

## 3<sup>rd</sup> Annual Report 2014-15

---

CignaTTK Health Insurance Company Limited

CignaTTK Health Insurance Company Limited  
401/402, Raheja Titanium, Western Express Highway,  
Goregaon (East), Mumbai - 400 063.  
Telephone : +91 22 6170 3600  
Fax No : +91 22 6170 3689

**NOTICE IS HEREBY GIVEN THAT THE THIRD ANNUAL GENERAL MEETING OF CignaTTK HEALTH INSURANCE COMPANY LIMITED WILL BE HELD ON THURSDAY, 13<sup>TH</sup> AUGUST 2015 AT 4.00 P.M., AT THE BOARD ROOM, 4<sup>TH</sup> FLOOR, RAHEJA TITANIUM, WESTERN EXPRESS HIGHWAY, GOREGAON (EAST), MUMBAI 400063 TO TRANSACT THE FOLLOWING BUSINESS:**

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the financial year ended 31<sup>st</sup> March 2015 and the Report of the Auditor's and the Directors' thereon;
2. To appoint a Director in place of Mr. Jagannathan Thattai Thiruvallur (DIN: 00191522), who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint a Director in place of Mr. Raghunathan Thattai Thiruvallur (DIN: 00043455), who retires by rotation and being eligible, offers himself for re-appointment;
4. To appoint Auditors and to fix their remuneration and in this regard, to consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** 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 the Circular No: 36/7/F&A/EMPL/74/July/05 dated 25<sup>th</sup> July, 2005 issued by Insurance Regulatory and Development Authority of India, M/s. S. Viswanathan, Chartered Accountants (Firm Registration Number: 004770S), the retiring Statutory Auditors of the Company, being eligible for re-appointment from the conclusion of ensuing Annual General Meeting till the conclusion of the 4<sup>th</sup> Annual General Meeting and M/s. N. M. Rajji & Co., Chartered Accountants (Firm Registration No. 108296W), the retiring Statutory Auditors of the Company, being eligible for re-appointment from the conclusion of ensuing Annual General Meeting till the conclusion of the 6<sup>th</sup> Annual General Meeting, be and are hereby appointed as the joint Statutory Auditors of the Company, subject to ratification of such appointment by the member at every Annual General Meeting;

**RESOLVED FURTHER THAT** Mr. Sandeep Patel, Managing Director & CEO and Mr. Anand Amrit Raj, Company Secretary of the Company in consultation with the Auditors of the Company, be and are hereby authorized, jointly and severally, to determine the remuneration and issue the appointment letter to the Statutory Auditors and to take and/or cause to be taken all such and actions as may be necessary and expedient to give effect to this resolution."

**SPECIAL BUSINESS:**

**5. TO REGULARIZE THE APPOINTMENT OF MS. SUSAN STEVENSON AS A DIRECTOR:**

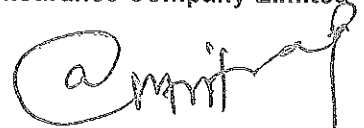
To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 149 read with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and pursuant to the provisions of Section 152 of the Companies Act, 2013 and any other applicable provisions, if any, and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and in accordance with the provisions of Article 25(f) of the Articles of Association of the Company, Ms. Susan Stevenson (DIN: 07146079) who was appointed as Additional Director of the Company pursuant to the provisions of section 161(1) of the Companies Act, 2013 on 31<sup>st</sup> March 2015 to hold office up to the date



of Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160(1) from a member proposing her candidature for the Office of Director, be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement by rotation."

By Order of the Board  
CignaTTK Health Insurance Company Limited



Anand Amrit Raj  
Company Secretary

Place: Bangalore  
Date: 9<sup>th</sup> May 2015

**NOTES:**

1. A member who is entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the Meeting and vote thereat instead of himself/herself and such proxy need not be a member of the company. A person appointed as proxy shall act on behalf of such member or number of members not exceeding fifty. However, a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder. A proxy shall not vote except on a poll.

The proxy forms should be lodged with the company at the registered office at least 48 hours before the time of the meeting.

Under section 107 of Companies Act, 2013, voting is by show of hands unless a poll is demanded by the members present in person or by proxy, where allowed. The person demanding poll shall have not less than one-tenth of the voting power or shall have shares on which an aggregate sum of not less than five lakh rupees has been paid-up.

2. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General meeting.

3. The relevant explanatory statement as per section 102(1) of the Companies Act, 2013 is enclosed herewith.

4. Members /Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.

5. All documents referred to in the notice are open for inspection at the registered office of the Company between 9.00 A.M. and 6.00 P.M. on all working days up to the date of the Meeting.

**EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 102(1) OF THE COMPANIES ACT, 2013**

**Item No. 5**

The Board of Directors vide Circular Resolution dated 31<sup>st</sup> March 2015 appointed Ms. Susan Stevenson (DIN: 07146079) as an Additional Director of the Company with effect from 31<sup>st</sup> March 2015. Ms. Susan holds office up to the date of the forthcoming Annual General Meeting. Under Section 160 of the Companies Act, 2013, the Company has received requisite notice from a Member proposing the candidature of Ms. Susan for the office of Director. A brief profile of Ms. Susan is given herein for the information of the shareholders.

Ms. Susan has more than 20 years of experience in Financial Services with a passion for creating unique value for customers through innovations in products, distribution and other areas of customer experience.

In 2009, she joined Cigna as Global Chief Marketing Officer for Health Life and Accident leading marketing and sales activities around the division. This included building relationships with Cigna's global business partners, piloting of Direct Response TV in new markets, development of e-commerce and the introduction of strategic enhancements to Cigna's already best in class telemarketing.

In January 2011, she was appointed as Country Manager and CEO for Cigna in Hong Kong developing a strong customer focused culture and leading a diverse portfolio of Life and Health insurance products and channels including affinity partners, direct to consumer channels and Independent Financial Advisors.

In March 2015, she has been appointed as Chief Executive Officer of Cigna Insurance Services (Europe) Limited, the leading provider of specialist insurance solutions.

Prior to joining Cigna, Ms. Susan spent 18 years at American Express where she advanced through a number of marketing positions in UK, Europe and Asia Pacific. She honed her direct marketing skills while responsible for new customer acquisition in UK before moving to Asia to successfully launch credit and charge cards throughout the region during a time of significant growth. She also managed new customer acquisition and distribution (including face to face, TM and internet), loyalty and retention, cross sell and customer experience.

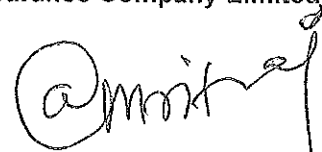
Prior to joining Cigna Ms. Susan was Managing Director of No Limits in Hong Kong, a company providing professional development through training and executive coaching.

Ms. Susan has completed Bachelor of Arts in History from the University of Sheffield and a Diploma in Direct Marketing from the Institute of Direct Marketing.

The Board of Directors accordingly recommends the resolution set out at Item No. 5 of the accompanying Notice for your approval. Your approval is sought by way of passing Ordinary Resolution.

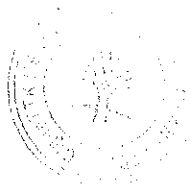
None of the Directors, Managers and Key Managerial Personnel or their relative is interested or concerned in the aforesaid resolution except Ms. Susan Stevenson as it is pertaining to his own appointment.

**By Order of the Board of  
CignaTTK Health Insurance Company Limited**



**Anand Amrit Raj  
Company Secretary**

**Place: Bangalore  
Date: 9<sup>th</sup> May 2015**



## DIRECTORS' REPORT

The Directors of your Company have pleasure in presenting the Third Annual Report on the business and operations of your Company and the Revenue Account, the Profit and Loss Account (Shareholders' Account), the Statement of Receipts and Payments Account (Cash Flow Statement) for the financial year ended 31<sup>st</sup> March 2015, the Balance Sheet as at 31<sup>st</sup> March 2015 along with the Report of the Auditors thereon and the Management Report for the Financial Year 2014-15 to the Members of CignaTTK Health Insurance Company Limited.

### **BRIEF OVERVIEW**

Your Company, CignaTTK Health Insurance Company Limited, was incorporated on 12<sup>th</sup> March 2012. Your Company has obtained the Certificate of Registration bearing No. 151 from the Insurance Regulatory and Development Authority of India (IRDAI), Hyderabad on 13<sup>th</sup> November 2013 to carry on business of General (Health) Insurance in India. Your Company has total thirteen branches/units as on 31<sup>st</sup> March 2015.

IRDAI had renewed your Company's Certificate of Registration to carry on the business of General (Health) Insurance for the Financial Year 2014-15. In accordance with the Circular on 'Certificate of Registration issued under Section 3 read with Section 3A of the Insurance Act, 1938' dated 7<sup>th</sup> April 2015 issued by IRDAI, the said Certificate for the Financial Year 2014-15 shall continue to be in force from 1<sup>st</sup> April 2015.

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

### **KEY FINANCIAL RESULTS**

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

Particulars	(Amount in INR `000)	
	Financial Year ended 31.03.2015	Financial Year ended 31.03.2014
<b>Income:</b>		
Premium earned (Net)	66,747	124
Reinsurance ceded		
Profit/Loss on sale/redemption of Investments	21,515	-
Other Income	-	-
Interest, Dividend & Rent	1,08,086	39,880
<b>Expenses:</b>		
Claims incurred (Net)	(42,937)	(74)
Commission	(14,898)	(306)
Operating expenses	(12,83,982)	(642,782)
Funds for future appropriation	-	-
Profit /(Loss) for the year	(11,45,469)	(603,158)

### **INVESTMENT AND INVESTMENT INCOME**

The investment funds of the Company were made in accordance with the IRDAI regulations and the Investment Policy of the Company. The investment portfolio increased by 54% to Rs.143.94 Crores as at March 31, 2015 from Rs. 93.49 Crores as at March 31, 2014. The investment income for the year under review was Rs.12.96 Crores as against Rs.3.99 Crores generated in the previous year, an increase of 225%.

Your Company invested Rs. 59.23 Crores (41%) in Government securities & Approved Securities, Rs. 30.12 Crores (21%) in securities of the Infrastructure sector and Rs.14.88 Crores (10%) in the Housing sector. Portfolio management was aided by favourable interest rate environment in achieving an investment return of 10.34% for the Financial Year 2014-15 (excluding unrealized gains/losses from debt securities). Your Company invested 92.51% of its debt assets in Sovereign and AAA 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 2014-15.

#### **RESOURCES AND LIQUIDITY**

The Authorised Share Capital of the Company is Rs. 200 Crores. During the year under review, the paid-up share capital of your Company increased by Rs. 100 Crores to finance further expansion of business taking the paid-up capital to Rs. 200 Crores as on 31<sup>st</sup> March 2015. The share premium as on 31<sup>st</sup> March 2015 stood at Rs. 90,19,60,786.

#### **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 Removal of Difficulty Order dated February 13, 2015, the provisions of Section 186 of the Companies Act, 2013 relating to Loans, Guarantees and Investments do 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**

The Board of Directors of the Company appointed Mr. Hemant Kaul and Dr. Narottam Puri as Additional Directors of the Company in the category of Independent Directors with effect from 28<sup>th</sup> March 2014. Thereafter, at the Annual General Meeting of the Company held on 1<sup>st</sup> September 2014, the Members of the Company appointed the said Directors as Independent Directors under the Companies Act, 2013 for five consecutive years for a term up to 31<sup>st</sup> March 2019.

Both the Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

The Board of Directors had on the recommendation of the Nomination & Remuneration Committee appointed Ms. Susan Stevenson as Additional Director in the category of Non-Executive Director with effect from 31<sup>st</sup> March 2015 in compliance with the provisions of the Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014.

In accordance with the provisions of the Companies Act, 2013 Mr. Jagannathan Thattai Thiruvallur and Mr. Raghunathan Thattai Thiruvallur retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

## **KEY MANAGERIAL PERSONNEL**

In order to comply with the provisions of Section 203(1) and other applicable provisions of the Companies Act, 2013 and guidelines issued there under, the Board of Directors noted that the existing executives of the Company namely Mr. Sandeep Arunbhai Patel, Managing Director & CEO, Mr. Anand Amrit Raj, Company Secretary and Mr. Vivek Mathur, Chief Financial Officer shall be discharging the functions and responsibilities of whole-time Key Managerial Personnel as Managing Director & CEO, Company Secretary and Chief Financial Officer respectively.

## **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

## **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees namely Risk Management Committee, Policyholders' Protection Committee, Investment Committee, Audit Committee and Nomination and Remuneration Committee. The performance evaluation of each director including independent directors was carried out by all the directors except the director being evaluated. The performances were found satisfactory.

Accordingly, separate exercise was carried out by the Nomination and Remuneration committee to evaluate the performance of individual Directors including the Chairman of the Board. Further, the performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The performances were found satisfactory.

## **REMUNERATION POLICY**

The Company has put in place a Policy on remuneration of Directors, Key Managerial Personnel and other employees.

The Policy ensures that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors; the relationship of remuneration to performance is clear, and meets appropriate performance benchmarks; the remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals. The policy is annexed to the Directors' Report.

