

DIRECTORS' REPORT

The Directors of your Company have pleasure in presenting the Seventh 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 31st March 2019, the Balance Sheet as at 31st March, 2019 alongwith the Report of the Auditors thereon and the Management Report for the Financial Year 2018-19 to the Members of ManipalCigna Health Insurance Company Limited.

BRIEF OVERVIEW

Your Company, ManipalCigna Health Insurance Company Limited, was incorporated on 12th 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 13th November, 2013 to carry on business of General (Health) Insurance in India.

KEY FINANCIAL RESULTS

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

(Amount in INR `000)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Income:		
Premium earned (Net)	3,925,173	2,661,391
Reinsurance ceded on Premium / Claims	137,962	154,008
Profit/Loss on sale/redemption of Investments	19,909	30,075
Other Income	-	-
Interest, Dividend & Rent	371,097	246,193
Expenses:		
Claims incurred (Net)	(2,431,392)	(1,232,679)
Commission	(496,194)	(375,990)
Operating expenses	(3,042,621)	(2,378,468)
Premium Deficiency	-	-
Funds for future appropriation	-	-
Profit /(Loss) for the year	(1,654,029)	(1,049,476)

CHANGE OF NAME OF THE COMPANY

On May 24, 2019 your Company has received final approval from the Ministry of Corporate Affairs, Office of Registrar of the Companies (ROC), Mumbai – for change in the name of the Company from "CignaTTK Health Insurance Company Limited" to "ManipalCigna Health Insurance Company Limited".

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 55.08% from Rs.355.30 Crores as at 31st March, 2018 to Rs.551.00 Crores as at 31st March, 2019. The investment income for the year under review was Rs.39.09 Crores as against Rs.27.63 Crores generated in the previous year, an increase of 41.48%. The weighted average return on Investments for the year ended 31st March, 2019 was at 8.18% * (excluding unrealized gains/losses from debt securities).

As on 31st March, 2019, your Company held investments of Rs.194.07 Crores (35.22%) in government securities & approved securities, Rs.114.55 Crores (20.79%) in securities of the infrastructure sector and Rs.64.92 Crores (11.78%) in the housing sector. Further, the Company also held Rs.43.21 Crores (7.48%) in bank fixed deposits and liquid mutual funds.

Your Company held 91.15% 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 2018-19.

TRANSFER TO RESERVES

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

RESOURCES AND LIQUIDITY

The Authorised Share Capital of the Company is Rs.10,000,000,000. During the year under review, the paid-up share capital of your Company increased by Rs.2,261,372,550 to finance further expansion of business taking the paid-up share capital to Rs.5,908,630,410 as on 31st March, 2019. The share premium as on 31st March, 2019 stood at Rs.3,271,039,926

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. Jason Sadler 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.	Mr. Raghunathan Thattai Thiruvallur	Resigned from the office of the Non-Executive Director	10.08.2018
2.	Napha Trirattanawongse	Resigned from the office of the Non-Executive Director	26.06.2018
3.	Mr. Sandeep Patel	Resigned from the office of the Managing Director	26.06.2018
4.	Mr. Sandeep Patel	Appointed as Non-Executive Director	09.08.2018
5.	Mr. Luis Miranda	Appointed Chairman & Independent Director	09.08.2018
6.	Dr. Ranjan Pai	Appointed as Non-Executive Director	09.08.2018
7.	Mr. S. Vaitheeswaran	Appointed as Non-Executive Director	09.08.2018
8.	Ms. Meena Ganesh	Appointed as an Independent Director	10.09.2019
9.	Mr. Sandeep Patel	Resigned from the office of the Director	2.11.2018
10.	Mr. Prasun Sikdar	Appointed as Managing Director and CEO	18.04.2018

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 Nomination and Remuneration Committee evaluated performance of the Board, 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 the Nomination and Remuneration Committee except the Director being evaluated. 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 (NRC Policy) in accordance with the provisions of the Guidelines on 'Remuneration of Non-executive Directors and Managing Director /Chief Executive Officer / Whole-time Directors of Insurers' dated 5th August, 2016 issued by IRDAI.

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

SALIENT FEATURES OF THE POLICY

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY AND INTERNAL AUDIT

Your Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The 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 18th January, 2016. Further, the Insurance Regulatory and Development Authority of India (IRDAI) vide circular no. IRDA/F&A/CIR/ACTS/146/06/2017 dated 28th 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, which has been further delayed by one year hence, now the revised implementation date from financial 2021-2022.

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 IRDA/ F&A/ CIR/ACTSI 262112/2016 dated 30th 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 18th 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 2018-2019, 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 31st March 2019, the applicable accounting standards have been followed alongwith 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 31st March, 2019 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. All the Related Party Transactions were at arm's length, hence no transaction are reported 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 except for the quarter ended June 2018.

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. ManipalCigna'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 upgraded version of ProHealth Insurance targeting a wide range of market including urban and semi-urban population in the retail space. To cater to the opportunity in Overseas Travel space, your Company designed and launched a modular Group Overseas Travel product targeted towards corporates (Employer-Employee) and affinity segment like (customers of NBFC, Bank relationships, student group etc.) looking for travel cover (for meetings, conventions, exhibitions, trips - abroad). The new, existing and revamped products have helped your Company to cater to a wide mix of urban, semi-urban, mass market and domestic and international group segment and achieve a comprehensive Product Portfolio Mix with a total of nine products across different categories i.e. Indemnity, Critical Illness, Accident & Daily Cash for Retail Lines and Domestic Mediclaim, Critical Illness & Accident, Global Health and Overseas Travel catering to the Group segments. Below is a list of Products launched and active till 31st March, 2019:

- 1) **ProHealth Insurance (Version 3)** – Revamped product with a range of inbuilt, optional and add-on covers for a one stop health solution for hospitalization, home care , OPD treatment to wellness benefits including Industry's 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 had introduced one of its kind option of Re-assurance benefit for automatic extension of policy for 2 Years on diagnosis of a Critical Illness or Permanent Total Disability. Also it offers 4 different Cumulative Bonus Booster options including inflation protection guaranteed bonus accumulation 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 partnerships with UAE Exchange Financial Services, Finance Buddha Financial Services, Lakshmi Vilas Bank and Saraswat Co-operative Bank and many more. The product solutions offered include a combination of base and optional covers under the ProHealth Group plan basis partner's requirements.

- 9) **Group Overseas Travel Insurance Policy:** Group overseas travel insurance offers all round coverages for business trips, vacations and trip cancellation, travel interruptions and delays, emergency medical and health expenses, lost baggage and many more options to choose.

During the year under review, the Company's flagship product ProHealth Insurance was revised to recalibrate 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 also take care of out-patient module with a redesigned dimension of health savings in the form of OPD amount utilization towards premium payment and will also extend 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 (2018-19), your Company's focus was on increasing new business premium and renewal premium through the retail products as well as to establish a strong base for the group business. Your company was able to add 129,545 policies through the retail products with a Gross Written Premium (GWP) of Rs. 138.74 Crores and collected renewal premium for 160,176 policies with a GWP of 134.65. In the Group Employer-Employee space including new business and renewals, the Global Health Group Plan brought in Rs. 37.28 Crores as GWP from a

total of 17 accounts. With ProHealth Group Insurance plan, company has 942 accounts with a GWP of Rs. 328.01 Crores. The Group PA and CI plan contributed a GWP of Rs. 0.92 Crores from 367 accounts. The newly launched Group Overseas Travel Policy contributed Rs. 0.66 crore from 1 account.

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

	Financial Year 2018-19
Product Name	Base Premium (Crores)
ProHealth Insurance	129.10
Lifestyle Protection - Accident Care	4.69
Lifestyle Protection - Critical Care	0.31
ProHealth Cash	0.37
ProHealth Select	4.27
Retail Total (A)	138.74
Global Health Group Policy	0.53
Lifestyle Protection Group Policy	30.08
Group Health (Co-share)	19.04
ProHealth Group Insurance Policy	99.73
Group Overseas Travel Insurance	0.66
Group Total (B)	150.04
Grand Total (A+B)	288.78

(All premium excluding taxes)

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 market dynamics and customer behaviour your company is also focusing to introduce niche product lines like Top-up (Deductible) plan, High Coverage plan, Standard Health plan, Senior Citizen plan as well as specialized riders like Hospital Daily Cash, Personal Accident, PED waiting period waiver for 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 Overseas Travel product, your company will also continue to strengthen the group product 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 ensured continuous enhancement of the underwriting tool by building frameworks to identify substandard risk and create rules that ensure a balanced portfolio. Your Company has been abreast with market practices and has been able to keep pace with the same without losing focus on creating a good pool of risk.

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

Efficient governance mechanisms have been put in place including quarterly underwriting audits to ensure effective governance of processes & risk selection mechanisms. During the year under review,

your Company effectively monitored the volatility of the portfolio by quarterly reviews to identify risks in advance and built measures to mitigate any erosion of portfolio.

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

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

CLAIMS

Your Company believes in efficient and timely processing of claims and benefit payments to ensure ultimate customer satisfaction. Your Company has ensured faster claims settlement process and turn-around time as prescribed during the financial year 2018-19. During the year under review, your Company processed 153,737 claims amounting to Rs. 3,777,931,707 by settling 137,523 cases amounting to Rs. 2,364,470,115 (i.e. 89 % of the total cases) and repudiating 14,559 cases amounting to Rs. 887,447,545 (i.e. 9 % 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- Learning for Success, Supporting Growth, Inspiring Culture and Diverse and Engaging Workplace. 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 1482 as on 31st March 2019.

MANAGING DIRECTORS' REMUNERATION:

Qualitative disclosure:

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

Quantitative disclosure:

- Number of MD/ CEO/ WTDs having received a variable remuneration award during the financial year: **One**
- Number and total amount of sign on awards made during the financial year: **No**
- Details of guaranteed bonus, if any, paid as joining / signing bonus: **INR 95 Lakhs**

- Total amount of outstanding deferred remuneration, split into cash, shares and share linked instruments and other forms. As per IRDAI Approval dated 25th June 2018:

Mr. Prasun Sikdar was granted 22,50,000 Phantom stocks @ INR 20 in year 2018-2019, that would vest after 3 years from the date of grant under Company Phantom Stock Scheme 2018

Total amount of deferred remuneration paid out in the financial year: **No**

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

Sl No	Name of MD & CEO	For the Period	Fixed Remuneration in INR	Variable Remuneration in INR	Total Remuneration in INR
1	Sandeep Patel	01-04-2018 to 30-06-2018	2,35,85,577	Nil	2,35,85,577
2	Prasun Kumar Sikdar	16-04-2018 to 31-03-2019	3,58,58,253	76,72,500	4,35,30,753

Remarks:

Fixed remuneration included Employer PF Contribution for both the employees.

