

## DIRECTORS' REPORT

The Directors of your Company have pleasure in presenting the Sixth 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 2018, the Balance Sheet as at 31<sup>st</sup> March, 2018 alongwith the Report of the Auditors thereon and the Management Report for the Financial Year 2017-18 to the Members of CignaTTK Health Insurance Company Limited.

### **BRIEF OVERVIEW**

Your Company, CignaTTK 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. Your Company has total Twenty Five branches / units as on 31<sup>st</sup> March 2018.

Your Company's mission is to improve the health, well-being and sense of security of the people it serve.

### **KEY FINANCIAL RESULTS**

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

(Amount in INR '000)

Particulars	Financial Year ended 31.03.2018	Financial Year ended 31.03.2017
<b>Income:</b>		
Premium earned (Net)	26,61,393	18,17,688
Reinsurance ceded	-	-
Profit/Loss on sale/redemption of Investments	30,075	10,682
Other Income	-	-
Interest, Dividend & Rent	2,46,193	1,81,348
<b>Expenses:</b>		
Claims Incurred (Net)	(12,32,013)	(9,10,575)
Commission	(3,75,990)	(2,45,913)
Operating expenses	(23,79,132)	(22,77,395)
Premium Deficiency	-	28,051
Funds for future appropriation	-	-
<b>Profit/(Loss) for the year</b>	<b>(10,49,476)</b>	<b>(13,50,638)</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 24.97% from Rs.284.31 Crores as at 31<sup>st</sup> March, 2017 to Rs.355.30 Crores as at 31<sup>st</sup> March, 2018. The investment income for the year under review was Rs.27.63 Crores as against Rs.20.23 Crores generated in the previous

year, an increase of 36.59%. The weighted average return on Investments for the year ended 31<sup>st</sup> March, 2018 was at 8.43 % (excluding unrealized gains/losses from debt securities).

As on 31<sup>st</sup> March, 2018, your Company held investments of Rs.114.10 Crores (32.11%) in government securities & approved securities, Rs.90.62 Crores (25.51%) in securities of the infrastructure sector and Rs.40.34 Crores (11.36%) in the housing sector. Further, the Company also held Rs.25.68 Crores (7.23%) in bank fixed deposits and liquid mutual funds.

Your Company held 93.91% 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 2017-18.

#### **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. 600,00,00,000. During the year under review, the paid-up share capital of your Company increased by Rs.1,13,36,07,240 to finance further expansion of business taking the paid-up share capital to Rs.3,64,72,57,860 as on 31<sup>st</sup> March, 2018. The share premium as on 31<sup>st</sup> March, 2018 stood at Rs.3,22,58,12,563.

#### **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. T T Raghunathan retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

Change in Director and KMP during the year			
Sr. No.	Name	Particulars	Effective date
1.	Napha Trirattanswongse	Appointment as an Additional Director	04.05.2017

2.	Susan Janet Stevenson	Resignation as Director	04.05.2017
3.	Napha Tiratthanawongse	Appointment as Director	14.08.2017
4.	Mitul Palankar	Appointment as Company Secretary	10.08.2017

The Board of Directors on the recommendation of the Nomination & Remuneration Committee had appointed Mr. Prasun Kumar Sikdar as an Additional Director of your Company with effect from 18<sup>th</sup> April, 2018.

The Board in its meeting held on 18<sup>th</sup> April, 2018 appointed Mr. Prasun Kumar Sikdar as the Managing Director and CEO of the Company subject to approval of the Insurance Regulatory and Development Authority of India (IRDAI).

Your Company has filed the application with the IRDAI for the approval of the appointment of Mr. Prasun Kumar Sikdar as the Managing Director and CEO.

On 13<sup>th</sup> April, 2018 Mr. Sandeep Patel has submitted his resignation from the office of the Managing Director and CEO of the Company which will be effective from the date of approval of IRDAI.

#### CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Provisions of the Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable to your Company, hence it is not mandatory for your Company to undertake initiatives under "Corporate Social Responsibility".

#### BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board evaluated its own performance, the performance of all individual directors as well as the working of its Committees namely Risk Management Committee, Policyholders' Protection Committee, Investment Committee, Audit Committee and Nomination & Remuneration Committee. The performance evaluation of each Director including Independent Directors was carried out by all the Directors except the Director being evaluated. Further, separate exercise was carried out by the Nomination & Remuneration Committee to evaluate the performance of individual Directors including the Chairman of the Board. Also, the performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors.

#### REMUNERATION POLICY

The Company has revised the Nomination and Remuneration/Compensation 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, interalia 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.

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

Your Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Policy approved by Board. To maintain its objectivity and independence, the Internal Audit function reports to Audit Committee of the Board. The Internal Audit works in consultation with Audit Committee based on a defined Audit Plan. 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 report of internal audit function, process owner's undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations thereon are presented to the Audit Committee of the Board.

## **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. Further, 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 and the same shall now be implemented effective Financial Year 2020-2021 with previous year comparatives.

However, the requirement of submitting Proforma Ind AS financial statements on a quarterly basis shall continue to be governed as directed under IRDAI circular reference IRDAI F&A/ CIR/ACTS/ 262112/2016 dated 30<sup>th</sup> December 2016.

## **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 2017-2018, no complaints were 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 2018, 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, 2018 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 IRDA (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 5 years with the advent of various government and regulatory initiatives and increased awareness in the urban and semi-urban Indian population. Cigna's foray into the health space in this interesting and growing phase of the industry witnessed your company creating its own place in the market and become a brand name the customers could relate to, for all their health insurance needs.

During the year under review, your Company diversified its Product Portfolio with the launch of ProHealth Select targeting the mass market in the retail space. To cater to the opportunity created in affinity segment with the change in Health Insurance Regulations, 2016, your Company revised two Group Insurance products targeted towards Domestic Group Medical Insurance and Lifestyle Protection Group Policy. The new and revamped products have helped your Company to enter into the mass market and domestic group segment and achieve a comprehensive Product Portfolio Mix.



with a total of eight products across different categories i.e. Indemnity, Critical Illness, Accident & Daily Cash for Retail Lines and Domestic and Global Group catering to the group segments. Below is a list of Products launched till 31<sup>st</sup> March, 2018:

- 1) **ProHealth Insurance (Revised)** – Revamped version of existing product with an Industry first Health Savings plan - ProHealth Accumulate.
- 2) **ProHealth Cash** – A Daily Cash Plan with fixed benefit for each day of hospitalization with a host of other features.
- 3) **Lifestyle Protection - Critical Care**: The Plan offers payment of the entire Sum Insured on first diagnosis of covered Critical Illnesses and procedures.
- 4) **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.
- 5) **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, age and pocket.

With this product your company 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 upto 200%.

- 6) **Lifestyle Protection Group Policy**: Group Coverage for Personal Accident & Critical Illness with optional covers that will allow creation of planned customized solutions for each group.
- 7) **Global Health Group Policy**: Designed to cater to the health needs of today's mobile workforce that travels overseas regularly. It covers Indian locals and expatriates working abroad under one umbrella.
- 8) **ProHealth Group Insurance Policy**: One stop insurance solution to Employer-Employee and Affinity groups with a full circle of healthcare including Base covers for essential benefits and a range of Optional Covers.

With this domestic group mediclaim product, your Company has been able to successfully enter the Group mediclaim segment and formed new partnerships with UAE Exchange Financial Services, Finance Buddha Financial Services, Lakshmi Vilas Bank and Saraswat Co-operative Bank during the year under review. The product solutions offered include a combination of base and optional covers under the ProHealth Group plan basis partner's requirements.

During the year under review, the Company's flagship product ProHealth Insurance is filed for revision to re-calibrate the offering keeping in line with the changing market dynamics and product philosophy. With this revamped product your Company not only will cater to the in-patient hospitalization module but extend to the out-patient module with a redesigned dimension of health savings and extended wellness discounts for the customer. Your Company will continue to capitalize on this lead and will build a strong business in the coming years.

For the recent closed Financial Year (2017-18), your Company's focus was on increasing new business premium through the retail products as well as to establish a strong base for the group business and was able to add 129,366 policies through the retail products with a Gross Written Premium (GWP) of Rs. 158.5 Crores and 200 plus accounts in the Group Mediclaim business with a GWP of Rs. 58.4 Crores. The Group PA and CI plan contributed a GWP of Rs. 7.7 Crores from more than 127 accounts. The Global Health Group Plan brought in Rs. 3.1 Crores as GWP with a total of 8 accounts.

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

	Financial Year 2017-18
Product Name	Base Premium (Crores)
ProHealth Insurance	118.9
Lifestyle Protection - Accident Care	16.8
Lifestyle Protection - Critical Care	21.4
ProHealth Cash	0.4
ProHealth Select	1.0
<b>Retail Total</b>	<b>158.5</b>
Global Health Group Policy	3.1
Lifestyle Protection Group Policy	7.7
Group Health (Co-share)	16.8
ProHealth Group Insurance Policy	39.6
<b>Group Total</b>	<b>67.2</b>
<b>Grand Total</b>	<b>225.7</b>

Your Company shall continue to develop and introduce innovative protection solutions in line with the product philosophy and market need. Addressing the change in the customer behaviour your company is also focusing to introduce niche product lines for Lifestyle diseases as well as specialized Critical illness and Travel Insurance packaged propositions towards target markets. The focus for the forthcoming year will be to achieve a strong portfolio mix of retail and group products including a balanced portfolio of indemnity and fixed benefit business which will help your Company to diversify the risk. With the Introduction of the Group Health products, your company will also continue to strengthen the domestic group health portfolio in the forthcoming months.

#### 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 had 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 claims settlement process turn-around time of 7 days on the receipt of the last relevant document, during the financial year 2017-18. During the year under review, your Company processed 63,787 claims amounting to Rs. 154,76,17,621 by settling 54538 cases amounting to Rs. 99,75,15,154 (i.e.86 % of the total cases) and repudiating 8695 cases amounting to Rs. 35,59,36,216 (i.e. 14 % 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

Your Company has created a diverse and inclusive work-force based on the four building blocks- Healthy Careers, Healthy Life, Healthy Returns and Healthy Culture. Your 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 1219 as on 31<sup>st</sup> March 2018.

#### CUSTOMER CARE

"Customer Delight" is paramount to company's vision of being the preferred health insurance service provider. We at Cigna TTK, focus on keeping the customers at the heart of everything by offering them superior and seamless experience.

Higher productivity, better quality & cost efficiency are the 3 key cornerstones for sustainable & scalable service model. Towards this initiative, we are optimizing business 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, we successfully migrated the inbound contact centre with a focus on augmenting superior customer service experience, leveraging rich experience of the new partner at an optimized cost. Further, it has been our constant endeavour to leverage technology to bring in enhanced customer experience and transparency to our policy holders. We have successfully enabled Customer Relationship Management (CRM) system at our touch points to manage queries, requests and complaints with the focus to provide first time right and qualitative resolutions.

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. Our marketing and PR efforts significantly increased brand awareness in 2017. It has been encouraging to observe an upward trend on crucial metrics like higher recognition for Cigna TTK year-over-year. Other metrics like familiarity, future consideration, and favourability were stable for in 2017.

Digitization has been a key priority and we have focused on increased usage of digitization to enhance customer onboarding experience. Towards this we have strengthened the welcome journey with a multi - touchpoint approach. A customer lifecycle based engagement program has helped to build stronger affinity with our customers. 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 2017-18, your Company has made significant contribution in the area of Risk Management and has been moving progressively from strength to strength. There are sound mitigation practices in place to ensure interests of the stakeholders are safeguarded. Backed with a team of risk professionals and global expertise from Cigna, your Company has a best in class Risk Management Framework.

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

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.

At an Enterprise level, your Company has been tracking top risks every quarter along with key parameters defined at entity level. Your Company has a strong focus on documentation which is of prime importance. A Board approved Risk Management policy is in place which acts as a guiding force while carrying out related activities. Apart from this a procedure document is being put in place which will give a clear view of the Departmental activities. A risk appetite document is also being shaped up which will define the threshold limits for risk acceptance.