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

Your Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter. 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 owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

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

As the Company is not covered under the provisions of the Section 177 (10) of the Companies Act, 2013, 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 5<sup>th</sup> August 2009 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. Further, Whistle Blowing Committee has been constituted to address and investigate events reported under this policy.

#### **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 2014-2015, no complaints were received by the Company related to sexual harassment.

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

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

1. that in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. that such accounting policies have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2015 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.
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 placed before the Audit Committee and Board for approval. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 is Annexed in the Form AOC-2.

#### **MANAGEMENT REPORT**

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

## **SOLVENCY MARGIN**

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

## **PRODUCTS**

Your Company has introduced 3 new products during the financial year 2014-15 which has helped your Company to achieve a mix of Indemnity, Fixed Benefit as well as Group Covers ensuring a diverse product portfolio. The Products introduced are listed below:

1. Lifestyle Protection – Critical Care
2. Global Health Group Policy
3. Lifestyle Protection – Accident Care

With the introduction of the new products your Company has brought some innovative features in the market including access to a worldwide network of Hospitals and Medical Specialists under the Lifestyle Protection-Critical Care Plan. With the ProHealth Product your Company has been able to introduce the ProActiv Living Program and take forward the promise of being a partner in Illness and Wellness.

During the year under review, your Company's focus was on new business premium through the retail products and was able to add 20,783 policies through the retail products with a premium of Rs. 20.02 Crores.

The Global Health Group Cover launched by your Company is a unique offering in the Indian Market and many large MNC's and Corporate Groups showed keen interest in this cover. Your Company has on boarded its first big client within 1 month of launching the product with a premium of Rs. 2.32 Crores.

Your Company has filed additional retail and group products with the regulator. The focus will be to develop the domestic group business with Group Personal Accident and Group Health products to be introduced in the coming months including developing new channel and partner specific products. Your Company will continue to look at Product Innovation by introducing new concepts like Savings and Community Based Plans backed by a robust Customer Segmentation approach which will ensure that products and services are designed keeping in mind the needs and behaviours of the targeted Customer Segments.

## **UNDERWRITING AND OPERATIONS**

Your Company has 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. Your Company has ensured that the risk management and underwriting process is managed with minimal manual intervention. During the year under review, your Company has 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. A great deal of attention has been driven to achieve consistency in underwriting decisions in the long term by standardizing risk acceptance criteria.

Your Company has also been continuously engaging segments of population in various Wellness initiatives to monitor behaviour of risk and its impact on the overall health of the portfolio. Over a period of time this will ensure that the larger population moves in to leading a healthier lifestyle positively impacting the portfolio performance in the long run.

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 monthly and quarterly reviews to identify risks in advance and built measures to mitigate any erosion of portfolio. Your Company has been able to achieve a healthy loss ratio of 18% to end the year with a balanced pool of risk across various channels, geographies and age groups.

Your Company will continue to focus on monitoring and refining its risk selection practices in the coming year to achieve desired underwriting profitability in the long term.

#### **CLAIMS**

Your Company believes in efficient and timely processing of claims and benefit payments to ensure ultimate customer satisfaction. Your Company has ensured claims settlement process turn-around time of 5 days, on the receipt of the last relevant document, for the financial year 2014-15. During the year under review, your Company processed 928 claims amounting Rs. 27,279,363 by settling 697 cases amounting to Rs.10,709,427 (i.e.75.1 % of the total cases) and repudiating 199 cases amounting to Rs. 13,280,055 (i.e. 21.4 % of the cases). All claim repudiations are done based on policy terms and conditions, sufficient evidence of non-disclosure of material facts and evidence of fraud/misrepresentation.

#### **HUMAN RESOURCES**

Your Company has created an enabling work environment based on four building blocks- Healthy Careers, Healthy Living, Healthy Rewards and Healthy Culture. Your Company have set up a scalable Recruitment & Training process with a focus on creating a culture of high performance. Your Company have been able to attract 'Best in Class' Talent and our retention of high performers has been excellent. The total number of employees of your Company stands at 508 as on 31<sup>st</sup> March 2015.

#### **CUSTOMER CARE**

"Customer Delight" is our essence, and we focus on keeping our customers at the heart of everything we do by offering superior and seamless experience. During the year under review, your Company was successful in setting up robust processes, training customer service executives and ensuring continuous engagement with customers during every stage of the policy life cycle. Your Company was awarded with the ISO 9001:2008 certifications in June 2014 considering the efficiency of the Company in process and documentation.

Ongoing process of obtaining feedback from the customers through Net Promoters Score (NPS) has enabled to measure customer satisfaction scores, proactively address problems and focus on creating best in class customer experience. Further, leveraging the NPS feedback to dig deeper has enabled in identification of actionable decisions that can cater to evolving customer needs.

Your Company have built in a robust grievance philosophy that describes the process across all touch points in order to ensure appropriate and timely resolution of complaints.

Your Company aim to focus on providing multi-channel customer service by enhancing existing channels of communication and introduce web based channel as an additional environment for customers to communicate. This method of self-service will enable customers to independently perform transactions and find immediate response to their queries.

#### **RISK MANAGEMENT**

Your company is in the process of developing Enterprise Risk Management Framework which would define the risk appetite & consider the risk tolerance limit of the business with respect to, investments, financial strength and sensitivities and other relevant factors.

Risk appetite is the level of aggregate risk that your organization can undertake and successfully manage over an extended period of time. Enterprise Risk Management would enable to determine the level of risk which can be accepted in order to build shareholder value.

The objective of the Enterprise Risk Management Framework is to ensure that the financial and non-financial risk position on the key financial indicators; Earnings, Revenue, Value and Benefits, Products and Net Promoters' Score; is monitored and they are used as basis of decision making process. Risk would be broadly categorized into Market Risk, Insurance Risk, Operational Risk and Other Risks. Risk tolerance limits for individual functional area (Finance, Investments, Operation, IT, HR, etc.) would be defined for each sub risk category identified for stated main risk categories. Key risk indicators would be identified for each sub risk and breach of established limit would be monitored closely. Risk mitigation and control options would be selected after evaluating cost effectiveness, time and resource constraints wherein key risk owners would be identified to implement the selected option within stipulated time frame.

The aggregated risk tolerance limit of the organization would be kept under defined limits after accounting for interactions between different risk categories and available control options.

The above process would be monitored by Risk Management Committee and managed by Chief Risk Officer. This committee would be meeting at least once in a quarter or earlier if the need arises. The Risk Management Report would be shared with Board members on regular basis to keep them aware of the evolving risk management process. Your Company has Board approved Risk Management Policy in place.

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

No material changes and commitments affecting the financial position of the Company have occurred between the financial year ended 31<sup>st</sup> March 2015 and the date of this report.

#### **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 have 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 Seven Directors on its Board, with two Independent Directors, four Non-Executive Directors and one Managing Director. Your Company has appointed Mr. Jagannathan Thattai Thiruvallur as a full time Chairman of the Company. Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014, Ms. Susan Stevenson (DIN: 07146079) is appointed as an Additional Director (Professional and Non-Executive) of the Company effective 31<sup>st</sup> March 2015.

Name	Position
Dr. Narottam Puri	Independent Director
Mr. Hemant Kaul	Independent Director
Mr. Jagannathan Thattai Thiruvallur	Chairman & Non-Executive Director
Mr. Raghunathan Thattai Thiruvallur	Non-Executive Director
Mr. Jason Dominic Sadler	Non-Executive Director
Ms. Susan Stevenson*	Non-Executive Director
Mr. Sandeep Arunbhai Patel	Managing Director & CEO

\* Appointed as an Additional (Non-Executive) Director effective 31<sup>st</sup> March 2015.

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

### BOARD MEETINGS

The Board held five meetings during the financial year on 5<sup>th</sup> May 2014, 5<sup>th</sup> August 2014, 7<sup>th</sup> November 2014, 30<sup>th</sup> January 2015 and 30<sup>th</sup> March 2015.

### BOARD COMMITTEES

There are 5 Board level committees which are as follows:

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

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

Name of Committee	Scope	Members	No. of times met during the year and meeting dates
Audit Committee	Responsible for oversight of financial reporting and internal control systems, review of financial statement, review of findings of internal and statutory auditors, review of external auditor's independence, objectivity and effectiveness and recommendation for appointment of statutory auditors and fixing their remuneration.	i. Mr. Hemant Kaul, Chairman and Independent Director ii. Dr. Narottam Puri, Independent Director and Member iii. Mr. Jagannathan Thattai Thiruvallur, Non-Executive Director and Member	Four times on the following dates: i. 5 <sup>th</sup> May 2014 ii. 5 <sup>th</sup> August 2014 iii. 7 <sup>th</sup> November 2014 iv. 30 <sup>th</sup> January 2015
Investment Committee <sup>1</sup>	Recommend and review investment policy and changes thereto, review investments and submit Investment Performance Report, provide an analysis of investment portfolio and on the future outlook to enable the Board to look out possible changes and strategies.	i. Mr. Jagannathan Thattai Thiruvallur, Chairman and Non-Executive Director ii. Mr. Raghunathan Thattai Thiruvallur, Non-Executive Director and Member iii. Mr. Sandeep Arunbhai Patel, Managing Director &	Four times on the following dates: i. 5 <sup>th</sup> May 2014 ii. 5 <sup>th</sup> August 2014 iii. 7 <sup>th</sup> November 2014 iv. 30 <sup>th</sup> January 2015

		CEO and Member iv. Mr. Vivek Mathur, Chief Financial Officer and Member v. Mrs. Raunak Jha, Appointed Actuary and Member <sup>2</sup> vi. Mr. Mahesh Darak, Chief Investment Officer and Member <sup>3</sup>	
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.	i. Mr. Jagannathan Thattai Thiruvallur, Chairman and Non-Executive Director ii. Mr. Raghunathan Thattai Thiruvallur, Non-Executive Director and Member iii. Mr. Sandeep Arunbhai Patel, Managing Director & CEO and Member	Four times on the following dates: i. 5 <sup>th</sup> May 2014 ii. 5 <sup>th</sup> August 2014 iii. 7 <sup>th</sup> November 2014 iv. 30 <sup>th</sup> January 2015
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.	i. Mr. Jagannathan Thattai Thiruvallur, Chairman and Non-Executive Director ii. Mr. Raghunathan Thattai Thiruvallur, Non-Executive Director and Member iii. Mr. Sandeep Arunbhai Patel, Managing Director & CEO and Member	Four times on the following dates: i. 5 <sup>th</sup> May 2014 ii. 5 <sup>th</sup> August 2014 iii. 7 <sup>th</sup> November 2014 iv. 30 <sup>th</sup> January 2015
Nomination and Remuneration Committee <sup>4</sup>	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.	i. Mr. Hemant Kaul, Independent Director and Member ii. Dr. Narottam Puri, Independent Director and Member iii. Mr. Jagannathan Thattai Thiruvallur, Non-Executive Director and Member	One time on 30 <sup>th</sup> March 2015

<sup>1</sup> Reconstituted vide Circular Resolution dated 16<sup>th</sup> July 2014.

<sup>2</sup> Mr. Dhiraj Goel ceased to be a member effective 30<sup>th</sup> June 2014 and Mrs. Raunak Jha inducted as a member effective 16<sup>th</sup> July 2014.

<sup>3</sup> Inducted as a Member effective 5<sup>th</sup> May 2014.

<sup>4</sup> Constituted in the Board Meeting dated 5<sup>th</sup> May 2014.

Mr. Anand Amrit Raj, Compliance Officer & Company Secretary functions as the Secretary to all the Board Committees.

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

Details of Board of Directors				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	Four
Mr. Hemant Kaul	BSc (Hons.) and MBA	Financial Services	Independent Director	Three
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman and Non-Executive Director	Four
Mr. Raghunathan Thattai Thiruvallur	Bachelor of Commerce	Manufacture and Marketing	Non-Executive Director	Two
Mr. Jason Dominic Sadler	Chartered Institute of Management Accountants (ACMA) and BA Business Studies	Insurance	Non-Executive Director	Three
Ms. Susan Stevenson*	BA, (Hons) History and Diploma in Direct Marketing	Insurance	Non-Executive Director	-
Mr. Sandeep Arunbhai Patel	Bachelors of Science – Actuarial Science	Insurance	Managing Director & CEO	Five

\* Appointed as an Additional (Non-Executive) Director effective 31<sup>st</sup> March 2015

Details of Audit Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	Three
Mr. Hemant Kaul	BSc (Hons.) and MBA	Financial Services	Chairman and Independent Director	Three
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Non-Executive Director	Four

Details of Investment Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman & Non-Executive Director	Three
Mr. Raghunathan Thattai Thiruvallur	Bachelor of Commerce	Manufacture and Marketing	Non-Executive Director	One
Mr. Sandeep Arunbhai Patel	Bachelors of Science – Actuarial Science	Insurance	Managing Director & CEO	Four
Mr. Vivek Mathur	B.Com (Honours) and Chartered Accountants	Finance	Chief Financial Officer and Member	Four
Mr. Dhiraj Goel*	Actuary, Associate	Actuarial	Appointed	One

	Chartered Accountant and Company Secretary		Actuary and Member	
Mrs. Raunak Jha*	B.Sc (Hons), Fellow of Institute of Actuaries of India	Actuarial	Appointed Actuary and Member	Two
Mr. Mahesh Darak	B.Com and M.M.S (Finance)	Investment	Chief Investment Officer and Member	Three

\*Mrs. Raunak Jha inducted as a member effective 16<sup>th</sup> July 2014 and Mr. Dhiraj Goel ceased to be a member effective 30<sup>th</sup> June 2014.

