financial statements – Refer Note No. 3.1 in the Notes to Accounts forming part of financial statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts.
  - (iii) There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company for the year ended March 31, 2021.
  - (iv)
    - i. The Management has represented that, to the best of it's knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - ii. The Management has represented, that, to the best of it's knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - iii. Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

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- (v) The Company has not declared or paid any dividend during the year, hence Section 123 of the Companies Act, 2013 is not applicable.

**For C N K & Associates LLP**  
**Chartered Accountants**  
Firm Registration No.: 101961W/W-100036

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Hiren Shah  
**Partner**  
Membership No: 100052  
Date: 5<sup>th</sup> May, 2021  
Place: Mumbai  
UDIN: 21100052AAAACJ9725

**For V P Thacker & Co.**  
**Chartered Accountants**  
Firm Registration No. 118696W

Kalpna Sagar  
Rajpurkar

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Kalpna Rajpurkar  
**Partner**  
Membership No: 114928  
Date: 5<sup>th</sup> May, 2021  
Place: Mumbai  
UDIN: 21114928AAAAAB3492



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**Annexure - A**

**Auditors' Certificate**

(Referred to in paragraph 1 of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report of even date)

This certificate is issued to comply with the provisions of paragraphs 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") read with Regulation 3 of the IRDA Financial Statements Regulations.

**Management Responsibility**

ManipalCigna Health Insurance Company Limited's (the 'Company') Management is responsible for complying with the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/FA/059/03/2015 dated March 31, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDA"), 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**

Our responsibility, for the purpose of this certificate, is limited to certifying matters contained in paragraphs 3 and 4 of Schedule C of the IRDA Financial Statements Regulations. We conducted our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (the "ICAI"), which include the concepts of test checks and materiality.

We conducted our examination in accordance with Guidance Note on Reports or certificates for special purposes (Revised 2016) and Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI) in so far as applicable for the purpose of this Certificate issued by ICAI. The guidance note requires that we comply with ethical requirements of code of ethics issued by ICAI. For the purpose of this certificate, we have not performed an audit, the objective of which would be the expression of an opinion on financial statements, specified elements, accounts or items thereof.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that perform audits and review of historical financial information and other assurance and service related engagements issued by the ICAI".

**Opinion**

Based on our audit of financial statements for the year ended March 31, 2021 and in accordance with the information and explanations and representations 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 the Company for the year ended March 31, 2021, we certify that:

- I. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2021, and on the basis of our review, there are no apparent mistakes in or material inconsistencies with the financial statements;

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2. Based on the management representation and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance, and the same being noted by the Board, we certify that the Company has complied with the terms and conditions of registration stipulated by IRDA;
3. We have verified the cash balances, to the extent considered necessary, and securities relating to the Company's investments as at March 31, 2021, by actual inspection or on the basis of certificates/ confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938, relating to the application and investments of the Policyholders' Funds.

#### Restriction on Use

This certificate has been issued solely in compliance with the requirements of Schedule C of the Insurance Regulatory and Development Authority (Presentation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002, ("the Accounting Regulations"), read with Regulation 3 of the Accounting Regulations and may not be suitable for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care of for any other purpose or to any other party to whom it is shown or into whose hand it may come without our prior consent in writing.

For C N K & Associates LLP  
Chartered Accountants  
Firm Registration No.: 101961W/W-100036

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Hiren Shah  
Partner  
Membership No: 100052  
Date: 5<sup>th</sup> May, 2021  
Place: Mumbai  
UDIN: 21100052AAAAACJ9725

For V P Thacker & Co.  
Chartered Accountants  
Firm Registration No. 118696W

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Kalpana Rajpurkar  
Partner  
Membership No: 114928  
Date: 5<sup>th</sup> May, 2021  
Place: Mumbai  
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## Annexure – B

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

(Referred to in paragraph 2(i) of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report of even date)

We have audited the internal financial controls over financial reporting of **ManipalCigna Health Insurance Company Limited** ("the Company") (*formerly known as "CignaTTK Health Insurance Company"*) as of March 31, 2021, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

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 Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 with reference to 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 with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements 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 judgement, 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 with reference to Financial Statements.

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### **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.

### **Opinion**

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 March 31, 2021, 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".

**For C N K & Associates LLP**  
**Chartered Accountants**  
**Firm Registration No.: 101961W/W-100036**

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Date: 2021.05.06  
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Hiren Shah  
**Partner**  
Membership No: 100052  
Date: 5<sup>th</sup> May, 2021  
Place: Mumbai

UDIN: 21100052AAAACJ9725

**For V P Thacker & Co.**  
**Chartered Accountants**  
**Firm Registration No. 118696W**

Kalpna Sagar Rajpurkar  
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Date: 5<sup>th</sup> May, 2021  
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FORM 8-RA				
REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2021 (AUDITED)				
(Miscellaneous Business)				
Rs '000				
S.No	Particulars	Schedule	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
1	Premiums earned (Net)	1	63,13,667	50,34,357
2	Profit/ (Loss) on sale/redemption of Investments			
	Profit on sale of investments		1,03,700	86,018
	Less: Loss on sale of investments		(1,96,402)	-
3	Others			
	(a) Interest Income		-	-
	(b) Excess provision written back		-	-
	(c) Contribution from Shareholders Funds towards Excess EoM		15,28,823	14,83,229
4	Interest, Dividend & Rent – Gross		2,74,552	2,47,225
	<b>TOTAL (A)</b>		<b>80,24,340</b>	<b>68,50,829</b>
1	Claims Incurred (Net)	2	38,59,547	31,03,170
2	Commission	3	8,21,188	6,30,251
3	Operating Expenses related to Insurance Business	4	32,91,640	28,81,132
4	Premium Deficiency		-	-
	<b>TOTAL (B)</b>		<b>79,72,375</b>	<b>66,14,553</b>
	<b>Operating Profit/(Loss) from Miscellaneous Business C= (A - B)</b>		<b>51,965</b>	<b>2,36,276</b>
	<b>APPROPRIATIONS</b>			
	Transfer to Shareholders' Account		51,965	2,36,276
	Transfer to Catastrophe Reserve		-	-
	Transfer to Other Reserves		-	-
	<b>TOTAL (C)</b>		<b>51,965</b>	<b>2,36,276</b>

Significant accounting policies & Notes to Financial Statements.

16

The Schedules referred to above form an integral part of the Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors.

For CNK & Associates LLP  
Chartered Accountants  
Firm Regn No. 101961W/W-100036

For V.P. Thacker & Co  
Chartered Accountants  
Firm Regn No. 118696W

**LUIS MIRANDA**  
Digitally signed by  
LUIS MIRANDA  
Date: 2021.05.05  
19:18:14 +05'30'  
Luis Miranda  
Chairman  
DIN: 01055493

**RAJEEV RUPRAJENDRA CHITRABHANU**  
Digitally signed by  
RAJEEV RUPRAJENDRA CHITRABHANU  
Date: 2021.05.05  
22:04:26 +05'30'  
Rajeev Chitrabhanu  
Director  
DIN 0002174031

**HIREN CHINUBHAI SHAH**  
Digitally signed by  
HIREN CHINUBHAI SHAH  
Date: 2021.05.06  
00:10:18 +05'30'

Hiren Shah  
Partner  
Membership No. 100052

**Kalpana Sagar Rajpurkar**  
Digitally signed by  
Kalpana Sagar Rajpurkar  
Date: 2021.05.05  
19:18:14 +05'30'

Kalpana Rajpurkar  
Partner  
Membership No. 114928

**SEETHARAMAN N VAITHEESWARAN**  
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SEETHARAMAN N VAITHEESWARAN  
Date: 2021.05.05  
20:11:35 +05'30'  
S Vaitheeswaran  
Director  
DIN:01814726

**PRASUN KUMAR SIKDAR**  
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PRASUN KUMAR SIKDAR  
Date: 2021.05.05  
19:21:25 +05'30'  
Prasun Sikdar  
Managing Director & CEO  
DIN: 08107956

**SRIKANTH KANDIKONDA**  
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SRIKANTH KANDIKONDA  
Date: 2021.05.05 19:31:45  
+05'30'  
Srikanth Kandikonda  
Chief Financial Officer

**MITUL PALANKAR**  
Digitally signed by  
MITUL PALANKAR  
Date: 2021.05.05  
22:29:43 +05'30'  
Mitul Palankar  
Company Secretary  
Membership No. A22390

Place : Mumbai  
Date : May 5, 2021

FORM B-P1 PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2021 (AUDITED) (Miscellaneous Business)				
Rs '000				
S.No	Particulars	Schedule	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
1	Operating Profit/(Loss)			
	(a) Fire Insurance		-	-
	(b) Marine Insurance		-	-
	(c) Miscellaneous Insurance		51,965	2,36,276
2	Income from Investments			
	(a) Interest, Dividend & Rent - Gross		1,76,940	1,26,608
	(b) Profit on sale of investments		53,976	49,320
	Less: Loss on sale of investments		(36,125)	-
3	Other Income		-	-
	<b>TOTAL (A)</b>		<b>2,46,756</b>	<b>4,12,204</b>
4	Provisions (Other Than Taxation)			
	(a) For diminution in the value of Investments (refer note 3.21 of sch. 16)		(1,89,695)	1,89,695
	(b) For doubtful debts		3,002	4,344
	(c) Others		-	-
5	Other Expenses			
	(a) Expenses other than those related to Insurance Business			
	Personnel Cost		31,776	28,582
	Legal & professional charges		1,275	-
	Interest & Bank Charges		275	230
	Share Issue Expenses (Stamp Duty & Franking)		107	1,420
	Expenses related to issuance of Debentures		-	-
	Interest on Non-convertible Debentures		38,700	38,700
	Miscellaneous Expenses		3,485	3,147
	Contribution to policyholders Funds towards Excess EOM		15,28,823	14,83,229
	(b) Bad debts written off		3,098	-
	(c) Others		-	-
	<b>TOTAL (B)</b>		<b>14,20,846</b>	<b>17,49,347</b>
	Profit / (Loss) Before Tax		(11,74,090)	(13,37,143)
	Provision for Taxation		-	-
	Profit / (Loss) After Tax		(11,74,090)	(13,37,143)
	<b>APPROPRIATIONS</b>			
	(a) Interim dividends paid during the year		-	-
	(b) Proposed final dividend		-	-
	(c) Dividend distribution tax		-	-
	(d) Transfer to any Reserves or Other Accounts		-	-
	Balance of profit/ (loss) brought forward from previous year		(88,77,418)	(75,40,275)
	<b>Balance carried forward to Balance Sheet</b>		<b>(1,00,51,508)</b>	<b>(88,77,418)</b>
	Earnings Per Share (refer note 3.25 of sch. 16)		(1.40)	(2.17)

Significant accounting policies & Notes to Financial Statements.

16

The Schedules referred to above form an integral part of the Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors.

