

PROTECTING YOUR FAMILY'S HEALTH & YOURS  
IS NOW JUST A CLICK AWAY.



Aditya Birla Health Insurance Co. Limited

(A subsidiary of Aditya Birla Capital Limited)



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## KEY HIGHLIGHTS OF FY 2020-21

# ₹1,301 Cr

Gross written premium

49.19% ▲

# 13.4 Mn+

Lives insured

# 3,150+

Team strength

# 8,670+

Hospital partners

# 42,800+

Advisors



Explore online

Visit website to find more:  
[https://www.adityabirlacapital.com/  
investor-relations/financial-reports-for-  
other-subsidiary-companies](https://www.adityabirlacapital.com/investor-relations/financial-reports-for-other-subsidiary-companies)

▲ Y-o-Y Growth



## PROTECTING YOUR FAMILY'S HEALTH AND YOURS IS NOW JUST A CLICK AWAY

We put health at the heart of health insurance. More than an insurer that helps customers tide over a health adversity, we see our role as a partner in our customers' journey towards wellness. Through structured offerings and value-added services, we create a health ecosystem for our customers, staying connected with them every bit of the way.

Technology has always played a critical part in this support system. Digital platforms and online services help us reach best-in-class products to our clients and execute the entire cycle of the customer journey. This year, we further leveraged our digital capabilities, collaborated with channel partners, re-engineered processes and deployed cutting-edge technologies such as artificial intelligence and machine learning to ensure that our customers were able to access our products.

If the pandemic has shown the importance of both prevention and protection against diseases, it has also created new opportunities for us to innovate on products and processes. We have a gamut of health solutions for our customers, encouraging them to choose healthy living as well as to guarantee them protection against any adversity. Now, these choices are just a click away.

## MESSAGE FROM THE CEO

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A portrait of a middle-aged man with dark hair, wearing glasses, a dark suit jacket, a white shirt, and a red patterned tie. He is smiling slightly and looking directly at the camera. The background is dark.

# FURTHERING A HEALTHY MISSION

**Our greatest gain during the year was our ability to strengthen our connect with customers, amid the rising concerns surrounding the pandemic.**



## Dear Stakeholders,

As you all would agree, FY 2020-21 has been a disruptive year. It not only wreaked havoc on the global economy, but also impacted individual lives. If anything, the pandemic has made more people conscious of the importance of health, which is what we, as an organisation, have been promoting since our inception. As the second wave decelerates, I hope this awareness will gain a firmer foothold in minds and encourage people to seek ways to ensure their sustained health and wellness.

For us at ABHICL, FY 2020-21 has been a remarkable year across all parameters. We have improved our revenues, profitability, the number of lives protected and our geographical footprint. We have strengthened our distribution network, garnered greater visibility for our brand and retained the distinction of having the largest third-party distribution capacity among health insurers in the country.

### Continuing focus

Our greatest gain during the year was our ability to strengthen our connect with customers, amid the rising concerns surrounding the pandemic. Having a well-planned health insurance, backed by the assurance of an industry leader, proved to be a compelling case. We naturally saw a steady growth in the number of lives insured. Our ability to provide need-based solutions helped us register a Y-o-Y growth of over 63% in the number of lives insured, which stood at over 13.4 Million as on 31st March, 2021. Our number of policies sold during the year crossed 6.2 Lakh, a growth of 29% over FY 2019-20.

Through our sustained campaigns on social media, webinars and collaborations with different service providers, we engaged with wider audiences, creating greater awareness on being healthy every day. Our ability to communicate the message to customers translated into a healthy rise in our Gross Written

Premiums (GWP) during the year, which stood at ₹1,301 Crore, generating a Y-o-Y growth of over 49%. A healthy contribution to this came from Retail at 72% of the total GWP. A high retail share ensures better stability and enhances the quality of our portfolio. We continued with our cost rationalisation measures to enhance our profitability, liquidity buffer and strengthen our asset-light business model. Given these factors, I am confident that we are on track to achieve break-even by Q4 FY22.

### Customer-centricity

Our value proposition is holistic healthcare and our customers understand that we are not just providing transactional insurance services, we are their partners, encouraging them to take care of their health first. We support them every step of the way through our digital app that helps them monitor the progress they are making on their health and wellness.

To address the growing health concerns since the onset of the pandemic, we have introduced a bouquet of product solutions for all customer segments including senior citizens and millennials. Our comprehensive product offerings and varied array of services will enable customers to take care of their health in such difficult times. We also extended the home treatment facility for policyholders, who could now get themselves treated at home.

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**Our comprehensive product offerings and varied array of services will enable customers to take care of their health in such difficult times.**

## MESSAGE FROM THE CEO

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We also launched other initiatives during the year such as #HealthFromHome and 'Active Dayz@Home' to help customers monitor and take care of their health. The programmes, which brought on board doctors, health influencers and financial planners helped us engage with millions of people.

### **Digitalising our services**

In order to stay ahead of our customers' needs we began our digital journey right at the start of operations of the business because digital way of being has been an integral part of our business model from the very beginning. We have instilled a digital-first culture amongst our people across the organisation. The pandemic saw a heightened acceleration in digital engagements, and the offline-to-online service transition, that may have otherwise taken several years to complete, has happened in less than a few months.

We have worked towards building a very comprehensive digital health and wellness ecosystem by offering byte-sized contextual products co-created with partners, one stop shop sales solution for distributors (ABHI Connect), digital service journeys on multiple digital platforms including Web, WhatsApp, Chatbot and Voice Bot. We have also leveraged technologies like voice + visual IVR bot for

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**We have also leveraged technologies like voice + visual IVR bot for welcome calling, co-browsing to assist customers during their buy journey on our website and microexpressions for fraud detection in underwriting.**

welcome calling, co-browsing to assist customers during their buy journey on our website and micro-expressions for fraud detection in underwriting. This helped in customer acquisition during the pandemic, and reduced turn-around time and cost of acquisition significantly.

### **Expanding horizons**

During the year, we continued to build on our network strength, expanding our physical and digital distribution channels. Our digital policy issuance stood at 98% for FY 2020-21. We enhanced our physical distribution network from 2,000+ locations to 2,800 locations during FY 2020-21. We were aggressive in increasing our feet-on-street, our agent count being enhanced to over 42,800 agents. Similarly, our hospital network gained momentum, as it expanded to over 8,670 hospitals.

### **Passionate people**

It was heartening to witness the commitment and the collective efforts extended by our people to put into action the strategic vision of the Company, despite being faced with numerous challenges posed by the pandemic. At ABHICL, we value these relentless efforts put in by our people and help them align their personal goals with our organisational goals. We facilitate an open and dynamic work culture and work in inclusive and collaborative teams, to engage closely with our teams.

A part of our work philosophy is to 'Vitalise' our employees, which enables them to live the Company's purpose of 'empowering and motivating families to prioritise their health and live fulfilling lives'. During the trying and stressful times of the pandemic, we have been encouraging our employees to adopt a healthier lifestyle through the Vitalise programme in order to motivate them to prioritise their health.



**We continue to press harder, addressing niche segments, catering to specific needs and spreading our mission of good health.**

### **In the larger interest**

As the vaccination drive gathers pace in the country and infection levels drop, I believe that we have put the worst behind us. At ABHICL, we encouraged all our people to get themselves vaccinated and through this Annual Report, I urge all our stakeholders to get themselves and their families vaccinated, as this will see the economy settling back into the growth trajectory. We continue to press harder, addressing niche segments, catering to specific needs and spreading our mission of good health. We aspire to strengthen our distribution network, and expand into

uncharted territories.

I am grateful to our Board of Directors, who have helped steer ABHICL safely through these choppy waters. I would also like to extend my gratitude to the senior management and to all team members, who have helped us sustain our business continuity. I particularly thank our stakeholders including customers, vendors, distribution and healthcare partners, government and shareholders who continue to repose their faith in our capabilities. Let us continue this exciting journey towards good health and well-being.

Stay safe.

**Mayank Bathwal**

**Chief Executive Officer and Whole-time Director,  
Aditya Birla Health Insurance Co. Limited**

## WHO WE ARE

# PUTTING HEALTH FIRST

Aditya Birla Health Insurance Co. Limited (ABHICL), a subsidiary of Aditya Birla Capital Ltd. (ABCL), is a joint venture between Aditya Birla Group and MMI Holdings of South Africa. ABHICL was incorporated in 2015 wherein Aditya Birla Capital Limited (ABCL) and Momentum Metropolitan Strategic Investments (Pty) Limited (Formerly known as MMI Strategic Investments (Pty) Ltd.) hold 51% and 49% shares respectively. At ABHICL, we commenced our operations in October 2016 and is engaged in the business of health insurance. Our current product portfolio includes unique offerings including chronic care and incentivised wellness. As on Q1 FY22 end, we were able to record a gross written premium (GWP) of ₹368 Crore and covered more than 14.4 Mn lives.

We have a nation-wide distribution presence in over 2800+ cities through branches and partner offices, 9 bancassurance partners and over 49,300+ direct selling agents. We have scaled and diversified digitally enabled distribution through 70%+ agency growth with 175 branch locations, bancassurance available through 16,000+ branches, and 38+ digital partners covering 4 Mn+ lives through 50+ contextual byte-sized products

We continue to invest in technology and collaborations that help convince and educate customers about the importance of making healthier lifestyle choices. This is our value proposition that sets us apart from our peers. As partners in the health improvement journey, we are playing a transformational role both in the industry and in larger society.

## Our promoters

**Aditya Birla Capital Limited (ABCL)**

**51%**  
ownership

**Momentum Metropolitan Strategic Investments (Pty) Limited**

**49%**  
ownership

## Our approach

Putting health at the heart of health insurance for all stakeholders.



### Know Your Health

Understand your health through specially formulated online questionnaires and a series of clinical tests.



### Improve Your Health

Follow our Incentivised Wellness Programme and start becoming active.

Being active earns you Active Dayz™ which you can use to earn rewards.



### Get Rewarded

For every step you take to be healthy, we will reward you.



### Stay Protected

Comprehensive health insurance cover that ensures support for any medical event.





## Vision

**To be a leader and role model in a broad-based and integrated financial services business.**

**The four pillars of our vision that will help us achieve it**

### To be a leader

We are committed to being a leader in all facets of our businesses, rather than being just another participant in this race.

### To be a role model

We will not become leaders by cutting corners or making compromises. Whatever we do, we will strive to be the best-in-class. And if we are the best, then our customer will have no reason to go elsewhere – therefore our leadership is assured, on pure merit.

### To be a broad-based player

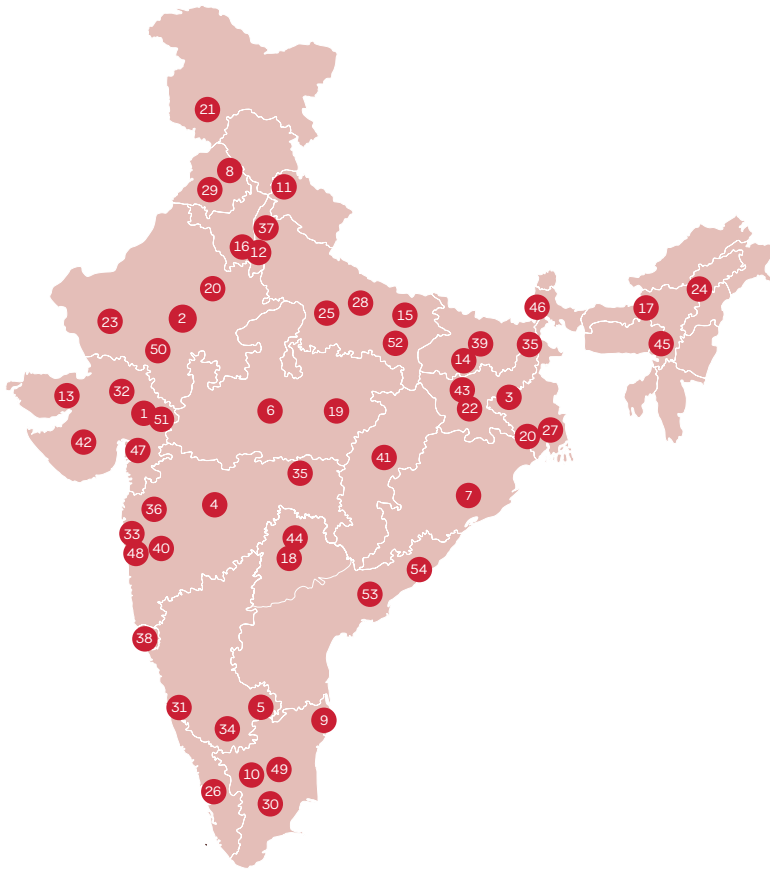
We are committed to meeting all the felt and unmet needs of our target customer. And thereby, we can retain him or her across their needs and life-stages.

### We aim to be an integrated player

We believe that this approach gives us a competitive edge through sharing of best practices, deriving cross-business synergies and providing the talent pool with a world of opportunity to grow.

## WHERE WE OPERATE

# GROWING OUR FOOTPRINT



### Own branch presence

- |                |                   |
|----------------|-------------------|
| 1. Ahmedabad   | 28. Lucknow       |
| 2. Ajmer       | 29. Ludhiana      |
| 3. Asansol     | 30. Madurai       |
| 4. Aurangabad  | 31. Mangaluru     |
| 5. Bengaluru   | 32. Mehsana       |
| 6. Bhopal      | 33. Mumbai        |
| 7. Bhubaneswar | 34. Mysuru        |
| 8. Chandigarh  | 35. Nagpur        |
| 9. Chennai     | 36. Nashik        |
| 10. Coimbatore | 37. Noida         |
| 11. Dehradun   | 38. Panaji        |
| 12. Delhi      | 39. Patna         |
| 13. Gandhidham | 40. Pune          |
| 14. Gaya       | 41. Raipur        |
| 15. Gorakhpur  | 42. Rajkot        |
| 16. Gurugram   | 43. Ranchi        |
| 17. Guwahati   | 44. Secunderabad  |
| 18. Hyderabad  | 45. Silchar       |
| 19. Jabalpur   | 46. Siliguri      |
| 20. Jaipur     | 47. Surat         |
| 21. Jammu      | 48. Thane         |
| 22. Jamshedpur | 49. Trichi        |
| 23. Jodhpur    | 50. Udaipur       |
| 24. Jorhat     | 51. Vadodara      |
| 25. Kanpur     | 52. Varanasi      |
| 26. Kochi      | 53. Vijayawada    |
| 27. Kolkata    | 54. Visakhapatnam |

**2,800+cities**

covered through third-party distributors

**90**

Branch network

### Bank partners





## OUR OFFERINGS

# PROVIDING DIFFERENTIATED SOLUTIONS

At ABHICL, we promote healthy living, a role which goes beyond merely ensuring financial protection and paying for medical expenses. We connect our customers to a health and wellness ecosystem that encourages and helps them to take responsibility for their own health, while providing them necessary protection.

### **Our commitment towards holistic healthcare**

We are focused on transforming the lifestyles of our customers and prospective customers through promotion of healthier choices. This commitment is reflected in our proprietary product customisations, such as:

#### **HealthReturns™**

Monetary rewards that can be accumulated over time and redeemed as per customers' needs. Customers earn upto 100% of their premium, simply by staying active.

#### **Chronic Management Programme**

A specialised programme that helps customers manage the costs of living with chronic conditions such as asthma, high blood pressure, high cholesterol and diabetes. Activ Health Platinum Enhanced and Activ Health Platinum Essential customers get access to personalised guidance from a dedicated team of health coaches who are medically certified doctors, specialists and nutritionists.

#### **Personal Health Coach**

Helps our Activ Assure Diamond, Activ Care customers with the support they need to better manage life as a patient of chronic conditions – from managing doctor visits and medication to monitoring diets and exercise schedules.

Other initiatives include **Healthy Heart Score™**, **Active Dayz™**, **Activ Age**, **Wellness Coaching**, **Cashless OPD** and **Activ Living Blog**



## OUR OFFERINGS

### Indemnity



#### Activ Health

The product is available in four variations Platinum, Gold Enhanced, Essential, Premiere

##### Platinum

Our flagship product that rewards policy-holders through the HealthReturns™ programme. It offers

- Comprehensive insurance plan
- Customers earn up to 100% of their annual policy premium as HealthReturns™. One can use the earned HealthReturns™ to pay renewal premium, or to pay for health medicines, diagnostic tests and more
- Flexibility of room choice
- 586 day-care procedures covered
- Day 1 cover for diagnostic tests and doctor consultation for chronic conditions like diabetes, hypertension, high cholesterol, and asthma under the Chronic Management Programme
- Cumulative bonus of 50% of sum insured for every claim-free year. Maximum accumulation of 100% of sum insured
- Super Reload – 100% unlimited reload, available for same and unrelated illness
- Premium waiver in case of deduction of listed critical illnesses
- Expert health coach – medical, nutritional, mental and fitness, mental counselling session, homeopathy tele consultation.



#### Activ Assure

##### Diamond Plan

A health insurance indemnity product that incorporates ABHICL's unique HealthReturns™ programme

- 150% reload of sum insured for subsequent claims due to unrelated illness, maximum up to ₹50 Lakh
- Covers 586 day-care procedures even if hospitalisation is for less than 24 hours
- International/Domestic emergency assistance services (including air ambulance)
- Provides HealthReturns™ up to 30% of the premium for staying fit and healthy

#### Activ Care

A comprehensive plan for senior citizens providing proactive care when they are being treated and when they are recovering

- Personal health coach to monitor the well-being of senior citizen customers
- New to Indian market services such as nursing at home, equipment at home and hospitalisation at home

#### Global Health Secure

Cover for planned international hospitalisation for 16 major illnesses

- Cashless coverage of accommodation and travel expenses
- VISA guidance and international second e-opinion covered



## Super Health Plus Top-up

An aggregate top-up offering high sum insured along with deductible options to suit customer needs for hospitalisation at very affordable premiums

## Arogya Sanjeevani

A standard product prescribed by the regulator for all industry players with basic reactive hospitalisation benefits both on Individual and Group platform

## Corona Kavach

Introduced in FY 2020-21, this is a short-term health insurance plan that cover the insured for hospitalisation due to COVID-19. One of the major highlights of this health insurance policy is that it comes with different policy terms of 3.5 months, 6.5 months, and 9.5 months. It is also loaded with several benefits such as cost for AYUSH treatments, home care treatment, and so on.

## Fixed benefits

### Activ Secure

This is an umbrella retail fixed benefit plan

### Critical Illness

- Complete protection against 20, 50 or 64 critical illnesses as per the chosen plan
- Sum insured options up to ₹1 Crore for enhanced protection
- Lump sum payout
- Option to avail second e-opinion

### Personal Accident

- Complete protection for death and disability
- Protection against income loss
- Protection for hospitalisation related expenses
- Cumulative bonus leading to increased protection every year

### Cancer Secure

- Protection for all three stages of cancer, namely early, major and advanced
- Up to 150% of sum insured on detection of advanced stage cancer
- Cumulative bonus leading to increased protection every year
- Option to avail second e-opinion

### Group insurance

A group hospitalisation cover with world-class features

### Group Activ Health plan

Offers a comprehensive coverage and several optional covers customised by way of features, limits and waivers of restrictions along with cashless claim settlement

### Group Activ Secure plan

Offers a lump sum benefit on the occurrence of health events under plans such as

- Group Personal Accident cover
- Group Critical Illness cover
- Group Hospital Cash benefit

### Group Protect

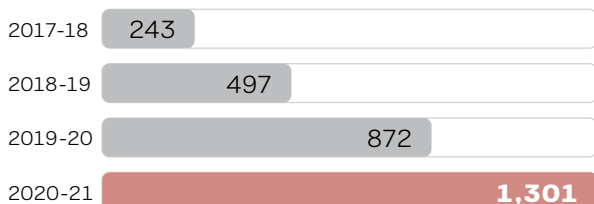
A completely customisable group product which fortifies existing group portfolio of ABHICL covering pioneering offers such as cover for Post Cancer OPD, treatment on heart condition on indemnity and fixed benefits and byte-sized solutions which can be offered through new age digital platforms

## KEY PERFORMANCE INDICATORS

# REGISTERING HEALTHY GROWTH

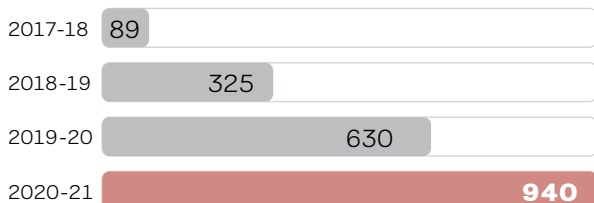
### Financial metrics

#### Gross Written Premium (In ₹ Cr)



75% ▲

#### Retail Gross Written Premium (In ₹ Cr)

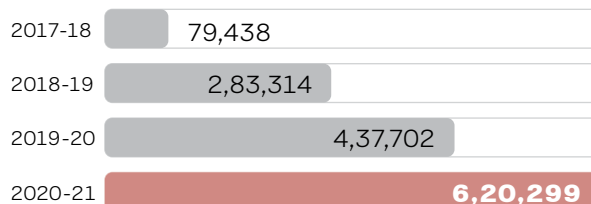


119% ▲

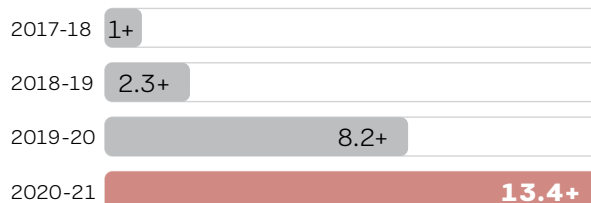
▲ 3-year CAGR

### Operational metrics

#### Number of policies (Total number)

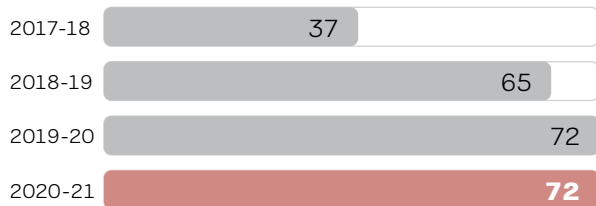


#### Lives insured (Number in Mn)





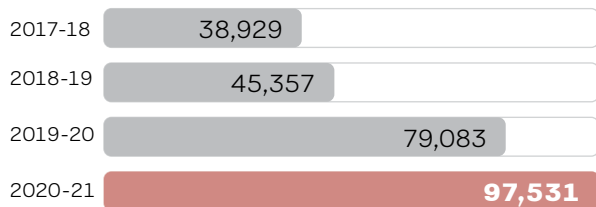
**Retail mix as a % of total GWP** (%)



**No. of agents** (Total Number)



**Number of claims settled** (Total Number)



## DIGITAL INITIATIVES

# ACCELERATING THE PACE OF DIGITAL

Our digital platforms and applications enhance customer experience by providing them access to the wellness ecosystem, keeping them connected, and ensuring them ease and convenience throughout the product journey. Digital also enables us to stay ahead of customers' expectations, widen our reach, improve our services and achieve greater process efficiency. The pace of digital adaptation has accelerated manifold on account of the pandemic, making it imperative for us to align our digital strategy with the market requirements. It became critical to all communication and engagement with customers, and within our teams to ensure unhindered services.

To stay ahead of our customers' needs, we at ABHICL, began our digital journey since inception. Digital way of being has been an integral part of business model. We have instilled a digital-first culture across the organisation and partnered with several leading Fintech/Insuretech and Healthtech startups/entities around the globe to create innovative solutions. We have been re-engineering our technology stack and processes as per business needs, and data-driven decision-making has become a norm across all our business units. We continue to further accelerate our digital readiness across all key enablers.

### Digitalisation at ABHICL



**Ecosystem and partnerships**



**Re-engineering customer and distributor journeys**



**Leveraging Fintech/ Insuretech**



**Building scalability in processes and platforms**



**Product launches**







### Ecosystem and partnerships

The soul of digital working is inter-connectedness. Strong digital ecosystems and partnerships are necessary to build these connections, drive transformation, and improve business outcomes. Our digital ecosystem partners include leading Digital players, Banca players and Financial Services Aggregators.

#### Digital partners



#### Financial Services Aggregator



We have built a comprehensive digital health and wellness ecosystem by giving access to our customers to various health and wellness services by leveraging services from our partners. These partnerships are already contributing substantially to our businesses and are expected to contribute disproportionately towards new customer acquisition and engagement in the long-term.



### Re-engineering customer and distributor journeys

To deliver a seamless customer experience and stay ahead of customer expectations, we have re-engineered our customer and distributor journeys in FY 2020-21.

#### Enhanced technologies for customer onboarding

- ABHI launched a first-of-its-kind AI-enabled Conversational Visual Bot (ABHI) which is a Customer Friendly Self-Service Bot for a seamless onboarding journey, which enables self-service for customers, aids them to access information and guides them in a contactless manner. The 'ABHI' bot offers support in 7 languages, apart from Hindi and English. It also has the ability to conduct conversations with customers which are human-like and natural sounding.
- We also launched co-browsing on digital assets for better interaction between ABHI tele sales team and customers. This is meant to ensure more stickiness and give customers a wow experience by convenient navigation assistance.

**50%**  
TAT reduction

**98%**  
Digital policy issuance

#### Service

- Multiple digital platforms including Web, WhatsApp, Chatbot and Voice Bot
- Digital servicing for retail products is at 58%
- 2 new features launched on WhatsApp
  - 80 D certificate
  - Health Assessment booking (Home visit)
- Overall 2x growth in WhatsApp Self-service

**93%**  
Services available in digital mode

**104%**  
Growth in monthly active users (Y-o-Y)

## DIGITAL INITIATIVES

### Renewal and retention

- Renewal journeys on multiple digital platforms including WhatsApp, Web and App.

**92%**

**Digital renewals in FY 2020-21**

**▲ Up 1,400 bps**

### Single Application for all distributor needs – ABHI Connect

- Launched the first phase of our enhanced Distributor Platform, providing a single interface to cater all Distributor needs, including
  - Lead Generation
  - Proposal Status
  - Claim Status
  - Buy/Renewal Journey

### Digital healthcare and health management

- There can be no denying that the past year-and-a-half has been an enormous battle for mankind against the COVID 19 outbreak. The pandemic has ritualised extended lockdowns, created pervasive uncertainty, and ensured sustained attention on health. Thus, we have
- Introduced multiple features on our customer app to alleviate fear around COVID as well as give customers option to better manage their health
- Chronic AI Chatbot for customers to manage chronic health issues
- Doctor on call for COVID-related concerns
- Online consultation booking with homeopathic doctors, psychologists/counsellors
- Mental counselling and screening sessions
- Active Dayz at Home

**5.5 Lakh+**

**Customers with Wellbeing Scores**



### Leveraging Fintech/Insuretech

To better manage our financial operations and processes, and deliver delightful customer experience, we effectively leverage fintech in various fields including



**AI/ML solutions**



**Voice technologies**



**Conversational UI**



**Digital KYC**



**Relationship quotient**



**Sales engagements**

Similarly we work with various Insuretech partners who help us in making many of our insurance process from underwriting to claims management more efficient and digital.

### Access to partners



**Talk to Happiness Buddy**



**Consult a Dietician**



**Doctor on Call**



**Nutritional Tips**



**Practice Mindfulness**



### Building scalability in processes and platforms

We have invested in building capabilities such as AI and Robotic Process Automation (RPA) and our mid- and back-offices have been transformed by the implementation of key digital automated processes to run operations with minimum human intervention.

#### Implementation of robotic process automation

Leveraged robotics in multiple areas within business and wellness operations, leading to a significant reduction in errors and turn-around time.

#### Group policy servicing system

Implemented a new system to service group policies

#### Medical reports digitisation for cashless claims

Data entry of reports received for cashless claims is automated leading to more accurate and quicker claim decisions

#### Digitisation of claims documents in FY 2020-21

**20%**

Cashless claims

**41%**

Reimbursement claims

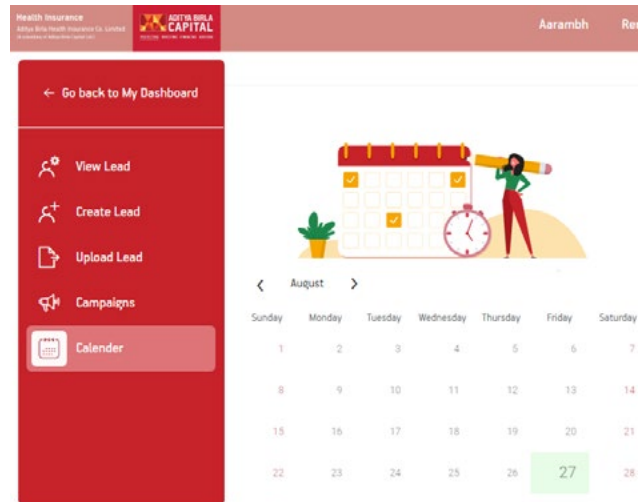


### Product launches

Launched various products on digital platform such as

- **Activ Health Platinum V2**
- **1 Crore Super top-up**
- **Aarogya Sanjeevni**
- **Corona Kavach product launch**

In addition to leveraging our digital partnerships, we have a whole range of byte-sized contextual digital offerings which are either embedded in partner journeys or are one click offerings to buy.



## MARKETING CAMPAIGNS

# DRIVING HOME THE MESSAGE OF GOOD HEALTH

At ABHICL, our campaigns go beyond selling plans to customers. This was especially corroborated during the pandemic year, where our communications were more focused to educate and empower people to promote health literacy. We continued to encourage customers to make informed choices about healthcare, prevention and protection. Our sustained brand communication has thus established us as a responsible insurer.





## #HealthfromHome

Our commitment to promoting a healthy lifestyle was strengthened by this campaign, through which we brought together health experts such as Vidya Malvade, Shalini Bhargava, Suman Agarwal, Dr. Niraj Ravani and Dr. Jimeet Jain to our campaign. As a Facebook live series, the campaign aimed to improve the mental, physical and emotional health and well-being to combat the stress of the new normal.

Our target audience was able to access these videos from the comfort of their homes and exercise along with the celebrity fitness experts. A total of 100+ sessions, including 65 live ones across 14 days were arranged, which included live yoga sessions, workouts, diet sessions and Q&A sessions with doctors.

**30 Mn**

Reach

**8.6 Mn**

Engagements, including video views

### Experts for the live sessions



**Vidya Malvade**

Yoga Instructor  
at SARVA Yoga



**Shalini Bhargava**

Master Fitness Trainer



**Suman Agarwal**

Celebrity Nutritionist



**Dr. Niraj Ravani**

Renowned Psychiatrist



**Dr. Jimeet Jain**

ABHI Doctor

## MARKETING CAMPAIGNS

### Sehat Ki Nayi Aadat (New Habit called Health)

With COVID-19 dawned a new awareness about health and hygiene. People realised the true value of a healthy body and mind and grew more concerned about the health of their friends and family. Our campaign ‘Sehat Ki Nayi Aadat’ focused on the development of healthy habits. Through this initiative, we encouraged and motivated not just individuals, but the entire family to start building healthy habits during this pandemic. Guidance from renowned health experts, along with information on the latest health trends in the form of articles, videos, podcasts, infographics and blogs were featured under this campaign.



**3.30 Mn**

Reach

**3.3 Lakh**

Traffic on the website

**₹8,74,000+**

Gross Written Premium earned with this campaign

### ABHI karo (Do it now)

The core objective of this initiative was to reframe the idea of health insurance. At ABHICL, we are not only offering health insurance as a product but as part of a health ecosystem. With the right media mix we were able to promote this idea and increase our Share of Voice (SOV). At the same time, we garnered increased visibility, triggered consideration and persuasion, and generated high-quality leads for our brand. The campaign was actively promoted digitally on diverse applications including social media, OTT and music apps, widening our reach.



### Karo Acchi Sehat Ka Irada, Chuno Insurance Jo De Zyada (Commit to good health, select an insurance which gives more)



**46.9 Mn**

Reach

**3.5 Lakh**

Traffic on the website

**26.7 Mn**

Video views

## Digital campaign platforms

### Mobile in-app collaboration



### Mobile audio ads



### Social media/OTT outreach



## Campaign impact

**15,358**

Policy sales

**₹25.25 Cr**

Gross Written Premium earned with this campaign

**₹16,442**

Average ticket size for the policy

## Khud Ka Health Insurance Khud Ka Hota Hai (Personal health insurance is your own health)

The objective of our campaign is to impress upon our existing and potential customers the importance of having one's own health insurance, which we can customise according to specific needs. With the pandemic, it was critical to drive the importance of health insurance to the most affected segment – the working/salaried class.

Traditionally, salaried professionals have relied upon the corporate cover for their health protection. However, in times of actual need, the glaring gaps

in a traditional group insurance usually comes to the forefront. They then realise that a 'one size fits all' policy does not really work when needed. So, they require a policy which suits their individual requirements.

### Campaign results (films)

Reach	Views
54,31,651	61,73,807

## MARKETING CAMPAIGNS

### #HealthBhiTaxBhi (Health, as well as Tax)

Under this initiative we launched multiple campaigns like promoting a tax tool that would recommend the kind of insurance one should take up, arranging a tax webinar with a professional to create awareness about tax return filing and simplifying tax-related jargons. We also engaged in promoting the message on different social media platforms such as Inshorts, Facebook and Quora.

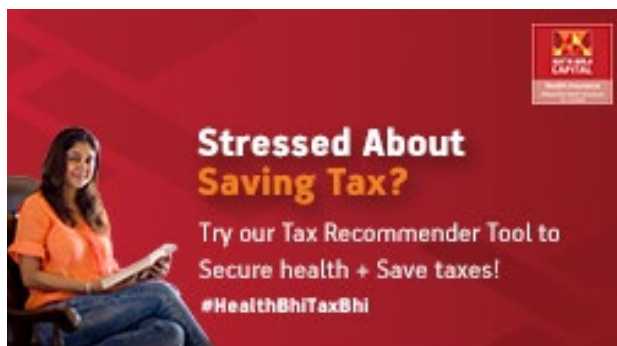
### Social media promotion results

**8.6 Mn**

Reach

**4,80,824**

Influencers' impression



### #HeartToHeart

We undertook a special initiative to combat mental illness in collaboration with Mpower. COVID-19 has taken its toll on the mental health of people, leading to depression, anxiety and other symptoms. We launched a helpline to support our stakeholders on this challenging issue, which is often not discussed freely. Within a few days of launching the helpline, our team of 34 psychologists and six psychiatrists received approximately 5,300+ calls. Queries were received mainly from Tier 2 and Tier 3 cities. This initiative aligned with our overall philosophy to inspire individuals and families to put their 'Health First'.

**Heart to Heart**

**A 24x7 mental health helpline**

**You and your family** are not alone in this fight. We don't just care about your physical wellness but your mental health as well. This 24X7 mental health helpline is absolutely confidential and has been launched to empower **you and your family** to cope with the uncertainties that you face today.



## Offline promotion activities

We also undertook various offline promotional activities for our Activ Health Platinum Enhanced product. Through the gamification of the concept of healthy lifestyle, we aimed at promoting an inclination towards health amongst people.

### Initiatives

- **Branded van campaign** – 1 minute fitness challenge covering 16 cities
- **Jogger's park** – Zumba activity covering 14 cities
- **Running and cycling group** covering 2 cities

### Impact

14,759

Prospective customers reached

₹31,96,030

Gross Written Premiums earned with this initiative

## Wellness-themed credit card

Aditya Birla Wellness Private Limited and Yes Bank collaborated to launch wellness-themed credit cards encouraging healthcare and fitness. The 'Yes Bank Wellness' and 'Yes Bank Wellness Plus' credit cards aimed at the holistic healthcare and wellness of consumers. The card offers benefits such as annual complimentary preventive health check-up, on-call consultation with doctors, specialists, counsellors and nutritionists, among others.

### Health insurance benefit with every mobile recharge

ABHICL associated with Vi, India's leading telecom operator, to launch a first-of-its-kind offering – 'Vi Hospicare'. This unique offering provides hospitalisation cover for Vi prepaid customers.

- Vi customers get a fixed cover of up to ₹1,000 for a period of 24 hours of hospitalisation, and ₹2,000 cover for ICU expenses from ABHICL
- Offer covers hospitalisation for ailments including COVID-19 or any pre-existing disease
- Vi Hospicare's bundled health insurance proposition can be availed by prepaid customers with two affordable recharges at different price points of ₹51 and ₹301

**Here's a Head Start to your Self-Care**

Introducing **Wellness** and **Wellness Plus** Credit Cards that bring you benefits worth up to ₹60,000 via the Aditya Birla Multiply app.

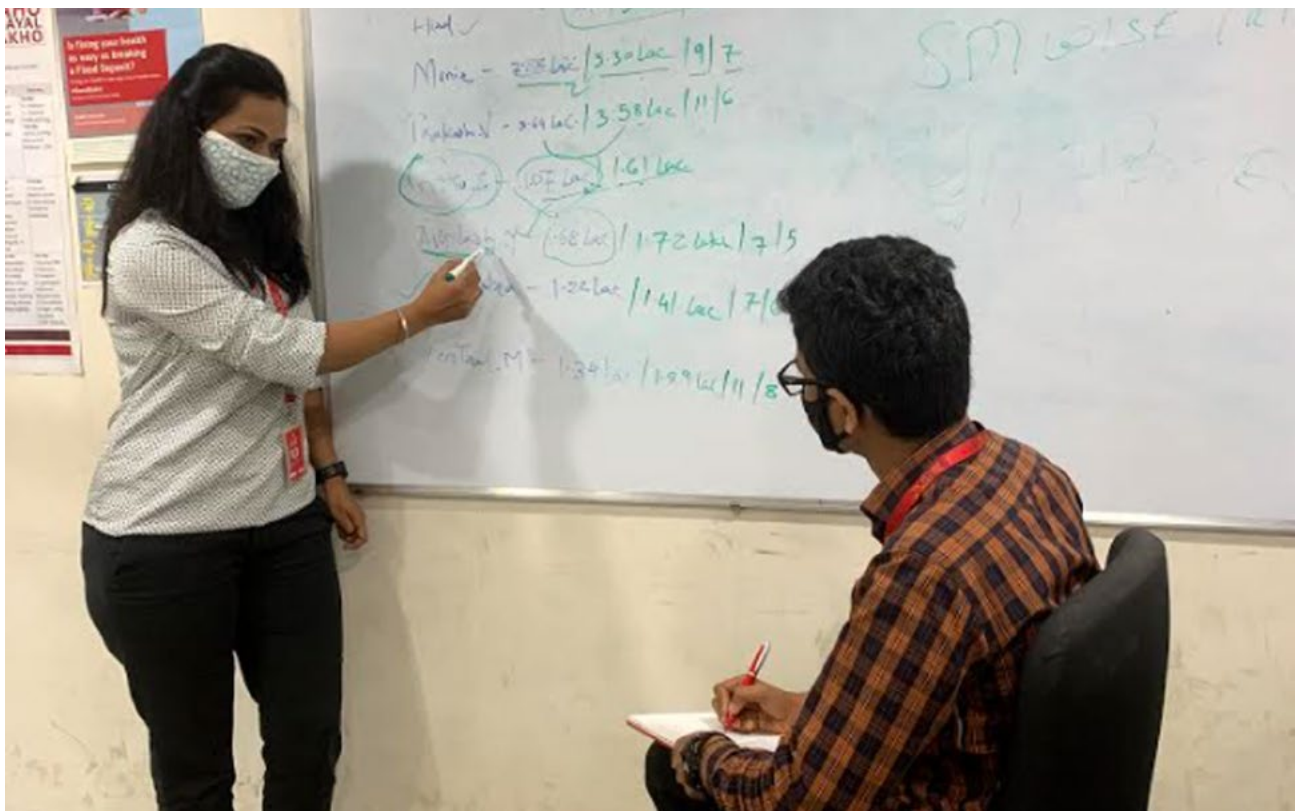
**APPLY NOW**

## PEOPLE

# SHOWING THE WORLD OUR BEST FACE

Our employees communicate our purpose of 'Empowering and motivating families to prioritise health and live fulfilling lives' and are our goodwill ambassadors. We encourage them to prioritise their health so that they can convey its importance to the customer. At the same time, we strive to create a healthy work atmosphere for them so that they can fulfil their ambitions and develop as well-rounded, responsible individuals.

During the pandemic, we prioritised our people's safety and well-being by ensuring the workplace is safe and sanitised while digitally enabling the work process so that they could work unhindered from their homes. We have extended health insurance to all our people and we continue to encourage them to adopt a healthier lifestyle so that they could communicate the Company's value proposition to the customer with conviction.





## Opportunities galore

We have made ABHICL a ‘World of opportunities’ for our people, with regular job role transformations that help them act on their aspirations for professional enrichment and growth. At the same time, we promote diversity and inclusion at the workplace so that our workplace reflects our emphasis on merit-focused growth, spirit of collaboration and free exchange of ideas and perceptions.