Sandeep Patel fixed remuneration includes the payment of gratuity.

Prasun Kumar Sikdar fixed remuneration includes one time sign on bonus of INR 95 lakhs and NPS contribution also.

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 center of everything we do, by offering them superior and seamless experience.

Higher productivity, better quality, premium service with cost efficiency are the 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, it has been our constant endeavour to leverage technology to bring in enhanced customer experience and transparency to our policy holders. We have successfully launched the new IVRS at contact center in Q4'19 that enables customer to self-serve. This initiative not only reduces the wait time but also focuses to provide first time right and qualitative resolutions to customers as we evolve. We have also enabled customized renewal options online there by giving customer an option to choose or customised their plan while renewing their policies. Also the customers now have an option to choose Standing instructions / NACH for seamless on time renew payment. Wellness program - Proactive living with continued focus has gained momentum with higher number of customers enrolling in this program.

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

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

RISK MANAGEMENT

During the financial year 2018-19, your Company has made significant progress in the area of Risk Management and has been moving progressively in the right direction. Your Company has a dual advantage of having the best in class domain expertise both at local and Global level. While the basic Risk Management framework is place, your Company has put in place sound mitigation practices to ensure interests of the stakeholders are safeguarded.

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

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

The three layer architecture provides a solid package from a risk mitigation perspective.

The overall Risk Management is monitored by Risk Management Committee of the Board and managed by Chief Risk Officer (CRO). The Risk Management Committee is apprised of the updates through a Quarterly update which is presented by the CRO.

At an Enterprise level, your Company has been tracking top risks every quarter. The top risks are classified as Red / Amber / Green basis severity and are monitored on a quarter-on-quarter basis with a clearly defined action plan. 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. The policy is updated every year and is put up for approval before the Board; the last such approval was received in the Board meeting held in August 2018.

On the Operational Risk Framework, your Company has a clear focus on having a risk mitigation framework at a Department level. With this objective in mind, the Company has put in place Risk Control Self-Assessment (RCSA) process for all key functions. To take this activity to the next level, your Company has now taken up review of the risks through an external expert.

Operational loss and Near Miss reporting is a regular activity that is automated through workflow mechanism. Such losses are tracked regularly along with stakeholders.

Your Company has a ZERO tolerance for any frauds. However should there be any frauds which come to light, a strong governance framework is in place to deal with such instances. A clearly defined Incidence matrix is in place which defines the malpractices and the corresponding disciplinary action. Your Company has put in place necessary Committees comprising of Senior Management personnel to provide a fair view on the actions to be taken on the cases.

During the year, your Company had a clear emphasis on the awareness programs for its employees. Insurance Awareness Week was observed in the month of July 2018 encompassing employees at Head Office and Branch Offices. The program received excellent response from one and all. Your Company also emphasises on regular awareness through mailers and SMS. During the month of March 2019, a SMS campaign was run for a week covering key issues from an awareness perspective. In order to offer learning from live cases, your Company has also launched a series of case studies with a clear underlining message. Classroom sessions for employees are also a regular feature from an awareness perspective.

Your Company has a well differentiated structure to have focused approach on Fraud Control and Enterprise / Operations Risk Management.

With the Regulator now proposing a shift to Risk Based Supervision, the new financial year will see more activities in this direction. Overall, it has been an eventful year with notable achievements in many aspects. Your Company is on track to make a meaningful impact in the area of Risk Management with a clear objective to safeguard the interests of all concerned stakeholders.

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.

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 31st March, 2019 and the date of this report.

CHANGE IN THE NATURE OF BUSINESS:

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

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

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

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

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

AUDITORS' REPORT

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

CORPORATE GOVERNANCE

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

BOARD OF DIRECTORS

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

Sr. No.	Name	Position
1.	Mr. Luis Miranda	Chairman & Independent Director
2.	Dr. Narottam Puri	Independent Director

3.	Mr. Rajeev Chitrabhanu	Independent Director
4.	Ms. Meena Ganesh	Independent Director
5.	Dr. Ranjan Pai	Non-Executive Director
6.	Mr. Jagannathan Thattai Thiruvallur	Non-Executive Director
7.	Mr. Jason Sadler	Non-Executive Director
8.	Mr. S. Vaitheeswaran	Non-Executive Director
9.	Mr. Jerome Droesch	Non-Executive Director
10.	Mr. Prasun Sikdar	Managing Director & CEO

**Mr. Jerome Droesch appointed as an Non-Executive Director on May 2, 2019*

BOARD MEETINGS

The Board held six meetings during the financial year on 18th April 2018, 10th May, 2018, 17th July, 2018, 10th August, 2018, 2nd November, 2018 and 31st January, 2019.

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

During the year under review, the Board had reconstituted above-mentioned Committees w.e.f. August 9, 2019

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

Name of Committee	Scope	Members	No. of times met during the year and meeting dates
Audit Committee	Responsible for oversight of financial reporting and internal control systems, review of financial statement, review of findings of internal and statutory auditors, review of external auditor's independence, objectivity and effectiveness and recommendation for appointment of statutory auditors and fixing their remuneration.	1. Mr. Luis Miranda (Chairman) 2. Dr. Narottam Puri 3. Mr. Rajeev Chitrabhanu 4. Mr. S Vaitheeswaran 5. Mr. Jason Sadler ceased to be Member w.e.f. May 2, 2019 6. Mr. Jerome Droesch appointed w,e,f, May 2, 2019	Four times on the following dates: 1) 10 th May, 2018 2) 10 th August, 2018 3) 1 st November, 2018 4) 30 th January, 2019

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.	<ol style="list-style-type: none"> 1. Mr. Rajeev Chitrabhanu (Chairman) 2. Dr. Ranjan Pai 3. Mr. Jagannathan Thattai Thiruvallur, 4. Mr. Jason Saddler 5. Mr. Prasun Sikdar 6. Appointed Actuary 7. Chief Financial Officer 8. Chief Risk Officer 9. Chief Investment Officer 	<p>Four times on the following dates:</p> <ol style="list-style-type: none"> 1) 10th May, 2018 2) 10th August, 2018 3) 1st November, 2018 4) 30th January, 2019
Risk Management Committee	Responsible to lay down Company's Risk Management Strategy, to maintain a group-wide and aggregated view on the risk profile of the insurer, advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy, mergers and acquisitions and related matters.	<ol style="list-style-type: none"> 1. Mr. Luis Miranda 2. (Chairman) 3. Mr. Jagannathan Thattai Thiruvallur 4. Mr. S. Vaitheeswaran 5. Mr. Prasun Sikdar 6. Mr. Jerome Drosch appointed w,e,f, May 2, 2019 	<p>Four times on the following dates:</p> <ol style="list-style-type: none"> 1) 10th May, 2018 2) 10th August, 2018 3) 1st November, 2018 4) 30th January, 2019
Policyholders' Protection Committee	Responsible for putting in place proper procedures and effective mechanism to address Complaints and grievances of policyholders and review the status of complaints at periodic intervals, ensure compliance with the statutory requirements, ensure adequacy of disclosure of 'material information' to the policyholders.	<ol style="list-style-type: none"> 1. Ms. Meena Ganesh (Chairman) 2. Mr. Luis Miranda 3. Mr. Jagannathan Thattai Thiruvallur 4. Mr. S. Vaitheeswaran 5. Mr. Prasun Sikdar 6. Mr. Jerome Drosch appointed w,e,f, May 2, 2019 7. Customer Representative 	<p>Four times on the following dates:</p> <ol style="list-style-type: none"> 1) 10th May, 2018 2) 10th August, 2018 3) 2nd November, 2018 4) 31st January, 2019
Nomination and Remuneration Committee	Recommend to the Board appointment and removal of Directors and person appointed in senior management, carry out evaluation of every director's performance, formulate the criteria for determining qualifications, positive attributes and independence of a director, recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial personnel and other employees.	<ol style="list-style-type: none"> 1. Dr. Narottam Puri (Chairman) 2. Ms. Meena Ganesh 3. Dr. Ranjan Pai 4. Mr. Jason Sadler 	<p>Five times on the following dates:</p> <ol style="list-style-type: none"> 1) 18th April, 2018 2) 10th May, 2018 3) 10th August, 2018 4) 2nd November, 2018 5) 31st January, 2019

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

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

Details of Board of Directors				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Luis Miranda	M.Com MBA, ACA	Finance Services	Independent Director	Three
Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	Four
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Five
Ms. Meena Ganesh	Master of Business Administration (MBA)	Health Care, E-commerce	Independent Director	Two
Dr. Ranjan Pai	MBBS	Hospital and Education	Non-Executive Director	Three
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman and Non-Executive Director	Four
Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director	Four
Mr. S. Vaitheeswaran	BE (Hons), Graduate Dp in Material Management	Sales, Marketing, Operation	Non-Executive Director	Three
Mr. Jerome Driesch\$	Engineering	Health and Wellness Insurance Services	Non-Executive Director	-
Mr. Prasun Sikdar	Post Graduate, Masters in Economics	Insurance	Managing Director and CEO	Five

\$Mr. Jerome Driesch appointed as an Non-Executive Director on May 2, 2019

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

Mr. Jason Sadler*	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director	-
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* Mr. Jason Sadler Appointed as Member of Audit Committee on January 31, 2019 and eased to be Member of the Committee w.e.f. May 2, 2019

\$ Mr. Jerome Drosch Appointed w.e.f. May 2, 2019

Details of Investment Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Rajeev Chitrabhanu	M.Com	Financial Services	Independent Director	Four
Dr. Ranjan Pai	MBBS	Hospital and Education	Non-Executive Director	Three
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman & Non-Executive Director	Two
Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director	Three
Mr. Prasun Sikdar	Post Graduate, Masters in Economics	Insurance	Managing Director and CEO	Three
Mr. Manoj Naik	B.E, PGDM - IIM Bangalore	Finance	Chief Financial Officer and Member	Four
Mr. Joydeep Saha	Fellow of Institute of Actuaries of India	Actuarial	Appointed Actuary and Member	Four
#Mr. Arpita Naik	PGD in Hospital Management	Risk and Internal Audit	Chief Risk Officer and Member	Two
#Mr. Sameer Bhatnagar	B. Sc (Statistics), LL.B, MBA(Finance), LL.M, Fellow Insurance Institute of India (F.I.I.I.), Post Graduate Diploma in International Business (PGDIB), DLL, DHR	Legal, Compliance, Secretarial, Risk	Chief Risk Officer and Member	One
Mr. Mahesh Darak	B.Com and M.M.S (Finance)	Investment	Chief Investment Officer and Member	Two

^#Ms. Arpita Naik ceased to be a Member effective January 31, 2019 and Mr. Sameer Bhatnagar was inducted as a Member effective January 31, 2019.