For CNK & Associates LLP  
Chartered Accountants  
Firm Regn No. 101961W/W-100036

For V.P. Thacker & Co  
Chartered Accountants  
Firm Regn No. 118696W

**LUIS MIRANDA**  
Luis Miranda  
Chairman  
DIN: 01055493

**RAJEEV RUPRAJENDRA CHITRABHANU**  
Rajeev Chitrabhanu  
Director  
DIN 0002174031

**HIREN CHINUBHAI SHAH**  
Hiren Shah  
Partner  
Membership No. 100052

**Kalpna Sagar Rajpurkar**  
Kalpana Rajpurkar  
Partner  
Membership No. 114928

**SEETHARA MAN VAITHEESWARAN**  
S Vaitheeswaran  
Director  
DIN:01814726

**PRASUN KUMAR SIKDAR**  
Prasun Sikdar  
Managing Director & CEO  
DIN: 08107956

**SRIKANTH KANDIKONDA A**  
Srikanth Kandikonda  
Chief Financial Officer

**MITUL PALANKAR**  
Mitul Palankar  
Company Secretary  
Membership No. A22390

FORM B-BS BALANCE SHEET AS AT 31ST MARCH 2021 (AUDITED)				
Rs '000				
S.No	Particulars	Schedule	As at 31st March 2021	As at 31st March 2020
	<b>Sources Of Funds</b>			
1	Share Capital	5	94,19,022	72,89,022
2	Reserves And Surplus	6	32,98,637	32,98,637
3	Fair Value Change Account			
	Fair Value Change Account - Shareholder		34	422
	Fair Value Change Account - Policyholder		390	230
4	Borrowings	7	4,30,000	4,30,000
	<b>TOTAL</b>		<b>1,31,48,083</b>	<b>1,10,18,311</b>
	<b>Application Of Funds</b>			
1	Shareholder'S Investments	8	27,16,039	21,85,023
2	Policyholder'S Investments	8A	53,05,386	38,68,095
3	Loans	9	-	-
4	Fixed Assets	10	2,84,388	2,47,987
5	Current Assets			
	Cash And Bank Balances	11	6,63,693	1,64,319
	Advances And Other Assets	12	3,33,928	3,98,147
	<b>Sub-Total (A)</b>		<b>9,97,621</b>	<b>5,62,466</b>
6	Current Liabilities	13	25,38,713	18,82,716
7	Provisions	14	36,68,146	28,39,962
	<b>Sub-Total (B)</b>		<b>62,06,859</b>	<b>47,22,678</b>
	<b>Net Current Assets (C) = (A - B)</b>		<b>(52,09,238)</b>	<b>(41,60,212)</b>
8	Miscellaneous Expenditure (to the extent not written off or adjusted)	15	-	-
9	Debit Balance In Profit And Loss Account		1,00,51,508	88,77,418
	<b>TOTAL</b>		<b>1,31,48,083</b>	<b>1,10,18,311</b>

Significant accounting policies & Notes to Financial Statements.

16

The Schedules referred to above form an integral part of the Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors.

For CNK & Associates LLP  
Chartered Accountants  
Firm Regn No. 101961W/W-100036

**HIREN CHINUB HAI SHAH**  
Digitally signed by HIREN CHINUB HAI SHAH  
Date: 2021.05.06 00:14:43 +05'30'

Hiren Shah  
Partner  
Membership No. 100052

For V.P. Thacker & Co  
Chartered Accountants  
Firm Regn No. 118696W

**Kalpna Sagar Rajpurkar**  
Digitally signed by Kalpna Sagar Rajpurkar  
Date: 2021.05.05 19:19:11 +05'30'

Kalpna Rajpurkar  
Partner  
Membership No. 114928

**LUIS MIRANDA**  
Digitally signed by LUIS MIRANDA  
Date: 2021.05.05 19:19:11 +05'30'

Luis Miranda  
Chairman  
DIN: 01055493

**RAJEEV RUPRAJENDRA CHITRABHANU**  
Digitally signed by RAJEEV RUPRAJENDRA CHITRABHANU  
Date: 2021.05.05 22:06:30 +05'30'

Rajeev Chitrabhanu  
Director  
DIN 0002174031

**SEETHARA MAN VAITHEES WARAN**  
Digitally signed by SEETHARAMAN VAITHEESWARAN  
Date: 2021.05.05 20:13:34 +05'30'

S Vaitheeswaran  
Director  
DIN:01814726

**PRASUN KUMAR SIKDAR**  
Digitally signed by PRASUN KUMAR SIKDAR  
Date: 2021.05.05 19:22:09 +05'30'

Prasun Sikdar  
Managing Director & CEO  
DIN: 08107956

**SRIKANTH KANDIKONDA A**  
Digitally signed by SRIKANTH KANDIKONDA  
Date: 2021.05.05 19:32:58 +05'30'

Srikanth Kandikonda  
Chief Financial Officer

**MITUL PALANKAR**  
Digitally signed by MITUL PALANKAR  
Date: 2021.05.05 22:32:06 +05'30'

Mitul Palankar  
Company Secretary  
Membership No. A22390

Place : Mumbai  
Date : May 5, 2021

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2021 (AUDITED)			
(Rs. '000)			
S.no.	Particulars	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
I	<b>Cash flows from operating activities</b>		
1	Premium received from policyholders, including advance receipts	77,39,662	56,68,490
2	Other receipts	-	-
3	Payments to the re-insurers, net of commission and claims	(1,03,970)	(68,337)
4	Payments to co-insurers, net of claims recovery	-	-
5	Payments of claims	(37,05,631)	(31,04,542)
6	Payments of commission and brokerage	(8,81,091)	(7,01,010)
7	Payments of other operating expenses	(32,45,017)	(27,88,154)
8	Deposits, advances and staff loans	31,804	(465)
9	Income taxes paid (Net)	-	-
10	Service tax / GST	78,393	42,310
	<b>Cash flow before extraordinary items</b>	<b>(85,850)</b>	<b>(9,51,708)</b>
	Cash flow from extraordinary items	-	-
	<b>Net cash flow from operating activities (A)</b>	<b>(85,850)</b>	<b>(9,51,708)</b>
II	<b>Cash flows from investing activities</b>		
1	Purchase of fixed assets	(1,29,498)	(1,58,994)
2	Proceeds from sale of fixed assets	637	-
3	Purchase of investments	(56,37,465)	(38,49,306)
4	Loans disbursed	-	-
5	Sale of investments	38,53,670	32,74,248
6	Repayments received	-	-
7	Rents / Interests / Dividends received	4,88,115	3,74,333
8	Investment in money market instruments and in liquid mutual funds (net)	(1,20,128)	(1,87,005)
10	Investment in Fixed Deposit(Net)	(1,78,400)	-
	<b>Net cash flow from investing activities (B)</b>	<b>(17,23,069)</b>	<b>(5,46,724)</b>
III	<b>Cash flows from financing activities</b>		
1	Proceeds from issuance of share capital / share premium	21,30,000	14,07,988
2	Share Issue Expenses	(107)	(820)
3	Proceeds from borrowing (Debentures)	-	-
4	Repayments of borrowing	-	-
5	Interest / Dividend paid	-	(36,647)
6	Debenture Issue Expenses	-	-
	<b>Net cash flow from financing activities (C)</b>	<b>21,29,893</b>	<b>13,70,521</b>
	Effect of foreign exchange rates on cash and cash equivalents, net (D)	-	-
	<b>Net increase / (decrease) in cash and cash equivalents (I+II+III)</b>	<b>3,20,974</b>	<b>(1,27,911)</b>
	Cash and cash equivalents at the beginning of the year	1,56,819	2,84,730
	Cash and cash equivalents at the end of the year*	4,77,793	1,56,819

\* Reconciliation of cash and cash equivalents with the Balance Sheet:

Cash and Bank balances 6,63,693 1,64,319  
Less: Deposit Accounts not considered as cash and cash equivalents as defined in AS-3 "Cash Flow Statements" and therefore included in purchase of investments (1,85,900) (7,500)  
Cash and cash equivalents at the end of the year 4,77,793 1,56,819

As per our report on Limited Review date attached.

For and on behalf of the Board of Directors.

For CNK & Associates LLP  
Chartered Accountants  
Firm Regn No. 101961W/W-100036

For V.P. Thacker & Co  
Chartered Accountants  
Firm Regn No. 118696W

HIREN CHINUBHAI SHAH  
Digitally signed by HIREN CHINUBHAI SHAH  
Date: 2021.05.06 05:16:34 +05'30'

Hiren Shah  
Partner  
Membership No. 100052

Kalpna Sagar Rajpurkar  
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Date: 2021.05.06 12:02:11 +05'30'

Kalpna Rajpurkar  
Partner  
Membership No. 114928

LUIS MIRANDA  
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Date: 2021.05.05 19:19:34 +05'30'

Luis Miranda  
Chairman  
DIN: 01055493

RAJEEV RUPRAJENDRA CHITRABHANU  
Digitally signed by RAJEEV RUPRAJENDRA CHITRABHANU  
Date: 2021.05.05 22:07:11 +05'30'

Rajeev Chitrabhanu  
Director  
DIN 0002174031

SEETHARA MAN VAITHEESWARAN  
Digitally signed by SEETHARAMAN VAITHEESWARAN  
Date: 2021.05.05 20:14:13 +05'30'

S Vaitheeswaran  
Director  
DIN:01814726

PRASUN KUMAR SIKDAR  
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Date: 2021.05.05 19:22:31 +05'30'

Prasun Sikdar  
Managing Director & CEO  
DIN: 08107956

SRIKANTH KANDIKONDA  
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Date: 2021.05.05 19:33:41 +05'30'

Srikanth Kandikonda  
Chief Financial Officer

MITUL PALANKAR  
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Date: 2021.05.05 22:33:32 +05'30'

Mitul Palankar  
Company Secretary  
Membership No. A22390

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 1 - PREMIUM EARNED (NET)

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the Year Ended 31st March 2021	For the Year Ended 31st March 2020	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
		audited	audited	audited	audited	audited	audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
1	Premium from direct business written (net of GST)	74,57,982	56,81,466	96,930	80,476	75,54,912	57,61,942
2	Add: Premium on reinsurance accepted	-	-	-	-	-	-
3	Less : Premium on reinsurance ceded	3,84,499	2,88,693	8,469	4,477	3,92,968	2,93,170
4	Net Premium	70,73,483	53,92,773	88,461	75,999	71,61,944	54,68,772
5	Adjustment for change in reserve for unexpired risks	8,42,026	4,65,468	6,251	(31,053)	8,48,277	4,34,415
	Total Premium Earned (Net)	62,31,457	49,27,305	82,210	1,07,052	63,13,667	50,34,357
	Premium income from business effected :						
	In India	62,31,457	49,27,305	82,210	1,07,052	63,13,667	50,34,357
	Outside India	-	-	-	-	-	-
	Total Premium Earned (Net)	62,31,457	49,27,305	82,210	1,07,052	63,13,667	50,34,357



**SCHEDULE 2 - CLAIMS INCURRED (NET)**

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the Year Ended 31st March 2021	For the Year Ended 31st March 2020	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
		audited	audited	audited	audited	audited	audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
	Claims paid						
1	Direct claims	37,30,745	30,95,640	22,865	11,352	37,53,110	31,06,992
2	Add : Re-insurance accepted	-	-	-	-	-	-
3	Less : Re-insurance Ceded	1,86,612	1,74,476	1,218	1,117	1,87,830	1,75,588
	<b>Net Claims Paid</b>	<b>35,43,633</b>	<b>29,21,164</b>	<b>21,647</b>	<b>10,240</b>	<b>35,65,280</b>	<b>29,31,404</b>
4	Add : Claims Outstanding at the end of the year	9,23,866	6,10,988	45,785	64,396	9,69,651	6,75,384
5	Less : Claims Outstanding at the beginning of the year	6,10,988	4,43,678	64,396	59,940	6,75,384	5,03,618
	<b>Total Claims Incurred</b>	<b>38,56,511</b>	<b>30,88,474</b>	<b>3,036</b>	<b>14,696</b>	<b>38,59,547</b>	<b>31,03,170</b>

SCHEDULE 3 - COMMISSION

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the Year Ended 31st March 2021	For the Year Ended 31st March 2020	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
		audited	audited	audited	audited	audited	audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
	Commission paid						
1	Direct Commission*	8,86,043	6,79,319	13,370	10,847	8,99,413	6,90,166
2	Add: Re-insurance Accepted	-	-	-	-	-	-
3	Less: Commission on Re-insurance Ceded	74,365	56,019	3,860	3,896	78,225	59,915
	Net Commission	8,11,678	6,23,300	9,510	6,951	8,21,188	6,30,251
	Break-up of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:						
	Agents	3,08,347	2,45,166	5,041	5,747	3,13,388	2,50,913
	Brokers	2,85,012	1,79,918	5,401	4,153	2,90,413	1,84,070
	Corporate Agency	2,36,995	1,99,085	2,922	932	2,39,917	2,00,017
	Referral	-	-	-	-	-	-
	Others	55,689	55,150	6	15	55,695	55,166
	TOTAL (B)	8,86,043	6,79,319	13,370	10,847	8,99,413	6,90,166

\*Includes an amount of Rs 124,817 thousand during the year ended 31st March 2021 (previous year ended 31st March 2020 Rs 53,539 thousand) towards Reward or Remuneration to Agents & Intermediaries.