# 230

**Role transformations since inception**

### Teaspoon talks

Under this initiative, we have defined four groups who meet the CEO over a cup of coffee and share their thoughts and ideas on how they think the enterprise could scale greater heights. This initiative enables higher engagement levels among employees while helping the organisation tap out-of-the-box ideas and talent.



### Groups meeting the CEO

- Young Brigade
- SMT members
- Women's Group
- New Joinees

## Keeping them Vitalised

Through the Vitalise platform we continue to motivate our employees to take care of their own health. We encourage them to



### Know your health

Health assessment based on key parameters such as BP, cholesterol, sugar BMI etc.



### Improve your health

Platforms through which they can manage their diet and fitness



### Get rewarded

Giving them incentives to stay healthy through reward and recognition

We encourage our people to pursue their hobbies passionately. To engage team building through hobbies, we have formulated as many as 20 interest groups based on a variety of preferred activities such as cooking, reading, painting, sculpting, dancing, drama, singing, music, football, cricket, cycling, running and trekking. Our employees are free to connect with their fellow colleagues within the interest group. Around 1,000 employees on pan-India level participate in these interest groups.



## BOARD OF DIRECTORS

# GOVERN TO EXCEL



### 1. Mr. Ajay Srinivasan

**Non-executive Director**

**DIN 00121181**

Mr. Srinivasan is a graduate (Honours) in Economics from St Stephen's College, University of Delhi, and a management graduate from the Indian Institute of Management, Ahmedabad (IIMA). His experience in the Financial Services industry in India and abroad spans over three decades and he has been a CEO for over two-thirds of his working life. He is the Chief Executive at Aditya Birla Capital Limited (ABCL), the holding Company for the financial services businesses of the Aditya Birla Group (ABG). Before joining ABG, he was Chief Executive-Fund Management, at Prudential Corporation Asia, based out of Hong Kong.

### 2. Mr. Sushil Agarwal

**Non-executive Director**

**DIN 00060017**

Mr. Agarwal is a Chartered Accountant and an M.Com. He has been associated with the Aditya Birla Group since the beginning of his career in 1989. Prior to his appointment, Mr. Agarwal was the Whole-time Director and Chief Financial Officer of Aditya Birla Nuvo Limited, a Group Company. He has rich experience in multi-business, multi-sector setups and has multi-cultural exposure, including cross-border financial and commercial activities. He was conferred the Chairman's Outstanding Leader Award in 2013.

### 3. Mr. Devajyoti Bhattacharya

**Non-executive Director**

**DIN 00868751**

Mr. Bhattacharya has a postgraduate degree in Industrial Engineering from NITIE, Mumbai and earned his Bachelor of Technology degree in Mechanical Engineering from NIT, Rourkela. He has over 28 years of experience in manufacturing, finance, software and media industries and has had successful stints as an entrepreneur, management consultant and media producer during his career. Joining as Vice President, Corporate Strategy and Business Development in 1996, he has played a pivotal role in acquisitions and joint ventures that have significantly broadened ABG's portfolio.

### 4. Dr. Ajit Ranade

**Non-executive Director**

**DIN 00918651**

Dr. Ranade is a Ph.D in Economics from Brown University, USA, an MBA from IIM Ahmedabad and a BE from IIT, Mumbai. He is the Group Executive President and Chief Economist with ABG. Prior to ABG, he was with ABN Amro Bank; member of the Capital Account Convertibility Committee and the FEMA Review Committee of the Reserve Bank of India; a member of the Governing Council of the Banking Codes and Supervisory Board of India; and has served as a Board member of MCX, India's largest commodity exchange. He is a Member of the National Executive Committee of the Federation of Indian



Chambers of Commerce and Industry; a Member of the Economic Policy Council of the Confederation of Indian Industry; Chairman of the Research Advisory Panel of the Indian Institute of Banking and Finance; the government's nominee on the Governing Board of Economic Research Institute for ASEAN and East Asia (ERIA) based in Jakarta, Indonesia; and a Director on the Board of India International Exchange.

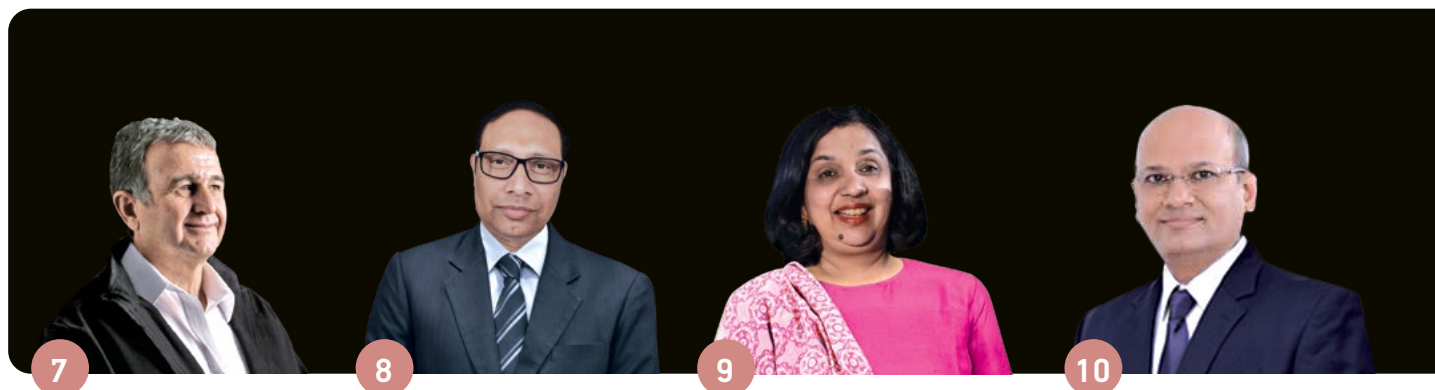
**5. Mr. Asokan Naidu**  
**Non-executive Director**  
**DIN 07425396**

Mr. Naidu is a South Africa qualified Chartered Accountant (SA) and an MBA. He started his career in the 1980s with Peat, Marwick and Mitchell (now KPMG). After qualifying as a Chartered Accountant in 1989, he immediately moved into Commerce and Industry. Over a career that spans more than 35 years, Mr. Naidu has filled many senior corporate executive roles in diverse industries, including building materials manufacturing, property, transport, decorative, paper manufacturing and financial services. He has also been a Board Member of some large corporates of South Africa and has also held leadership positions in various industry and community organisations, including being a former President of Rotary and a Paul Harris fellow.

**6. Mr. Risto Sakari Ketola**  
**Non-executive Director**  
**DIN 07980685**

Mr. Ketola is CFA Charterholder, BSc Economics, BSc Stats, Fellow of the Institute of Actuaries (FIA: Life Insurance), Fellow of Actuarial Society of South Africa (ASSA). He has deep expertise in insurance analysis, equity research, strategic consultancy, derivatives, asset-liability modelling actuary, investor relations and business performance management. He is the Group Chief Financial Officer at MMI Holdings and is mainly responsible for all statutory reporting expected of a regulated entity listed on the Johannesburg Stock Exchange. He also oversees the balance sheet management function and capital management activities of the group. Before associating with MMI Holdings, he has worked with Deutsche Bank and Standard Bank.

## BOARD OF DIRECTORS



### **7. Dr. Johannes Hendrik Viljoen**

**Non-executive Director**

**DIN 08588761**

Dr. Viljoen holds DHA (Health Administration), MChD (Public Health Care), BChD from Pretoria and MBL, Unisa. He has over three decades of expertise in the field of competitive health offering, healthcare risk, managed care value chain, including solution design, hospital networking, hospital risk management, business intelligence and finance. He is accountable for competitively and sustainably growing the full value chain health business of MMI Group. He also participated in MMI Merger of Momentum branded portion of business.

### **8. Mr. Sethurathnam Ravi**

**Independent Director**

**DIN 00009790**

Mr. Ravi is a practising Chartered Accountant and a postgraduate in Commerce. He holds a Diploma in Information System Audit (DISA) and is an Associate Member of the Association of Certified Fraud Examiners (CFE), USA, having over 31 years of experience. He is also registered as an Insolvency Resolution Professional. Mr. Ravi is a Director and non-executive chairman of Tourism Finance Corporation of India Ltd., SBI Payment Services Pvt. Ltd., Aditya Birla ARC Ltd. And IIFL Asset Management Ltd. Mr. Ravi was member of BusinessWorld's Jury for Festival of FinTech 2021, BusinessWorld's 40 under 40, BusinessWorld's Best CFO Awards 2019 and ICAI's Jury for Award for Excellence in Financial Reporting for the year 2012-13.

### **9. Ms. Sukanya Kripalu**

**Independent Director**

**DIN 06994202**

Ms. Kripalu is a graduate of St. Xavier's College, and an alumna of the Indian Institute of Management Calcutta, with specialisation in the fields of marketing, strategy, advertising and market research. Her experience includes working with leading corporates such as Nestle India Limited, Cadbury India Limited and Kellogg's India. She was earlier the CEO of Quadra Advisory and is presently associated with Sukanya Consulting.

### **10. Mr. C.N. Ram**

**Independent Director**

**DIN 00211906**

Mr. Ram is an alumnus of IIT, Chennai and IIM, Ahmedabad. He is an experienced IT professional with deep understanding of the financial services business, information security, payments technologies, manufacturing systems and ERP, and the challenges in a startup world. He is an Advisor at Warburg Pincus India Pvt Ltd. He is an independent director on the Board of SBI Funds Management Pvt Ltd. And a Nominee Director at Perfios Software Systems Pvt Ltd. He has won three life-time awards from prestigious organisations in India for his exemplary performance as CIO in multiple organisations and for innovative use of technology in furthering business goals.



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**11. Mr. Navin Puri**  
**Independent Director**  
**DIN 08493643**

Mr. Puri is a Chartered Accountant and holds a Master's in business administration and ISC from Mayo College, Ajmer. He has indepth knowledge and understanding of the Indian financial retail market and has over three decades of expertise in Banking and Financial Services spanning HDFC Bank and ANZ Grindlays Bank. He was the convener of Indian Bankers Association (IBA) sub-committee from 2016-18 and finalised/recommended several model policies on behalf of IBA.

**12. Mr. Mahendren Moodley**  
**Independent Director**  
**DIN 07628592**

Mr. Moodley holds BCom (Hons) and a postgraduate degree in Advanced Banking, Chartered Institute of Management Accountants. He is currently the CEO of Ayurveda Investments. He has over 15 years of investment banking experience with Rand Merchant Bank and the wider FirstRand Banking Group. Mr. Moodley has been a representative of FirstRand at various BRICS business summits and was an active member of the SA/India CEO's forum. He resigned from FirstRand in November 2015 to pursue a lifelong ambition of setting up his own Private Equity (PE) fund. Mr. Moodley is currently a major shareholder in Ayurveda Investments – a healthcare-centric private equity company.

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**13. Mr. Mayank Bathwal**  
**Chief Executive Officer and Whole-time Director**  
**DIN 06804440**

Mr. Bathwal is a Fellow Member of the Institute of Chartered Accountants of India (ICAI) and the Institute of Cost & Works Accountants of India (ICWA) and an Associate Member of the Institute of Company Secretaries of India (ICSI). He has rich experience of nearly 20 years in the industry. He joined the Aditya Birla Group in early 1994, and has worked closely in various units and projects of the Group, including fertiliser and copper smelting units, in the financial services business and power projects. Prior to holding this position, he was Deputy Chief Executive Officer with Aditya Birla Sun Life Insurance Company Limited (ABSLI). He has more than 26 years of leadership and Corporate Board experience across varied businesses and functions.

## LEADERSHIP TEAM

# UPHOLDING BEST PRACTICES



### **Mr. Mayank Bathwal**

#### **Chief Executive Officer and Whole Time Director**

Mayank Bathwal is the Chief Executive Officer at Aditya Birla Health Insurance Co. Ltd., a joint venture between Aditya Birla Group and MMI Holdings of South Africa since August 2015. He also serves as Director on the Board of Directors for Aditya Birla Wellness Private Limited.

Mr. Bathwal has completed more than 25 years with the Aditya Birla Group, and during his stint, he has worked with diverse business units and projects including fertilizer and copper smelting units, financial services business, and power projects.

Mr. Bathwal is also the Co-Chair of FICCI Health Insurance Committee and a Fellow member of the Institute of Chartered Accountants of India (ICAI), the Institute of Cost & Works Accountants of India (ICWA) and the Institute of Company Secretaries of India (ICSI).

Mr. Bathwal was recently awarded the prestigious 'Aditya Birla Group Award 2020' for being an outstanding leader by Mr. Kumar Managalam Birla.

### **Ms. Anuradha Sriram**

#### **Chief Actuarial Officer**

Anuradha Sriram is the Chief Actuarial Officer of Aditya Birla Health Insurance Co. Limited (ABHICL).

With 28 years of rich work experience, Anuradha joined ABHICL in 2016 wherein she oversees different aspects of actuarial function. Additionally, she is responsible for the product function as well as product design and Group pricing. Before joining ABHICL, she worked with Life Insurance Corporation of India and Willis Towers Watson India.

Anuradha has been instrumental in creating a strong product proposition and enabling a good group portfolio for ABHI. She works closely with relevant internal and external stakeholders in the Insur-tech/ FinTech space to identify emerging trends that could be leveraged for product innovation/ solution/ delivery efficiencies. She has played a key contributing role to the success of the organisation so far.





**Mr. Mahesh Kumar Radhakrishnan**  
Head – Legal, Risk Compliance and Company Secretary

Mahesh Kumar Radhakrishnan is the Head – Legal, Risk Compliance and Company Secretary at Aditya Birla Health Insurance Co. Limited (ABHICL).

Mahesh has over 24 years of experience in the fields of Finance, Compliance, Legal, Risk and Audit, and is also a qualified Chartered Accountant & Company Secretary. Prior to this, he was managing Finance & Control function in Kotak Mahindra Life Insurance Company Limited and Godfrey Phillips India Ltd. . He has also worked with organizations such as Kotak Mahindra Life Insurance Company Limited and Max Bupa Health Insurance Company Limited heading their respective Legal, Compliance, Risk Control & Secretarial functions.

Mahesh holds a Post Graduate Degree in Financial Management from Jamnalal Bajaj Institute of Management Studies.

**Ms. Varij Pujara**  
Chief Distribution Officer

Varij Pujara is the Chief Distribution Officer at Aditya Birla Health Insurance Co. Limited (ABHICL).

With over 24 years of experience, Varij has spent 19 years in the life insurance, general insurance and health insurance domain. Prior to this, Varij was working with Bharti AXA General Insurance for 3 years. Varij also worked with Birla Sun Life Insurance for a span of 12 years, her last role being Head of Bancassurance, Direct Marketing and Health business. She started her career with Apple Finance in 1995.

Varij is a Post Graduate in Business Administration from T.A Pai Management Institute, Manipal. She also holds a Bachelor of Engineering degree in Instrumentation Technology from Bangalore Institute of Technology.

## LEADERSHIP TEAM



### **Ms. Darshana Shah**

#### **Head of Marketing & Digital**

Darshana Shah is the Head of Marketing & Digital at Aditya Birla Health Insurance Co. Limited (ABHICL).

With over 21 plus years of rich experience in marketing, brand & communication, Darshana joined ABHICL in 2016. Prior to this, she was with Hypercity Retail as Sr. Vice President - Marketing and Visual Merchandising. She has also worked with organizations such as Reliance Retail, Future Group and Shoppers Stop.

Darshana has done her Bachelors in Science from Mithibai College and a Post Graduate Diploma in Management Studies from NMIMS and also Diploma in 'Early Child Care' education from Mumbai University. She has also done a Senior Leadership Executive Program (SELP) from Harvard Business School.

### **Mr. Niren Srivastava**

#### **Head – Human Resource, Training & Administration**

Niren Srivastava is the Head – Human Resources, Training & Admin at Aditya Birla Health Insurance Co. Limited (ABHICL).

With over 16 years of experience, Niren joined ABHICL in 2018 and is responsible for the HR strategy, people policies and their program management of the company. Prior to this, he was with Aditya Birla Sun Life Insurance. Niren has also worked with Aditya Birla Sun Life Asset Management Company, Yes Bank and Bajaj Allianz.

In his past assignments over the last 12 years with ABC, he has been part of the growth and expansion of Life Insurance and Mutual fund business, where he handled various roles in Business HR, HR Analytics and HR process management. During his stint with the Mutual Fund business at ABSLAMC as a Head of Business HR, the business was recognised amongst the top 10 companies in the Financial Services sector by the Great Places to Work Institute.



**Mr. Siddharth Bhat**

**Head – Information Technology**

Siddharth Bhat is the Head – Information Technology at Aditya Birla Health Insurance Co. Limited (ABHICL).

With over 22 years of rich in-depth experience in Information Technology, Siddharth joined ABHICL in 2019 and drives the entire vision for laying down the Technology Roadmap for the company. Prior to this, he has held Technology leadership roles in companies like Aditya Birla Asset Management Company, Société Générale India and Kotak Mahindra Bank. Siddharth specialises in large scale transformation projects, some of which were the Core Banking change at Kotak Mahindra Bank, relaying of IT landscape at Société Générale India, etc.

Siddharth has done his Bachelors (B.E.) in Electronics Engineering from Mumbai University. He is an avid sports lover and a passionate foodie who loves to explore cuisines of various cultures across the globe.

**Ms. Anjali Makhija**

**Chief Operating Officer**

Anjali Makhija is the Chief Operations Officer (COO) at Aditya Birla Health Insurance Co. Limited (ABHICL).

With over 21 years of rich experience across various roles in Operations, Finance, Treasury, Accounts & Tax, she joined ABHICL in 2020. In her role as COO, she is responsible for driving Business Operations, Underwriting, Claims, Setting up of Provider Networks and Driving Health management initiatives for our customers. Prior to this, she has worked with several companies such as Aditya Birla Sun Life Insurance, Aditya Birla Housing Finance Limited, Aditya Birla Financial Services Limited and Aditya Birla My Universe (ABMU), and has handled various leadership roles in Finance, Strategy & Operations across businesses. In her last stint at ABMU, she was the Business Head reporting to Group Chief Executive Officer (CEO). Prior to joining the group, Anjali has worked with consulting firms such as Deloitte and KPMG.

## AWARDS AND ACCOLADES

# WINNING TOP HONOURS

During FY 2020-21, we were felicitated with numerous awards and recognition across various functional areas.

- **Platinum for Excellence in BFSI** by SKOCH Awards at the 71<sup>st</sup> SKOCH Summit and Awards ceremony
- **Golden Peacock Award** for Activ Care under the category of Innovative Products

### Campaign awards

- **Best Integrated Media Campaign** Product/ Services at Indian Digital Marketing Awards (IDMA) 2020 for Take Activ Care Campaign
  - **Best Media Campaign** Gender Parity at Indian Digital Marketing Awards (IDMA) 2020 for Rakho Poora Khayaal Campaign
  - **4<sup>th</sup> Indian Content Marketing Awards**
    1. Silver award - **Best Crowd Sourced** (User Generated) Content for Jump Health
    2. Silver award - **Best Integrated Brand Content** for Rakho Poora Khayaal
- **Best Marketing Initiative** of the Year at ETBFSI Awards 2020 for Rakho Poora Khayaal
  - **The Maddies e4M Awards**
    1. Silver in the **Marketing Strategy** category for Health For Home campaign
    2. Silver in the **Marketing Strategy** (Gender Equity) category for Rakho Poora Khayaal
    3. Bronze in the **Enabling Technology** category for Activ Care campaign
  - **11<sup>th</sup> India Digital Awards**
    1. Silver - **Best use of Facebook** - Health From Home campaign
    2. **Excellence in Insurance** - Aditya Birla Health Insurance
  - **Best Campaign of the Year** in BFSI for overall marketing efforts at the ET Brand Disruption Awards 2021



# Management Discussion and Analysis

## 1. OVERVIEW OF GLOBAL ECONOMY

### 1.1 COVID-19 pandemic and world economy

The evolution and progress of the COVID-19 pandemic which began in early 2020 and rapidly spread throughout the world was the most important factor for global and domestic economy and markets throughout FY 2020-21. The early template to deal with the pandemic was the model of strict lockdowns and social distancing, which resulted in sharp collapse in growth, equity and commodity markets early in the pandemic. Bond yields fell sharply and growth estimates were cut to the lowest since Great Depression. Policy makers responded by the most aggressive monetary-fiscal stimulus by both advanced and emerging economies, complemented by aggressive and synchronous Central Banks' policy actions, which took global interest rates to the lowest levels on record. The combination of aggressive policy actions and evolution of medical response to deal with the pandemic resulted in spectacular rebound in global economy and risk assets. IMF now expects global contraction in CY 2020 at -3.3%, compared to April 2020 forecasts of -5.2% contraction. Bond yields have also rebounded but are still quite low. With progress in vaccinations across the world and significant part of stimulus still persisting, the outlook of global economy in 2021 is quite bright with IMF forecasting fastest growth in 50 years, aided by favorable base.

### 1.2 India economy

India saw a similar story with the economy and markets being guided by the evolution of pandemic and government's response to the same. Early in the pandemic India's response was of a very strict nationwide lockdown beginning mid-March. This resulted in sharp collapse in economic growth, Indian currency, equity markets and bond yields. Growth in Q1 FY21 turned out to be the lowest on record with GVA contracting by -22.4% Y-o-Y, with industrial sector contracting by -35% and services by -21%.

Growth rebounded sharply in the following three quarters of the year as lockdown restrictions were gradually eased and strong pent-up demand was unleashed with Q2 and Q3 growth at -7.3% and +1% Y-o-Y respectively. The impact of pandemic in FY 2020-21 finally turned out to be more benign than earlier expectations. Both Central government and RBI responded to the pandemic with a series of measures to limit pandemic impact. Annual GVA in FY 2020-21 is expected to finally come at -6.5%, lowest

on records but better than double digits' contraction earlier feared. Agri-sector grew by 3%, industry contracted by -8.2% Y-o-Y and services by -8.1% Y-o-Y. Financial, real estate and financial services declined by -1.4% Y-o-Y, but banking sector credit growth remained positive, although declined to 5.52% Y-o-Y (6.03% in FY 2019-20).

The beginning of FY 2021-22 saw the strong second wave of COVID-19 pandemic. The second wave has turned out to be much stronger than the first wave. However, in place of a national lockdown in first wave, lockdown and other social distancing response are being taken by State Governments in this wave. Growth estimates are once again getting slashed by 1-4%. We expect the service sector to bear the brunt of pandemic. We expect a much lower impact in industry this time given that most of the manufacturing has been untouched by lockdown restrictions, unlike in 2020. However lower demand, generally weak sentiments, and logistical hiccups will have some negative impact on industrial growth. On the positive side, global growth is likely to be the strongest in 50 years which is positive for industrial exports. Evolution of pandemic and pace/efficacy of vaccination will be the key determinant of the economy for the second year in succession.

## 2. INDUSTRY OVERVIEW

### 2.1. Industry performance

Healthcare sector has been at the epicenter of the global crisis brought on by COVID-19. The paucity of relevant healthcare infrastructure especially in certain parts of the country has become more evident and the need for deeper penetration of health insurance has never been felt more deeply. Driven by this context and the continuously increasing awareness among the masses, the health insurance segment continues to witness strong growth. The health insurance industry registered premium of ₹63,654 Crore in FY 2020-21 which translates into growth of 12% Y-o-Y. Standalone Health Insurers (SAHI) have outperformed the industry and grew at 32% in FY 2020-21, with gain in market share of 3.7% (CY Market Share 24.7% vs. LY 21.0%). SAHI have grown at CAGR of 31% in last 3 years.\*

Overall the Health Insurance industry has evolved rapidly with significant headroom still available for growth given the low penetration and increasing consumer awareness.

## Management Discussion and Analysis (Contd.)

TABLE1: INDUSTRY PERFORMANCE AND GROWTH

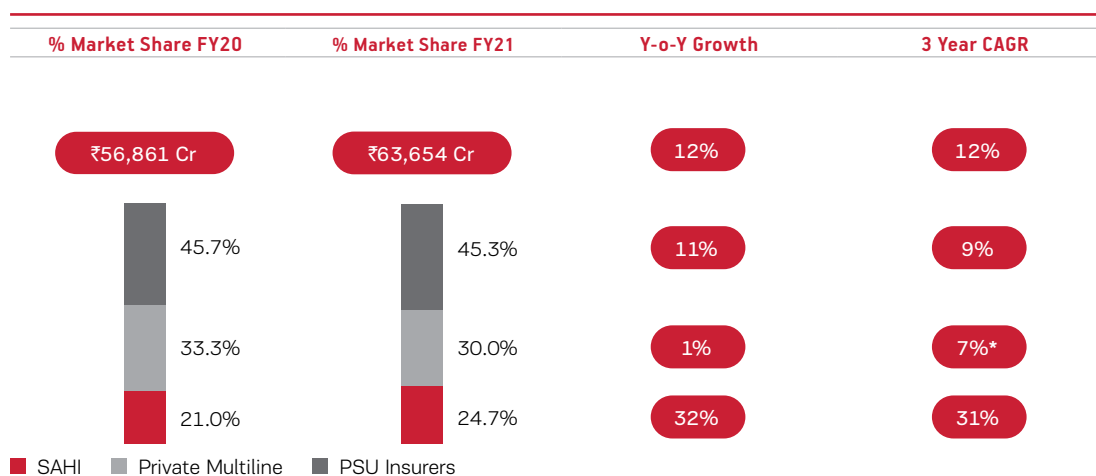
Key metrics	(₹ Cr)		
	FY19	FY20	FY21
Total GWP	50,922	56,861	63,654
GWP – Group & Government	27,161	31,208	32,271
GWP – Retail*	23,761	25,653	31,383
Overall Y-o-Y growth	20%	12%	12%
SAHI growth	37%	30%*	32%*

Source: IRDA / GIC Segment report | Retail GWP includes Health Retail and PA GWP | \*excluding Apollo Munich Health Insurance

## 2.2. Industry structure

Health Insurance companies can be broadly divided into 3 categories i.e. 1) PSU Insurers with ~45% market share; 2) Private multi-line Insurers with market share of ~30% with large players such as ICICI Lombard, HDFC Ergo (Apollo Munich Health Insurance also part of HDFC Ergo) and Bajaj Allianz focusing on Health vertical and 3) Standalone Health Insurers (SAHI): Star Health, Max Bupa, Religare Health (now Care Health Insurance) and ManipalCigna TTK with a market share of ~25%. This segment has registered a growth of 32% in FY 2020-21 with a 370 bps improvement in market share.

FIGURE 1: INDUSTRY MARKET SIZE AND MARKET SHARE OF CATEGORY OF INSURERS



Source: IRDA / GIC Segment report | \* Apollo Munich Health Insurance included in Private Multiline

Health Insurance has 3 broad customer segments namely 1) Group segment for Corporates with around 39% of the market, dominated by PSU insurers; 2) Retail segment with around 50% of the market, which has seen relatively higher growth and 3) Government segment which forms around 11% of the industry.

For FY 2020-21, the Company's market share stood at ~2.0% (~8.3% among Stand-alone health insurers) which is in line with management expectations. SAHI players are expected to grow faster than the industry average for the next 3-4 years. The Company, driven by its 'Health First' business model backed by a strong brand, anchored in Differentiated core offering and Health data based hyper-personalised engagement via health ecosystem is well placed to capitalise on the growth opportunity in health insurance.



### 2.3. Industry outlook and opportunity

Healthcare has become one of India's largest sectors both in terms of revenue and employment. It is growing at a remarkable pace owing to its increased digital adoption, wide coverage, increasing variety of services and increasing expenditure by public as well as private players. The growth in the sector has caught the attention of large number of investors as well as the General Insurers. The availability of PE funding has reduced capital constraints faced by some of the key competitors over the last few years. This has led to players pursuing aggressive growth to build valuations in near-term for facilitating an exit. With challenges in other retail lines of business, General Insurance players have aggressively started pursuing the health opportunity.

While progress has been made in the healthcare system in India, significant gaps still remain. The country is experiencing a rapid health transition with a rising burden of COVID-19 claims and Non-Communicable Diseases (NCDs), which are emerging as the leading cause of deaths in India. Rising healthcare costs are a major concern for India, with high proportion of health care expenditures being out-of-pocket. The healthcare expenses in India is ₹8 Trillion with share of out of pocket expenses being much higher than in other developing economies.

The growth prospects of health insurance remain robust, led by the following key demand drivers:

- Significant opportunity to increase retail customer penetration: Only 3% of the total population were covered through retail health insurance (excluding Government & Group businesses) in FY 2019-20. The individual health penetration is expected to increase to ~6% by FY 2024-25 (source: market intelligence)
- Out of pocket expenditures remain high coupled with increasing healthcare inflation:
  - ◊ Average retail healthcare inflation for India was 8-10% for 2019-20,
  - ◊ Around 67% of healthcare spending is out of pocket today vs just around 8% in South Africa and 11% in the US.
- Rising incomes: Indian middle class is estimated to increase by a CAGR of nearly 7% p.a. for the five-year period ending 2021 and the rising prosperity is prompting demand for retail health insurance
- Evolving models of Insurers such as 1) Focus on Tier III cities, 2) offerings with customised covers rather than standard one-size-fits all product under the sandbox approach, 3) hassle-free buying and renewing experience fuelled by internet and digital journeys 4) Inclusion of modern treatments of medicine in policies

- Increasing awareness supported by Government policies and health insurance schemes, e.g. Ayushman Bharat etc.
- Launch of standardised products as per regulations

In spite of near-term uncertainty due to COVID-19 across the globe, the structural demand drivers are expected to continue supporting the long-term and sustainable growth of health insurance.

## 3. COMPANY PERFORMANCE

### 3.1. Overall performance during FY 2020-21

The strength of the Company's business model was evident by its strong performance across financial and non-financial parameters this year. The Company continues to be the fastest growing Health Insurance company with business sourced of ₹1,301 Crore in FY 2020-21 growing by 49% Y-o-Y, covering 13.4 Million. lives translating to a growth of 1.6x Y-o-Y in lives covered. Retail business grew by 49% and contributed to 72% of total GWP in FY 2020-21.

The Company's purpose is to "Empower and motivate families to prioritise their health and live fulfilling lives". In order to fulfill the said purpose, the Company has created a differentiated 'health first' business model by moving from the traditional 'buy and forget' to 'buy and engage', thus serving as an enabler and influencer of customer health in addition to fulfilling the traditional role of funding healthcare expenses. Its differentiated core offerings like incentivised wellness with Industry first 100% return of premium (HealthReturns™) along with differentiated health and wellness framework also emphasises a holistic health management approach, focusing on disease prevention and wellness management. The health-data based "**WellBeing Score**" which covers over 150 data points and enables the Company to risk stratify its customers across high, medium and low risk is now live for 5.3 Lakh+ customers. This risk stratification enables the Company to provide holistic and hyper-personalised engagement to customers based on individual needs and health risk to attain healthier lives. The Company has been the first to enable a health and wellness ecosystem access to its customers including access to Health coaches, telemedicine, mental wellness etc. This is a significant achievement which has led to increased customer stickiness and consequent improvement in persistency.

The Company, from the beginning, has followed a multi-channel distribution model complemented by robust digital strategy. Its retail mix and bancassurance mix are at 72% and 64% respectively in FY 2020-21 with large banks driving growth in the retail segment.

## Management Discussion and Analysis (Contd.)

In terms of its service delivery model, the Company has built a robust platform and tech-enabled Health and Wellness ecosystem for providing a seamless experience throughout the customer journey, from sales to servicing. It has empaneled 8,670+ hospitals to enable cashless services across 880+ cities.

The Company has proactively taken several measures during COVID-19 and our priority will always be the health and well-being of our staff, employees, agents, their families, its customers and other stakeholders. There has been a surge in COVID-19 claims since Q3 and these are being actively monitored. The second wave of COVID-19 claims has also resulted in high claim volatility. The Company will be taking further initiatives to manage the short-term impact and prepare to execute our long-term business strategy, including the opportunities that will emerge from increased awareness for need of health insurance.

### 3.2. Distribution channels performance

Since inception, the Company has followed a multi-channel distribution model across agency, broking, bancassurance, digital and direct marketing channels. The Company's multi-channel distribution strategy and extensive network of industry-leading strategic partners significantly broadens our access to potential new customers. The Company expanded its footprint from 2,000+ locations in FY 2019-20 to 2,800+ locations in FY 2020-21.

The Company's Agency network consists of 42,800+ Advisors spread across 140+ locations leading to 1.5x+ growth in Agency GWP. Quality hiring is a critical pillar of the Company's Agency strategy. An important strategic priority for the Company is to further enhance the sales manager productivity, through the use of technology. 100% advisors are on-boarded digitally through the Digital onboarding portal and 24k+ advisors have been trained through segmented and personalised digital training. During the year the Company's multi-lingual website

enabled with Co-browsing journey has been launched enabling the Company to speak in the language the customers understand best and support them in their buying journey. The Company will continue to invest in digital technology that provides simple and effective support for our agents and sales managers across all of their key activities including sales, servicing, training and recruitment.

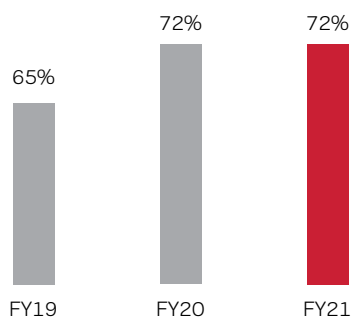
The Company's bancassurance channel with 9 bank partners providing access to 14,000+ branches pan-India delivered strong growth in FY 2020-21 contributing to 64% of retail GWP. Digital transformation of our business model through deeper systems integration with our strategic bancassurance partners continues to be a strategic priority for bancassurance distribution. Digital touchpoints have been increased across banks via API Integrations; 4-click journey through banks' digital platform, etc.

Partnerships with Corporate Agents and Brokers have also become stronger over the years. Building long-term strategic partnerships with key brokers has been our priority and the Company will continue to look at new tie-ups in the third party distribution segment. The Company has successfully launched industry first innovative products in the digital space with 38+ digital partners and 50+ bite-size products. The Company has proven digital capability of providing multi-Million byte-size coverages per month to a cab aggregator (Ola), travel company (MakeMyTrip), telecom provider (VIL) etc.

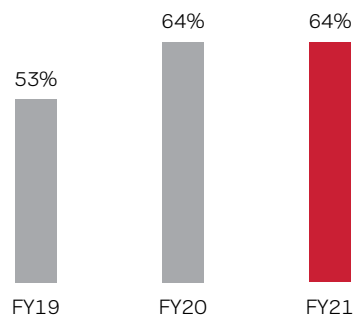
In the Group segment, the Company has diversified its Group portfolio through SME and Creditor business. The Company is leveraging new client segments including Large corporates and SMEs for business. Rural business with 75%+ Y-o-Y growth contributes to 30%+ of group business, thereby supporting rural Health Insurance penetration.

**FIGURE 2: KEY DISTRIBUTION INDICATORS- SEGMENT, CHANNEL AND GEOGRAPHY**

#### Retail % of GWP



#### Banca % of Retail GWP







To summarise, the Company’s focus for the coming year would be to leverage the existing distribution capabilities to achieve maximum productivity from the available capacity. The Company has broad-based its channel mix, with sizeable GWP contribution from all channels and will continue to create sustainable distribution capacities.

The Company from the beginning has had a robust digital strategy and has various applications and digital assets and journeys in place, for distributors and customers for sales and servicing. The Company has also undertaken a slew of measures including enabling remote access and ensuring most of our sales and operations are enabled digitally to ensure business continuity during the pandemic lockdown. The Company is encouraging greater utilisation of its digital assets and will continue to invest in a digital ecosystem not only for customers but also for advisors to enable end-to-end buying, selling and servicing journeys and an enhanced experience for all stakeholders. The Company has run various channel marketing and awareness campaigns to generate leads and also for renewal uplift.

### 3.3. Product performance

A part of the unique and differentiated “Health First” model is anchored in differentiated core offering which focuses on incentivised wellness with Industry first 100% return of premium (HealthReturns™) including a comprehensive product suite catering to all customer segments and offerings ranging from small ticket byte-sized products to global health coverage products, enabling market

expansion including newer customer segments like younger customers, people with lifestyle conditions, etc. In the process, the Company has enhanced its retail product suite and is focused on diversifying it, to capture the market currently untapped by the industry.

Its product suite includes key products like Activ Care, Activ Health, Activ Assure, Activ Secure, 1 Crore Super Health Plus Top-up and Global Health Secure. Majority of the products have presence in both Retail and Group platforms.

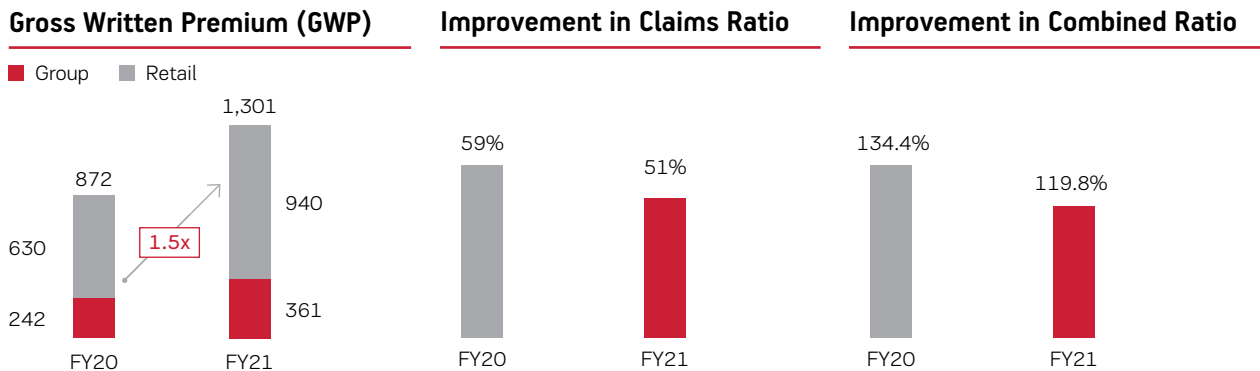
Along with Activ Health V2 launched with enhanced features like 100% HealthReturns™, Chronic Lite, etc., 9 other products were relaunched with regulatory updates and additional features like robotic treatments, fewer exclusions which have contributed to gaining fast traction and momentum. Standard IRDAI and regulatory products like Corona Kavach, Corona Rakshak, Group COVID and Arogya Sanjeevani are also offered as part of the product suite in both retail and group platforms.

Over 50 byte-sized, contextual products were launched through digital online alliances and have also enabled agile customer acquisition like 1-click products contributing significantly to its customer base. The Company is constantly working towards customer segmentation and mapping of customers and distributors by leveraging data enrichment and analytics across the Customer Life-Time Value (CLTV) to identify the right product offerings.

### 3.4. Financial analysis

#### 3.4.1. Key summary of financial indicators at a glance

The Company ended its third full operating year on a strong note having registered ₹1,301 Crore of Gross Written premium.



## Management Discussion and Analysis (Contd.)

The increase in retail business contribution was on the back of our multi-channel distribution network, achieved by leveraging Bancassurance channel, improving Agency channel productivity and by driving our innovative CVP. The Company has recorded resilient performance demonstrating the strength and quality of our diversified and high-quality portfolio of businesses:

- GWP of ₹1,301 Crore in FY 2020-21 from ₹872 Crore in FY 2019-20, translating into growth of 49%;
- The Company has broad-based its Channel mix with sizeable GWP contribution from all channels with Banks contributing to 64% of Retail GWP;
- Number of lives covered at 13.4 Million as of 31<sup>st</sup> March 2021 as against 8.4 Million as of 31<sup>st</sup> March 2020, translating to growth of above 1.6x;
- Retail business constitutes 72% of the total GWP;
- Total capital infused including share premium at ₹320 Crore in the current year taking the total capital to ₹1,381 Crore;
- Solvency margin at 1.82 for FY 2020-21 against the regulatory requirement of 1.5
- Net Loss of ₹199 Crore (IND AS) for FY 2020-21 primarily attributable to funding of new business growth, creation of new distribution network and higher COVID related claims
- The combined ratio witnessed a decline from 134.4% in FY 2019-20 to 119.8% in FY 2020-21

### 3.4.2. Gross Premium Income

Gross Written Premium and Net earned premium witnessed strong growth of 49% and 45% respectively on the back of strong inflows from Retail business coupled with stable Group business inflows. The Company continued the momentum in the retail segment with stellar growth in retail premium of about 1.5x over previous year

The table below summarises the performance of the Company over the year:

**TABLE 2: GROSS WRITTEN PREMIUM AND NET EARNED PREMIUM (₹ CR)**

Particulars (₹ Cr)	FY21	FY20	% Growth
Gross written premium	1,301	872	49%
Less: Reinsurance Ceded	-301	-177	
Net written premium	999	695	
Less: Change in UPR	-152	-109	
<b>Net earned premium</b>	<b>847</b>	<b>586</b>	<b>45%</b>

### 3.4.3. Operating Expenses

The Company has always recognised expense management and cost efficiency as a key driver to profitable growth. Operating Expenses as a percentage of total gross written premium was 50% compared to 62% in the previous year. The Company is continuously reviewing its operating model to optimise costs and improve its expense ratios further, by improving productivity and performing a strategic review of value chain including claims, provider management and technology. The Company continues to drive profitable growth by undertaking measures to enhance efficiency, improve productivity and optimise costs.