Details of Risk Management Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Chairman & Non-Executive Director	Three
Mr. Raghunathan Thattai Thiruvallur	Bachelor of Commerce	Manufacture and Marketing	Non-Executive Director	One
Mr. Sandeep Arunbhai Patel	Bachelors of Science – Actuarial Science	Insurance	Managing Director & CEO	Four

Details of Policyholders' Protection Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research)	Manufacture and Marketing	Chairman & Non-Executive Director	Three
Mr. Raghunathan Thattai Thiruvallur	Bachelor of Commerce	Manufacture and Marketing	Non-Executive Director	One
Mr. Sandeep Arunbhai Patel	Bachelors of Science – Actuarial Science	Insurance	Managing Director & CEO	Four

Details of Nomination and Remuneration Committee				
Name	Qualification	Field of Specialization	Status of Directorship/ Membership	No. of Meetings attended
Dr. Narottam Puri	MBBS, MS, FICS, FIAMS ADHA	Health Care	Independent Director	One
Mr. Hemant Kaul	BSc (Hons.) and MBA	Financial Services	Independent Director	-
Mr. Jagannathan Thattai Thiruvallur	Mechanical Engineer and M.S. (Operations Research).	Manufacture and Marketing	Non-Executive Director	One

#### Independent Directors' Meeting

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

- Evaluation of the performance of Non Independent Directors and the Board of Directors as a whole;

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

Both the Independent Directors were present at the Meeting.

#### STATUTORY AUDITORS

M/s. S. Viswanathan, Chartered Accountants and M/s. N. M. Rajji & Co., Chartered Accountants were appointed as the Joint Statutory Auditors of the Company at the last Annual General Meeting of your company held on 1<sup>st</sup> September 2014, to hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letters from M/s. S. Viswanathan, Chartered Accountants and M/s. N. M. Rajji & Co., Chartered Accountants that their reappointment, if made, shall be in accordance with the conditions as laid down under the provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and they do not attract any disqualification u/s. 141 of the Companies Act, 2013.

#### 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 has appointed M/s. GMJ & Associates, a firm of Company Secretaries in practice to undertake the Secretarial Audit of the Company for the Financial Year 2014-15. The Secretarial Audit Report is annexed herewith.

#### STATUTORY INFORMATION

##### PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company are set out in the annexure to the Directors Report. In terms of Section 136 of the Companies Act, 2013 the Report and Accounts are being sent to the Members and others entitled thereto.

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

##### Conservation of energy:

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

##### Technology absorption:

Particulars	Management Response
1. Efforts made towards technology absorption	1. New Products including ProHealth (Medi-Claim product), Critical Care & Personal Accident launched through Cigna systems thus enabling a wider choice of products for customers. 2. Tablet based Policy issuance application launched to help distribution team do issuance on the fly.
2. Benefits derived like product improvement, cost reduction, product development or import substitution	

	<p>3. Cigna's Distributor Portal launched to reduce the channel servicing cost and enable the business partners with an online platform for quick and better service. It is also an initiative towards empowering and equipping the insurance advisors and other business partners with tools that facilitate self-learning and deliver right customer advice through an online platform.</p> <p>4. Cigna launched its online portal as one of the channel enabling prospects to buy policy through the web.</p> <p>5. Another key technology initiative towards customer centricity was the launch of Customer Portal to empower customers with the self-service modules for their requests, complaints, and queries and provides up to date policy details.</p> <p>6. The Imaging application was launched to improve the overall operational efficiency by allowing secured access to multiple documents in a more structured and organized manner.</p> <p>7. Cigna launched its Complaints Management System which gives Cigna an opportunity to help resolve its customer complaints in a more efficient way. The application is one single hub for all customer complaints, from multiple channels, and also meet regulatory requirement of integration with IRDA's IGMS portal.</p> <p>8. Successful Integration with multiple Partner systems done for policy sourcing thus enabling customers with a wider range of channel options.</p> <p>9. Optimization and Enhancements to existing systems have been made as part of various process improvement initiatives thus leading to improved efficiency and enhanced customer service.</p>
3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	
a) details of technology imported	Nil
b) year of import	NA
c) whether the technology been fully absorbed	NA
d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	NA
4. expenditure incurred on Research and Development	Nil

#### Foreign exchange earnings and outgo

(INR in Lacs)

Particulars	Financial Year ended 31.03.2015	Financial Year ended 31.03.2014
Foreign Exchange earnings	-	Nil
Foreign exchange outgo	218.60	Nil

## EXTRACT OF ANNUAL RETURN

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

## ACKNOWLEDGMENTS

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

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

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

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

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

A handwritten signature in black ink, appearing to be "Jagannathan Thattai Thiruvallur".

**Jagannathan Thattai Thiruvallur**  
Chairman

Place: Bangalore  
Date: 9<sup>th</sup> May 2015

A small, stylized handwritten mark or signature in the bottom left corner of the page.

**CERTIFICATION FOR COMPLIANCE OF THE CORPORATE GOVERNANCE GUIDELINES**

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

**For CignaTTK Health Insurance Company Limited**

A handwritten signature in black ink, appearing to read "Amrit Raj", with a long vertical line extending downwards from the end of the signature.

Anand Amrit Raj  
Chief Compliance Officer & Company Secretary

Place: Bangalore

Date: 9<sup>th</sup> May 2015

**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**

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

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

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

Sl. No.	Particulars	Details
(a)	Name(s) of the related party and nature of relationship	<b>Name of the related party:</b> Cigna Health Solutions India Private Limited (CHSI) <b>Nature of relationship:</b> Mr. Sandeep Patel is a common director of CignaTTK and the related party
(b)	Nature of contracts/arrangements/transactions	Application maintenance for the Company by CHSI
(c)	Duration of the contracts / arrangements/transactions	3 years
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Maintenance of all applications used by CignaTTK for its Insurance operations. The payment shall be made in advance quarterly. Value of the Agreement: Up to Rs. 14.30 Crore plus mark-up of 15% or as advised by tax consultant

(e)	Date(s) of approval by the Board, if any	30 <sup>th</sup> January 2015
(f)	Amount paid as advances, if any	Nil

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

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

CignaTTK Health Insurance Company Limited

Nomination and Remuneration/ Compensation Policy

Owner: Company Secretary and Head-HR

Approver: CignaTTK Board of Directors

Version: 1.0

Effective Date: 30<sup>th</sup> March 2015

Review History

<u>Date of Review</u>	<u>Changes to Section</u>	<u>Review initiated by</u>	<u>Review signed off by</u>	<u>Review Approved by</u>	<u>Version Number</u>	<u>Effective from</u>

## Contents

1. Purpose of the Policy	3
2. Definitions	4
3. Role of Committee	4
4. Membership	8
5. Frequency of the Meetings	8
6. Committee Members' Interest	8
7. Secretary	8
8. Minutes of Committee Meeting	9

## **Confidentiality Clause:**

All information held about the procedure or in connection with the procedure and any of the above is to be regarded as confidential. One will not at any time during tenure of employment or afterwards, disclose to any person any information as to the business, dealings, practice, accounts, finances, trading, software, know-how, affairs of the procedure or otherwise connected with the procedure. Any breach of this clause would constitute very serious disciplinary action.

### Nomination and Remuneration/ Compensation Policy

The Board of Directors of CignaTTK Health Insurance Company Limited ("the Company") constituted the "Nomination and Remuneration Committee" at the Meeting held on 5<sup>th</sup> May 2014 consisting of three (3) Non-Executive Directors of which majority are Independent Directors.

#### **1. Purpose of the Policy:**

The Nomination and Remuneration Committee ("Committee") of the Company and this Policy is in compliance with the provisions of Section 178 of the Companies Act, 2013, the Insurance Act, 1938 read with the provisions of the Guidelines on 'Corporate Governance for Insurance Sector' issued by Insurance Regulatory & Development Authority ('IRDA') and such other rules / regulations as may be applicable to the Company.

The Policy is framed with the objective(s):

1. 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;
2. To ascertain that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
3. 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;
4. To lay down criteria with regard to identifying persons who are qualified to become Directors (Executive and Non-executive) and persons who may be appointed in Senior Management, Key Managerial positions and to determine their remuneration;
5. 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;
6. 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
7. To lay down criteria for appointment, removal of directors, Key Managerial Personnel and Senior Management Personnel and evaluation of their performance.

## 2. Definitions:

- 2.1 Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2 Board means Board of Directors of the Company.
- 2.3 Directors mean Directors of the Company
- 2.4 Policy or this Policy means, "Nomination and Remuneration Policy."
- 2.5 Key Managerial Personnel means
- 2.5.1. Chief Executive Officer or the Managing Director or the Manager;
  - 2.5.2. Whole-time director;
  - 2.5.3. Chief Financial Officer;
  - 2.5.4. Company Secretary; and
  - 2.5.5. such other officer as may be prescribed.
- 2.6 Senior management shall mean all executives directly reporting to the Managing Director & Chief Executive Officer of the Company.

## 3. ROLE OF COMMITTEE:

- 3.1 Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee.

The Committee shall:

- 3.1.1 identify persons who are qualified to become director(s), Key Managerial Personnel (KMP) and who may be appointed in senior management in accordance with the criteria laid down.
- 3.1.2 recommend to the Board appointment and removal of directors, KMP and person appointed in senior management and shall carry out evaluation of every director's performance.
- 3.1.3 formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 3.1.4 recommend to the Board a policy, relating to the remuneration for the directors, Key Managerial personnel and other employees.
- 3.1.5 Ensure that level and composition of remuneration is reasonable and sufficient, relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- 3.1.6 make independent/ discreet references, where necessary, well in time to verify the

accuracy of the information furnished by the applicant.

### **3.2. Policy for appointment and removal of Director, KMP and Senior Management**

#### **3.2.1 Appointment criteria and qualifications**

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### **3.2.2 Criteria for Remuneration to employees of the Company**

- a) **Performance:** The Company shall while determining remuneration ensure that the performance of the employees and their commitment and efficiency is constructive and beneficial in generating commercial for the Company.
- b) **Responsibilities and Accountability:** The roles and responsibilities towards the organization and the position of the employees shall be formerly evaluated to fix the remuneration.
- (c) **Transparency:** The process of remuneration management shall be transparent, conducted in good faith and in accordance with appropriate levels of confidentiality.
- (d) **Flexibility:** The Remuneration payable shall be flexible to meet both the needs of individuals and those of the Company while complying with relevant tax and other legislation.
- (e) **Affordability and Sustainability:** The remuneration payable is affordable and on a sustainable basis.

**(f) Others:**

- Conducting benchmarking with companies of similar type on the remuneration package;
- The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- Clear linkage of remuneration and appropriate performance benchmarking; and
- Remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives to the working of the Company and its goals.

**3.2.3 Term / Tenure**

**a) Managing Director/Whole-time Director:**

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

**b) Independent Director:**

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

**3.2.4 Evaluation**

The Committee shall carry out evaluation of performance of every Director and KMP at regular interval (yearly).

**3.2.5 Removal**

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

### **3.2.6 Retirement**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **3.3 Policy relating to the Remuneration for the Whole-time Director and KMP.**

#### **3.3.1 General**

- a) The remuneration / compensation / commission etc. to the Whole-time Director and KMP will be determined by the Committee and recommend to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and/or Insurance Regulatory and Development Authority and/or Central Government, wherever required.
- b) In determining the remuneration of Whole-time Director and KMP the Committee should consider among others:
  - 1. Conducting benchmarking with companies of similar type on the remuneration package;
  - 2. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
  - 3. Clear linkage of remuneration and appropriate performance benchmarking; and
  - 4. Remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives to the working of the Company and its goals.
- c) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.
- d) Increments including bonuses, incentive and other rewards to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be approved by the Shareholders of the Company and/or Insurance Regulatory and Development Authority and/or Central Government, wherever required.
- e) Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for

indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

### **3.3.2 Remuneration to Non- Executive / Independent Director**

The Non- Executive / Independent Director may receive remuneration by way of sitting fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One Lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

## **4. Membership**

- 4.1 Members of the Committee shall be appointed by the Board with a minimum of three Non-Executive Directors out of which not less than one-half shall be Independent Director.
- 4.2 The Chairman of the Committee shall be elected from members amongst themselves who shall be an Independent Director. In the absence of the Committee's Chairman, the remaining members present shall elect one of themselves to chair the meeting.
- 4.3 Only members of the Committee have the right to attend and vote at the Committee meetings and any other person required to attend the meeting will have no right to vote.
- 4.4 The Chairperson of the Committee or, in his absence, any other member of the Committee authorized by him in this behalf shall attend the general meetings of the Company.

## **5. Frequency of the meetings**

The Committee shall meet at such times so as to enable it to carry out its powers, functions, roles & responsibilities.

## **6. Committee Members' Interests**

- 6.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 6.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## **7. Secretary**

The Company Secretary of the Company shall act as Secretary of the Committee.

#### **8. Minutes of Committee Meeting**

Proceedings of all meetings must be minuted and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting. Minutes of the Committee meeting will be tabled at the subsequent Board and Committee meeting.