Details of Risk Management Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Luis Miranda	M.Com MBA, ACA	Finance Services	Independent Director	Three
Mr. S. Vaitheeswaran	BE (Hons), Graduate Dp in Material Management	Sales, Marketing, Operation	Non-Executive Director	Three
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman & Non-Executive Director	One
Mr. Prasun Sikdar	Post Graduate, Masters in Economics	Insurance	Managing Director and CEO	Three
Mr. Jerome Drosch\$	Engineering	Health and Wellness Insurance Services	Non-Executive Director	--

\$ Mr. Jerome Drosch Appointed w,e,f May 2, 0219

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

\$ Mr. Jerome Drosch Appointed w,e,f May 2, 0219

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	Four
Ms. Meena Ganesh	Master of Business Administration (MBA)	Health Care, E-commerce	Independent Director	Two
Dr. Ranjan Pai	MBBS	Hospital and Education	Non-Executive Director	Three
Mr. Jason Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director and Member	Four

INDEPENDENT DIRECTORS' MEETING

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

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

All the Independent Directors were present at the Meeting.

STATUTORY AUDITORS

In accordance with the provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and in accordance with the provisions of 'Guidelines for Corporate Governance for insurers in India' issued by Insurance Regulatory & Development Authority of India bearing reference No. IRDA/F&A/GDL/CG/100/05/2016 dated 18th May 2016, M/s. N. M. Raiji & Co., Chartered Accountants completed term of 5 years on the conclusion of 6th Annual General Meeting (AGM).

M/s. CNK & Associates LLP, Chartered Accountants (Firm Registration No. 108296W) were appointed as Joint Statutory Auditors of the Company at the 5th AGM to hold office till the conclusion of the 10th AGM.

M/s V. P. Thacker & Company, Chartered Accountants, (Firm Registration No.118696W) were appointed as Joint Statutory Auditors of the Company at the 6th AGM till the conclusion of 11th AGM.

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. GMJ & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for the Financial Year 2018-19. The Secretarial Audit Report is annexed as **Annexure II**.

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**.

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
<ol style="list-style-type: none"> 1. Efforts made towards technology absorption 2. Benefits derived like product improvement, cost reduction, product development or import substitution 	<ol style="list-style-type: none"> 2. 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. 3. Your Company has launched all the 3 variants of Domestic Group Business named GMC, GPA & 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. 4. Your Company has also launched a real time integration of Group Policy Renewal Module with Andhra Bank as a pilot project ensuring business on time & reducing manual work for the partners and internal organization. 5. 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. 6. 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. 7. 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 & 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.

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 31.03.2019	Financial Year ended 31.03.2018
Foreign Exchange earnings	8.08	-
Foreign exchange outgo	3,453.15	3111.19

ANNUAL RETURN

As per the provisions of the Section 92 Companies Act, 2013, the Annual Return of the Company can be accessed on the website of the Company at the following link. [www.http://bit.ly/2vIUyyd](http://bit.ly/2vIUyyd)

An extract of the Annual Return in prescribe form MGT-9 is attached as **Annexure IV**.

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

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

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

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

APPLICATION TO IRDAI FOR TRANSFER OF SHARES TO MANIPAL GROUP

Your Company has filed the application with IRDAI for the transfer of 186,010,151 Equity shares (representing 31.48% shares in the Company) to Manipal Entity namely Manipal Fund Advisors, LLP. 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 2018-19.

ACKNOWLEDGMENTS

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

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

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

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



CHAIRMAN

DIN:01055493

Place: Mumbai

Date: 2.08.2019

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ANNEXURE – I

Form No. AOC-2

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

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

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



CHAIRMAN

DIN:01055493

Place: Mumbai

Date: 2.08.2019

**Form No.MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

(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, 4th 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, 2019 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, 2019** according to the provisions of:

- i. The Companies Act, 2013 ("the Act") including the Companies (Amendment) Act, 2017 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 Standards I and II 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.

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

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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 18th 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. Accordingly, the Company has appointed an Additional Independent Director to comply with the IRDAI Guidelines.

Cont.3....



-3-

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.
4. Adequate notices are given to all directors to schedule the Board Meetings, Board Committee Meetings, agenda and detailed notes on agenda were sent well in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decisions are carried through while the dissenting members' views, if any, are captured and recorded as part of Minutes.
5. The Equity Shares of the Company are in dematerialization mode and necessary amendments in Articles of Association of the Company will be made in due course.

We further report that during the audit period:

1. The Company has allotted 22,61,37,255 equity shares in various tranches on private placement basis, in accordance with the provisions of the Act.
2. The Company has increased its authorized Share capital from INR 600 Crores to INR 1000 Crores at the Extraordinary General Meeting held on 6th February, 2019 in accordance with the provisions of the Act.
3. The Company has sought approval from IRDAI, Board of Directors to change the name of the Company to "ManipalCigna Health Insurance Company Limited" and the approval from the members of the Company was obtained after the end of the financial year.

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

For GMJ & ASSOCIATES
Company Secretaries

[MAHESH SONI]
PARTNER

FCS: 3706 COP: 2324

PLACE: MUMBAI

DATE: MAY 2, 2019

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,
CIGNATTK 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: MAY 2, 2019

Annexure IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN As on the Financial Year ended 31st March, 2019

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

I. REGISTRATION AND OTHER DETAILS		
i)	CIN:-	U66000MH2012PLC227948
ii)	Registration Date –	12/03/2012
iii)	Name of the Company -	ManipalCigna 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 th 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
-	-	-	-	-	-

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

i) Category-wise Share Holding

[illegible]

d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	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	36,47,25,786	36,47,25,786	100	59,08,63,041	0	59,08,63,041	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	31.48	0	-
2	Manipal Education And Medical Group India Private Limited	0	0	0	11,53,30,000	19.52	0	
3	Cigna Holdings Overseas ING	17,87,15,635	49	0	28,95,22,890	49	0	-
4	Thiruvallur Thattai Jagannathan	1	0	0	1	0	0	-
5	Thiruvallur Thattai Raghunathan	1	0	0	1	0	0	-
6	Thiruvallur Thattai Latha	1	0	0	1	0	0	-
7	Thiruvallur Thattai Bhanu	1	0	0	1	0	0	-
8	Thiruvallur Thattai Lakshman	1	0	0	1	0	0	-
	Thiruvallur Thattai Sriram	1	0	0	1	0	0	-

(iii) 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	36,47,25,786	100	36,47,25,786	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 25 th July, 2018	8,53,30,000	100	45,00,55,786	100
2.	Preferential allotment dated 26 th July, 2018	8,19,83,725	100	53,20,39,511	100
3.	Preferential allotment dated 27 th February, 2019	5,88,23,530	100	59,08,63,041	100
	At the End of the year	59,08,63,041	100	59,08,63,041	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/WTD/ Manager	Total Amount		
		Mr. Sandeep Patel, Managing Director & CEO		Mr. Prasun Kumar Sidkar, Managing Director & CEO	
1	Gross salary	-	23,585,577.00	-	43,530,753.00
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	22,232,076.00	-	-	41,211,583.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	765,900.00	22,997,976.00		
	(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 Contribution to NPS	0	0		1,054,170.00
5	Others, please specify: Contribution to Provident Fund	0	587,601.00		1,265,000.00
	Total (A)		23,585,577.00		43,530,753.00

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration				Name of Directors			Total Amount
		Mr. Luis Miranda Independent Director	Ms. Meena Ganesh Independent Director	Dr. Narottam Puri, Independent Director	Mr. Rajeev Chitrbhanu, Non-Executive Director	Mr. Jagannathan T T, Non-Executive Director	Mr. Raghunathan T T, Non-Executive Director	
	1. Independent Directors							
	• Fee for attending board / committee meetings	6,20,000	400,000	670,000	6,60,000	-	-	16,90,000
	• Commission	-	-	-				-
	• Others, please specify	-	-	-				-
	Total (1)	620,000	400,000	670,000	6,60,000	-	-	16,90,000
	2. Other Non-Executive Directors							
	• Fee for attending board / committee meetings					340,000	30,000	10,30,000
	• Commission				-	-	-	-
	• Others, please specify				-	-	-	-
	Total (2)	620,000	400,000	670,000	6,60,000	3,40,000	30,000	10,30,000
	Total (B)=(1+2)	620,000	400,000	670,000	6,60,000	3,40,000	30,000	27,20,000

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Luis Miranda
Chairman
DIN: 01055493
Place: Mumbai
Date: 2.08.2019

INDEPENDENT AUDITORS' REPORT

To
The members of
CignaTTK Health Insurance Company Limited

Report on Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of **CignaTTK Health Insurance Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the related Revenue Account (also called the "Policyholders' Account", or the "Technical Account"), the Profit and Loss Account (also called the "Shareholders' Account", or "Non-Technical Account"), and the Receipts and Payments Account for the year ended March 31, 2019 and summary of significant accounting policies and other explanatory information.

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2019;
- (b) in the case of the Revenue Account, of the net 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 for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in



accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Insurance Act, the IRDA Act and the Regulations thereunder, the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The actuarial valuation of liabilities in respect of claims Incurred But Not Reported (IBNR), including claims Incurred But Not Enough Reported (IBNER) and provisioning for Premium Deficiency and Free Look Reserve as at March 31, 2019 is the responsibility of the Company's Appointed Actuary ("Actuary") and has been duly certified by the Actuary. The Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms, if any, issued by the Insurance Regulatory and Development Authority of India ("the Authority/IRDAI") and the Actuarial Society of India in concurrence with the Authority. We have relied upon the Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditors' report thereon. The Director's report is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act, with respect to the preparation of these Financial Statements to give a true and fair view of the financial position, financial performance and Receipts and Payments of the Company in accordance with the requirements of the Insurance Act read with IRDA Act, the Regulations orders / directions / circulars / guidelines issued by the Authority in this regard and in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, further amended by Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and in the manner so required.