### 3.4.4. Incurred Claims

Claims incurred (net of reinsurance) are the total claims incurred by the Company during the year including paid, outstanding and incurred but not reported reserves (IBNR). In FY 2020-21, the Company experienced volatility on account of COVID-19 claims since Q3 and increase in overall costs of Non-COVID claims on account of COVID-19 protocols. The Company has been prudently managing the Claims through robust underwriting and risk selection, provider and tariff management, effective treatment and case management. The Company has further strengthened its Fraud Waste and Analytics (FWA) model and has implemented analytics led FWA claim model to detect fraud and anomalies and achieved Claims Fraud savings to the tune of ₹10+ Crore. in FY 2020-21.

The table below summarises the performance of Claims incurred over the year:

**TABLE 3: NET INCURRED CLAIMS (₹ CR) AND CLAIMS RATIO (%)**

Particulars (₹ Cr)	FY21	FY20	% Incr
Net Claims Paid	341	258	
Add: Claims Outstanding at the end of the period	162	80	
Less: Claims Outstanding at the beginning of the period	80	51	
<b>Net Incurred Claims</b>	<b>423</b>	<b>287</b>	<b>47%</b>
Claims Ratio% (NEP as per n/365 method)	51%	59%	

**3.4.5. PROFITABILITY/NET INCOME**

The net loss for the year at ₹199 Crore has reduced by ₹44 Crore from last year. The overall financial performance improved with declining combined ratio and incurred claims ratio.

The highlights of the Financial Results are as under:

Particulars	Financial Year	
	2020-21	2019-20
Gross Written Premium	1,300.6	872.0
<b>Net Written Premium</b>	<b>999.3</b>	<b>694.6</b>
Net Earned Premium	847.2	585.4
Investment Income – Policyholders	62.1	34.8
Investment Income – Shareholders	22.0	17.3
<b>Total Revenue</b>	<b>931.3</b>	<b>637.5</b>
Net Incurred Claims	423.6	287.3
Net Commission (Income) / Expenses	49.5	51.5
Expenses of Management	655.9	539.8
Premium Deficiency Reserve	0	0
<b>Total Claims &amp; Expenses</b>	<b>1,129.0</b>	<b>878.6</b>
Profit before Tax as per IRDAI	(197.7)	(241.1)
Profit before Tax as per IND AS	(198.9)	(243.0)

\*includes Shareholder expenses

**4. FINANCIAL CONDITION AND STRENGTH**

The Company is currently capitalised at ₹1,381 Crore, an increase of ₹320 Crore over the previous year. This capital infusion translates into a solid financial base and is a reflection of the long-term commitment of the shareholders. Solvency refers to the minimum surplus that an insurance Company needs to keep aside in the form of additional capital to meet any unprecedented increase in claims and to meet any adverse losses. IRDA prescribes that each insurance Company must have free assets equal to 1.5 times of its liabilities. Our solvency margin is in excess of 1.82 and is well above the regulatory requirement of 1.5.

**5. INITIATIVES AROUND CUSTOMER MANAGEMENT AND CUSTOMER EXPERIENCE**

The Company has focused on Customer experience by creating 1) suite of digital assets with end-to-end customer

journeys; 2) Enabling digital self-servicing and 3) Digital engagement through incentivised wellness and holistic health management. The Company's health management programme provides hyper-personalised engagement in the form of recommendations, by leveraging the health ecosystem created thus far, to improve customer health outcomes.

**5.1. Digital, Data and Analytics in Health Insurance business**

ABHI started its journey with a model that was embedded in leveraging Digital, Data and Analytics in Health Insurance business. It has invested in digital assets to enable end-to-end digital journeys:

- **Prospecting:** Digital marketing campaigns like #ABHIKaro, #HealthBhiTaxBhi, #21startsABHI (4.2 Lakh+ engagement), Sehat ki Nayi Aadat with launch of Activ Living Blog across all digital platforms (10 Lakh+ views). Analytics led PASA campaign and

## Management Discussion and Analysis (Contd.)

cross-sell model are live in various distribution channels leading to increase in lead conversion and lift in persistency respectively.

- **On-boarding/Selling:** ABHI has not only enabled digital on-boarding of customers but also for advisors and enhanced their selling experience. 100% advisors are on-boarded digitally through the Digital on-boarding portal. 24k+ advisors have been trained digitally through segmented and personalised digital training. Digital touchpoints have been increased across banks via API Integrations; 4-click journey through banks' digital platform, etc. Digital issuance and renewals have increased to 98% (PY: 93%) and 92% (PY: 78%) respectively. Features such as Co-browsing on buying journey and Voice Bot enabled welcome calling have helped enhanced User interface experience.
- **Engagement and Self-service:** Multi-lingual App, AI chat-bot, voice bot enabled welcome calling and WhatsApp self-servicing with 18+ services are live thereby increasing WhatsApp self-servicing by 81% over last year. ABHI has also enabled end-to-end digital claims journey through WhatsApp and Web and expedited the process of Claims digitisation to facilitate faster claims processing and hassle-free claims experience in the backdrop of increasing COVID-19 claims during the pandemic.
- **Retention/Renewals:** Analytics-led customer segmentation, propensity based renewal calling, voice bot enabled renewal calling, deep partner ecosystem integration, omni-channel click-thru renewal journey including upsell and Renewal focused campaigns in banks have all attributed to significant persistency lift.
- **Data enrichment and analytics:** The Company has been focusing hugely on Data Governance and Management, Data augmentation and leveraging unstructured data to drive benefits across the organisation. Some applications include analytics across Customer Life Time Value (CLTV) like segmentation, propensity model for customer retention and upsell, personalised recommendation and cross-sell and real-time claims fraud detection engines like Fraud, Waste and Abuse (FWA) model for claims, etc.

### 5.2. Claims management

The Company focuses on prompt claims settlement and has set aggressive TAT of less than 2 hours for Pre Authorisation and 3 business days for Reimbursement Processing with adherence being at 90% for both processes. Virtual

Care Managers providing handholding assistance in the claims process has gained customer acceptance and trust and this coverage has been expanded further. The Company has been focusing on improving overall claims ratio through holistic health risk management. There has been a surge in COVID-19 claims since Q3 and these are being actively monitored. The second wave of COVID-19 has also resulted in high claim volatility. Claims NPS has consistently been on an increasing trend in FY 2020-21.

### 5.3. Wellness engagement with customers with WellBeing Score

The Company continues to take a leadership stance on its "health first" business model and has devised the industry's first incentivised wellness and chronic management programmes embedded in our products with Industry first 100% return of premium (HealthReturns™). Health management drives customer health outcomes through health-data based "WellBeing Score" to enable hyper-personalised engagement/health interventions leveraging health ecosystem. WellBeing score is live for 5.3 Lakh+ customers and increased engagement is validated now by 26% of its customers initiating their health journey with the Company. This digital environment has seen a surge in app logins by 37%.

### 5.4. Customer experience and NPS

The Company aims to deliver a distinctive, personalised and meaningful experience for our customers. Driven by our health first business model, it actively engages with customers to help them understand the benefits of living well, to prevent illness through its health management framework.

During the COVID-19 pandemic, several digital marketing campaigns and customer engagement and experience initiatives were undertaken to ensure continuous connect not only with customers but also with employers and distributors. As mentioned earlier, wellness programmes like SehatkiNayiAadat launched across digital platforms like Activ Living blog and various social media networks like Facebook, etc., gained popularity and encouraged customers to pursue wellness activities indoors during the pandemic. Customer experience is of paramount importance and has been at the centre of the Company's business operations always.

Aligned with the Company's commitment and driving purpose towards exemplary service and being customer-driven, transparent and fair across the customer journeys, it has instituted a process of seeking customer feedback on an ongoing basis at every touch point through the Net Promoter Score (NPS). The NPS trend in FY 2020-21 has been very encouraging with an upward swing seen



across key processes. With focus on service excellence, the Company has constituted a Customer Experience task-force to meticulously track and improve NPS processes.

### 5.5. Continuing the growth journey

The Company's strategy remains focused on driving profitable growth that is entrenched in its purpose of motivating Indian families to live healthy and fulfilling lives. Going forward the Company will focus on 1) Customer acquisition and retention at scale; 2) Health Risk (Claims Ratio) and Combined Ratio Management and 3) Health Management which will be the key pillars to drive value-accretive growth. This will be done on the back of well-diversified distribution networks and strong capabilities around tech-enabled digital health ecosystem driven by the Incentive Wellness framework, through partners and digital assets.

By order of the Board of Directors  
for **Aditya Birla Health Insurance Co. Limited**

**Mr. Ajay Srinivasan**  
Director  
(DIN 00121181)

**Mr. Mayank Bathwal**  
CEO & WTD  
(DIN 06804440)

Place: Mumbai  
Date: 28<sup>th</sup> April 2021

#### Disclaimer

Certain statements in this "Management Discussion and Analysis" may not be based on historical information or facts and may be "forward looking statements" within the meaning of applicable securities laws and regulations, including, but not limited to, those relating to general business plans and strategy of the Company, its future outlook and growth prospects, future developments in its businesses, its competitive and regulatory environment and management's current views and assumptions which may not remain constant due to risks and uncertainties. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian economic conditions, changes in Government regulations, tax regimes, competitor's actions, economic developments within India and such other factors such as within with the Company operates. The Company assumes no responsibility to publicly amend, modify or revise any statement, on the basis of any subsequent development, information or events, or otherwise.

# Board Report

## Dear Members,

The Board of Directors of **Aditya Birla Health Insurance Co. Limited** (“your Company” or “the Company” or “ABHICL”) is pleased to present the 6<sup>th</sup> Annual Report and the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2021 (“**financial year under review**”).

## FINANCIAL SUMMARY AND HIGHLIGHTS

The Company’s financial performance for the financial year ended 31<sup>st</sup> March 2021 as compared to the previous financial year ended 31<sup>st</sup> March 2020 is summarised below:

(₹ in crore)

Particulars	Financial Year		% change
	2020-21	2019-20	
Gross Written Premium (GWP)	1,300.64	872.03	49%
Net Written Premium	999.28	694.60	44%
Net Earned Premium	847.23	585.41	45%
Investment Income – Policyholders	62.07	34.75	78%
Investment Income – Shareholders	21.98	17.26	27%
<b>Total Revenue</b>	<b>931.28</b>	<b>637.42</b>	46%
Net Incurred Claims	423.57	287.32	47%
Net Commission (Income) / Expenses	49.49	51.50	(4%)
Expenses of Management	655.88	539.76	22%
Premium Deficiency Reserve	-	-	-
<b>Total Claims &amp; Expenses</b>	<b>1,128.94</b>	<b>878.56</b>	28%
Profit before Tax	(197.66)	(241.16)	(18%)
Credit balance in P & L account at the year end	(984.42)	(786.76)	25%

The above figures are extracted from the Financial Statements prepared in accordance with Indian Accounting Standards (“IND AS”) as notified under Sections 129 and 133 of the Companies Act, 2013 (“the Act”) read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act. The detailed Financial Statements as stated above are available on the Company’s website at [www.adityabirlahealthinsurance.com](http://www.adityabirlahealthinsurance.com).

The financial statements of the Company are consolidated with that of Aditya Birla Capital Limited (“ABCL”), the Holding Company which has adopted Ind-AS, the Company has also prepared and submitted to ABCL, the financial statements in Ind-AS Fair Value format.

## RESULTS OF OPERATIONS AND THE STATE OF COMPANY’S AFFAIRS

Highlights of Company’s performance for the financial year ended 31<sup>st</sup> March 2021 are as under:

- The Company continues to be the fastest growing Health Insurance company with business sourced of ₹1,301 Crore in FY 2020-21 as compared to ₹872 Crore in Previous Year 2020-21. The Company has recorded a growth of 49% vs Industry growth of 12% and SAHI growth of 32%\* Y-o-Y;
- The Company’s strong growth in Gross Written Premium is led by Retail business with 1.5x Y-o-Y retail growth, contributing to 72% of the total business;
- The Company has a unique & differentiated “Health First” model anchored in Differentiated core offering & Health data based hyper-personalised engagement via health ecosystem.
  - ◇ Differentiated core offerings focusing on incentivised wellness includes comprehensive product suite catering to all Customer segments and offerings ranging from small ticket Byte-sized Products to Global health coverage products, enabling market expansion incl. newer customer segments like younger customers, people with lifestyle conditions, etc.
  - ◇ Health management drives customer health outcomes through health-data based “**WellBeing Score**” to enable hyperpersonalised engagement / health interventions leveraging health ecosystem. WellBeing score is live for 5.3lakhs+ customers.
- Since inception, the Company has followed a multi-channel distribution model across agency, broking, bancassurance, digital and direct marketing channels. The Company’s multi-channel distribution strategy & extensive network of industry-



leading strategic partners helps in achieving scale, further Bank partner's distribution network, significantly broadens Company's access to potential new customers.

The Company focus on its proprietary channel has enabled a growth of 50%+ with 42k+ agents and 140+ branch locations. The third party distribution is led by tie-ups with some of the largest Indian private sector banks. These tie-ups enable the Company to access over 14,000 branches. The Company has proven digital capability of providing size coverages to a cab aggregator (Ola), travel company (MakeMyTrip), telecom provider (VIL) etc., more than 70 digital/ rural and micro-finance institutions covering nearly 9.8 Million lives. The overall footprint has increased from 2,000+ locations in FY 2019-20 to 2,800+ locations in FY 2020-21.

- ABHI started its journey with a model that embedded leveraging Digital, Data & Analytics in Health Insurance business. It has invested in digital assets to enable end-to-end digital journeys:
  - **Prospecting:** Digital marketing campaigns like #ABHIKaro, #HealthBhiTaxBhi, #21starts ABHI (4.2lac+ engagement), Sehat ki Nayi Aadat with launch of Activ Living Blog across all digital platforms (10 lac+ views). Analytics led Pre approved sum assured (PASA) campaign & cross-sell model are live in various distribution channels leading to increase in lead conversion and lift in persistency respectively.
  - **On-boarding / Selling:** ABHI has not only enabled digital on-boarding of customers but also enabled advisors and help them enhance their selling experience. 100% advisors are on-boarded digitally through the Digital onboarding portal. 24k+ advisors trained digitally through segmented & personalised digital training. Digital touchpoints have been increased across banks via API Integrations; 4-click journey through banks' digital platform, etc. Digital issuance and renewals have increased to 98% (PY: 93%) and 92% (PY: 78%) respectively.
  - **Engagement & Self-Service:** Multi-lingual App, AI chat-bot, voice bot enabled welcome calling and WhatsApp self-servicing with 18+ services are live thereby increasing WhatsApp self-servicing by 81% over last year. ABHI has also enabled end-to-end digital claims journey through WhatsApp and Web and expedited the process of Claims digitisation to facilitate faster and hassle free claims experience.
  - **Retention/ Renewals:** Analytics led customer segmentation, propensity based renewal calling, voice bot enabled renewal calling, omni-channel click-thru renewal journey including upsell have attributed to significant persistency lift.
- **Data enrichment & analytics:** The Company has been focusing hugely on Data Governance & Management, Data augmentation & leveraging unstructured data to drive benefits across the organisation. Some applications include analytics across Customer Life Time Value (CLTV) like segmentation, propensity model for customer retention & upsell, personalised recommendation & cross-sell and real-time claims fraud detection engines like Fraud, Waste and Abuse (FWA) model for claims, etc.
- Number of lives covered recorded a Y-o-Y growth of 1.6x, with 13.4 Million as of 31<sup>st</sup> March 2021 as compared to 8.3 Million as of 31<sup>st</sup> March 2020, driven by customer acquisition through regular retail offerings and byte-sized, contextual products;
- The Company experienced volatility on account of COVID-19 claims since Q3 and increase in overall costs of Non-covid claims on account of COVID-19 protocols. The Company has been focusing on improving overall claims ratio through holistic health risk management and has also further strengthened analytics led Fraud Waste & Abuse claim model to achieve Claims Fraud savings to the tune of 10+ Crs.
- Net Loss of ₹197.7 Crore for FY 2020-21 is primarily attributable to funding of new business growth, setting up new distribution network and higher covid claims, but this saw a reduction of nearly 18% from the loss of ₹241.1 crs in the previous year;
- Total equity share capital infused (including share premium) during the FY 2020-21 is at ₹320 Crore taking the total equity share capital to ₹1,381 Crore;
- Solvency margin as at 31<sup>st</sup> March 2021 stood at 1.82 against the regulatory requirement of 1.50;
- As the Company gains scale with exponential growth, strong financial management has resulted in downward trending Combined Ratio. The combined ratio is trending as per plan and witnessed a decline from 134.45% in FY 2019-20 to 119.77% for the FY 2020-21;

## ACCOUNTING METHOD

### Implementation of Indian Accounting Standards (IND AS) converged with International Financial Reporting Standards (IFRS)

The Company has prepared the financial statements as per I-GAAP (Indian Generally Accepted Accounting Principles) and IRDAI (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2000.

The Insurance Regulatory and Development Authority of India ("IRDAI") vide its circular IRDAI/F&A/CIR/ACTS/023/01/2020 dated 21<sup>st</sup> January 2020 has deferred implementation of Ind-AS in the Insurance Sector until

## Board Report (Contd.)

finalisation of IFRS 17 by IASB. Accordingly, the circular dated 28<sup>th</sup> June 2017 hereby, stands withdrawn and the requirement of Proforma Ind AS financial statements being submitted on a quarterly basis by the Company as directed in the circular under reference stands dispensed with.

### MATERIAL EVENTS DURING THE YEAR

#### Impact on the Business Continuity amidst the spread of COVID-19:

The outbreak of COVID-19 pandemic has severely impacted social and economic activities across the world. WHO has declared COVID-19 as a global Pandemic. The Government of India, as a preventive measure to contain the spread of COVID-19 and to flatten the curve, has declared lockdown from 24<sup>th</sup> March 2020 and taken various measures to control the spread of infection.

The second wave of COVID-19, which came in the last quarter of the current FY 2020-21, posed challenges by disrupting the operations and increasing the claims. The Company has taken adequate steps to manage disruption in the business and is closely monitoring the business and taking steps for ensuring seamless servicing of claims.

The COVID-19 Pandemic has thrown both a challenge and opportunity to the Company. The Pandemic has increased the overall awareness of the need for health insurance, which is expected to help the company's business in the medium to longer term. The Company responded proactively to the challenge posed by lockdown by activating its Business Continuity Plan (BCP). The Company's business operations were marginally impacted due to the COVID-19 lockdown. The sales processes of the company, which rely on a face-to-face interaction with customers, was initially impacted at the beginning of lockdown.

The Company has since been able to reduce the impact of lock down by very actively taking a slew of measures including digitally enabling frontend sales force, enabling all the support functions to Work from Home, reducing costs, etc. Overall, the Company was able to ensure seamless servicing of customers without any issues during the crisis.

The Company's BCP was enabled by its constant focus on a robust digital strategy. The strategy of building key digital assets, integration with distributors' systems/ Apps, activation of self-servicing applications for customers etc. helped in minimising the impact of lockdown and faster recovery. The Company's learning from first wave further leveraged its digital assets by initiating training sessions for distributors, connecting and providing uninterrupted servicing to the customers and selling digitally. The details of BCP with reference to COVID19 is covered comprehensively in Business Continuity section subsequently.

The Company continues to focus on cost management and improving efficiency. Further, the solvency position is being monitored regularly. Overall, the solvency and liquidity position are at comfortable levels. The Company is well-positioned to leverage the opportunities emerging from increased awareness among the public for the need of health insurance.

### HOLDING COMPANY/ SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATE COMPANIES

#### Holding Company

During the Financial Year under review, Grasim Industries Limited remains the ultimate Holding Company and Aditya Birla Capital Limited continues to be the Holding Company of the Company. Grasim Industries Limited and Aditya Birla Capital Limited are listed at BSE Limited, National Stock Exchange of India Limited and Luxembourg Stock Exchange.

#### Subsidiary Company

The Company does not have any Subsidiary Company.

#### Joint Venture / Associate Company

The Company does not have any Joint Venture / Associate Company.

### TRANSFER TO RESERVES

During the financial year under review, the Company has not transferred any amount to the General Reserve.

### DIVIDEND

The Directors do not recommend any dividend for the financial year under review.

### SHARE CAPITAL

During the year, the Authorised Share Capital of the Company was increased from ₹315 Crore (₹3,150 Million) to ₹390 Crore (₹3,900 Million). The Authorised Share Capital of the Company stood at ₹390 Crore (₹3,900 Million) as on 31<sup>st</sup> March 2021.

The Issued, Subscribed and Paid-up Equity Share Capital of the Company was ₹360.39 Crore (₹3,603.92 Million) as on 31<sup>st</sup> March 2021.





During the financial year under review, the following allotments of Equity Shares were made:

Sr. No.	Date of Allotment	Name of the Shareholder	No. of Shares	Face Value per share (₹)	Premium per share (₹)	Amount (₹) (Crore)
1	20 <sup>th</sup> May 2020	Aditya Birla Capital Limited ('ABCL')	66,69,232	10	42	34.68 {346.80 Million}
		Momentum Metropolitan Strategic Investments (Pty) Limited	64,07,692	10	42	33.32 {333.19 Million}
2	3 <sup>rd</sup> August 2020	Aditya Birla Capital Limited ('ABCL')	1,78,50,000	10	42	92.82 {928.20 Million}
		Momentum Metropolitan Strategic Investments (Pty) Limited	1,71,50,000	10	42	89.18 {891.80 Million}
3	25 <sup>th</sup> November 2020	Aditya Birla Capital Limited ('ABCL')	68,65,385	10	42	35.70 {357.00 Million}
		Momentum Metropolitan Strategic Investments (Pty) Limited	65,96,153	10	42	34.30 {342.99 Million}

## DEPOSITORY

As on 31<sup>st</sup> March 2021, the Company's total paid-up equity share capital comprising of 36,03,94,275 Equity Shares were held in dematerialised mode.

## TRANSFER OF SHARES/ CHANGE IN NOMINEE SHAREHOLDERS

During the year, there were no transfer of shares or change in nominee shareholders reported.

## PUBLIC DEPOSITS

The Company, being an Insurance Company has not accepted any deposits from the public during the financial year under review in accordance with Section 73 of the Act read with the rules made thereunder.

## PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

The particulars of loans, guarantees and investments under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014, are not applicable to the Company.

## CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The particulars with respect to the conservation of energy and technology absorption as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as Annexure I to this report.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during the financial year under review as well as during the previous financial year. However, the foreign exchange outgo during the financial year under review was ₹ 0.80 Crore (₹8 Million) as compare to ₹ 0.70 Crore (₹7 Million) in the previous year.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY

The details relating to impact of the COVID including the mitigating steps taken by the Company for managing the Pandemic have been covered as a separate para in this Report.

Further, there were no material changes and commitments affecting the financial position of the Company from end of the financial year up to the date of this Report.

## CHANGE IN NATURE OF BUSINESS

During the financial year under review, there has been no change in the nature of business undertaken by the Company.

## EMPLOYEE STOCK OPTION PLAN

Employee Stock Options have been recognised as an effective instrument to attract talent and align the interest of employees with that of the Company, thereby providing an opportunity to the employees to share in the growth of the Company and to create long term wealth in the hands of employees, thereby and acting as a retention tool.

In view of the above, ABCL had formulated "Aditya Birla Capital Limited Employee Stock Option Scheme 2017" ("Scheme 2017") for the employees of the Company and its Subsidiaries.

The shareholders of ABCL, vide their resolution passed on 19<sup>th</sup> July, 2017 had also extended the benefits and coverage of the

## Board Report (Contd.)

Scheme 2017 to the employees of its Subsidiary Companies. The shareholders of the Company at its meeting held on 9<sup>th</sup> August 2017 had approved the extension of benefits of the Aditya Birla Capital Limited Employee Stock Option Scheme 2017 ("Scheme 2017") to the permanent employees in the management cadre of the Company.

The benefits and coverage of the Scheme 2017 has been extended to the employees of the Company.

### MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the financial year under review, is presented as a separate section, which forms part of this Annual Report.

### CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining the highest standards of Corporate Governance and adhering to the Corporate Governance requirements set out by the Insurance Regulatory and Development Authority of India. The Corporate Governance principles form an integral part of the core values of the Company.

A separate report on Corporate Governance is attached as **Annexure II**, which forms part of this Board Report.

In compliance with "Guidelines on Corporate Governance for the Insurance Sector" (Corporate Governance Guidelines) issued by IRDAI, a Compliance Certificate issued by the Compliance Officer forms part of the Corporate Governance Report.

### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARY / JOINT VENTURES / ASSOCIATES

The Company does not have any Subsidiary/ Joint Venture/ Associate Company.

### RISK MANAGEMENT

Risk Management is the process that can contribute progressively to organisational improvement by providing Management with a greater insight into risks and their impact. The Company has a robust Risk Management framework which proactively addresses risks and seizes opportunities to gain competitive advantage and to protect and create value for the stakeholders

A Risk Management Committee has been formed as stipulated. The Committee has been formed to monitor the implementation of the risk management plan of the Company. The objectives and scope of the Risk Management Committee broadly includes:

- Risk identification;
- Risk Assessment;
- Risk Response and Risk Management strategy; and
- Risk monitoring, communication and reporting.

During the FY 2020-21 the Company showed resilience due to the strong Business Continuity Plan and Pandemic Plans in place.

Over the years, the Company has built a strong Risk Management Framework supported by well-established policies and procedures and a talented pool of Risk Professionals. The Company was able to face up to the unprecedented challenges during the last year and emerge as a strong and stable organisation during turbulent times. The framework enables risk management through a structure of Committees, policies, internal controls and reporting.

The organisational structure to address the risk consists of "Three lines of defense":

First: Line Management (Functional Heads) to ensure that accountability and ownership is as close as possible to the activity that creates the risks;

Second: Risk Oversight - Risk and Compliance Function, Chief Executive Officer and the Risk Management Committee (RMC);

Third: Independent Assurance - Internal Audit, conducted by Independent Internal Auditors whose work is reviewed by the Audit Committee.

Risk Management Committee, Investment Committee and Audit Committee have been set-up to ensure monitoring of risks and Governance. These committees are prima facie governed by their Charters.

Further the Company also has in place an Operational Risk Management framework to manage risks that may arise from inadequate or failed internal processes, people, systems, or external events. To manage and control operational risk, the Company uses various tools including self-assessments, operational risk event management and key risk indicator monitoring.

The Company recognises that information is a critical business asset and accordingly, the Company has an information security and cyber security framework that ensures all information assets are safeguarded by establishing comprehensive management processes throughout the organisation.

The Company has an Information and Cyber Security framework in place with a Board approved policy on Information Security. The Policy has been designed to meet the business requirements of access to information, ensuring safe operations, protecting business data, safeguarding technology and achieving improved customer confidence within the overall framework of laws and regulations. The Company has implemented a comprehensive process of preventive controls, online monitoring and complementary audits as a part of its Information and Cyber Security framework.

The Company has implemented state of the art preventive and monitoring tools. The preventive tools include setting up of Firewalls, Intrusion Prevention System (IPS), system of VAPT



testing of applications etc. This is supported by monitoring tools, which helps in online monitoring and prevention of any cyber-attacks.

The prevention and monitoring process is further complemented by a system of periodic Vendor Audits and Information Security Risk Assessments audits. During the FY 2020-21, there was a significant increase in adoption of digital technologies by the Company and an increasing scope of cyber risks. The Information Security Management function played the dual role of Business enabler and a watchdog for monitoring and mitigating cyber threats.

The Company is certified as ISO 27001 for its Information Security and Management System.

The Company also has a Board approved policy for Reinsurance in place. The insurance risks are managed and wherever required transferred by developing appropriate Reinsurance strategies. The reinsurance is used as risk transfer tool and the risk is managed through an annual Reinsurance plan.

The Company's Investment function operates under the Investment Policy approved by the Investment Committee and the Board. Investment Policy (and investment SOP) helps in not only ensuring regulatory compliance but also provides the framework for management and mitigation of the risks associated with investments. The Investment Committee also oversees the strategy adopted to ensure adequate controls are put in place to mitigate risk related to Asset Liability Management.

The Company monitors the capital and solvency margin requirement to ensure adherence to stipulated requirements. The Strategic risks such as changes in operating environment, technology, economy and the industry are monitored by the Company through its strategic planning process.

## Business Continuity

The Company has a well-documented Business Continuity Management Programme which has been designed to ensure continuity of critical processes during any disruption.

The continual disruptions caused by the COVID 19 pandemic and frequent lockdowns led to an unprecedented situation for the Company. The Company continued to operate in line with the procedures outlined in its Business Continuity Plan, which was modified to take care of the evolving situation and a Pandemic Plan was developed keeping in view the interest of various stakeholders like employees, customers, partners, distributors, etc. within the overall regulatory requirements and guidelines.

To manage the impact of the pandemic on the Company, a Crisis Management Team (CMT) comprising of Leadership Team members and led by the Chief Executive Officer of the Company was formed. The program was managed by the Chief Risk Officer with the support of other Leadership Team

members. The Risk team coordinated with various Business functions to implement the Work from Home plan for employees to ensure Business Continuity and servicing of Customers without dilution of controls.

Employees' health and safety was accorded top priority. Various steps were taken during lockdown to reduce congestion in office, maintain social distancing and enabling work from home for the employees. Critical processes were identified, reviewed to meet the emerging challenges and alternate set of controls were instituted.

During the year the Company managed to consistently improve its processes to meet the changed scenario where work from Home became the new norm for many parts of the organisation. The Company constantly evolved its processes to work on hybrid working conditions where right balance between Work from Home (WFH) and Work from Office was achieved.

In view of the increased threat perception, there was a continued focus on Cyber Security and the company continued to invest in a strong Cyber Defense Programme.

The Company continued with its connect program with customers. The Company leveraged its digital assets to conduct various programs on Mental Wellness, Yoga Sessions, Workout from homes etc. The Company also helped the customers by providing information about various programs.

The Company also gave top priority to claims servicing for its customers. All the cashless claims received during the period were processed well in time in spite of the lockdown. The reimbursement claims were also processed using the digital documents submitted by customers. Additional time period was given for renewal of policies during the lockdown period, which was in line with regulatory stipulations. The company also communicated the various digital self-servicing options available to the customers.

The Company also reached out to network hospitals and vendor partners to ensure their support for seamless operations. The network hospitals and vendors provided all the support during the crisis.

The Company used the opportunity to train its sales force, employees, agents/ partners etc. on various tools and soft skills to equip them on the new norm of remote working. These programs were well received and enabled the front-end team to connect with customers during the lockdown. It is expected that the investments in training will help the company to improve efficiency and also enable faster return to normalcy.

The Company is ensuring compliance with the various COVID-19 related circulars/ directions issued by the Regulator. The Company has filed a COVID-19 specific product as per the Regulatory direction.

The Company has periodically updated the Risk Management Committee and Board on developments and taken their advice

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and guidance. The Company has been in periodic engagement with the Regulator directly and through the industry forum (General Insurance Council) on the subject.

As the COVID-19 pandemic continues to evolve, the efforts of Risk Management will be to support an effective return to work while ensuring safety of employees and customers. The Company expects the challenging times to continue till the vaccination reaches a level of critical mass. However, it is well prepared to ensure stabilization and Business continuity.

The detailed Risk Management framework and Risk policies are given in **Annexure III**, which forms part of this Board Report.

### CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all contracts / arrangements / transactions entered into by the Company with related parties were in the ordinary course of business and on an arm's length basis and were not considered material as per the provision of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. Hence, disclosure in form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014, is not applicable.

All related party transactions have been approved by the Audit Committee of the Company and are reviewed on a periodic basis in accordance with the Related Party Transaction Policy.

The details of contracts and arrangements with related parties of the Company for the financial year under review, are given in notes to the Financial Statements, forming part of this Annual Report. The Policy on Related Party Transactions, as approved by the Board, is available on the Company's website at: [www.adityabirlahealthinsurance.com](http://www.adityabirlahealthinsurance.com)

### INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that the Company has laid down standards, processes and structures, which enable it to implement Internal Financial controls across the organisation and that such controls, are adequate and are operating effectively. During the year under review, no material or serious observation has been observed, due to inefficiency or inadequacy of such controls.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors during the course of their audits. During the year under review, no material or serious observation has been received from the Auditors of the Company, citing inadequacy of such controls.

### INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organisation's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations.

The internal audit plan is developed based on the risk profile of business activities of the organisation. The audit plan covers process audits at the head office and across various branches of the organisation. The audits are carried out by an independent external firm, the in-house internal audit team and by audit team of the promoters of the Company. The audit plan is approved by the Audit Committee, which regularly reviews the compliance to the plan.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the operating management, the Directors of the Company state that:-

- i) in the preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March 2021, the applicable accounting standards have been followed and there were no material departures from the same;
- ii) the Directors had selected such 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 as at 31<sup>st</sup> March 2021 and of the profit/loss of the Company for financial year ended on that date;
- iii) the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- iv) the Directors had prepared the Annual Accounts on a 'going concern basis';
- v) the Directors had laid down Internal Financial Controls and that such Internal Financial Controls were adequate and were operating effectively; and
- vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.



## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Appointment/Resignation of Directors

As on 31<sup>st</sup> March 2021, the Board of Directors of the Company ("the Board") comprised 13 (Thirteen) Directors, wherein there are 7 (Seven) Non-Executive Directors, 5 (Five) Independent Directors (including 1 (One) Woman Director) and 1 (One) Chief Executive Officer & Whole Time Director. The Directors on the Board possess the requisite experience and competency and are renowned in their respective fields.

All the Directors are liable to retire by rotation except Whole Time Director and Independent Directors who are appointed for a fixed term.

During the financial year under review, the following changes took place in the composition of the Board of the Company:

- Mr. Johannes Viljoen (DIN 08588761) was regularised as Non-Executive Director from Additional Director w.e.f. 23<sup>rd</sup> July 2020.
- Mr. Mayank Bathwal (DIN 06804440) was re-appointed as Chief Executive Officer and Whole-Time Director w.e.f. 28<sup>th</sup> August 2020 for a term of five (5) years.
- Mr. S Ravi (DIN 00009790) was re-appointed as an Independent Director w.e.f. 25<sup>th</sup> February 2021 for a term of five (5) years.
- Ms. Sukanya Kripalu (DIN 06994202) was re-appointed as an Independent Director w.e.f. 25<sup>th</sup> February 2021 for a term of five (5) years.

### Retirement by Rotation

Section 152 of the Act provides that unless the Articles of Association provide for retirement of all directors at every Annual General Meeting, not less than two-third of the total number of directors of a public company (excluding the Independent Directors) shall be persons whose period of office is liable to determination by retirement of directors by rotation, of which one-third are liable to retire by rotation. Accordingly, Mr. Ajay Srinivasan (DIN 00121181) and Mr. Devajyoti Bhattacharya (DIN 00868751), Non-Executive Director(s) retires from the Board by rotation in this ensuring AGM and being eligible, offers themselves for re-appointment at the sixth (6<sup>th</sup>) Annual General Meeting of the Company.

A detailed profile of the Directors seeking re-appointment is provided in the Notice of the sixth (6<sup>th</sup>) Annual General Meeting of the Company.

### Declaration by Independent Directors

All Independent Directors have submitted their declaration of independence, pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence

as provided in Section 149(6) of the Act and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence. The Independent Directors have submitted a declaration that they have included their names in the Independent Director's Databank.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

### Key Managerial Personnel

In terms of the provisions of Sections 2 (51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the following employees were holding the position of Key Managerial Personnel ('KMP') of the Company:

- Mr. Mayank Bathwal (Chief Executive Officer & Whole Time Director)<sup>1</sup>
- Ms. Shikha Bagai (Chief Finance Officer)<sup>2</sup>
- Mr. Mahesh Kumar Radhakrishnan (Company Secretary)

In terms of the provisions of Corporate Governance Guidelines issued by IRDAI, the following employees were holding the position of Key Management Persons of the Company during the FY 2020-21:

- Mr. Mayank Bathwal (Chief Executive Officer & Whole Time Director)<sup>1</sup>
- Mr. Mahesh Kumar Radhakrishnan (Chief Compliance and Risk Officer)
- Mr. Niren Srivastava (Head - Human Resource & Administration)
- Ms. Varij Pujara (Chief Distribution Officer)
- Ms. Darshana Shah (Head – Marketing & Digital)
- Mr. Siddharth Bhat (Head - Information Technology)
- Ms. Anjali Makhija (Chief Operating Officer)
- Mr. Dheeraj Agarwal (Chief Investment Officer)
- Ms. Anuradha Sriram (Chief Actuarial Officer)<sup>3</sup>
- Mr. Nirav Shah (Appointed Actuary)
- Ms. Shikha Bagai (Chief Finance Officer)<sup>2</sup>

<sup>1</sup>(Re-appointed w.e.f. 28<sup>th</sup> August 2020)

<sup>2</sup>(till 30<sup>th</sup> January 2021)

<sup>3</sup>(Appointed w.e.f. 23<sup>rd</sup> July 2020)

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### ANNUAL PERFORMANCE EVALUATION

The evaluation framework for assessing the performance of the Directors of the Company comprises of contributions at the Meeting(s) and strategic perspective or inputs regarding the growth and performance of the Company, amongst others.

Pursuant to the provisions of the Act and in terms of the Framework of the Board Performance Evaluation, the Nomination and Remuneration Committee and the Board of Directors have carried out an annual performance evaluation of the Board, performance of various Committees of the Board, Individual Directors and the Chairman. The manner in which the evaluation has been carried out has been set out in the Corporate Governance Report, which forms an integral part of this Annual Report.

#### Outcome of the evaluation

The Board of the Company was satisfied with the functioning of the Board and its committees. The Committees are functioning well and besides covering their Committee's terms of reference, as mandated by law, important issues are brought up and discussed in the committee meetings. The Board was also satisfied with the contribution of Directors, in their individual capacities.

### MEETINGS OF THE BOARD AND ITS COMMITTEES

#### BOARD

The Board meets at regular intervals to discuss, strategize, and take actions on the Company's performance and strategies. During the financial year under review, the Board met 4 (four) times.

The meetings of the Board were held as follows:

- 13<sup>th</sup> May 2020;
- 23<sup>rd</sup> July 2020;
- 22<sup>nd</sup> October 2020;
- 22<sup>nd</sup> January 2021.

Further details on the Board Meetings are provided in the Corporate Governance Report, which forms part of the Board Report.

#### AUDIT COMMITTEE

The Company has constituted an Audit Committee with its composition, quorum, powers, roles and scope in line with the applicable provisions of the Act read with Corporate Governance guidelines issued by IRDAI.

During the financial year under review, the Audit Committee through the process of Internal Audits exercised oversight on the internal controls that are in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. No material discrepancy or weakness in the internal control system of the Company were reported during the year.

During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board.

Further details on the Audit Committee are provided in the Corporate Governance Report, which forms part of this Board Report.

### NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted Nomination and Remuneration Committee (NRC) with its composition, quorum, powers, roles and scope in line with the applicable provisions of the Act read with Corporate Governance Guideline issued by IRDAI.

Further details on the Nomination and Remuneration Committee are provided in the Corporate Governance Report, forming part of the Board Report.

The NRC has formulated a policy on remuneration under the provisions of Section 178(3) of the Act, which is attached as **Annexure IV** to the Board's Report.

### OTHER COMMITTEES

The Board of Directors has also constituted the following additional Committees under the relevant provisions of the Companies Act, 2013 read with Corporate Governance Guidelines issued by IRDAI:

- Investment Committee
- Policyholders' Protection Committee
- Risk Management Committee

Details of all the Committees of the Board are provided in the Corporate Governance Report, which forms part of the Board Report.

### ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies act, 2013, the Annual Return in form MGT-7 for the Company for the financial year ended 31<sup>st</sup> March 2021 is available on the website of the Company and can be accessed at: [www.adityabirlahealthinsurance.com](http://www.adityabirlahealthinsurance.com)



## AUDITORS

### STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

As per the requirements of the Corporate Governance Guidelines issued by the IRDAI, an insurance company is required to have minimum 2 (Two) Joint Statutory Auditors. In line with the requirements, the Shareholders of the Company have appointed M/s GBCA & Associates LLP, Chartered Accountants (Firm Reg. No 103142W/W100292) along with M/s Khimji Kunverji & Co., Chartered Accountants (Firm Reg. No: 105146W) as the Joint Statutory Auditors of the Company.

M/S GBCA & Associated LLP, Chartered Accountants (Firm Reg. No. 103142W/W100292) are appointed for a term of 5 years at the 4<sup>th</sup> AGM and will hold office till the conclusion of 9<sup>th</sup> Annual General Meeting of the Company and M/s Khimji Kunverji & Co., Chartered Accountants (Firm Reg. No: 105146W) are appointed for a term of 5 years at the 2<sup>nd</sup> AGM and will hold office till the conclusion of the 7<sup>th</sup> Annual General Meeting of the Company. The continuation of Joint Statutory Auditors is subject to their meeting the eligibility criteria.

The Company has received certificates from M/s GBCA & Associates LLP, Chartered Accountants and M/s Khimji Kunverji & Co., Chartered Accountants confirming their eligibility and independence to continue as Joint Statutory Auditors of the Company, as per the requirements of the Companies Act, 2013 read with IRDAI Corporate Governance Guidelines.

The Statutory Auditors' Report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the financial year under review.

### SECRETARIAL AUDITORS

Pursuant to the requirements of Section 204 (1) of the Companies Act, 2013 read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BNP & Associates, a firm of Company Secretaries in Practice, to conduct the Secretarial Audit for the financial year under review. The Secretarial Audit Report in Form MR-3 received from the Secretarial Auditors is attached as **Annexure V**, which forms part of this Board Report.

The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

### COST RECORDS AND AUDITORS

The provisions of Cost Records and Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

## CORPORATE SOCIAL RESPONSIBILITY

The provisions of Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013 are not applicable to the Company.

### WHISTLE BLOWER POLICY / VIGIL MECHANISM

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has formulated a vigil mechanism for Directors and Employees to report genuine concerns as per the Whistle Blower Policy. The details of Whistle Blower Policy are covered in the Corporate Governance Report, which forms part of the Board Report.

### POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

The details of cases received, disposed and pending during the year are:

- i. Number of complaints pending as at beginning of the FY 2020-21: 1
- ii. Number of complaints filed during the FY 2020-21: 2
- iii. Number of complaints disposed of during the FY 2020-21: 3
- iv. Number of complaints pending as on end of the FY 2020-21: 0

The Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 during the year under review.

### HUMAN RESOURCES

The Company believes in being an enabler and influencer of health and healthcare choices that customers make. The Company has not limited its unique health proposition to just the customers, but also to its growing employee base.

The Company believes meaning at work is created, when people relate to the purpose of the organisation, feel connected to their leaders and have a sense of belonging. The Company's focus stays strong on providing its people a work environment that nurtures positive relationships, offers challenging work assignments in line with skills and abilities, provide opportunities to grow, based on meritocracy and build their careers.

## Board Report (Contd.)

The Company's employee strength as on end of March 2021 is 3900+

The Company's workforce comprises of more than 74% millennials and 23% women

### Talent Management

The Company strongly believes in the philosophy of building leaders from within and continuously works towards identifying, developing, and nurturing talent. With greater emphasis on futuristic thinking, digital mind-set and customer-first approach, it has made some major shifts towards developing its people for the future. As the Company is a growing organisation, employees will invariably find several opportunities to grow – not just within ABHI but also across other businesses of ABC. Since inception i.e. in 5 years, the Company has more than 230+ employees in ABHI who have taken up role movements and explored different opportunities.

All employees have their own Individual Development Plan created, where they take ownership of their own development and the Company ensures support for them to learn and grow. ABHIDEEP, is a unique digital platform through which employees across all functions and job bands have created their personalised development plans. 1920 Sales employees have gone through a Development Assessment Centre / Online Competency Assessment, which has resulted in a customised learning plan based on the 70 – 20 - 10 learning principle. In addition, the Company has very detailed and structured Leadership programs for all identified Talent pool.

### Employee Wellness and Engagement

**Vitalize:** The employees live the Company's purpose of 'empowering and motivating families to prioritise their health and live fulfilling lives'. The Company encourages its employees to adopt a healthier lifestyle through its **Vitalize** program which is an Employee Wellness proposition focused towards motivating them to prioritise their Health. Under the umbrella for Vitalize, the Company has the following offerings –

**Active Dayz** - Vitalize focused on physical wellbeing through encouraging and celebrating and rewarding employees clocking 10,000 steps/ burns 300 calories in an hour/ completes a guided workout/ visit a gym.

**Interest Groups** - launched to connect employees across job bands, functions, and locations on common interests/ hobbies like Cooking, Reading, Painting, Sculpting, Dancing, Drama, Singing, Playing a Musical Instrument, Football, Cricket, Cycling, Running and Trekking. Currently the Company has close to 20 Interest Groups pan India with 1000+ employees.

**Mental Health** – ABHI has partnered with MPower to offer its employees and their family with 24\*7 Counsellor Helpline access and personal growth sessions – Yoga and Mindfulness

**WellBeing Score** – a holistic wellness offering - Industry first was offered to all employees. It helps employees evaluate their health through 100+ health and wellbeing parameters, provide hyper personalised health recommendations, health risk stratification and health coaching for high risk individuals. This offering is extended to all 3500+ ABHI employees on the Vitalize App. Currently 1600+ employees have already put on a holistic health journey and 200 + employees at higher health risk are offered personalised coaching to enhance their wellbeing.

**Teaspoon Talks** : It's a forum where no agenda discussions happen between different sets of employees and the CEO/ Leadership team. Issues shared by employees are communicated to respective stakeholders and are tracked for implementation/ action. The Company has covered 1489 employees pan India during 22 sessions and have closed more than 300 action points across functions.

The Company also has a quarterly Townhall/Webinar for all ABHI employees, where the CEO shares the business updates and it is an open forum for employees to ask questions and interact with the CEO and Leadership team. In the Townhall, the Company also celebrates employee success through Rancho awards.

### COVID-19 Management

At ABHI; the Senior Management & HR Team have ensured that there is continuous cascade of information on the COVID management to the last mile in the company. Important information regarding work from home, sanitisation, COVID helpline, doctor on call have been shared with employees at regular intervals through emails, messages, town halls and employee connect calls.

The Company has allocated Flu Prevention Managers in each zone/branch/Head Office to address and report COVID infected cases. The Flu Prevention Manager is a point of contact for any assistance that an employee may require in emergency.

Another milestone towards ensuring employee's and their families are protected against the COVID 19 illness is "The vaccination drive at ABHI & ABC". The vaccination camps have been driven in all major cities in Mumbai, Pune, Kolkata, Delhi, Bangalore and Chennai. All vaccination camps are run as per the guidelines laid down by Government Authorities and with strict adherence to social distancing and safety protocols. So far, the Company has more than 25% of its employees who have got themselves vaccinated through the drive.

### Digital Learning

The Company has been one of the early adopters of digital learning through curation of virtual content and virtual facilitation. Digital enabled learning app at ABHI and GVC gives employees easy access to self-paced and super personalised content





that meets their unique individual requirements and provides learning anytime and anywhere.

In addition to these digital programs, the Company also extends the Aditya Birla Capital University (ABCU) and Gyanodaya program offerings to its employees. The Company had second largest participation in training programs at in-house corporate ABCU with 945 employees. Gyanodaya programs have been offered to 896 employees covering behavioral, functional and leadership competency development.

### SECRETARIAL STANDARDS OF THE INSTITUTE OF COMPANY SECRETARIES OF INDIA ("ICSI")

The Company has been in compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI") on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) for the FY 2020-21.

### AWARDS AND CERTIFICATIONS

During the financial year under review, the Company has been felicitated with various awards and recognitions across various functional areas. Some of these were:

1. ABHI won Platinum for Excellence in BFSI by SKOCH Awards at the 71<sup>st</sup> SKOCH Summit and Awards ceremony. The 'Platinum' award is given to the top three winners in the country (across all sectors and categories)
2. Mr. Mayank Bathwal, CEO & WTD, Aditya Birla Health Insurance (ABHI) was conferred the CA Business Leader of the Year Award in the Emerging BFSI Corporates category at the 14<sup>th</sup> ICAI Awards
3. Take Activ Care Campaign won the Best Integrated Media Campaign - Product/ Services at Indian Digital Marketing Awards (IDMA) 2020
4. Rakho Poora Khayaal Campaign won the Best Media Campaign – Gender Parity at Indian Digital Marketing Awards (IDMA) 2020
5. Won two awards at the 4<sup>th</sup> Indian Content Marketing Awards
  - Jump for Health won Silver for Best Crowd Sourced (User Generated) Content
  - Rakho Poora Khayaal won Silver Best Integrated Brand Content
6. 'Rakho Poora Khayaal campaign' won 'Best Marketing Initiative of the Year' at ETBFSI Awards 2020
7. ABHI bagged three awards at The Maddies e4M Awards this year.
  - Silver in the 'Marketing Strategy' category for Health For Home campaign,
  - Silver in the 'Marketing Strategy' (Gender Equity) category for Rakho Poora Khayaal
  - Bronze in the 'Enabling Technology' category for Activ Care campaign
8. ABHI won two awards at the 11<sup>th</sup> India Digital Awards:
  - Silver for Best use of Facebook - Health From Home campaign
  - Excellence in Insurance - Aditya Birla Health Insurance
9. ABHI won the Best Campaign of the Year in BFSI for its overall marketing efforts at the ET Brand Disruption Awards'21
10. ABHI won the Golden Peacock award for Activ Care under the category of innovative products (June'20)

### OTHER DISCLOSURES

In terms of applicable provisions of the Act, the Company discloses that during the financial year under review that:

- i. There was no issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except under Employee Stock Option Schemes referred to in this Report;
- ii. There was no Scheme for provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees;
- iii. There was no Issue of shares with differential rights;
- iv. There was no transfer of shares of the Company;
- v. There was no transfer of un-paid or unclaimed amount to Investor Education and Protection Fund (IEPF);
- vi. There were no significant or material orders passed by the Regulators or Hon'ble Courts or Tribunals, which impact the going concern status and Company's operations in future.
- vii. There was no proceeding for Corporate Insolvency Resolution Process initiated Under the Insolvency and Bankruptcy Code, 2016; and
- viii. There was no failure to implement any Corporate Action.

### TRANSFER OF UNCLAIMED AMOUNTS OF POLICYHOLDERS TO NATIONAL SENIOR CITIZEN WELFARE FUND

Pursuant to Master Circular on unclaimed amount dated 17<sup>th</sup> November 2020, the age-wise analysis of unclaimed amounts in Form A is disclosed in the Notes to Accounts of the Financial Statement of FY 2020-21.

Provisions of the IRDAI circular no. IRDA/F&A/CIR/MISC/105/07/2018 dated 11<sup>th</sup> July 2018, on unclaimed amount to be transferred to National Senior Citizen Welfare

## Board Report (Contd.)

Fund is not applicable to the Company, as the Company has not completed 10 years of its operations.

### CUSTOMER GRIEVANCE REDRESSAL

The Grievance Redressal Guidelines issued by IRDAI has established uniformity in the insurance industry in terms of definitions, timeframes for complaint resolution and classifications of complaints. In accordance with the Grievance Redressal Guidelines, the revised policy has been laid down in October 2020.

Adequate steps are undertaken to provide awareness among customers about Grievance Redressal and the escalation matrix.

Grievances received by the Company are reported on 'Integrated Grievance Redressal Management System' (IRDAI - IGMS) online and a reverse feed is downloaded for complaints registered by customers on IGMS against the Company. The Grievance Redressal team has been empowered to take decisions for ensuring effective resolution of customer complaints.

### MANAGERIAL REMUNERATION

Remuneration (sitting fees) paid to Independent Directors and elements of remuneration package (including incentives) of CEO & WTD and Key Management Persons as per Corporate Governance Guidelines issued by Insurance Regulatory and Development Authority of India ("IRDAI") are disclosed in the Corporate Governance Report, which forms part of the Board Report.

### OTHER STATUTORY INFORMATION

#### Management Report

Pursuant to the provisions of Regulation 3 of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2000, the Management Report forms part of the Annual Report.

#### Appointed Actuary's Certificate

The certificate of the Appointed Actuary is attached to the Financial Statements.

#### Certificate from Compliance Officer (under Corporate Governance Guidelines issued by IRDAI)

In compliance with Corporate Governance Guidelines issued by IRDAI, a Compliance Certificate issued by the Company Secretary, designated as the Compliance Officer under Corporate Governance Guidelines, is attached to the Corporate Governance Report, which forms part of the Board Report.

#### Solvency Margin

The Directors are pleased to report that the assets of the Company are higher than its liabilities with a solvency margin of 1.82 as at 31<sup>st</sup> March 2021, which is above the minimum solvency margin level of 1.50, as specified in Section 64VA of the Insurance Act, 1938 read with the IRDAI (Assets, Liabilities, and Solvency Margin of Insurers) Regulations, 2000.

### ACKNOWLEDGEMENTS

The Board places on record its heartfelt appreciation of the dedicated efforts put in by employees of the Company at all levels. The results of the year are testimony to their hard work and commitment.

The Board takes this opportunity to express sincere thanks to its valued customers for their continued patronage.

The Board also acknowledges the contribution of insurance advisors, banks, corporate brokers/agents and intermediaries, training institutes and business and technology partners, the Registrars, Depositories, reinsurers, underwriters and other insurance intermediaries, who have always supported and helped the Company to achieve its objectives.

The Board would like to thank the Aditya Birla Group and Momentum Metropolitan Group, for their constant support, guidance and co-operation.

The Board would also like to express its gratitude for the valuable advice, guidance, and support received from time to time from the Insurance Regulatory and Development Authority of India, the Auditors and the other Statutory Authorities and look forward to their continued support in future.

By order of the Board of Directors  
for **Aditya Birla Health Insurance Co. Limited**

**Mr. Ajay Srinivasan**  
Director  
(DIN 00121181)

**Mr. Mayank Bathwal**  
CEO & WTD  
(DIN 06804440)

Place: Mumbai  
Date: 28<sup>th</sup> April 2021



# Conservation of Energy & Technology Absorption

## ANNEXURE I

Particulars pursuant to the provisions of Section 134 (3) (m) of the Act, read with the Rule 8 (A) & (B) of the Companies (Accounts) Rules, 2014, are furnished hereunder:

A. CONSERVATION OF ENERGY	MANAGEMENT RESPONSE
(I). The steps taken or impact on conservation of energy;	None
(II). The steps taken by the company for utilising alternate sources of energy;	None
(III). The capital investment on energy conservation equipment's;	None
B. TECHNOLOGY ABSORPTION	
(i) Efforts made towards technology absorption;	<p>Digital engagements have seen a dizzying acceleration owing to the pandemic, and the offline-to-online service transition, that may have otherwise taken several years to complete, has happened in less than a few months.</p> <p>In order to stay ahead of our customers' needs we, at Aditya Birla Health Insurance Company Limited began our digital transformation a few years ago. The Company have been working hard to instill a digital-first culture amongst our people across all our businesses. Many leading Fintech companies around the globe partner with us in creating innovative solutions that help our businesses deliver customer delight. The Company has been re-engineering our technology stack and our processes as per business needs, and data-driven decision-making has become a norm across all our businesses. The Company further accelerated our digital transformation across all key enablers:</p> <ul style="list-style-type: none"> <li>A. Ecosystem &amp; Partnerships</li> <li>B. Re-engineering customer and distributor journeys</li> <li>C. Leveraging Fintech</li> <li>D. Building scalability in processes &amp; platforms</li> <li>E. Product Launches</li> </ul>
(ii) The benefits derived like Product improvement, cost reduction, product development, import substitution;	<ul style="list-style-type: none"> <li>A. The soul of digital transformation is interconnectedness, and that includes connecting with every stakeholder and partner with whom one does business. Strong digital ecosystems and partnerships are necessary to build these connections, drive transformation and improve business outcomes. Our digital ecosystem partners include leading Banca players and Financial Services Aggregators (HDFC PASA and Axis Bank Mobile App integration). These partnerships are already contributing substantially to our businesses and will prove to be a large-scale acquisition ecosystem for us in the coming years.</li> <li>B. With fast-changing customer behaviour, it is essential to revisit and re-engineer customer journeys in order to deliver a seamless customer experience and stay ahead of customer expectations. To this end, the Company have re-engineered our Customer and Distributor Journeys in FY 2020-21.               <ul style="list-style-type: none"> <li>a. <b>Onboarding Journeys:</b> The Company now has significant digital onboarding capabilities through end-to-end customer-journey re-engineering. The Company has leveraged technologies like voice plus visual IVR bot for welcome calling, co-browsing to assist customers during their buy journey on our website and microexpressions for fraud detection in underwriting. This helped in customer acquisition during the pandemic and reduced turn-around time and cost of acquisition significantly.</li> <li>b. <b>Service Journeys:</b> The Company has developed digital service journeys on multiple digital platforms including Web, WhatsApp, Chatbot and Voice Bot. Our WhatsApp Service is the industry's most comprehensive service along with two newly launched features this year of 80 D certificate and Health Assessment booking (Home visit). WhatsApp self-servicing saw overall 2X growth.</li> <li>c. <b>Renewal &amp; Retention Journeys:</b> The Company now offers renewal journeys on multiple digital platforms including WhatsApp, Web and App.</li> </ul> </li> </ul>

**ANNEXURE I (Contd.)**

- d. **Single Application for all distributor needs:** For convenience of our Advisors / Distributors, the Company has launched the first phase of our new Platform, which will give a single interface to cater to all needs of the Distributor, including Lead Creation, Proposal Status, Claim Status, Buy / Renewal Journey, etc.
- e. **Digital Healthcare and Health Management:** There can be no denying that the past year-and-a-half has been an enormous battle for mankind against the COVID-19 outbreak. The pandemic has ritualised extended lockdowns, created pervasive uncertainty, and ensured sustained attention on health. The Company has introduced multiple features on our customer app to alleviate fear around COVID-19 as well as give customers option to better manage their health:
  - i. Chronic AI Chatbot: Chatbot for customers to manage chronic health issues
  - ii. Doc on call for covid related concerns
  - iii. Book online consultations with homeopathic doctors, psychologists / counsellors
  - iv. Meditation Audios
  - v. Active Dayz at Home
- C. **Leveraging Fintech:** Leveraging Fintech is necessary in order to better manage our financial operations and processes, and deliver delightful customer experience. Currently, the Company has been leveraging solutions from Fintechs in various fields including AI/ML solutions, Voice Technologies, Conversational UI, Digital KYC, Relationship Quotient and Sales Engagements.
- D. **Building Scalability in Processes & Platforms:** The Company has made advancements in disciplines like Artificial Intelligence & Process Automation and our mid-offices and back-offices have been transformed by the implementation of key digital automated processes to run operations with minimum human intervention.
  - a. Implementation of Robot Process Automation: The Company has leveraged robotics in multiple areas within Operations and Wellness ops. The Company have witnessed a significant reduction in error and turn-around time.
  - b. Group policy servicing system: The Company has implemented a new system to service our group policies
  - c. Medical Reports digitisation for Cashless claims: Data Entry of reports received for cashless claims is automated, thus facilitating more accurate and quicker claim decisions
- E. **Product Launches:** The Company also launched various products like Active health Platinum V2, 1Cr Supertopup, Aarogya Sanjeevni, Corona Kavach product launch on digital platform

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-	None
(a) the details of technology imported;	Not Applicable
(b) the year of import;	
(c) whether the technology been fully absorbed;	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	
(iv) the expenditure incurred on Research and Development.	

By order of the Board of Directors  
for **Aditya Birla Health Insurance Co. Limited**

<b>Mr. Ajay Srinivasan</b> Director (DIN 00121181)	<b>Mr. Mayank Bathwal</b> CEO & WTD (DIN 06804440)
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Place: Mumbai  
Date: 28<sup>th</sup> April 2021



# Report on Corporate Governance






## ANNEXURE II

### Our Purpose

#### 'Empower and motivate families to prioritise their health and live fulfilling lives'

The Company continuously strives to achieve excellence in Corporate Governance through its values – Integrity, Commitment, Passion, Seamlessness and Speed.

### Our Values

Integrity	Commitment	Passion	Seamlessness	Speed
				
Acting and taking decisions in a manner that is fair and honest. Following the highest standards of professionalism and being recognised for doing so. Integrity for us means not only financial and intellectual integrity but encompasses all other forms as are generally understood.	On the foundation of integrity, doing all that is needed to deliver value to all stakeholders. In the process, being accountable for our own actions and decisions, those of our team and those on the part of the organisation for which we are responsible.	An energetic, intuitive zeal that arises from emotional engagement with the organisation that makes work joyful and inspires each one to give his or her best. A voluntary, spontaneous and relentless pursuit of goals and objectives with the highest level of energy and enthusiasm	Thinking and working together across functional groups, hierarchies, businesses and geographies. Leveraging diverse competencies and perspectives to garner the benefits of synergy while promoting organisational unity through sharing and collaborative efforts.	Responding to internal and external customers with a sense of urgency. Continuously striving to finish before deadlines and choosing the best rhythm to optimise organisational efficiencies.

### COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

The Aditya Birla Group is one of the pioneers in the field of Corporate Governance. As a part of the Group, the Company is committed to continuously adopt and adhere to the best governance practices, to achieve the goal of making the Company a value-driven organisation.

During the financial year review, the Institute of Company Secretaries of India ("ICSI") conferred an Honorary Degree of the ICSI on to Shri Kumar Mangalam Birla, Chairman of the Company and Aditya Birla Group. In his acceptance speech Shri Birla said, "It is a privilege to be the 1<sup>st</sup> industrialist to be receiving the honorary degree of such a prestigious institute as the ICSI and an honour to have received it from Hon'ble Minister Shri Piyush Goyal. The CS community has been helping navigate the governance culture throughout the country even in the time of pandemic. The Company Secretaries are the Heroes of the Country and I am proud to be a part of them".

Corporate Governance involves a set of relationships between a Company's Management, its Board, its Shareholders and other Stakeholders with an objective of 'enhancement of long term shareholder value, while at the same time protecting the interest

of all stakeholders (investors, customers, employees, vendors, government and society at large) and ensuring adherence to the applicable laws.

Good Corporate Governance consists of a system of structuring, operating and controlling a Company such as to achieve the following:

- 1) A culture based on a foundation of sound business ethics;
- 2) Fulfilling the long-term strategic goal of the owners while taking into account the expectations of all the key stakeholders and in particular:
  - a. consider and care for the interests of employees, past, present and future;
  - b. work to maintain excellent relations with both customers and suppliers;
  - c. take account of the needs of the environment and the local community
- 3) Maintaining proper compliance with all the applicable legal and regulatory requirements under which the Company is carrying out its activities.

**ANNEXURE II (Contd.)**

The philosophy and objective of Corporate Governance at Aditya Birla Health Co. Limited (“the Company/ your Company”) is “about working ethically and finding a balance between economic and social goals including the ability to function profitably while complying with the applicable laws, rules and regulations.”

The Company is committed to uphold the core values of transparency, integrity, honesty and accountability. This commitment lays the foundation for further development of superior governance practices, which are vital for growing a successful business, creating sustainable long-term shareholder value and balancing it with the interests of other stakeholders in the Company. It is not a discipline necessarily imposed by a regulator rather a culture that guides the Board, the Management and employees to function towards the best interest of the various stakeholders.

**REPORTING UNDER CORPORATE GOVERNANCE GUIDELINES**

The Company is an unlisted Public Company and consequently the provisions relating to Corporate Governance as mentioned in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘LODR Regulations’) are not applicable. However, the Company makes the following reporting / disclosures to the extent applicable and as specified under the Guidelines for Corporate Governance for Insurers in India (“CG Guidelines”) issued by Insurance Regulatory and Development Authority of India (“IRDAI”) on 18<sup>th</sup> May 2016.

The details of compliance with Corporate Governance requirements during the Financial Year ended 31<sup>st</sup> March 2021 (“financial year under review”) are as follows:

**I. BOARD OF DIRECTORS (“BOARD”)**

The Company’s Board comprises of adequate mix of Independent Directors, Non-Executive Directors and Executive Director.

The Board takes the responsibility to set strategic objectives for the Management and to ensure that the long term interests of all stakeholders are served by adhering to and enforcing the principles of sound Corporate Governance.

The Company’s Board members have diverse areas of knowledge and expertise, which is necessary in providing an independent and objective view on business issues and assessing them from the stand-point of the stakeholders of the Company.

**COMPOSITION OF BOARD AND DETAILS OF DIRECTORSHIPS**

The Board of Directors of the Company comprised of 13 (Thirteen) Directors, wherein there are 7 (Seven) Non-Executive Directors, 5 (Five) Independent Directors (including 1 (One) Woman Director) and 1 (One) Chief Executive Officer & Whole Time Director. The Chairperson(s) of the Audit Committee and Nomination and Remuneration Committee are Independent Directors. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 (“the Act”) and the CG Guidelines.

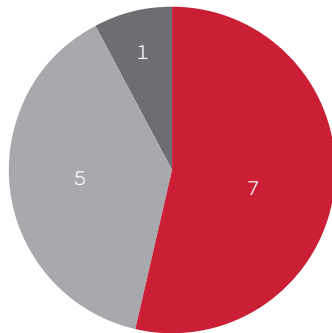
**Composition of Board and details of Directorships / Committee Membership**

The composition of Board, their Directorships / Committee Memberships and Chairmanships (excluding the Company) during the year were as under:

Sr. No.	Name of the Director	Designation/Category	No. of other Directorship(s) in other Public Companies*	No. of Committees**	
				As Member	As Chairman/ Chairperson
1	Mr. Ajay Srinivasan	Non-Executive Director	5	5	-
2	Mr. Sushil Agarwal	Non-Executive Director	4	3	-
3	Mr. Devajyoti Bhattacharya	Non-Executive Director	7	3	-
4	Dr. Ajit Ranade	Non-Executive Director	5	-	2
5	Mr. Asokan Naidu	Non-Executive Director	-	-	-
6	Mr. Risto Sakari Ketola	Non-Executive Director	-	-	-
7	Dr. Johannes Hendrik Viljoen	Non-Executive Director	-	-	-
8	Mr. Sethurathnam Ravi	Independent Director	4	-	3
9	Ms. Sukanya Kripalu	Independent Director	5	5	-
10	Mr. Colathur Narayanan Ram	Independent Director	-	-	-
11	Mr. Mahendren Moodley	Independent Director	-	-	-
12	Mr. Navin Puri	Independent Director	3	-	1
13	Mr. Mayank Bathwal	CEO & Whole Time Director	-	-	-



## Board Composition



■ NED ■ ID ■ WTD

### Notes:

\*Excluding Directorship in your Company, Foreign Companies, Private Limited Companies and Companies under Section 8 of the Act.

\*\*Only two Committees viz. Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies are considered.

## Brief Profile of Directors along with details of Skills/ Expertise/ Competencies of the Board:

The Directors on Board of the Company are adequately skilled/ have relevant expertise as per Industry norms and have rich experience in the relevant sectors/industries.

Sr. No.	Name of Director	Qualification	Field of Specialisation
1	Mr. Ajay Srinivasan	BA honours in Economics from St Stephens College, Delhi and MBA from the Indian Institute of Management (IIM), Ahmedabad.	Banking & Financial Services
2	Mr. Sushil Agarwal	M. Com and Chartered Accountant	Financial Services
3	Mr. Devajyoti Bhattacharya	Bachelor of technology degree in mechanical engineering from NIT, Rourkela, and a postgraduate degree in industrial engineering from NITIE, Mumbai	Manufacturing, Finance, Software and Media Services.
4	Dr. Ajit Ranade	BE - IIT Mumbai, MBA - IIM Ahmedabad and Ph.D in Economics - Brown University, USA	Banking & Financial Services
5	Mr. Asokan Naidu	Qualified Chartered Accountant (South Africa) and MBA	Manufacturing and Financial Services
6	Mr. Risto Sakari Ketola	CFA Charterholder, BSC Economics, BSC Stats, Fellow of the Institute of Actuaries (FIA: Life Insurance), Fellow of Actuarial Society of South Africa (ASSA)	Insurance Analysis, Equity Research, Strategic Consultancy, and Asset-liability Modelling Actuary.
7	Dr. Johannes Hendrik Viljoen	BChD, MChD (Public Health Care), DHA (Health Administration), Pretoria and MBL, Unisa	Business Intelligence & Finance, Health Care Services
8	Mr. Sethurathnam Ravi	B.Sc., M.Com, FCA, DISA, Insolvency Resolution Professional (IRP) and Associate member of Association of Certified Fraud Examiners (CFE), USA	Banking & Financial Services
9	Ms. Sukanya Kripalu	Graduate, IIM-Kolkata	Marketing, Strategy, Advertising and Market Research.
10	Mr. Colathur Narayanan Ram	IIT Chennai and IIM Ahmedabad	Technology, Banking and Financial Services
11	Mr. Mahendren Moodley	B Com. (Honours), Post Graduate Degree in Advanced Banking, Chartered Institute of Management Accountants	Investment Banking, Corporate Finance and Private Equity.
12	Mr. Navin Puri	B Com. (Honours), Chartered Accountant, Master of Business Administration – Texas Christian University (USA)	Banking & Financial Services
13	Mr. Mayank Bathwal	Chartered Accountant, Company Secretary, Institute of Cost and Works Accountants	Banking, Finance and Insurance.

**ANNEXURE II (Contd.)****Mode of Conducting Meetings:**

Video-conferencing facility is provided to enable the directors travelling abroad or present at other locations to be able participate in the meetings. The same is conducted in due compliance with the applicable laws.

With a view to leverage technology, save paper and support sustainability, the Company has adopted a web based application for conducting the board/ committee meetings digitally. All the documents relating to a meeting, including agenda, explanatory notes and any other document required to be placed at the meeting, are circulated to the directors in electronic form through the application and the same can be accessed through browsers or iPads. The application meets high standards of security and integrity required for storage and transmission of meeting related documents.

Pursuant to the spread of COVID-19 pandemic during the financial year under review, all the Meetings were held via audio-visual mode on Microsoft teams application.

**BOARD MEETINGS**

The Board meets at least once in every quarter to *inter-alia* review the Company's quarterly performance and financial results. The meetings are scheduled in such a manner that not more than one hundred and twenty days intervenes between two consecutive meetings. The Company Secretary receives the details on matters, which require the approval of the Board / Board Committees, from various departments of the Company, so that they can be included in the Board / Board Committee agenda(s). All material information in detail, are incorporated in the agenda papers for facilitating meaningful and focused discussions at the meetings. The Company also complies with and follows the secretarial standards for Board and Committee Meetings. As a part of information and agenda papers, the following minimum information is provided to the Directors for each meeting:

- Quarterly Performance and Financial results;
- Business review, plans and updates;
- Regulatory updates and compliances;
- Minutes of the previous Board and Committee meetings;
- Any material default, show cause, demand and penalty notices forming part of compliance report;
- Review of various Policies; and
- Disclosure and Declarations received from the Directors.

**BOARD MEETINGS AND ATTENDANCE OF DIRECTORS**

During FY 2020-21, the Board of Directors met four times, as follows:

- 13<sup>th</sup> May 2020
- 23<sup>rd</sup> July 2020
- 22<sup>nd</sup> October 2020
- 22<sup>nd</sup> January 2021

The attendance of the Directors at the above Board meetings and Annual General Meeting were as under:

Sr. No.	Name of the Directors	Number of Board Meetings	Attendance in the last AGM dated 23 <sup>rd</sup> July 2020
		Held: 4	Held : 1
		Attended	Attended
1	Mr. Ajay Srinivasan	4	Yes
2	Mr. Sushil Agarwal	4	No
3	Mr. Devajyoti Bhattacharya	4	No
4	Dr. Ajit Ranade	4	Yes
5	Mr. Asokan Naidu	4	Yes
6	Mr. Risto Sakari Ketola	4	No
7	Dr. Johannes Hendrik Viljoen	4	No
8	Mr. Sethurathnam Ravi	4	Yes
9	Ms. Sukanya Kripalu	4	Yes
10	Mr. Colathur Narayanan Ram	4	No
11	Mr. Mahendren Moodley	4	No
12	Mr. Navin Puri	4	Yes
13	Mr. Mayank Bathwal	4	Yes

**SEPARATE MEETING OF INDEPENDENT DIRECTORS**

In accordance with the provisions of Schedule IV of the Companies Act, 2013 and Clause 2.3 of the Secretarial Standard on the Meetings of Board of Directors, a Meeting of the Independent Directors of your Company was held on 25<sup>th</sup> February 2021 without the presence of the Non-Independent Directors and the Members of the Management. The Meeting was attended by all the five (5) Independent Directors. They discussed matters *inter alia* the performance/ functioning of the Company, reviewing the performance of the Chairman, taking into account the views of Non-Executive Director, assessed the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties, etc.





## CODE OF CONDUCT

The Company has designed and implemented a Code of Conduct. The code is applicable to the executive officers and all employees of the Company. All have affirmed to the Code as on 31<sup>st</sup> March 2021. The code is available on the Company's website at [www.adityabirlahealthinsurance.com](http://www.adityabirlahealthinsurance.com).

### Performance evaluation of the Board

A formal evaluation mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, individual Directors and the Chairman of the Board. The evaluation is based on criteria which include, amongst others, providing strategic perspective, Chairmanship of Board and Committees, attendance, time devoted and preparedness for the Meetings, quality, quantity and timeliness of the flow of information between the Board Members and the Management, contribution at the Meetings, effective decision making ability, role and effectiveness of the Committees. The Directors completed questionnaires providing feedback on functioning of the Board, Committees and Chairman of the Board.

## II. BOARD COMMITTEES

The Board of Directors has constituted various mandatory Committees under the Corporate Governance Guidelines issued by the IRDAI as follows:

1. Audit Committee;
2. Investment Committee;
3. Risk Management Committee;
4. Nomination and Remuneration Committee; and
5. Policyholders' Protection Committee.

The Board has constituted the Committees of the Board with specific terms of reference as per the requirements of the CG Guidelines, the Act and other applicable provisions. The Board accepted all recommendations of the Committees of the Board which were mandatorily required, during the Financial Year under review.

The Board Committees play a vital role in the effective compliance and governance of the Company in line with their specified and distinct terms of reference and role and responsibilities. The Chairpersons of the respective Committee's report to the Board on the deliberations and decisions taken by the Committees and conduct themselves under the supervision of the Board. The Minutes of the Meetings of all Committees are placed before the Board for its perusal on a regular basis.

Each Board Committee is constituted by the Board and each Committee has been endowed with a definite scope of functions and responsibilities. The detailed descriptions of the all the Committees of the Board are as under:

## AUDIT COMMITTEE

The Company has a qualified and independent Audit Committee, which acts as a link between the Management, the Statutory and Internal Auditors and the Board. Its composition, powers, role and scope are in accordance with the applicable provisions of Section 177 of the Act read with CG Guidelines issued by IRDAI. All the Members of the Audit Committee are financially literate. Moreover, the Chairman and Members of the Audit Committee have accounting or related financial management expertise.

### Terms of Reference

The broad terms of reference of the Committee *inter-alia* include the following:

- To review the Company's financial statements, financial reporting, statement of cash flow and disclosure processes, both on an annual and quarterly basis and to ensure that the financial statements are correct, sufficient and credible.
- to recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor(s) / internal auditor(s) and concurrent auditor(s).
- to review and approve Related Party Transactions / Related Party Policy.
- to review internal financial control.
- to review the performance of statutory auditors, internal auditors and concurrent auditors.
- to ensure compliance with the laws, regulations and internal control systems (including its adequacy).
- to review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and review reports submitted by internal audit department.
- to review the functioning of the Whistle Blower mechanism/ Vigil Mechanism.

### Composition, Meetings and Attendance:

The Audit Committee of the Board comprises of 5 Non-executive Directors out of which 3 (Three) are Independent Directors.

During the Financial Year under review, the Audit Committee met 4 (Four) times to deliberate on various matters and the gap between any two Meetings was not more than 120 (One Hundred Twenty) days. The necessary quorum was present for all the Meetings. During the Financial Year under review, Audit Committee Meetings were held on:

- 13<sup>th</sup> May 2020
- 23<sup>rd</sup> July 2020

**ANNEXURE II (Contd.)**

- 22<sup>nd</sup> October 2020
- 22<sup>nd</sup> January 2021

The Composition of the Audit Committee and the attendance of Members at the meetings during FY 2020-21 were as under:

Sr. No.	Name of Committee Member	Designation / Category	No. of Meetings
			Held : 4 Attended
1	Mr. Ajay Srinivasan	Non-Executive Director	4
2	Mr. Risto Sakari Ketola	Non-Executive Director	4
3	Mr. Sethurathnam Ravi	Independent Director (Chairman)	4
4	Mr. Colathur Narayanan Ram	Independent Director	4
5	Ms. Sukanya Kripalu	Independent Director	4

All members of the Audit Committee are financially literate and have the necessary accounting and related financial management expertise. The Audit Committee is chaired by an Independent Director who is also qualified Chartered Accountant.

The Chief Executive Officer, Chief Financial Officer, Appointed Actuary, Statutory Auditors and the Internal Auditors attend each Audit Committee Meeting as invitees.

The Company Secretary acts as the Secretary to the Committee.

The Statutory and Internal Auditors of your Company are invited to attend the Audit Committee Meetings. In addition, other Senior Management Personnel are also invited to the Audit Committee Meetings from time to time, for providing such information as may be necessary. The Committee and the Company also engage outside experts and advisors to the extent it considers appropriate to assist in its functioning. The Company Secretary acts as the Secretary to the Committee.

The Chairperson of the Audit Committee, Mr. Sethurathnam Ravi, attended the Annual General Meeting of the Company held on 23<sup>rd</sup> July 2020.

The Audit Committee monitors and effectively supervises your Company's financial reporting process with a view to provide accurate, timely and proper disclosures and maintain the integrity and quality of financial reporting.

The Audit Committee also reviews from time to time, the audit and internal control procedures, the accounting policies of your Company and oversees your Company's financial reporting process so as to ensure that the financial statements are correct, sufficient and credible.

The Audit Committee has all the powers as specified in Section 177 of the Act read with CG Guidelines to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, as considered necessary.

During the Financial Year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of your Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of your Company. The Committee has also reviewed the procedures laid down by your Company for assessing and managing risks applicable to the Company.

**INVESTMENT COMMITTEE**

The Investment Committee is set up in line with the provisions of the IRDAI (Investments) Regulations, 2016 and the CG Guidelines.

**Terms of Reference:**

The broad terms of reference of the Investment Committee, *inter-alia*, include the following:

- To recommend Investment Policy and lay down the operational framework for the investment operations;
- to implement the Investment Policy duly approved by the Board and ensuring requisite regulatory compliance;
- to ensure an optimal return on Funds on the Policyholders and Shareholders Funds consistent with protection, safety and liquidity of such Funds;
- to focus on a prudential Asset Liability Management (ALM) supported by robust internal control system;
- to formulate an effective mechanism for assessment, control and monitoring of credit and market risk;
- to formulate an effective reporting system to ensure compliance with the policy set out by it apart from Internal/ Concurrent Audit mechanisms for a sustained and on-going monitoring of Investment Operations;
- to periodically inform Board about its activities;



- to seek from the investment function any specific details / information about the functional activities;
- to direct the investment function to implement any specific strategy over & above the existing policy for safeguarding the interest of the Policyholder and Shareholder; and
- to carry out any other functions as may be specified by the IRDAI/Board from time to time.

**Composition, Meetings and Attendance:**

During the Financial Year under review, the Investment Committee met 4 (Four) times to deliberate on various matters. The necessary quorum was present for all the Meetings. During the Financial Year under review, Investment Committee Meetings were held on:

- 22<sup>nd</sup> April 2020
- 22<sup>nd</sup> July 2020
- 20<sup>th</sup> October 2020
- 19<sup>th</sup> January 2021

The Composition of the Investment Committee and the attendance of Members at the Meetings during FY 2020-21 were as under:

Sr. No.	Name of Committee Member	Designation / Category	No. of Meetings
			Held : 4
			Attended
1	Mr. Ajay Srinivasan	Non-Executive Director (Chairman)	4
2	Mr. Risto Sakari Ketola	Non-Executive Director	4
3	Mr. Mayank Bathwal	Chief Executive officer & Whole Time Director	4
4	Ms. Shikha Bagai <sup>1</sup>	Chief Financial officer	4
5	Mr. Mahesh Kumar Radhakrishnan	Chief Risk Officer	4
6	Mr. Dheeraj Agarwal	Chief Investment Officer	4
7	Mr. Nirav Shah	Appointed Actuary	4

<sup>1</sup>Resigned w.e.f. 30<sup>th</sup> January 2021

The Company Secretary acts as the Secretary to the Committee.