Under Operational Risk Framework, there is a clear focus to have a risk control beginning from the respective functions. With this objective in mind, the Company has in place Risk Control Self-Assessment (RCSA) sheets for all functions which give a clear view to the HODs and Risk team on the areas of focus from a risk mitigation perspective. To sharpen this activity further, your Company has taken up a project to refine the RCSA sheets for all Departments in joint coordination with Risk team, the respective Head of Departments (HOD) and an expert advisory team of Subject Matter Experts.

Operational loss reporting is a regular activity that is now automated through workflow mechanism. Such losses are tracked month on month basis along with a clear focus to avoid repeat instances of similar nature.

At Cigna TTK there is 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. An Ethics Committee has been constituted to look into employee frauds. For any frauds pertaining to intermediaries, a Market Conduct Committee is in place.

During the year, your Company has launched various initiatives on Risk Awareness Programs within the Organization for the employees and would be taking more such initiatives to ensure that our employees are well aware of the Risk Framework so that they keep on contributing towards its common objectives. Some key initiatives include training programs for employees and education matters on regular basis.

Your Company has also designed a Department structure to have a focus on Fraud Control and Enterprise / Operations Risk Management. Domain experts have been identified for these roles and the Department will have the proposed structure in place by June 2018. Overall, it has been an eventful year with notable achievements in many aspects and as we step into the new financial year many more activities are lined up which will have a meaningful impact on overall Operations.

## 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, 2018 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 Eight Directors on its Board, with two Independent Directors, four Non-Executive Directors, one Executive Director and one Managing Director. Your Company has appointed Mr. Jagannathan Thattai Thiruvallur as a full time Chairman of the Company.

Name	Position
Dr. Narottam Puri	Independent Director
Mr. Rajeev Chitrabhanu	Independent Director
Mr. Jagannathan Thattai Thiruvallur	Chairman & Non-Executive Director
Mr. Raghunathan Thattai Thiruvallur	Non-Executive Director
Mr. Jason Sadler	Non-Executive Director
Ms Napha Tirattianawongse	Non-Executive Director
*Mr. Sandeep Patel	Managing Director & CEO
**Mr. Prasun Kumar Sikdar	Managing Director & CEO (Designate)

\* Mr. Sandeep Patel has submitted his resignation from the office of Managing Director and CEO on April 13, 2018 which will be effective from the date of approval of IRDA.

\*\* Your Company has filed the application with IRDAI for the appointment of Mr. Prasun Kumar Sikdar as the Managing Director and CEO.

The Board of Directors are responsible for overall Corporate Strategy and other related matters. Managing Director & CEO oversees implementation of strategy, achievement of the business plan and day-to-day activities and operations related issues.

#### BOARD MEETINGS

The Board held four meetings during the financial year on 4<sup>th</sup> May, 2017, 10<sup>th</sup> August, 2017, 2<sup>nd</sup> November, 2017 and 20<sup>th</sup> February, 2018.

#### 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.	i. Dr. Narottam Puri, Independent Director and Member ii. Mr. Rajeev Chitrabhanu, Independent Director and Member iii. Mr. Jagannathan Thattai Thiruvallur, Non-Executive Director and Member	Four times on the following dates: 1) 4 <sup>th</sup> May, 2017 2) 10 <sup>th</sup> August, 2017 3) 2 <sup>nd</sup> November, 2017 4) 20 <sup>th</sup> February, 2018
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.	i. Mr. Jagannathan Thattai Thiruvallur, Chairman and Non-Executive Director ii. Mr. Raghunathan Thattai Thiruvallur, Non-Executive Director and Member iii. Dr. Narottam Puri, Independent Director and Member iv. Mr. Rajeev Chitrabhanu, Independent Director and Member v. Mr. Sandeep Patel, Managing Director & CEO and Member	Four times on the following dates: 1) 4 <sup>th</sup> May, 2017 2) 10 <sup>th</sup> August, 2017 3) 2 <sup>nd</sup> November, 2017 4) 20 <sup>th</sup> February, 2018

		<ul style="list-style-type: none"> <li>vi. Mr. Manoj Naik, Chief Financial Officer and Member</li> <li>vii. Mr. Biresh Giri, Appointed Actuary and Member</li> <li>viii. Mr. Joydeep Saha, Appointed Actuary and Member</li> <li>ix. Ms. Arpita Naik, Chief Risk Officer and Member</li> <li>x. Mr. Mahesh Darak, Chief Investment Officer and Member</li> </ul>	
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.	<ul style="list-style-type: none"> <li>i. Mr. Jagannathan Thattai Thiruvallur, Chairman and Non-Executive Director</li> <li>ii. Mr. Raghunathan Thattai Thiruvallur, Non-Executive Director and Member</li> <li>iii. Dr. Narottam Puri, Independent Director and Member</li> <li>iv. Mr. Rajeev Chitrabhanu, Independent Director and Member</li> <li>v. Mr. Sandeep Patel, Managing Director &amp; CEO and Member</li> </ul>	<p>Four times on the following dates:</p> <ul style="list-style-type: none"> <li>1) 4<sup>th</sup> May, 2017</li> <li>2) 10<sup>th</sup> August, 2017</li> <li>3) 2<sup>nd</sup> November, 2017</li> <li>4) 20<sup>th</sup> February, 2018</li> </ul>
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.	<ul style="list-style-type: none"> <li>i. Mr. Jagannathan Thattai Thiruvallur, Chairman and Non-Executive Director</li> <li>ii. Mr. Raghunathan Thattai Thiruvallur, Non-Executive Director and Member</li> <li>iii. Dr. Narottam Puri, Independent Director and Member</li> <li>iv. Mr. Rajeev Chitrabhanu, Independent Director and Member</li> <li>v. Mr. Sandeep Patel, Managing Director &amp; CEO and Member</li> </ul>	<p>Four times on the following dates:</p> <ul style="list-style-type: none"> <li>1) 4<sup>th</sup> May, 2017</li> <li>2) 10<sup>th</sup> August, 2017</li> <li>3) 2<sup>nd</sup> November, 2017</li> <li>4) 20<sup>th</sup> February, 2018</li> </ul>
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	<ul style="list-style-type: none"> <li>i. Dr. Narottam Puri, Independent Director and Member</li> <li>ii. Mr. Rajeev Chitrabhanu, Independent Director and Member</li> <li>iii. Mr. Jagannathan Thattai Thiruvallur, Non-Executive Director and Member</li> <li>iv. Mr. Jason Sadler, Non-Executive Director and Member</li> </ul>	<p>Four times on the following dates:</p> <ul style="list-style-type: none"> <li>1) 4<sup>th</sup> May, 2017</li> <li>2) 10<sup>th</sup> August, 2017</li> <li>3) 2<sup>nd</sup> November, 2017</li> <li>4) 20<sup>th</sup> February, 2018</li> </ul>



	directors, Key Managerial personnel and other employees.	
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\*Mr. Biresh Giri ceased to be a Member effective 9<sup>th</sup> August, 2017 and Mr. Joydeep Saha was inducted as a Member effective 20<sup>th</sup> February, 2018.

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
Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	Three
Mr. Rajeev Chitrabhanu	M.Com	Financial 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. Raghunathan Thattai Thiruvallur	Bachelor of Commerce	Manufacture and Marketing Insurance	Non-Executive Director	One
Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director	Three
Ms. Napha Trirattanawongse	B.Sc (Mathematics), MBA	Marketing	Non-Executive Director	One
Mr. Sandeep Patel	Bachelors of Science - Actuarial Science	Insurance	Managing Director & CEO	Four

Details of Audit 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	Three
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Four
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Non-Executive Director	Three

Details of Investment Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman & Non-Executive Director	Three
Mr. Raghunathan Thattai Thiruvallur	Bachelor of Commerce	Manufacture and Marketing	Non-Executive Director and	One

Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director and Member	Three
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Four
Mr. Sandeep Patel	Bachelors of Science – Actuarial Science	Insurance	Managing Director & CEO	Four
Mr. Manoj Naik	B.E., PGDM – IIM Bangalore	Finance	Chief Financial Officer and Member	Three
*Mr. Biresh Giri	Fellow of Institute of Actuaries of India	Actuarial	Appointed Actuary and Member	One
*Mr. Joydeep Saha	Fellow of Institute of Actuaries of India	Actuarial	Appointed Actuary and Member	NA
Mr. Arpita Naik	PGD in Hospital Mgt	Risk and Internal Audit	Chief Risk Officer and Member	Three
Mr. Mahesh Darak	B.Com and M.M.S (Finance)	Investment	Chief Investment Officer and Member	One

\* Mr. Biresh Giri ceased to be a Member effective 9<sup>th</sup> August, 2017 and Mr. Joydeep Saha was inducted as a Member effective 20<sup>th</sup> February, 2018.

Details of Risk Management Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman & Non-Executive Director	Three
Mr. Raghunathan Thattai Thiruvallur	Bachelor of Commerce	Manufacture and Marketing	Non-Executive Director	One
Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	Three
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Four
Mr. Sandeep Patel	Bachelors of Science – Actuarial Science	Insurance	Managing Director & CEO	Four
Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director and Member	Three

Details of Policyholders' Protection Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research)	Manufacture and Marketing	Chairman & Non-Executive Director	Three
Mr. Raghunathan Thattai Thiruvallur	Bachelor of Commerce	Manufacture and Marketing	Non-Executive Director	One
Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	Three
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Four

Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director and Member	Three
Mr. Sandeep Arunbhai Patel	Bachelors of Science – Actuarial Science	Insurance	Managing Director & CEO	Four

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	Three
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Four
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Non-Executive Director	Three
Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director and Member	Three

#### 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.

Both the Independent Directors namely Dr. Narottam Puri and Mr. Rajeev Chitrabhanu 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. N. M. Rajji & Co., Chartered Accountants will complete one term of 5 years on the conclusion of 6<sup>th</sup> AGM.

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, subject to ratification by the shareholders at every AGM. Your Board of Directors recommends the ratification of appointment of M/s. CNK & Associates LLP, Chartered Accountants to hold office till the conclusion of the 10<sup>th</sup> AGM.

Owing to completion of term of M/s. N.M. Rajji & Co., Statutory auditors of the Company for the year 2017-18, M/s V.P.Thackor & Company, Chartered account, bearing firm registration no.118696W, have been appointed as the statutory auditors of the Company for a period of 5 years, commencing from the conclusion of 6<sup>th</sup> AGM till the conclusion of 11<sup>th</sup> AGM, in the Board meeting held on 10<sup>th</sup> May,

2018 which is subject to the approval of Shareholders in the AGM. The shareholders are requested to give their consent for the aforesaid appointment.

#### SECRETARIAL AUDIT

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. G.M.I & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for the Financial Year 2017-18. The Secretarial Audit Report is annexed herewith.

#### STATUTORY INFORMATION

##### PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company are set out in the Annexure – III to the Directors Report. In terms of Section 138 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto.

#### 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	<p>1. Your Company has launched Local General Ledger Accounting capabilities on Oracle R12 platform, which is fully integrated with local and Global applications. The platform also ensures an automated reporting for Local as well as Global requirements.</p> <p>2. Your Company has launched all the 3 variants of Domestic Group Business named GMC, GPA &amp; GCI on the Group Policy Administration System and has Integrated with 7 + Large partners including Leading banks and NBFC's. This has significantly contributed to the revenues of the company and also enable automation of complete Policy issuance as per partner's needs.</p> <p>3. Your company has also launched a real time integration of Group Policy Renewal</p>
2. Benefits derived like product improvement, cost reduction, product development or import substitution	

	<p>Module with Andhra Bank as a pilot project ensuring business on time &amp; reducing manual work for the partners and internal organization.</p> <p>4. Your Company has implemented a new Age Customer Relation Management system on the Microsoft Dynamics platform which ensures a consistent and Omni channel experience which leads to better control of servicing SLA for requests and complaints of the customer.</p> <p>5. To become more efficient in using technology while on the move, front line employees in all channels have been provided Samsung 8 inch tablets which enable a host of mobile apps to be accessed such as the above and improve productivity, besides being more efficient in use of capital.</p> <p>6. Your company is currently implementing and building a capability of Retail Policy Administration into an existing local solution i.e. SymbioSys Framework's which will eliminate the manual dependency &amp; save time and cost between the current 2 standalone Policy Administration Systems. Under this Program the current manual work being done for Endorsement, Refunds, Cancellation and Portability would also be rolled out.</p>
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

(INR in Lacs)

Particulars.	Financial Year ended 31.03.2018	Financial Year ended 31.03.2017
Foreign Exchange earnings	-	-
Foreign exchange outgo	3111.19	3909.66

#### EXTRACT OF ANNUAL RETURN

As per the provisions of the Companies Act, 2013, an extract of the Annual Return of the Company (in the prescribed Form - MGT 9) has been attached as Annexure - IV to this Report.