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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the financial statements, in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Regulations, we have issued a separate certificate dated 2nd May, 2019 "**Annexure A**", certifying the matters specified in paragraphs 3 and 4 of Schedule C to these Regulations.
2. As required by paragraph 2 of Schedule C to the IRDAI Financial Statement Regulation and Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been maintained by the Company, so far as it appears from our examination of those books;
 - (c) As the Company's financial accounting system is centralised, no returns for the purposes of our audit are prepared at the branches of the Company;



- (d) The Balance Sheet, the Revenue Account, the Profit and Loss Account and the Receipts and Payments Account dealt with by this report are in agreement with the books of account;
- (e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, further amended by Companies (Accounting Standards) Amendment Rules, 2016 to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by the IRDA in this regard;
- (f) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the Regulations and/or orders/directions issued by the Authority in this regard;
- (g) In our opinion, the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards notified under the Act which continue to be applicable in respect of Section 133 of the Companies Act, 2013, and the Rules framed thereunder and with the accounting principles as prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the Authority in this regard;
- (h) On the basis of the written representations received from the Directors, as on March 31, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2019, from being appointed as a director in terms of Section 164(2) of the Act;
- (i) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in the **Annexure B**;
- (j) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that managerial remuneration is governed u/s 34A of the Insurance Act, 1938 and requires IRDAI approval. Accordingly, the provisions of Section 197 read with schedule V to the Act are not applicable, and hence reporting under Section 197(16) is not required. However, sitting fees paid to the Directors is in compliance with Section 197(5) of the Act.
- (k) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:



- (i) The Company has disclosed the impact of pending litigations as at March 31, 2019 on its financial position in its financial statements – Refer Note No. 16.3.1 in the Notes to Accounts forming part of financial statements.
- (ii) The Company did not have any long-term contracts including derivative contracts.
- (iii) There are no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company for the year ended March 31, 2019.

For C N K & Associates LLP
Chartered Accountants

Firm Registration No.: 101961W/W-100036



Hiren Shah
Partner

Membership No: 100052

Date: 2nd May 2019

Place: Mumbai



For V P Thacker & Co.
Chartered Accountants

Firm Registration No. 118696W



Kalpana Rajpurkar
Partner

Membership No: 114928

Date: 2nd May 2019

Place: Mumbai



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 02, 2019)

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

Management Responsibility

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.

Auditor's Responsibility

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

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. We have not performed an audit, the objective of which would be the expression of an opinion on the financial statements, specified elements, accounts or items thereof, for the purpose of this certificate.



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

Opinion

Based on our audit of financial statements for the year ended March 31, 2019 and 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, 2019, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2019, 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, 2019, by actual inspection or on the basis of certificates/ confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938, relating to the application and investments of the Policyholders' Funds.



Restriction on Use

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

For C N K & Associates LLP
Chartered Accountants

Firm Registration No.: 101961W/W-100036



Hiren Shah
Partner

Membership No: 100052

Date: 2nd May 2019

Place: Mumbai



For V P Thacker & Co.
Chartered Accountants

Firm Registration No. 118696W



Kalpana Rajpurkar
Partner

Membership No: 114928

Date: 2nd May 2019

Place: Mumbai



Annexure – B

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

(Referred to in paragraph 2(i) of our Report on Other Legal and Regulatory Requirements forming part of the Independent Auditors' Report dated May 02, 2019)

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

Management's Responsibility for Internal Financial Controls

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

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to 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 judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls with reference to Financial Statements

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 with reference to 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 with reference to the financial statements and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on "the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting, issued by the ICAI.

For C N K & Associates LLP
Chartered Accountants

Firm Registration No.: 101961W/W-100036



Hiren Shah
Partner

Membership No: 100052

Date: 2nd May 2019

Place: Mumbai



For V P Thacker & Co.
Chartered Accountants

Firm Registration No. 118696W



Kalpana Rajpurkar
Partner

Membership No: 114928

Date: 2nd May 2019

Place: Mumbai



FORM B-RA				
REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2019 (AUDITED)				
(Miscellaneous Business)				
Rs '000				
S.No	Particulars	Schedule	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
1	Premiums earned (Net)	1	3,925,173	2,661,391
2	Profit/ (Loss) on sale/redemption of Investments			
	(b) Profit on sale of investments		11,649	8,768
	Less: Loss on sale of investments			
3	Others		-	-
4	Interest, Dividend & Rent – Gross		236,818	142,979
	TOTAL (A)		4,173,640	2,813,138
1	Claims Incurred (Net)	2	2,431,392	1,232,679
2	Commission	3	496,194	375,990
3	Operating Expenses related to Insurance Business	4	2,936,597	2,290,794
4	Premium Deficiency		-	-
	TOTAL (B)		5,864,183	3,899,463
	Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business		(1,690,543)	(1,086,325)
	C= (A - B)			
	APPROPRIATIONS			
	Transfer to Shareholders' Account		(1,690,543)	(1,086,325)
	Transfer to Catastrophe Reserve		-	-
	Transfer to Other Reserves		-	-
	TOTAL (C)		(1,690,543)	(1,086,325)

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

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As per our report of even date attached.

For and on behalf of the Board of Directors.

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

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

Luis Miranda
Chairman
DIN: 01055493

S Vaitheeswaran
Director
DIN:01814726

Hiren Shah
Partner
Membership No. 100052



Kalpna Rajpurkar
Partner
Membership No. 114928

Jason Sadlar
Director
DIN: 06440304

Prasun Sikdar
Managing Director & CEO
DIN: 08107956

PLACE-MUMBAI



Manoj Naik
Chief Financial Officer

Mitul Palankar
Company Secretary
Membership No. A22390

Place : Bengaluru
Date : 2nd May, 2019

FORM B-PL				
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2019 (AUDITED)				
(Miscellaneous Business)				
Rs '000				
S.No	Particulars	Schedule	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
1	OPERATING PROFIT/(LOSS)			
	(a) Fire Insurance		-	-
	(b) Marine Insurance		-	-
	(c) Miscellaneous Insurance		(1,690,543)	(1,086,325)
2	INCOME FROM INVESTMENTS			
	(a) Interest, Dividend & Rent - Gross		134,279	103,214
	(b) Profit on sale of investments		8,259	21,308
	Less: Loss on sale of investments		-	-
3	OTHER INCOME		-	-
	TOTAL (A)		(1,548,005)	(961,803)
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		56,712	40,865
	Interest & Bank Charges		199	154
	Share Issue Expenses (Stamp Duty & Franking)		2,317	3,503
	Expenses related to issuance of Debentures		-	-
	Interest on Non-convertible Debentures		38,700	38,700
	Miscellaneous Expenses		5,112	2,751
	(b) Bad debts written off		-	-
	(c) Others (Provision for doubtful debts)		2,984	1,701
	TOTAL (B)		106,024	87,674
	Profit / (Loss) Before Tax		(1,654,029)	(1,049,476)
	Provision for Taxation		-	-
	Profit / (Loss) After Tax		(1,654,029)	(1,049,476)
	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		(5,886,245)	(4,836,769)
	Balance carried forward to Balance Sheet		(7,540,274)	(5,886,245)
	Earnings Per Share		(3.42)	(3.41)

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

Hiren Shah
Partner
Membership No. 100052

PLACE - MUMBAI

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

Kalpna Rajpurkar
Partner
Membership No. 114928

Luis Miranda
Chairman
DIN: 01055493

Jason Sadler
Director
DIN: 06440304

S Vaitheeswaran
Director
DIN: 01814726

Frasun Sikdar
Managing Director & CEO
DIN: 08107956

Mitul Palankar
Company Secretary
Membership No. A22390

FORM B-B5				
BALANCE SHEET AS ON 31ST MARCH 2019 (AUDITED)				
Rs '000				
S.No	Particulars	Schedule	As at 31st March 2019	As at 31st March 2018
	SOURCES OF FUNDS			
1	SHARE CAPITAL	5	5,908,630	3,647,258
2	SHARE APPLICATION MONEY		-	-
3	RESERVES AND SURPLUS	6	3,271,040	3,225,813
4	FAIR VALUE CHANGE ACCOUNT			
	FAIR VALUE CHANGE ACCOUNT - SHAREHOLDER		22	112
	FAIR VALUE CHANGE ACCOUNT - POLICYHOLDER		320	42
5	BORROWINGS	7	430,000	430,000
	TOTAL		9,610,012	7,303,225
	APPLICATION OF FUNDS			
1	SHAREHOLDER'S INVESTMENTS	8	1,908,653	989,669
2	POLICYHOLDER'S INVESTMENTS	8A	3,451,423	2,365,825
3	LOANS	9	-	-
4	FIXED ASSETS	10	86,465	68,101
5	DEFERRED TAX ASSET		-	-
6	CURRENT ASSETS			
	Cash and Bank Balances	11	292,230	407,337
	Advances and Other Assets	12	359,517	426,783
	Sub-Total (A)		651,747	834,120
7	CURRENT LIABILITIES	13	1,662,276	1,181,498
8	PROVISIONS	14	2,366,274	1,659,237
9	DEFERRED TAX LIABILITY		-	-
	Sub-Total (B)		4,028,550	2,840,735
	NET CURRENT ASSETS (C) = (A - B)		(3,376,803)	(2,006,615)
10	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
11	DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		7,540,274	5,886,245
	TOTAL		9,610,012	7,303,225

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

For V.P. Thacker & Co
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DIN: 01055493

S Vaitheeswaran
Director
DIN:01814726

Hiren Shah
Partner
Membership No. 100052

Kalpna Rajpurkar
Partner
Membership No. 114928

Jason Sadler
Director
DIN: 06440304

Prasun Sikdar
Managing Director & CEO
DIN: 08107956

PLACE-MUMBAI

Place : Bengaluru
Date : 2nd May, 2019

Mitul Palankar
Company Secretary
Membership No. A22390

RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2019 (AUDITED)