**RISK MANAGEMENT COMMITTEE**

Risk Management is the process that can contribute progressively to organisational improvement by providing Management with a greater insight into risks and their impact. The Company has a robust Risk Management framework which proactively addresses risks and seizes opportunities so as to gain competitive advantage and protects and creates value for your stakeholders.

In line with the requirements under CG Guidelines, the Board has constituted the Risk Management Committee to oversee the risk management strategy and compliance activities of the Company. The Committee is responsible for putting in place an oversight of the Company’s Risk Management Strategy

**Terms of Reference:**

The broad terms of reference of the Committee *inter-alia* include the following:

- to identify and review with the Management the major areas of risk facing the business activities of the Company and strategies to manage those risks;

- to review annually, the adequacy of and compliance with the policies implemented for the management and control of risk, including investment policies, asset-liability risk, operational risk, management of risk to reputation, management of outsourcing arrangements and changes to the foregoing as appropriate.
- to review annually and approve changes to policies or programs that provide for the monitoring of compliance with legal and regulatory requirements including legislative compliance management systems;
- to discuss and consider best practices in risk management in the market and advise the respective function;
- to maintain an aggregated view on the risk profile of the Company for all categories of risk including insurance risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, legal risk, reputation risk, etc.
- to review procedures for complying with anti-money laundering and suppression of terrorism laws and regulations worldwide and monitor its effectiveness.

**ANNEXURE II (Contd.)****Composition, Meetings and Attendance:**

The Risk Management Committee of the Board comprises of 5 (Five) Non-executive Directors out of which 2 (Two) are Independent Directors. The Company Secretary acts as the Secretary to the Committee.

During the Financial Year under review, the Risk Management Committee met 4 (Four) times to deliberate on various matters. The necessary quorum was present for all the Meetings. During the Financial Year under review, Risk Management Committee Meetings were held on:

- 22<sup>nd</sup> April 2020
- 22<sup>nd</sup> July 2020
- 20<sup>th</sup> October 2020
- 19<sup>th</sup> January 2021

The Composition of the Risk Management Committee and the attendance of Members at the Meetings during FY 2020-21 were as under:

Sr. No.	Name of Committee Members	Designation / Category	No. of Meetings
			Held : 4 Attended
1	Mr. Ajay Srinivasan	Non-Executive Director	4
2	Dr. Johannes Hendrik Viljoen	Non-Executive Director	4
3	Mr. Colathur Narayanan Ram	Independent Director (Chairman)	4
4	Mr. Navin Puri	Independent Director	4
5	Mr. Mayank Bathwal	CEO & Whole Time Director	4

The Company Secretary acts as the Secretary to the Committee.

**NOMINATION AND REMUNERATION COMMITTEE**

The composition of Nomination and Remuneration Committee is in line with the applicable provisions of Section 178 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 made thereunder. The Committee is mainly entrusted with the responsibility of formulating criteria for determining the qualifications, positive attributes and independence of the present and proposed Directors as well as recommending a policy to the Board relating to the remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

**Terms of Reference**

The broad terms of reference of the Committee *inter-alia* includes the following:

- to identify persons who are qualified to become directors and who may be appointed in senior management;
- to recommend to the Board the appointment/removal of directors and senior management in accordance with the criteria laid down by the Board;
- to carry out evaluation of every director's performance in accordance with the criteria laid down by the Board;
- to formulate the criteria for determining qualifications, positive attributes and independence of a director;
- to recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel, senior management personnel and other employees

**Composition, Meetings and Attendance:**

The Committee comprises of 4 (Four) Non-executive Directors out of which 2 (Two) are Independent Directors. The Company Secretary acts as a Secretary to the Committee.

During the Financial Year under review, the Nomination and Remuneration Committee met 4 (Four) times to deliberate on various matters. The necessary quorum was present for all the Meetings. During the Financial Year under review, Nomination and Remuneration Committee Meetings were held on:



- 13<sup>th</sup> May 2020
- 23<sup>rd</sup> July 2020
- 09<sup>th</sup> October 2020
- 22<sup>nd</sup> January 2021

The Composition of Nomination and Remuneration Committee and attendance of Members at the Meetings during FY 2020-21 were as under:

Sr. No.	Name of the Committee Members	Designation / Category	No. of Meetings	
			Held : 4	Attended
1	Mr. Ajay Srinivasan	Non-Executive Director		4
2	Ms. Sukanya Kripalu	Independent Director (Chairperson)		4
3	Mr. Mahendren Moodley	Independent Director		3
4	Mr. Asokan Naidu	Non-Executive Director		4

The Company Secretary acts as the Secretary to the Committee.

## POLICYHOLDERS' PROTECTION COMMITTEE

In accordance with the provisions of CG Guidelines, the Board has constituted the "Policyholders' Protection Committee" to address various compliance issues relating to protection of the interests of policyholders.

### Terms of Reference

The broad terms of reference of the Committee *inter-alia* include the following:

- to put in place proper procedures and effective mechanism to address complaints and grievances of policyholders including misselling by intermediaries.
- to ensure compliance with the statutory requirements as laid down in the regulatory framework.
- to ensure adequacy of disclosure of "material information" to the policyholders.
- to review the status of complaints at periodic intervals to the policyholders.
- to provide the details of grievances at periodic intervals to IRDAI.
- to provide details of insurance ombudsmen to the policyholders.
- to evaluate the merit of the investigated complaint cases.
- to review the unclaimed amounts of Policyholders.

### Composition, Meetings and Attendance:

The Policyholders' Protection Committee of the Board comprises of 2 (Two) Non-executive Directors, CEO & Whole time Director and External Expert Invitee. The Company Secretary acts as the Secretary to the Committee.

During the Financial Year under review, the Policyholders' Protection Committee met 4 (Four) times to deliberate on various matters. The necessary quorum was present for all the Meetings. During the Financial Year under review, Policyholders' Protection Committee Meetings were held on:

- 22<sup>nd</sup> April 2020
- 22<sup>nd</sup> July 2020
- 20<sup>th</sup> October 2020
- 19<sup>th</sup> January 2021

**ANNEXURE II (Contd.)**

The Composition of the Policyholders' Protection Committee and the attendance of Members at the Meetings during FY 2020-21 were as under:

Sr. No.	Name of the Committee Members	Designation / Category	No. of Meetings
			Held : 4 Attended
1	Mr. Ajay Srinivasan	Non-Executive Director	4
2	Mr. Asokan Naidu	Non-Executive Director	4
3	Mr. Mayank Bathwal	CEO & Whole time Director	4

Mr. Sanjiv Sharma is the Expert Invitee to the Policyholders Protections Committee as per the IRDAI Corporate Governance Guidelines. Mr. Sharma has attended all the 4 Meetings during the FY 2020-21.

The Members of the Committee elect the Chairman at each Meeting of the Committee.

The Company Secretary acts as the Secretary to the Committee.

**III. SUBSIDIARY COMPANY**

The Company does not have any subsidiary company.

**IV. KEY MANAGERIAL PERSONNEL/ KEY MANAGEMENT PERSONS**

Pursuant to Section 203 of the Companies Act, 2013 and CG Guidelines, the following employees were holding the position of Key Managerial Personnel/ Key Management Persons of the Company as on 31<sup>st</sup> March 2021:

Sr. No.	Name of the KMPs	Designation/ Category
1	Mr. Mayank Bathwal <sup>1</sup>	Chief Executive Officer & Whole Time Director
2	Mr. Mahesh Kumar Radhakrishnan	Chief Compliance and Risk Officer (Head – Legal, Risk, Compliance and Company Secretary)
3	Ms. Darshana Shah	Head – Marketing & Digital
4	Ms. Varij Pujara	Chief Distribution Officer
5	Mr. Niren Srivastava	Head - Human Resource & Administration & Training
6	Mr. Siddharth Bhat	Head – Information Technology
7	Ms. Anjali Makhija	Chief Operating Officer
8	Ms. Anuradha Sriram <sup>2</sup>	Chief Actuarial Officer
9	Mr. Nirav Shah	Appointed Actuary
10	Mr. Dheeraj Agarwal	Chief Investment Officer
11	Ms. Shikha Bagai <sup>3</sup>	Chief Financial Officer

<sup>1</sup>(Re-appointed w.e.f. 28<sup>th</sup> August 2020)

<sup>2</sup>(Appointed w.e.f. 23<sup>rd</sup> July 2020)

<sup>3</sup>(Resigned w.e.f. 30<sup>th</sup> January 2021)

**V. COMPLIANCE OFFICER**

Details of Chief Compliance Officer of the Company for complying with the requirements of IRDAI regulations and Corporate Governance Guideline are as follows:

Sr. No.	Name	Designation
1	Mr. Mahesh Kumar Radhakrishnan	Chief Compliance and Risk Officer (Head – Legal, Risk, Compliance and Company Secretary)

**VI. SECRETARIAL AUDIT**

Pursuant to the requirements of Section 204 (1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. BNP & Associates, Practicing Company Secretaries to conduct the secretarial audit for FY 2020-21. The Secretarial Audit Report in Form MR-3 for FY 2020-21 issued by M/s. BNP & Associates, Practicing Company Secretaries form part of this Annual report.



## VII. DISCLOSURES

### Disclosures required under CG Guidelines

The following disclosures required in line with the CG Guidelines are annexed to this Corporate Governance report:

- Quantitative and qualitative information on the Company's financial and operating ratios namely, incurred claim, Commission and expenses ratios
- Actual solvency margin details vis-à-vis the required margin
- Financial performance including growth rate and current financial position
- Description of the risk management architecture
- Details of number of claims intimated, disposed of and pending with details of duration
- All pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the insurance Company.
- Elements of remuneration package (including incentives) of CEO & Whole Time Director and all other directors and Key Management Persons
- Payments made to group entities from the Policyholders Funds
- Any other matters which have material impact on the financial position

### RELATED PARTY TRANSACTIONS

All the Related Party Transactions during the year were in the ordinary course of business and on arm's length basis undertaken in accordance with the approved Related Party Transactions Policy. The related party transactions of the Company entered into during the quarter are reviewed by the Audit Committee and the necessary briefing is also given to the Board. Details of related party transactions entered into by the Company during the year are included in the Notes to the Accounts in the financial statements.

### REMUNERATION TO DIRECTORS

The Company is currently paying sitting fees to the Independent Directors and Remuneration to Mr. Mayank Bathwal, Chief Executive Officer & Whole time Director. The remuneration payable to the Mr. Bathwal is approved by the IRDAI in terms of the provisions of section 34A of the Insurance Act, 1938.

Sitting fees paid to Independent Directors for attending Meetings of the Board / Committees have been approved by the Board. Sitting fees of ₹50,000/- for each Meeting of the Board and ₹25,000/- for each Meeting of the Audit Committee and ₹20,000/- for each Meeting of other Committees is paid to the Independent Directors of the Company. No sitting fees were paid to Non-Executive & Non-Independent Director of the Company during the financial year under review. No commission was recommended/ paid to any of the Directors during the financial year under review.

Further, the Company reimburses the out-of-pocket expenses incurred by the Independent Directors for attending the Meetings.

The details of sitting fees paid to the Independent Directors for FY 2020-21 are as under:

Sr. No	Name of Independent Directors	Total Sitting Fees Paid (Amount in ₹)
1	Mr. Sethurathnam Ravi	3,00,000/-
2	Ms. Sukanya Kripalu	3,80,000/-
3	Mr. Colathur Narayanan Ram	3,80,000/-
4	Mr. Mahendren Moodley	2,60,000/-
5	Mr. Navin Puri	2,80,000/-
<b>Grand Total</b>		<b>16,00,000/-</b>

The details of remuneration paid to Mr. Mayank Bathwal have been provided in form MGT-7, which has been uploaded on the website of the Company at [www.adityabirlahealthinsurance.com](http://www.adityabirlahealthinsurance.com).

None of the Directors of the Company hold any shares in the share capital of the Company.

## ANNEXURE II (Contd.)

## DISCLOSURES PURSUANT TO GUIDELINES ON REMUNERATION OF NON-EXECUTIVE DIRECTORS AND MANAGING DIRECTORS/ CHIEF EXECUTIVE OFFICER / WHOLE-TIME DIRECTORS OF INSURANCE COMPANIES ISSUED BY IRDAI.

### QUALITATIVE:

#### Information relating to the design and structure of remuneration process and the key feature and objective of remuneration policy

The Company has adopted the Aditya Birla Group Executive Remuneration Philosophy/policy.

At the Aditya Birla Group, the Company expects the executive team to foster a culture of growth and entrepreneurial risk-taking. The Company's Executive Remuneration Philosophy/Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, and promotion and advancement opportunities – with the long term success of the stakeholders.

Aditya Birla Group is a conglomerate and organised in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

#### Objectives of the Executive Remuneration Program

The Company executive remuneration program is designed to attract, retain, and reward talented executives, who will contribute to the long-term success and thereby build value for the shareholders.

The Company's executive remuneration program is intended to:

- Provide for monetary and non-monetary remuneration elements to the executives on a holistic basis.
- Emphasise "Pay for Performance" by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

#### Covered Executives

The Company's Executive Remuneration Philosophy/Policy applies to the following:

- Directors of the Company
- Key Managerial Personnel: Chief Executive Officer and equivalent (eg: Deputy Managing Director), Chief Financial Officer and Company Secretary.
- Senior Management

#### Remuneration Guidelines for Managing Director/ Whole Time Director/ Chief Executive Officer

Remuneration shall be reasonable, taking into account relevant factors including the industry practice, competency, competition and grade. It will be mix of Fixed Salary, valued and Non Valued Perquisites / Benefits, Retirals, Annual Bonus, Long Term Deferred Cash Plans and ESOP's with risk alignment.

Remuneration shall be adjusted for all type of risk such as credit, market and liquidity risk, Further, Remuneration payout are sensitive to the time horizon of the risk remuneration outcomes shall be symmetric with risk outcomes.

The Annual Bonus and Long Term Deferred Cash plans would be linked to comprehensive business performance, both quantitative and qualitative, over a short term and long term period. Benefits are defined as Total Cost to Company i.e. Salary, Retirals and other Benefits and will include imputed value of benefits like Housing and Car. The vesting condition of long term deferred bonus will be subject to business performance and have an element of claw back in case of unfavorable business performance.

The MD/ CEO/ WTD remuneration is designed / modified basis the achievement of the goal sheet parameters that have both qualitative and quantitative elements of risk adjustments. The goal sheet achievement against each parameter is reviewed by the highest authority on a yearly basis.

Remuneration practice would be governed by IRDAI and related guidelines as applicable from time to time.

#### Description of the ways in which current and future risks are taken into account in the remuneration processes.

##### Other Remuneration Elements

The Managing Director/ Whole Time Director/ Chief Executive Officer are subject to an employment agreement. Each such agreement generally provides for a total remuneration package for the executives including continuity of service across the Group Companies. The Company limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross ups for the executives.

##### Risk and Compliance

The Company aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. The Company review our remuneration programs for factors such as, remuneration mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds and,





steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

#### Variable Pay

As per the business strategy and industry practice, when a component of variable portion of pay (constituting annual variable pay/ bonus and the deferred pay/ bonus approved in a particular year) exceeds 60% of the total pay (Total Cost to Company) then in that event such variable portion will be considered to be "Substantial". Where component of variable portion is Substantial, an appropriate part of the Variable portion of pay will be deferred over a minimum period of 3 years, in line with the requirements of Regulations, from the date of payout of the initial tranche.

#### Claw back Clause:

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, the Company shall recover from our executives, the remuneration received in excess, of what would be payable to him / her as per restatement of financial statements, pertaining to the relevant performance year.

#### Implementation

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting,

interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

#### Description of the ways in which the insurer seeks to link performance during a performance measurement period with levels of remuneration.

##### Performance Goal Setting

The Company aim to ensure that annual incentive plans and long term incentive plans, the target performance goals shall be achievable and realistic. Threshold performance (the point at which incentive plan is paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement. Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance. Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

#### Quantitative disclosure: –

The following table sets forth for the period indicated, the details of qualitative disclosure for remuneration of MD & CEO:

Particulars	As at FY 2020-21
Number of MD/ CEO/ WTDs having received a variable remuneration award during the financial year	1
Number and total amount of sign on awards made during the financial year	NIL
Details of guaranteed bonus, if any, paid as joining/signing bonus	NIL
Total amount of outstanding deferred remuneration	
Cash	NIL
Shares and Shares linked Instruments	NIL
Other Forms	NIL
Total amount of <b>deferred remuneration</b> paid out in the financial year	
Breakup of amount of remuneration awarded for the financial year	
<b>Fixed Pay (₹)</b>	22772388
<b>Variable Pay (₹)</b>	
<b>Deferred</b>	9600000
Non Deferred	17650061
<b>Share- Linked instruments (in numbers)</b>	
Employee Stock Option's	830920
Restricted Stock Units (RSU's)	2500

\*For the year ended 31<sup>st</sup> March 2021, variable pay and share-linked instruments represent amounts paid/options granted during the year FY 2020-21 as per IRDAI approval.

#### Note:

- The remuneration paid/payable to CEO & WTD is governed by the provisions of Section 34A of the Insurance Act, 1938.
- Stock options and Restricted Stock Units of Aditya Birla Capital Limited are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017.

**ANNEXURE II (Contd.)****VIII. WHISTLE BLOWER POLICY**

The Company has a Whistle Blower Policy to escalate any issues on integrity / business issues / people issues and gender issues. The Whistle Blower Policy/Vigil mechanism provides a mechanism for Directors and employees to report instances and concerns about unethical behaviour, actual or suspected fraud or violation of your Company's Code of Conduct. The Company's Grievances and Disciplinary Committee constituted under the Whistle Blower Policy conduct a proper and unbiased investigation and ascertain the correctness and trueness of the complaint and recommend necessary corrective measures, including punitive actions such as termination of employment / agency / contracts. Summary of cases as and when reported, along with status is placed before the Risk Management Committee and Audit Committee for their review and discussion. Adequate safeguards are provided against victimisation to those who avail the mechanism and direct access to the Chairperson of the Audit Committee is provided to them.

The Policy is in line with the Company's Code of Conduct, Vision and Values and is available on your Company's website at [www.adityabirlahealthinsurance.com](http://www.adityabirlahealthinsurance.com)

**IX. COMPLIANCE CERTIFICATION**

The Compliance team has a repository of all regulatory notifications and compliance requirements which is designed for better governance. The Monthly Compliance Certificate from April 2020 till March 2021 was taken from relevant function heads based on which the joint certification is submitted by Head - Legal, Risk, Compliance and Company Secretary, Chief Actuarial Officer, Appointed Actuary, Financial Controller & Head – Finance & Accounts, and Chief Executive Officer & Whole Time Director and consolidated Compliance Certificate is placed on quarterly basis before the Board and Audit Committee.

Pursuant to applicable laws and the relevant Compliance Checklists, the necessary certificates are installed/ updated in the System, known as Legal & Compliance Management Portal ("LCMP"). This is an Internal Portal, which is a repository for all regulatory notifications designed for better governance of Compliance.

**X. MANAGEMENT**

A detailed Management Discussion and Analysis (MDA) forms part of the Annual Report.

**SHAREHOLDERS & GENERAL INFORMATION:****GENERAL BODY MEETINGS**

The details of the Annual General Meetings and Extra Ordinary General meetings of the members of the Company held during the last three years are as follows:

Financial Year	AGM / EGM	Date	Time	Venue
2018 – 2019	7 <sup>th</sup> EGM	20 <sup>th</sup> April 2018	2:30 p.m.	18 <sup>th</sup> Floor, Tower-1, One Indiabulls Centre, Jupiter Mill Compound, 841, S.B. Marg, Elphinstone Road, Mumbai 400013
	3 <sup>rd</sup> AGM	27 <sup>th</sup> July 2018	5:30 p.m.	
2019 – 2020	8 <sup>th</sup> EGM	23 <sup>rd</sup> April 2019	1:30 p.m.	Via Audio Visual Mode, Mumbai, India. Deemed venue - Registered Office of the Company i.e. 9 <sup>th</sup> Floor, One Indiabulls Centre, Tower-1, Jupiter Mill Compound, S.B. Marg, Elphinstone Road, Mumbai 400 013
	4 <sup>th</sup> AGM	24 <sup>th</sup> July 2019	1:30 p.m.	
2020 – 2021	9 <sup>th</sup> EGM	13 <sup>th</sup> May 2020	6:30 p.m.	Via Audio Visual Mode, Mumbai, India. Deemed venue - Registered Office of the Company i.e. 9 <sup>th</sup> Floor, One Indiabulls Centre, Tower-1, Jupiter Mill Compound, S.B. Marg, Elphinstone Road, Mumbai 400 013
	5 <sup>th</sup> AGM	23 <sup>rd</sup> July 2020	1:30 p.m.	
	10 <sup>th</sup> EGM	22 <sup>nd</sup> October 2020	5:30 p.m.	
	11 <sup>th</sup> EGM	22 <sup>nd</sup> January 2021	6:15 p.m.	



## SHAREHOLDER INFORMATION

Date, Time and Venue of the 6 <sup>th</sup> Annual General Meeting (In compliance with General Circular Nos.14/2020, 17/2020 and 20/2020 dated 8 <sup>th</sup> April 2020, 13 <sup>th</sup> April 2020 and 5 <sup>th</sup> May 2020, respectively, issued by the Ministry of Corporate Affairs (“MCA Circulars”), AGM can be conducted via Video Conferencing (VC) (through Microsoft Teams)/ Other Audio Visual (OAVM).	Wednesday, 28 <sup>th</sup> July 2021 at 3.00 p.m. through Video Conference (VC) (through Microsoft Teams) The venue of the Meeting shall be deemed to be the Registered Office of the Company i.e. 9 <sup>th</sup> Floor, One World Centre, Tower-1, Jupiter Mill Compound, S.B. Marg, Elphinstone Road, Mumbai 400 013.
Financial Year	2020-21
Registrar and Transfer Agents for Electronic Connectivity	Link Intime India Pvt Ltd (RTA for Electronic Connectivity) C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai - 400083 Contact Person Name: Ms. Avani Ghate Contact Number: 7498979128 Email Id: avani.ghate@linkintime.co.in
Registration no. of the Company as per Companies Act with the Registrar of Companies	263677
Registration no. of the Company as per Insurance Act with the Insurance Regulatory and Development Authority	153
ISIN	INE546U01012
Corporate Identification Number (CIN)	U66000MH2015PLC263677
Permanent Account Number (PAN)	AANCA4062G
Registered office/ address for correspondence	One World Centre, 9 <sup>th</sup> Floor, Tower 1, Jupiter Mill Compound, S. B. Marg, Elphinstone Road, Mumbai - 400 013

## MEANS OF COMMUNICATION

As per the IRDAI guidelines on public disclosures, the insurance companies are required to disclose their financials (Balance Sheet, Profit & Loss Account, Revenue Account and Key Analytical Ratios) by newspaper publication and host the same on their websites within stipulated timelines.

Accordingly, the disclosures are hosted on the Company’s website at [www.adityabirlahealthinsurance.com](http://www.adityabirlahealthinsurance.com) and adequate steps have been taken to ensure publication of requisite disclosure in newspapers.

## DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT/ APPOINTMENT AT THE SIXTH (6<sup>TH</sup>) ANNUAL GENERAL MEETING

In accordance with the provisions of Companies Act, 2013 and Articles of Association of the Company, Mr. Ajay Srinivasan – Non-Executive Director (DIN: 00121181) and Mr. Devajyoti Bhattacharya – Non-Executive Director (DIN: 00868751) will retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. A brief profile of Mr. Ajay Srinivasan and Mr. Devajyoti Bhattacharya are as follows:

Name of Directors	Re-Appointment	
	Mr. Ajay Srinivasan	Mr. Devajyoti Bhattacharya
Date of Birth/ Age	02 <sup>nd</sup> November 1963/ 58 years	17 <sup>th</sup> January 1958/ 63 years
Date of Appointment/ Re-appointment	22 <sup>nd</sup> April 2015	22 <sup>nd</sup> April 2015 (1 <sup>st</sup> appointment)/ 2 <sup>nd</sup> June 2017 (Re-appointment at AGM by rotation)
Qualification	BA honours in Economics from St Stephens College, Delhi, and MBA from the Indian Institute of Management, Ahmedabad	Bachelor of Technology degree in Mechanical Engineering from NIT, Rourkela, and a postgraduate degree in Industrial Engineering from NITIE, Mumbai

**ANNEXURE II (Contd.)**

Name of Directors	Re-Appointment																									
	Mr. Ajay Srinivasan	Mr. Devajyoti Bhattacharya																								
Expertise in specific functional Area	Banking & Financial Services	Manufacturing, Finance, Software and Media Services																								
List of Public Ltd. Companies (in India) in which outside Directorships held	<ol style="list-style-type: none"> <li>Aditya Birla Housing Finance Limited</li> <li>Aditya Birla Finance Limited</li> <li>Aditya Birla Sun Life Insurance Company Limited</li> <li>Aditya Birla Sun Life AMC Limited</li> <li>Aditya Birla PE Advisors Private Limited</li> <li>Aditya Birla Capital Foundation (Section 8 Company under Companies Act, 2013)</li> <li>Aditya Birla ARC Limited</li> </ol>	<ol style="list-style-type: none"> <li>Aditya Birla Solar Limited</li> <li>Aditya Birla Idea Payments Bank Limited</li> <li>Krushak Mitra Agro Services Private Limited</li> <li>Aditya Birla Renewables Limited</li> <li>T.V. Today Network Limited</li> <li>Living Media India Limited</li> <li>Century Enka Limited</li> </ol>																								
Membership/ Chairmanships of Committees of other Public Companies (includes only Audit Committee and Stakeholders Relationship Committee)	<table border="1"> <thead> <tr> <th>Name of Company</th> <th>Name of Committee and Position</th> </tr> </thead> <tbody> <tr> <td>Aditya Birla Housing Finance Limited</td> <td>Audit Committee (Member)</td> </tr> <tr> <td>Aditya Birla PE Advisors Private Limited</td> <td>Audit Committee (Member)</td> </tr> <tr> <td>Aditya Birla Sun Life AMC Limited</td> <td>Audit Committee (Member)</td> </tr> <tr> <td>Aditya Birla Finance Limited</td> <td>Audit Committee (Member)</td> </tr> <tr> <td>Aditya Birla ARC Limited</td> <td>Audit Committee (Member)</td> </tr> <tr> <td>Aditya Birla Sun Life Insurance Company Limited</td> <td>Audit Committee (Member)</td> </tr> </tbody> </table>	Name of Company	Name of Committee and Position	Aditya Birla Housing Finance Limited	Audit Committee (Member)	Aditya Birla PE Advisors Private Limited	Audit Committee (Member)	Aditya Birla Sun Life AMC Limited	Audit Committee (Member)	Aditya Birla Finance Limited	Audit Committee (Member)	Aditya Birla ARC Limited	Audit Committee (Member)	Aditya Birla Sun Life Insurance Company Limited	Audit Committee (Member)	<table border="1"> <thead> <tr> <th>Name of Company</th> <th>Name of Committee and Position</th> </tr> </thead> <tbody> <tr> <td>Living Media India Limited</td> <td>Audit Committee (Member)</td> </tr> <tr> <td>Aditya Birla Idea Payments Bank Limited</td> <td>Audit Committee (Member)</td> </tr> <tr> <td>Mail Today Newspapers Private Limited</td> <td>Stakeholder's Relationship &amp; Customer Service Committee (Member)</td> </tr> <tr> <td></td> <td>Audit Committee (Member)</td> </tr> </tbody> </table>	Name of Company	Name of Committee and Position	Living Media India Limited	Audit Committee (Member)	Aditya Birla Idea Payments Bank Limited	Audit Committee (Member)	Mail Today Newspapers Private Limited	Stakeholder's Relationship & Customer Service Committee (Member)		Audit Committee (Member)
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**REVIEW OF POLICY(IES)/ CODE(S)/ STANDARD OPERATING PROCEDURE (SOP)**

During the financial year under review, the following policy(ies)/ code(s)/ SOP were/ was reviewed by the Board of Directors and that there were no material changes made.

Sr. No.	Name of Policy(ies)/ Code
1.	Allocation & Apportionment of Expense of Management Policy
2.	Anti-Fraud Policy
3.	Anti-Money Laundering Policy
4.	Appointment of Agent Policy
5.	Asset Liability Management Policy
6.	Business Continuity Management System Policy
7.	Code of Conduct – Investment Operations
8.	Credit Policy
9.	Employees' Code of Conduct
10.	Executive Remuneration Philosophy/Policy
11.	Grievance Redressal Policy
12.	Health Insurance Underwriting Policy
13.	Information and Cyber Security Policy
14.	Insurance Awareness Policy
15.	Investment Policy
16.	Loans or Temporary Advances to Employees Policy
17.	Maintenance of Insurance Records Policy
18.	Outsourcing Policy
19.	Payment of Commission or Remuneration or Reward to Insurance Agents and Intermediaries Policy
20.	Policy for Utilisation of Insurance Marketing Firms (IMF) by the Company for Penetration of Insurance
21.	Prevention of Sexual Harassment Policy
22.	Reinsurance Policy including Inward Reinsurance Policy
23.	Related Party Transactions Policy
24.	Reserving Policy



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**Sr. No. Name of Policy(ies)/ Code**

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25. Retention Policy

26. Risk Management Policy

27. Standard Operating Procedure - Investment Operation

28. Stewardship Policy

29. Voting Policy

30. Whistle Blower Policy

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**REPORTING UNDER IRDAI CORPORATE GOVERNANCE GUIDELINES**

A detailed report on status of compliance with the Corporate Governance Guidelines is filed on an annual basis with the IRDAI.

**“Certification for compliance of the Corporate Governance Guidelines”**

I, Mahesh Kumar Radhakrishnan, Head - Legal, Risk, Compliance & Company Secretary, hereby certify that to the best of my knowledge and information available with me, 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 Aditya Birla Health Insurance Co. Limited

**Mahesh Kumar Radhakrishnan**

Company Secretary

**Place:** Mumbai

**Date:** 28<sup>th</sup> April 2021

**ANNEXURE II (Contd.)****DISCLOSURE REQUIREMENTS AS PER GUIDELINES ON CORPORATE GOVERNANCE ISSUED BY THE IRDAI FOR INSURANCE SECTOR**

The Corporate Governance Guidelines issued by the IRDAI has prescribed certain mandatory disclosures as follows:

**DISCLOSURES REGARDING THE BOARD GOVERNANCE STRUCTURE****THESE INCLUDE:**

- Number of Board and its Committees' meetings held during the financial year.
- Details of composition of the Board and the Committees mandated including the names of the Directors, their fields of specialisation, status of directorship held, etc.
- Number of meetings held by the Directors and the members of the Committee.
- Details of remuneration paid, if any to the Independent Directors.

The above data has been furnished as a part of the Directors Report and Corporate Governance Report forming part of the Annual Report.

**BASIS, METHODS AND ASSUMPTIONS ON WHICH THE FINANCIAL INFORMATION IS PREPARED AND IMPACT OF CHANGES, IF ANY**

The basis, methods and assumptions using which the Financial Statements have been prepared have been detailed in financial statements i.e. significant accounting policies and notes forming part of the Financial Statements.

**QUANTITATIVE AND QUALITATIVE INFORMATION ON THE COMPANY'S FINANCIAL AND OPERATING RATIOS NAMELY, INCURRED CLAIM, COMMISSION AND EXPENSES RATIOS**

Information, both quantitative and qualitative, on the insurer's financial and operating ratios has been submitted in the financial section of the Annual Report.

**ACTUAL SOLVENCY MARGIN DETAILS VIS-À-VIS THE REQUIRED MARGIN**

The details of the solvency ratio are as below:

Particulars	FY 2020-21	FY 2019-20
Actual Solvency Ratio	1.82	1.81
Required Solvency Ratio	1.5	1.5

**FINANCIAL PERFORMANCE INCLUDING GROWTH RATE AND CURRENT FINANCIAL POSITION**

A detailed analysis of the financial performance of the Company including current financial position has been furnished in Financial Statements, Board's Report and Management Discussion and Analysis section of the Annual Report.

**DESCRIPTION OF THE RISK MANAGEMENT ARCHITECTURE**

The Risk Management Architecture of the Company has been detailed under the Risk Management section of the Annual Report.



## DETAILS OF NUMBER OF CLAIMS INTIMATED, DISPOSED OF AND PENDING WITH DETAILS OF DURATION

The claims settlement experience for the Company during FY 2020-21 is as follows:

Particulars	No. of Claims (as at 31 <sup>st</sup> March 2021)	No. of Claims (as at 31 <sup>st</sup> March, 2020)
No. of Claims Outstanding at the beginning of the year	5,083	4,082
No. of Claims Intimated/ reported during the year	1,10,302	1,00,970
No. of Claims Settled during the year	97,531	79,083
No. of Claims Repudiated during the year	11,172	20,886
No. of Claims Outstanding at the end of Year	6,682	5,083

Details of duration of outstanding claims	No. of Claims (as at 31 <sup>st</sup> March, 2021)	No. of Claims (as at 31 <sup>st</sup> March, 2020)
Less than 3 months	6,679	4,823
3 months and less than 6 months (Pending due to non-receipt of the required documents from the customer)	1	110*
6 months and less than 1 year	2	150*
1 year and above	-	-
<b>Total</b>	<b>6,682</b>	<b>5,083</b>

\* Cashless document awaited from hospital

## ALL PECUNIARY RELATIONSHIPS OR TRANSACTIONS OF NON-EXECUTIVE DIRECTORS

The Company's Non-Executive Directors and Independent Directors do not have any pecuniary relationships or transactions with the Company, its Directors or its Senior Management except to the extent and manner as disclosed in the Annual Report.

## ELEMENTS OF REMUNERATION PACKAGE (INCLUDING INCENTIVES) OF MD & CEO AND ALL OTHER DIRECTORS AND KEY MANAGEMENT PERSONS

The details of remuneration paid to CEO & WTD and all KMP's (as specified by IRDAI) are as below:

Particulars	(₹) Indian Rupees	
	CEO & WTD	KMP
Basic	97,97,760	3,10,28,413
Bonus	1,76,50,061	2,72,76,011
Retirals*	11,75,736	38,50,085
Allowance	1,11,42,708	3,59,68,569
Perquisites	14,31,924	15,67,229
LTIP	96,00,000	2,38,36,875
Unclaimed LTA	4,08,677	13,98,036
Others	3,99,996	26,35,985
<b>Total (₹)</b>	<b>5,16,06,862</b>	<b>12,75,61,203</b>

\*Note: This excludes provision for Gratuity.

In addition to the above, stock options of Aditya Birla Capital Limited are granted under Aditya Birla Capital Limited Employee Stock Option Scheme, 2017.

No remuneration is paid to the Non-Executive Directors, except the payment of sitting fees to the Independent Directors.

## ALL RELATED PARTY TRANSACTIONS

Details of Related Party Transactions entered into by the Company are included in the 'Details of related parties and transactions with related parties' section of the Notes to the Accounts forming part of the financial statements.

**ANNEXURE II (Contd.)**

**PAYMENTS MADE TO GROUP ENTITIES FROM THE POLICYHOLDERS FUNDS**

Details of the payments made to group entities from the Policyholders funds by the Company are included in the Notes to the Accounts forming part of the Financial Statements.

**ANY OTHER MATTERS WHICH HAVE MATERIAL IMPACT ON THE FINANCIAL POSITION**

There are no matters which have material impact on the financial position except those disclosed in the financial statements.

By order of the Board of Directors  
for **Aditya Birla Health Insurance Co. Limited**

**Mr. Ajay Srinivasan**  
Director  
(DIN 00121181)

**Mr. Mayank Bathwal**  
CEO & WTD  
(DIN 06804440)

Place: Mumbai  
Date: 28<sup>th</sup> April 2021



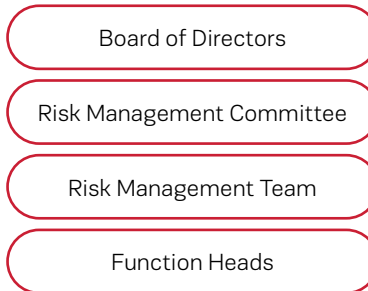


# Risk Management Framework

## ANNEXURE III

### A. RISK MANAGEMENT COMMITTEE

The Company follows three levels of Risk Mitigation Structure:



The risk management structure comprises of the Risk Management Team and Functional Heads governed by Board level Risk Management Committee.

### B. RISK MITIGATION STRATEGIES:

The Company is exposed to several risks in the course of its business. The Key business risks and mitigation strategies are as described below:

Strategic Risk	<p>Risk to future earnings or capital in terms of failure to achieve the Company’s strategic or long term business plans</p> <p><u>Mitigation Strategy:</u> Strategic risks are managed through the Enterprise Risk Management framework using the risk identification and review process. The Risk Management Committee monitors these risks and the action plans for mitigating these risks.</p>
Investment Risk	<p>Risk to Investment Performance can be due to Systematic Risks like Markets, Interest Rates, Liquidity, etc. or Unsystematic Risk like the Company specific or Industry Specific Risks.</p> <p><u>Mitigation Strategy:</u> A governance structure, in form of the Investment Committee, and well defined investment policies &amp; processes are in place to ensure that the risks involved in investments are identified and acceptable levels are defined. All Regulatory and Internal norms are built in the Investment system, which monitors the Investment limits and exposure norms on real-time basis.</p>
Asset Liability Management (ALM) Risk	<p>An asset-liability mismatch occurs when the financial terms of an institution’s assets and liabilities do not correspond. These can lead to non-payment/deferment of claims, expenses, etc.</p> <p><u>Mitigation Strategy:</u> A governance structure, in form of the Investment Committee monitoring Asset-Liability position of the Company is in place. The Asset Liability Management process aims to manage the volume, mix, Claims payments, rate sensitivity, quality and liquidity of assets and liabilities as a whole so as to attain a predetermined acceptable risk/reward ratio.</p>
Operational Risk	<p>The uncertainty arising from more than expected losses or damage to finances or reputation resulting from inadequate or failed internal processes, controls, people, systems or external events.</p> <p><u>Mitigation Strategy:</u> Operational risks are regularly monitored. The Company maintains an operational loss database to track and mitigate risks resulting in financial losses. To control operational risk, operating and reporting processes are reviewed and updated regularly.</p> <p>The Company has a Business Continuity Plan and Information Technology Disaster Recovery Plan in place to manage any business / technology interruption risk. It also has Business Continuity Policy to have a planned response in the event of any contingency ensuring recovery of critical activities at agreed levels within agreed timeframe thereby complying with various regulatory requirements and minimising the potential business impact to the Company.</p> <p>Fraud management is handled through an internal committee and is governed by the Anti-Fraud Policy.</p>

### ANNEXURE III (Contd.)

Insurance Risk	<p>The uncertainty of product performance due to differences between the actual experience and expected assumptions affecting amount of claims, benefits payments, expenses etc.</p> <p><b>Mitigation Strategy:</b> The Company through its risk management policies has set up systems to continuously monitor its experience with regard to other parameters that affect the value of benefits offered in the products. Such parameters include policy lapses, persistency, Claims experience, maintenance expenses and investment returns. A strong underwriting team is in place to review all proposals from clients, supported by comprehensive processes and procedures.</p> <p>Further, the possible financial effect of adverse morbidity and mortality experience is mitigated with appropriate reinsurance strategy by placing the risk with Reinsurers having standing and ratings as per Regulations. All reinsurers are specialist reinsurance companies with excellent reputation and significant financial strength. The Company also has a separate agreement to cover the catastrophic risks under individual and group businesses.</p>
Information Security and Cyber Security Risk	<p>The risk arising from IT systems (data leakage, application vulnerabilities, lack of segregation of duties and access control), human error, etc. which can cause damage to finances or reputation.</p> <p><b>Mitigation Strategy:</b> Information Security risks are governed through Information Security Management System aligned and certified against ISO 27001:2013 which is a global benchmark. The Company has a comprehensive Information Security and Cyber security policy designed to comply with ISO 27001:2013, IRDAI Cyber guidelines 2017, privacy and/or data protection legislations as specified in Indian Information Technology Act, 2008 and Notification dated 11<sup>th</sup> April 2011 on protection of sensitive personal information and it provides direction to Information Security staff, Management and Employees regarding their roles and responsibilities towards Information Security.</p>

### C. RISK POLICIES:

The following risk policies govern and implement effective risk management practices:

Underwriting Policy, Reinsurance Policy, Investment Policy, Investment Code of Conduct, Information and Cyber Security Policy, Business Continuity Policy, Maintenance of Insurance Records Policy, Anti-Fraud Policy, Outsourcing policy and Anti Money Laundering policy.