SCHEDULE 4 - OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the Year Ended 31st March 2021	For the Year Ended 31st March 2020	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020	For the Year Ended 31st March 2021	For the Year Ended 31st March 2020
		audited	audited	audited	audited	audited	audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
1	Employees' remuneration & welfare benefits	16,31,247	14,19,333	21,201	20,105	16,52,448	14,39,438
2	Travel, conveyance and vehicle running expenses	3,589	51,197	47	725	3,636	51,922
3	Training expenses	(837)	1,32,809	(11)	1,881	(848)	1,34,690
4	Rents, rates & taxes	84,800	81,643	1,102	1,156	85,902	82,799
5	Repairs	(1,049)	9,383	(14)	133	(1,063)	9,516
6	Printing & stationery	15,694	38,064	204	539	15,898	38,603
7	Communication	43,824	51,264	570	726	44,394	51,990
8	Legal & professional charges	2,21,197	1,73,929	2,875	2,463	2,24,072	1,76,393
9	Auditors' fees, expenses etc						
	(a) as auditor (Statutory Auditor)	1,974	1,676	26	24	2,000	1,700
	(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-
	(i) Taxation matters (Tax Audit)	99	106	1	2	100	108
	(ii) Insurance matters	-	-	-	-	-	-
	(iii) Management services; and	-	-	-	-	-	-
	(c) in any other capacity - Others	197	182	3	3	200	185
	(d) out of pocket expenses	20	160	0	2	20	162
10	Advertisement and publicity	8,29,146	4,54,403	10,776	6,437	8,39,922	4,60,840
11	Interest & Bank Charges	32,405	23,678	421	335	32,826	24,013
12	Others						
	Membership and Subscription Fees	5,230	2,637	68	37	5,298	2,674
	Information Technology Related Expenses	1,43,529	1,22,534	1,865	1,736	1,45,394	1,24,270
	Equipments, Software and amenities - Usage Cost	54,643	82,615	710	1,170	55,353	83,785
	Business Promotion	41,134	76,590	535	1,085	41,669	77,675
	Office Expenses	23,613	28,817	307	408	23,920	29,225
	Policy Related Expenses	19,903	33,798	259	472	20,162	33,769
	Directors Sitting Fees	4,294	3,895	56	55	4,350	3,950
	Miscellaneous Expenses	3,865	(3,513)	50	(50)	3,915	(3,563)
	Foreign Exchange Gain/Loss	238	(277)	3	(4)	241	(281)
13	Depreciation	90,653	56,469	1,178	800	91,831	57,269
	<b>TOTAL</b>	<b>32,49,408</b>	<b>28,40,893</b>	<b>42,232</b>	<b>40,239</b>	<b>32,91,640</b>	<b>28,81,132</b>

**SCHEDULE 5 - SHARE CAPITAL**

S.No	Particulars	Rs '000	
		As at 31st March 2021 audited	As at 31st March 2020 audited
1	Authorised Capital 1,000,000,000 (Previous Year: 1,000,000,000) Equity Shares of Rs. 10 each	1,00,00,000	1,00,00,000
2	Issued Capital 941,902,173 (Previous Year: 728,902,173) Equity Shares of Rs. 10 each	94,19,022	72,89,022
3	Subscribed Capital 941,902,173 (Previous Year: 728,902,173) Equity Shares of Rs. 10 each	94,19,022	72,89,022
4	Called-up Capital 941,902,173 (Previous Year: 728,902,173) Equity Shares of Rs. 10 each	94,19,022	72,89,022
	Less : Calls unpaid	-	-
	Add : Equity Shares forfeited (amount originally paid up)	-	-
	Less : Par Value of Equity Shares bought back	-	-
	Less : Preliminary Expenses	-	-
	Less : Expenses including commission or brokerage on underwriting or subscription of shares	-	-
	<b>TOTAL</b>	<b>94,19,022</b>	<b>72,89,022</b>

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**SCHEDULE 5A - PATTERN OF SHAREHOLDING SCHEDULE (As certified by the management)**

Shareholder	As at 31st March 2021		As at 31st March 2020	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	48,03,70,108	51%	37,17,40,151	51%
- Foreign	46,15,32,065	49%	35,71,62,022	49%
Others				
<b>TOTAL</b>	<b>94,19,02,173</b>	<b>100%</b>	<b>72,89,02,173</b>	<b>100%</b>



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**SCHEDULE 6 - RESERVES AND SURPLUS**

S.No	Particulars	Rs '000	
		As at 31st March 2021 audited	As at 31st March 2020 audited
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	32,98,637	32,98,637
4	General Reserves	-	-
	Less: Debit balance in Profit and Loss Account	-	-
	Less: Amount utilized for Buy-back	-	-
5	Catastrophe Reserve	-	-
6	Other Reserves	-	-
7	Balance of Profit in Profit & Loss Account	-	-
	<b>TOTAL</b>	<b>32,98,637</b>	<b>32,98,637</b>





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**SCHEDULE 7 - BORROWINGS**

S.No	Particulars	Rs '000	
		As at 31st	As at 31st
		March 2021	March 2020
		audited	audited
1	9% Non-Convertible Debentures	4,30,000	4,30,000
2	Banks	-	-
3	Financial Institutions	-	-
4	Others	-	-
	<b>TOTAL</b>	<b>4,30,000</b>	<b>4,30,000</b>

**SCHEDULE 8 - INVESTMENTS - SHAREHOLDERS**

S.No	Particulars	Rs '000	
		As at 31st March 2021 audited	As at 31st March 2020 audited
	<b>In India</b>		
	<b>LONG TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills (Refer Note 1)	5,35,182	4,01,972
2	Other Approved Securities	5,18,703	1,54,283
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	1,51,328	2,00,686
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	6,93,675	8,56,588
5	Other than Approved Investments	-	50,000
	Less : Provisions for doubtful debts	-	(35,450)
	<b>Sub-total</b>	-	<b>14,550</b>
	<b>Total of long term investments</b>	<b>18,98,888</b>	<b>16,28,078</b>
	<b>SHORT TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills	2,00,718	-
2	Other Approved Securities	-	-
3	Other Investments	-	-
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	11,775	46,823
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	3,03,047	1,50,009
	(e) Other Securities - Certificate of Deposit/Commercial Paper	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	3,00,306	2,51,541
5	Other than Approved Investments	1,305	1,08,571
	Less : Provisions for doubtful debts	-	-
	<b>Sub-total</b>	<b>1,305</b>	<b>1,08,571</b>
	<b>Total of short term investments</b>	<b>8,17,151</b>	<b>5,56,945</b>
	<b>TOTAL</b>	<b>27,16,039</b>	<b>21,85,023</b>

**Notes:**

- Aggregate historical cost of investments other than listed equity securities and derivative instruments is Rs.2,720,756 Thousand (Previous Year - Rs.2,040,708 Thousand). Aggregate market value of such investments as at 31.03.2021 is Rs.2,718,986 Thousand (Previous Year - Rs. 2,076,829 Thousand).
- IRDA vide circular no : IRDAI/F&A/CIR/CPM/056/03/2016, dated 04th April 2016, the company has segregated the Policyholders and Shareholders funds.

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**SCHEDULE 8A - INVESTMENTS - POLICYHOLDERS**

S.No	Particulars	Rs '000	
		As at 31st March 2021 audited	As at 31st March 2020 audited
	<b>In India</b>		
	<b>LONG TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills (Refer Note 1)	8,46,576	10,54,718
2	Other Approved Securities	6,78,809	5,64,596
3	Other Investments		-
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	12,58,650	8,58,052
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	11,19,008	6,67,511
5	Other than Approved Investments	-	1,50,384
	Less : Provisions for doubtful debts	-	(1,17,620)
	<b>Sub-total</b>	-	<b>32,764</b>
	<b>Total of long term investments</b>	<b>39,03,043</b>	<b>31,77,642</b>
	<b>SHORT TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills	2,97,517	-
2	Other Approved Securities	2,54,559	-
3	Other Investments	-	-
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	5,85,750	1,70,654
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	1,00,108	1,00,254
	(e) Other Securities - Certificate of Deposit/Commercial Paper	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	1,50,006	2,50,352
5	Other than Approved Investments	14,403	2,05,819
	Less : Provisions for doubtful debts	-	(36,625)
	<b>Sub-total</b>	<b>14,403</b>	<b>1,69,194</b>
	<b>Total of short term investments</b>	<b>14,02,343</b>	<b>6,90,454</b>
	<b>TOTAL</b>	<b>53,05,386</b>	<b>38,68,095</b>

**Notes:**

- Aggregate historical cost of investments other than listed equity securities and derivative instruments is Rs.4,733,762 Thousand (Previous Year - Rs. 3,560,725 Thousand). Aggregate market value of such investments as at 31.03.2021 is Rs. 4,726,733 Thousand (Previous Year - Rs. 3,573,662 Thousand)
- IRDA vide circular no : IRDAI/F&A/CIR/CPM/056/03/2016, dated 04th April 2016, the company has segregated the Policyholders and Shareholders funds.

**SCHEDULE 9 - LOANS**

S.No	Particulars	Rs '000	
		As at 31st March 2021 audited	As at 31st March 2020 audited
1	SECURITY-WISE CLASSIFICATION		
	Secured		
	(a) On mortgage of property		
	(aa) In India	-	-
	(bb) Outside India	-	-
	(b) On Shares, Bonds, Govt. Securities	-	-
	(c) Others	-	-
	Unsecured	-	-
	<b>TOTAL</b>	-	-
2	BORROWER-WISE CLASSIFICATION		
	(a) Central and State Governments	-	-
	(b) Banks and Financial Institutions	-	-
	(c) Subsidiaries	-	-
	(d) Industrial Undertakings	-	-
	(e) Others	-	-
	<b>TOTAL</b>	-	-
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	-	-
	<b>TOTAL</b>	-	-
4	MATURITY-WISE CLASSIFICATION		
	(a) Short Term	-	-
	(b) Long Term	-	-
	<b>TOTAL</b>	-	-

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**SCHEDULE 10 - FIXED ASSETS**

Rs '000

Particulars	Cost / Gross Block				Depreciation				Net Block	
	As at 1st April 2020	Additions during the year	Deductions/ adjustments during the year	As at 31st March 2021	As at 1st April 2020	For the period year	Deductions/ adjustments during the year	As at 31st March 2021	As at 31st March 2021	As at 31st March 2020
	audited	audited	audited	audited	audited	audited	audited	audited	audited	audited
Goodwill	-	-	-	-	-	-	-	-	-	-
Intangibles (Software)	97,199	48,742	-	1,45,941	66,666	25,768	-	92,434	53,507	30,533
Land-Freehold	-	-	-	-	-	-	-	-	-	-
Leasehold Improvements	19,209	23,915	(4,325)	38,799	9,233	25,596	(2,929)	31,900	6,899	9,976
Buildings	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	9,682	2,884	(581)	11,985	5,541	3,974	(445)	9,070	2,915	4,141
IT Equipments	1,39,928	4,346	(1,287)	1,42,987	34,936	32,396	(1,235)	66,097	76,889	1,04,992
Vehicles	-	-	-	-	-	-	-	-	-	-
Office Equipment	14,095	2,665	(545)	16,215	7,014	4,097	(402)	10,709	5,506	7,081
Others	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,80,113</b>	<b>82,552</b>	<b>(6,738)</b>	<b>3,55,927</b>	<b>1,23,390</b>	<b>91,831</b>	<b>(5,011)</b>	<b>2,10,210</b>	<b>1,45,716</b>	<b>1,56,723</b>
Capital Work in progress (including intangible under development)	91,264	57,530	(10,122)	1,38,672	-	-	-	-	1,38,672	91,264
<b>Grand Total</b>	<b>3,71,377</b>	<b>1,40,082</b>	<b>(16,860)</b>	<b>4,94,599</b>	<b>1,23,390</b>	<b>91,831</b>	<b>(5,011)</b>	<b>2,10,210</b>	<b>2,84,388</b>	<b>2,47,987</b>
Previous Year	1,54,250	2,53,664	(36,537)	3,71,377	67,785	57,269	(1,664)	1,23,390	2,47,987	86,465