S.no.	Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
(Rs. '000)			
I	Cash flows from operating activities		
1	Premium received from policyholders, including advance receipts	5,101,315	3,385,543
2	Other receipts	-	-
3	Payments to the re-insurers, net of commission and claims	(244,127)	(237,514)
4	Payments to co-insurers, net of claims recovery	-	-
5	Payments of claims	(2,349,495)	(1,005,803)
6	Payments of commission and brokerage	(466,751)	(352,062)
7	Payments of other operating expenses	(2,757,392)	(2,243,628)
8	Deposits, advances and staff loans	(8,369)	28,088
9	Income taxes paid (Net)	-	-
10	Service tax / GST	54,020	(62,142)
	Cash flow before extraordinary items	(670,799)	(487,518)
	Cash flow from extraordinary items	-	-
	Net cash flow from operating activities (A)	(670,799)	(487,518)
II	Cash flows from investing activities		
1	Purchase of fixed assets	(50,231)	(61,083)
2	Proceeds from sale of fixed assets	-	-
3	Purchase of investments	(2,974,788)	(1,385,414)
4	Loans disbursed	-	-
5	Sale of investments	1,191,725	565,728
6	Repayments received	-	-
7	Rents / Interests / Dividends received	326,135	248,827
8	Investment in money market instruments and in liquid mutual funds (net)	(204,765)	175,161
10	Investment in Fixed Deposit(Net)	27,500	37,600
	Net cash flow from investing activities (B)	(1,684,424)	(419,181)
III	Cash flows from financing activities		
1	Proceeds from issuance of share capital / share premium	2,306,600	1,133,607
2	Share Issue Expenses	(2,317)	(3,503)
3	Proceeds from borrowing (Debentures)	-	-
4	Repayments of borrowing	-	-
5	Interest / Dividend paid	(36,667)	-
6	Debenture Issue Expenses	-	-
	Net cash flow from financing activities (C)	2,267,616	1,130,104
	Effect of foreign exchange rates on cash and cash equivalents, net (D)	-	-
	Net increase / (decrease) in cash and cash equivalents (A+B+C+D)	(87,607)	223,404
	Cash and cash equivalents at the beginning of the year	372,337	148,933
	Cash and cash equivalents at the end of the year***	284,730	372,337

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

Cash and Bank balances
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
Cash and cash equivalents at the end of the year

292,230	407,337
(7,500)	(35,000)
284,730	372,337

As per our report of even date attached.

For and on behalf of the Board of Directors.

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



Hiren Shah
Partner
Membership No. 100052



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



Kalpana Rajpurkar
Partner
Membership No. 114928



Luis Miranda
Chairman
DIN: 01055493



Jason Sautler
Director
DIN: 06440304



Manoj Naik
Chief Financial Officer



S. Vaitheeswaran
Director
DIN: 01814726



Prasun Sikdar
Managing Director & CEO
DIN: 08107956



Mitul Palankar
Company Secretary
Membership No. A22390

PLACE - MUMBAI

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 1 - PREMIUM EARNED (NET)

S.No	Particulars	Rs '000							
		Health Insurance		Personal Accident		Travel Insurance		Consolidated Total	
		For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
		Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
1	Premium from direct business written	4,688,219	3,265,427	153,411	198,422	6,593	-	4,848,223	3,464,049
2	Add: Premium on reinsurance accepted	-	-	-	-	-	-	-	-
3	Less: Premium on reinsurance ceded	240,773	189,540	15,643	20,951	330	-	256,746	210,491
4	Net Premium	4,447,446	3,075,887	137,768	177,471	6,263	-	4,591,477	3,253,648
5	Adjustment for change in reserve for unexpired risks	3,81,432	5,77,093	(20,359)	30,160	3,111	-	866,104	597,257
	Total Premium Earned (Net)	3,764,014	2,503,890	158,227	157,501	9,132	-	3,925,173	2,661,391
	Premium Income from business effected:								
	in India	3,764,014	2,503,890	158,227	157,501	9,132	-	3,925,173	2,661,391
	Outside India	-	-	-	-	-	-	-	-
	Total Premium Earned (Net)	3,764,014	2,503,890	158,227	157,501	9,132	-	3,925,173	2,661,391



SCHEDULE 3 - CLAIMS INCURRED (NET)

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Travel Insurance		Consolidated Total	
		For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
		Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
	Claims paid								
1	Direct claims	2,460,117	1,166,512	8,485	12,203	454	-	2,469,056	1,178,715
2	Add : Re-insurance accepted	-	-	-	-	-	-	-	-
3	Less : Re-insurance Ceded	112,278	55,981	983	412	23	-	116,784	56,393
	Net Claims Paid	2,347,839	1,110,531	7,502	11,791	431	-	2,355,772	1,122,322
4	Add : Claims Outstanding at the end of the year	441,602	388,648	50,980	17,950	2,077	-	503,619	422,896
5	Less : Claims Outstanding at the beginning of the year	184,649	267,614	37,850	29,529	-	-	422,499	312,142
	Total Claims Incurred	2,399,292	1,231,567	29,592	30,112	2,508	-	2,431,392	1,232,679



SCHEDULE 3 - COMMISSION

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Travel Insurance		Consolidated Total	
		For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
		Audited	Audited	Audited	Audited	Audited	Audited	Audited	Audited
		Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous	Miscellaneous
	Commission paid								
1	Direct Commission	539,754	375,445	21,986	29,277	494	-	562,234	404,722
2	Add: Re-insurance Accepted	-	-	-	-	-	-	-	-
3	Less: Commission on Re-insurance Ceded	59,928	26,209	(6,067)	2,573	49	-	66,019	28,732
	Net Commission	479,826	349,236	15,919	26,704	445	-	496,194	375,990
	Break-up of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:								
	Agents	154,318	108,483	3,104	3,899	-	-	158,222	111,542
	Brokers	135,978	89,824	4,233	2,084	494	-	140,705	91,908
	Corporate Agency	209,579	154,803	13,645	23,693	-	-	223,224	178,496
	Referral	-	-	-	-	-	-	-	-
	Others	40,080	22,125	1	1	-	-	40,081	22,326
	TOTAL (B)	539,754	375,445	21,984	29,277	494	-	562,234	404,722



SCHEDULE 4 - OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Travel Insurance		Consolidated Total	
		For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
		Audited Miscellaneous	Audited Miscellaneous	Audited Miscellaneous	Audited Miscellaneous	Audited Miscellaneous	Audited Miscellaneous	Audited Miscellaneous	Audited Miscellaneous
1	Employees' remuneration & welfare benefits	1,214,957	919,790	39,757	55,947	1,708	-	1,256,422	975,737
2	Travel, conveyance and vehicle running expenses	72,254	57,174	2,364	3,478	102	-	74,720	60,652
3	Training expenses	213,903	45,558	6,969	2,771	301	-	221,203	48,329
4	Rents, rates & taxes	79,265	59,078	2,594	8,593	111	-	81,970	67,671
5	Repairs	13,342	5,879	437	258	19	-	13,798	6,227
6	Printing & stationery	31,840	36,228	1,026	2,198	44	-	32,410	38,326
7	Communication	46,619	50,282	1,572	3,658	68	-	49,669	53,340
8	Legal & professional charges	308,624	307,774	10,699	18,721	434	-	319,157	326,493
9	Auditors' fees, expenses etc.								
	(a) as auditor	1,741	1,320	57	80	2	-	1,800	1,400
	(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	48	189	2	11	0	-	50	200
	(d) out of pocket expenses	94	(0)	3	(0)	0	-	97	(0)
10	Advertisement and publicity	387,180	293,770	12,670	17,669	544	-	400,394	311,619
11	Interest & Bank Charges	17,470	14,330	572	872	25	-	18,067	15,202
12	Others								
	Membership and Subscription Fees	1,509	3,266	46	199	2	-	1,457	3,467
	Information Technology Related Expenses	128,812	156,807	4,215	9,538	181	-	133,208	166,345
	Equipments, Software and amenities - Usage Cost	79,231	89,737	2,593	5,458	111	-	81,935	95,195
	Business Promotion	109,941	39,152	3,598	2,181	155	-	113,693	41,333
	Office Expenses	26,540	22,840	868	1,389	37	-	27,446	24,219
	Policy Related Expenses	50,352	47,452	1,564	2,583	71	-	51,987	49,034
	Directors' Sitting Fees	1,630	1,510	86	190	4	-	1,720	1,600
	Miscellaneous Expenses	(2,493)	2,377	(82)	145	(4)	-	(2,578)	2,521
	Foreign Exchange Gain/Loss	(474)	682	(16)	41	(1)	-	(480)	723
13	Depreciation	55,587	9,048	1,819	550	78	-	57,484	9,598
	TOTAL	2,839,682	2,159,445	92,923	131,849	3,992	-	2,936,597	2,290,784



SCHEDULE 4A - OPERATING EXPENSES NOT RELATED TO INSURANCE BUSINESS
(Shareholder's Expenses)

S.No	Particulars	Health Insurance		Personal Accident		Travel Insurance		Consolidated Total	
		For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
1	Personnel Cost	54,840	38,521	1,795	2,343	77	-	56,712	40,865
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	193	145	6	9	0	-	199	154
12	Others	-	-	-	-	-	-	-	-
	Share Issue Expenses (Stamp Duty & Franking)	2,240	3,302	73	201	3	-	2,317	3,503
	Expenses related to issuance of Debentures	-	-	-	-	-	-	-	-
	Membership and Subscription Fees	-	-	-	-	-	-	-	-
	Initial Infrastructure Setup	-	-	-	-	-	-	-	-
	Miscellaneous Expenses	4,843	2,563	161	158	7	-	5,112	2,751
	Provision for doubtful agent balances / F&F	2,886	1,603	94	98	4	-	2,984	1,701
	Recovery	-	-	-	-	-	-	-	-
	Interest on Non-convertible Debentures	37,423	36,481	1,225	2,219	53	-	38,700	38,700
TOTAL		107,525	87,646	3,355	5,027	144	-	106,024	87,674





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

SCHEDULE 5 - SHARE CAPITAL

S.No	Particulars	Rs '000	
		As at 31st March 2019 Audited	As at 31st March 2018 Audited
1	Authorised Capital 1,000,000,000 (Previous Year: 600,000,000) Equity Shares of Rs. 10 each	10,000,000	6,000,000
2	Issued Capital 590,863,041 (Previous Year: 364,725,786) Equity Shares of Rs. 10 each	5,908,630	3,647,258
3	Subscribed Capital 590,863,041 (Previous Year: 364,725,786) Equity Shares of Rs. 10 each	5,908,630	3,647,258
4	Called-up Capital 590,863,041 (Previous Year: 364,725,786) Equity Shares of Rs. 10 each	5,908,630	3,647,258
	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	-	-
	TOTAL	5,908,630	3,647,258