By order of the Board of Directors  
for **Aditya Birla Health Insurance Co. Limited**

<p><b>Mr. Ajay Srinivasan</b> Director (DIN 00121181)</p>	<p><b>Mr. Mayank Bathwal</b> CEO &amp; WTD (DIN 06804440)</p>
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Place: Mumbai  
Date: 28<sup>th</sup> April 2021



# Executive Remuneration Philosophy/Policy

## ANNEXURE IV

Aditya Birla Health Insurance Co. Limited, (“the Company”), an Aditya Birla Group Company adopts/shall adopt this Executive Remuneration Philosophy/Policy as applicable across Group Companies. This philosophy/ policy is detailed below.

### ADITYA BIRLA GROUP: EXECUTIVE REMUNERATION PHILOSOPHY/POLICY

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Remuneration Philosophy/ Policy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, promotion and advancement opportunities – with the long-term success of our stakeholders.

#### Our business and organisational model

Our Group is a conglomerate and organised in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

#### I. Objectives of the Executive Remuneration Program

Our executive remuneration program is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders.

Our executive remuneration program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis
2. Emphasise “Pay for Performance” by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

#### II. Covered Executives

Our Executive Remuneration Philosophy/Policy applies to the following:

1. Directors of the Company:
2. Key Managerial Personnel: Chief Executive Officer and equivalent (eg: Deputy Managing Director), Chief Financial Officer and Company Secretary.
3. Senior Management (as defined in the Companies Act, 2013):

#### Policy for appointment and remuneration

##### Appointment Criteria and Qualifications

The Nomination and Remuneration Committee (the “Committee”) shall appoint Directors and individuals in Senior Management according to the process, which enable the identification of

individual who are qualified to become Directors and who may be appointed in senior management.

The Committee while making appointments to the Board assess the approximate mix of diversity, skills, experience and expertise. The Committee shall consider the benefits of diversity in identifying and recommending persons to Board membership and shall ensure no member is discriminated on the grounds of religion, race, Origin, sexual orientation or any other physical or personal attribute.

### REMUNERATION GUIDELINES FOR MANAGING DIRECTOR/ WHOLE-TIME DIRECTOR / CHIEF EXECUTIVE OFFICER ARE AS GIVEN IN DETAIL IN APPENDIX-A.

#### III. Business and Talent Competitors

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition, we look at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable and support the Group’s global mobility objectives for executive talent. Secondary reference points bring to the table, the executive pay practices and pay levels in other markets and industries, to appreciate the differences in levels and medium of pay and build in as appropriate for decision making.

#### IV. Executive Pay Positioning

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognise the size and scope of the role and the market standing, skills and experience of incumbents while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

#### V. Executive Pay-Mix

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits

##### Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement

**ANNEXURE IV (Contd.)**

and their individual performance. We annually align the financial and operational metrics with priorities/ focus areas for the business.

**Long-Term Incentive:**

Our Long-term incentive plans incentivise stretch performance, link executive remuneration to sustained long term growth and act as a retention and reward tool.

We use stock options as the primary long-term incentive vehicles for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units as a secondary long-term incentive vehicle, to motivate and retain our executives.

**VI. Performance Goal Setting**

We aim to ensure that for both annual incentive plans and long-term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

**VII. Executive Benefits and Perquisites**

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for perquisites and benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group.

**Other Remuneration Elements**

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the Group Companies.

We limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and generally do not provide for any tax gross-ups for our executives.

**Risk and Compliance**

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs for factors such as, remuneration

mix overly weighted towards annual incentives, uncapped pay-outs, unreasonable goals or thresholds, steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds.

**Claw back Clause:**

In an incident of restatement of financial statements, due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, we shall recover from our executives, the remuneration received in excess, of what would be payable to him/ her as per restatement of financial statements, pertaining to the relevant performance year.

**Implementation**

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy/Policy. These services will be established through "arm's length", agreements entered into as needs arise in the normal course of business.

**Appendix A: Managing Director / Whole Time Director / Chief Executive Officer Remuneration Guidelines**

1. **Objective**  
To ensure effective governance of compensation and alignment of compensation with performance & prudent risk mitigation.
2. **Coverage**  
Applicable for Managing Director / Chief Executive Officer / Whole Time Director
3. **Remuneration Guidelines**
  - 3.1 Remuneration shall be reasonable, taking into account relevant factors including the industry practice, competency, competition and grade. It will be a mix of Fixed Salary, Valued and Non Valued Perquisites / Benefits, Retirals, Annual Bonus, Long Term Deferred Cash Plans and ESOP's with risk alignment.
  - 3.2 Remuneration shall be adjusted for all types of risk such as credit, market and liquidity risks, Further, Remuneration payouts are sensitive to the time horizon of the risk and Remuneration outcomes shall be symmetric with risk outcomes.
  - 3.3 The Annual Bonus and Long Term Deferred cash plans would be linked to comprehensive business performance, both quantitative and qualitative, over a short term and long terms period. Benefits are defined as Total Cost to Company i.e. Salary, Retirals and other Benefits and will include imputed value of benefits like Housing and Car. The vesting condition of long term deferred bonus will be subject to business performance and have an element of claw back in case of unfavorable business performance.



Changes in CEO Remuneration will be subject to Board and Regulatory approval. CEO Remuneration will be linked with the business and individual performance and ranges of the payout would follow planned scheme or formulae as below:

Annual Fixed Cost (a) :	Fixed payout including retiral's as approved by Board & Regulator
Benefits (b) :	As per compensation plans designed for CEO and approved by Board & Regulator
Annual Performance Bonus (c) :	CEO would be eligible for Annual Performance Bonus, with payout linked with Business and individual performance. This is Targeted Annual Performance Pay/ Bonus. The annual performance pay/ bonus shall be upto 60% of the annual fixed cost/ payout. Depending on superior business and individual performance, the payout of Annual performance bonus can be more, which would be capped at 165% of the Targeted Annual Pay/ Bonus amount. (i.e. the cap would be 99% of Annual Fixed Cost)
Long Term Incentive Plans (d) :	CEO would be eligible for LTIP schemes as launched by the company with approval from the Board & Regulator. Such schemes as may be applicable from time to time, will clearly specify the ceiling or maximum possible payout in the scheme document during presentation to board or regulator for approval.
ESOPs (e) :	Allotment and vesting as per scheme approved by the Board & Regulator
Total Annual Compensation (f) :	Summary of (a + b + c + d + e).

- 3.4 The MD/CEO/WTD remuneration is designed/modified basis the achievement of the goal sheet parameters. The goal sheet parameters will have both qualitative and quantitative elements of risk adjustments. The goal sheet achievement against each parameter shall be reviewed by the highest authority on a yearly basis.
- 3.5 As per the business strategy and industry practice, when a component of variable portion of pay (constituting annual variable pay/ bonus and the deferred pay/ bonus approved in a particular year) exceeds 60% of the total pay (Total Cost to Company) then in that event such variable portion will be considered to be "Substantial". Where component of variable portion is Substantial, an appropriate part of the Variable portion of pay will be deferred over a minimum period of 3 years, in line with the requirements of Regulations, from the date of payout of the initial tranche.
- 3.6 Remuneration practice would be governed by IRDA and related guidelines as applicable from time to time

By order of the Board of Directors  
for **Aditya Birla Health Insurance Co. Limited**

**Mr. Ajay Srinivasan**  
Director  
(DIN 00121181)

**Mr. Mayank Bathwal**  
CEO & WTD  
(DIN 06804440)

Place: Mumbai  
Date: 28<sup>th</sup> April 2021

## ANNEXURE V (Contd.)

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT for the financial year ended 31<sup>st</sup> March 2021

[Pursuant to provision of section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members

#### **ADITYA BIRLA HEALTH INSURANCE CO. LIMITED**

9<sup>th</sup> Floor, One World Centre, Tower-1,  
Jupiter Mill Compound, S. B. Marg,  
Elphinstone Road, Mumbai -400013

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Aditya Birla Health Insurance Co. Limited, having CIN U66000MH2015PLC263677** (hereinafter called 'the Company') for the audit period covering the financial year ended on 31<sup>st</sup> March 2021 ("the year"/"audit period"/" period under review").

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

#### **1. Compliance with specific statutory provisions**

##### **We further report that:**

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2021 according to the provisions of:

- i. The Companies Act, 2013 ('the Act') and the Rules made thereunder,
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made thereunder,
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder, and

- iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment.

We have also examined, on a test check basis, records maintained by the Company, being registered with the Insurance Regulatory and Development Authority of India and rules and provisions thereunder which is applicable specifically to the Company.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India, related to meetings and minutes, which has been complied by the Company.

During the audit period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

During the audit period under review, provisions of the following regulations were not applicable to the Company:

- i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011,
- ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009,
- iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015,
- iv. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015,
- v. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014,
- vi. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008,
- vii. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993,
- viii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009,
- ix. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018, and



- x. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Overseas Direct Investment and External Commercial Borrowings.

## 2. Board Processes:

### We further report that:

#### 2.1 The Board of Directors of the Company as on 31<sup>st</sup> March 2021 comprised of:

- i. One Executive Director;
- ii. Seven Non-Executive Directors; and
- iii. Five Non- Executive Independent Directors, including a Woman Independent Director.

#### 2.2 The processes relating to the following changes in the composition of the Board of Directors during the year were carried out in compliance with the provisions of the Act:

- i. Re- appointment of Mr. Risto Sakari Ketola (DIN: 07980685), as a Director, retires by rotation and being eligible offers himself for re-appointment
- ii. Re- appointment of Mr. Sushil Agarwal (DIN: 00060017), as a Director, who retires by rotation and being eligible offers himself for re-appointment
- iii. Appointment of Dr. Johannes Hendrik Viljoen (DIN: 08588761), as a Non-Executive Director on the Board of the Company.
- iv. Approve the re-appointment of Mr. Mayank Bathwal, (DIN: 06804440) as Chief Executive Officer and Whole Time Director of the Company in EOGM dated 22<sup>nd</sup> October, 2020
- v. Re-appointment of Mr. S Ravi, (DIN: 00009790) as Independent Director of the Company in EOGM dated 22<sup>nd</sup> January, 2021
- vi. Re-appointment of Ms. Sukanya Kripalu, (DIN: 06994202) as Independent Director of the Company in EOGM dated 22<sup>nd</sup> January, 2021

#### 2.3 Adequate notice is given to all Directors to schedule the Board Meetings in compliance with the provisions of Section 173(3) of the Companies Act, 2013. Agenda and detailed notes on agenda were sent at least seven days in advance, and where the same were given at notice shorter than seven days, prior consents thereof were obtained, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

#### 2.4 Decisions at Board and / or Committee meetings were generally carried through on the basis of majority of the Directors/ members present. There were no dissenting views by any member of the Board of Directors during the audit Period.

## 3. Compliance Mechanism

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

## 4. Specific Events/Actions

**We further report that** during the audit period there is no specific major event that has occurred during the year which has major bearing on the Company's affairs except:

- (i) Increase in the Authorised Share Capital of the Company from existing ₹315,00,00,000 (Rupees Three Hundred Fifteen Crore Only) divided into 31,50,00,000 (Thirty One Crore Fifty Lakhs) Equity Shares of ₹10/- each to ₹390,00,00,000 (Rupees Three Hundred Ninety Crore Only) divided into 39,00,00,000 (Thirty-Nine Crore) Equity Shares of ₹10/- each by creation of additional 7,50,00,000 (Seven Crore Fifty Lakh) Equity Shares of ₹10/- each ranking pari-passu in all respect with the existing Equity Shares of the Company".
- (ii) Alteration in the Capital Clause of Memorandum of Association of the Company due to increase in authorised capital
- (iii) ALLOTMENT OF 615,38,462 EQUITY SHARES OF THE COMPANY OF RS 10/- AT A PREMIUM OF RS. 42/- EACH, by way of Rights issue of shares to the existing shareholders of the Company.

**CS Kavita Shah**

Associate Partner

ACS No. 50804

COP No. 20796

UDIN: A050804C000196136

For **BNP & Associates**

Company Secretaries

Place: Mumbai

[Firm Regn. No. P2014MH037400]

Date : 28<sup>th</sup> April 2021

PR No. 637/2019

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

## ANNEXURE A

To,  
The Members,

### **Aditya Birla Health Insurance Co. Limited**

Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Aditya Birla Health Insurance Co. Limited** (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.
2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.
3. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial and other legal records, legal compliance mechanism and corporate conduct. The verification was done on test check basis to ensure that correct facts as reflected in secretarial and other records were produced to us. We believe that the processes and practices we followed, provides a reasonable basis for our opinion for the purpose of issue of the Secretarial Audit Report.

4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**CS Kavita Shah**

Associate Partner

ACS No. 50804

COP No. 20796

UDIN: A050804C000196136

For **BNP & Associates**

Company Secretaries

Place: Mumbai

Date : 28<sup>th</sup> April 2021

[Firm Regn. No. P2014MH037400]

PR No. 637/2019





# Independent Auditor's Report

**To The Members of  
Aditya Birla Health Insurance Co. Limited**

## Report on the Audit of the Financial Statements

### Opinion

1. We have audited the Financial Statements of Aditya Birla Health Insurance Co. Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March 2021, the related Revenue Account (also called the "Policyholders' Account" or the "Technical Account"), the Profit and Loss Account (also called the "Shareholders' Account" or "Non-Technical Account") and the Receipts and Payments Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required in accordance with the Insurance Act, 1938 as amended ('the Insurance Act'), the Insurance Regulatory and Development Authority Act, 1999 (IRDAI Act), the IRDAI Financial Statements Regulations and the orders/directions issued by the IRDAI ('the Regulations') and the Companies Act, 2013 ('the Act') to the extent applicable, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, as applicable to the Insurance Companies.

### Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India

('ICAI'). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Emphasis of Matter

3. Attention is drawn to Note no. 34 of the Financial Statements, which describes the effects of COVID-19 pandemic and the assessment by the Company's management about impact thereof on the Company's operations as also on financial reporting matters. Our opinion is not modified in respect of this matter.

### Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the year. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon we do not provide a separate opinion on these matters.

## Independent Auditor's Report

Particulars of Key Audit Matters	Audit processes in the matter
<p><b>Multiple IT systems:</b></p> <p>The Company operates and is dependent on technology considering significant number of transactions that are processed daily across multiple and discrete Information Technology ('IT') systems, some of which are integrated. The audit approach relies extensively on several reports generated by interface of these IT systems and in-built automated controls therein.</p> <p>The major IT systems concerning the financial reporting process include:</p> <ul style="list-style-type: none"> <li>• <b>Core Policy administration system</b></li> <li>• <b>Distribution Management system</b></li> <li>• <b>SAP Investment Module</b></li> <li>• <b>SAP Core Accounting system</b></li> <li>• <b>Interface/interplay of one or more of above systems in building up or generating required reports</b></li> </ul> <p>IT general and application controls are critical to ensure that changes to applications and underlying data are made in an appropriate manner. Adequate controls contribute to mitigating the risk of potential fraud or errors as a result of changes to the applications and data.</p> <p>Management of the Company continuously works on the process of implementing several remediation activities, including 'Mission Transformation'(which aims at integrating all the possible business functions for seamless transition/ recording of data, less manual intervention and automation based reporting framework) that are expected to contribute to reducing the risk over IT applications in the financial reporting process, which includes implementation of preventive and detective controls across critical applications and infrastructure, as also integration of the systems to the best possible extent.</p> <p>Due to the pervasive nature, in our preliminary risk assessment, we planned our audit by assessing the risk of a material misstatement arising from the technology as significant for the audit, hence identified IT systems as Key Audit Matters.</p>	<p>We performed a range of audit procedures, which included:</p> <ul style="list-style-type: none"> <li>• Review of the report of IS testing pertaining to IT systems general controls including access rights over applications, operating systems and databases relied upon for financial reporting.</li> <li>• Obtaining suitable representations from the management about satisfactory operations of controls built in the systems.</li> <li>• In the course of our audit, testing of the key IT general controls by our IT personnel and seeking management's views on identified issues.</li> </ul> <p>Our audit tests were designed to cover the following:</p> <ul style="list-style-type: none"> <li>• understanding the Company's IT control environment and key changes in the course of our audit that were considered relevant to the financial reporting &amp; audit;</li> <li>• reviewed the workflow of core transactions as captured by the IT systems;</li> <li>• selectively tested key automated and manual business cycle controls including logic for system generated reports relevant to the financial reporting;</li> <li>• selectively recomputing workings of several data processing results critical to be used in the financial reporting;</li> <li>• Selectively re-evaluating masters updating, interface with resultant reports;</li> <li>• Selective testing of the interface of policy admin system with other allied IT systems.</li> </ul>

### Information other than the Financial Statements and Auditor's Report Thereon

5. The Company's Board of Directors is responsible for the preparation of the other information, comprising of the information included in the Board's Report including Annexures to Board's Report and such other disclosures related Information, excluding the financial statements and auditor's report thereon ('Other Information').

In connection with our audit of the Financial Statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. The draft of other information is made available for our review. Based on our review of the certified draft of such other information, we state that there is no reportable observation under

SA 720 "The Auditor's responsibilities relating to other Information".

### Responsibility of Management for Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the Balance Sheet, the related Revenue Account, the Profit and Loss Account and Receipts and Payments Account of the Company in accordance with the accounting principles generally accepted in India, including the provisions of the Insurance Act, the IRDAI Act, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDAI Financial Statements Regulations"), orders/directions issued by the IRDAI in this regard, the Accounting Standards specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014, and Companies (Accounting Standards) Amendment Rules, 2016, to the extent applicable.



This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; 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. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### Auditor's Responsibilities for the Audit of the Financial Statements

7. Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Our audit process in accordance with the SAs is narrated in "Annexure 1" to this report.

### Other Matters

8. The actuarial valuation of liabilities in respect of Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) included under claims outstanding and Premium Deficiency Reserve (PDR) as at 31<sup>st</sup> March 2021 have been duly certified by the Appointed Actuary of the Company. The Appointed Actuary has also certified that the assumptions considered for such valuation are in accordance with the guidelines and norms prescribed by the IRDAI and the Institute of Actuaries of India. We have relied upon such certifications of the said Appointed Actuary.

9. Owing to restrictions in movements and partial lockdown imposed by the Governments, the entire audit finalisation process were carried from remote locations i.e. other than the offices of the Company, where books of account and other data is kept; the audit was carried based on financial and other information remitted by the management of the Company over digital medium. Our report is not modified in respect of this matter.

### Report on Other Legal and Regulatory Requirements

10. As required by the IRDAI Financial Statements Regulations, we have issued a separate certificate dated 28<sup>th</sup> April 2021 certifying the matters specified in paragraphs 3 and 4 of Schedule C to the IRDAI Financial Statements Regulations.
11. As required by the IRDAI Financial Statements Regulations, read with Section 143(3) of the Act, we further report that:
  - a. We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. As the Company's financial accounting system is centralised, no returns for the purposes of our audit are prepared at the branches of the Company.
  - d. The Balance Sheet, the Revenue Account, the Statement of Profit and Loss, and the Receipts and Payments Account dealt with by this Report are in agreement with the books of account.
  - e. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016, to the extent they are not inconsistent with the accounting principles prescribed in the Regulations and orders/directions issued by IRDAI 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 IRDAI Financial Statements Regulations and/or orders/directions issued by the IRDAI in this regard.
  - g. On the basis of the written representations received from the Directors as on 31<sup>st</sup> March 2021, taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March 2021 from being appointed as a director in terms of section 164 (2) of the Act.

## Independent Auditor's Report

- h. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to financial statements.
- i. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act read with section 34A of the Insurance Act and Regulations of IRDAI pertaining thereto.
- 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:
- (i) The Company does not have pending litigations which would materially impact its financial position. Refer Note III.1 of the Financial Statements.
  - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Khimji Kunverji & Co. LLP**

Chartered Accountants  
FRN: 105146W/ W100621

**Hasmukh B. Dedhia**

Partner  
(Membership No: 033494)  
ICAI UDIN: 21033494AAAAFC6437

Date: 28<sup>th</sup> April 2021

Place: Mumbai

For **G B C A & Associates LLP**

Chartered Accountants  
FRN: 103142W / W100292

**Sanjeev D. Lalan**

Partner  
(Membership No: 045329)  
ICAI UDIN: 21045329AAAAAT3661

Date: 28<sup>th</sup> April 2021

Place: Mumbai



## Annexure 1 to the Independent Auditors' Report to the Members of Aditya Birla Health Insurance Co. Limited

(referred to in paragraph 7 titled "Auditor's Responsibilities for the Audit of the Financial Statements")

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Take into consideration the applicable reporting framework, relevant provisions of the Act and the Rules made there under.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- In cases where valuation of assets and liabilities are carried out by any expert like valuer or actuary, verifying whether data given to such expert is complete.
- Recalculating the income accrual, verifying the investments and recomputing the valuation thereof.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For **Khimji Kunverji & Co. LLP**

Chartered Accountants  
FRN: 105146W/ W100621

**Hasmukh B. Dedhia**

Partner  
(Membership No: 033494)  
ICAI UDIN: 21033494AAAAFC6437

Date: 28<sup>th</sup> April 2021  
Place: Mumbai

For **G B C A & Associates LLP**

Chartered Accountants  
FRN: 103142W / W100292

**Sanjeev D. Lalan**

Partner  
(Membership No: 045329)  
ICAI UDIN: 21045329AAAAAT3661

Date: 28<sup>th</sup> April 2021  
Place: Mumbai

## Annexure 2 to the Independent Auditors' Report to the Members of Aditya Birla Health Insurance Co. Limited

[Referred to in paragraph 11(h) titled "Report on other legal and regulatory requirements"]

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")**

We have audited the internal financial controls with reference to financial statements of Aditya Birla Health Insurance Co. Limited ("the Company") as at 31<sup>st</sup> March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

The actuarial valuation of liabilities in respect of Incurred But Not Reported (IBNR) and Incurred But Not Enough Reported (IBNER) included under claims outstanding and Premium Deficiency Reserve (PDR) creation is required to be certified by the Appointed Actuary as per the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statements Regulations") and has been relied upon by us, as mentioned in "Other Matter" para of our audit report on the financial statements of the Company as at and for the year ended 31<sup>st</sup> March 2021. Accordingly, we have not audited the internal financial controls with reference to financial statements in respect of the valuation and accuracy of the aforesaid actuarial valuation.

### **OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March 2021 based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls With reference to financial statements issued by the ICAI.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the

prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act, the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDA") in this regard.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the "Guidance Note" and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements includes those policies and procedures that (1)



pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

For **Khimji Kunverji & Co. LLP**

Chartered Accountants

FRN: 105146W/ W100621

**Hasmukh B. Dedhia**

Partner

(Membership No: 033494)

ICAI UDIN: 21033494AAAAFC6437

Date: 28<sup>th</sup> April 2021

Place: Mumbai

## **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

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

For **G B C A & Associates LLP**

Chartered Accountants

FRN: 103142W / W100292

**Sanjeev D. Lalan**

Partner

(Membership No: 045329)

ICAI UDIN: 21045329AAAAAT3661

Date: 28<sup>th</sup> April 2021

Place: Mumbai

# Independent Auditors' Certificate

To:  
The Board of Directors  
Aditya Birla Health Insurance Co. Limited  
9<sup>th</sup> Floor, Tower 1, One Indiabulls Centre,  
Jupiter Mills Compound, 841, Senapati Bapat Marg,  
Elphinstone Road, Mumbai – 400013

## **INDEPENDENT AUDITOR'S CERTIFICATE AS REFERRED TO IN PARAGRAPH 10 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' FORMING PART OF THE INDEPENDENT AUDITOR'S REPORT DATED 28<sup>TH</sup> APRIL 2021.**

1. This certificate is issued to **ADITYA BIRLA HEALTH INSURANCE CO. LIMITED** (the "Company") in accordance with the terms of engagement letter dated 6<sup>th</sup> August 2020 between G B C A & Associates LLP, Khimji Kunverji & Co. LLP and the Company.
2. This certificate is issued to comply with the provisions of paragraph 3 and 4 of Schedule C of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, ("the IRDA Financial Statements Regulations") read with Regulation 3 of the IRDA Financial Statements Regulations.

## **MANAGEMENT'S RESPONSIBILITY**

3. The Company's Management is responsible for complying with the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") which includes the preparation of the Management Report. This responsibility includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring the aforesaid and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

## **INDEPENDENT AUDITOR'S RESPONSIBILITY**

4. Our responsibility for the purpose of this certificate, is to provide reasonable assurance on the matters contained in paragraphs 3 and 4 of Schedule C of the IRDA Financial

Statements Regulation read with Regulation 3 of the IRDA Financial Statements Regulations.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI) in so far as applicable for the purpose of this Certificate. This Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, "Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements".

## **OPINION**

7. In accordance with the information, explanations and representations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by the Company for the year ended 31<sup>st</sup> March 2021 (Our verification was carried out, not at the premises of the Company, but from the remote locations owing to restrictions in movements and partial lockdown imposed by the Governments, as a result, the, relevant information/data required for our verification was furnished to us by the Company over digital medium), We certify that:
  - a) We have reviewed the Management Report attached to the financial statements for the year ended 31<sup>st</sup> March 2021, and on the basis of our review, there is no apparent mistake or material inconsistencies with the financial statements;
  - b) Based on the Management representations 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 IRDAI;
  - c) We have verified the cash balances and securities relating to the Company's loans and investments as at 31<sup>st</sup> March 2021, by actual inspection (to the extent possible under the circumstances of restrictions, as referred to above) or on the basis of certificates/ confirmations received from the designated branch/





HO personnel of the Company, Custodian and/ or Depository Participants appointed by the Company, as the case may be. As at 31<sup>st</sup> March 2021, the Company does not have reversions and life interests;

- d) Based on the Management representation, the Company is not a trustee of any trust; and
- e) No part of the assets of the Policyholders' Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, relating to the application and investments of the Policyholders' Funds.

For **Khimji Kunverji & Co. LLP**

Chartered Accountants

FRN: 105146W/ W100621

**Hasmukh B. Dedhia**

Partner

(Membership No: 033494)

ICAI UDIN: 21033494AAAAFC6437

Date: 28<sup>th</sup> April 2021

Place: Mumbai

## RESTRICTION ON USE

- 8. This certificate is issued at the request of the Company solely for use of the Company for inclusion in the annual accounts in order to comply with the provisions of paragraph 3 and 4 of Schedule C of the IRDA Financial Statements Regulations read with Regulation 3 of the IRDA Financial Statements Regulations and is not intended to be and should not be used for any other purpose without our prior consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this Certificate is shown or into whose hands it may come without our prior consent in writing.

For **G B C A & Associates LLP**

Chartered Accountants

FRN: 103142W / W100292

**Sanjeev D. Lalan**

Partner

(Membership No: 045329)

ICAI UDIN: 21045329AAAAAT3661

Date: 28<sup>th</sup> April 2021

Place: Mumbai

**Form B- RA****Aditya Birla Health Insurance Co. Limited**CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016**Revenue Account**For the year ended 31<sup>st</sup> March 2021

(₹ '000)

Particulars	Schedule	Year Ended 31 Mar 21	Year Ended 31 Mar 20
1 Premiums earned (Net)	1	84,72,330	58,54,079
2 Profit/ Loss on sale/ redemption of investments (Net)		1,33,599	23,658
3 Accretion/(Amortisation) of Debt Securities		(29,561)	(8,499)
4 Others		-	-
5 Interest, Dividend & Rent (Gross)		5,16,638	3,32,396
<b>Total (A)</b>		<b>90,93,006</b>	<b>62,01,634</b>
1 Claims Incurred (Net)	2	42,35,677	28,73,257
2 Commission	3	4,94,930	5,15,040
3 Operating Expenses related to Insurance Business	4	64,75,363	52,95,823
4 Premium Deficiency		-	-
<b>Total (B)</b>		<b>1,12,05,970</b>	<b>86,84,120</b>
<b>Operating Loss from miscellaneous business [C= (A - B)]</b>		<b>(21,12,964)</b>	<b>(24,82,486)</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		(21,12,964)	(24,82,486)
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (D)</b>		<b>(21,12,964)</b>	<b>(24,82,486)</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>	16		

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

As per the Company's report of even date attached

For **Khimji Kunverji & Co. LLP** For **G B C A & Associates LLP**  
 Chartered Accountants Chartered Accountants  
 FRN : 105146W/W100621 FRN : 103142W / W100292

**For and on behalf of Board of Directors of  
 Aditya Birla Health Insurance Co. Limited**

**Hasmukh B. Dedhia**  
 Partner  
 (Membership No: 033494)

**Sanjeev D. Lalan**  
 Partner  
 (Membership No: 045329)

**Ajay Srinivasan Asokan Naidu Mayank Bathwal**  
 Director Director CEO and Whole Time Director  
 DIN: 00121181 DIN: 07425396 DIN: 06804440

Date : 28<sup>th</sup> April 2021  
 Place : Mumbai

Date : 28<sup>th</sup> April 2021  
 Place : Mumbai

**Jigar Mehta**  
 Finance Controller

**Maheshkumar Radhakrishnan**  
 Company Secretary  
 (Membership No: 27720)

Date : 28<sup>th</sup> April 2021  
 Place : Mumbai



## Form-B-PL

## Aditya Birla Health Insurance Co. Limited

CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016

## Profit And Loss Account

For the year ended 31<sup>st</sup> March 2021

(₹ '000)

Particulars	Schedule	Year Ended 31 Mar 21	Year Ended 31 Mar 20
<b>1 Operating Loss</b>			
(a) Miscellaneous Insurance		(21,12,964)	(24,82,486)
<b>2 Income From Investments</b>			
(a) Interest, Dividend and Rent (Gross)		2,08,442	1,56,175
(b) Profit on sale of Investments		29,422	23,977
Less: Loss on sale of Investments		-	-
(c) Accretion/(Amortisation) of Debt Securities		(18,027)	(7,595)
<b>3 Other Income</b>			
(a) Gain on Foreign Exchange Fluctuation		-	-
(b) Interest Income		-	-
(c) Liabilities no longer required written back		-	-
<b>Total (A)</b>		<b>(18,93,127)</b>	<b>(23,09,929)</b>
<b>4 Provisions (Other than Taxation)</b>			
(a) For diminution in the value of Investments		35,000	40,000
(b) For doubtful debts		-	-
(c) Others		-	-
<b>5 Other Expenses</b>			
(a) Expenses other than those related to Insurance Business		47,835	61,458
(b) For doubtful debts		-	-
(c) Interest on delayed refund		645	214
(d) Others		-	-
<b>Total (B)</b>		<b>83,480</b>	<b>1,01,672</b>
<b>Loss Before Tax [C = (A-B)]</b>		<b>(19,76,607)</b>	<b>(24,11,601)</b>
Provision for Taxation		-	-
<b>Loss After Tax</b>		<b>(19,76,607)</b>	<b>(24,11,601)</b>
<b>Appropriations</b>			
(a) Interim dividends paid during the period		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		-	-
(d) Transfer to any Reserves or Other Accounts		-	-
<b>Balance of Loss brought forward from last Year</b>		<b>(78,67,562)</b>	<b>(54,55,961)</b>
<b>Balance carried forward to Balance Sheet</b>		<b>(98,44,169)</b>	<b>(78,67,562)</b>
<b>Earnings per Share [Nominal value per share ₹10 ]</b>			
- Basic	21	(5.80)	(9.17)
- Diluted	21	(5.80)	(9.17)
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>	16		

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

As per the Company's report of even date attached

For **Khimji Kunverji & Co. LLP** For **G B C A & Associates LLP**  
Chartered Accountants Chartered Accountants  
FRN : 105146W/W100621 FRN : 103142W / W100292

For and on behalf of Board of Directors of  
**Aditya Birla Health Insurance Co. Limited**

**Hasmukh B. Dedhia**  
Partner  
(Membership No: 033494)

**Sanjeev D. Lalan**  
Partner  
(Membership No: 045329)

**Ajay Srinivasan** **Asokan Naidu** **Mayank Bathwal**  
Director Director CEO and Whole Time Director  
DIN: 00121181 DIN: 07425396 DIN: 06804440

Date : 28<sup>th</sup> April 2021  
Place : Mumbai

Date : 28<sup>th</sup> April 2021  
Place : Mumbai

**Jigar Mehta**  
Finance Controller

**Maheshkumar Radhakrishnan**  
Company Secretary  
(Membership No: 27720)

Date : 28<sup>th</sup> April 2021  
Place : Mumbai

**FORM-B-BS****Aditya Birla Health Insurance Co. Limited**CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016**Balance Sheet**as at 31<sup>st</sup> March 2021

(₹ '000)

Particulars	Schedule	As at 31 Mar 21	As at 31 Mar 20
<b>Sources of funds</b>			
Share capital	5	36,03,943	29,88,558
Reserves and surplus	6	1,02,06,057	76,21,442
Fair value change account - Shareholders		-	-
Fair value change account - Policy holders		3,183	2,180
Borrowings	7	-	-
<b>Total</b>		<b>1,38,13,183</b>	<b>1,06,12,180</b>
<b>Application of funds</b>			
Shareholders' investments	8	29,40,592	23,11,045
Policyholders' investments	8A	95,24,081	60,99,433
Less : Provision made		(85,000)	(50,000)
Net Policyholders' investments		<b>94,39,081</b>	<b>60,49,433</b>
Loans	9	-	-
Fixed assets	10	9,45,171	7,46,391
<b>Current assets:</b>			
Cash and bank balances	11	5,15,157	3,51,657
Advances and other assets	12	11,19,856	9,46,371
<b>Sub-total (A)</b>		<b>16,35,013</b>	<b>12,98,028</b>
Current liabilities	13	56,73,868	38,58,322
Provisions	14	53,16,975	38,01,957
<b>Sub-total (B)</b>		<b>1,09,90,843</b>	<b>76,60,279</b>
<b>Net current assets (C) = (A - B)</b>		<b>(93,55,830)</b>	<b>(63,62,251)</b>
Miscellaneous expenditure (To the extent not written off or adjusted)	15	-	-
Debit balance in profit and loss account		98,44,169	78,67,562
<b>Total</b>		<b>1,38,13,183</b>	<b>1,06,12,180</b>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS</b>	16		

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

As per the Company's report of even date attached

For **Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN : 105146W/W100621

For **G B C A & Associates LLP**  
Chartered Accountants  
FRN : 103142W / W100292

**For and on behalf of Board of Directors of  
Aditya Birla Health Insurance Co. Limited**

**Hasmukh B. Dedhia**  
Partner  
(Membership No: 033494 )

**Sanjeev D. Lalan**  
Partner  
(Membership No: 045329)

**Ajay Srinivasan**   **Asokan Naidu**   **Mayank Bathwal**  
Director   Director   CEO and Whole Time Director  
DIN: 00121181   DIN: 07425396   DIN: 06804440

Date : 28<sup>th</sup> April 2021  
Place : Mumbai

Date : 28<sup>th</sup> April 2021  
Place : Mumbai

**Jigar Mehta**  
Finance Controller

Date : 28<sup>th</sup> April 2021  
Place : Mumbai

**Maheshkumar Radhakrishnan**  
Company Secretary  
(Membership No: 27720)



## Aditya Birla Health Insurance Co. Limited

CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016

## Receipt and Payment Account

For The Year Ended 31<sup>st</sup> March 2021

(₹ '000)

Particulars	As at 31 Mar 21	As at 31 Mar 20
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premium received from policy holder, including advance receipts, other receipts	1,30,91,800	91,20,249
Payments to the re-insurer, net of commission and Claims	(4,87,905)	(2,21,753)
Payments of claims	(42,73,266)	(29,80,281)
Payments of commission and brokerage	(15,84,810)	(9,98,337)
Payments of other operating expenses	(64,50,911)	(49,51,719)
Deposit, advances and staff loans	16,875	(1,27,113)
Service Tax / Goods and service tax paid	28,801	(19,897)
Other payments	9,837	10,640
<b>Cash inflows / (outflows) before extraordinary items</b>	<b>3,50,421</b>	<b>(1,68,209)</b>
Cash flows from extraordinary operations	-	-
<b>Net cash inflows / (outflows) from operating activities (A)</b>	<b>3,50,421</b>	<b>(1,68,209)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including intangible asset under development and capital advances)	(4,47,565)	(3,28,223)
Sale / Disposal of fixed assets	2,48,779	1,99,264
Purchase of investments	(1,44,08,572)	(55,97,579)
Sale of investments	1,04,08,817	20,22,027
Rent / Interest / Dividends received	8,11,620	4,40,937
<b>Net cash flows from investing activities (B)</b>	<b>(33,86,921)</b>	<b>(32,63,574)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from share capital (including share premium)	32,00,000	35,60,000
<b>Net cash flows from financing activities (C)</b>	<b>32,00,000</b>	<b>35,60,000</b>
Effect of foreign exchange rates on cash and cash equivalents, net	-	-
<b>Net changes in cash and cash equivalents (A+B+C)</b>	<b>1,63,500</b>	<b>1,28,217</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,51,657</b>	<b>2,23,440</b>
<b>Cash and cash equivalents at the end of the year (Refer Schedule 11)</b>	<b>5,15,157</b>	<b>3,51,657</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,63,500</b>	<b>1,28,217</b>
<b>Cash and cash equivalents comprise (Refer Schedule 11)</b>		
Balances with banks		
On current accounts	5,09,148	3,45,826
On Deposits	4,395	4,142
Cash on hand	1,614	1,689
<b>Total cash and bank balances at end of the Year</b>	<b>5,15,157</b>	<b>3,51,657</b>

**Note :**

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

For **Khimji Kunverji & Co. LLP**  
Chartered Accountants  
FRN : 105146W/W100621

For **G B C A & Associates LLP**  
Chartered Accountants  
FRN : 103142W / W100292

For and on behalf of Board of Directors of  
**Aditya Birla Health Insurance Co. Limited**

**Hasmukh B. Dedhia**  
Partner  
(Membership No: 033494 )

**Sanjeev D. Lalan**  
Partner  
(Membership No: 045329)

**Ajay Srinivasan**   **Asokan Naidu**   **Mayank Bathwal**  
Director                      Director                      CEO and Whole Time Director  
DIN: 00121181              DIN: 07425396              DIN: 06804440

Date : 28<sup>th</sup> April 2021  
Place : Mumbai

Date : 28<sup>th</sup> April 2021  
Place : Mumbai

**Jigar Mehta**  
Finance Controller

**Maheshkumar Radhakrishnan**  
Company Secretary  
(Membership No: 27720)

Date : 28<sup>th</sup> April 2021  
Place : Mumbai

Aditya Birla Health Insurance Co. Limited

CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016

# Schedules

Forming part of Financial Statements

## SCHEDULE – 1 PREMIUM EARNED [NET]

(₹ '000)

Particulars	For the year ended 31 Mar 21			For the year ended 31 Mar 20		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Premium from direct business written*	1,16,58,420	13,47,956	1,30,06,376	75,53,812	11,66,562	87,20,374
Add: Premium on reinsurance accepted	-	-	-	-	-	-
Less: Premium on reinsurance ceded	(29,14,806)	(98,780)	(30,13,586)	(16,91,052)	(83,373)	(17,74,425)
<b>Net Premium</b>	<b>87,43,614</b>	<b>12,49,176</b>	<b>99,92,790</b>	<b>58,62,760</b>	<b>10,83,189</b>	<b>69,45,949</b>
Less: Adjustment for change in reserve for unexpired risks**	(14,34,622)	(85,838)	(15,20,460)	(8,94,209)	(1,97,661)	(10,91,870)
<b>Total Premium Earned (Net)</b>	<b>73,08,992</b>	<b>11,63,338</b>	<b>84,72,330</b>	<b>49,68,551</b>	<b>8,85,528</b>	<b>58,54,079</b>

\* Net of Goods and Service Tax

\*\* Includes Freelook Reserves

## SCHEDULE – 2 CLAIMS INCURRED [NET]

(₹ '000)

Particulars	For the year ended 31 Mar 21			For the year ended 31 Mar 20		
	Health	Personal Accident	Total	Health	Personal Accident	Total
<b>Claims paid</b>						
Direct	41,27,849	1,45,375	42,73,224	28,63,394	1,16,817	29,80,211
Add: Re-insurance accepted	-	-	-	-	-	-
Less: Re-insurance ceded	(8,26,625)	(33,183)	(8,59,808)	(3,89,675)	(7,587)	(3,97,262)
<b>Net Claims paid</b>	<b>33,01,224</b>	<b>1,12,192</b>	<b>34,13,416</b>	<b>24,73,719</b>	<b>1,09,230</b>	<b>25,82,949</b>
Add: Claims outstanding at the end of the year	13,13,575	3,07,951	16,21,526	6,11,574	1,87,691	7,99,265
Less: Claims outstanding at the beginning of the year	(6,11,574)	(1,87,691)	(7,99,265)	(4,10,968)	(97,989)	(5,08,957)
<b>Total Claims Incurred (Net)</b>	<b>40,03,225</b>	<b>2,32,452</b>	<b>42,35,677</b>	<b>26,74,325</b>	<b>1,98,932</b>	<b>28,73,257</b>