#### 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 ISSUE OF SHARES TO MANIPAL GROUP

Your Company has filed the application with IRDAI for the issue of 85,330,000 Equity shares (representing 16.04% shares in the Company) on preferential basis to Manipal Integrated Services Private Limited. The said application is pending with IRDAI.

#### COMPLIANCE WITH THE APPLICABLE SECRETARIAL STANDARDS

The Company has complied with the applicable secretarial standards for the financial year 2017-18.

#### ACKNOWLEDGMENTS


The Board of Directors sincerely thanks 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 Life Council, the Governing Body Insurance Council, Registrar of Companies (ROC) and the Bankers of the Company.

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

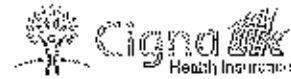
Your Directors record their appreciation of the dedicated efforts and contribution of the employees at all levels for the growth of the Company achieved during the year.

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



Jagannathan Thattai Thiruvallur  
Chairman  
DIN: 00191522

Place: Bangalore  
Date: 10<sup>th</sup> May, 2018



**CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES FOR  
THE FINANCIAL YEAR 2017-18**

I, Mitul Palanker, hereby certify that the Company has complied with the Corporate Governance Guidelines for Insurance Companies as amended from time to time and nothing has been concealed or suppressed.

For CignaTTK Health Insurance Company Limited

A handwritten signature in black ink, appearing to read "Mitul Palanker", written diagonally.

Mitul Palanker  
Company Secretary

Place: Mumbai  
Date: 10<sup>th</sup> May, 2018





# **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 thereof

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:

I. Details of agreement between the Company & CHSI for application development:

Sl. No.	Particulars	Details
(a)	Name(s) of the related party and nature of relationship	Name of the related party: Cigna Health Solutions India Private Limited (CHSI) Nature of relationship: Mr. Sandeep Patel is a common director of CignaTTK and the related party
(b)	Nature of contracts/arrangements/transactions	Application development for the Company by CHSI
(c)	Duration of the contracts / arrangements/transactions	3 years*
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	To create & enhance the Company Infrastructure & application suite and development of all applications for the Company as per requirements from time to time. The payments shall be made over a period of 36 months from the date of implementation of each sub-system. Value of the Agreement: Up to Rs. 16.60 Crores (inclusive of set up cost, if any) plus mark-up of 15% or as advised by the tax consultant.
(e)	Date(s) of approval by the Board, if any	30 <sup>th</sup> January 2015
(f)	Amount paid as advances, if any	Nil

II. Details of agreement between the Company & CHSI for application maintenance:

Sl. No.	Particulars	Details
(a)	Name(s) of the related party and nature of relationship	Name of the related party: Cigna Health Solutions India Private Limited (CHSI) Nature of relationship: Mr. Sandeep Patel is a common director of CignaTTK and the related party
(b)	Nature of contracts/arrangements/transactions	Application maintenance for the Company by CHSI
(c)	Duration of the contracts / arrangements/transactions	3 years*

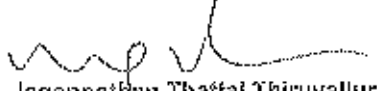
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Maintenance of all applications used by CignaTTK for its Insurance operations. The payment shall be made in advance quarterly. Value of the Agreement: Up to Rs. 14.30 Crore plus mark-up of 15% or as advised by tax consultant.
(e)	Date(s) of approval by the Board, if any	30 <sup>th</sup> January 2015
(f)	Amount paid as advances, if any	Nil

III. Details of agreement between the Company & CHSI for sharing workstations:

Sl. No.	Particulars	Details
(a)	Name(s) of the related party and nature of relationship	Name of the related party: Cigna Health Solutions India Private Limited (CHSI) Nature of relationship: Mr. Sandeep Patel is a common director of CignaTTK and the related party
(b)	Nature of contracts/arrangements/transactions	Sharing of workstations with CHSI for its employees/consultants.
(c)	Duration of the contracts / arrangements/transactions	3 years
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Sharing of workstations and all related office amenities with CHSI for its employees/consultants. Value of the Agreement: Up to Rs. 35000 per month per workstation.
(e)	Date(s) of approval by the Board, if any	30 <sup>th</sup> January 2015
(f)	Amount paid as advances, if any	Nil

\*On March 1, 2018 your Company has terminated the above mentioned two agreements with CHSI.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

  
Jagannathan Thattai Thiruvallur  
Chairman  
DIN: 00191522

Form No.MR-3  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**  
(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,  
**CIGNATTK 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 **CIGNATTK 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, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 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, minute books, forms and returns filed and other records maintained by **CIGNATTK HEALTH INSURANCE COMPANY LIMITED** for the financial year ended on March 31, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. Foreign Exchange Management Act, 1999 ('FEMA') and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;

Cont.2,...



-2-

iii. The Company, being a health insurance company, has complied with following acts:

- The Insurance Act, 1938 including amendments and part thereof;
- The Insurance Regulatory and Development Authority Act, 1999 and rules and regulations made thereunder;
- 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 I and II Standards 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. mentioned above subject to the following observations:

We report that the Compliance by the Company of applicable financial laws, like direct and indirect tax laws, 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. IRDAI has issued Guidelines for Corporate Governance for Insurers in India on 18<sup>th</sup> May, 2016, mentioning the minimum requirement of three Independent Directors. However, this requirement is relaxed to two Independent Directors, for the initial five years from grant of Certificate of Registration to insurers. The Company received Certificate of Registration of insurers dated 13<sup>th</sup> November, 2013.
3. 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.

Cont.3....




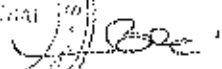
-3-

4. Adequate notice is 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:

1. The Company has increased its authorized Share capital from 300 Crore to 600 Crore in accordance with the provisions of the Act.
2. The Company has sought approval from IRDAI to increase holding of foreign body corporate from 26% to 49%, and has allotted 11,33,60,724 Equity Shares of Rs. 10/- each aggregating by way of preferential allotment on private placement.

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

  
For GMJ & ASSOCIATES  
Company Secretaries  
  
[MAHESH SONI]  
PARTNER  
FCS: 3706 COP: 2324  
PLACE: MUMBAI  
DATE: 10<sup>th</sup> May, 2018

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,  
CIGNATIX 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.



For GMJ & ASSOCIATES  
Company Secretaries

**[MAHESH SONI]**  
PARTNER  
FCS: 3706 COP: 2324  
PLACE: MUMBAI  
DATE: 10<sup>th</sup> May, 2018

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN**  
As on the Financial Year ended 31<sup>st</sup> March, 2018

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

I. REGISTRATION AND OTHER DETAILS		
i)	CIN:-	U66000MH2012PLC227948
ii)	Registration Date -	12/03/2012
iii)	Name of the Company -	CignaTTK Health Insurance Company Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares - Indian Non-Government Company
v)	Address of the Registered office and contact details	401/402, 4 <sup>th</sup> Floor, Raheja titanium, Western Express Highway, Goregaon (East) Mumbai - 400063, Maharashtra Telephone: +91 22 61703600
vi)	Whether listed company	Unlisted
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Health insurance and related products and services	Division 65 and Group 651	100

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

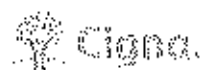
Sl. No.	NAME AND ADDRESS OF THE COMPANY/BODIES CORPORATE	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
-	-	-	-	-	-

#### i) Category-wise Share Holding

[illegible]



e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	25,13,65,002	25,13,65,062	100	0	36,47,25,786	36,47,25,786	100	0



(ii) Shareholding of promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of Shares	% of total shares of company	% of Shares Pledged / encumbered to total shares	No of Shares	% of total shares of company	% of Shares Pledged / encumbered to total shares	
1	TTK Partners LLP	18,60,10,145	74	0	18,60,10,145	51	0	-
2	Cigna Holdings Overseas INC	6,53,64,911	26	0	17,87,15,635	49	0	-
3	Thiruvallur Thattai Jagannathan	1	0	0	1	0	0	-
4	Thiruvallur Thattai Raghunathan	1	0	0	1	0	0	-
5	Thiruvallur Thattai Latha	1	0	0	1	0	0	-
6	Thiruvallur Thattai Bhanu	1	0	0	1	0	0	-
7	Thiruvallur Thattai Lakshman	1	0	0	1	0	0	-
8	Thiruvallur Thattai Sriram	1	0	0	1	0	0	-

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	25,13,65,062	100	--	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
1.	Preferential allotment dated 29 <sup>th</sup> September, 2017	113,360,724	100	36,47,25,786	100
	At the End of the year	36,47,25,780	100	36,47,25,780	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For each of top ten Shareholders				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	-	-	-	-
	At the End of the year	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For each of the Directors and Key Managerial Personnel				
	At the beginning of the year				
1.	Mr. Thattai Thiruvallur Jagannathan	1*	0	1*	0
2.	Mr. Thattai Thiruvallur Raghunathan	1*	0	1*	0
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer /bonus/ sweat equity etc):	No change	No change	No change	No change
	At the End of the year				
1.	Mr. Thattai Thiruvallur Jagannathan	1*	0	1*	0
2.	Mr. Thattai Thiruvallur Raghunathan	1*	0	1*	0

\*Share held by Mr. Thattai Thiruvallur Jagannathan and Mr. Thattai Thiruvallur Raghunathan as a nominee of TTK Partners LLP.


V. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits (Rs.)	Unsecured Loans (Rs.)	Deposits (Rs.)	Total Indebtedness (Rs.)
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	43,00,00,000	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
Addition	Nil	Nil	Nil	Nil
Reduction	Nil	Nil	Nil	Nil
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	43,00,00,000	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	43,00,00,000	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL			
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:			
Sr No.	Particulars of Remuneration	Name of MD/Whole-time Director/Manager	Total Amount
		Mr. Sandeep Patel, Managing Director & CEO	
1	Gross salary	49,455,860.00	49,455,860.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	44,436,017.00	44,436,017.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5,019,843.00	5,019,843.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission	0	0
	- as % of profit	0	0
	- others, specify...	0	0
5	Others, please specify: Contribution to Provident Fund	2,135,373.00	2,135,373.00
	Total (A)	61,691,233.00	61,691,233.00