Cigna
Health Insurance

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 2019		As at 31st March 2018	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	301,340,151	51%	186,010,151	51%
- Foreign	289,522,890	49%	178,715,635	49%
Others				
TOTAL	590,863,041	100%	364,725,786	100%



**CignaTTK Health Insurance Company Limited**

IRDA Registration No. 151 Dated November 13, 2013

SCHEDULE 6 - RESERVES AND SURPLUS

S.No	Particulars	Rs '000	
		As at 31st March 2019	As at 31st March 2018
		Audited	Audited
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	3,271,040	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	-	-
	TOTAL	3,271,040	3,225,813





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

SCHEDULE 7 - BORROWINGS

S.No	Particulars	Rs '000	
		As at 31st March 2019	As at 31st March 2018
		Audited	Audited
1	9% Non-Convertible Debentures	430,000	430,000
2	Banks	-	-
3	Financial Institutions	-	-
4	Others	-	-
	TOTAL	430,000	430,000



SCHEDULE 8 - INVESTMENTS - SHAREHOLDERS

S.No	Particulars	Rs '000	
		As at 31st March 2019	As at 31st March 2018
		Audited	Audited
	In India		
	LONG TERM INVESTMENTS		
1	Government securities and Government guaranteed bonds including Treasury Bills (Refer Note 1)	444,654	244,553
2	Other Approved Securities	304,491	104,761
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	398,787	250,105
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	448,579	253,665
5	Other than Approved Investments	50,000	-
	SHORT TERM INVESTMENTS		
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	14,456	36,724
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	149,413	99,861
	(e) Other Securities - Certificate of Deposit/Comercial Paper	98,273	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	-	-
5	Other than Approved Investments	-	-
	TOTAL	1,908,653	989,669

Notes:

- Aggregate historical cost of investments other than listed equity securities and derivative instruments is Rs.1,894,353 Thousand (Previous Year - Rs.991,818 Thousand). Aggregate market value of such investments as at 31.03.2019 is Rs.1,926,501 Thousand (Previous Year - Rs.996,201 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 2019	As at 31st March 2018
		Audited	Audited
	In India		
	LONG TERM INVESTMENTS		
1	Government securities and Government guaranteed bonds including Treasury Bills (Refer Note 1)	779,079	530,256
2	Other Approved Securities	412,490	155,995
3	Other Investments		
	(a) Shares	-	-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	649,607	709,004
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	596,666	601,031
5	Other than Approved Investments	150,155	-
	SHORT TERM INVESTMENTS		
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	264,189	22,611
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	449,134	296,918
	(e) Other Securities - Certificate of Deposit/Comercial Paper	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	100,215	50,010
5	Other than Approved Investments	49,888	-
	TOTAL	3,451,423	2,365,825

Notes:

- Aggregate historical cost of investments other than listed equity securities and derivative instruments is Rs.3,198,666 Thousand (Previous Year - Rs.2,372,049 Thousand). Aggregate market value of such investments as at 31.03.2019 is Rs. 3,248,785 Thousand (Previous Year - Rs. 2,403,082 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

Rs '000

S.No	Particulars	As at 31st March 2019	As at 31st March 2018
		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	-	-
	TOTAL	-	-
2	BORROWER-WISE CLASSIFICATION		
	(a) Central and State Governments	-	-
	(b) Banks and Financial Institutions	-	-
	(c) Subsidiaries	-	-
	(d) Industrial Undertakings	-	-
	(e) Others	-	-
	TOTAL	-	-
3	PERFORMANCE-WISE CLASSIFICATION		
	(a) Loans classified as standard	-	-
	(aa) In India	-	-
	(bb) Outside India	-	-
	(b) Non-performing loans less provisions	-	-
	(aa) In India	-	-
	(bb) Outside India	-	-
	TOTAL	-	-
4	MATURITY-WISE CLASSIFICATION		
	(a) Short Term	-	-
	(b) Long Term	-	-
	TOTAL	-	-



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 2019	Opening	For the period ended	As at 31st March 2019	As at 31st March 2019	As at 31st March 2018
Goodwill	-	-	-	-	-	-	-	-	-
Intangibles (Software)	56,243	7,885	-	64,128	5,977	39,708	45,685	18,443	50,266
Land-Freehold	-	-	-	-	-	-	-	-	-
Leasehold Improvements	4,188	10,166	-	14,354	530	6,432	6,962	7,392	3,658
Buildings	-	-	-	-	-	-	-	-	-
Furniture & Fittings	525	5,779	-	6,304	151	2,078	2,229	4,075	374
IT Equipments	11,942	17,163	-	29,105	3,058	6,701	9,759	19,346	8,884
Vehicles	-	-	-	-	-	-	-	-	-
Office Equipment	1,425	5,630	-	7,055	585	2,565	3,150	3,905	840
Others	-	-	-	-	-	-	-	-	-
TOTAL	74,323	46,623	-	120,946	10,301	57,484	67,785	53,161	64,022
Capital Work in progress (including intangible under development)	4,079	31,896	(2,671)	33,304	-	-	-	33,304	4,079
Grand Total	78,402	78,519	(2,671)	154,250	10,301	57,484	67,785	86,465	68,101
Previous Year	17,320	69,908	(8,826)	78,402	704	9,597	10,301	68,101	16,616



SCHEDULE 11 - CASH AND BANK BALANCE

S.No	Particulars	Rs '000	
		As at 31st March 2019 Audited	As at 31st March 2018 Audited
1	Cash (including cheques, drafts and stamps)	26,355	13,380
2	Bank Balances		
	(a) Deposit Accounts		
	(aa) Short-term (due within 12 months)	153,500	197,500
	(bb) Others *	2,500	2,500
	(b) Current Accounts	109,875	193,957
	(c) Others	-	-
3	Money at Call and Short Notice		
	(a) With Banks	-	-
	(b) With other Institutions	-	-
4	Others	-	-
	TOTAL	292,230	407,337
	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 2019 Audited	As at 31st March 2018 Audited
	ADVANCES		
1	Reserve deposits with ceding companies	-	-
2	Application money for investments	-	-
3	Prepayments	33,218	39,124
4	Advances to Directors/Officers	-	-
5	Advance tax paid and taxes deducted at source (Net of provision for taxation)	1,231	1,231
6	Others		
	Security Deposits	64,624	59,542
	Advance to Employees against expenses	1,678	1,973
	Advance to others	34,786	23,113
	TOTAL (A)	135,537	124,983
	OTHER ASSETS		
1	Income accrued on investments	154,955	109,836
2	Outstanding Premiums	-	-
3	Agents' Balances (Net of provision for doubtful agents balance amounting to INR 3,469 thousands (PY INR 1,866 thousands))	255	718
4	Foreign Agencies Balances	-	-
5	Due from other entities carrying on insurance business (including reinsurers)	11,141	45,071
6	Due from subsidiaries/ holding	-	-
7	Deposit with Reserve Bank of India	-	-
8	Others		
	Receivable from Related Party	180	2,034
	Cenvat/ Input Tax Credit	45,906	135,780
	Investment For Unclaimed Amount	10,941	8,037
	Income on Investment for Unclaimed Amount	602	324
	TOTAL (B)	223,980	301,800
	TOTAL (A+B)	359,517	426,783



SCHEDULE 13 - CURRENT LIABILITIES

S.No	Particulars	Rs '000	
		As at 31st March 2019 Audited	As at 31st March 2018 Audited
1	Agents' Balances	47,914	41,439
2	Balances due to other insurance companies	10,618	31,929
3	Deposits held on re-insurance ceded	-	-
4	Premiums received in advance	244,466	19,729
5	Unallocated Premium	179,396	149,146
6	Unclaimed Amount of Policyholders	8,776	4,269
7	Income on Unclaimed Amount of Policyholders	955	677
8	Sundry creditors	69,800	104,136
9	Due to subsidiaries/ holding company	-	-
10	Claims Outstanding*	503,619	422,499
11	Due to Officers/ Directors	-	-
12	Others -	-	-
	Statutory Dues	159,251	112,567
	Refund Payable - Premium (Net of provision for doubtful recovery amounting to INR 1,827 thousands (PY - NIL)	16,154	16,222
	Provision for expenses	381,866	239,155
	Payable to Related Parties	-	-
	Contracts for Investments	-	-
	Stale Cheque	43	1
	Employee Related Liability	1,221	1,649
	Claims Payable	1,550	1,413
	Interest accrued and due on Borrowings	36,647	36,667
	TOTAL	1,662,276	1,181,498

*Claims Outstanding are shown net of reinsurance





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

SCHEDULE 14 - PROVISIONS

Rs '000

S.No	Particulars	As at 31st March 2019	As at 31st March 2018
		Audited	Audited
1	Reserve for Unexpired Risk	2,295,738	1,627,478
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	27,822	22,818
	Provision for Leave Encashment	35,729	-
	Deferred Tax Liability	-	-
	Freelook Reserve	6,985	8,941
6	Reserve for Premium Deficiency	-	-
	TOTAL	2,366,274	1,659,237





SCHEDULE 15 - MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Rs '000

S.No	Particulars	As at 31st March 2019	As at 31st March 2018
		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 12th March 2012, as a company under The Companies Act, 1956. The Company received the license to commence business from the Insurance Regulatory and Development Authority of India (IRDAI) on 13th November 2013, to transact and underwrite health Insurance business under the miscellaneous segment in India.

The Company is a joint venture between Manipal Integrated Services Private Limited (19.52%), TTK Partners LLP (31.48%) and Cigna Holdings Overseas, Inc. (49%).

2. Significant Accounting Policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention, unless otherwise specifically stated, on the accrual basis of accounting, in accordance with accounting principles generally accepted in India (Indian GAAP) and comply with the applicable accounting standards referred to in section 133 of the Companies Act, 2013, and in accordance with the provisions of the Insurance Act, 1938, Insurance Laws (Amendment) Act, 2015 (to the extent notified), Insurance Regulatory and Development Authority Act, 1999, the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies Regulations), 2002 ('the Regulations') and orders / directions prescribed by the IRDAI in this behalf, the provisions of the Companies Act, 2013 (to the extent applicable), in the manner so required and current practices prevailing within the insurance industry in India. Accounting policies applied have been consistent with the previous year, except where differential treatment is required as per new pronouncements made by the regulatory authorities.