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**SCHEDULE 11 - CASH AND BANK BALANCE**

S.No	Particulars	Rs '000	
		As at 31st March 2021 audited	As at 31st March 2020 audited
1	Cash (including cheques, drafts and stamps)	19,443	8,902
2	Bank Balances		
	(a) Deposit Accounts		
	(aa) Short-term (due within 12 months)	4,72,700	67,700
	(bb) Others *	2,500	2,500
	(b) Current Accounts	1,69,050	85,217
	(c) Others	-	-
3	Money at Call and Short Notice		
	(a) With Banks	-	-
	(b) With other Institutions	-	-
4	Others	-	-
	<b>TOTAL</b>	<b>6,63,693</b>	<b>1,64,319</b>
	Balance with non-scheduled banks included in 2 above	-	-

\* Deposit of Rs 2,500 thousand has been lien marked with bank



**SCHEDULE 12 - ADVANCES AND OTHER ASSETS**

		Rs '000	
S.No	Particulars	As at 31st March 2021 audited	As at 31st March 2020 audited
	<b>ADVANCES</b>		
1	Reserve deposits with ceding companies	-	-
2	Application money for investments	-	-
3	Prepayments	29,591	42,616
4	Advances to Directors/Officers	-	-
5	Advance tax paid and taxes deducted at source (Net of provision for taxation)	3,409	1,231
6	Others		
	Security Deposits	38,854	65,555
	Advance to Employees against expenses	3,848	10,020
	Less : Provisions for doubtful debts	(2,703)	(1,019)
	<b>Sub-total</b>	<b>1,145</b>	<b>9,001</b>
	Advance to others	28,600	30,519
	<b>TOTAL (A)</b>	<b>1,01,599</b>	<b>1,48,922</b>
	<b>OTHER ASSETS</b>		
1	Income accrued on investments	1,79,641	1,70,049
2	Outstanding Premiums	3,748	3,166
3	Receivable from Agents	7,176	6,561
	Less : Provisions for doubtful debts	(5,480)	(6,222)
	<b>Sub-total</b>	<b>1,696</b>	<b>339</b>
4	Recoverable unallocated premium	2,686	706
	Less : Provisions for doubtful debts	(1,753)	(706)
	<b>Sub-total</b>	<b>933</b>	<b>-</b>
5	Excess refund recoverable from policyholders	1,554	1,827
	Less : Provisions for doubtful debts	(758)	(1,827)
	<b>Sub-total</b>	<b>796</b>	<b>-</b>
6	Excess Claims recoverable	2,852	-
	Less : Provisions for doubtful debts	(77)	-
	<b>Sub-total</b>	<b>2,775</b>	<b>-</b>
7	Foreign Agencies Balances	-	-
8	Due from other entities carrying on insurance business (including reinsurers)	-	11,194
9	Due from subsidiaries/ holding	-	-
10	Deposit with Reserve Bank of India (Pursuant to section 7 of Insurance Act, 1938)	-	-
11	Others		
	Receivable from Related Party	-	-
	Input Tax Credit	30,409	53,555
	Less : Provisions for doubtful debts	(2,609)	-
	<b>Sub-total</b>	<b>27,800</b>	<b>53,555</b>
	Investment For Unclaimed Amount*	13,418	9,824
	Income on Investment for Unclaimed Amount	1,522	1,098
	Sundry Receivable	-	-
	<b>TOTAL (B)</b>	<b>2,32,329</b>	<b>2,49,225</b>
	<b>TOTAL (A+B)</b>	<b>3,33,928</b>	<b>3,98,147</b>

\* Investment for Unclaimed Amount includes reinvestment of Income on Unclaimed Amount

**SCHEDULE 13 - CURRENT LIABILITIES**

S.No	Particulars	Rs '000	
		As at 31st March 2021 audited	As at 31st March 2020 audited
1	Agents' Balances	82,666	67,819
2	Balances due to other insurance companies	11,745	-
3	Deposits held on re-insurance ceded	-	-
4	Premiums received in advance	1,84,209	1,32,280
5	Unallocated Premium	3,31,033	2,10,013
6	Unclaimed Amount of Policyholders (refer note 3.16 of sch. 16)	9,413	8,496
7	Income on Unclaimed Amount of Policyholders	1,875	1,451
8	Sundry creditors	37,529	83,358
9	Due to subsidiaries/ holding company	-	-
10	Claims Outstanding*	9,69,651	6,75,384
11	Due to Officers/ Directors	-	-
12	Others -		
	Statutory Dues	2,07,203	1,61,287
	Refund Payable - Premium	20,210	7,436
	Provision for expenses	6,06,377	4,90,422
	Payable to Related Parties	-	-
	Contracts for Investments	-	-
	Stale Cheque	117	284
	Employee Related Liability	1,377	3,838
	Claims Payable	2,013	4,001
	Interest accrued and due on Borrowings	73,295	36,647
	<b>TOTAL</b>	<b>25,38,713</b>	<b>18,82,716</b>

\* Claims Outstanding is shown net of reinsurance

**SCHEDULE 14 - PROVISIONS**

		Rs '000	
S.No	Particulars	As at 31st March 2021	As at 31st March 2020
		audited	audited
1	Reserve for Unexpired Risk	35,80,972	27,34,386
2	For taxation (less advance tax paid and taxes deducted at source)	-	-
3	For proposed dividends	-	-
4	For dividend distribution tax	-	-
5	Others		
	Provision for Gratuity	48,954	42,674
	Provision for Leave Encashment	33,777	60,150
	Deferred Tax Liability	-	-
	Freelook Reserve	4,443	2,752
6	Reserve for Premium Deficiency	-	-
	<b>TOTAL</b>	<b>36,68,146</b>	<b>28,39,962</b>



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**SCHEDULE 15 - MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Rs '000

S.No	Particulars	As at 31st March 2021	As at 31st March 2020
		audited	audited
1	Discount Allowed in issue of shares/ debentures	-	-
2	Others	-	-
	<b>Total</b>	-	-

## **16 - Significant accounting policies and Notes to Financial Statements**

### **1. Background**

ManipalCigna Health Insurance Company Limited (erstwhile known as CignaTTK Health Insurance Company Limited) was incorporated on 12<sup>th</sup> March 2012, as a company under The Companies Act, 1956. The Company received the license to commence business from the Insurance Regulatory and Development Authority of India (IRDAI) on 13<sup>th</sup> November 2013, to transact and underwrite health Insurance business under the miscellaneous segment in India.

The Company is a joint venture between Manipal Education and Medical Group India Private Limited (13.14%), MEMG Fund Advisors LLP (29.19%), TTK Partners LLP (8.67%) and Cigna Holdings Overseas, Inc. (49%).

### **2. Significant Accounting Policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared and presented under the historical cost convention, unless otherwise specifically stated, on the accrual basis of accounting, in accordance with accounting principles generally accepted in India (Indian GAAP) and comply with the applicable accounting standards referred to in section 133 of the Companies Act, 2013, and in accordance with the provisions of the Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), Insurance Regulatory and Development Authority Act, 1999, 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 prescribed by the IRDAI in this behalf, the provisions of the Companies Act, 2013 (to the extent applicable), in the manner so required and current practices prevailing within the insurance industry in India. Accounting policies applied have been consistent with the previous year, except where differential treatment is required as per new pronouncements made by the regulatory authorities.

#### **2.2 Use of Estimates**

The preparation of financial statements in conformity with the generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and disclosure of contingent liabilities in the financial Statements. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as on the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Differences between actual and estimates are recognised in the year in which the actual materialises, or are known. Any revision to accounting estimates is recognised prospectively in the year in which such revision is made.

## **2.3 Revenue recognition**

### **(i) Premium**

Premium (net of goods and service tax) is recognised as income over the contract period or the period of risk, whichever is appropriate, on a gross basis. Any subsequent revisions to or cancellations of premiums are recognised in the year in which they occur. Premium received in advance represents premium received prior to commencement of the risk.

### **(ii) Interest / dividend income**

Interest income is recognised on accrual basis and dividend income is recognised when the right to receive the dividend is established.

### **(iii) Premium / discount on purchase of investments**

Premium or discount on acquisition, as the case may be, in respect of Debt securities, is amortized / accreted on yield to maturity (YTM) basis over the period of maturity / holding.

### **(iv) Profit / loss on sale of securities**

Profit or loss on sale / redemption of securities is recognised on trade date basis and includes effects of accumulated fair value changes, previously recognised and debited / credited to Fair Value Change, for specific investments sold / redeemed during the year.

### **(v) Commission on Reinsurance Ceded**

Commission received on reinsurance ceded is recognised as income in the year in which reinsurance premium is ceded. Profit commission under reinsurance treaties recognised in the year of determination of the profits as per the terms of the treaties.

## **2.4 Reinsurance Ceded**

Premium ceded on reinsurance is recognised as and when incurred and due and in accordance with the Reinsurance treaties with the Reinsurer. Any subsequent revision to, refunds or cancellations of premiums are recognised in the year in which they occur.



## **2.5 Acquisition costs**

Acquisition costs, defined as costs that vary with, and are primarily related to, the acquisition of insurance contracts viz., commission, rewards and recognition, policy issue expenses etc., are expensed in the year in which they are incurred.

## **2.6 Reserve for unexpired risk**

Represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis. Effective financial year 2016-17, such reserves are recognised at 50% of Net Written Premium of preceding 12 months basis.

## **2.7 Premium deficiency**

Premium deficiency is recognised for the Company as a whole on an annual basis. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk. The expected claim costs are calculated and duly certified by the Appointed Actuary.

## **2.8 Claims**

Claims incurred comprises of claims paid (net of recoveries), 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'). Further, claims incurred also include claim related and specific claim settlement costs.

## **2.9 Claims Incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER)**

IBNR represents that amount of all 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 (IBNER). The said liability is determined based on actuarial principles 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 in concurrence with the IRDAI and, accordingly, the liability determined is certified as adequate by the Actuary.

## 2.10 Property Plant and Equipment and Depreciation / Amortisation

### (i) Tangible assets

Tangible assets are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method, on pro-rata basis from the month in which the asset is ready for use, in accordance with the provisions of Schedule II of the Companies Act, 2013. All assets individually costing up to Rs. 5,000 are fully depreciated / amortised in the year in which they are acquired.

Assets not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

### (ii) Intangible assets

Intangible assets comprising software are stated at cost less amortisation. Significant improvements to software are capitalised and amortised over the remaining useful life of original software. All assets individually costing up to Rs. 5,000 are fully depreciated / amortised in the year in which they are acquired. Assets not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

### (iii) Depreciation

Asset Class	As per Companies Act, 2013	
	Estimated Useful Life	Depreciation Rate (SLM)
Information Technology Equipment – Servers and Network	6 years	15.83%
Information Technology Equipment – End-user devices	3 years	31.67%
Computer Software	3 years	33.00%
Office Equipment	5 years	19.00%
Furniture and Fixtures*	5 years	19.00%

Leasehold improvements are amortised over the period of the contract. Software, other than perpetual software, are amortised over their respective useful lives.

\* In respect of furniture & fixtures life of the asset has been assessed as five years, considering the nature of the asset, the estimated usage, operating conditions of the asset and past replacement history.

## **2.11 Investments**

Investments are recorded on trade date at cost. Cost includes brokerage, transaction taxes as applicable, etc. and excludes pre-acquisition interest, if any.