## SCHEDULE – 3 COMMISSION

(₹ '000)

Particulars	For the year ended 31 Mar 21			For the year ended 31 Mar 20		
	Health	Personal Accident	Total	Health	Personal Accident	Total
<b>Commission paid</b>						
Direct	14,67,497	1,70,364	16,37,861	9,09,518	1,50,684	10,60,202
Add: Re-insurance accepted	-	-	-	-	-	-
Less: Commission on Re-insurance ceded	(11,33,407)	(9,524)	(11,42,931)	(5,37,426)	(7,736)	(5,45,162)
<b>Net Commission</b>	<b>3,34,090</b>	<b>1,60,840</b>	<b>4,94,930</b>	<b>3,72,092</b>	<b>1,42,948</b>	<b>5,15,040</b>



## Aditya Birla Health Insurance Co. Limited

CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016

(₹ '000)

Particulars	For the year ended 31 Mar 21			For the year ended 31 Mar 20		
	Health	Personal Accident	Total	Health	Personal Accident	Total
<b>Break Up of expenses incurred to procure business:</b>						
Agents	3,33,353	15,870	3,49,223	1,98,200	15,320	2,13,520
Brokers	3,09,804	34,894	3,44,698	2,04,893	27,668	2,32,561
Corporate Agency	2,25,616	4,554	2,30,170	2,15,753	4,905	2,20,658
Bank assurance	5,32,909	1,15,038	6,47,947	2,42,414	1,02,782	3,45,196
Others	65,815	8	65,823	48,258	9	48,267
	<b>14,67,497</b>	<b>1,70,364</b>	<b>16,37,861</b>	<b>9,09,518</b>	<b>1,50,684</b>	<b>10,60,202</b>

## SCHEDULE – 4 OPERATING EXPENSES RELATED TO INSURANCE BUSINESS

(₹ '000)

Particulars	For the year ended 31 Mar 21			For the year ended 31 Mar 20		
	Health	Personal Accident	Total	Health	Personal Accident	Total
1 Employee's remuneration and welfare benefits	28,98,880	3,19,657	32,18,537	21,59,396	5,09,282	26,68,678
2 Travel, conveyance and vehicle running expenses	27,675	3,200	30,875	1,24,266	19,191	1,43,457
3 Training expenses	(25,859)	(2,990)	(28,849)	72,300	11,166	83,466
4 Rent, rates and taxes	99,895	11,550	1,11,445	1,20,725	18,644	1,39,369
5 Repairs	32,179	3,721	35,900	10,153	1,568	11,721
6 Printing and stationery	51,867	3,888	55,755	60,294	25,151	85,445
7 Communication	51,918	6,003	57,921	36,647	5,660	42,307
8 Legal and professional charges	84,916	9,801	94,717	1,23,778	19,116	1,42,894
9 Auditor's fees, expenses etc					-	
(a) as auditor	2,869	331	3,200	2,599	401	3,000
(b) Certification services	560	65	625	108	17	125
(c) Out of Pocket Expenses	13	19	32	151	23	174
10 Advertisement and publicity	18,97,148	2,19,350	21,16,498	12,86,913	-	12,86,913
11 Interest and bank charges	20,814	2,407	23,221	8,505	1,313	9,818
12 Others						
(a) Membership and subscription	8,872	665	9,537	3,757	1,567	5,324
(b) Loss / (Profit) on Foreign Exchange Fluctuation	8	1	9	51	8	59
(c) Insurance	1,117	129	1,246	683	105	788
(d) Director's sitting fees	1,434	166	1,600	1,265	195	1,460
(e) Miscellaneous expenses	13,689	1,583	15,272	9,056	1,399	10,455
(f) Stamp duty	13,097	982	14,079	11,327	4,725	16,052
(g) Information Technology expenses	1,11,483	8,357	1,19,840	58,500	24,403	82,903
(h) Electricity expense	13,819	1,598	15,417	20,490	3,164	23,654
(i) Housekeeping charges	44,105	5,099	49,204	41,478	6,406	47,884
(j) Data center charges	11,212	1,296	12,508	14,802	2,286	17,088
(k) Agent training expenses	(1,585)	(183)	(1,768)	19,080	2,947	22,027
(l) Wellness expense	93,456	23,771	1,17,227	53,508	22,320	75,828
(m) Medical fees	8,903	2,264	11,167	32,902	13,725	46,627
(n) Call centre charges	31,898	3,688	35,586	38,044	5,875	43,919
(o) Transaction processing services	84,466	9,766	94,232	73,932	11,417	85,349
(p) Loss on Sale of Fixed Assets	2,160	250	2,410	3,344	516	3,860
13 Depreciation	2,31,190	26,730	2,57,920	1,69,069	26,110	1,95,179
	<b>58,12,199</b>	<b>6,63,163</b>	<b>64,75,362</b>	<b>45,57,124</b>	<b>7,38,699</b>	<b>52,95,823</b>

## Aditya Birla Health Insurance Co. Limited

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# Schedules

Forming part of Financial Statements

## SCHEDULE – 5 SHARE CAPITAL

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
<b>1 Authorised Capital</b>		
39,00,00,000 equity shares of ₹10 each (31 Mar 20: 31,50,00,000 Equity shares of ₹10 each)	39,00,000	31,50,000
<b>2 Issued Capital</b>		
36,03,94,275 Equity Shares of ₹10 each (31 Mar 20: 29,88,55,813 Equity Shares of ₹10 each)	36,03,943	29,88,558
<b>3 Subscribed and paid up Capital</b>		
36,03,94,275 Equity Shares of ₹10 each ( 31 Mar 20: 29,88,55,813 Equity Shares of ₹10 each)	36,03,943	29,88,558
<b>Total</b>	<b>36,03,943</b>	<b>29,88,558</b>

Of the above 18,38,01,084 shares ( 31<sup>st</sup> March 2020: 15,24,16,467) are held by the holding Company, Aditya Birla Capital Limited along with its nominee's.

## SCHEDULE – 5A PATTERN OF SHAREHOLDING

[As certified by the Management]

Shareholders	As at 31 Mar 21		As at 31 Mar 20	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Promoters				
- Indian	18,38,01,084	51.00%	15,24,16,467	51.00%
- Foreign	17,65,93,191	49.00%	14,64,39,346	49.00%
<b>Total</b>	<b>36,03,94,275</b>	<b>100.00%</b>	<b>29,88,55,813</b>	<b>100.00%</b>

## SCHEDULE – 6 RESERVES AND SURPLUS

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium		
Balance at the beginning of the year	76,21,442	49,29,735
Add: Additions during the year	25,84,615	26,91,707
<b>Balance at the end of the year</b>	<b>1,02,06,057</b>	<b>76,21,442</b>
4 General Reserves		
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilised for Buy-back	-	-
5 Catastrophe Reserve	-	-
6 Other Reserves	-	-
7 Balance of Profit in Profit & Loss Account	-	-
<b>Total</b>	<b>1,02,06,057</b>	<b>76,21,442</b>





Aditya Birla Health Insurance Co. Limited  
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## Schedules

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### SCHEDULE – 7 BORROWINGS

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
1 Debentures/ Bonds	-	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

### SCHEDULE – 8 SHAREHOLDERS' INVESTMENTS

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
<b>LONG TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	9,17,198	8,48,116
2 Other Approved Securities	14,66,515	11,08,696
3 Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	-	1,02,726
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment Properties - Real Estate	-	-
4 Investments in Infrastructure and Social Sector		
(a) Infrastructure Bonds	2,59,162	-
(b) Infrastructure Equity	-	-
(c) Housing Bonds	50,254	50,483
5 Other than Approved Investments	-	-
<b>SHORT TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	2,47,463	-
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	1,01,846
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	-	99,178
(e) Other Securities		
(aa) Fixed Deposits	-	-
(bb) Commercial Papers	-	-
(cc) Certificate of Deposits	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-

## Aditya Birla Health Insurance Co. Limited

CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016

# Schedules

## Forming part of Financial Statements

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
4 Investments in Infrastructure and Social Sector		
(aa) Infrastructure Bonds	-	-
(bb) Infrastructure Equity	-	-
(cc) Housing Bonds	-	-
5 Other than Approved Investments	-	-
<b>Total</b>	<b>29,40,592</b>	<b>23,11,045</b>
Investments in India	29,40,592	23,11,045
Investments outside India	-	-

**Notes:**

- Aggregate Book Value of Investments (Other Than Listed Equities & Derivative Instruments) is ₹ 29,40,592 thousand (previous year ₹ 23,11,045 thousand).
- Aggregate Market Value of Investments (Other Than Listed Equities & Derivative Instruments) is ₹ 29,79,571 thousand (previous year ₹ 23,51,461 thousand).
- Includes investment in mutual fund amounting to ₹ NIL (previous year 1,01,846)
- Includes investments qualifying for infrastructure and social sector investments of ₹ 3,09,416 thousand (previous year ₹ 50,483 thousand)

## SCHEDULE – 8A POLICYHOLDERS' INVESTMENTS

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
<b>LONG TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	32,45,254	11,25,579
2 Other Approved Securities	26,15,214	15,08,474
3 Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	8,57,588	9,52,724
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment properties - Real Estate	-	-
4 Investments in Infrastructure and Social Sector		
(aa) Infrastructure Bonds	2,02,595	4,05,836
(bb) Infrastructure Equity	-	-
(cc) Housing Bonds	6,06,081	4,04,786
5 Other than Approved Investments	1,50,300	3,49,814
<b>SHORT TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	4,95,653	-
2 Other Approved Securities	-	-
3 Other Investments		
(a) Shares		
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	10,00,865	5,70,335
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	50,208	2,99,706
(e) Other Securities		
- Fixed Deposits	-	82,500
(f) Subsidiaries	-	-



Aditya Birla Health Insurance Co. Limited

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# Schedules

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(₹ '000)

Particulars	As at 31 Mar 21	As at 31 Mar 20
(g) Investment properties - Real estate	-	-
4 Investments in Infrastructure and Social Sector		
(aa) Infrastructure Bonds	2,00,648	1,50,091
(bb) Infrastructure Equity	-	-
(cc) Housing Bonds	-	2,49,588
5 Other than Approved Investments	99,675	-
<b>Total</b>	<b>95,24,081</b>	<b>60,99,433</b>
Investments in India	95,24,081	60,99,433
Investments outside India	-	-

**Notes :**

- Aggregate Book Value of Investments (Other Than Listed Equities & Derivative Instruments) is ₹ 95,24,081 thousand (previous year ₹ 60,99,433 thousand).
- Aggregate Market Value of Investments (Other Than Listed Equities & Derivative Instruments) is ₹ 95,25,437 thousand (previous year ₹ 61,57,895 thousand).
- Includes investment in mutual fund amounting to ₹ 10,00,866 thousand (previous year ₹ 5,70,335 thousand)
- Includes investments qualifying for infrastructure and social sector investments of ₹ 10,09,324 thousand (previous year ₹ 12,10,301 thousand)

## SCHEDULE – 9 LOANS

(₹ '000)

Particulars	As at 31 Mar 21	As at 31 Mar 20
<b>1 Security-Wise Classification</b>		
Secured		
(a) On mortgage of property		
(aa) In India	-	-
(bb) Outside India	-	-
(b) On Shares, Bonds, Govt. Securities	-	-
(c) Others	-	-
Unsecured loans		
(aa) against policies	-	-
(bb) Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>2 Borrower-Wise Classification</b>		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Companies	-	-
(e) Loans against policies	-	-
(f) Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>3 Performance-Wise Classification</b>		
(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>	<b>-</b>	<b>-</b>
<b>4 Maturity-Wise Classification</b>		
(a) Short Term	-	-
(b) Long Term	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

Aditya Birla Health Insurance Co. Limited

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# Schedules

Forming part of Financial Statements

## SCHEDULE – 10 FIXED ASSETS

SN	Particulars	Gross Block			As at 31 Mar 21	Upto 1 Apr 20	Depreciation For the Period Adjustments	Net Block	
		As at 1 Apr 20	Additions	Deletion				Up to 31 Mar 21	As at 31 Mar 21
	<b>Intangibles</b>								
1	Software	7,19,995	3,25,447	-	10,45,442	2,88,631	1,71,867	4,60,498	5,84,944
	<b>Total</b>	<b>7,19,995</b>	<b>3,25,447</b>	-	<b>10,45,442</b>	<b>2,88,631</b>	<b>1,71,867</b>	<b>4,60,498</b>	<b>5,84,944</b>
	Intangible Assets Under Development	B 1,26,532	3,57,447	3,21,555	1,62,424	-	-	-	1,62,424
	<b>Tangibles</b>								
1	Freehold Land	-	-	-	-	-	-	-	-
2	Leasehold Property	-	-	-	-	-	-	-	-
3	Buildings	-	-	-	-	-	-	-	-
4	Furniture & Fittings	22,558	4,084	6,726	19,916	17,076	2,249	14,898	5,018
5	Leasehold Improvement	85,092	55,022	-	1,40,114	31,813	21,095	52,908	87,206
6	Information Technology Equipment	1,69,896	40,337	120	2,10,113	91,418	41,666	1,32,964	77,149
7	Vehicles	22,234	2,189	2,312	22,111	11,104	7,030	16,894	5,217
8	Office Equipment	53,056	9,840	3,657	59,239	29,778	14,013	40,445	18,794
	<b>Total</b>	<b>3,52,836</b>	<b>1,11,472</b>	<b>12,815</b>	<b>4,51,493</b>	<b>1,81,189</b>	<b>86,053</b>	<b>2,58,109</b>	<b>1,93,384</b>
	Capital work in progress	D 16,848	10,941	23,370	4,419	-	-	-	4,419
	<b>Grand total (A + B + C + D)</b>	<b>12,16,211</b>	<b>8,05,307</b>	<b>3,57,740</b>	<b>16,63,778</b>	<b>4,69,820</b>	<b>2,57,920</b>	<b>9,133</b>	<b>7,18,607</b>
	<b>Previous year</b>	<b>8,98,615</b>	<b>5,04,980</b>	<b>1,87,384</b>	<b>12,16,211</b>	<b>2,81,183</b>	<b>1,95,179</b>	<b>6,542</b>	<b>4,69,820</b>
									<b>7,46,391</b>
									<b>6,17,433</b>



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## Schedules

Forming part of Financial Statements

### SCHEDULE – 11 CASH AND BANK BALANCES

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
1 Cash (including cheques, drafts and stamps)	1,614	1,689
2 Bank Balances		
(a) Deposit Accounts	-	-
(aa) Short-term (due within 12 months)	651	611
(bb) Others - Long -term (Maturity more than 12 months)	3,200	3,200
Add: Interest Accrued on Deposit	544	331
(b) Current Accounts	5,09,148	3,45,826
(c) Others	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
<b>Total</b>	<b>5,15,157</b>	<b>3,51,657</b>
Cash and bank balance In India	5,15,157	3,51,657
Cash and bank balance outside India	-	-

Balances with non-scheduled banks included in 2 above

### SCHEDULE – 12 ADVANCES AND OTHER ASSETS

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
<b>ADVANCES</b>		
1 Reserve deposits with ceding companies	-	-
2 Advance to ceding companies	-	-
3 Application money for investments	-	-
4 Prepayments	34,550	26,288
5 Advances to Directors / Officers	-	-
6 Advance tax paid and taxes deducted at source	-	-
7 Others (to be specified)		
(a) Advance to Suppliers	1,10,458	1,20,981
Less: Provisions made	-	-
Sub-total	1,10,458	1,20,981
(b) Other advances	52,793	72,087
<b>Total (A)</b>	<b>1,97,801</b>	<b>2,19,356</b>
<b>OTHER ASSETS</b>		
1 Income accrued on investments	2,61,190	2,32,291
2 Outstanding Premiums	-	-
3 Agents' Balances	2,078	2,133
Less: Provisions made	-	-
Sub-total	2,078	2,133
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business	81,124	8,690
6 Due from subsidiaries/ holding*	1,281	1,892
7 Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]	-	-

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# Schedules

## Forming part of Financial Statements

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
8 Others		
(a) Rent and other deposits	1,11,771	1,11,171
(b) Input tax credit (net)	3,74,804	2,41,758
(c) Cenvat credit on capital goods	-	-
(d) Deferred lease assets	-	-
(e) Recoverable from employees	-	-
(f) Unclaimed Investment account	1,409	1,359
(g) Other Recoverable	2,329	557
(h) Contribution to group gratuity plan	86,069	73,727
(i) Receivable for Investment	-	53,437
<b>Total (B)</b>	<b>9,22,055</b>	<b>7,27,015</b>
<b>Total (A+B)</b>	<b>11,19,856</b>	<b>9,46,371</b>

\* Subsidiaries also includes fellow subsidiaries

## SCHEDULE – 13 CURRENT LIABILITIES

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
1 Agents' balances	1,99,689	1,46,693
2 Balances due to other insurance companies	13,00,666	7,05,290
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	1,12,776	60,384
5 Unallocated premium	8,67,563	8,36,172
6 Sundry creditors	9,26,174	8,69,961
7 Due to subsidiaries/ holding Company*	76,624	69,293
8 Claims Outstanding	16,21,519	7,99,205
9 Unclaimed amount of policyholders/ insured	1,024	1,069
10 Due to Officers/ Directors	-	-
11 Others		
(a) Tax deducted payable	79,348	42,380
(b) Other statutory dues	4,11,614	2,49,767
(c) Provident fund payable	16,452	15,011
(d) Premium refund payable	8,734	7,092
(e) Due to employees	51,685	56,005
(f) Payable for investment	-	-
<b>Total</b>	<b>56,73,868</b>	<b>38,58,322</b>

\* Subsidiaries also includes fellow subsidiaries



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## Schedules

Forming part of Financial Statements

### SCHEDULE – 14 PROVISIONS

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
1 Reserve for Unexpired Risk	49,56,096	34,40,995
2 For taxation (less advance tax paid and taxes deducted at source)	-	-
3 For proposed dividends	-	-
4 For dividend distribution tax	-	-
5 Bonus payable to policy holders	-	-
6 Others		
(a) For Gratuity	87,906	73,261
(b) For Compensated absence	22,289	28,538
(c) For Other operating expense related	-	-
(d) Premium Deficiency Reserve	-	-
(e) Bonus Payable	2,40,773	2,54,610
(f) Free look Reserve	9,911	4,553
<b>Total</b>	<b>53,16,975</b>	<b>38,01,957</b>

### SCHEDULE – 15 MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
1 Discount Allowed in issue of shares/ debentures	-	-
2 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

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# Schedules Forming Part of the Financial Statement

For The Year Ended 31<sup>st</sup> March 2021

## SCHEDULE 16 – SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS

### I BACKGROUND

"Aditya Birla Health Insurance Co. Limited ("the Company") was incorporated on 22<sup>nd</sup> April 2015 as a Company under the Companies Act, 2013. As on 31<sup>st</sup> March 2021, Aditya Birla Capital Limited (Formerly Known as "Aditya Birla Financial Services Limited") holds 51% and MMI Strategic Investment Pty Ltd. holds 49% of paid up capital of the Company respectively. The Company is registered with the Insurance Regulatory and Development Authority of India ("IRDAI") for conducting health insurance business, under section 3 of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015.

The Certificate of Registration (Form – IRDA/ R3) has been issued by the Authority on 11<sup>th</sup> July 2016. Pursuant to Section 3 read with Section 3A of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015, said certificate shall consequentially continue to be in force from the date of registration.

### II SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

These financial statements have been prepared under the historical cost convention, on an accrual basis of accounting, in accordance with the accounting principles generally accepted in India, including the applicable provisions of the Insurance Act, 1938 (the "Insurance Act") as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, orders/directions issued by IRDAI in this regard, from time to time (including circular no. IRDA/F&A/CIR/CPM/056/O3/2016 dated 4<sup>th</sup> April 2016), Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, to the extent applicable and various circulars/notifications issued by IRDAI and practices prevailing in the insurance industry in India.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates, all recently issued or revised accounting pronouncements, on an ongoing basis.

#### (b) Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India (GAAP) requires that the Company's management make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amounts of revenues and expenses for the year and disclosures relating to contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates. Differences between the actual and estimates, if any, are recognised in the year in which they materialise or are known.

#### (c) Revenue recognition

##### (i) Premium income

Premium including Reinsurance accepted (net of service tax / goods and service tax) is recognised as income over the contract period or period of risk, as appropriate, after adjusting for unearned premium (unexpired risk). Reinstatement premium is recorded as and when such premiums are recovered. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur. Premium received in advance represents premium received prior to commencement of the risk.

##### (ii) Income earned on investments

Interest income on investments is recognised on an accrual basis. Accretion of discount and amortisation of premium relating to debt securities including Commercial Paper (CP), Certificate of Deposits (CD) and T-bills is recognised on effective interest rate method over the holding / maturity period.

The net realised gains or losses on the debt securities is the difference between the net sale consideration and the amortised cost, which is computed on a weighted average basis, as on the date of sale. In case of mutual fund units, the profit or loss on sale of investment includes the accumulated changes in the fair value previously recognised under "Fair Value Change Account".

Sale consideration for the purpose of realised gain/loss is net of brokerage and taxes, if any, and excludes interest received on sale. Such investments income shall be allocated between the revenue account and profit and loss account on actual basis.





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### (d) Reinsurance ceded

Reinsurance premium ceded is accounted in the year in which the risk commences and over the period of risk in accordance with the treaty arrangements with the reinsurers. Reinsurance premium ceded on unearned premium is carried forward to the period of risk and is set off against related unearned premium. Any subsequent revisions to or cancellations of premiums are accounted for in the year in which they occur.

### (e) Commission received

Commission on reinsurance ceded is recognised as income on ceding of reinsurance premium. Profit commission under reinsurance treaties, wherever applicable, is recognised in the year of final determination of the profits and as intimated by the Reinsurer.

### (f) Reserve for unexpired risk

Reserve for unexpired risk represents that part of the net premium written which is attributable to and allocated to the succeeding accounting period. Reserve for unexpired risk is calculated on the basis of 50% of net written premium of preceding twelve month.

### (g) Premium deficiency

Premium deficiency is recognised for the Company at segmental revenue account level. Premium deficiency is recognised if the sum of the expected claim costs, related expenses and maintenance cost (related to claims handling) exceeds related reserve for unexpired risk. The expected claim costs is calculated and duly certified by the Appointed Actuary.

### (h) Claims incurred

Claims incurred comprises of claims paid, change in estimated liability for outstanding claims made following a loss occurrence reported, change in estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) and specific settlement costs comprising legal and investigation fees and other directly attributable expenses.

Provision is made for estimated value of outstanding claims at the Balance Sheet date net of reinsurance. Such provision is made on the basis of the ultimate

amounts that are likely to be paid on each claim, established by the management in light of past experience and progressively modified for changes as appropriate, on availability of further information and include claim settlement costs likely to be incurred to settle outstanding claims.

Claims (net of amounts receivable from reinsurers/coinsurers) are recognised on the date of intimation based on estimates from surveyors/insured in the respective revenue accounts.

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) has been estimated by the Appointed Actuary in compliance with guidelines issued by IRDAI vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated 8<sup>th</sup> June 2005 and applicable provisions of Guidance Note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has used generally accepted actuarial methods for each product category as considered appropriate depending upon the availability of past data as well as appropriateness of the different methods to the different lines of businesses.

### (i) Acquisition costs

Acquisition costs are defined as costs that vary with, and are primarily related to the acquisition of new and renewal insurance contracts viz. commission, policy issue expenses, etc. These costs are expensed in the period in which they are incurred. Acquisition cost on premium received in advance are recognised as prepaid expenses.

### (j) Fixed assets

#### (i) Tangible:

Tangible assets, capital work in progress are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, borrowing costs, if capitalisation criteria are met and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure during construction/ acquisition and exclusive of CENVAT credit / Goods and Service Tax credit or other tax credit available to the Company.

Subsequent expenditure relating to tangible assets is capitalised only if such expenditure results in an

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increase in the future benefits from such asset beyond its previously assessed standard of performance.

**(ii) Intangible:**

An intangible asset is recognised when it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortisation and impairment losses, if any. Cost comprises the purchase price and any cost attributable to bringing the assets to its working condition for its intended use which includes taxes, freight, and installation and allocated incidental expenditure during construction/acquisition and exclusive of CENVAT credit / Goods and Service Tax credit or other tax credit available to the Company.

Subsequent expenditure incurred on existing assets expensed out except where such expenditure increases the future economic benefits from the existing assets, in which case the expenditure is amortised over the remaining useful life of the original asset.

**(iii) Capital work in progress**

Capital work in progress includes assets not ready for the intended use and are carried at cost, comprising direct cost and related incidental expenses.

**(k) Depreciation on fixed assets**

Based on management's evaluation, useful life prescribed in Schedule II of the Companies Act, 2013 represent actual useful life of fixed assets except for Leasehold Improvement and furniture and fittings at leased premises, Office Equipment other than electronic and servers. The Company uses straight line method for different class of its fixed assets :

Category of Fixed Assets	Useful Life
Leasehold Improvements and Furniture and fittings at leased premises	6 years or the maximum renewable period of the respective leases, whichever is lower
Office Equipment (Other than Electronic equipment)	5 Years
Servers	6 years
Software	5 years

Depreciation on property, plant and equipment comprising of furniture and fittings other than at leased premises, Information Technology Equipment, Vehicles, Electronic office equipment and mobile

phone is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which are different as compared to those prescribed under the Schedule II to the Companies Act, 2013. The estimates of useful life of these assets based on technical evaluation have not undergone a change on account of transition to the Companies Act, 2013. The Company has used the following useful lives to provide depreciation on such class of asset:

Category of Fixed Assets	Useful Life
Furniture & fittings (other than installed at leased premises)	7 years
Information Technology Equipment	4 years
Vehicles	4/5 Years (As per OYCS Policy)
Office Equipment (Electronic equipment)	4 Years
Mobile Phones (included in office equipment under schedule 10)	2 Years

**(l) Impairment of assets**

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

**(m) Operating leases****As lessee:**

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased asset are classified as Operating lease. Operating lease rentals including escalations, in respect of an asset taken on operating lease, are charged to the Revenue Account on a straight line basis over the lease



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term. Initial direct costs incurred specifically for an operating lease are charged to the Revenue Account.

## (n) Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

At the Balance Sheet date, monetary items denominated in foreign currencies are converted into rupee equivalents at the exchange rates prevailing at that date.

All exchange differences arising on settlement/ conversion of foreign currency transactions are included in the Revenue Account.

## (o) Investments

Investments are made and accounted for in accordance with the Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended and various other circulars/notifications issued by the IRDAI in this context from time to time.

Investments are recorded at cost, which include brokerage, taxes, if any, stamp duty and excludes broken period interest.

Investments maturing within twelve months from the Balance Sheet date and investments made with the specific intention to be disposed off within twelve months from the balance sheet date are classified as short-term investments.

Investments other than short-term investments are classified as long-term investments.

The Investment made by the Company are segregated between Policyholder's funds and Shareholder's funds.

All debt securities including CPs, CDs, T-Bills are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on effective interest rate basis in the Revenue Account and in the Profit and Loss Account over the period of maturity/ holding.

All mutual fund investments are valued at net asset value as at Balance Sheet date.

In accordance with the Regulations, any unrealised gains/losses arising due to change in fair value of mutual fund investments are accounted in "Fair

Value Change Account" and carried forward in the Balance Sheet and is not available for distribution.

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

## (p) Employee benefits

### (i) Short-term employee benefits

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

### (ii) Long term employee benefits

The Company has both defined contribution and defined benefit plans, of which some have assets in special funds or similar securities. The plans are financed by the Company and in case of some defined contribution plans, by the Company along with its employees.

#### Defined contribution plans

These are plans in which the Company pays predefined amounts to recognised provident fund and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

#### Defined benefit plans

Gratuity are defined benefit plans is calculated as at the Balance Sheet date by independent actuaries using projected unit credit method in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of expected future payments, with consideration for

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calculated future salary increases, utilising a discount rate corresponding to the interest rate estimated by the actuary, having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

The Company recognises the net obligation of the scheme in Balance Sheet as an asset or liability in accordance with AS 15 "Employee Benefits". The discount rate used for estimation of liability is based on Government securities yield. Gain or loss arising from change in actuarial assumptions / experience adjustments is recognised in the Revenue Account for the period in which they emerge. Expected long term rate of return on assets has been determined based on historical experience and available market information.

### (iii) Other long term benefits

Other long term employee benefits include accumulated long term compensated absences and long term incentive plans.

- i. The employees are entitled for 21 days leave during the calendar year, which can be accumulated up to 36 days. The Company provides for the liability at year end on account of unavailed leave as per the independent actuarial valuation using the Projected Unit Credit Method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss as and when incurred.

- ii. The cost of performance based compensation incentive under long term incentive plan is measured considering the achievement of the performance indicators applicable to the plans and applying the actuarial assumptions and principles in accordance with AS 15 (Revised 2005) Employee Benefits as valued by an independent actuary on each Balance Sheet date.

### (q) Taxation

Income tax expense comprises current tax (i.e. amount of tax payable on the taxable income for the period determined in accordance with the Income-tax Act, 1961), and deferred tax charge or credit (reflecting the tax effects of timing differences between the accounting income and taxable income for the

period). Current tax is the amount expected to be paid to the tax authorities after taking credit for allowances and exemptions in accordance with the Income-tax Act, 1961. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. Deferred tax assets are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realised.

In accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India and in accordance with the provisions of the Income Tax Act, 1961, Minimum Alternate Tax ('MAT') credit is recognised as an asset to the extent there is convincing evidence that the Company will pay normal income tax in future by way of a credit to the profit and loss account and shown as MAT credit entitlement.

### (r) Service Tax / Goods and Service Tax (GST)

Service Tax / GST collected is considered as a liability against which Service Tax/ GST paid for eligible input tax credit, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority. Service Tax/ GST paid for eligible input services not recoverable by way of credits is recognised in the Revenue Account as expenses.

### (s) 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" specified under Section 133 of the Companies Act, 2013, the Company has classified and disclosed segment information for Health Insurance and Personal Accident Insurance.



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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.

The Revenue is directly attributable and identifiable to the business segments and is apportioned on an actual basis.

Operating Expenses relating to Insurance Business: are allocated on the following basis

- (i) Acquisition Cost shall be directly allocated to the respective business segment.
- (ii) Expenses, which are directly attributable and identifiable to the business segments, are apportioned on an actual basis.
- (iii) Expenses, which are not directly identifiable though attributable to a class of business segments collectively, are apportioned amongst the respective segments on a gross written premium basis.

The accounting policies used in segment reporting are same as those used in the preparation of financial statements.

## (t) Earnings Per Share ("EPS")

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

The weighted average numbers of equity shares are adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## (u) Provisions and contingencies

A provision is recognised when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources embodying economic resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its 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 current best estimates. Contingent liabilities are not recognised. A Contingent asset is neither recognised nor disclosed.

## (v) Receipts and payments account

- (i) Receipts and Payments Account is prepared and reported using the Direct Method, in conformity with para 2.2 of the Master Circular on Preparation of Financial Statements - General Insurance Business dated 5<sup>th</sup> October 2012, issued by the IRDAI.
- (ii) Cash and cash equivalents comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

## (w) Unclaimed amount of policyholders

Assets held for unclaimed amount of policyholders is created & maintain in accordance with requirement of IRDAI master circular on "unclaimed amounts of policyholders" dated 25<sup>th</sup> July 2017 and investment regulations, 2016 as amended from time to time.

Unclaimed amount of policyholders is invested in money market instruments which is valued at market value.

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

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## III NOTES FORMING PART OF FINANCIAL STATEMENTS

### 1 Contingent liability

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
Partly paid up Investments	-	-
Underwriting commitments outstanding	-	-
Claims, other than against Policies, not acknowledged as debts	58,834	20,746
Claims estimates towards Covid-19	-	5,000
Guarantees given by or on behalf of the Company	3,000	3,000
Statutory demands / liabilities in dispute, not provided for	-	-
Reinsurance obligations to the extent not provided for in Accounts	-	-
<b>Total</b>	<b>61,834</b>	<b>28,746</b>

### 2 Encumbrances on assets

All the assets of the Company are free from any encumbrances except deposits in banks amounting to ₹3,850.71 thousands (31<sup>st</sup> March 2020 - ₹3,811.27 thousand). The deposits have been placed with banks for the purposes of executing bank guarantees. The Company has all assets within India.

### 3 Commitments

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
Loans	-	-
Investment	-	-
Property, Plant, Equipment & Software	1,64,272	80,917
<b>Total</b>	<b>1,64,272</b>	<b>80,917</b>

### 4 Claims, less Reinsurance paid to Claimants

Class of business	(₹ '000)			
	In India		Outside India	
	For the year ended 31 Mar 21	For the year ended 31 Mar 20	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Health	33,01,224	24,73,719	-	-
Personal Accident	1,12,192	1,09,230	-	-
<b>Total</b>	<b>34,13,416</b>	<b>25,82,949</b>	-	-

### 5 Age-wise breakup of Claims Outstanding\*

Class of business	(₹ '000)			
	Outstanding for more than six months		Outstanding for six months or less	
	As at 31 Mar 21	As at 31 Mar 20	As at 31 Mar 21	As at 31 Mar 20
Health	60	3,383	4,76,118	2,76,625
Personal Accident	-	15	5,287	55,835
<b>Total</b>	<b>60</b>	<b>3,398</b>	<b>4,81,405</b>	<b>3,32,460</b>

\*Excluding IBNR provisions, amounts payable to service providers and third party administrator.



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### 6 Claims Settled and remaining unpaid for a period of more than six months upon class of business

Class of business	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
Health	-	56
Personal Accident	-	-

### 7 Number of claims intimated, disposed of and pending

Particulars	(₹ '000)			(₹ '000)		
	As at 31 Mar 21			As at 31 Mar 20		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Claims pending at the beginning of the year	4,983	100	5,083	3,914	168	4,082
Claims intimated	1,09,533	769	1,10,302	99,554	1,416	1,00,970
Claims paid	(96,856)	(675)	(97,531)	(78,395)	(688)	(79,083)
Claims rejected	(10,999)	(173)	(11,172)	(20,090)	(796)	(20,886)
Claims pending at the end of the year	<b>6,661</b>	<b>21</b>	<b>6,682</b>	<b>4,983</b>	<b>100</b>	<b>5,083</b>

### 8 Ageing of pending claims

Particulars	(₹ '000)			(₹ '000)		
	As at 31 Mar 21			As at 31 Mar 20		
	Health	Personal Accident	Total	Health	Personal Accident	Total
0 to 30 days	4,28,232	4,603	4,32,835	2,32,029	49,389	2,81,418
31 days to 6 months	47,886	684	48,570	44,596	6,446	51,042
6 months to 1 year	60	-	60	3,383	15	3,398
1 year to 5 years	-	-	-	-	-	-
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>4,76,178</b>	<b>5,287</b>	<b>4,81,465</b>	<b>2,80,008</b>	<b>55,850</b>	<b>3,35,858</b>

### 9 (a) Premiums, less reinsurance written from business in/outside India

Class of business	(₹ '000)			
	In India		Outside India	
	For the year ended 31 Mar 21	For the year ended 31 Mar 20	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Health	87,43,614	58,62,760	-	-
Personal Accident	12,49,176	10,83,189	-	-
<b>Total</b>	<b>99,92,790</b>	<b>69,45,949</b>	<b>-</b>	<b>-</b>

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(b) Premium income recognised on "Varying Risk Pattern" is Nil ( 31<sup>st</sup> March 2020 NIL).

### 10 Extent of risk retained and reinsured

Extent of risk retained and reinsured with respect to gross written premium is set out below:

For the year ended on 31<sup>st</sup> March 2021:

Particulars	Basis	Gross Premium	Retention	Ceded	Retention	Ceded
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Health	Sum Insured	1,16,58,420	87,43,614	29,14,806	75%	25%
Personal Accident	Sum Insured	13,47,956	12,49,176	98,780	93%	7%
<b>Total</b>		<b>1,30,06,376</b>	<b>99,92,790</b>	<b>30,13,586</b>	<b>77%</b>	<b>23%</b>

For the year ended on 31<sup>st</sup> March 2020:

Particulars	Basis	Gross Premium	Retention	Ceded	Retention	Ceded
		(₹ '000)	(₹ '000)	(₹ '000)	%	%
Health	Sum Insured	75,53,812	58,62,760	16,91,052	78%	22%
Personal Accident	Sum Insured	11,66,562	10,83,189	83,373	93%	7%
<b>Total</b>		<b>87,20,374</b>	<b>69,45,949</b>	<b>17,74,425</b>	<b>80%</b>	<b>20%</b>

### 11 Investment

Value of contracts in relation to investments for:

- Purchases where deliveries are pending NIL ( 31<sup>st</sup> March 2020: NIL); and
- Sales where payments are overdue NIL ( 31<sup>st</sup> March 2020 : NIL).

Historical cost of investments that are valued on fair value basis is ₹9,97,683 thousand ( 31<sup>st</sup> March 2020 : ₹6,70,000 thousand).

All investments are made in accordance with Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 and Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended from time to time. The Company has classified below mentioned securities as NPA in line with Investments- Master Circular version- 2<sup>nd</sup> May 2017 issued by IRDAI. Furthermore,

1. 70% provision is made on face value for DHFL and
2. 15% provision is made on face value for JRPICL.

(₹ '000)

Security Name	Security ISIN	Total Face Value	Maturity Date
9.05% Dewan Housing Finance Corporation Limited 09 09 2021	INE202B071L9	100000	9 <sup>th</sup> September 2021
8.40% Jharkhand RPI Co. Ltd. Ser B Tran 1 Deb S20 20 04 2022	INE746N07648	100000	20 <sup>th</sup> April 2022

(A) Allocation of investment

- Investments are allocated separately to policy holders and share holders, as applicable;

(B) Allocation of investment income

Investment income is allocated on actuals basis between revenue account(s) and profit and loss account.

(C) Investment Properties – Real Estate

The Company does not have any Investment Properties - Real Estate as at 31<sup>st</sup> March 2021 (Previous year: NIL)





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## 12 Statement showing the Age-wise Analysis of the Unclaimed Amount of the Policyholders

For the year ended on 31<sup>st</sup> March 2021:

(₹ '000)

Particulars	Total Amount	Age-wise analysis (in months)						Beyond 36 m
		00-06 m	07-12 m	13-18 m	19-24 m	25-30 m	31-36 m	
Claims settled out not paid to the policyholders / insured due to any reasons except under litigation from the insured /policyholders	7	7	-	-	-	-	-	-
Sum due to the insured / policyholders on maturity or otherwise	-	-	-	-	-	-	-	-
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	832	671	53	53	16	34	2	1
Cheques issued but not encashed by the policyholder/insured	150	85	14	27	22	2	-	-
<b>Total</b>	<b>989</b>	<b>763</b>	<b>67</b>	<b>80</b>	<b>38</b>	<b>36</b>	<b>2</b>	<b>1</b>

For the year ended on 31<sup>st</sup> March 2020:

(₹ '000)

Particulars	Total Amount	Age-wise analysis (in months)						Beyond 36 m
		00-06 m	07-12 m	13-18 m	19-24 m	25-30 m	31-36 m	
Claims settled out not paid to the policyholders / insured due to any reasons except under litigation from the insured /policyholders	56	55	-	1	-	-	-	-
Sum due to the insured / policyholders on maturity or otherwise	-	-	-	-	-	-	-	-
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	875	565	155	119	34	1	-	-
Cheques issued but not encashed by the policyholder/insured	-	-	-	-	-	-	-	-
<b>Total</b>	<b>931</b>	<b>620</b>	<b>155</b>	<b>120</b>	<b>34</b>	<b>1</b>	<b>-</b>	<b>-</b>

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Particulars	(₹ '000)	
	31 Mar 21	31 Mar 20
Opening Balance	1,069	1,013
Add: Amount transferred to Unclaimed Fund	7,489	2,412
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	137	-
Add: Investment Income	50	80
Less: Amount of paid during the year	7,721	2,436
Less: Amount transferred to SCWF claims paid in respect of amounts transferred earlier	-	-
<b>Closing Balance of Unclaimed Amount Fund</b>	<b>1,024</b>	<b>1,069</b>

### 13 Employee Stock Option Plan

Pursuant to ESOP Plan being established by the holding Company (i.e. Aditya Birla Capital Limited), stock options were granted to the employees of the Company during the financial year. Total cost incurred by the holding Company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of ₹9,643 thousand (31<sup>st</sup> March 2020- ₹21,091 thousand) has been recovered from the Company during the year, which has been charged to the Statement of Profit and Loss. The balance sum of ₹6,459 thousand (31<sup>st</sup> March 2020- ₹16,043 thousand) will be recovered in future period.