2.2 Use of Estimates

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



2.3 Revenue recognition

(i) Premium

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

(ii) Interest / dividend income

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

(iii) Premium / discount on purchase of investments

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

(iv) Profit / loss on sale of securities

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

(v) Commission on Reinsurance Ceded

Commission received on reinsurance ceded is recognised as income in the year in which reinsurance premium is ceded.

2.4 Reinsurance Ceded

Premium ceded on reinsurance is recognised 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 recognised in the year in which they occur.

2.5 Acquisition costs

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

Acquisition costs pertaining to premium received in advance are recognised 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 recognised at 50% of Net Written Premium of preceding 12 months basis.

2.7 Premium deficiency

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

2.8 Claims incurred and Recoveries on account of reinsured claims

Claims are recognised 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 IRDAI and, accordingly, the liability determined is certified as adequate by the Actuary.

2.10 Property Plant and Equipment and Depreciation / Amortisation

(i) Tangible assets

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



(ii) Intangible assets

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

(iii) Depreciation

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

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

2.11 Investments

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

(i) Classification:

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



(ii) **Valuation:**

Debt Securities

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

Mutual Funds

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

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

2.12 Employee Retirement Benefits

Short term employee benefits

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, bonuses, short term compensated absences and other non-monetary benefits are recognised in the year in which the employee renders the related service.

Long term employee benefits

a) **Defined Contribution Plans:**

Provident Fund

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

b) **Defined Benefit Plans:**

Gratuity

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



c) **Other Long Term Employee Benefits**

Compensated Absences

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

d) **Phantom Shares**

As a long term incentive plan to employees, the Company has initiated Phantom Stock Option Plan which are cash settlement rights where the employee(s) are entitled to get cash compensation based on agreed linked to market value of shares upon exercise of Phantom Stock Options over notional or hypothetical shares, whereby instead of becoming entitled to buy the actual shares on vesting, they become entitled to cash payment equivalent to appreciation in the value over defined base price of shares. The present value of the obligation under such plan is determined based on actuarial valuation.

2.13 Leases

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

2.14 Foreign Currency Transactions

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

2.15 Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing



evidence that such deferred tax assets can be realized against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets. It recognizes unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

2.16 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 recognised when an enterprise has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised or disclosed in the balance sheet.

2.18 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, Personal Accident Insurance and Travel 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

Rs' 000		
Particulars	As at March 31st 2019	As at March 31st 2018
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 / mis-selling disputed by the Company, to the extent not provided / reserved	48,932	25,682

The Company has received an assessment order for A.Y. 2015-16. The Assessing Officer has concluded assessment based on the inter departmental information, disallowing the marketing expenses of Rs. 8,133 thousand. However, there is no tax liability due to unabsorbed losses. The Company has preferred an appeal in this matter with CIT (Appeals). Based on the expert advice, management does not expect any outflow of economic benefits and assessed the likelihood of outflow of resources as remote.

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

3.3 Capital Commitments:

Commitments made and outstanding for acquisition of fixed assets amount to Rs. 85,037 thousand (Previous Period Rs. 2,695).

3.4 Claims:

3.4.1 The company has received intimation and paid claims (net of reinsurance and excluding TPA fees and Claim investigation fees) amounting to Rs. 2,245,514 thousand during the year ended March 31st 2019 (Previous year Rs. 1,053,067 thousand)

3.4.2 The amount of claims outstanding (net of reinsurance) to be settled for the year ended March 31st 2019 is Rs. 503,619 thousand (Previous year Rs. 422,499 thousand).

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

Rs' 000		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
In India	2,121,877	929,759
Outside India	242,456	179,701
Total	2,364,333	1,109,460



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

Particulars	Rs' 000	
	For the year ended March 31, 2019	For the year ended March 31, 2018
More than six months	44,308	17,864
Others	459,311	404,635
Total	503,619	422,499

3.5 Percentage of Business Sector – Wise

Sector	As at March 31 st 2019				As at March 31 st 2018			
	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	876,336	53,098	273,271	18.08%	581,377	42,391	161,557	16.78%
Social *	92	1	19,000	0.00%	242	2,801	11,261	0.01%
Urban	3,971,795	186,785	910,537	81.92%	2,882,430	158,280	498,672	83.21%
Total	4,848,223	239,884	1,202,808	100.00%	3,464,049	203,472	671,490	100.00%

* The percentage of social sector lives is 2.83% of total business procured in the preceding financial year.

3.6 Extent of Risk Retained and Reinsured

Particulars	As at March 31st 2019	As at March 31st 2018
Risk Retained (%)	95%	94%
Risk Reinsured (%)	5%	6%

3.7 Value of unsettled Contracts in relation to Investments

Particulars	Rs'000	
	As at March 31st 2019	As at March 31st 2018
Purchase where deliveries are pending	Nil	Nil
Sales where payments are overdue	Nil	Nil

3.8 Employee Benefit Plans

3.8.1 Defined Contribution Plan

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

Particulars	Rs'000	
	As at March 31st 2019	As at March 31st 2018
Provident Fund	47,620	38,562



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 31st 2019	As at March 31st 2018
Mortality	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	7.65%	7.65%
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 31st 2019	As at March 31st 2018
Present value of obligations at the beginning of year	25,629	17,050
Interest cost	1,955	1,256
Current Service Cost	13,054	9,842
Past Service Cost	Nil	2,811
Benefits Paid	(15,810)	(244)
Actuarial (gain)/loss on obligation	5,102	(5,140)
Transfer In /(Out) Obligation	Nil	54
Present value of obligations at end of year	29,930	25,629

iii. Amounts recognized in Profit & Loss Account:

Rs' 000

Particulars	As at March 31st 2019	As at March 31st 2018
Current Service Cost	13,054	9,842
Interest Cost	1,955	1,256
Past Service Cost	703	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	5,102	(5,140)
Transfer In / (Out) Obligation	Nil	Nil
Amount recognized in Profit & loss Account	20,814	5,958



iv. Amounts recognized in Balance Sheet:

	Rs '000	
Particulars	As at March 31st 2019	As at March 31st 2018
Present value of obligations at end of the year	(29,930)	(25,629)
Fair Value of Plan Assets at end of year	Nil	Nil
Funded Status	Nil	Nil
Unrecognized Past Service Cost – Non-vested benefits	2,109	2,811
Net Asset/(Liability) recognized in the balance sheet	(27,822)	(22,818)

v. Balance Sheet Reconciliation:

	Rs '000	
Particulars	As at March 31st 2019	As at March 31st 2018
Opening Net Liability/(Asset)	25,629	17,050
Current Service Cost	13,054	9,842
Interest Cost	1,955	1,256
Net Actuarial (Gain)/loss recognized for the year	5,102	(5140)
Contribution Paid	Nil	Nil
Transfer In / (Out) Obligation	Nil	54
Benefits Paid	(15,810)	(244)
Past service cost	Nil	2811
Closing Net Liability/(Asset)	29,930	25,629

3.8.2.2 Leave Encashment

During the financial year ending 31st March 2019, company has introduced leave encashment policy for employees, the liability for which was determined on the basis of Actuarial valuation carried as on 31st March 2019.

	Rs '000	
Particulars	As at March 31st 2019	As at March 31st 2018
Opening Balance	Nil	Nil
Add : Provision net of payment made during the year	35,729	Nil
Closing Balance	35,729	Nil

Breakup of provision for Leave encashment

	Rs '000	
Particulars	As at March 31st 2019	As at March 31st 2018
Current Liability*	3,151	Nil
Non-Current Liability	32,578	Nil
Net Liability	35,729	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 31st 2019	As at March 31st 2018
Salaries and Allowances	65,212	49,179
Contribution to Provident Fund	1,798	2,252
Perquisites*	2,097	2,514
Total	69,107	53,945

*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 31st 2019	As at March 31st 2018
Outsourcing Expenses	* 1,053,294	381,839
Marketing Support	16,066	9,815

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

3.11 Details of penal actions taken by various Govt. authorities during year ended March 31st 2019

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
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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 Rs. 116,167 thousand (previous year: Rs. 125,233 thousand) towards said lease payments has been recognised in the statement of revenue account.

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

Rs '000		
Particulars	As at March 31st 2019	As at March 31st 2018
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 31st 2019.

3.14 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31st 2019

Disclosure required by IRDAI circular no IRDAI/F&I/CIR/CMP/174/11/2010 dated November 4th 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	1,514	-	783	175	414	101	41	-
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	3,977	647	1,297	307	433	579	307	407

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								
Cheques issued but not encashed by the policyholder/insured	3,285	431	2,171	137	117	135	294	-
TOTAL	8,776	1,078	4,251	619	964	815	642	407

Particulars	31 st March 2019	31 st March 2018
Opening Balance	4,946	8,007
Add: Amount transferred to unclaimed amount	6,841	14,376
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	1,836	-
Add: Investment Income	278	455
Less: Amount paid during the year	4,170	*17,892
Less : Transfer to Senior Citizen Welfare fund	-	-
Closing Balance of Unclaimed Amount	9,731	4,946

* 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 31st 2018

Disclosure required by IRDA circular no IRDA/F&I/CIR/CMP/174/11/2010 dated November 4th 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	-	-	-
TOTAL	4,269	1,369	1,155	762	671	191	120	1

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:

Rs '000

Particulars	Year Ended 31st March 2019				Year Ended 31st March 2018			
	Health	Personal Accident	Travel	Total	Health	Personal Accident	Travel	Total
Segmental Revenue	4,004,281	165,889	3,470	4,173,640	2,646,935	166,203	Nil	2,813,138
Segmental Result	(1,714,519)	27,451	(3,475)	(1,690,543)	(1,074,311)	(12,014)	Nil	(1,086,325)
Segmental Liabilities								
Net Claims Outstanding	441,603	59,940	2,077	503,619	384,649	37,850	Nil	422,499
Unexpired Risk Reserve	2,223,723	68,884	3,131	2,295,738	1,538,596	88,882	Nil	1,627,478
Premium received in Advance	244,394	71		244,466	19,675	54	Nil	19,729



Segmental Assets

Outstanding Premium	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
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- 3.17** 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 F.Y 2018-19 from the commencement of operations, including the partial year (F.Y 2013-14) when the operations started, and has accordingly received the exemption during F.Y 2014-15.