**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**  
As on the Financial Year ended 31<sup>st</sup> March 2015

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

<b>I. REGISTRATION AND OTHER DETAILS</b>		
i)	CIN:-	U66000MH2012PLC227948
ii)	Registration Date --	12/03/2012
iii)	Name of the Company -	CignaTTK Health Insurance Company Limited
iv)	Category / Sub-Category of the Company	Company Limited by Shares - Indian Non -Government Company.
v)	Address of the Registered office and contact details	10 <sup>th</sup> Floor, Commerz International Business Park, Oberoi Garden City, 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/BOADIES CORPORATE	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
-	-	-	-	-	-

#### *i) Category-wise Share Holding*

[illegible]

g) FII's									
h) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>	0	0	0	0	0	0	0	0	0
<b>2. Non-Institutions</b>									
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)									
<b>Sub-total (B)(2):-</b>	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
<b>Grand Total (A+B+C)</b>	0	10,00,00,000	10,00,00,000	100	0	20,00,00,000	20,00,00,000	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	7,39,99,994	74	0	14,79,99,994	74	0	-
2	Cigna Holdings Overseas ING	2,60,00,000	26	0	5,20,00,000	26	0	-
3	Thiruvallur Thattai Jagannathan	1	0	0	1	0	0	-
4	Thiruvallur Thattai Raghunathan	1	0	0	1	0	0	-
5	Thiruvallur Jagannathan Latha	1	0	0	1	0	0	-
6	Thiruvallur Raghunathan Bhanu	1	0	0	1	0	0	-
7	Thiruvallur Jagannathan Lakshman	1	0	0	1	0	0	-
8	Thiruvallur Raghunathan 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	10,00,00,000	100	10,00,00,000	100
1.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): Preferential allotment dated 29 <sup>th</sup> May 2014	3,37,83,783	100	13,37,83,783	100
2.	Preferential allotment dated 28 <sup>th</sup> August 2014	4,05,40,540	100	17,43,24,323	100
3.	Preferential allotment dated 30 <sup>th</sup> March 2015	2,56,75,677	100	20,00,00,000	100
	At the End of the year	20,00,00,000	100	20,00,00,000	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
	<b>For each of top ten Shareholders</b>				
	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
	<b>For each of the Directors and Key Managerial Personnel</b>				
	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.

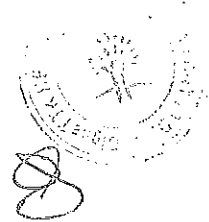
<b>V. INDEBTEDNESS</b> Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest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

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

<b>Sr No.</b>	<b>Particulars of Remuneration</b>	<b>Name of MD/AWT/ Manager</b>	<b>Total Amount</b>
		Mr. Sandeep Patel, Managing Director & CEO	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,36,51,144	4,36,51,144
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,78,18,308	1,78,18,308
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- others, specify...	-	-
5	Others, please specify		-
	<b>Total (A)</b>	<b>6,14,69,452</b>	<b>6,14,69,452</b>

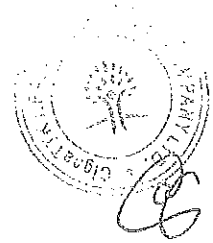
*C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:*

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Anand Amrit Raj, Company Secretary	Mr. Vivek Mathur, CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	34,15,644  Nil  Nil	1,15,18,404  Nil  Nil	14,934,048
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify...	Nil	Nil	Nil
5.	Others, please specify			
	Total	34,15,644	1,15,18,404	14,934,048



*B. Remuneration to other directors:*

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Hemant Kaul, Independent Director	Dr. Narottam Puri, Independent Director	Mr. Jagannathan T T, Non-Executive Director	Mr. Raghunathan T T, Non-Executive Director	
	1. Independent Directors					
	• Fee for attending board / committee meetings	1,20,000	1,60,000	-	-	2,80,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>1,20,000</b>	<b>1,60,000</b>	<b>-</b>	<b>-</b>	<b>2,80,000</b>
	2. Other Non-Executive Directors					
	• Fee for attending board / committee meetings	-	-	3,60,000	1,00,000	4,60,000
	• Commission	-	-	-	-	-
	• Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>3,60,000</b>	<b>1,00,000</b>	<b>4,60,000</b>
	<b>Total (B)=(1+2)</b>	<b>1,20,000</b>	<b>1,60,000</b>	<b>3,60,000</b>	<b>1,00,000</b>	<b>7,40,000</b>



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

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

**Annexure to Directors' Report**  
**Statement pursuant to the Rule (5)(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

Name	Designation/ Nature of duties as on 31 <sup>st</sup> Mar, 2015	Total Remuneration received (INR)	Experience (years)	Qualification	Date of the commencement of employment	Age (years)	Last Employment
Mrs. Reena Tyagi	Head-HR	1,00,95,338	22	BSc (Hons) Physics, MBA	01.02.2012	42	Bharti Airtel Limited
Mr. Vivek Mathur	Chief Financial Officer	1,15,18,404	22	B.Com, C.A	01.10.2013	48	TATA AIA Life Insurance Co. Ltd
Ms. Raunak Jha	Chief Actuary Officer	70,23,324	9	B.Sc, CT, CA, ST1, ST3 & SA1 from IAI	18.03.2014	33	Towers Watson
Ms. Jyoti Punja	Chief Operating Officer	1,39,51,146	13	B.Sc., L.L.B., E.M.B.A.	17.12.2012	49	Bharti Axa Life Insurance
Mr. Kamlesh Manuja	Head - Service Delivery	58,55,000	15	B.Pharm, Masters in Mktg Mgmt	10.11.2014	38	ICICI Prudential Life Insurance
Mr. Alope Gupta #	Senior Vice President-Strategy	43,57,690	32	M.A. Economics	01.12.2011	56	Independent Health Financing/Insurance Consultant
Mr. Gaurav Rajput #	Chief Marketing Officer	80,43,390	17	B.Com., MBA	04.02.2013	41	Aviva Life Insurance
Mr. Dhiraj Goel #	Chief Actuary Officer	17,32,611	11	Associate Chartered Accountant and Company Secretary	24.01.2012	35	Reliance Life Insurance

**NOTES:**

1. Total remuneration includes salary, commission, allowances, rent paid for providing accommodation, leave pay, group and accident insurance premium, Company's contribution to provident, superannuation and gratuity funds and also the monetary value of other perquisites.
2. All the above employees are employed on contractual basis.
3. Experience includes number of years' service elsewhere, wherever applicable.
4. None of the employee mentioned above held any equity shares in the Company within the meaning of clause 5 (2) (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
5. None of the employee mentioned above is a relative of any director or manager of the Company.
6. None of the employees of the Company is drawing remuneration in excess of the limits prescribed under Rule (5)(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.
7. # The Last Working Date for Mr. Alope Gupta is 30.06.2014, Mr. Dhiraj Goel is 30.06.2014 and Mr. Gaurav Rajput is 31.12.2014.

## 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 obtained renewal of registration certificate from IRDA for the financial year 2014-15 as required under Section 3A of the Insurance Act, 1938.
2. All the dues payable to the statutory authorities will be duly paid by May 2015.
3. The Company's Share holding pattern and any transfer of shares 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.
4. The management has not invested any funds of holders of policies in India, directly or indirectly as required by IRDA, outside India.
5. The required solvency margin has been maintained at all times.
6. The values of all the assets have been reviewed on the date of Balance Sheet and in management's belief, the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value.

7. The Company has initiated the process of developing risk appetite framework which would consider the risk tolerance of the business with respect to our product offerings, investments, financial strength and sensitivities and other relevant factors.

Risk appetite is the level of aggregate risk that your organization can undertake and successfully manage over an extended period of time. Enterprise risk management would enable us to determine what level of the risk we can choose to accept as we seek to build shareholder value. The objective of the risk appetite process is to ensure that the financial and non-financial risk position on the key financial indicators; Earnings, Revenue, Value and Benefits, Products and Net Promoters' Score; is monitored and they are used as basis of decisions on appropriate limits to risk exposures. We would broadly be categorizing risks into four main categories- Financial Risk, Insurance Risk, Operational Risk and Other Risks. Risk tolerance limits for each individual function area (Finance, marketing, sales, IT, HR, etc.) would be defined for each sub risk category identified for stated main risk categories. Key risk indicators would be identified for each sub risk and breach of established limit would be monitored closely. Risk mitigation and control options would be selected after evaluating cost effectiveness, time and resource constraints wherein key risk owners would be identified to implement the selected option within stipulated time frame. The aggregated risk tolerance limit of the organization would be kept under defined limits after accounting for interactions between different risk categories and available control options.

The above process would be managed by Internal Risk Committee which would include representation from key functional heads and managed by Chief Risk Officer. This committee would be meeting at least once in a quarter or earlier if the need arises. The risk management report would be shared with Board members on regular basis to keep them aware of the evolving risk management process.

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 10,578 thousand. The amount of claims outstanding to be settled for the year ended March 31st 2015 is INR 2,786 thousand.
10. Ageing analysis of claims outstanding and average claims settlement time is given below:

Ageing of Claims Outstanding:

Days	No of claims	(Rs. '000s)
30 days	32	1549.01
30 days to 6 months	0	0.00
6 months to 1 year	0	0.00
1 year to 5 years	0	0.00
5 Years and above	0	0.00

Trend in Claims Settlement:

Particulars	2013-2014	2014-2015
Overall Average claims settlement time ( In working days)	NA	3

11. 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.
12. All Investments at the period and 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 Investments only in high credit quality instruments.


13. 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 and of the operating Loss and of the 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.

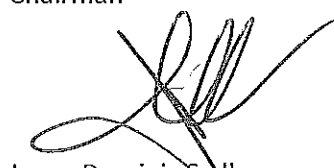
14. Payment made to entities in which Directors are interested

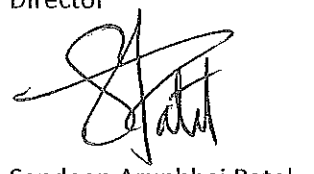
Entity in which Director is interested	Name of the Director	Interested as	Amount (Rs'000)
Cigna Health Solutions India Ltd.	Sandeep Patel	Chairman and Director	70,319

For and on behalf of Board of Directors

  
Jagannathan Thattai Thiruvallur  
Chairman

  
Raghunathan Thattai Thiruvallur  
Director

  
Jason Dominic Sadler  
Director

  
Sandeep Arunbhai Patel  
Managing Director & CEO

  
Vivek Mathur  
Chief Financial Officer

  
Anand Amrit Raj  
Company Secretary

Bengaluru  
9<sup>th</sup> May, 2015

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

M/s S. Viswanathan  
Chartered Accountants  
27/34, 2<sup>nd</sup> Floor,  
Nandidurga Road, JayaMahal Extension,  
Bangalore - 46

### **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of **CignaTTK Health Insurance Company Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Revenue account, the Profit and Loss Account and the Receipts and Payment Account for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the preparation and fair presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in conformity with the accounting principles generally accepted in India, as applicable to general insurance companies, which includes the requirements of the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act, 2013, to the extent applicable and in the manner so required, read with Rule 7 of the Companies (Accounts) Rules, 2014, in respect of Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Insurance Act 1938, the Insurance Regulatory and Development Act, 1999, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and the Companies Act, 2013, to the extent applicable and 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, 2015;
- b. in the case of the Revenue Account, of the deficit for the year ended on that date.
- c. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
- d. in the case of the Receipts and Payments Account, of the receipts and payments of the Company for the year ended on that date.

### **Emphasis of Matter:**

We draw attention to Note No.3.5 of Notes forming part of the financial statements regarding the initial infrastructure and development cost. Pursuant to the Vendor Agreement dated November 22, 2012, the cost incurred by CHSI on behalf of the Company towards setting up of initial infrastructure aggregating to Rs. 414,279 thousand was transferred on March 31st 2014. Subsequently, an additional invoice for transfer of initial infrastructure was raised by CHSI on October 24th 2014 towards full and final settlement, to be recovered from the Company, aggregating to Rs.120,589 thousand.

Our opinion is not modified in respect of this matter.



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

The estimate of claims Incurred But Not Reported (IBNR), claims Incurred But Not Enough Reported (IBNER) and provisioning for Free Look period included under Claims Outstanding as at March 31, 2015, has been duly certified by the Company's Appointed Actuary, and in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority ("the Authority") and the Actuarial Society of India in concurrence with the Authority. We have relied upon the Appointed Actuary's certificate in this regard for forming our opinion on the financial statements of the Company.