### **(i) Classification:**

Investments maturing within twelve months from the balance sheet date and investments made with the specific intention to dispose of within twelve months from the balance sheet date, are classified as short-term investments. Investments other than short term investments are classified as long-term investments.

### **(ii) Valuation:**

#### **Debt Securities**

All debt securities are considered as 'held to maturity' and, accordingly, stated at historical cost and are adjusted for amortization of premium or accretion of discount on yield to maturity (YTM) basis in the revenue accounts and profit and loss account over the period held to maturity /holding. The realized gain or loss on the securities is the difference between the sale consideration and the amortized cost in the books of the Company as on the date of sale.

#### **Mutual Funds**

All mutual fund investments are valued at net asset value as at the Balance Sheet date. In accordance with the Regulations, any unrealised gains / losses arising due to change in fair value of mutual fund investments are accounted in "Fair Value Change Account".

The investments have been segregated into Policyholder's and Shareholder's fund at the security level, as per the IRDAI circular no. IRDAI/F&A/CIR/056/03/2016 dated April 4, 2016 and, accordingly, investment income has also stands segregated between Policyholder's and Shareholder's fund.

The Company assesses, whether any diminution other than temporary has occurred on its investments in debt securities or units of mutual fund, at each Balance Sheet date. If any such indication exists, then carrying value of such investment is reduced to its recoverable amount/market value on the Balance Sheet date and the impairment loss is recognised in the Profit and Loss Account. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists then impairment loss, earlier recognised in Profit and loss Account, is reversed in Profit and loss account and the investment is restated to that extent.

## **2.12 Employee Retirement Benefits**

### **Short term employee benefits**

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, bonuses, short term compensated absences and

other non-monetary benefits are recognised in the year in which the employee renders the related service.

#### **Long term employee benefits**

##### **a) Defined Contribution Plans:**

###### **Provident Fund**

Provident Fund is a defined contribution scheme and contributions payable by the Company to the Regional Provident Fund Authority are provided on the basis of prescribed percentage of salary and are expensed in the year when the contributions are made.

##### **b) Defined Benefit Plans:**

###### **Gratuity**

Gratuity benefit, a defined benefit scheme, is provided on the basis of actuarial valuation, including actuarial gains / losses at the balance sheet date and the incremental liability for the year is charged as an expense.

##### **c) Other Long Term Employee Benefits**

###### **Compensated Absences**

Compensated absences are provided for based on actuarial valuation including actuarial gains / losses at balance sheet date and are charged as expense in the relevant period of valuation.

##### **d) Employee Stock Option Plan (ESOP)**

The company has adopted intrinsic value method for computing the compensation cost for the Options/ESOP's granted.

#### **2.13 Leases**

Lease arrangements, wherein the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease Rent under operating leases is recognised in the revenue account or profit and loss account, as appropriate on a straight line basis, over the period of the lease.

## **2.14 Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Foreign exchange denominated monetary assets and liabilities are restated at the rates prevalent at the date of the balance sheet. Exchange difference either on settlement or on translation is recognised in the Revenue Accounts or Profit and Loss Account, as applicable.

## **2.15 Income Taxes**

Tax expense comprises 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 taxes reflect 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 as at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised 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 unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

## **2.16 Impairment of assets**

The carrying values of assets forming part of any cash generating units at Balance Sheet date are reviewed for impairment at each balance sheet date. If any indication for such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and the asset is restated to that extent.

## **2.17 Goods and Services Tax**

Goods and Services Tax (GST) collected is considered as a liability against which GST paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward under "Advances and other Assets" in Schedule 12, for adjustment in subsequent years.

## **2.18 Provisions and Contingencies**

A provision is recognised when an enterprise has a present obligation as a result of a past event; 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. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. 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. Contingent assets are not recognised or disclosed in the balance sheet.

## **2.19 Earnings per share**

The basic earnings per share is computed by dividing the net profit / loss in the Profit and Loss Account attributable to the equity shareholders, by the weighted average number of equity shares outstanding during the reporting year. The number of shares used in computing diluted EPS comprises of weighted average number of shares considered for deriving basic EPS and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

## **2.20 Segment Reporting**

In the case of Health Insurance business, based on the primary segments identified under the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, read with AS 17 on "Segment Reporting" issued by Institute of Chartered Accountants of India, the Company has classified and disclosed segment information for Health Insurance and Personal Accident Insurance.

There are no reportable geographical segments, since all business is written in India.

The allocation of revenue and expenses to specific segments is done in the following manner, which is applied on a consistent basis.

Income and expenses which are directly identifiable to the business segments are allocated on actuals;

Income and expenditure (including depreciation) which are not directly identifiable to the business segments are apportioned on either of the following, as may be appropriate:

- Gross written premium; and
- Number of policies
- Commission

The method of apportionment is decided by the management, based on the nature of the expenses and their logical correlation with various business segments, wherever possible.



### **2.21 Receipts and Payments Account**

- a) Receipts and Payments Account is prepared and reported using the Direct Method, in conformity with para 2.2 of the Master Circular on Preparation of Financial Statements - General Insurance Business dated October 5, 2012, issued by the IRDAI.

- b) Cash (including cheques, drafts and stamps)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **2.22 Unclaimed amount of policyholders**

Assets held for unclaimed amount of policyholders is created and maintained in accordance with the requirement of IRDAI Master Circular on "Unclaimed Amounts of Policyholders" dated July 25, 2017 and Investment Regulations, 2016 as amended from time to time:

Unclaimed amount of policyholders is invested in money market instruments and / or fixed deposits of scheduled banks which is valued at historical cost or market value whichever is lower.

Income on unclaimed amount of policyholders (net of fund management charges) is credited to the respective unclaimed account and is accounted for on an accrual basis.

### **2.23 Share issue expenses**

The share issue expenses shall be written off to the Profit and Loss Account in the same financial year in which they are incurred.

### 3. Notes to Accounts forming part of Financial Statements

#### 3.1 Contingent Liabilities

Rs'000		
Particulars	As at March 31st 2021	As at March 31st 2020
Partly paid-up investments	Nil	Nil
Claims, other than those under policies, not acknowledged as debts	Nil	Nil
Underwriting commitments outstanding	Nil	Nil
Guarantees given by or on behalf of the Company	Nil	Nil
Statutory demands / liabilities in dispute, not provided for	9,081	Nil
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
Insurance related claims / mis-selling disputed by the Company, to the extent not provided / reserved	65,327	59,932

Company had opted to go under Vivad se Vishwas (VSV) scheme for AY 2014-15 and AY 2015-16 and pursuant to which the respective appeals for AY 2014-15 and 2015-16 shall stand withdrawn. Company has received the final order from the authority for AY 2015-16 concluding the Vivad se Vishwas proceedings. As a result, business losses were reduced to 9,94,753 thousand from 10,85,910 thousand and repealed all pending litigations pertaining to AY 2015-16.

**3.2** All assets of the Company are free from encumbrances, other than those disclosed in Schedule 11 of the financial statements.

#### **3.3 Capital Commitments:**

Commitments made and outstanding for acquisition of fixed assets amount to Rs. 58,253 thousand (Previous Year Rs. 60,590 thousand).

#### **3.4 Premium less reinsurance written during the year:**

Rs' 000		
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
In India	7,161,944	5,468,772
Outside India	-	-
<b>Total</b>	<b>7,161,944</b>	<b>5,468,772</b>

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

#### **3.5 Provision for Free Look period**

The Provision for Free Look period is Rs. 4,443 thousand (previous year Rs. 2,752 thousand), as certified by the Appointed Actuary.

#### **3.6 Claims:**

**3.6.1** The company has received intimation and paid claims (net of reinsurance and excluding TPA fees and Claim investigation fees) amounting to Rs. 3,447,237 thousand during the year ended March 31<sup>st</sup> 2021 (Previous year Rs. 2,843,695 thousand).

**3.6.2** The amount of claims outstanding (net of reinsurance) to be settled for the year ended March 31<sup>st</sup> 2021 is Rs. 969,651 thousand (Previous year Rs. 675,384 thousand).

**3.6.3** Claims paid to claimants in / outside India are as under (net of reinsurance and excluding TPA fees and Claim investigation fees):

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
In India	3,173,613	2,613,775
Outside India	2,73,624	229,920
<b>Total</b>	<b>3,447,237</b>	<b>2,843,695</b>

**3.6.4** Ageing of claims outstanding is set out in the table below:

Rs' 000		
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
More than six months	4,289	8,052
Others	965,362	667,332
<b>Total</b>	<b>969,651</b>	<b>675,384</b>

**3.7** Percentage of Business Sector – Wise

Rs'000								
Sector	As at March 31 <sup>st</sup> 2021				As at March 31 <sup>st</sup> 2020			
	Gross Written Premium	No. of Policies	No. of Lives	% of Gross Written Premium	Gross Written Premium	No. of Policies	No. of Lives	% of Gross Written Premium
Rural	17,34,441	70,787	21,42,785	22.96%	10,92,697	55,773	4,89,774	18.97%
Social *	23,295	1	1,57,076	0.31%	234	1	48,263	0.00%
Urban	57,97,176	2,34,194	29,34,152	76.73%	46,69,011	1,90,715	19,92,454	81.03%
<b>Total</b>	<b>75,54,912</b>	<b>3,04,982</b>	<b>52,34,013</b>	<b>100%</b>	<b>57,61,942</b>	<b>2,46,489</b>	<b>25,30,491</b>	<b>100%</b>

\* The percentage of social sector lives is 6.21% of total lives in the preceding financial year.

**3.8** Extent of Risk Retained and Reinsured

Particulars	As at March 31st 2021	As at March 31st 2020
Risk Retained (%)	95%	95%
Risk Reinsured (%)	5%	5%

**3.9** Value of unsettled Contracts in relation to Investments

Rs'000		
Particulars	As at March 31st 2021	As at March 31st 2020
Purchase where deliveries are pending	Nil	Nil
Sales where payments are overdue	Nil	Nil

### 3.10 Employee Benefit Plans

#### 3.10.1 Defined Contribution Plan

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

Rs'000		
Particulars	As at March 31st 2021	As at March 31st 2020
Provident Fund	66,260	61,122

#### 3.10.2 Defined Benefit Plan

##### 3.10.2.1 Gratuity Plan

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. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

##### i. Assumptions Used:

Rs'000		
Particulars	As at March 31st 2021	As at March 31st 2020
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)ULT
Discount Rate	5.30%	7.00%
Rate of increase in compensation	7.00%	7.00%
Withdrawal rate	Between 46.61% & 13% depending on age band	5% at younger ages reducing to 1% at older ages

##### ii. Changes in benefit obligations:

Rs'000		
Particulars	As at March 31st 2021	As at March 31st 2020
Present value of obligations at the beginning of year	42,674	29,930
Interest cost	2,957	2,270
Current Service Cost	17,363	14,480
Past Service Cost	Nil	Nil
Benefits Paid	(6,732)	(785)
Actuarial (gain)/loss on obligation	(7,308)	(3,222)
Transfer In /(Out) Obligation	Nil	Nil
Present value of obligations at end of year	48,954	42,674

iii. Amounts recognized in Profit & Loss Account:

	Rs.'000	
Particulars	As at March 31st 2021	As at March 31st 2020
Current Service Cost	17,363	14,480
Interest Cost	2,957	2,270
Past Service Cost	NIL	NIL
Unrecognized Past Service Cost – Non-vested benefits	NIL	2,109
Expected Return on Plan Assets	Nil	Nil
Net Actuarial (Gain)/loss recognized for the year	(7,308)	(3,222)
Transfer In / (Out) Obligation	Nil	Nil
Amount recognized in Profit & loss Account	13,012	15,637

iv. Amounts recognized in Balance Sheet:

	Rs.'000	
Particulars	As at March 31st 2021	As at March 31st 2020
Present value of obligations at end of the year	(48,954)	(42,674)
Fair Value of Plan Assets at end of year	Nil	Nil
Funded Status	Nil	Nil
Unrecognized Past Service Cost – Non-vested benefits	Nil	Nil
Net Asset/(Liability) recognized in the balance sheet	(48,954)	(42,674)

v. Balance Sheet Reconciliation:

	Rs.'000	
Particulars	As at March 31st 2021	As at March 31st 2020
Opening Net Liability/(Asset)	42,674	29,930
Current Service Cost	17,363	14,480
Interest Cost	2,957	2,270
Net Actuarial (Gain)/loss recognized for the year	(7,308)	(3,222)
Contribution Paid	Nil	Nil
Transfer In / (Out) Obligation	Nil	Nil
Benefits Paid	(6,732)	(785)
Past service cost	Nil	Nil
Closing Net Liability/(Asset)	48,954	42,674

### 3.10.2.2 Leave Encashment

Leave Encashment liability is determined on the basis of Actuarial valuation carried as on 31<sup>st</sup> March 2021.