### 14 Segment Information

#### a) Business Segments

The Company's primary reportable segments are identified in accordance with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002. Segment revenue and segment results have been incorporated in the financial statements.

Particulars	(₹ '000)					
	As at 31 Mar 21			As at 31 Mar 20		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Segmental Revenue	78,65,342	12,27,664	90,93,006	52,69,612	9,32,022	62,01,634
Segmental Result	(22,84,166)	1,71,202	(21,12,964)	(23,33,930)	(1,48,556)	(24,82,486)
Segmental Liabilities	57,64,775	9,35,527	67,00,302	35,75,764	7,29,428	43,05,192
Unallocated Liabilities	-	-	42,90,541	-	-	33,55,087
Segmental Assets	-	-	-	-	-	-
Unallocated Assets	-	-	1,49,59,857	-	-	1,04,04,897

#### b) Geographical Segment

Since the Company's entire business is conducted within India, there is no reportable Geographical Segmentation for the year

### 15 Managerial Remuneration

The Managing Director and Chief Executive Officer (MD & CEO) and the Executive Director are remunerated in terms of the approval granted by IRDAI.

Details of their remuneration included in employee remuneration and welfare benefits are as follows:

Particulars	(₹ '000)	
	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Salary, perquisites and bonus*	55,018	72,087
Contribution to Provident Fund	3,079	3,048
<b>Total</b>	<b>58,097</b>	<b>75,135</b>



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Out of the above ₹15,000 thousand ( 31<sup>st</sup> March 2020 ₹15,000 thousand ) remuneration for each Director has been charged to Revenue Account and balance has been transferred to Profit and Loss Account. Expenses towards gratuity funding and leave encashment provision are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

\* Salary includes LTIP & ESOP

### 16 (a) Expenditure in foreign currency:

Particulars	(₹ '000)	
	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Travelling	-	2,764
Remuneration	-	-
Software License Fees	3,744	3,969
Purchase of Fixed Assets	-	-
Professional fees Others	4,640	303
<b>Total</b>	<b>8,384</b>	<b>7,036</b>

(b) During the year foreign exchange loss aggregating 9 thousand ( 31<sup>st</sup> March 2020: ₹59 thousand).

(c) The year end foreign currency exposure is Nil ( 31<sup>st</sup> March 2020: 104 thousands)

### 17 Leases

In respect of premises taken on operating lease, the lease agreements are generally mutually renewable / cancelable by the lessor/lessee.

Non Cancelable operating lease

The detail of future rentals payable are given below:

Particulars	(₹ '000)	
	As at 31 Mar 21	As at 31 Mar 20
a. not later than one year	12,092	11,824
b. later than one year and not later than five years	12,092	36,277
c. later than five years	-	-

An amount of ₹98,911 thousand ( 31<sup>st</sup> March 2020: ₹124,715 thousand) towards lease payments has been recognised in the statement of revenue account.

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## 18 Related Party Disclosures:

As per Accounting Standard (AS) 18 on Related Party Disclosures the related parties of the Company are as follows:

### (a) Name of the related parties and description of their relationship:

- (i) Holding Company
- (ii) Subsidiaries of immediate Holding Companies
- (iii) Subsidiaries of fellow Subsidiaries
- (iv) Associates and joint ventures
- (v) Individuals owning, directly or indirectly, interest in the voting power that gives them control
- (vi) Key management personnel
- (vii) Enterprises over which any person described in (v) and (vi) are able to exercise significant influence with whom transactions have taken place.

## Annexure 2

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## DISCLOSURES IN RESPECT OF TRANSACTIONS WITH RELATED PARTIES AND OUTSTANDING FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH 2021

### (A) Enterprises where control exists

Ultimate Holding Company	Grasim Industries Limited
Holding Company	Aditya Birla Capital Ltd.
Foreign Promoter	Momentum Metropolitan Strategic Investments (Pty) Ltd. (Formerly known as MMI Strategic Investments (Pty) Ltd.)
Key Managerial Personnel	Mayank Bathwal - Chief Executive Officer and Whole Time Director Shikha Bagai - Chief Financial Officer (Till 30 <sup>th</sup> January 2021) Mahesh kumar Radhakrishanan - Company Secretary

### (B) Disclosures of transaction between the company and related parties and outstanding balances for the Year ended:

Sr. No.	Name of the related party with Whom the transaction has been made	Description of relationship with the party	Nature of Transaction	Year ended	
				31 Mar 21	31 Mar 20
1	Aditya Birla Capital Ltd.	Holding Company	a) Group Insurance Receipts (Net of Refund)	110	764
			b) Reimbursement of expenses (inc ESOP)	13,884	25,082
			c) Transfer of Liability	-	1,595
			d) Transfer of Assets	-	2,831
			e) Issue of Additional Share Capital	16,32,000	18,15,600
			f) Balance Payable	1,736	1,882
			g) Balance Receivable	-	-
			h) Securities Premium	44,55,089	31,36,935
			i) Share Capital	18,38,011	15,24,165

(₹ '000)



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(₹ '000)

Sr. No.	Name of the related party with Whom the transaction has been made	Description of relationship with the party	Nature of Transaction	Year ended	
				31 Mar 21	31 Mar 20
1	2	3	4	5	6
2	Aditya Birla PE Advisors Private Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of Refund)	-	22
3	Aditya Birla Finance Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of Refund)	3,005	15,197
			b) Recovery of Expenses	249	1,681
			c) Transfer of Liability	126	-
			d) Transfer of Asset	39	-
			e) Balance Receivable	135	991
4	Aditya Birla Financial Shared Services Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of refund)	4,225	1,862
			b) Reimbursement of expenses (exc gst)	1,94,737	1,82,372
			c) Transfer of Asset (Employee Transfer)	118	-
			d) Transfer of Liability (Employee Transfer)	67	33
			e) Recovery of Expenses	18	252
			f) Prepaid Balance	2,502	1,988
			g) Balance Payable	39,097	34,580
5	Aditya Birla Housing Finance Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of refund)	668	4,182
			b) Commission Exp	12,184	11,850
			c) Recovery of Expenses	12	145
			d) Balance Payable	6,779	4,422
			e) Balance Receivable	-	43
6	Aditya Birla Insurance Brokers Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of refund)	577	2,865
			b) Brokerage Expenses	14,431	18,435
			c) Transfer of Liability (Employee Transfer)	-	-
			d) Reimbursement of expenses	430	408
			e) Balance Payable	387	895
7	Aditya Birla Money Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of refund)	2,732	4,470
			b) Recovery of Expenses	23	285
			c) Balance Receivable	-	85
8	Aditya Birla Capital Technology Services Ltd. (Formerly known as "Aditya Birla MyUniverse Ltd.")	Fellow Subsidiary	a) Group Insurance Receipts (Net of refund)	(970)	-
			b) Reimbursement of Expenses	11,836	-
			c) Transfer of Liability (Employee Transfer)	-	-
			d) Prepaid Balance	123	-
			e) Balance Payable	946	-
9	Aditya Birla Money Mart Limited	Fellow Subsidiary	a) Advertisement Cost	-	-
			b) Balance Payable	-	-

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(₹ '000)

Sr. No.	Name of the related party with Whom the transaction has been made	Description of relationship with the party	Nature of Transaction	Year ended	
				31 Mar 21	31 Mar 20
1	2	3	4	5	6
10	Aditya Birla Sun Life Insurance Company Limited	Fellow Subsidiary	a) Group Insurance Receipts	43,731	39,129
			b) Group Insurance Refund	28,501	10,000
			c) Reimbursement of Expenses	-	27
			d) Rent Expenses- Space Sharing	-	7,398
			e) Transfer of Asset (Employee Transfer)	591	1,244
			f) Transfer of Liability (Employee Transfer)	265	-
			g) Insurance Deposit	1,146	774
			h) Balance Payable	-	-
			i) Balance Receivable	-	-
11	Aditya Birla Wellness Private Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of refund)	-	446
			b) Recovery of Expenses	-	-
			c) Outsourcing Contract wellness tracking services	1,16,924	75,828
			d) Transfer of Assets	36	694
			e) Transfer of Liability	111	227
			f) Reimbursement of Expenses	123	78
			g) Rent Expenses- Space Sharing	8,208	5,508
			h) Balance Receivable	-	-
			i) Balance Payable	26,119	25,729
12	Aditya Birla Sun Life AMC Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of refund)	2,752	7,155
			b) Recovery of Expenses	-	35
			c) Transfer of Asset (Employee Transfer)	2,333	588
			d) Transfer of Liability	2,189	-
			e) Annual Subscription (Online)	35	-
			f) Balance Payable	195	40
13	Aditya Birla IDEA Payments Bank Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of refund)	(344)	2,442
			b) Reimbursement of Expenses	-	120
			c) Transfer of Asset (Employee Transfer)	36	398
			d) Transfer of Liability	1,100	-
			e) Leave Encashment of Employee	-	-
14	Metropolitan International Support (Pty) Ltd.	Foreign Promoter	a) Reimbursement of expenses	-	1,729
			b) Recovery of Expenses	-	-
			c) IT Development & Support	-	-
			d) Balance Receivable	-	-
			e) Balance Payable	-	-
15	Momentum Metropolitan Strategic Investments (Pty) Ltd. (Formerly known as MMI Strategic Investments (Pty) Ltd.)	Foreign Promoter	a) Issue of Additional Share Capital	15,68,000	17,44,400
			b) Recovery of Expenses	-	-
			c) Securities Premium	57,50,968	44,84,507
			d) Share Capital	17,65,932	14,64,393



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Sr. No.	Name of the related party with whom the transaction has been made	Description of relationship with the party	Nature of Transaction	Year ended	
				31 Mar 21	31 Mar 20
1	2	3	4	5	6
16	M/S Ultratech Cement Ltd.	Fellow Subsidiary	a) Group Insurance Receipts	9,244	93,185
			b) Group Insurance Refund	11,019	2,859
17	M/s Aditya Birla ARC Limited	Fellow Subsidiary	a) Group Insurance Receipts (Net of refund)	37	96
18	Grasim Industries Limited	Ultimate Holding Company	a) Group Insurance Receipts	31,409	24,844
			b) Group Insurance Refund	1,583	1,583
19	Aditya Birla Money Insurance Advisory Services Ltd.	Fellow Subsidiary	a) Commission Expenses	5,700	3,100
			b) Balance Payable	865	1,745
20	Aditya Birla Management Corporation Private Limited	Fellow Subsidiary	a) Group Insurance Receipts(Net of Refund)	(1,540)	-
			b) Reimbursement of Expenses	429	-
			c) Transfer of Asset (Employee Transfer)	483	-
			d) Balance Payable	500	-
21	Momentum Metropolitan Services Private Limited (Formerly nown as MMI BUSINESS AND TECHNOLOGY SOLUTIONS PRIVATE LIMITED)	Fellow Subsidiary	a) Group Insurance Receipts(Net of Refund)	-	-
			b) Reimbursement of expenses (exc gst)	3,842	-
			c) Balance Payable	933	-
22	Mr. Mayank Bathwal	Key Managerial Personnel	a) Managerial Remuneration	51,669	62,578
			b) Insurance Receipts Received	59	59
23	Mr. Rahil Bathwal	Relative of Key Managerial Personnel	a) ABG Pratibha Scholarship	2,372	2,296
24	Mrs. Shikha Bagai	Key Managerial Personnel	a) Remuneration	15,269	12,804
			b) Insurance Receipts Received	11	-
25	Mr. Maheshkumar Radhakrishanan	Key Managerial Personnel	a) Remuneration	10,046	10,471
26	Aditya Birla Renewables Limited	Fellow Subsidiary	a) Group Insurance Receipts(Net of Refund)	540	-
27	Applause Entertainment Private Limited	Fellow Subsidiary	a) Group Insurance Receipts(Net of Refund)	240	-

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## 19 Employee Benefits

### (a) Defined contribution plan:

Particulars	(₹ '000)	
	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Contribution to Provident Fund	84,614	75,139
Contribution to Superannuation Fund	-	-
Contribution to National Pension Scheme	-	-

### (b) Defined Benefit Plans - Gratuity and Leave Encashment

The following tables summarise the components of the net employee benefit expenses recognised in the Profit and Loss Account, the fund status and amount recognised in the balance sheet for the gratuity and leave encashment.

Disclosures relating to actuarial valuation of Leave encashment and gratuity liability:

	(₹ '000)			
	Gratuity		Leave Encashment	
	2020-21	2019-20	2020-21	2019-20
<b>(i) Assumptions</b>	Indian Assured lives Mortality {2012-14} Modified Ultimate*	Indian Assured lives Mortality {2012-14} Modified Ultimate*	Indian Assured lives Mortality {2012-14} Modified Ultimate*	Indian Assured lives Mortality {2012-14} Modified Ultimate*
Discount Rate	5.45%	5.74%	5.45%	5.74%
Rate of increase in compensation	7%	7%	7%	7%
Rate of leave Availment (Per Annum)	NA	NA	0%	0%
Rate of leave encashment during employment (Per Annum)	NA	NA	0%	0%
<b>(ii) Changes in present value of obligations</b>				
PBO at beginning of year	73,261	69,976	28,538	25,664
Interest Cost	4,051	4,939	1,329	1,540
Past service Cost				
Current Service Cost	17,325	10,521	16,704	16,389
Actuarial loss/(gain) on obligations arising from:				
- Change in demographic assumption	-	(33,350)	-	(6,580)
- Change in financial assumption	1,511	5,950	291	1,124
- Experience Variance	(8,012)	12,722	(18,212)	(2,816)
Benefits paid including transfer in / (out)	1,040	4,831	(7,043)	(7,592)
Acquisition / Divestiture			682	809
Employer contributions	(1,270)	(2,329)		
PBO at end of year	87,906	73,261	22,289	28,538
<b>(iii) Amounts to be recognised in balance sheet</b>				
PBO at end of year	87,906	73,261	22,289	28,538
Net (Asset) / Liability recognised in the balance sheet	1,837	(464)	(6,249)	2,874
<b>(iv) Expense Recognised</b>				
Current Service Cost	17,325	10,521	16,704	16,389
Interest Cost	4,051	4,939	1,329	1,540
Past Service Cost	-	-	-	-
Actuarial (gain)/ loss				
-Changes in demographic assumption	-	(33,350)	-	(6,580)
-Changes in financial assumption	1,511	5,950	291	1,124





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(₹ '000)

	Gratuity		Leave Encashment	
	2020-21	2019-20	2020-21	2019-20
-changes in experience variance	(8,012)	12,722	(18,212)	(2,816)
Return on plan assets, excluding amount recognised in net interest expense	(12,343)	(2,717)	-	-
Expense recognised in the revenue account	2,532	(1,935)	112	9,657
<b>(v) Movements in the liability recognised in Balance Sheet</b>				
Opening Net liability	73,261	69,976	28,538	25,664
Expenses as above	14,875	783	112	9,657
Benefits paid/Contribution made	(230)	2,502	(6,361)	(6,783)
Closing Net Liability	87,906	73,261	22,289	28,538
<b>(vi) Changes in fair value of plan assets</b>				
<b>Fair Value of Plan Assets at beginning of year</b>	73,727	71,009	-	-
<b>Investment Income</b>	4,232	5,042	-	-
<b>Contributions made</b>	-	-	-	-
<b>Benefits paid</b>	-	-	-	-
<b>Return on plan assets, excluding amount recognised in net interest expense</b>	8,111	(2,324)	-	-
<b>Fair Value of Plan Assets at end of year</b>	86,069	73,727	-	-
<b>(vii) Investment details of plan assets</b>				
<b>Insurer Managed Fund</b>	100%	100%	-	-
Others	-	-	-	-
<b>Total fund balance</b>	<b>100%</b>	<b>100%</b>	<b>-</b>	<b>-</b>

**General description of plan :**

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Company's scheme is more favorable as compared to the obligation under Payment of Gratuity Act, 1972.

**viii. Net assets/liability and actuarial experience gain/(loss) for present benefit obligation ('PBO') and plan assets**

(₹ '000)

Particulars	As at 31 Mar 21	As at 31 Mar 20	As at 31 Mar 19	As at 31 Mar 18	As at 31 Mar 17
PBO	87,906	73,261	69,977	51,619	31,044
Plan assets	86,069	73,727	71,009	48,642	-
Net assets/(liability)	(1,837)	465	1,032	(2,977)	(31,044)
Experience gain/(loss) on PBO	(8,012)	12,722	5,844	2,534	2,374
Experience gain/(loss) on plan assets	-	-	-	-	-
Actuarial gain due to change in assumptions	1,511	(27,400)	3,936	(5,116)	1,214

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Best estimate of contribution for next year :

Particulars	(₹ '000)
	Amount
Employees gratuity fund	7,006

### (c) Other Benefit Plans - Long Term Incentive Plan

The following tables summarise the components of the net employee benefit expenses recognised in the Profit and Loss Account and amount recognised in the balance sheet for long term incentive plan.

Disclosures relating to actuarial valuation of long term incentive plan

Particulars	(₹ '000)	
	Long term incentive plan	
	2020-21	2019-20
<b>(i) Assumptions</b>	Indian Assured lives Mortality {2012-14} Modified Ultimate*	Indian Assured lives Mortality {2012-14} Modified Ultimate*
Discount Rate	5.45%	6.65%
<b>(ii) Amounts to be recognised in balance sheet</b>		
PBO at end of year	50,870	55,379
<b>Net (Asset) / Liability recognised in the balance sheet</b>	<b>50,870</b>	<b>55,379</b>

## 20 Earnings Per Share (EPS)

Particulars	(₹ '000)	
	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Net profit after tax for the year (₹ '000)	(19,76,607)	(24,11,601)
Weighted average no. of equity shares for basic	34,05,30,208	26,29,93,490
Weighted average no. of equity shares for diluted	34,05,30,208	26,29,93,490
Basic earnings per share	(5.80)	(9.17)
Diluted earnings per share	(5.80)	(9.17)
Nominal value per share	10.00	10.00

## 21 In pursuant to circular 067 dated 28<sup>th</sup> March 2008 issued by IRDA, following operating expenses are separately disclosed:

Particulars	(₹ '000)	
	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Transaction processing charges	94,232	85,349
Call centre charge	35,586	43,919
Electricity and water	15,417	23,654
Medical charges-policy issuance	11,167	46,627



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## 22 Expenses of Management

As per the IRDA's Order No.: IRDA/F&A/ORD/EMT/042/03/2013 dated 4<sup>th</sup> March 2013, the Company has been exempted from necessary compliances required under section 40C(l) of the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 read with Rule 17E of the Insurance Rules, 1939 for the first five years of its operations.

## 23 Sector Wise Business

Disclosure of Sector wise business based on Gross Direct Premium Income (GDPI) as per Insurance Regulatory and Development Authority (Obligations of Insurers to Rural or Social Sectors) Regulations, 2015 is as under:

Business Sector	(₹ '000)			
	For the year ended 31 Mar 21		For the year ended 31 Mar 20	
	GDPI	% of GDPI	GDPI	% of GDPI
Rural	26,85,452	21%	12,24,532	14%
Urban	1,03,20,924	79%	74,95,842	86%
<b>Total</b>	<b>1,30,06,376</b>	<b>100%</b>	<b>87,20,374</b>	<b>100%</b>

Social Sector	(₹ '000)	
	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Number of lives	7,00,939	118,685
GDPI(₹ '000)	1,34,429	33,489

## 24 Premium Deficiency Reserve

In accordance with Master Circular and Corrigendum on Master Circular on preparation of financial statement issued by IRDAI vide circular number IRDA/F&I/CIR/F&A/231/10/2012 dated 5<sup>th</sup> October 2012 and circular number IRDA/F&A/CIR/FA/126/07/2013 dated 3<sup>rd</sup> July 2013 respectively, in respect of calculation and recognition of Premium deficiency, the premium deficiency for the following segments is:

Particulars	(₹ '000)	
	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Health	-	-
Personal Accident	-	-

## 25 Actuarial Valuation of Claims where Claims Period Exceeds Four Years

Currently the Company does not offer any product where the claim payment term exceeds four years. Hence, no actuarial assumptions have been disclosed.

## 26 Micro, Small and Medium Enterprises

There is no Micro, Small and Medium Enterprise to which the Company owes dues, which are outstanding for more than 45 days during the year ended 31<sup>st</sup> March 2021. This information-as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**Aditya Birla Health Insurance Co. Limited**CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016**Schedules Forming Part of the Financial Statement**For The Year Ended 31<sup>st</sup> March 2021**27 Share Capital**

During the year the Company has increased its authorised share capital from - : ₹31,50,000 thousands to ₹39,00,000 thousands. The Company has allotted ₹3,20,00,00,024 worth of equity shares as per below details:

**Allotment date : 28<sup>th</sup> May 2019**

Name of Shareholder	No. of shares	Price per share	Amount (₹ '000)	Proportion of holding
Aditya Birla Capital Limited (ABCL)	1,11,95,122	41	4,59,000	51%
Momentum Metropolitan Strategic Investments (Pty) Ltd.*	1,07,56,098	41	4,41,000	49%

**Allotment date : 31<sup>st</sup> July 2019**

Name of Shareholder	No. of shares	Price per share	Amount (₹ '000)	Proportion of holding
Aditya Birla Capital Limited (ABCL)	1,80,36,586	41	7,39,500	51%
Momentum Metropolitan Strategic Investments (Pty) Ltd.*	1,73,29,268	41	7,10,500	49%

**Allotment date : 27<sup>th</sup> November 2019**

Name of Shareholder	No. of shares	Price per share	Amount (₹ '000)	Proportion of holding
Aditya Birla Capital Limited (ABCL)	1,24,39,025	41	5,10,000	51%
Momentum Metropolitan Strategic Investments (Pty) Ltd.*	1,19,51,219	41	4,90,000	49%

**Allotment date : 6<sup>th</sup> March 2020**

Name of Shareholder	No. of shares	Price per share	Amount (₹ '000)	Proportion of holding
Aditya Birla Capital Limited (ABCL)	26,12,196	41	1,07,100	51%
Momentum Metropolitan Strategic Investments (Pty) Ltd.*	25,09,756	41	1,02,900	49%

**Allotment date : 20<sup>th</sup> May 2020**

Name of Shareholder	No. of shares	Price per share	Amount (₹ '000)	Proportion of holding
Aditya Birla Capital Limited (ABCL)	66,69,232	52	3,46,800	51%
Momentum Metropolitan Strategic Investments (Pty) Ltd.*	64,07,692	52	3,33,200	49%

**Allotment date : 3<sup>rd</sup> August 2020**

Name of Shareholder	No. of shares	Price per share	Amount (₹ '000)	Proportion of holding
Aditya Birla Capital Limited (ABCL)	1,78,50,000	52	9,28,200	51%
Momentum Metropolitan Strategic Investments (Pty) Ltd.*	1,71,50,000	52	8,91,800	49%

**Allotment date : 25<sup>th</sup> November 2020**

Name of Shareholder	No. of shares	Price per share	Amount (₹ '000)	Proportion of holding
Aditya Birla Capital Limited (ABCL)	68,65,385	52	3,57,000	51%
Momentum Metropolitan Strategic Investments (Pty) Ltd.*	65,96,153	52	3,43,000	49%

\* (Formerly known as MMI Strategic Investments (Pty) Ltd.)



Aditya Birla Health Insurance Co. Limited

CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016

# Schedules Forming Part of the Financial Statement

For The Year Ended 31<sup>st</sup> March 2021

## 28 Penal action taken by various Authorities

IRDA circular no 005/IROA/F&A/CIR/MAY-09 requires disclosure as per given format in respect of penal actions taken by various Government Authorities.

Authority	Non-Compliance / Violation	Penalty Awarded	Penalty Paid	Penalty Waived / Reduced
1. Insurance Regulatory and Development Authority	N/A (N/A)	- (-)	- (-)	- (-)
2. Service Tax Authorities	N/A (N/A)	- (-)	- (-)	- (-)
3. Good and Service Tax Authorities	N/A (N/A)	- (-)	- (-)	- (-)
3. Income Tax Authorities	N/A (N/A)	- (-)	- (-)	- (-)
4. Any other Tax Authorities	N/A (N/A)	- (-)	- (-)	- (-)
5. Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	N/A (N/A)	- (-)	- (-)	- (-)
6. Registrar of Companies/ NCLT/CLB/Department of Corporate Affairs or any Authority under Companies Act, 2013/1956	N/A (N/A)	- (-)	- (-)	- (-)
7. Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	N/A (N/A)	- (-)	- (-)	- (-)
8. Securities and Exchange Board of India	N/A (N/A)	- (-)	- (-)	- (-)
9. Competition Commission of India	N/A (N/A)	- (-)	- (-)	- (-)
10. Any other Central/State/Local Government/Statutory Authority	N/A (N/A)	- (-)	- (-)	- (-)

(31<sup>st</sup> March 2020 figures are in brackets)

## 29 Summary of financial statements is provided as under:

Particulars	(₹ '000)					
	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16*
<b>OPERATING RESULTS</b>						
Gross Premium Written	1,30,06,376	87,20,374	49,68,026	24,31,676	5,40,424	-
Net Earned Premium Income	84,72,330	58,54,079	34,82,280	15,19,812	1,34,830	-
Income from Investments (net)	6,20,676	3,47,555	1,84,675	1,01,211	59,391	-
Other Income	-	-	597	107	-	-
Total Income	90,93,006	62,01,634	36,67,552	16,21,130	1,94,221	-
Commissions (Net) (Including Brokerage)	4,94,930	5,15,040	5,39,851	1,89,173	32,497	-
Operating Expenses	64,75,363	52,95,823	36,49,990	20,62,158	8,34,768	-
Net Incurred Claims	42,35,677	28,73,257	20,41,111	13,60,680	1,66,396	-
Premium deficiency reserve	-	-	-	(37,847)	37,847	-
Operating Profit/(Loss)	(21,12,964)	(24,82,486)	(25,63,400)	(19,53,035)	(8,77,287)	-

## Aditya Birla Health Insurance Co. Limited

CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016

## Schedules Forming Part of the Financial Statement

For The Year Ended 31<sup>st</sup> March 2021

(₹ '000)

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16*
<b>NON-OPERATING RESULTS</b>						
Total Income under Shareholders Account	1,36,357	70,885	18,397	60,801	10,571	-
Profit/(loss) before tax	(19,76,607)	(24,11,601)	(25,45,003)	(18,92,235)	(8,66,716)	(1,52,007)
Provision for Tax	-	-	-	-	-	-
Profit/(Loss) after tax	(19,76,607)	(24,11,601)	(25,45,003)	(18,92,235)	(8,66,716)	(1,52,007)
<b>MISCELLANEOUS</b>						
<b>Policyholder's Account:</b>						
a) Total funds	95,24,081	60,99,433	34,41,875	13,51,558	11,92,504	-
b) Total Investments	95,24,081	60,99,433	34,41,875	13,51,558	7,70,979	-
c) Yield on Investments	7.88%	7.51%	7.75%	7.65%	6.33%	-
<b>Shareholder's Account:</b>						
a) Total funds	29,40,592	23,11,045	14,44,639	7,49,189	15,18,255	-
b) Total Investments	29,40,592	23,11,045	14,44,639	7,49,189	15,18,255	-
c) Yield on Investments	7.74%	8.47%	7.43%	6.92%	7.85%	-
Paid Up Equity Capital	36,03,943	29,88,558	21,20,265	13,28,802	10,04,412	1,80,000
<b>Net Worth</b>	<b>39,65,831</b>	<b>27,42,438</b>	<b>15,94,039</b>	<b>8,94,042</b>	<b>14,56,276</b>	<b>27,993</b>
<b>Total Assets</b>	<b>1,49,59,857</b>	<b>1,04,04,897</b>	<b>63,40,631</b>	<b>33,93,855</b>	<b>31,25,096</b>	<b>1,80,452</b>
<b>Yield on total investments</b>	<b>7.85%</b>	<b>7.81%</b>	<b>7.65%</b>	<b>7.29%</b>	<b>7.72%</b>	<b>-</b>
<b>Earning Per Share(₹)</b>	<b>(5.80)</b>	<b>(9.17)</b>	<b>(14.43)</b>	<b>(16.30)</b>	<b>(10.22)</b>	<b>(39.38)</b>
<b>Book value per Share (₹)</b>	<b>11.00</b>	<b>9.18</b>	<b>7.52</b>	<b>6.73</b>	<b>14.50</b>	<b>10.00</b>
<b>Total Dividend</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Dividend Per share	-	-	-	-	-	-

\* The Company had received the certificate of registration with IRDAI on 11<sup>th</sup> July 2016 and thus summary of financial statement is not provided for FY 2015-16.

## 30 Accounting Ratios:

Performance Ratios	As at 31 Mar 21	As at 31 Mar 20
	In times or %	In times or %
Gross Premium Growth Rate (Overall)	49%	76%
Gross Premium Growth Rate (Health)	54%	78%
Gross Premium Growth Rate (Personal Accident)	16%	59%
Gross Direct Premium to Net worth Ratio	3.28	3.18
Growth rate of Net Worth	45%	72%
Net Retention Ratio (Overall)	77%	80%
Net Retention Ratio (Health)	75%	78%
Net Retention Ratio (Personal Accident)	93%	93%
Net Commission Ratio (Overall)	5%	7%
Net Commission Ratio (Health)	4%	6%
Net Commission Ratio (Personal Accident)	13%	13%
Expense of Management to Gross Direct Premium Ratio	62%	73%
Expense of Management to Net Written Premium Ratio	70%	84%
Net Incurred Claims to Net Earned Premium	50%	49%
Combined Ratio	120%	133%
Technical Reserves to net premium ratio	66%	61%
Underwriting balance ratio	(32%)	(48%)



Aditya Birla Health Insurance Co. Limited

CIN:U66000MH2015PLC263677 and IRDA Registration No. 153 Dated 11<sup>th</sup> July 2016

# Schedules Forming Part of the Financial Statement

For The Year Ended 31<sup>st</sup> March 2021

Performance Ratios	As at	As at
	31 Mar 21	31 Mar 20
	In times or %	In times or %
Operating profit ratio	(25%)	(42%)
Liquid Assets to liabilities ratio	0.12	0.08
Net earnings ratio	(20%)	(35%)
Return on net worth ratio	(50%)	(88%)
Reinsurance Ratio	23%	20%
Available Solvency Margin (ASM) to Required Solvency Margin (RSM) ratio	1.82	1.81

## 31 Corporate Social Responsibility

The provision of section 135 of Companies Act, 2013, relating to corporate social responsibility do not apply to the Company for the year under audit.

## 32 Provision for Free Look Period

The provision for Free Look period is ₹9,911 Thousand ( 31<sup>st</sup> March 2020 : ₹4,553 Thousand) as duly certified by the Appointed Actuary.

## 33 Loan Restructuring

The Company has not given any loans during the financial year and in the previous year.

## 34 Impact Of COVID-19 Outspread

The Company has considered the possible effects that may arise out of still unfolding COVID-19 including but not limited to its assessment of various elements of the Financial Statement. The Company is well-positioned to manage the Covid-19 impact given its focus on digital, customer experience, and health-first model.

The Company has launched various covid-related products and benefits and enabled digital journeys to enable revenue. On customer and wellness management, various initiatives such as healthcare at home, fitness at home, tele-medicines, digital servicing, etc to improve overall customer experience and health outcomes. The Company will continue to closely monitor any impact on revenue due to regional or local lockdown as well as covid related claims.

Institute of Chartered Accountants of India (ICAI) has issued an advisory on "Impact of Corona Virus on Financial Reporting" to be considered for Financial Reporting. The impact of Covid-19 has been assessed on different components of Financial Statements specifically those required under the Guidance.

- Pursuant to such assessment, there are no indicators of impairment to Non-Financial Assets and Financial Assets as at Reporting Date
- An assessment was also carried out of the Investment portfolio considering the impact on the economic and credit environment of the economy and there is no additional impairment required specific due to Covid -19 event.
- There is no change in the discount rate emanating from the impact of Covid on the Company's lease/defined benefit plan other than what has already been factored in.

The Company remains comfortable on Solvency and there is no indication or reason to believe that there is any uncertainty in continuing as a Going Concern in light of Covid's impact on business.

- 35** Previous year figures have been regrouped / reclassified wherever necessary to conform to current years grouping / classification.

**Aditya Birla Health Insurance Co. Limited**  
**IRDA Registration No: 153**  
**Date of Registration with the IRDAI: 11<sup>th</sup> July 2016**

## Management Report

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority of India (IRDAI) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, the following management report for the year ended 31<sup>st</sup> March 2021 is submitted:

1. We confirm the validity of Certificate of Registration granted by the Insurance Regulatory and Development Authority to transact health insurance business.
2. To the best of our knowledge and belief, all the material dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and the transfer of shares during the year ended 31<sup>st</sup> March 2021 are in accordance with the statutory or regulatory requirements.
4. We declare that funds of holders of policies issued in India have not been directly or indirectly invested outside India.
5. We confirm that the Company has maintained the required solvency margins laid down by Insurance Regulatory and Development Authority.
6. We certify that all the assets of the Company have been reviewed on the date of the Balance Sheet and to the best of our knowledge and belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings – “Loans”, “Investments”, “Agents balances”, “Outstanding Premiums”, “Interest, Dividends and Rents outstanding”, “Interest, Dividends and Rents accruing but not due”, “Amounts due from other persons or Bodies carrying on insurance business”, “Sundry Debtors”, “Bills Receivable”, “Cash” and the several items specified under “Other Accounts” except debt securities which are stated at historical cost (amortised cost) .
7. The Company is exposed to a variety of risks associated with health insurance business such as quality of risks undertaken, fluctuations in value of assets and higher expenses in the initial years of operation. The Company monitors these risks closely and effective remedial action is taken wherever deemed necessary. The Company has, through an appropriate reinsurance program kept its risk exposure at a level commensurate with its capacity.
8. The Company does not have operations outside India.





Aditya Birla Health Insurance Co. Limited  
IRDA Registration No: 153  
Date of Registration with the IRDAI: 11<sup>th</sup> July 2016

## Management Report

9. (a) Ageing Analysis of Claims outstanding and the Average Claims settlement period is given below:

Particulars	As at 31 Mar 21			As at 31 Mar 20			As at 31 Mar 19			As at 31 Mar 18			As at 31 Mar 17		
	Health Accident	Personal Accident	Total	Health	Personal Accident	Total	Health	Personal Accident	Total	Health	Personal Accident	Total	Health	Personal Accident	Total
0 to 30 days	4,28,232	4,603	4,32,835	2,32,029	49,389	2,81,418	1,68,022	49,115	2,17,137	1,11,121	2,499	1,13,620	36,881	60	36,941
31 days to 6 months	47,886	684	48,570	44,596	6,446	51,042	24,979	21,121	46,100	7,768	-	7,768	7,013	-	7,013
6 months to 1 years	60	-	60	3,383	15	3,398	2,644	-	2,644	-	-	-	-	-	-
1 years to 5 years	-	-	-	-	-	-	367	-	367	-	-	-	-	-	-
5 years and above	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4,76,179</b>	<b>5,287</b>	<b>4,81,466</b>	<b>2,80,008</b>	<b>55,850</b>	<b>3,35,858</b>	<b>1,96,012</b>	<b>70,236</b>	<b>2,66,248</b>	<b>1,18,889</b>	<b>2,499</b>	<b>1,21,388</b>	<b>43,894</b>	<b>60</b>	<b>43,954</b>

(b) Details of average claim settlement time

Particulars	2020-21	2019-20	2018-19	2017-18	2016-17
Overall Average Claims Settlement Period (in Working Days)	7	7	7	7	10

**Aditya Birla Health Insurance Co. Limited**  
**IRDA Registration No: 153**  
**Date of Registration with the IRDAI: 11<sup>th</sup> July 2016**

## Management Report

10. Details of payments to individuals, firms, Companies and organisations in which directors are interested during the year ended on 31<sup>st</sup> March 2021 (Refer Annexure 1).
11. We certify that all debt securities and non convertible preference shares are considered as 'held to maturity' and accordingly stated at historical cost subject to amortisation of premium or accretion of discount on constant yield to maturity basis in the Revenue Accounts and in the Profit and Loss Account over the period of maturity/holding. All mutual fund investments are valued at net asset value as at balance sheet date. In accordance with the Regulations, any unrealised gains/losses arising due to change in fair value of mutual fund investments or listed equity shares are accounted in "Fair Value Change Account" and carried forward in the balance sheet and is not available for distribution.
12. The Company has adopted a prudent investment policy with emphasis on optimising return with minimum risk. Investments are managed in consonance with the investment policy laid down by the board from time to time and are within the investment regulation and guidelines of IRDA. The Company has carried out periodic review of the investment portfolio. All investments are made in accordance with Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015 and Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 as amended from time to time. The Company has a security that has been classified as NPA in line with Investments - Master Circular version – 02<sup>nd</sup> May 2017 issued by IRDAI and 70% provision is made as per conservative management estimate. The Company has no other non-performing assets for the purpose of income recognition as per the directions of IRDAI. Also, in respect of security although not an NPA but Substandard Asset as per RBI norms provision of 15% has been made with respect to this.
13. The Management of Aditya Birla Health Insurance Co. Limited certifies that:
  - i. The financial statements have been prepared in accordance with the applicable provisions of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority Act, 1999, circulars/notifications issued by IRDA from time to time (including Circular No. IRDA/F&A/CIR/CPM/056/03/2016 dated 04<sup>th</sup> April 2016), the Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013, to the extent applicable and the relevant provisions of the Companies Act, 2013, and disclosures have been made, wherever the same is required. There is no material departure from the said standards, principles and policies.
  - ii. The Company 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 as at 31<sup>st</sup> March 2021 and of the operating profit or loss and of the profit or loss of the company for the year ended on that date.
  - iii. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938, (4 of 1938) as amended by Insurance Laws (Amendment) Act, 2015 / Companies Act, 1956, (1 of 1956)/ the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
  - iv. The financial statements of the Company have been prepared on a going concern basis.
  - v. The Company's internal audit is conducted by an in-house audit team and an appointed audit firm. The scope of work of internal audit is commensurate with the size and nature of the Company's business. The management has ensured that an internal audit system commensurate with the size and nature of business exists and is operating effectively.

For and On behalf of the Board of Directors

**Ajay Srinivasan**  
 Director  
 DIN – 00121181

**Asokan Naidu**  
 Director  
 DIN: 07425396

**Mayank Bathwal**  
 CEO and Whole Time Director  
 DIN - 06804440

**Jigar Mehta**  
 Financial Controller

**Mahesh Kumar Radhakrishnan**  
 Company Secretary  
 (Membership No : 27720)

Mumbai  
 28<sup>th</sup> April 2021



Aditya Birla Health Insurance Co. Limited  
IRDA Registration No: 153  
Date of Registration with the IRDAI: 11<sup>th</sup> July 2016

## Management Report

### Annexure 1

Details of payments to individuals, firms, Companies and organisations in which directors are interested during the year ended on 31<sup>st</sup> March 2021:

S No.	Name of the Director	Entity in which Director is interested	Interested as	Amount of payment during the FY 2020-21 (₹ in ' 000)
1	Mr. Ajay Srinivasan Mr. Sushil Agarwal	Aditya Birla Management Corporation Private Limited	Director	425
2	Mr. Sushil Agarwal Mr. Asokan Poogesen Naidu Mr. Mayank Bathwal	Aditya Birla Wellness Private Limited	Director	1,26,518
3	Mr. Devajyoti Bhattacharya Mr. Sushil Agarwal	Aditya Birla Fashion and Retail Limited	Director	736
4	Mr. Asokan Poogesen Naidu	Momentum Metropolitan Services Private Limited (Formerly MMI Business And Technology Solutions Private Limited)	Director	4,687
5	Mr. Mayank Bathwal	Rahil Bathwal	Son	2,371







**OUR VALUES AND OUR CULTURE  
ENABLE US TO PARTNER PEOPLE  
IN LIVING THE LIFE THEY DESIRE.**

**Our PROTECTING Solutions enable people  
to secure everything that they value.**

**Our INVESTING Solutions enable people  
to live a life they truly aspire to.**

**Our FINANCING Solutions enable people  
to fulfil their needs and ambitions,  
without having to wait.**



## Aditya Birla Health Insurance Co. Limited

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[www.adityabirlahealthinsurance.com](http://www.adityabirlahealthinsurance.com)

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### Registered Office:

One World Center, Tower 1, 9th Floor, Jupiter Mills Compound,  
B41, Senapati Bapat Marg, Elphinstone Road, Mumbai 400013.

CIN: U66000MH2015PLC263677

IRDAI Registration No. 153