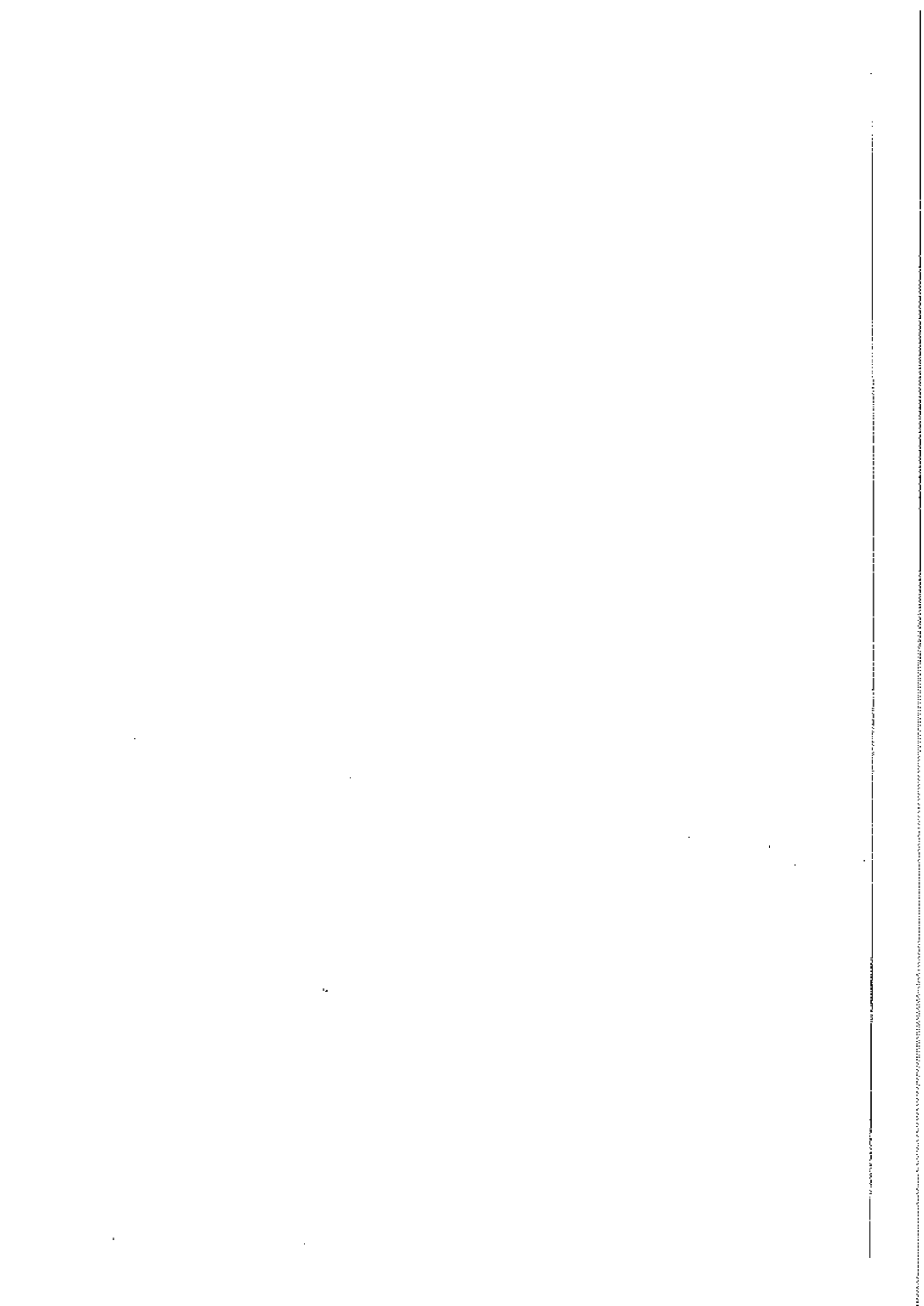
# VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

  
 Jagannathan Thattai Thiruvallur  
 Chairman  
 DIN: 00191622

Place: Bangalore  
 Date: 10<sup>th</sup> May, 2018





N. M. Raiji & Co.  
Chartered Accountants  
Universal Insurance Building  
6<sup>th</sup> Floor, Sir P. M. Road  
Mumbai – 400001

C N K & Associates LLP  
Chartered Accountants  
Narain Chambers, 5<sup>th</sup> Floor,  
M.G Road, Vile Parle (East)  
Mumbai - 400057

### **Independent Auditors' Report**

#### **TO THE MEMBERS OF CIGNATTK HEALTH INSURANCE COMPANY LIMITED**

##### ***Report on the Financial Statements***

We have audited the accompanying financial statements of **CignaTTK Health Insurance Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, 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 Payment Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

##### ***Management's Responsibility for the Financial Statements***

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company, in accordance with the accounting principles generally accepted in India, including 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 Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations"), orders/directions/circulars/guidelines issued by the Insurance Regulatory and Development Authority of India (the "IRDA") in this regard, 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



### ***Auditors' Responsibility***

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

We have taken into account the provisions of the Act, the Insurance Act, the IRDA Act, the IRDA Financial Statements Regulations, orders / directions issued by the IRDA, accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

### ***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, and the Companies Act, 2013, to the extent applicable and 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, 2018;
- b. in the case of the Revenue Account, of the deficit for the year ended on that date;
- c. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- d. in the case of the Receipts and Payments Account, of the receipts and payments of the Company for the year ended on that date.





### ***Other Matters:***

The estimate of claims Incurred But Not Reported (IBNR), claims Incurred But Not Enough Reported (IBNER) and provisioning for Premium Deficiency and Free Look Reserve, as at March 31, 2018, has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ("the Authority") and the Actuarial Society of India, in concurrence with the Authority. We have relied upon the Appointed 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

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

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate in Annexure – A, dated May 10, 2018, certifying the matters specified in paragraphs 3 and 4 of Schedule C to the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, as amended from time to time.
2. As required by Schedule C of Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, Section 143 (3) and other provisions of the Companies Act, 2013, to the extent applicable, we report that:
  - a. we have sought and obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit and have found them to be satisfactory;
  - 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 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, Revenue Account, Profit and Loss Account and Receipts and Payments Account, dealt with by this Report, are in agreement with the books;
  - e. in our opinion, the Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account, dealt with by this report, comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, 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 there under 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 written representations received from the directors as on April 1, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013;
- i. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure "B"
- j. With respect to the other matters to be included in the Auditor's Report, in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (a) The Company has disclosed the impact of pending litigations as at March 31, 2018, on its financial position in its financial statements – Refer Note No. 3.1 in the Notes to Accounts forming part of financial statements
- (b) The Company did not have any long-term contracts, including derivative contracts.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For N. M. Raiji & Co.**  
Chartered Accountants  
Registration No.: 108296W



**Vinay D. Balse**  
Partner  
Membership No. 39434



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



**Hiren Shah**  
Partner  
Membership No: 100052



Place: Bengaluru  
Date: May 10, 2018



**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 dated May 10, 2018)

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.

The Company's 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.

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.

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by CignaTTK Health Insurance Company Limited (the "Company") for the year ended March 31, 2018, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2018, and on the basis of our review, there are no apparent mistakes in or material inconsistencies with the financial statements;
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, 2018, 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.

**For N. M. Raiji & Co**  
Chartered Accountants  
Registration No.: 108296W



**Vinay D. Balse**  
Partner  
Membership No. 39434



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



**Hiren Shah**  
Partner  
Membership No: 100052



Place: Bengaluru  
Date: May 10, 2018



**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(j) of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated May 10, 2018)

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

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

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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's 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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

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

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

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

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

### **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, 2018, based on "the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the Institute of Chartered Accountants of India".

**For N. M. Raiji & Co**  
Chartered Accountants  
Registration No.: 108296W



**Vinay D. Balse**  
Partner  
Membership No. 39434



Place: Bengaluru  
Date: May 10, 2018

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



**Hiren Shah**  
Partner  
Membership No: 100052





FORM B-RA				
REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2018 (AUDITED)				
(Miscellaneous Business)				
Rs '000				
S.No	Particulars	Schedule	For the Year ended 31st March 2018	For the Year ended 31st March 2017
1	Premiums earned (Net)	1	2,661,391	1,817,686
2	Profit/ (Loss) on sale/redemption of Investments			
	(b) Profit on sale of investments		8,768	5,526
	Less: Loss on sale of investments		-	-
3	Others		142,979	122,514
4	Interest, Dividend & Rent – Gross			
	<b>TOTAL (A)</b>		<b>2,813,138</b>	<b>1,945,726</b>
1	Claims Incurred (Net)	2	1,232,013	910,575
2	Commission	3	375,990	245,913
3	Operating Expenses related to Insurance Business	4	2,282,533	2,188,147
4	Premium Deficiency		-	(28,051)
	<b>TOTAL (B)</b>		<b>3,890,536</b>	<b>3,316,584</b>
	Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business		(1,077,398)	(1,370,858)
	<b>C= (A - B)</b>			
	<b>APPROPRIATIONS</b>			
	Transfer to Shareholders' Account		(1,077,398)	(1,370,858)
	Transfer to Catastrophe Reserve		-	-
	Transfer to Other Reserves		-	-
	<b>TOTAL (C)</b>		<b>(1,077,398)</b>	<b>(1,370,858)</b>

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Significant accounting policies & Notes to Financial Statements.  
The Schedules referred to above form an integral part of the Financial Statements.

As required by Section 40C of the Insurance Act, 1938, we hereby certify that all expenses of management in respect of Health Insurance business transactions in India by the Company have been fully recognised in the revenue account as expenses.

As per our report of even date attached.

For and on behalf of the Board of Directors.

For N M Rajji & Co  
Chartered Accountants  
Firm Regn No. 108296W

Vinay D. Balse  
Partner  
Membership No. 039434

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

Hiren Shah  
Partner  
Membership No. 100052



Jagannathan Thattai Thiruvallur  
Chairman  
DIN: 00191522

Narottam Puri  
Director  
DIN: 01077709

Manoj Malik  
Chief Financial Officer

Jason Sadler  
Director  
DIN: 06440304

Sandeep Patel  
Managing Director & CEO  
DIN: 03210271

Mitul Palankar  
Company Secretary  
Membership No. A22390

Place : Bengaluru  
Date : 10th May, 2018



FORM B-PL				
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2018 (AUDITED)				
(Miscellaneous Business)				
Rs '000				
S.No	Particulars	Schedule	For the Year ended 31st March 2018	For the Year ended 31st March 2017
1	OPERATING PROFIT/(LOSS)			
	(a) Fire Insurance		-	-
	(b) Marine Insurance		-	-
	(c) Miscellaneous Insurance		(1,077,398)	(1,370,858)
2	INCOME FROM INVESTMENTS			
	(a) Interest, Dividend & Rent - Gross		103,214	68,835
	(b) Profit on sale of investments		21,308	5,157
	Less: Loss on sale of investments		-	-
3	OTHER INCOME		-	-
	<b>TOTAL (A)</b>		<b>(952,876)</b>	<b>(1,296,866)</b>
4	PROVISIONS (Other than taxation)			
	(a) For diminution in the value of Investments		-	-
	(b) For doubtful debts		-	-
	(c) Others		-	-
5	OTHER EXPENSES			
	(a) Expenses other than those related to Insurance Business			
	Personnel Cost		49,791	48,192
	Interest & Bank Charges		154	175
	Share Issue Expenses (Stamp Duty & Franking)		3,503	1,388
	Expenses related to issuance of Debentures		-	2,338
	Interest on Non-convertible Debentures		38,700	-
	Miscellaneous Expenses		2,751	1,134
	(b) Bad debts written off		-	-
	(c) Others (Provision for doubtful debts)		1,701	444
	<b>TOTAL (B)</b>		<b>96,600</b>	<b>53,671</b>
	Profit / (Loss) Before Tax		(1,049,476)	(1,350,537)
	Provision for Taxation		-	-
	Profit / (Loss) After Tax		(1,049,476)	(1,350,537)
	APPROPRIATIONS			
	(a) Interim dividends paid during the year		-	-
	(b) Proposed final dividend		-	-
	(c) Dividend distribution tax		-	-
	(d) Transfer to any Reserves or Other Accounts		-	-
	Balance of profit/ (loss) brought forward from previous year		(4,836,769)	(3,486,232)
	<b>Balance carried forward to Balance Sheet</b>		<b>(5,886,245)</b>	<b>(4,836,769)</b>
	Earnings Per Share		(3.41)	(5.47)

Significant accounting policies & Notes to Financial Statements.  
The Schedules referred to above form an integral part of the Financial Statements.

16

As per our report of even date attached.

For and on behalf of the Board of Directors.