Our opinion is not modified in respect of this matter


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

1. As required by the IRDA Financial Statements Regulations, we have issued a separate certificate dated May 9, 2015, certifying the matters specified in paragraphs 3 and 4 of Schedule C to the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, as amended from time to time.
2. As required by Schedule C of Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, Section 143 (3) and other provisions of the Companies Act, 2013, to the extent applicable, we report that:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of the audit and have found them to be satisfactory;
  - b. in our opinion and to the best of our information and according to the explanations given to us, proper books of account, as required by law, have been maintained by the Company, so far as appears from our examination of those books;
  - c. as the Company's financial accounting system is centralized, no returns for the purposes of our audit are prepared at the branches of the Company;
  - d. the Balance Sheet, Revenue Account, Profit and Loss Account and Receipts and Payments Account, dealt with by this Report, are in agreement with the books;
  - e. in our opinion, the Balance Sheet, the Revenue Accounts, the Profit and Loss Account and the Receipts and Payments Account, dealt with by this report, comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by the IRDA in this regard;
  - f. in our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the Regulations and/or orders/directions issued by the IRDA in this regard;



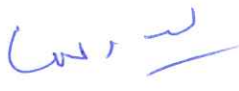
- g. the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 and the Rules framed thereunder and with the accounting principles as prescribed in the IRDA Financial Statements Regulations and orders/directions issued by the IRDA in this regard;
- h. based on the information and explanations received in the normal course of our audit and management representations, nothing has come to our attention which causes us to believe that the Company has not complied with the terms and conditions of registration;
- i. on the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164(2) of the Companies Act, 2013;
- j. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (a) The Company has does not have any pending litigations which would impact its financial position
- (b) The Company did not have any long-term contracts including derivative contracts.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

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



**For M/s.S.Viswanathan**  
Chartered Accountants  
(Registration No. 004770S)

  
**C.N.Srinivasan**  
Partner  
(Membership No. 18205)



Place:  
Date:

*Bangalore*  
*9<sup>th</sup> May 2015*

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

M/s S. Viswanathan  
Chartered Accountants  
27/34, 2<sup>nd</sup> Floor,  
Nandidurga Road, JayaMahal Extension,  
Bangalore - 46

### **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 09, 2015)

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

The Company's Management is responsible for complying with the provisions of the Insurance Act, 1938 (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 (the "IRDA") which includes the preparation of the Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance as aforesaid.

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

In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by CignaTTK Health Insurance Company Limited (the "Company") for the year ended March 31, 2015, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2015, 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, 2015, by actual inspection or on the basis of certificates/ confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;



4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938, relating to the application and investments of the Policyholders' Funds.

**For N.M.Raiji.**

Chartered Accountants  
(Registration No.: 108296W)



Vinay D. Balse  
Partner  
(Membership No. 39434)



Place:

Date:

*Bangalore*

*9<sup>th</sup> May 2015*

**For M/s.S.Viswanathan**

Chartered Accountants  
(Registration No. 004770S)



C.N.Srinivasan  
Partner  
(Membership No. 18205)



**FORM B-RA**
**REVENUE ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2015**  
(Miscellaneous Business)

Rs '000

S.No	Particulars	Schedule	For the year ended 31 <sup>st</sup> March 2015	For the year ended 31 <sup>st</sup> March 2014
1	Premiums earned (Net)	1	66,747	124
2	Profit/ (Loss) on sale/redemption of Investments		1,278	-
3	Others		-	-
4	Interest, Dividend & Rent – Gross		4,626	17
	<b>TOTAL (A)</b>		<b>72,650</b>	<b>141</b>
1	Claims Incurred (Net)	2	42,937	74
2	Commission	3	14,898	306
3	Operating Expenses related to Insurance Business	4	1,223,788	627,157
	<b>TOTAL (B)</b>		<b>1,281,622</b>	<b>627,537</b>
	Operating Profit/(Loss) from Fire/Marine/Miscellaneous Business C= (A - B)		(1,208,971)	(627,396)
	<b>APPROPRIATIONS</b>			
	Transfer to Shareholders' Account		(1,208,971)	(627,396)
	Transfer to Catastrophe Reserve			-
	Other Investments			-
	<b>TOTAL (C)</b>		<b>(1,208,971)</b>	<b>(627,396)</b>

Significant accounting policies &amp; Notes to Financial Statements.

16

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

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

As per our report of even date attached.

For and on behalf of the Board of Directors.

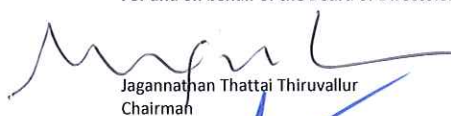
For S.Viswanathan  
Chartered Accountants  
Firm Regn No. 004770S

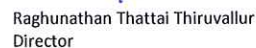
For N M Raiji & Co  
Chartered Accountants  
Firm Regn No. 108296W

C. N. Srinivasan  
Partner  
Membership No. 018205

Vinay D. Balse  
Partner  
Membership No. 039434

Place : Bengaluru  
Date : 9<sup>th</sup> May, 2015

  
Jagannathan Thattai Thiruvallur  
Chairman

  
Raghunathan Thattai Thiruvallur  
Director

  
Vivek Mathur  
Chief Financial Officer

  
Jason Sadler  
Director

  
Sandeep Patel  
Managing Director & CEO

  
Anand Amrit Raj  
Company Secretary


**FORM B-PL**  
**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2015**

Rs '000

S.No	Particulars	Schedule	For the year ended 31st March 2015	For the year ended 31st March 2014
1	OPERATING PROFIT/(LOSS)			
	(a) Fire Insurance		-	-
	(b) Marine Insurance		-	-
	(c) Miscellaneous Insurance		(1,208,971)	(627,397)
2	INCOME FROM INVESTMENTS			
	(a) Interest, Dividend & Rent – Gross		103,460	39,863
	(b) Profit on sale of investments		20,237	-
	Less: Loss on sale of investments		-	-
3	OTHER INCOME		-	-
	<b>TOTAL (A)</b>		<b>(1,085,274)</b>	<b>(587,533)</b>
4	PROVISIONS (Other than taxation)			
	(a) For diminution in the value of Investments		-	-
	(b) For doubtful debts		-	-
	(c) Others		-	-
5	OTHER EXPENSES			
	(a) Expenses other than those related to Insurance Business		-	-
	Personnel Cost		50,695	8,345
	Rents, rates & taxes		-	1,400
	Share Issue Expenses (Stamp Duty & Franking)		9,500	5,880
	(b) Bad debts written off		-	-
	(c) Others		-	-
	<b>TOTAL (B)</b>		<b>60,195</b>	<b>15,625</b>
	Profit / (Loss) Before Tax		(1,145,469)	(603,158)
	Provision for Taxation		-	-
	Profit / (Loss) After Tax		(1,145,469)	(603,158)
	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		(604,545)	(1,386)
	<b>Balance carried forward to Balance Sheet</b>		<b>(1,750,014)</b>	<b>(604,544)</b>
	Earning Per Share		(7.51)	(10.40)

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

16

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

As per our report of even date attached.

For S.Viswanathan  
Chartered Accountants  
Firm Regn No. 004770S

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

C. N. Srinivasan  
Partner  
Membership No. 018205

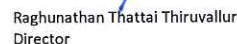
Vinay D. Balse  
Partner  
Membership No. 039434

Place : Bengaluru  
Date : 9<sup>th</sup> May, 2015



For and on behalf of the Board of Directors.

  
Jagannathan Thattai Thiruvallur  
Chairman

  
Raghunathan Thattai Thiruvallur  
Director

  
Vivek Mathur  
Chief Financial Officer

  
Jason Sadler  
Director

  
Sandeep Patel  
Managing Director & CEO

  
Anand Amrit Raj  
Company Secretary

**FORM B-BS**  
**BALANCE SHEET AS ON 31ST MARCH 2015**

Rs '000

S.No	Particulars	Schedule	For the year ended 31 <sup>st</sup> March 2015	For the year ended 31 <sup>st</sup> March 2014
	<b>SOURCES OF FUNDS</b>			
1	SHARE CAPITAL	5	2,000,000	1,000,000
2	SHARE APPLICATION MONEY		-	-
3	RESERVES AND SURPLUS	6	901,961	450,980
4	FAIR VALUE CHANGE ACCOUNT		846	-
5	BORROWINGS	7	-	-
	<b>TOTAL</b>		<b>2,902,807</b>	<b>1,450,980</b>
	<b>APPLICATION OF FUNDS</b>			
1	INVESTMENTS	8	1,439,418	734,859
2	LOANS	9	-	-
3	FIXED ASSETS	10	471	396
4	DEFERRED TAX ASSET		-	-
5	<b>CURRENT ASSETS</b>			
	Cash and Bank Balances	11	24,021	916,613
	Advances and Other Assets	12	290,562	103,792
	<b>Sub-Total (A)</b>		<b>314,583</b>	<b>1,020,405</b>
6	<b>CURRENT LIABILITIES</b>	13	444,530	901,650
7	PROVISIONS	14	157,149	7,574
8	DEFERRED TAX LIABILITY		-	-
	<b>Sub-Total (B)</b>		<b>601,679</b>	<b>909,224</b>
	<b>NET CURRENT ASSETS (C) = (A - B)</b>		<b>(287,096)</b>	<b>111,181</b>
9	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	15	-	-
10	DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		1,750,014	604,544
	<b>TOTAL</b>		<b>2,902,807</b>	<b>1,450,980</b>

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

16

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

As per our report of even date attached.

For and on behalf of the Board of Directors.

For S.Viswanathan  
Chartered Accountants  
Firm Regn No. 004770S

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

C. N. Srinivasan  
Partner  
Membership No. 018205

Vinay D. Balse  
Partner  
Membership No. 039434

Jagannathan Thattai Thiruvallur  
Chairman

Jason Sadler  
Director

Raghunathan Thattai Thiruvallur  
Director

Sandeep Patel  
Managing Director & CEO

Vivek Mathur  
Chief Financial Officer

Anand Amrit Raj  
Company Secretary

Place : Bengaluru  
Date : 9<sup>th</sup> May, 2015



RECEIPTS AND PAYMENTS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015

(Rs. '000)

S.no.	Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>I</b>	<b>Cash flows from operating activities</b>		
1	Premium received from policyholders, including advance receipts	241,973	7,310
2	Other receipts	-	-
3	Payments to the re-insurers, net of commission and claims	-	-
4	Payments to co-insurers, net of claims recovery	-	-
5	Payments of claims	(10,578)	-
6	Payments of commission and brokerage	(12,544)	(139)
7	Payments of other operating expenses	(1,126,727)	(398,132)
8	Preliminary and pre-operative expenses	-	-
9	Deposits, advances and staff loans	(116,657)	(29,371)
10	Income taxes paid (Net)	-	-
11	Directors sitting fees	-	-
12	Service tax Paid	(4,980)	(383)
12	Retirement Benefits	-	-
	<b>Cash flow before extraordinary items</b>	<b>(1,029,513)</b>	<b>(420,715)</b>
	Cash flow from extraordinary items	-	-
	<b>Net cash flow from operating activities</b>	<b>(1,029,513)</b>	<b>(420,715)</b>
<b>II</b>	<b>Cash flows from investing activities</b>		
1	Purchase of fixed assets	(198)	(445)
2	Proceeds from sale of fixed assets	-	-
3	Purchase of investments	(4,462,578)	(27,903)
4	Loans disbursed	-	-
5	Sale of investments	3,144,565	-
6	Repayments received	-	-
7	Rents / Interests / Dividends received/profit on sale of investment*	106,714	20,687
8	Investment in money market instruments and in liquid mutual funds	(92,656)	-
9	Expenses related to investments	(406)	(112)
10	Investment in Fixed Deposit(Net)	-	-
	<b>Net cash flow from investing activities</b>	<b>(1,304,559)</b>	<b>(7,773)</b>
<b>III</b>	<b>Cash flows from financing activities</b>		
1	Proceeds from issuance of share capital**	1,450,980	1,350,480
2	Share Issue Expenses	(9,500)	(5,880)
3	Proceeds from borrowing	-	-
4	Repayments of borrowing	-	-
5	Interest / Dividend paid	-	-
	<b>Net cash flow from financing activities</b>	<b>1,441,480</b>	<b>1,344,600</b>
	<b>Effect of foreign exchange rates on cash and cash equivalents, net</b>	<b>-</b>	<b>-</b>
	<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(892,592)</b>	<b>916,113</b>
	Cash and cash equivalents at the beginning of the year	916,613	500
	Cash and cash equivalents at the end of the year	24,021	916,613

\*Includes Profit on Sale of Investments amounting to INR 21,514 thousand (previous year NIL),

\*\* Includes proceeds from Share Premium amounting to INR 450,980 thousand (Previous year INR 450,980 thousand)

As per our report of even date attached.

For and on behalf of the Board of Directors.