Rs.'000

Particulars	As at March 31st 2021	As at March 31st 2020
Opening Balance	60,150	35,729
Add : Provision made during the year	(17,530)	28,476
Less : Benefits paid	(8,843)	(4,055)
Closing Balance	33,777	60,150

Breakup of provision for Leave encashment

Rs.'000

Particulars	As at March 31st 2021	As at March 31st 2020
Current Liability*	12,664	5,055
Non-Current Liability	21,113	55,095
Net Liability	33,777	60,150

\*Current Liability is calculated as expected benefits for next 12 months

### 3.11 Managerial Remuneration

The Managing Director and Chief Executive Officer (MD & CEO) is remunerated in terms of the approval granted by IRDAI. Details of the MD & CEO's remuneration included in employee remuneration and welfare benefits are as follows:

Rs' 000

Particulars	As at March 31st 2021	As at March 31st 2020
Salaries and Allowances	42,161	38,887
Contribution to Provident Fund	1,458	1,458
Perquisites*	216	217
<b>Total</b>	<b>43,835</b>	<b>40,562</b>

\*Perquisites to the extent paid / incurred by the company are according to the books of accounts.

### 3.12 Outsourcing, business development and marketing support expenses

Expenses relating to outsourcing, business development and marketing support are:

Rs '000

Particulars	As at March 31st 2021	As at March 31st 2020
Outsourcing Expenses*	1,422,517	1,131,084
Marketing Support	12,903	25,008

\* Also includes activities which was suggested by IRDAI to consider as outsourcing.



### 3.13 Details of penal actions taken by various Govt. authorities during year ended March 31st 2021

					Rs' 000
Sr. No.	Authority	Non-Compliance / Violation	Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1.	Insurance Regulatory and Development Authority	Nil	Nil	Nil	Nil
2.	Service Tax/GST Authority	Nil	Nil	282	Nil
3.	Income Tax Authority	Nil	Nil	Nil	Nil
4.	Any Other Tax Authority	Nil	Nil	Nil	Nil
5.	Enforcement Directorate/ Adjudicating Authority/Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6.	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	Nil	Nil	Nil
7.	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding Compensation	Nil	Nil	Nil	Nil
8.	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9.	Competition Commission of India	Nil	Nil	Nil	Nil
10.	Any other Central/State/Local Govt. / Statutory Authority (Tariff Advisory Committee)	Nil	Nil	Nil	Nil

### 3.14 Leases

The Company's operating leasing arrangements are for office and residential premises and other related amenities. In respect of premises taken on operating lease, the agreements are generally mutually renewable or cancellable by the lessor/lessee.

An amount of Rs. 90,483 thousand (previous year: Rs. 121,676 thousand) towards said lease payments has been recognised in the statement of revenue account.

The details of future rentals under Non-cancellable operating Leases are as under:

			Rs '000
Particulars	As at March 31st 2021	As at March 31st 2020	
Not Later than 1 Year	48,289	9,852	
later than 1 year and not later than 5 years	11,399	2,648	
Later than 5 years	Nil	Nil	

### 3.15 Micro & Small Scale Business Entities

The Company has a process of identification of suppliers registered under the “The Micro, Small and Medium Enterprises Development (‘MSMED’) Act, 2006” by obtaining confirmations from suppliers. Details are given below:

	Rs '000	
Particulars	31 <sup>st</sup> March 2021	31 <sup>st</sup> March 2020
<b><u>Principal amount due</u></b> to suppliers registered under the MSMED Act and remaining unpaid as at year end	268	16
<b><u>Interest due</u></b> to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
<b><u>Principal amounts paid</u></b> to suppliers registered under the MSMED Act, beyond the appointed day during the year	731	0.5
<b><u>Interest paid</u></b> , other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
<b><u>Interest paid</u></b> , under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
<b><u>Interest due and payable</u></b> towards suppliers registered under MSMED Act, for payments already made	-	-
Further <b><u>interest remaining due and payable</u></b> for earlier years	-	-

### 3.16 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31<sup>st</sup> 2021

Disclosure required by IRDA circular no IRDA/F&A/CIR/Misc/282 /11/2020 dated November 17<sup>th</sup> 2020 is tabulated below:

[illegible]

Any excess collection of the premium/tax or any other charges which is refundable to the policyholders/ beneficiaries either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	5,268	514	960	661	550	322	897	1,364	-
Cheques issued but not encashed by the policyholder/beneficiaries	2,921	244	159	215	204	187	1,265	647	-
<b>Total</b>	<b>9,413</b>	<b>758</b>	<b>1,314</b>	<b>971</b>	<b>1,084</b>	<b>894</b>	<b>2,252</b>	<b>2,140</b>	<b>-</b>

Rs.'000

Particulars	As at 31st Mar 2021		As at 31st Mar 2020	
	Policy Dues	Income Accrued	Policy Dues	Income Accrued
Opening Balance	8,496	1,451	8,776	955
Add : Amount transferred to Unclaimed Fund	6,893	-	4,461	-
Add : Cheques Issued out of the Unclaimed amount but not encashed by the Policyholders (To be included only when the cheques are stale)	-	-	-	-
Add : Investment Income to Unclaimed Fund	-	424	-	496
Less : Amount of Claims Paid during the quarter	5,976	-	4,741	-
Less : Amount transferred to SCWF (net of Claims paid in respect of amounts transferred earlier)	-	-	-	-
Closing Balance Unclaimed Amount Fund	<b>9,413</b>	<b>1,875</b>	<b>8,496</b>	<b>1,451</b>

**3.17 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31<sup>st</sup> 2020**

Disclosure required by IRDA circular no IRDA/F&I/CIR/CMP/174/11/2010 dated November 4<sup>th</sup> 2010 is tabulated below:

Rs '000									
Particulars	Total Amount	0-6 Months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 Months	36-120 months	More than 120 months
Claims settled but not paid to the policyholders / insured's due to any reasons except under litigation from the insured / policyholders	1,952	-	1,246	467	90	88	55	6	-
Sum due to the insured /Policyholders on maturity or otherwise	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	3,845	542	758	688	407	323	324	803	-
Cheques issued but not encashed by the policyholder/ insured	2,699	265	248	192	1,330	121	114	429	-
<b>TOTAL</b>	<b>8,496</b>	<b>807</b>	<b>2,252</b>	<b>1,347</b>	<b>1,827</b>	<b>532</b>	<b>493</b>	<b>1,238</b>	-

### 3.18 Segment Information

The operating expenses and investment and other income have been allocated to various segments as per accounting policies and notes to the financials 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:

Particulars	Year Ended 31st March 2021			Year Ended 31st March 2020		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Segmental Revenue	79,20,182	1,04,157	80,24,339	67,18,407	1,32,422	68,50,829
Segmental Result *	2,585	49,380	51,965	1,65,739	70,537	2,36,276
<b>Segmental Liabilities</b>						
Net Claims Outstanding	9,23,866	45,785	9,69,651	6,10,988	64,396	6,75,384
Unexpired Risk Reserve	35,36,743	44,229	35,80,972	26,96,383	38,003	27,34,386
Premium received in Advance	1,84,134	75	1,84,209	1,32,205	75	1,32,280
<b>Segmental Assets:-</b>						
Outstanding Premiums	3,748	-	3,748	3,166	-	3,166

\*Segmental result is in line with Revenue Account (Form B-RA)

### 3.19 Expenses of Management

IRDA has granted exemption to the Company vide IRDA letter Ref. IRDA/F&A/ORD/EMT/205/08/2014 dated 26<sup>TH</sup> August, 2014 for complying with provision of the section 40C (1) of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015 read with Expenses of Management Regulation, 2016 ('EOM Regulation') up to financial year 2018-19.

The Company had filed an application with IRDA on 19<sup>th</sup> February 2020, for forbearance of the Expenses of Management (EOM) exceeding the allowable limit. Pursuant the application, IRDAI granted forbearance for two financial years i.e FY 19-20 & FY 20-21. As required under EOM regulation to be read with IRDAI Circular Ref. No.: IRDA/F&A/CIR/MISC/081 /05/2019 dated May 20, 2019, on preparation of financial statements for FY 2019-20 and onwards, in the current year a sum of Rs.1,528,823 thousand (Previous year Rs.1,483,229 thousand) which is in the excess of expenses of management over the allowable limit has been transferred from Revenue Account to Profit and Loss account (Shareholder Account).

### 3.20 Deferred Taxes

In accordance with paragraph 18 of AS 22 Accounting for Taxes, stipulates that, in the case of unabsorbed depreciation or carry forward of losses under tax laws, an enterprise recognizes deferred tax assets to the extent that it has timing differences, the reversal of which will result in sufficient income, i.e. to the extent of deferred tax liability, without considering any other evidence regarding future taxable income. In conformity with the said Paragraph, the Company has recognized Nil deferred tax asset & liability in the books. Deferred tax asset & liability represents timing difference on account of Fixed Assets, employee benefits and carry forward business losses as per the above guidance.

**3.21** During FY 19-20, Company had created impairment provision against investment of Rs. 189,695 thousand in Profit and Loss Account under the head "provisions –diminution in value of investment". The said provision has been reversed under the same head in the current financial year 2020-21 and actual loss incurred on sale of investment has been accounted in Revenue & PL account under the head "loss on sale of investment".

### 3.22 Related Party Disclosures

As per Accounting Standard-18 Related Party Disclosures, the related parties with whom the Company has transacted during the year and the related amounts have been provided below.