For N M Raiji & Co  
Chartered Accountants  
Firm Regn No. 108296W

  
Vinay D. Balse  
Partner  
Membership No. 039434

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

  
Hiren Shah  
Partner  
Membership No. 100052



  
Jagannathan Thattai Thiruvallur  
Chairman  
DIN: 00191522

  
Narottam Puri  
Director  
DIN: 01077709

  
Manoj Malik  
Chief Financial Officer

  
Jason Sadler  
Director  
DIN: 05448004

  
Sandeep Patel  
Managing Director & CEO  
DIN: 03210271

  
Mitul Palankar  
Company Secretary  
Membership No. A22390

Place : Bengaluru  
Date : 10th May, 2018





FORM B-BS  
BALANCE SHEET AS ON 31ST MARCH 2018 (AUDITED)

Rs '000

S.No	Particulars	Schedule	As at 31st March 2018	As at 31st March 2017
	<b>SOURCES OF FUNDS</b>			
1	SHARE CAPITAL	5	3,647,258	2,513,651
2	SHARE APPLICATION MONEY		0	0
3	RESERVES AND SURPLUS	6	3,225,813	3,225,812
4	FAIR VALUE CHANGE ACCOUNT			
	FAIR VALUE CHANGE ACCOUNT - SHAREHOLDER		112	101
	FAIR VALUE CHANGE ACCOUNT - POLICYHOLDER		42	57
5	BORROWINGS	7	430,000	430,000
	<b>TOTAL</b>		<b>7,303,225</b>	<b>6,169,621</b>
	<b>APPLICATION OF FUNDS</b>			
1	INVESTMENTS	8 & 8A	3,355,491	2,760,052
2	LOANS	9	-	-
3	FIXED ASSETS	10	68,101	16,616
4	DEFERRED TAX ASSET		-	-
5	<b>CURRENT ASSETS</b>			
	Cash and Bank Balances	11	407,337	221,533
	Advances and Other Assets	12	447,296	295,035
	<b>Sub-Total (A)</b>		<b>854,633</b>	<b>516,568</b>
6	<b>CURRENT LIABILITIES</b>	13	1,202,008	899,172
7	PROVISIONS	14	1,659,237	1,061,212
8	DEFERRED TAX LIABILITY		-	-
	<b>Sub-Total (B)</b>		<b>2,861,245</b>	<b>1,960,384</b>
	<b>NET CURRENT ASSETS (C) = (A - B)</b>		<b>(2,006,612)</b>	<b>(1,443,816)</b>
9	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
10	DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		5,886,245	4,836,769
	<b>TOTAL</b>		<b>7,303,225</b>	<b>6,169,621</b>

Significant accounting policies & Notes to Financial Statements.  
The Schedules referred to above form an integral part of the Financial Statements.

16

As per our report of even date attached.

For and on behalf of the Board of Directors.

For N M Raiji & Co  
Chartered Accountants  
Firm Regn. No. 108296W

Vipav D. Balse  
Partner  
Membership No. 039434

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

Hiren Shah  
Partner  
Membership No. 100052



Jagannathan Thattai Thiruvallur  
Chairman  
DIN: 00191522

Narottam Puri  
Director  
DIN: 01077709

Mandya N. K.  
Chief Financial Officer

Jason Sadler  
Director  
DIN: 0640304

Sandeep Patel  
Managing Director & CEO  
DIN: 03210271

Mitul Palankar  
Company Secretary  
Membership No. A22390

Place : Bengaluru  
Date : 10th May, 2018





**CignaTTK Health Insurance Company Limited**  
IRDA Registration No. 151 Dated November 13, 2013

**RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2018**

				(Rs. '000)
S.no.	Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017	
<b>I</b>	<b>Cash flows from operating activities</b>			
1	Premium received from policyholders, including advance receipts	3,385,543	2,244,229	
2	Other receipts	-	-	
3	Payments to the re-insurers, net of commission and claims	(237,514)	(159,329)	
4	Payments to co-insurers, net of claims recovery	-	-	
5	Payments of claims	(1,005,803)	(895,713)	
6	Payments of commission and brokerage	(352,062)	(225,723)	
7	Payments of other operating expenses	(2,243,628)	(2,207,143)	
8	Deposits, advances and staff loans	28,088	(6,356)	
9	Income taxes paid (Net)	-	-	
10	Service tax / GST	(62,142)	40,110	
	<b>Cash flow before extraordinary items</b>	<b>(487,518)</b>	<b>(1,209,925)</b>	
	Cash flow from extraordinary items	-	-	
	<b>Net cash flow from operating activities (A)</b>	<b>(487,518)</b>	<b>(1,209,925)</b>	
<b>II</b>	<b>Cash flows from investing activities</b>			
1	Purchase of fixed assets	(61,083)	(10,175)	
2	Proceeds from sale of fixed assets	-	-	
3	Purchase of investments	(1,355,718)	(1,250,627)	
4	Loans disbursed	-	-	
5	Sale of investments	565,728	535,101	
6	Repayments received	-	-	
7	Rents / Interests / Dividends received	248,827	173,376	
8	Investment in money market instruments and in liquid mutual funds (net)	183,065	(51,612)	
	<b>Net cash flow from investing activities (B)</b>	<b>(419,181)</b>	<b>(603,937)</b>	
<b>III</b>	<b>Cash flows from financing activities</b>			
1	Proceeds from issuance of share capital / share premium	1,133,607	1,387,981	
2	Share Issue Expenses	(3,503)	(1,388)	
3	Proceeds from borrowing (Debentures)	-	430,000	
4	Repayments of borrowing	-	-	
5	Interest / Dividend paid	-	-	
6	Debenture Issue Expenses	-	(2,338)	
	<b>Net cash flow from financing activities (C)</b>	<b>1,130,104</b>	<b>1,814,255</b>	
	<b>Effect of foreign exchange rates on cash and cash equivalents, net (D)</b>	<b>-</b>	<b>-</b>	
	<b>Net increase / (decrease) in cash and cash equivalents (A+B+C+D)</b>	<b>223,404</b>	<b>393</b>	
	Cash and cash equivalents at the beginning of the year	148,933	148,541	
	Cash and cash equivalents at the end of the year***	372,337	148,933	

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

Cash and Bank balances	407,337	221,533
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	(35,000)	(72,600)
Cash and cash equivalents at the end of the year	<u>372,337</u>	<u>148,933</u>

As per our report of even date attached.

For and on behalf of the Board of Directors.

For N M Rajji & Co  
Chartered Accountants  
Firm Regn.No. 108296W

Vinay D/ Balse  
Partner  
Membership No. 039434

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

Hiren Shah  
Partner  
Membership No. 100052



Jagannathan Thattai Thiruvallur  
Chairman  
DIN: 00191522

Narottam Puri  
Director  
DIN:01077709

Manoj Waik  
Chief Financial Officer

Jason Sadler  
Director  
DIN: 06440304

Sandeep Patel  
Managing Director & CEO  
DIN: 03210271

Mitul Palankar  
Company Secretary  
Membership No. A22390

Place : Bengaluru  
Date : 10th May, 2018



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 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017
		Audited	Audited	Audited	Audited	Audited	Audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
1	Premium from direct business written	3,265,427	2,066,380	198,622	151,663	3,464,049	2,218,043
2	Add: Premium on reinsurance accepted	-	-	-	-	-	-
3	Less : Premium on reinsurance ceded	189,440	122,781	20,961	14,052	210,401	136,833
4	<b>Net Premium</b>	<b>3,075,987</b>	<b>1,943,599</b>	<b>177,661</b>	<b>137,611</b>	<b>3,253,648</b>	<b>2,081,210</b>
5	Adjustment for change in reserve for unexpired risks	572,097	256,529	20,160	6,995	592,257	263,524
	<b>Total Premium Earned (Net)</b>	<b>2,503,890</b>	<b>1,687,070</b>	<b>157,501</b>	<b>130,616</b>	<b>2,661,391</b>	<b>1,817,686</b>
	Premium Income from business effected :						
	In India	2,503,890	1,687,070	157,501	130,616	2,661,391	1,817,686
	Outside India	-	-	-	-	-	-
	<b>Total Premium Earned (Net)</b>	<b>2,503,890</b>	<b>1,687,070</b>	<b>157,501</b>	<b>130,616</b>	<b>2,661,391</b>	<b>1,817,686</b>







**CignaTTK Health Insurance Company Limited**  
IRDA Registration No. 151 Dated November 13, 2013

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

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the Year ended 31st March 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017
		Audited	Audited	Audited	Audited	Audited	Audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
	Claims paid						
1	Direct claims	1,165,884	874,751	12,165	7,423	1,178,049	882,174
2	Add : Re-insurance accepted	-	-	-	-	-	-
3	Less : Re-insurance Ceded	55,981	42,080	412	250	56,393	42,330
	<b>Net Claims Paid</b>	<b>1,109,903</b>	<b>832,671</b>	<b>11,753</b>	<b>7,173</b>	<b>1,121,656</b>	<b>839,844</b>
4	Add : Claims Outstanding at the end of the year	384,649	282,613	37,850	29,529	422,499	312,142
5	Less : Claims Outstanding at the beginning of the year	282,613	233,408	29,529	8,003	312,142	241,411
	<b>Total Claims Incurred</b>	<b>1,211,939</b>	<b>881,876</b>	<b>20,074</b>	<b>28,699</b>	<b>1,232,013</b>	<b>910,575</b>



SCHEDULE 3 - COMMISSION

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the Year ended 31st March 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017
		Audited	Audited	Audited	Audited	Audited	Audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
	Commission paid						
1	Direct Commission	375,445	238,505	29,277	22,876	404,722	261,381
2	Add: Re-insurance Accepted	-	-	-	-	-	-
3	Less: Commission on Re-insurance Ceded	26,209	14,337	2,523	1,131	28,732	15,468
	Net Commission	349,236	224,168	26,754	21,745	375,990	245,913
	Break-up of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:						
	Agents	108,443	86,172	3,499	4,147	111,941	90,319
	Brokers	89,824	78,429	2,084	3,803	91,909	82,232
	Corporate Agency	154,803	69,021	23,693	14,926	178,496	83,947
	Referral	-	-	-	-	-	-
	Others	22,375	4,883	1	-	22,376	4,883
	TOTAL (B)	375,445	238,505	29,277	22,876	404,722	261,381



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 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017
		Audited	Audited	Audited	Audited	Audited	Audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
1	Employees' remuneration & welfare benefits	911,375	730,321	55,435	53,602	966,811	783,923
2	Travel, conveyance and vehicle running expenses	57,174	53,464	3,478	3,924	60,652	57,388
3	Training expenses	45,558	33,385	2,771	2,450	48,329	35,835
4	Rents, rates & taxes	59,078	61,024	3,593	4,479	62,672	65,503
5	Repairs	5,879	1,814	358	133	6,237	1,947
6	Printing & stationery	36,128	39,033	2,198	2,865	38,326	41,898
7	Communication	50,282	53,842	3,058	3,952	53,341	57,794
8	Legal & professional charges	308,402	304,455	18,759	22,346	327,161	326,801
9	Auditors' fees, expenses etc						
	(a) as auditor	1,320	713	80	52	1,400	765
	(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-
	(i) Taxation matters	-	-	-	-	-	-
	(ii) Insurance matters	-	-	-	-	-	-
	(iii) Management services; and	-	-	-	-	-	-
	(c) in any other capacity	189	367	11	27	200	394
	(d) out of pocket expenses	(0)	41	(0)	3	(0)	44
10	Advertisement and publicity	293,770	360,349	17,869	26,448	311,639	386,797
11	Interest & Bank Charges	14,330	9,202	872	675	15,201	9,877
12	Others						
	Membership and Subscription Fees	3,268	1,951	199	143	3,467	2,094
	Information Technology Related Expenses	156,807	213,843	9,538	15,695	166,345	229,538
	Equipments, Software and amenities - Usage Cost	89,737	103,169	5,458	7,572	95,195	110,741
	Business Promotion	39,152	5,393	2,381	396	41,533	5,789
	Office Expenses	22,840	26,254	1,389	1,927	24,229	28,181
	Policy Related Expenses	42,452	37,689	2,582	2,766	45,034	40,455
	Directors Sitting Fees	1,810	1,901	110	139	1,920	2,040
	Miscellaneous Expenses	2,377	632	145	46	2,521	678
	Foreign Exchange Gain/Loss	682	(669)	41	(49)	723	(718)
13	Depreciation	9,048	356	550	26	9,598	382
	<b>TOTAL</b>	<b>2,151,657</b>	<b>2,038,529</b>	<b>130,876</b>	<b>149,619</b>	<b>2,282,533</b>	<b>2,188,147</b>