For S.Viswanathan  
Chartered Accountants  
Firm Regn No. 004770S

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

C. N. Srinivasan  
Partner  
Membership No. 018205

Vinay D. Balse  
Partner  
Membership No. 039434

Jagannathan Thattai Thiruvallur  
Chairman

Jason Sadler  
Director

Raghunathan Thattai Thiruvallur  
Director

Sachin Pate  
Managing Director & CEO

Vivek Mathur  
Chief Financial Officer

Anand Amrit Raj  
Company Secretary

Place : Bengaluru  
Date : 9 May, 2015



SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

SCHEDULE 1 - PREMIUM EARNED (NET)

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the year ended 31st March 2015	For the year ended 31st March 2014	For the year ended 31st March 2015	For the year ended 31st March 2014	For the year ended 31st March 2015	For the year ended 31st March 2014
1	Premium from direct business written	212,386	3,354	5,886	-	218,272	3,354
2	Add: Premium on reinsurance accepted	-	-	-	-	-	-
3	Less : Premium on reinsurance ceded	10,619	168	294	-	10,914	168
4	<b>Net Premium</b>	<b>201,767</b>	<b>3,186</b>	<b>5,592</b>	<b>-</b>	<b>207,359</b>	<b>3,186</b>
5	Adjustment for change in reserve for unexpired risks	135,200	3,062	5,411	-	140,612	3,062
	<b>Total Premium Earned (Net)</b>	<b>66,567</b>	<b>124</b>	<b>180</b>	<b>-</b>	<b>66,747</b>	<b>124</b>
	Premium Income from business effected :						
	In India	66,567	124	180	-	66,747	124
	Outside India	-	-	-	-	-	-
	<b>Total Premium Earned (Net)</b>	<b>66,567</b>	<b>124</b>	<b>180</b>	<b>-</b>	<b>66,747</b>	<b>124</b>



SCHEDULE 2 - CLAIMS INCURRED (NET)

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the year ended 31st March 2015	For the year ended 31st March 2014	For the year ended 31st March 2015	For the year ended 31st March 2014	For the year ended 31st March 2015	For the year ended 31st March 2014
	Claims paid						
1	Direct claims	10,578	-		-	10,578	-
2	Add : Re-insurance accepted to direct claims	-	-		-	-	-
3	Less : Re-insurance Ceded to claims	613	-		-	613	-
	Net Claims Paid	9,965	-		-	9,965	-
4	Add : Claims Outstanding at the end of the year	32,947	74	99	-	33,046	74
5	Less : Claims Outstanding at the beginning of the year	74	-		-	74	-
	<b>Total Claims Incurred</b>	<b>42,837</b>	<b>74</b>	<b>99</b>	<b>-</b>	<b>42,937</b>	<b>74</b>
	Claims paid to claimants:						
	In India	42,837	74	99	-	42,937	74
	Outside India	-	-		-	-	-
	<b>Total Claims Incurred</b>	<b>42,837</b>	<b>74</b>	<b>99</b>	<b>-</b>	<b>42,937</b>	<b>74</b>



**SCHEDULE 3 - COMMISSION**

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the year ended 31st March 2015	For the year ended 31st March 2014	For the year ended 31st March 2015	For the year ended 31st March 2014	For the year ended 31st March 2015	For the year ended 31st March 2014
	<b>Commission paid</b>						
1	Direct Commission	15,628	331	848	-	16,476	331
2	Add: Re-insurance Accepted	-	-	-	-	-	-
3	Less: Commission on Re-insurance Ceded	1,535	25	44	-	1,579	25
	<b>Net Commission</b>	<b>14,094</b>	<b>306</b>	<b>804</b>	<b>-</b>	<b>14,898</b>	<b>306</b>
	<b>Break-up of the expenses (Gross) incurred to procure business to be furnished as per details indicated below:</b>						
	Agents	10,347	301	470	-	10,817	301
	Brokers	2,476	30	79	-	2,555	30
	Corporate Agency	2,805	-	299	-	3,104	-
	Referral	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	<b>TOTAL (B)</b>	<b>15,628</b>	<b>331</b>	<b>848</b>	<b>-</b>	<b>16,477</b>	<b>331</b>



**SCHEDULE 4 - OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

Rs '000

S.No	Particulars	Health Insurance		Personal Accident		Consolidated Total	
		For the year ended 31st March 2015	For the year ended 31st March 2014	For the year ended 31st March 2015	For the year ended 31st March 2014	For the year ended 31st March 2015	For the year ended 31st March 2014
1	Employees' remuneration & welfare benefits	461,054	209,860	5,792	-	466,846	209,860
2	Travel, conveyance and vehicle running expenses	46,822	42,836	812	-	47,634	42,836
3	Training expenses	4,545	378	73	-	4,618	378
4	Rents, rates & taxes	67,054	70,742	1,272	-	68,325	70,742
5	Repairs	2,554	405	125	-	2,679	405
6	Printing & stationery	8,083	2,502	139	-	8,221	2,502
7	Communication	28,906	7,444	1,005	-	29,911	7,444
8	Legal & professional charges	49,300	147,428	1,193	-	50,494	147,428
9	Auditors' fees, expenses etc	-	-	-	-	-	-
	(a) as auditor	700	400	0	-	700	400
	(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-
	(i) Taxation matters	-	100	-	-	-	100
	(ii) Insurance matters	-	-	-	-	-	-
	(iii) Management services; and	-	37	-	-	-	37
	(c) in any other capacity	99	-	1	-	100	-
	(d) out of pocket expenses	56	-	1	-	57	-
10	Advertisement and publicity	349,973	68,023	5,895	-	355,868	68,023
11	Interest & Bank Charges	1,582	166	31	-	1,613	166
12	Others	-	-	-	-	-	-
	Membership and Subscription Fees	2,928	2,097	23	-	2,951	2,097
	Information Technology Related Expenses	91,946	9,467	2,342	-	94,288	9,467
	Equipments, Software and amenities - Usage Cost	57,384	58,133	544	-	57,928	58,133
	Business Promotion	-	-	-	-	-	-
	Directors Sitting Fees	733	-	7	-	740	-
	Office Expenses	14,949	6,215	184	-	15,133	6,215
	Policy Related Expenses	14,358	162	273	-	14,631	162
	Miscellaneous Expenses	860	713	67	-	928	713
13	Depreciation	122	49	1	-	123	49
	<b>TOTAL</b>	<b>1,204,008</b>	<b>627,157</b>	<b>19,780</b>	<b>-</b>	<b>1,223,788</b>	<b>627,157</b>



**SCHEDULE 5 - SHARE CAPITAL**

Rs '000

S.No	Particulars	As at 31st March 2015	As at 31st March 2014
		Audited	Audited
1	Authorised Capital	2,000,000	1,000,000
	200,000,000 (Previous Year: 100,000,000) Equity Shares of Rs. 10 each		
2	Issued Capital	2,000,000	1,000,000
	200,000,000 (Previous Year: 100,000,000) Equity Shares of Rs. 10 each		
3	Subscribed Capital	2,000,000	1,000,000
	200,000,000 (Previous Year: 100,000,000) Equity Shares of Rs. 10 each		
4	Called-up Capital	2,000,000	1,000,000
	200,000,000 (Previous Year: 100,000,000) Equity Shares of Rs. 10 each		
	Less : Calls unpaid	-	-
	Add : Equity Shares forfeited (amount originally paid up)	-	-
	Less : Par Value of Equity Shares bought back	-	-
	Less : Preliminary Expenses	-	-
	Less : Expenses including commission or brokerage on underwriting or subscription of shares	-	-
	<b>TOTAL</b>	<b>2,000,000</b>	<b>1,000,000</b>





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

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

Shareholder	As at 31st March 2015		As at 31st March 2014	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	148,000,000	74%	74,000,000	74%
- Foreign	52,000,000	26%	26,000,000	26%
Others	-	-	-	-
<b>TOTAL</b>	<b>200,000,000</b>	<b>100%</b>	<b>100,000,000</b>	<b>100%</b>



**SCHEDULE 6 - RESERVES AND SURPLUS**

Rs '000

S.No	Particulars	As at 31st March 2015	As at 31st March 2014
		Audited	Audited
1	Capital Reserve	-	-
2	Capital Redemption Reserve	-	-
3	Share Premium	901,961	450,980
4	General Reserves	-	-
	Less: Debit balance in Profit and Loss Account	-	-
	Less: Amount utilized for Buy-back	-	-
5	Catastrophe Reserve	-	-
6	Other Reserves	-	-
7	Balance of Profit in Profit & Loss Account	-	-
	<b>TOTAL</b>	<b>901,961</b>	<b>450,980</b>



**SCHEDULE 7 - BORROWINGS**

		Rs '000	
S.No	Particulars	As at 31st March 2015	As at 31st March 2014
		Audited	Audited
1	Debentures/ Bonds	-	-
2	Banks	-	-
3	Financial Institutions	-	-
4	Others	-	-
	<b>TOTAL</b>	-	-



**SCHEDULE 8 - INVESTMENTS**

Rs '000

S.No	Particulars	As at 31st March 2015	As at 31st March 2014
		Audited	Audited
	<b>LONG TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills (Refer Note 1)	437,887	533,343
2	Other Approved Securities	154,446	
3	Other Investments		-
	(a) Shares		-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	-	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	452,413	100,914
	(e) Other Securities	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	301,170	100,602
5	Other than Approved Investments	-	-
	<b>SHORT TERM INVESTMENTS</b>		
1	Government securities and Government guaranteed bonds including Treasury Bills	-	-
2	Other Approved Securities	-	-
3	Other Investments		-
	(a) Shares		-
	(aa) Equity	-	-
	(bb) Preference	-	-
	(b) Mutual Funds	93,502	-
	(c) Derivative Instruments	-	-
	(d) Debentures/ Bonds	-	-
	(e) Other Securities - Fixed Deposit with banks	-	-
	(f) Subsidiaries	-	-
	(g) Investment Properties-Real Estate	-	-
4	Investments in Infrastructure and Social Sector	-	-
5	Other than Approved Investments	-	-
	<b>TOTAL</b>	<b>1,439,418</b>	<b>734,859</b>

**Notes:**

- Government securities includes security deposit held under section 7 of Insurance Act 1938, having book value of Rs. 45,925 Thousand (Previous Year - Rs. 45,893 Thousand).
- Aggregate book value of investments other than listed equity securities and derivative instruments is Rs. 1,438,572 Thousand (Previous Year - Rs. 734,859 Thousand). Aggregate market value of such investments as at 31.03.2015 is Rs. 1,505,069 thousand (Previous Year - Rs. 735,434 Thousand).



**SCHEDULE 9 - LOANS**

		Rs '000	
S.No	Particulars	As at 31st March 2015	As at 31st March 2014
		Audited	Audited
1	SECURITY-WISE CLASSIFICATION		
	Secured		
	(a) On mortgage of property		
	(aa) In India	-	-
	(bb) Outside India	-	-
	(b) On Shares, Bonds, Govt. Securities	-	-
	(c) Others	-	-
	Unsecured	-	-
	<b>TOTAL</b>	-	-
2	BORROWER-WISE CLASSIFICATION		
	(a) Central and State Governments	-	-
	(b) Banks and Financial Institutions	-	-
	(c) Subsidiaries	-	-
	(d) Industrial Undertakings	-	-
	(e) Others	-	-
	<b>TOTAL</b>	-	-
3	PERFORMANCE-WISE CLASSIFICATION		
	(a) Loans classified as standard	-	-
	(aa) In India	-	-
	(bb) Outside India	-	-
	(b) Non-performing loans less provisions	-	-
	(aa) In India	-	-
	(bb) Outside India	-	-
	<b>TOTAL</b>	-	-
4	MATURITY-WISE CLASSIFICATION		
	(a) Short Term	-	-
	(b) Long Term	-	-
	<b>TOTAL</b>	-	-



**SCHEDULE 10 - FIXED ASSETS**

Rs '000

Particulars	Cost/ Gross Block				Depreciation			Net Block	Net Block
	Opening	Additions during the period	Deductions/ adjustments during the period	As at 31st Mar 2015	Up to Last Year	For the period ended	As at 31st Mar 2015	As at 31st Mar 2015	As at 31st Mar 2014
Goodwill	-	-	-	-	-	-	-	-	-
Intangibles (Software)	47	198	-	246	4	52	56	190	43
Land-Freehold	-	-	-	-	-	-	-	-	-
Leasehold Improvements	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Furniture & Fittings	22	-	-	22	22	-	22	-	-
IT Equipments	6	-	-	6	0	1	1	4	6
Vehicles	-	-	-	-	-	-	-	-	-
Office Equipment	370	-	-	370	23	70	93	277	347
Others	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>445</b>	<b>198</b>	<b>-</b>	<b>643</b>	<b>49</b>	<b>123</b>	<b>172</b>	<b>471</b>	<b>396</b>
Work in progress	-	-	-	-	-	-	-	-	-
<b>Grand Total</b>	<b>445</b>	<b>198</b>	<b>-</b>	<b>643</b>	<b>49</b>	<b>123</b>	<b>172</b>	<b>471</b>	<b>396</b>
Previous Period	-	445	-	445	-	49	49	396	-



**SCHEDULE 11 - CASH AND BANK BALANCE**

S.No	Particulars	Rs '000	
		As at 31st March 2015	As at 31st March 2014
		Audited	Audited
1	Cash (including cheques, drafts and stamps)	9,918	623
2	Bank Balances		
	(a) Deposit Accounts		
	(aa) Short-term (due within 12 months)	-	200,000
	(bb) Others	-	-
	(b) Current Accounts	14,103	715,990
	(c) Others	-	-
3	Money at Call and Short Notice		
	(a) With Banks	-	-
	(b) With other Institutions	-	-
4	Others	-	-
	<b>TOTAL</b>	<b>24,021</b>	<b>916,613</b>
	Balances with non-scheduled banks included in 2 above	-	-