Rs.'000						
Relationship	Related Party	Nature of Transactions	Year Ended March 21	Year Ended March 20	As at Mar 31st 2021	As at Mar 31st 2020
Shareholder	TTK Partners LLP	Capital Contribution	-	-	816,401	1,860,101
Shareholder	Cigna Holdings Overseas, Inc.	Capital Contribution	-	6,76,391	46,15,321	3,571,620
		Share Premium	-	27,597	3,298,638	3,298,638
Shareholder	Manipal Education and Medical Group India Private Limited	Capital Contribution	-	84,000	1,237,300	1,237,300
Shareholder	MEMG Fund Advisors, LLP	Capital Contribution	21,30,000	6,20,000	2,750,000	6,20,000
Key Managerial Personnel *	Mr. Prasun Sikdar	Remuneration	43,835	40,562	-	-
		Gross Written Premium	21	21	-	-
Relative of Key Managerial Personnel	Chandrima Sikdar	Gross Written Premium	23	19	-	-
Significant Influence	Manipal Global Education Services Pvt. Ltd	Gross Written Premium	5,487	11,845	-	-
Significant Influence	Manipal Health Enterprises Private Limited	Gross Written Premium	17,317	33,939	-	-
Significant Influence	MEMG International India Private Limited	Gross Written Premium	886	2,325	-	-



Significant Influence	Merittrac Services Private Limited	Gross Written Premium	1,238	4,271	-	-
Significant Influence	Ankur Health Care Private Limited	Gross Written Premium	-28	604	-	-
Significant Influence	Healthmap Diagnostics Private Limited	Gross Written Premium	693	1,125	-	-
Significant Influence	Manipal Hospitals (Dwarka) Private Limited	Gross Written Premium	1,293	2,270	-	-
Significant Influence	Manipal University Jaipur	Gross Written Premium	6,157	13,179	-	-
Significant Influence	Stempeutics Research Pvt Ltd	Gross Written Premium	342	736	-	-
Significant Influence	T A Pai Management Institute	Gross Written Premium	708	1,686	-	-
Significant Influence	Sikkim Manipal University	Gross Written Premium	3,436	-	-	-
Significant Influence	Human Care Medical Charitable Trust	Gross Written Premium	305	-	-	-
Significant Influence	Manipal Hospitals (Jaipur) Private Limited	Gross Written Premium	1,129	-	-	-
Significant Influence	Manipal Academy of Higher Education	Gross Written Premium	1,67,251	-	-	-
Significant Influence	Srishti Manipal Institute of Art Design and Technology	Gross Written Premium	2,018	-	-	-
Significant Influence	Ankur Health Care Private Limited	Unallocated Premium	-	-	170	137
Significant Influence	T A Pai Management Institute	Unallocated Premium	-	-	2,073	52
Significant Influence	Manipal University Jaipur	Unallocated Premium	-	-	242	379
Significant Influence	Healthmap Diagnostics Private Limited	Unallocated Premium	-	-	96	256
Significant Influence	Manipal Hospitals (Dwarka) Private Limited	Unallocated Premium	-	-	278	360
Significant Influence	Stempeutics Research Pvt Ltd	Unallocated Premium	-	-	53	20
Significant Influence	Manipal Global Education Services Pvt. Ltd	Unallocated Premium	-	-	1,801	571
Significant Influence	Manipal Health Enterprises Private Limited	Unallocated Premium	-	-	1,206	3,316
Significant Influence	MEMG International India Private Limited	Unallocated Premium	-	-	144	138

Significant Influence	Merittrac Services Private Limited	Unallocated Premium	-	-	639	428
Significant Influence	Sikkim Manipal University	Unallocated Premium	-	-	6	-
Significant Influence	Human Care Medical Charitable Trust	Unallocated Premium	-	-	34	-
Significant Influence	Manipal Hospitals (Jaipur) Private Limited	Unallocated Premium	-	-	151	-
Significant Influence	Manipal Academy of Higher Education	Unallocated Premium	-	-	654	-
Significant Influence	Srishti Manipal Institute of Art Design and Technology	Unallocated Premium	-	-	8	-
Significant Influence	Sikkim Manipal Swasthya Suraksha	Unallocated Premium	-	-	13,500	-
Significant Influence	U Next	Unallocated Premium	-	-	4,335	-
Significant Influence	Manipal Health Enterprises Private Limited	Advance Premium	-	-	49,027	-
Significant Influence	Sikkim Manipal University	Advance Premium	-	-	9,582	-
Significant Influence	MEMG International India Private Limited	Advance Premium	-	-	2,440	-
Significant Influence	Manipal Health Map	Advance Premium	-	-	1,784	-
Significant Influence	Human Care Medical Charitable Trust	Advance Premium	-	-	704	-
Significant Influence	Manipal Hospitals (Dwarka) Private LTD	Advance Premium	-	-	3,569	-
Significant Influence	Stempeutics Research Pvt Ltd	Advance Premium	-	-	1,002	-
Significant Influence	Merittrac Services Private Limited	Advance Premium	-	-	3,996	-
Significant Influence	Manipal Global Education Services Pvt Ltd	Advance Premium	-	-	6,053	-
Significant Influence	Manipal Hospitals (Jaipur) Private Limited	Advance Premium	-	-	3,725	-
Significant Influence	Manipal Academy of Higher Education	Advance Premium	-	-	78,485	-
Significant Influence	Manipal Health Enterprises Private Limited	Claim Expense	97,357	52,014	-	-
Significant Influence	Sikkim Manipal University	Claim Expense	1,970	-	-	-

<b>Significant Influence</b>	Manipal Academy of Higher Education	Claim Expense	1,44,193	-	-	-
<b>Significant Influence</b>	Human Care Medical Charitable Trust	Claim Expense	10,167	-	-	-
<b>Significant Influence</b>	Manipal Health Enterprises Private Limited	Claim Outstanding	-	-	5,742	3,260
<b>Significant Influence</b>	Sikkim Manipal University	Claim Outstanding	-	-	19	-
<b>Significant Influence</b>	Manipal Academy of Higher Education	Claim Outstanding	-	-	13,770	-
<b>Significant Influence</b>	Human Care Medical Charitable Trust	Claim Outstanding	-	-	768	-
<b>Significant Influence</b>	Manipal Health Enterprises Pvt.Ltd.	Claim payable	-	-	-	623
<b>Associate Firm</b>	TTK & Co	Nil	-	-	-	-
<b>Associate Enterprise</b>	Cigna Health Solutions India Ltd	Nil	-	-	-	-
<b>Associate Enterprise</b>	Cigna International Corporation	Reimb. Receivable	358	319	358	
<b>Associate Enterprise</b>	Cigna European Services	Expenses	29,189	31,679	7,831	4,135
<b>Associate Enterprise</b>	Cigna Global Holdings Inc	Expenses	43,713	37,277	8,607	5,571
<b>Associate Enterprise</b>	Cigna HLA Technology Services Company Limited	Expenses	12,216	17,417	659	1,786
<b>Associate Enterprise</b>	Cigna International Services	Reimb. Receivable	-	79	-	-
<b>Associate Enterprise</b>	Cigna Health Solutions India Ltd	Expenses	-	-	-	-
<b>Associate Enterprise</b>	Cigna APAC Holdings Ltd	Expenses	38,700	38,700	73,295	36,647
		Debentures Issued	-	-	4,30,000	4,30,000

\*Expenses towards gratuity and leave encashment are determined annually on whole basis by actuarial consultant and accordingly have not been considered in the above information.

### 3.23 Summary of Financial Statements

Rs '000

Particulars	As at 31st Mar 2021	As at 31st Mar 2020	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2017
<b>OPERATING RESULTS</b>					
Gross Written Premium	75,54,912	57,61,942	48,48,222	34,64,049	22,18,043
Net Premium Income #	71,61,944	54,68,772	45,91,477	32,53,648	20,81,210
Income from Investment @	1,81,850	3,33,242	2,48,467	1,51,746	1,28,039
Other Income	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>73,43,794</b>	<b>58,02,015</b>	<b>48,39,944</b>	<b>34,05,394</b>	<b>22,09,249</b>
Commission	8,21,188	6,30,251	5,93,975	3,75,990	2,45,913
Operating Expenses	32,91,640	28,81,132	28,38,814	22,90,794	21,88,147
Net Incurred Claims	38,59,547	31,03,170	24,31,392	12,32,679	9,10,574
Change in Unexpired Risk Reserve	8,48,277	4,34,415	6,66,304	5,92,257	2,63,524
Operating Profit/Loss	51,965	2,36,274	(16,90,541)	(10,86,325)	(13,70,858)
<b>NON-OPERATING RESULT</b>					
Total income under shareholders account	(12,26,055)	(15,73,417)	36,512	36,848	20,319
Profit/(Loss) before Tax	(11,74,090)	(13,37,143)	(16,54,030)	(10,49,476)	(13,50,537)
Provision for Taxation	-	-	-	-	-
Profit/(Loss) after Tax	(11,74,090)	(13,37,143)	(16,54,030)	(10,49,476)	(13,50,537)
<b>MISCELLANEOUS</b>					
<b>POLICYHOLDER'S ACCOUNT :</b>					
Total Funds	53,05,386	38,68,095	34,51,423	23,65,822	13,52,747
Total investments	53,05,386	38,68,095	34,51,423	23,65,822	13,52,747
Yield on Investments	-	-	-	-	-
<b>SHAREHOLDER'S ACCOUNT:</b>					
Total Funds	27,16,039	21,85,023	19,08,653	9,89,668	14,90,305
Total investments	27,16,039	21,85,023	19,08,653	9,89,668	14,90,305
Yield on Investments					
Paid up equity capital	94,19,022	72,89,022	59,08,630	36,47,258	25,13,651
Net Worth	26,66,150	17,10,241	16,39,397	9,86,826	9,02,694
Total Assets	93,03,435	68,63,571	60,98,289	42,57,715	32,93,236
Yield on Total Investments (Annualized)	5.04%	9.38%	7.77%	8.43%	8.15%
Earnings Per Share	(1.40)	(2.17)	(3.42)	(3.41)	(5.47)
Book Value Per Share	2.83	2.35	2.77	2.71	3.59
Total Dividend	-	-	-	-	-
Dividend Per Share	-	-	-	-	-

# Net of reinsurance

@ Net of Losses

### 3.24 Analytical Ratios

Analytical Ratios					
Sr.No.	Performance Ratios	As at 31st March 2021		As at 31st March 2020	
		Health	PA	Health	PA
1	Gross Direct Premium Growth Rate	31%	20%	21%	-48%
2	Gross Direct Premium to Net Worth Ratio	2.80	0.04	3.32	0.05
3	Growth Rate of Net Worth	56%		4%	
4	Net Retention Ratio	95%	91%	95%	94%
5	Net Commission Ratio	11%	11%	12%	9%
6	Expenses of Management to Gross Direct Premium Ratio	55%		62%	
7	Expenses of Management to Net Written Premium Ratio	59%		65%	
8	Net Incurred Claims to Net Earned Premium	61%		62%	
9	Combined Ratio	119%		126%	
10	Technical Reserves to Net Premium Ratio	0.64		0.62	
11	Underwriting Balance Ratio	-0.26		-0.31	
12	Operating Profit Ratio	-23%		-25%	
13	Liquid Assets to Liability Ratio	0.63		0.41	
14	Net Earnings Ratio	-16%		-24%	
15	Return on Net Worth Ratio	-44%		-78%	
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	2.12		1.90	
17	NPA Ratio	-		-	

- i. As required by circular reference no IRDA/ F&A/ CIR/MISC/081/05/2019 on "Preparation of Financial Statements for FY 2019-20 and Onwards" dated May 20, 2019, travel insurance has been clubbed with health insurance.
- ii. Operation loss ratio has been calculated as per master circular IRDA/ F&I/CIR/F&A/231/10/2012 dated 05<sup>th</sup> October 2012 and IRDA/F&A/CIR/FA/126/07/2013

### 3.25 Earnings per share

Particulars	As at 31st March 2021	As at 31st March 2020
Net profit/ (loss) as per Profit & Loss account (Rs '000)	(1,174,090)	(1,337,143)
Weighted Average number of Equity Shares used for calculating EPS	839,195,324	617,353,296
Basic Earnings Per Share	(1.40)	(2.17)
Diluted Earnings Per Share *	(1.40)	(2.17)

\* Diluted EPS is restricted to basic EPS.

### 3.26 Borrowings

During financial year 31<sup>st</sup> March 2017, the Company, in line with IRDAI Regulations, issued Unsecured Non-Convertible Debentures, by way of Subordinated Debt, aggregating Rs. 43 crores, carrying an interest rate of 9%; the debentures being redeemable after a period of 10 years, from the date of issue and interest being payable, subject to solvency ratio maintained at the required level. Since there is a loss on an accumulated basis, no Debenture Redemption Reserve has been created.

During the previous year, Interest on debentures Rs. 38,700 thousand has been accrued and IRDAI approval for its payment has been received in the current year. However, based on the understanding between the shareholders of the Company, interest accrued on debentures is payable only after the Company starts making profits. Accordingly, interest for previous year and current year remains unpaid.

### 3.27 Employee Stock Option Plan (ESOP)

The Company has introduced Employee Stock Option Plan 2019 ("ESOP 2019) in financial year 2019-20. ESOP 2019 provides that eligible employees are granted options to acquire equity shares of the company. The vested options may be exercised within specified period.