**CignaTTK Health Insurance Company Limited**  
IRDA Registration No. 151 Dated November 13, 2013

**SCHEDULE 4A - OPERATING EXPENSES NOT RELATED TO INSURANCE BUSINESS**

(Shareholder's Expenses)

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the Year ended 31st March 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017	For the Year ended 31st March 2018	For the Year ended 31st March 2017
1	Personnel Cost	46,937	44,897	2,854	3,295	49,791	48,192
2	Travel, conveyance and vehicle running expenses	-	-	-	-	-	-
3	Training expenses	-	-	-	-	-	-
4	Rents, rates & taxes	-	-	-	-	-	-
5	Repairs	-	-	-	-	-	-
6	Printing & stationery	-	-	-	-	-	-
7	Communication	-	-	-	-	-	-
8	Legal & professional charges	-	-	-	-	-	-
9	Auditors' fees, expenses etc	-	-	-	-	-	-
10	Advertisement and publicity	-	-	-	-	-	-
11	Interest & Bank Charges	145	163	9	12	154	175
12	Others	-	-	-	-	-	-
	Share Issue Expenses (Stamp Duty & Franking)	3,302	1,293	201	95	3,503	1,388
	Expenses related to issuance of Debentures	-	2,178	-	160	-	2,338
	Membership and Subscription Fees	-	-	-	-	-	-
	Initial Infrastructure Setup	-	-	-	-	-	-
	Miscellaneous Expenses	2,593	1,056	158	78	2,751	1,134
	Provision for doubtful agent balances / F&F	1,603	414	98	31	1,701	445
	Recovery	-	-	-	-	-	-
	Interest on Non-convertible Debentures	36,481	-	2,219	-	38,700	-
	<b>TOTAL</b>	<b>91,061</b>	<b>50,001</b>	<b>5,539</b>	<b>3,671</b>	<b>96,600</b>	<b>53,672</b>





# CignaTTK Health Insurance Company Limited

IRDA Registration No. 151 Dated November 13, 2013

## SCHEDULE 5 - SHARE CAPITAL

		Rs '000	
S.No	Particulars	As at 31st March 2018	As at 31st March 2017
		Audited	Audited
1	Authorised Capital 600,000,000 (Previous Year: 300,000,000) Equity Shares of Rs. 10 each	6,000,000	3,000,000
2	Issued Capital 364,725,786 (Previous Year: 251,365,062) Equity Shares of Rs. 10 each	3,647,258	2,513,651
3	Subscribed Capital 364,725,786 (Previous Year: 251,365,062) Equity Shares of Rs. 10 each	3,647,258	2,513,651
4	Called-up Capital 364,725,786 (Previous Year: 251,365,062) Equity Shares of Rs. 10 each	3,647,258	2,513,651
	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>3,647,258</b>	<b>2,513,651</b>





CignaTTK Health Insurance Company Limited  
IRDA Registration No. 151 Dated November 13, 2013

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

Shareholder	As at 31st March 2018		As at 31st March 2017	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	186,010,151	51%	186,010,151	74%
- Foreign	178,715,635	49%	65,354,911	26%
Others				
<b>TOTAL</b>	<b>364,725,786</b>	<b>100%</b>	<b>251,365,062</b>	<b>100%</b>





# CignaTTK Health Insurance Company Limited

IRDA Registration No. 151 Dated November 13, 2013

## SCHEDULE 6 - RESERVES AND SURPLUS

		Rs '000	
S.No	Particulars	As at 31st March 2018	As at 31st March 2017
		Audited	Audited
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	3,225,813	3,225,813
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>3,225,813</b>	<b>3,225,813</b>





CignaTTK Health Insurance Company Limited  
IRDA Registration No. 151 Dated November 13, 2013

SCHEDULE 7 - BORROWINGS

		Rs '000	
S.No	Particulars	As at 31st March 2018	As at 31st March 2017
		Audited	Audited
1	9% Non-Convertible Debentures	430,000	430,000
2	Banks	-	-
3	Financial Institutions	-	-
4	Others	-	-
	<b>TOTAL</b>	<b>430,000</b>	<b>430,000</b>





**SCHEDULE 8 - INVESTMENTS - SHAREHOLDERS**

S.No	Particulars	Rs '000	
		As at 31st March 2018	As at 31st March 2017
		Audited	Audited
	<b>LONG TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills (Refer Note 1)	244,553	286,072
2	Other Approved Securities	104,760	104,015
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	250,105	199,363
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	253,665	428,200
5	Other than Approved Investments	-	-
	<b>SHORT TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills	-	-
2	Other Approved Securities	-	-
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	36,724	85,999
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	99,861	20,000
	(e) Other Securities - Certificate of Deposit	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	-	-
5	Other than Approved Investments	-	-
	<b>TOTAL</b>	<b>989,668</b>	<b>1,123,649</b>

**Notes:**

- Aggregate historical cost of investments other than listed equity securities and derivative instruments is Rs.991,817 thousand (Previous Year - Rs.1,124,100 thousand). Aggregate market value of such investments as at 31.03.2018 is Rs.996,201 thousand (Previous Year - Rs.1,175,478 thousand).
- IRDA vide circular no : IRDAI/F&I/CIR/INV/093/04/2015, dated 30th April 2015 has dispensed with the requirement of maintaining the deposit under Section 7 of the Insurance Act, 1938.
- IRDA vide circular no : IRDAI/F&A/CIR/CPM/056/03/2016, dated 04th April 2016 we have segregated the Policyholders and Shareholders funds.



**SCHEDULE 8A - INVESTMENTS - POLICYHOLDERS**

S.No	Particulars	Rs '000	
		As at 31st March 2018	As at 31st March 2017
		Audited	Audited
	<b>LONG TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills (Refer Note 1)	530,256	422,509
2	Other Approved Securities	155,995	102,579
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	709,004	453,159
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	601,031	324,714
5	Other than Approved Investments	-	-
	<b>SHORT TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills	-	-
2	Other Approved Securities	-	-
3	Other Investments	-	-
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds*	22,611	156,403
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	296,916	130,181
	(e) Other Securities - Certificate of Deposit/Comercial Paper	-	46,857
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	50,010	-
5	Other than Approved Investments	-	-
	<b>TOTAL</b>	<b>2,365,823</b>	<b>1,636,402</b>

**Notes:**

- Aggregate historical cost of investments other than listed equity securities and derivative instruments is Rs.2,372,049 thousand (Previous Year - Rs.1,637,794 thousand). Aggregate market value of such investments as at 31.03.2018 is Rs. 2,403,082 thousand (Previous Year - Rs. 1,699,200 thousand).
- IRDA vide circular no : IRDAI/F&I/CIR/INV/093/04/2015, dated 30th April 2015 has dispensed with the requirement of maintaining the deposit under Section 7 of the Insurance Act, 1938.
- IRDA vide circular no : IRDAI/F&A/CIR/CPM/056/03/2016, dated 04th April 2016 we have segregated the Policyholders and Shareholders funds.





**SCHEDULE 9 - LOANS**

S.No	Particulars	Rs '000	
		As at 31st March 2018	As at 31st March 2017
		Audited	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>	-	-







**CignaTTK Health Insurance Company Limited**  
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**SCHEDULE 10 - FIXED ASSETS**

Rs '000

Particulars	Cost/ Gross Block				Depreciation			Net Block	
	Opening	Additions during the period	Deductions/ adjustments during the period	As at 31st March 2018	Opening	For the period ended	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Goodwill	-	-	-	-	-	-	-	-	-
Intangibles (Software)	246	55,997	-	56,243	211	5,766	5,977	50,266	35
Land-Freehold	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	4,188	-	4,188	-	530	530	3,658	-
Buildings	-	-	-	-	-	-	-	-	-
Furniture & Fittings	22	503	-	525	22	129	151	374	-
IT Equipments	7,623	4,319	-	11,942	220	2,838	3,058	8,884	7,403
Vehicles	-	-	-	-	-	-	-	-	-
Office Equipment	603	822	-	1,425	251	334	585	840	352
Others	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>8,494</b>	<b>65,829</b>	<b>-</b>	<b>74,323</b>	<b>704</b>	<b>9,598</b>	<b>10,301</b>	<b>64,022</b>	<b>7,790</b>
Capital Work in progress	8,826	4,079	(8,826)	4,079	-	-	-	4,079	8,826
<b>Grand Total</b>	<b>17,320</b>	<b>69,908</b>	<b>(8,826)</b>	<b>78,402</b>	<b>704</b>	<b>9,598</b>	<b>10,301</b>	<b>68,101</b>	<b>16,616</b>
<b>Previous Year</b>	<b>643</b>	<b>16,676</b>	<b>-</b>	<b>17,319</b>	<b>321</b>	<b>382</b>	<b>703</b>	<b>16,616</b>	<b>322</b>





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**SCHEDULE 11 - CASH AND BANK BALANCE**

S.No	Particulars	Rs '000	
		As at 31st March 2018	As at 31st March 2017
		Audited	Audited
1	Cash (including cheques, drafts and stamps)	13,380	23,987
2	Bank Balances		
	(a) Deposit Accounts		
	(aa) Short-term (due within 12 months)	197,500	72,600
	(bb) Others *	2,500	-
	(b) Current Accounts	193,957	124,946
	(c) Others	-	-
3	Money at Call and Short Notice		
	(a) With Banks	-	-
	(b) With other Institutions	-	-
4	Others	-	-
	<b>TOTAL</b>	<b>407,337</b>	<b>221,533</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**

S.No	Particulars	Rs '000	
		As at 31st March 2018 Audited	As at 31st March 2017 Audited
	<b>ADVANCES</b>		
1	Reserve deposits with ceding companies	-	-
2	Application money for investments	-	-
3	Prepayments	39,124	50,342
4	Advances to Directors/Officers	-	-
5	Advance tax paid and taxes deducted at source (Net of provision for taxation)	1,231	671
6	Others		
	Security Deposits	59,542	68,416
	Advance to Employees	1,974	5,211
	Advance to others	23,113	28,453
	<b>TOTAL (A)</b>	<b>124,984</b>	<b>153,093</b>
	<b>OTHER ASSETS</b>		
1	Income accrued on investments	109,836	81,257
2	Outstanding Premiums	-	-
3	Agents' Balances (Net of provision for doubtful agents balance amounting to INR 1,866 thousands (PY INR 745 thousands)	718	713
4	Foreign Agencies Balances	-	-
5	Due from other entities carrying on insurance business (including reinsurers)	45,071	-
6	Due from subsidiaries/ holding	-	-
7	Deposit with Reserve Bank of India	-	-
8	Others		
	Receivable from Related Parties	2,034	-
	Cenvat/ Input Tax Credit	156,292	49,554
	Investment For Unclaimed Amount	8,037	10,400
	Income on Investment for Unclaimed Amount	324	18
	<b>TOTAL (B)</b>	<b>322,312</b>	<b>141,942</b>
	<b>TOTAL (A+B)</b>	<b>447,296</b>	<b>295,035</b>



**SCHEDULE 13 - CURRENT LIABILITIES**

S.No	Particulars	Rs '000	
		As at 31st March 2018	As at 31st March 2017
		Audited	Audited
1	Agents' Balances	61,951	42,773
2	Balances due to other insurance companies	31,929	59,052
3	Deposits held on re-insurance ceded	-	-
4	Premiums received in advance	19,729	11,258
5	Unallocated Premium	149,146	73,943
6	Unclaimed Amount of Policyholders	4,269	7,785
7	Income on Unclaimed Amount of Policyholders	677	222
8	Sundry creditors	104,136	162,000
9	Due to subsidiaries/ holding company	-	-
10	Claims Outstanding*	422,499	312,142
11	Due to Officers/ Directors	-	-
12	Others -		
	Statutory Dues	112,567	53,797
	Refund Payable - Premium	16,222	10,587
	Provision for expenses	239,154	103,973
	Payable to Related Parties	-	10,848
	Contracts for Investments	-	49,999
	Stale Cheque	1	44
	Payable to Employees	1,649	5
	Claims Payable	1,412	744
	Interest accrued and due on Borrowings	36,667	-
<b>TOTAL</b>		<b>1,202,008</b>	<b>899,172</b>

\*Claims Outstanding are shown net of reinsurance







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SCHEDULE 14 - PROVISIONS

		Rs '000	
S.No	Particulars	As at 31st March 2018	As at 31st March 2017
		Audited	Audited
1	Reserve for Unexpired Risk	1,627,478	1,040,605
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	22,818	17,050
	Provision for Leave Encashment	-	-
	Deferred Tax Liability	-	-
	Freelook Reserve	8,941	3,557
6	Reserve for Premium Deficiency	-	-
	<b>TOTAL</b>	<b>1,659,237</b>	<b>1,061,212</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 2018	As at 31st March 2017
		Audited	Audited
1	Discount Allowed in issue of shares/ debentures	-	-
2	Others	-	-
	Total	-	-



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

### 1. Background

Cigna TTK 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 (IRDA) on 13th November 2013, to transact and underwrite health Insurance business under the miscellaneous segment in India.