**SCHEDULE 12 - ADVANCES AND OTHER ASSETS**

Rs '000

S.No	Particulars	As at 31st March 2015	As at 31st March 2014
		Audited	Audited
	<b>ADVANCES</b>		
1	Reserve deposits with ceding companies	-	-
2	Application money for investments	-	-
3	Prepayments	38,676	17,922
4	Advances to Directors/Officers	-	-
5	Advance tax paid and taxes deducted at source (Net of provision for taxation)	-	-
6	Others		
	Security Deposits	107,149	10,948
	Advance to others	203	500
	<b>TOTAL (A)</b>	<b>146,027</b>	<b>29,370</b>
	<b>OTHER ASSETS</b>		
1	Income accrued on investments	42,079	19,192
2	Outstanding Premiums	-	-
3	Agents' Balances	-	-
4	Foreign Agencies Balances	-	-
5	Due from other entities carrying on insurance business (including reinsurers)	-	-
6	Due from subsidiaries/ holding	-	-
7	Deposit with Reserve Bank of India	-	-
8	Others		
	Receivable from Related Parties	105	
	Cenvat Credit	102,350	55,229
	<b>TOTAL (B)</b>	<b>144,535</b>	<b>74,421</b>
	<b>TOTAL (A+B)</b>	<b>290,562</b>	<b>103,792</b>



**SCHEDULE 13 - CURRENT LIABILITIES**

Rs '000

S.No	Particulars	As at 31st March 2015	As at 31st March 2014
		Audited	Audited
1	Agents' Balances	4,124	192
2	Balances due to other insurance companies	8,864	143
3	Deposits held on re-insurance ceded	-	-
4	Premiums received in advance	2,281	-
5	Unallocated Premium	23,032	2,870
6	Unclaimed Amount of Policyholders	900	-
7	Sundry creditors	178,873	152,507
8	Due to subsidiaries/ holding company	-	-
9	Claims Outstanding	33,046	74
10	Due to Officers/ Directors	-	-
11	Others -	-	-
	Statutory Dues	27,865	10,611
	Refund Payable - Premium	2,344	1,085
	Provision for expenses	42,280	25,728
	Payable to Related Parties	117,493	-
	Contracts for Investments	-	706,956
	Stale Cheque	-	-
	Payable to Employees	3,428	1,483
	<b>TOTAL</b>	<b>444,530</b>	<b>901,650</b>



**SCHEDULE 14 - PROVISIONS**

		Rs '000	
S.No	Particulars	As at 31st March 2015	As at 31st March 2014
		Audited	Audited
1	Reserve for Unexpired Risk	143,674	3,062
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	5,466	2,168
	Provision for Leave Encashment	8,009	2,344
6	Reserve for Premium Deficiency	-	-
	<b>TOTAL</b>	<b>157,149</b>	<b>7,574</b>





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

**SCHEDULE 15 - MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

Rs '000

S.No	Particulars	As at 31st March 2015	As at 31st March 2014
		Audited	Audited
1	Discount Allowed in issue of shares/ debentures	-	-
2	Others	-	-
	<b>Total</b>	-	-



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

### 1. Background

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

The Company is a joint venture between TTK Partners LLP (74%) and Cigna Holdings Overseas Inc. (26%).

### 2. Significant Accounting Policies

#### 2.1 Basis of preparation of financial statements

The financial statements are prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) followed in India under the historical cost convention and accrual basis of accounting and in accordance with the statutory requirements of the Insurance Act, 1938, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('The Regulations') and orders and guidelines/directions issued by the IRDA in this behalf, the Companies Act, 2013 ('The Act') to the extent applicable and comply with the notified accounting standards issued by Companies Accounting Standard Rules, 2006 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs)

#### 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 in the financial Statements. The estimates and assumptions used in 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. Any revision to accounting estimates is recognized prospectively in current and future periods.



## 2.3 Revenue recognition

### (i) Premium

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

### (ii) Interest / dividend income

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

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

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

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

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

### (v) Commission on Reinsurance Ceded

Commission received on reinsurance ceded is recognized as income in the period in which reinsurance premium is ceded.

## 2.4 Reinsurance Ceded

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

## 2.5 Acquisition costs

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

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



## 2.6 Reserve for unexpired risk

Represents that part of the net premium (i.e., premium, net of reinsurance ceded) which is attributable to, and set aside for subsequent risks to be borne by the Company under contractual obligations on contract period basis or risk period basis. Such reserves are recognized on a pro-rata basis under 1/365 basis, subject to minimum reserve requirements under Section 64 V(1) (ii)(b) of the Insurance Act, 1938 at the portfolio level.

## 2.7 Claims incurred and Recoveries on account of reinsured claims

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

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

IBNR represents that amount of all claims that may have been incurred prior to the end of the current accounting period but have not been reported or claimed. The IBNR provision also includes provision, if any, required for claims incurred but not enough reported (IBNER). The said liability is determined based on actuarial principles by the Appointed Actuary. The methodology and assumptions on the basis of which the liability has been determined has also been certified by the Actuary to be appropriate, in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDA and, accordingly, the liability determined is certified as adequate by the Actuary.

## 2.9 Fixed Assets and Depreciation / Amortization

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on the straight-line method pro-rata from the month of acquisition in accordance with the provisions of Schedule II of the Companies Act, 2013.

## 2.10 Investments

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

### Classification:

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



## Valuation:

### Debt Securities

All debt securities are considered as 'held to maturity' and accordingly stated at historical cost 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.

## 2.11 Employee Retirement 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 is provided on the basis of prescribed percentage of salary and is expensed in the period when contribution is made.

### b) Defined Benefit Plans:

#### Gratuity

Gratuity benefit is a defined benefit scheme, is provided on the basis of actuarial valuation including actuarial gains/losses at balance sheet date and is charged as expense in the relevant period of valuation.

### 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.

## 2.12 Leases

Lease arrangements where the risks and rewards incident to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease Rent under operating leases are recognized in the profit and loss account on straight line basis.

## 2.13 Foreign Currency Transactions

Transactions denominated in foreign currencies, if any, are recorded at the exchange rate prevailing on the date of the transaction. Assets and Liabilities in foreign currency, if any, as at the Balance Sheet



date are converted at the closing exchange rates prevailing at that date. Exchange difference either on settlement or on translation is recognized in the Revenue Accounts or Profit and Loss Account, as applicable.

## **2.14 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 at the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. At each Balance Sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

## **2.15 Service Tax**

Service tax collected is considered as a liability against which service tax 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 adjustments in subsequent periods.

## **2.16 Provisions and Contingencies**

A provision is recognized when an enterprise has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate 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.

## **2.17 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 weighted average number of equity shares outstanding during the reporting year.



## 2.18 Segment Reporting

In case of Health Insurance business, based on the primary segments identified under 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" notified in the Companies Act, 2013, the Company has classified and disclosed segment information for Health Insurance and Personal Accident Insurance.

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

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

Investment income is allocated to Revenue Account and to Profit and Loss Account on the basis of average technical reserve and shareholders' funds. Technical reserve includes unexpired risk reserve and claims outstanding.

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:

- Number of policies; and
- Gross written premium.

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.



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

#### 3.1 Contingent Liabilities

Rs' 000

Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
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

#### 3.2 All assets of the Company are free from encumbrances.

#### 3.3 Capital Commitments :

Commitments made and outstanding for acquisition of fixed assets amount to INR Nil (Previous Period INR Nil).

#### 3.4 Claims

3.4.1 The company has received intimation and paid claims amounting to INR 10,578 thousand (net of reinsurance) during the year ended March 31<sup>st</sup> 2015( Previous year Nil)

3.4.2 The amount of claims outstanding to be settled for the year ended March 31<sup>st</sup> 2015 is INR 2,786 thousand (Previous year Nil).

#### 3.5 Transfer of Expenses from Cigna Health Solutions to Cigna TTK

Pursuant to the Vendor Agreement dated November 22<sup>nd</sup> 2012 the cost incurred by CHSI on behalf of the Company towards setting up of initial infrastructure aggregating to INR 465,484 thousand was transferred on March 31<sup>st</sup> 2014. Subsequently, an additional invoice for transfer of initial infrastructure was raised by CHSI on October 24<sup>th</sup> 2014, for INR 120,589 thousand in full and final settlement, under the said agreement, details of which are given below:

Rs' 000

Nature	Amount
Equipments, Software and amenities - Usage Cost	(81)
IT Related Exp	3
Professional & Consultancy Charges	(7,593)
Interest, Rates & Taxes	5,629
Travelling Expenses	103
Personnel Cost	109,263
<b>Total</b>	<b>107,324</b>
Service Tax @ 12.36%	13,265
<b>Grand Total</b>	<b>120,589</b>



### 3.6 Percentage of business sector – wise

Rs' 000

Sector	As at March 31 <sup>st</sup> 2015				As at March 31 <sup>st</sup> 2014			
	Net Premium	No. of Policies	No. of Lives	% of Net Premium	Net Premium	No. of Policies	No. of Lives	% of Net Premium
Rural	5,915.96	645	1,310	2.71%	0	0	0	0
Social	482.12	5,703	5,704	0.22%	0	0	0	0
Urban	211,874.07	19,435	39,286	97.07%	3354.17	549	1008	100
Total	218,272.15	25,783	46,300	100%	3354.17	549	1008	100

### 3.7 Extent of Risk Retained and Reinsured

Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Risk Retained (%)	95%	95%
Risk Reinsured (%)	5%	5%

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

Rs'000

Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Purchase where deliveries are pending	Nil	706,956

### 3.9 Investment made pursuant to section 7 of Insurance Act, 1938, are as follow

Rs'000

Detail of Investment	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
8.30% GOI CG 31-12-2042	45,925	45,893

**3.10** The investments as at year-end have not been allocated between Policy Holders' and Shareholders' accounts since the same are not earmarked separately.

### 3.11 Employee Benefit Plans

#### 3.11.1 Defined Contribution Plan

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

Rs'000

Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Provident Fund	16,097	3,528



### 3.11.2 Gratuity Plan

Gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of actuarial valuation as per the projected unit credit method. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

#### i. Assumptions Used:

Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Mortality	Indian Assured Lives Mortality (2006-08) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Discount Rate	7.80%	9.10%
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:

Particulars	Rs'000	
	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Present value of obligations at the beginning of Period	2,167	Nil
Interest cost	197	Nil
Current Service Cost	3,223	1,477
Past Service Cost	Nil	690
Benefits Paid	Nil	Nil
Actuarial (gain)/loss on obligation	(92)	Nil
Transfer In /(Out) Obligation	(30)	Nil
Present value of obligations at end of period	5,465	2,167

#### iii. Amounts recognized in Profit & Loss Account:

Particulars	Rs' 000	
	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Current Service Cost	3,223	1,477
Interest Cost	197	Nil



Past Service Cost	Nil	690
Unrecognized Past Service Cost – Non-vested benefits	Nil	Nil
Expected Return on Plan Assets	Nil	Nil
Net Actuarial (Gain)/loss recognized for the period	(92)	Nil
Transfer In / (Out) Obligation	(30)	Nil
Amount recognized in Profit & loss Account	3,298	2,167

**Amounts recognized in Balance Sheet:**

Particulars	Rs '000	
	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Present value of obligations at end of period	5,465	2,167
Fair Value of Plan Assets at end of period	Nil	Nil
Funded Status	Nil	Nil
Unrecognized Past Service Cost – Non-vested benefits	Nil	Nil
Net Asset/(Liability) recognized in the balance sheet	(5,465)	(2,167)

**iv. Balance Sheet Reconciliation :**

Particulars	Rs '000	
	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Opening Net Liability/(Asset)	2,167	Nil
Expenses as above	3,328	2,167
Contribution Paid	5,495	Nil
Transfer In / (Out) Obligation	(30)	Nil
Closing Net Liability/(Asset)	5,465	2,167



### 3.11.3 Leave Encashment

The Company has a scheme for accrual of leave for employees, the liability for which is determined on the basis of Actuarial Valuation carried out at the year end.

Rs '000		
Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Opening Expenses	2,344	-
Add : Provision made during the year	5,665	2,344
Closing Balance	8,009	2,344

### 3.12 Managerial Remuneration

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

Rs' 000		
Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Salaries & Allowances	43,651	9,392
Contribution to Provident Fund	2,590	755
Perquisites	15,228	698

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

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

Rs '000		
Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Outsourcing Expenses	131,698	32,805
Marketing Support	157,926	68,023



### 3.14 Details of penal actions taken by various Govt. authorities during year ended March 31<sup>st</sup> 2015

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	Late payment and filing of Profession tax return for Karnataka state	3.78	3.78	Nil
5.	Enforcement Directorate/Adjudicating Authority/Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6.	Registrar of Companies/NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	Nil	Nil	Nil	Nil
7.	Penalty awarded by any Court/Tribunal for any matter including claim settlement but excluding Compensation	Nil	Nil	Nil	Nil
8.	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9.	Competition Commission of India	Nil	Nil	Nil	Nil
10.	Any other Central/State/Local Govt. / Statutory Authority (Tariff Advisory Committee)	Nil	Nil	Nil	Nil

### 3.15 Leases

The Company's significant leasing arrangements include operating Lease agreements 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.

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

Rs '000

Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
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



### 3.16 Micro & Small Scale Business Entities

The Company has a process of identification of suppliers registered under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006" by obtaining confirmations from suppliers. Based on the information available with the Company there are no dues payable to the suppliers as defined under the "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006", as at March 31<sup>st</sup> 2015.