Under ESOP 2019, during the year 45,00,000 additional options were granted at an exercise price of Rs. 10 per option. The option will vest over a period of 4 years from the date of grant as given below and are exercisable over a period of 3 years from the respective dates of vesting. Accordingly, during the year, Nil (Previous year Rs. Nil) options were vested out.

The company has adopted intrinsic value method for computing the compensation cost for the option granted. Since the exercise price is not less than the intrinsic value of shares on the date of grant, value of option is Nil and accordingly, no compensation cost is recognized in the books.

Had the company followed the fair value method for valuing its options for the year, the charge to the Revenue accounts and Profit and Loss account would have been higher by Rs. 32,923 thousand (Previous year Rs. 2,604 thousand) and losses after tax would have been increased by Rs. 32,923 thousand (Previous year Rs. 2,604 thousand) .

Consequently, the Company's basic and diluted earnings per share would have been Rs. (1.40) and Rs. (1.40) respectively.

#### Movement in the options under ESOP 2019

Particulars	As At March 31, 2021	As At March 31, 2020
Outstanding at the Beginning of the year	3,17,86,657	Nil
Granted During the year	45,00,000	3,17,86,657
Exercised during the year	-	-
Lapsed during the year	-	-
Outstanding at the end of the year	3,62,86,657	3,17,86,657
Unvested at the end of the year	-	-
Vested at the end of the year	-	-
Weighted average price per Option	Rs. 3.59	Rs 3.50



#### **Fair Value Methodology: -**

The fair value of options on date of grant has been estimated using **Black-Scholes model (assumed)**. The Key assumptions used in Black-Scholes model for calculation fair value under ESOP 2019 are as follows:

Particulars	Risk Free Interest Rate	Expected Life	Expected Volatility	Expected dividend yield
ESOP 2019	5.35% to 5.92% (Continuously compounded)	4.6 Years to 5.6 Years	30% to 33%	0%

#### **Information in respect of Options outstanding**

Particulars	Exercise Price ( Rs.)	No. of Options	Weighted Average remaining life
ESOP 2019	10	3,62,86,657	3.5 Years to 5 Years

#### **3.28 Impact of COVID 19**

India is in the midst of a second wave of Covid-19 pandemic, the situation arising from COVID-19 pandemic towards the end of the year has thrown many unexpected challenges. However, Company believe that robust business model built over the years and also implemented business continuity plan to ensure the smooth processing of all important business operations.

The Company has assessed its business risks and plans, valuation of policy related liabilities, solvency position and created adequate buffer to take care of any spurt in the claims. The management continues to closely monitor the implications of pandemic on its operations and financial statements. However, given the nature of uncertainties arising from the pandemic, possibility of significant impact on the business cannot be ruled out. The Shareholders are committed to meet any funding exigencies that may arise from such presently unforeseen uncertainties.

#### **3.29 Code on Social Security**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

- 3.30** Insurance Regulatory Development Authority vide Gazette notifications S.O. 1237 (E).and S.O. 1238 (E) dated April 1, 2020 and as amended on April 15, 2020, has instructed insurance companies to collect premium till May 15, 2020 from policyholders whose renewal fell due between March 25, 2020 and May 3, 2020 and who have been unable to make payment of Health insurance premium on time in view of the lockdown situation to ensure continuity of insurance cover. It further states that when policy is issued after receipt of premium on or before the extended due date, the period of cover commences from the date when the renewal was due without there being any break in the policy period so that any valid claim during the grace period can be paid. In respect of the above, the Company has accounted such renewal premium of Rs. 238,644 thousand in revenue account in FY 2020-21.

- 3.31** Previous year figure has been regrouped to confirm to the current year classification:-  
With reference to IRDA advisory 489/F&A (NL)/ManipalCigna/Analysis/2020-21/28 dated 4th May, 2021; Outsourced Employee Salary expenses which were grouped under the head "Legal & professional charges" under Schedule 4 of the Revenue Account, the same is being reported under the head "Employees' remuneration & welfare benefits" within the same Schedule 4 of the Revenue Account . The details of restatement of such cost is as follows:-

				Rs.'000
Sr No	Regrouped from	Regrouped to	Period ended	Amount
1	Sch 4 – Operating Expenses related to Insurance business under the category "Legal & professional charges"	Sch 4 – Operating Expenses related to Insurance business under the category "Employees' remuneration & welfare benefits"	31 <sup>st</sup> of March 2020	Rs.60,051

As per our report of even date attached.

For and on behalf of the Board of Directors.

For CNK & Associates LLP  
Chartered Accountants  
Firm Regn No. 101961W/W-100036

HIREN  
CHINUBHAI  
HAI  
SHAH

Hiren Shah  
Partner  
Membership No. 100052

For V.P. Thacker & Co  
Chartered Accountants  
Firm Regn No. 118696W

Kalpna  
Sagar  
Rajpurkar

Kalpna Rajpurkar  
Partner  
Membership No. 114928

LUIS  
MIRANDA

Luis Miranda  
Chairman  
DIN: 01055493

SEETHARA  
MAN  
VAITHEESW  
ARAN

S Vaitheeswaran  
Director  
DIN: 01814726

RAJEEV  
RUPRAJENDRA  
CHITRABHANU

Rajeev Chitrabhanu  
Director  
DIN: 02174031

PRASUN  
KUMAR  
SIKDAR

Prasun Sikdar  
Managing Director & CEO  
DIN: 08107956

SRIKANTH  
KANDIKONDA

Srikanth Kandikonda  
Chief Financial Officer

MITUL  
PALANKAR

Mitul Palankar  
Company Secretary  
Membership No. A22390

Place :Mumbai  
Date : May 5, 2021

## Management Report

In accordance with the provisions of the Insurance Regulatory & Development Authority (IRDA) (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 ('Regulation') the following Management Report is submitted:

1. The Certificate of Registration under Section 3 of the Insurance Act, 1938 was granted by IRDA on 13th November 2013. The Company has paid annual fee for the financial year 2020-21 as required under Section 3A read with Section 3 of the Insurance Act, 1938.
2. All the dues payable to the statutory authorities will be duly paid within the due date.
3. The Company's Share holding pattern during the year is in accordance with the requirements of the Insurance Act, 1938 and the Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000 and during the year there is no transfer of shares
4. The management has not invested any funds of holders of policies in India, directly or indirectly as required by IRDA, outside India.
5. The required solvency margin has been maintained at all times.
6. 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.
7. During the financial year 2020-21, ManipalCigna Health Insurance Company Ltd (the Company) has made progress in the area of Risk Management. There are sound mitigation practices in place to ensure interests of the stakeholders are safeguarded.

The overall Risk Management is monitored by Risk Management Committee of the Board and managed by the Chief Risk Officer. The Risk Management Report is shared with the Committee for ensuring that the Company is in line with its governance framework.

The Company has a solid "**Three layers of Defence**" structure comprising of;

- a. Head of Departments (HOD) of respective functions
- b. Risk Management and Compliance
- c. Internal Audit

Together, these three layers in their respective capacities provide a comprehensive package for risk mitigation.

At an Enterprise level, the Company monitors top risks on regular basis and tracks / reports the movement of these risks on a Quarterly basis. A Board approved Risk Management policy is in place which acts as a guiding force while carrying out related activities.

With an objective to have risk mitigation in place at a Departmental level, the Company has compiled a repository of risks and controls; in the form of Risk Control Self-Assessment (RCSA). The Company has been put in place a process of periodic review of risks and testing of controls.

The Company also has a mechanism in place to monitor Operational Losses / Near Miss events at a Departmental level. Such events are reported and tracked on regular basis with a clear focus to avoid repeat instances of similar nature.

The Company has absolutely ZERO tolerance for any frauds. However, if there are any frauds which come to light; a strong governance framework is in place to deal with such instances. The Company has an Ethics Committee to look into employee matters and a Market Conduct Committee for Intermediary related matters. This helps in focused reviews.

During the year, the Company has taken several initiatives for creating Risk Awareness including observing Risk Awareness Week, training programs for employees and education mailers on regular basis.

The Company also has in place a Board approved Business Continuity Plan & same is being followed.

8. The Company does not have insurance operations in any other country.
9. During the current year the company has received intimation for claims and settled claims amounting to INR 3,447,237 thousand (net of reinsurance and excluding TPA fees and Claim investigation fees). The amount of claims outstanding including IBNR (net of reinsurance) to be settled for the year ended March 31st 2021 is INR 969,651 thousand.

Ageing analysis of claims outstanding and average claims settlement time is given below:

Ageing of Claims Outstanding on Gross basis (other than IBNR and Pre-authorizations claims)

Total mount (Amount in 000s)	As at 31 Mar, 2021		As at 31 Mar, 2020		As at 31 Mar, 2019		As at 31 Mar, 2018		As at 31 Mar, 2017	
Days	No of claims	Amount	No of claims	Amount	No of claims	Amount	No of claims	Amount	No of claims	Amount
30 days	3657	1,79,248	1655	76,021	1526	62,907	666	25,928	576	30,797
31days-6 months	965	96,617	664	49,647	117	17,217	203	50,770	116	27,141
6 months – 1 year	7	3,066	8	7,738	11	1,708	35	515	2	118
1 year - 5 years	1	200	1	58	1	9	-	-	-	-
5 Years & above	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4630</b>	<b>279,131</b>	<b>2328</b>	<b>133,464</b>	<b>1655</b>	<b>81,841</b>	<b>904</b>	<b>77,213</b>	<b>694</b>	<b>58,056</b>

Trend in Claims Settlement:

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Overall Average claim settlement time (In working days)	6	5	5	7	5

10. We certify that the Investments made in debt securities have been valued at historical cost subject to amortization of premium / discount in accordance with the regulation. For the purpose of comparison, the fair value of debt securities has been arrived based on the Security Level Valuations (SLV) provided by CRISIL Limited (A SEBI Registered Rating Agency) in respect of Bonds and Government securities.

11. All Investments as on 31<sup>st</sup> March 2021 are performing assets. Investments are managed by competent personnel under the supervision of the investment committee appointed by the Board of Directors of the Company. The quality and performance of assets are subject to periodical review by such committee. The Company invests only in high credit quality instruments.

12. We also Confirm that : -

- In the preparation of financial statements, the applicable accounting standards, principles and policies have been followed along with proper explanations relating to material departures, if any;
- 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 for the year ended 31<sup>st</sup> March 2021 and of the operating loss and of the cumulative loss of the Company for the year ended;

- iii) the management has taken proper and sufficient care for the maintenance of adequate accounts records in accordance with the applicable provisions of the Insurance Act, 1938 (4 of 1938) / Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the management has prepared the financial statements on a going concern basis;
- v) the management has ensured that an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

**13. Payment made to entities in which Directors are interested**

Entity in which Director is interested	Name of the Director	Interested as	Amount (Rs'000)
Healthvista India Pvt Ltd	Ms Meena Ganesh	Director	1,275
Manipal Health Enterprise Pvt Ltd	Dr.RanjanPai & S Vaitheeswaran	Director	97,357

**For and on behalf of the Board of Directors.**

LUIS  
MIRANDA  
Luis Miranda  
Chairman  
DIN: 01055493

SEETHARAMAN  
VAITHEESWARAN  
Date: 2021.05.05 19:24:38 +05'30'

S Vaitheeswaran  
Director  
DIN: 01814726

SRIKANTH  
KANDIKONDA  
Date: 2021.05.05 19:35:44 +05'30'

Srikanth Kandikonda  
Chief Financial Officer

RAJEEV  
RUPRAJENDRA  
CHITRABHANU  
Date: 2021.05.05 22:03:51 +05'30'

Rajeev Chitrabhanu  
Director  
DIN: 02174031

PRASUN  
KUMAR SIKDAR  
Date: 2021.05.05 19:23:57 +05'30'

Prasun Sikdar  
Managing Director & CEO  
DIN: 08107956

MITUL  
PALANKAR  
Date: 2021.05.05 22:28:18 +05'30'

Mitul Palankar  
Company Secretary  
Membership No. A22390

Place : Mumbai  
Date : May 5, 2021