The Company is a joint venture between TTK Partners LLP (51%) 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 recognized in the year in which the actual materializes, or are known. Any revision to accounting estimates is recognized prospectively in the year in which such revision is made.



## 2.3 Revenue recognition

### (i) Premium

Premium (net of service tax / goods and service tax) is recognized 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 recognized in the year in which they occur.

### (ii) Interest / dividend income

Interest income is recognized on accrual basis and dividend income is recognized 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 recognized on trade date basis and includes effects of accumulated fair value changes, previously recognized 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 recognized as income in the year in which reinsurance premium is ceded.

## 2.4 Reinsurance Ceded

Premium ceded on reinsurance is recognized as and when incurred and due and in accordance with the Reinsurance agreements with the Reinsurer. Any subsequent revision to, refunds or cancellations of premiums are recognized 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, policy issue expenses etc., are expensed in the year in which they are incurred.

Acquisition costs pertaining to premium received in advance are recognized as prepaid expenses.





## 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 recognized 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 incurred and Recoveries on account of reinsured claims

Claims are recognized as and when reported or intimated to the Company. Claims include specific claims settlement cost, but do not include expenses of management. Reinsurance recoveries on claims are accounted for in the same period/month as the related claims.

## 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 IRDA and, accordingly, the liability determined is certified as adequate by the Actuary.

## 2.10 Fixed Assets and Depreciation / Amortization

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method, on a 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, including intangibles individually costing up to Rs 5,000 are fully depreciated/amortized in the year in which they are acquired. All assets other than software have 5% of the residual value.

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



## 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 unrealized 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. IRDA/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.

## 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 recognized 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.

## 2.13 Leases

Lease arrangements, wherein the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognized as operating leases. Lease Rent under operating leases is recognized in the revenue account 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 recognized 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 recognized 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 realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized



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 realized.

## 2.16 Service Tax / Goods and Services Tax

Service tax / Goods and Services Tax (GST) collected is considered as a liability against which service tax / 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.

## 2.17 Provisions and Contingencies

A provision is recognized 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 recognized or disclosed in the balance sheet.

## 2.18 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.

## 2.19 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

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.

## **2.20 Receipts and Payments Account**

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.

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.

## **2.21 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.





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

#### 3.1 Contingent Liabilities

Particulars	Rs' 000	
	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
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	Nil	Nil
Reinsurance obligations to the extent not provided for in accounts	Nil	Nil
Insurance related claims/miss-selling disputed by the Company, to the extent not provided/reserved	25,682	17,127

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 INR 2,695 thousand (Previous Period INR Nil).

#### 3.4 Claims:

3.4.1 The company has received intimation and paid claims (net of reinsurance and excluding TPA fees) amounting to INR 1,053,067 thousand during the year ended March 31<sup>st</sup> 2018( Previous year INR 804,267 thousand)

3.4.2 The amount of claims outstanding (net of reinsurance) to be settled for the year ended March 31<sup>st</sup> 2018 is INR 422,499 thousand (Previous year INR 312,142 thousand).

3.4.3 Claims paid to claimants in/outside India are as under (excluding TPA fees) :

Particulars	Rs' 000	
	For the year ended March 31, 2018	For the year ended March 31, 2017
In India	929,759	638,079
Outside India	179,701	208,519
<b>Total</b>	<b>1,109,460</b>	<b>846,598</b>

3.4.4 Ageing of gross claims outstanding is set out in the table below:

Particulars	Rs' 000	
	For the year ended March 31, 2018	For the year ended March 31, 2017
More than six months	17,864	9,045
Others	404,635	303,097
<b>Total</b>	<b>422,499</b>	<b>312,412</b>



### 3.5 Percentage of business sector – wise

Rs' 000

Sector	As at March 31 <sup>st</sup> 2018				As at March 31 <sup>st</sup> 2017			
	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	581,377	42,391	161,557	16.78%	324,370	29,537	60,736	14.62%
Social *	242	2,801	11,261	0.01%	1,613	3,230	3,230	0.07%
Urban	2,882,430	158,280	498,680	83.21%	1,892,060	117,795	355,893	85.30%
<b>Total</b>	<b>3,464,049</b>	<b>203,472</b>	<b>671,498</b>	<b>100.00%</b>	<b>2,218,043</b>	<b>150,562</b>	<b>419,859</b>	<b>100.00%</b>

\* The percentage of social sector lives is 2.68% of total business procured in the preceding financial year

### 3.6 Extent of Risk Retained and Reinsured

Particulars	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Risk Retained (%)	94%	94%
Risk Reinsured (%)	6%	6%

### 3.7 Value of unsettled Contracts in relation to Investments:

Rs'000

Particulars	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Purchase where deliveries are pending T+1 day Purchase: 6.72% NTPC NCD_BONDS 24-11-2021 65	Nil	49,997
Sales where payments are overdue	Nil	Nil

### 3.8 Employee Benefit Plans

#### 3.8.1 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 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Provident Fund	38,562	32,843

#### 3.8.2 Defined Benefit Plan

##### 3.8.2.1 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:

Particulars	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Mortality	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	7.65%	7.4%
Rate of increase in compensation	7%	7%
Withdrawal rate	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages

ii. Changes in benefit obligations:

Rs'000

Particulars	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Present value of obligations at the beginning of year	17,050	9,313
Interest cost	1,256	753
Current Service Cost	9,842	7,500
Past Service Cost	2,811	Nil
Benefits Paid	(244)	Nil
Actuarial (gain)/loss on obligation	(5,140)	(643)
Transfer In /(Out) Obligation	54	126
Present value of obligations at end of year	25,629	17,050

iii. Amounts recognized in Profit & Loss Account:

Rs' 000

Particulars	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Current Service Cost	9,842	7,500
Interest Cost	1,256	753
Past Service Cost	Nil	Nil
Unrecognized Past Service Cost – Non-vested benefits	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Net Actuarial (Gain)/loss recognized for the year	(5,140)	(643)
Transfer In / (Out) Obligation	Nil	Nil
Amount recognized in Profit & loss Account	5,958	7,610





iv. Amounts recognized in Balance Sheet:

Particulars	Rs '000	
	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Present value of obligations at end of the year	25,629	17,050
Fair Value of Plan Assets at end of year	Nil	Nil
Funded Status	Nil	Nil
Unrecognized Past Service Cost – Non-vested benefits	(2,811)	Nil
Net Asset/(Liability) recognized in the balance sheet	(22,818)	(17,050)

v. Balance Sheet Reconciliation :

Particulars	Rs '000	
	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Opening Net Liability/(Asset)	17,050	9,313
Expenses as above	5,958	7,610
Contribution Paid	Nil	Nil
Transfer In / (Out) Obligation	54	126
Benefits Paid	(244)	Nil
Past service cost	2811	Nil
Closing Net Liability/(Asset)	25,629	17,050

3.8.2.2 Leave Encashment

From financial year ending 31<sup>st</sup> March 2017, company has discontinued the leave encashment policy.

Particulars	Rs '000	
	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Opening Balance	NIL	15,132
Add : Provision net of payment made during the year	NIL	(15,132)
Closing Balance	NIL	NIL

Breakup of provision for Leave encashment

Particulars	Rs '000	
	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Current Liability*	NIL	NIL
Non-Current Liability	NIL	NIL
	NIL	NIL

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



### 3.9 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 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Salaries and Allowances	58,105	45,376
Contribution to Provident Fund	2,252	2,142
Perquisites	2,514	13,656
<b>Total</b>	<b>62,871</b>	<b>61,173</b>

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

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

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

	Rs '000	
Particulars	As at March 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Outsourcing Expenses	381,839	519,878
Marketing Support	9,815	15,667

### 3.11 Details of penal actions taken by various Govt. authorities during year ended March 31st 2018

	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 Authority	Nil	Nil	Nil	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

### 3.12 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 INR 125,233 thousand (previous year: INR 140,537 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 31 <sup>st</sup> 2018	As at March 31 <sup>st</sup> 2017
Not Later than 1 Year	Nil	Nil
later than 1 year and not later than 5 years	Nil	Nil
Later than 5 years	Nil	Nil

### 3.13 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. Based on the information available with the Company there are no dues payable to the suppliers as defined under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006", as at March 31<sup>st</sup> 2018.

### 3.14 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31<sup>st</sup> 2018

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	Beyond 36 Months
Claims settled but not paid to the policyholders/ insured's due to any reasons except under litigation from the insured/ policyholders	637	-	491	100	42	4	-	-
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.



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	2,934	1,218	550	525	333	187	120	001
Cheques issued but not encashed by the policyholder/ insured	698	151	114	137	296	-	-	-
<b>TOTAL</b>	<b>4,269</b>	<b>1,369</b>	<b>1,155</b>	<b>762</b>	<b>671</b>	<b>191</b>	<b>120</b>	<b>1</b>

Particulars	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2017
Opening Balance	8,007	23,728
Add: Amount transferred to unclaimed amount	14,376	25,862
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	455	222
Less: Amount paid during the year *	17,892	41,805
Less : Transfer to Senior Citizen Welfare fund	-	-
Closing Balance of Unclaimed Amount	4,946	8,007

\* Includes amount identified and transferred to respective liability account.

### 3.15 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31<sup>st</sup> 2017

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	Beyond 36 Months
Claims settled but not paid to the policyholders/ insured's due to any reasons except under litigation from the insured/ policyholders	1,723	738	985	NIL	NIL	NIL	NIL	NIL



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.
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	3,818	2,293	794	546	175	9	1	NIL
Cheques issued but not encashed by the policyholder/ insured	2,244	940	1,216	88	NIL	NIL	NIL	NIL
<b>TOTAL</b>	<b>7,785</b>	<b>3,971</b>	<b>2,995</b>	<b>634</b>	<b>175</b>	<b>9</b>	<b>1</b>	<b>NIL</b>

### 3.16 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 2018			Year Ended 31st March 2017		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Segmental Revenue	2,646,935	166,203	2,813,138	1,806,355	139,371	1,945,726
Segmental Result	(1,065,897)	(11,501)	(1,077,398)	(1,310,166)	(60,692)	(1,370,858)

#### Segmental Liabilities

Net Claims Outstanding	384,649	37,850	422,499	282,613	29,529	312,142
Unexpired Risk Reserve	1,538,596	88,882	1,627,478	971,799	68,806	1,040,605
Premium received in Advance	19,675	54	19,729	11,214	44	11,258





### Segmental Assets

Outstanding Premium	Nil	Nil	Nil	Nil	Nil	Nil
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### 3.17 Fixed Assets and 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 depreciated over the period of the contract. Software, other than perpetual software, are amortised over their respective useful lives.