3.18 Deferred Taxes

In accordance with the provisions of AS-22 Accounting for Taxes on Income, deferred tax liability amounting to Rs. NIL thousand (Previous year Rs. 3,032 thousand) has been recognised in the books. Paragraph 18 of AS 22 Accounting for Taxes on Income, stipulates that, in the case of unabsorbed depreciation or carry forward of losses under tax laws, an enterprise recognises 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 recognised deferred tax asset to the extent of Rs. Nil thousand (Previous year – Rs. 3,032 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.



3.19 Related Party Disclosures

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

Rs '000

Relationship	Related Party	Nature of Transactions	Current Year	Previous Period	As at Mar 31st 2019	As at Mar 31st 2018
Associate Firm	TTK & Co		-	-	-	-
Shareholder	TTK Partners LLP		-	-	-	-
Shareholder	Cigna Holdings Overseas, Inc.	Capital Contribution	1,108,073	1,133,607	-	-
		Share Premium	45,227	-	-	-
Associate Enterprise	Cigna Health Solutions India Ltd	Expenses	1,486	93,704	-	(1,853)
		Workstation Cost	-	(5,600)	-	-
		Purchase of Assets	-	47,217	-	-
		Employee Benefits	-	(54)	(180)	(180)
Key Managerial Personnel *	Mr. Sandeep Arunbhai Patel	Remuneration	25,212	53,945	-	-
	Mr. Prasun Sikdar	Remuneration	43,895	-	-	-
	Mr. Prasun Sikdar	Gross Written Premium	18	-	-	-
Relative of Key Managerial Personnel	Chandrima Sikdar	Gross Written Premium	18	-	-	-

* Expenses towards gratuity and leave encashment are determined actuarially for the, Company as a whole on an annual basis and accordingly have not been considered in the above information.



3.20 Summary of Financial Statements

Rs '000

Particulars	As at 31st Mar 2019	As at 31st Mar 2018	As at 31st Mar 2017	As at 31st Mar 2016	As at 31st Mar 2015
OPERATING RESULTS					
Gross Written Premium	4,848,223	3,464,049	2,218,043	1,438,166	218,272
Net Premium Income #	4,591,477	3,253,648	2,081,210	1,346,535	207,359
Income from Investment @	248,467	151,746	128,039	50,810	5,904
Other Income	-	-	-	-	-
TOTAL INCOME	4,839,944	3,405,394	2,209,249	1,397,345	213,263
Commission	496,194	375,990	245,913	120,031	14,898
Operating Expenses	2,936,597	2,290,794	2,188,147	1,796,294	1,223,788
Net Incurred Claims	2,431,392	1,232,679	910,574	558,151	42,937
Change in Unexpired Risk Reserve	666,304	592,257	263,524	636,965	140,612
Operating Profit/Loss	(1,690,543)	(1,086,325)	(1,370,858)	(1,714,096)	(1,208,972)
NON-OPERATING RESULT					
Total income under shareholders account	36,514	36,848	20,319	5,929	63,502
Profit/(Loss) before Tax	(1,654,029)	(1,049,476)	(1,350,537)	(1,736,218)	(1,145,470)
Provision for Taxation	-	-	-	-	-
Profit/(Loss) after Tax	(1,654,029)	(1,049,476)	(1,350,537)	(1,736,218)	(1,145,470)
MISCELLANEOUS POLICYHOLDER'S ACCOUNT :					
Total Funds	3,451,423	2,365,822	1,352,747	1,018,653	176,720
Total investments	3,451,423	2,365,822	1,352,747	1,018,653	176,720
Yield on Investments	-	-	-	-	-
SHAREHOLDER'S ACCOUNT:					
Total Funds	1,908,653	989,668	1,490,305	1,047,645	1,262,698
Total investments	1,908,653	989,668	1,490,305	1,047,645	1,262,698
Yield on Investments	-	-	-	-	-
Paid up equity capital	5,908,630	3,647,258	2,513,651	2,400,281	2,000,000
Net Worth	1,639,397	986,826	902,694	865,250	1,151,947
Total Assets	6,098,289	4,257,715	3,293,236	2,477,860	1,754,473
Yield on Total Investments (Annualized)	7.77%	8.43%	8.15%	9.23%	10.34%
Earnings Per Share	(3.42)	(3.41)	(5.47)	(7.84)	(7.51)
Book Value Per Share	2.77	2.71	3.59	3.60	5.76
Total Dividend	-	-	-	-	-
Dividend Per Share	-	-	-	-	-

Net of reinsurance

@ Net of Losses



3.21 Analytical Ratios

Analytical Ratios							
Sr. No.	Performance Ratios	As at 31st March 2019			As at 31st March 2018		
		Health	PA	Travel	Health	PA	Travel
1	Gross Direct Premium Growth Rate	44%	-23%	100%	58%	31%	0%
2	Gross Direct Premium to Net Worth Ratio	2.86	0.09	0.00	3.31	0.20	-
3	Growth Rate of Net Worth	66%			9%		
4	Net Retention Ratio	95%	90%	95%	94%	89%	0%
5	Net Commission Ratio	11%	12%	7%	11%	15%	0%
6	Expenses of Management to Gross Direct Premium Ratio	72%			78%		
7	Expenses of Management to Net Written Premium Ratio	76%			83%		
8	Net Incurred Claims to Net Earned Premium	62%			46%		
9	Combined Ratio	137%			128%		
10	Technical Reserves to Net Premium Ratio	0.61			0.63		
11	Underwriting Balance Ratio	-0.49			-0.47		
12	Operating Profit Ratio	-43%			-41%		
13	Liquid Assets to Liability Ratio	0.51			0.45		
14	Net Earnings Ratio	-36%			-32%		
15	Return on Net Worth Ratio	-101%			-106%		
16	Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	2.23			2.06		
17	NPA Ratio	-			-		

3.22 Earnings per share

Particulars	As at 31 st March 2019	As at 31 st March 2018
Net profit/ (loss) as per Profit & Loss account (Rs '000)	(1,654,029)	(1,049,476)
Weighted Average number of Equity Shares used for calculating EPS	483,798,352	308,200,712
Basic Earnings Per Share	(3.42)	(3.41)
Diluted Earnings Per Share	(3.42)	(3.41)

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



3.23 Borrowings

During financial year 31st 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.

3.24 Phantom Stock Option Scheme

As a long-term incentive plan to employee(s), the company has initiated Phantom Stock Option Plan which are cash settlement rights where the employee(s) are entitled to get cash compensation based on a formulae linked to market value of shares upon exercise of phantom stock options over notional or hypothetical shares.

As per the recent share valuation done by the Company, it is of view that provision for phantom stock would not be necessary, since the impact would be immaterial.

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. Goods and Service Tax on register broker amounting to Rs. 20,513 thousand which was classified under Agent Balance under Schedule 13 have been reclassified under Cenvat / Input Tax Credit under Schedule 12. As a result, Agent Balance and Cenvat / Input Tax Credit have reduced by Rs. 20,513 thousand.
- ii. Claim investigation fees amounting to Rs. 666 thousand which was classified under Legal and Professional Charges under Schedule 4 have been reclassified under Direct Claims Paid under Schedule 2. As a result, Legal and Professional Charges have reduced by Rs. 666 thousand and Direct Claims paid have increased to the same extent.



- iii. Employee Remuneration amounting to Rs. 8,927 thousand which was classified under Employees' remuneration & welfare benefits under Profit & Loss have been reclassified under Employees' remuneration & welfare benefits under Schedule 4. As a result, Employees' remuneration & welfare benefits under schedule 4 have increased by Rs. 8,927 thousand and Employees' remuneration & welfare benefits under schedule Profit & Loss have reduced by Rs. 8,927.
- iv. In cash flow from investing activity, Fixed Deposits amounting to Rs. 37,600 thousand, had been reclassified from Purchase of Investment to investment in fixed deposits (net)
- v. In cash flow from investing activity, Investment in mutual fund pertaining to unclaimed policyholder amounting to Rs. 7,903 thousand, had been reclassified from Purchase of Investment to Investment in money market instruments and in liquid mutual funds (net)

As per our report of even date attached.

For and on behalf of the Board of Directors.

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

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

Luis Miranda
Chairman
DIN: 01055493

S Vaitheeswaran
Director
DIN:01814726




Hiren Shah
Partner
Membership No. 100052
PLACE-MUMBAI



Kalpana Rajpurkar
Partner
Membership No. 114928



Jason Sadler
Director
DIN: 06440304



Prasun Sikdar
Managing Director & CEO
DIN: 08107956




Manoj Naik
Chief Financial Officer



Mitul Palankar
Company Secretary
Membership No. A22390

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 2018-19 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.
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 2018-19, 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. 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 2,245,514 thousand (net of reinsurance and excluding TPA fees and Claim investigation fees). The amount of claims outstanding (net of reinsurance) to be settled for the year ended March 31st 2019 is INR 503,619 thousand.
Ageing analysis of claims outstanding and average claims settlement time is given below:

Ageing of Claims Outstanding (other than reserves and pre –authorisation claims):

Total	As at 31 Mar, 2019		As at 31 Mar, 2018		As at 31 Mar, 2017		As at 31 Mar, 2016		As at 31 Mar, 2015	
Days	No of claims	(Rs. '000s)	No of claims	(Rs. '000s)	No of claims	(Rs. '000s)	No of claims	(Rs. '000s)	No of claims	(Rs. '000s)
30 days	1526	62,907	666	25,928	576	30,797	48	2552	32	1549
30 days to 6 months	117	17,217	203	50,770	116	27,141	15	929	-	-
6 months to 1 year	11	1,708	35	515	2	118	-	-	-	-
1 year to 5 years	1	9	-	-	-	-	-	-	-	-
5 Years and above	-	-	-	-	-	-	-	-	-	-

Trend in Claims Settlement:

Particulars	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015
Overall Average claims settlement time (In working days)	5	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 31st March 2019 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 31st March 2019 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	248

For and on behalf of the Board of Directors.

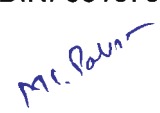

Luis Miranda
Chairman
DIN: 01055493


Jason Sadler
Director
DIN: 06440304


Manoj Naik
Chief Financial Officer


S Vaitheeswaran
Director
DIN:01814726


Prasun Sikdar
Managing Director & CEO
DIN: 08107956


Mitul Palankar
Company Secretary
Membership No. A22390

Place : Bengaluru
Date : May 2, 2019