### 3.17 Details of age-wise analysis of the unclaimed amount of the policyholders for the year ended March 31<sup>st</sup> 2015

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

Particulars	Total Amount	Rs '000					
		1-6 Months	7-12 Months	13-18 Months	19-24 Months	25-30 Months	Beyond 30 Months
Claims settled but not paid to the policyholders/ insured's due to any reasons except under litigation from the insured/ policyholders	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sum due to the insured/ Policyholders on maturity or otherwise	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
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	900	738	161	NIL	NIL	NIL	NIL
Cheques issued but not encashed by the policyholder/ insured	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>TOTAL</b>	900	738	161	NIL	NIL	NIL	NIL

### 3.18 Segment Information

The operating expenses and investment and other income have been allocated to various segments as per accounting policies and notes to the financials disclosed above. Segment revenue and segment results have been incorporated in the financial statements. However, due to the nature of the business, segment assets and liabilities have been allocated to the various segments to the extent possible. There are no reportable geographical segments during the year. Financial information about the business segment is given below:

Rs '000

Particulars	Year Ended 31st March 2015			Year Ended 31st March 2014		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Segmental Revenue	72,284	367	72,651	141	-	141
Segmental Result	(1,188,657)	(20,315)	(1,208,971)	(627,396)	-	(627,396)

#### Segmental Liabilities

Net Claims Outstanding	32,947	99	33,046	74	-	74
Unexpired Risk Reserve	135,200	5,411	140,612	3,062	-	3,062
Premium received in Advance	2,281	-	2,281	-	-	-

#### Segmental Assets

Outstanding Premium	Nil	Nil	Nil	Nil	Nil	Nil
---------------------	-----	-----	-----	-----	-----	-----

### 3.19 Fixed Assets and Depreciation

In accordance with the requirements of Schedule II of The Companies Act, 2013 the company has revised the estimated useful life of fixed assets and the depreciation rates. There is no material change in the amount of depreciation due to change in estimated useful life of assets and the depreciation rates.

Asset Class	As per Companies Act, 2013		As per Companies Act, 1956	
	Estimated Useful Life	Depreciation Rate (SLM)	Estimated Useful Life	Depreciation Rate (SLM)
Information Technology Equipment	6 years	15.83%	3 years	33.33%
Computer Software	3 years	31.67%	3 years	33.33%
Office Equipment	5 years	19.00%	3 years	33.33%
Furniture and Fixtures	10 years	9.50%	5 years	20.00%



**3.20** As per sub section (1) of section 40C of the Insurance Act, 1938 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 Executive Committee of the General Insurance Council. The Company had applied to Executive Committee of the General Insurance Council to recommend to IRDA to grant exemption from complying with the provisions of the aforesaid section up to FY 2018-2019 from the commencement of operations, including the partial year (2013-14) when the operations started, and has accordingly received the exemption during the first half of year ended March 31<sup>st</sup> 2015.

### 3.21 Deferred Tax Liability

In accordance with the provisions of AS-22, deferred tax liability amounting to INR 21 thousand has been recognized in the books. Paragraph 18 of AS 22 Accounting for Taxes, stipulates that, in case of unabsorbed depreciation or carry forward of losses under tax laws, an enterprise recognizes deferred tax assets to the extent that it has timing differences the reversal of which will result in sufficient income i.e. to the extent of deferred tax liability, without considering any other evidence regarding future taxable income. In conformity with the said Paragraph, the Company has recognized deferred tax asset to the extent of INR 21 thousand in the books. Deferred tax Liability represent timing difference on account of Fixed Assets and Deferred Tax Asset represent timing difference for unabsorbed losses as per the above guidance.

### 3.22 Related Party Disclosures

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

Rs '000						
Relationship	Related Party	Nature of Transactions	Current Year	Previous Period	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Associate Firm	TTK & Co	Expenses	-	-		179
Shareholder	TTK Partners LLP	Capital Contribution	740,000	639,500	-	-
Shareholder	Cigna Holdings Overseas Inc	Capital Contribution	260,000	260,000	-	-
		Share Premium	450,980	450,980	-	-
Associate Enterprise	Cigna Health Solutions India Ltd	Expenses	107,324	414,279	117,493	(57,429)
		Advances against expense	-	258,000	-	-
		Workstation Cost	(105)	-	(105)	-
Key Managerial Personnel	Mr.Sandeep Arunbhai Patel	Remuneration	61,469	10,845		



### 3.23 Summary of Financial Statements

Rs '000

Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
<b>OPERATING RESULTS</b>		
Gross Written Premium	218,272	3,354
Net Premium Income #	207,359	3,186
Income from Investment (Net)	5,904	17
Other Income	-	-
<b>TOTAL INCOME</b>	213,262	3,203
Commission	14,898	305
Operating Expenses	1,223,788	627,157
Net Incurred Claims	42,937	74
Change in Unexpired Risk Reserve	140,612	3,062
Operating Profit/Loss	(1,208,972)	(627,397)
<b>NON-OPERATING RESULT</b>		
Total income under shareholders account	63,502	24,237
Profit/(Loss) before Tax	(1,145,470)	(603,159)
Provision for Taxation	-	-
Profit/(Loss) after Tax	(1,145,470)	(603,159)
<b>MISCELLANEOUS</b>		
<b>POLICYHOLDER'S ACCOUNT :</b>		
Total Funds	176,720	3,137
Total investments	176,720	3,137
Yield on Investments		
<b>SHAREHOLDER'S ACCOUNT:</b>		
Total Funds	1,262,698	931,722
Total investments	1,262,698	931,722
Yield on Investments		
Paid up equity capital	2,000,000	1,000,000
Net Worth	1,151,947	846,436
Total Assets	1,754,473	1,755,659
Yield on Total Investments (Annualized)	10.34%	8.15%
Earnings Per Share	(7.51)	(10.40)
Book Value Per Share	5.76	8.46
Total Dividend	-	-
Dividend Per Share	-	-

# Net of reinsurance



### 3.24 Analytical Ratios

Analytical Ratios			
Performance Ratios	As March 2015	at 31 <sup>st</sup>	As March 2014
Gross Direct Premium Growth Rate	64.07		NA
Gross Direct Premium to Net Worth Ratio	0.19		0.003963
Growth Rate of Net Worth	0.36		7.54
Net Retention Ratio	0.95		0.95
Net Commission Ratio	0.07		0.10
Expenses of Management to Gross Direct Premium Ratio	5.74		187.07
Expenses of Management to Net Written Premium Ratio	6.04		196.91
Net Incurred Claims to Net Earned Premium	0.64		0.60
Combined Ratio	6.62		197.51
Technical Reserves to Net Premium Ratio	2.65		0.98
Underwriting Balance Ratio	(18.24)		(5060.34)
Operating Profit Ratio	(17.85)		(5060.21)
Liquid Assets to Liability Ratio	0.67		292.21
Net Earnings Ratio	(5.52)		(189.29)
Return on Net Worth Ratio	(0.99)		(0.71)
Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	2.10		1.69
NPA Ratio	0.00		0.00

### 3.25 Earnings per share

Particulars	As at March 31 <sup>st</sup> 2015	As at March 31 <sup>st</sup> 2014
Net profit/ (loss) as per Profit & Loss account (Rs '000)	(1,145,469)	(603,158)
Weighted Average number of Equity Shares used for calculating EPS	152,547,204	58,012,466
Basic Earnings Per Share	(7.51)	(10.40)

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

### 3.26 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.

- Administrative expenses, amounting to INR 5,775 thousand which was classified under Rent, Rates and Taxes under Schedule 4 – Operating Expenses Related to Insurance Business and INR 440 thousand which was classified under Miscellaneous Expenses under Schedule 4 – Operating Expenses Related to Insurance Business, respectively have been classified separately as Administrative Expenses under Schedule 4 – Operating Expenses Related to Insurance Business. As a result, Rent Rates and Taxes and Miscellaneous Expenses have reduced by INR



5,775 thousand and INR 440 thousand respectively and Administrative Expenses have increased to the same extent.

- ii. Insurance policy related expenses, amounting to INR 1.12 thousand which was classified under Legal and Professional Charges under Schedule 4 – Operating Expenses Related to Insurance Business have been classified separately as Policy Related Expenses under Schedule 4 – Operating Expenses Related to Insurance Business. As a result, Legal and Professional Charges have reduced by INR 1.12 thousand and Policy Related Expenses have increased to the same extent.
- iii. Postage & Courier charges, amounting to INR 306 thousand which was classified under Miscellaneous Expenses under Schedule 4 – Operating Expenses Related to Insurance Business have been reclassified under Communication under Schedule 4 – Operating Expenses Related to Insurance Business. As a result, Miscellaneous Expenses have reduced by INR 306 thousand and Communication has increased to the same extent.
- iv. TPA charges, amounting to INR 161 thousand which was classified under Legal & Professional Charges under Schedule 4 – Operating Expenses Related to Insurance Business have been reclassified under Policy Related Expenses under Schedule 4 – Operating Expenses Related to Insurance Business. As a result, Legal & Professional charges have reduced by INR 161 thousand and Policy Related Expenses have increased to the same extent.
- v. Under Receipts & Payments Account, Expenses related to Investments amounting to INR 112 thousand and Share Issue expenses amounting to INR 5,880 thousand have been regrouped from Payments of Other Operating Expenses in Net Cash Flow from Operating Activities. As a result, Expenses Related to Investments have increased by INR 112 thousand in Net Cash Flow from Investing Activities and Share Issue expenses have increased to INR 5,880 thousand in Net Cash Flow from Financing Activities and Payments of Other Operating Expenses have reduced to the same extent.

As per our report of even date attached.

For S.Viswanathan  
Chartered Accountants  
Firm Regn No. 004770S



C. N. Srinivasan  
Partner  
Membership No. 018205

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




Vinay D. Balse  
Partner  
Membership No. 039434



For and on behalf of the Board of Directors.



Jagannathan Thattai Thiruvallur  
Chairman



Raghunathan Thattai Thiruvallur  
Director




Vivek Mathur  
Chief Financial Officer



Jason Sadler  
Director



Sandeep Patel  
Managing Director & CEO



Anand Amrit Raj  
Company Secretary

Place : Bengaluru  
Date : May 9, 2015



## 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 obtained renewal of registration certificate from IRDA for the financial year 2014-15 as required under Section 3A of the Insurance Act, 1938.
2. All the dues payable to the statutory authorities will be duly paid by May 2015.
3. The Company's Share holding pattern and any transfer of shares 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.
4. The management has not invested any funds of holders of policies in India, directly or indirectly as required by IRDA, outside India.
5. The required solvency margin has been maintained at all times.
6. The values of all the assets have been reviewed on the date of Balance Sheet and in management's belief, the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realizable or market value.
7. The Company has initiated the process of developing risk appetite framework which would consider the risk tolerance of the business with respect to our product offerings, investments, financial strength and sensitivities and other relevant factors.

Risk appetite is the level of aggregate risk that your organization can undertake and successfully manage over an extended period of time. Enterprise risk management would enable us to determine what level of the risk we can choose to accept as we seek to build shareholder value. The objective of the risk appetite process is to ensure that the financial and non-financial risk position on the key financial indicators; Earnings, Revenue, Value and Benefits, Products and Net Promoters' Score; is monitored and they are used as basis of decisions on appropriate limits to risk exposures. We would broadly be categorizing risks into four main categories- Financial Risk, Insurance Risk, Operational Risk and Other Risks. Risk tolerance limits for each individual function area (Finance, marketing, sales, IT, HR, etc.) would be defined for each sub risk category identified for stated main risk categories. Key risk indicators would be identified for each sub risk and breach of established limit would be monitored closely. Risk mitigation and control options would be selected after evaluating cost effectiveness, time and resource constraints wherein key risk owners would be identified to implement the selected option within stipulated time frame. The aggregated risk tolerance limit of the organization would be kept under defined limits after accounting for interactions between different risk categories and available control options.

The above process would be managed by Internal Risk Committee which would include representation from key functional heads and managed by Chief Risk Officer. This committee would be meeting at least once in a quarter or earlier if the need arises. The risk management report would be shared with Board members on regular basis to keep them aware of the evolving risk management process.

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 10,578 thousand. The amount of claims outstanding to be settled for the year ended March 31st 2015 is INR 2,786 thousand.
10. Ageing analysis of claims outstanding and average claims settlement time is given below:

Ageing of Claims Outstanding:

Days	No of claims	(Rs. '000s)
30 days	32	1549.01
30 days to 6 months	0	0.00
6 months to 1 year	0	0.00
1 year to 5 years	0	0.00
5 Years and above	0	0.00

Trend in Claims Settlement:

Particulars	2013-2014	2014-2015
Overall Average claims settlement time ( In working days)	NA	3

11. 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.
12. All Investments at the period and 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 Investments only in high credit quality instruments.

13. 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 and of the operating Loss and of the 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.

14. Payment made to entities in which Directors are interested

Entity in which Director is interested	Name of the Director	Interested as	Amount (Rs'000)
Cigna Health Solutions India Ltd.	Sandeep Patel	Chairman and Director	70,319

For and on behalf of Board of Directors

  
Jagannathan Thattai Thiruvallur  
Chairman

  
Jason Dominic Sadler  
Director

  
Vivek Mathur  
Chief Financial Officer

  
Raghunathan Thattai Thiruvallur  
Director

  
Sandeep Arunbhai Patel  
Managing Director & CEO

  
Anand Amrit Raj  
Company Secretary

Bengaluru  
9<sup>th</sup> May, 2015