- 3.18** As per sub section (1) of section 40C of the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, if an insurer has incurred, in any year, such expenses in excess of the prescribed limits, it shall not be a contravention, if the amount of excess expenses is within the limits, as may be fixed in respect of the year by the Authority, in consultation with the Executive Committee of the General Insurance Council. The Company had applied to the Executive Committee of the General Insurance Council to recommend to IRDA to grant exemption from complying with the provisions of the aforesaid section up to FY 2018-2019 from the commencement of operations, including the partial year (2013-14) when the operations started, and has accordingly received the exemption during FY 2014 - 2015.

### 3.19 Deferred Taxes

In accordance with the provisions of AS-22, deferred tax liability amounting to INR 3,032 thousand (Previous year INR 618 thousand) has been recognized in the books. 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 deferred tax asset to the extent of INR 3,032 thousand (Previous year - INR 618 thousand) in the books. Deferred tax Liability represents timing difference on account of Fixed Assets and Deferred Tax Asset represents timing difference for unabsorbed losses as per the above guidance.



### 3.20 Related Party Disclosures

As per Accounting Standard-18, 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	Current Year	Previous Period	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Associate Firm	TTK & Co	Expenses	-	-	-	-
Shareholder	TTK Partners LLP	Capital Contribution	-	83,894	-	-
Shareholder	Cigna Holdings Overseas Inc.	Capital Contribution	1,133,607	29,476	-	-
		Share Premium	-	1,274,611	-	-
Associate Enterprise	Cigna Health Solutions India Ltd	Expenses	93,704	141,370	(1,853)	11,489
		Workstation Cost	(5,600)	(7,757)	-	(515)
		Purchase of Assets	47,217	-	-	-
		Employee Benefits	(54)	(126)	(180)	(126)
Key Managerial Personnel	Mr.Sandeep Arunbhai Patel	Remuneration	62,871	61,173	-	(3,353)





### 3.21 Summary of Financial Statements

Rs '000

Particulars	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2015	As at 31st Mar 2014
<b>OPERATING RESULTS</b>					
Gross Written Premium	3,464,049	2,218,043	1,438,166	218,272	3,354
Net Premium Income #	3,253,648	2,081,210	1,346,535	207,359	3,186
Income from Investment @	151,746	128,039	50,810	5,904	17
Other Income	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>3,405,394</b>	<b>2,209,249</b>	<b>1,397,345</b>	<b>213,262</b>	<b>3,203</b>
Commission	375,990	245,913	120,031	14,898	306
Operating Expenses	2,282,533	2,188,147	1,796,294	1,223,788	627,157
Net Incurred Claims	1,232,013	910,574	558,151	42,937	74
Change in Unexpired Risk Reserve	592,257	263,524	636,965	140,612	3,062
Operating Profit/Loss	(1,077,398)	(1,370,858)	(1,714,096)	(1,208,971)	(627,397)
<b>NON-OPERATING RESULT</b>					
Total income under shareholders account	27,921	20,319	5,929	63,502	24,238
Profit/(Loss) before Tax	(1,049,476)	(1,350,537)	(1,736,218)	(1,145,470)	(603,159)
Provision for Taxation	-	-	-	-	-
Profit/(Loss) after Tax	(1,049,476)	(1,350,537)	(1,736,218)	(1,145,470)	(603,159)
<b>MISCELLANEOUS</b>					
<b>POLICYHOLDER'S ACCOUNT :</b>					
Total Funds	2,365,823	1,352,747	1,018,653	176,720	3,137
Total investments	2,365,823	1,352,747	1,018,653	176,720	3,137
Yield on Investments	-	-	-	-	-
<b>SHAREHOLDER'S ACCOUNT:</b>					
Total Funds	989,668	1,490,305	1,047,645	1,262,698	931,722
Total investments	989,668	1,490,305	1,047,645	1,262,698	931,722
Yield on Investments	-	-	-	-	-
Paid up equity capital	3,647,258	2,513,651	2,400,281	2,000,000	1,000,000
Net Worth	986,826	902,694	865,250	1,151,947	846,436
Total Assets	4,278,225	3,293,236	2,477,860	1,754,473	1,755,659
Yield on Total Investments (Annualized)	8.43%	8.15%	9.23%	10.34%	8.15%
Earnings Per Share	(3.41)	(5.47)	(7.84)	(7.51)	(10.40)
Book Value Per Share	2.71	3.59	3.60	5.76	8.46
Total Dividend	-	-	-	-	-
Dividend Per Share	-	-	-	-	-

# Net of reinsurance

@ Net of Losses



### 3.22 Analytical Ratios

Analytical Ratios					
Sr.No.	Performance Ratios	As at 31st March 2018		As at 31st March 2017	
		Health	PA	Health	PA
1	Gross Direct Premium Growth Rate	58%	31%	52%	90%
2	Gross Direct Premium to Net Worth Ratio	3.31	0.20	2.29	0.17
3	Growth Rate of Net Worth	9%		4%	
4	Net Retention Ratio	94%	89%	94%	91%
5	Net Commission Ratio	11%	15%	12%	16%
6	Expenses of Management to Gross Direct Premium Ratio	78%		110%	
7	Expenses of Management to Net Written Premium Ratio	83%		118%	
8	Net Incurred Claims to Net Earned Premium	46%		50%	
9	Combined Ratio	128%		167%	
10	Technical Reserves to Net Premium Ratio	0.77		0.74	
11	Underwriting Balance Ratio	-0.46		-0.84	
12	Operating Profit Ratio	-40%		-75%	
13	Liquid Assets to Liability Ratio	0.45		0.50	
14	Net Earnings Ratio	-32%		-65%	
15	Return on Net Worth Ratio	-106%		-150%	
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	2.06		2.65	
17	NPA Ratio	-		-	

### 3.23 Earnings per share

Particulars	As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2017
Net profit/ (loss) as per Profit & Loss account (Rs '000)	(1,049,476)	(1,350,537)
Weighted Average number of Equity Shares used for calculating EPS	308,200,712	246,833,722
Basic Earnings Per Share	(3.41)	(5.47)
Diluted Earnings Per Share	(3.41)	(5.47)

There is no dilution to the basic EPS as there are no outstanding potentially dilutive equity shares.

### 3.24 Borrowings

During the previous year, i.e. 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.





### 3.25 Previous period comparatives

Previous period figures have been re-grouped in respect of the following items for better presentation, understanding and comparable with those of the current year.

- i. TPA Fees amounting to INR 35,576 thousand which was classified under Policy Related expenses under Schedule 4 have been reclassified under Direct Claims Paid under Schedule 2. As a result, Policy Related expenses have reduced by INR 35,576 thousand and Direct Claims paid have increased to the same extent.
- ii. Fixed Deposits amounting to INR 10,400 thousand, invested for unclaimed amount of policyholder has been reclassified from Schedule 11 Short term (due within 12 month) to Schedule 12 Investment for Unclaimed Amount.
- iii. Interest on Fixed Deposits amounting to INR 18 thousand, invested for unclaimed amount of policyholder has been reclassified from Schedule 12 Income accrued on investments to Schedule 12 Income on Investment for Unclaimed Amount.

As per our report of even date attached.

For and on behalf of the Board of Directors.

For N M Raiji & Co  
Chartered Accountants  
Firm Regn No. 108296W

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

Jagannathan Thattai Thiruvallur  
Chairman  
DIN: 00191522

Jason Sadler  
Director  
DIN: 00440304

  
Vinay D. Balse

  
Hiren Shah



Narottam Puri

Director  
DIN: 01077709

  
Sandeep Patel  
Managing  
Director & CEO  
DIN: 03210271

Partner  
Membership No. 039434

Partner  
Membership No. 100052

  
Manoj Naik  
Chief Financial Officer

  
Mitul Palankar  
Company Secretary  
Membership No: A2239

Place : Bengaluru  
Date : May 10, 2018



## 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 2017-18 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 2017-18, Cigna TTK (the Company) has made significant contribution in the area of Risk Management and has been moving progressively from strength to strength. There are sound mitigation practices in place to ensure interests of the stakeholders are safeguarded. Backed with a team of risk professionals and global expertise from Cigna, the Company has a best in class Risk Management Framework.

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

Cigna TTK 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 has been tracking top risks every quarter along with key parameters defined at entity level. There is a strong focus on documentation which is of prime importance. A Board approved Risk Management policy is in place which acts as a guiding force while carrying out related activities. Apart from this a procedure document is being put in place which will give a clear view of the Departmental activities. A risk appetite document is also being shaped up which will define the threshold limits for risk acceptance.

Under Operational Risk Framework, there is a clear focus to have a risk control beginning from the respective functions. With this objective in mind, the Company has in place Risk Control Self-Assessment (RCSA) sheets for all functions which give a clear view to the HODs and Risk team on the areas of focus from a risk mitigation perspective. To sharpen this activity further, the Company has taken up a project to refine the RCSA sheets for all Departments in joint coordination with Risk team, the respective Head of Departments (HOD) and an expert advisory team of Subject Matter Experts.

Operational loss reporting is a regular activity that is now automated through workflow mechanism. Such losses are tracked month on month basis along with a clear focus to avoid repeat instances of similar nature.

At Cigna TTK there is 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. An Ethics Committee has been constituted to look into employee frauds. For any frauds pertaining to intermediaries, a Market Conduct Committee is in place.

During the year, the Company has launched various initiatives on Risk Awareness Programs within the Organization for the employees and would be taking more such initiatives to ensure that our employees are well aware of the Risk Framework so that they keep on contributing towards its common objectives. Some key initiatives include training programs for employees and education mailers on regular basis.

The Company has also designed a Department structure to have a focus on Fraud Control and Enterprise / Operations Risk Management. Domain experts have been identified for these roles and the Department will have the proposed structure in place by June 2018.

Overall, it has been an eventful year with notable achievements in many aspects and as we





step into the new financial year many more activities are lined up which will have a meaningful impact on overall Operations.

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 1,053,067 thousand. The amount of claims outstanding (net of reinsurance and excluding TPA fees) to be settled for the year ended March 31st 2018 is INR 422,499 thousand.  
Ageing analysis of claims outstanding and average claims settlement time is given below:

Ageing of Claims Outstanding:

Total	As at 31 Mar, 2018		As at 31 Mar, 2017		As at 31 Mar, 2016		As at 31 Mar, 2015		As at 31 Mar, 2014	
Days	No of claims	(Rs. '000s)	No of claims	(Rs. '000s)	No of c	(Rs. '000s)	No of claims	(Rs. '000s)	No of claims	(Rs. '000s)
30 days	666	25,928	576	30,797	48	2552	32	1549	-	-
30 days to 6 months	203	50,770	116	27,141	15	929	-	-	-	-
6 months to 1 year	35	515	2	118	-	-	-	-	-	-
1 year to 5 years	-	-	-	-	-	-	-	-	-	-
5 Years and above	-	-	-	-	-	-	-	-	-	-

Trend in Claims Settlement:

Particulars	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Overall Average claims settlement time ( In working days)	7	5	4	3	-

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 on a Yield to Maturity (YTM) basis by using the appropriate discount rates derived from the yield curve data provided by the Fixed Income and Money Market Dealers Association (FIMMDA) in respect of government securities.
11. All Investments as on 31<sup>st</sup> March 2018 are performing investments. 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:-

- i) 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;
- ii) 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 2018 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 (net of receipt)

Entity in which Director is interested	Name of the Director	Interested as	Amount (Rs'000)
Cigna Health Solutions India Pvt. Ltd.	Sandeep Patel	Chairman and Director	158,313

For and on behalf of the Board of Directors.


  
Jagannathan Thattai Thiruvallur  
Chairman  
DIN: 00191522

  
Jason Sadler  
Director  
DIN: 06440304

  
Narottam Puri  
Director  
DIN: 01077709

  
Sandeep Patel  
Managing Director & CEO  
DIN: 03210271

  
Manoj Naik  
Chief Financial Officer

  
Mitul Palankar  
Company Secretary  
Membership No:A22390

Place : Bengaluru  
Date : May 10, 2018

