

**M.P. Chitale & Co.**  
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**Nangia & Co LLP**  
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## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of Max Bupa Health Insurance Company Limited**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the accompanying financial statements of **Max Bupa Health Insurance Company Limited** (“the Company”), which comprise the Balance Sheet as at 31 March 2020, the Revenue Account (“the Policyholders’ Account” or “the Technical Account”), Profit and Loss Account (“the Shareholders’ Account” or “the Non-Technical Account”), and Receipts and Payments Account for the year then ended, and notes to 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 by The Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015 (“the Insurance Act”), the Insurance Regulatory and Development Authority Act, 1999 (“the IRDA Act”), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002 (“the Regulations”) and the Companies Act, 2013 (“the Act”) to the extent applicable and in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India as applicable to insurance companies:

- a) in the case of Balance Sheet, of the state of affairs of the Company as at 31 March 2020;
- b) in the case of Revenue Account, of the operating profit of the Company for the year ended 31 March 2020;
- c) in the case of Profit and loss account, of the loss of the Company for the year ended 31 March 2020; and
- d) in the case of Receipts and Payments Account, of the receipts and profits of the Company for the year ended 31 March 2020.

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## **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Insurance Act, the IRDA Act and the regulations, Companies 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 matters**

We invite attention to:

- Note no 16 C (13b) regarding treatment of Investments.
- Note no 36 possible effects of the COVID-19 Pandemic.

Our opinion is not modified in respect to these matters.

## **Other matters**

The actuarial valuation of liabilities in respect to claims Incurred But Not Reported (IBNR), including claims Incurred But Not Enough Reported (IBNER), provisioning for Premium Deficiency and Free Look Reserve as at 31 March 2020 is the responsibility of the Company’s Appointed Actuary (“Actuary”) and has been duly certified by the Actuary. The appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with the guidelines and norms, if any, issued by Insurance Regulatory Development Authority of India (IRDAI) and the Actuarial Society of India in concurrence with the IRDAI. We have relied upon the Appointed Actuary’s certificate in this regard for forming our opinion on the financial statements of the Company.

Our opinion is not modified in respect of this matter.

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

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

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

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

When we read the Other Information, if, we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance.

### **Responsibilities of management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the Balance Sheet, Statement of Profit and Loss, and Cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014, further amended by Companies (Accounting Standards) Amendment Rules, 2016, the Insurance Act, the IRDA Act and the Regulations prescribed by the Insurance Regulatory and Development Authority of India ("IRDAI").

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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

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

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

1. As required by the Regulations, we have issued a separate certificate dated 02<sup>nd</sup> May 2020, certifying matters specified in paragraphs 3 and 4 of the Schedule C to these Regulations.
2. Further, to our comments in the Certificate referred to above, as required under the Regulations, read with Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

- b) In our opinion and to the best of our information and according to the explanations given to us, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) As the Company's financial accounting system is centralized, no returns for the purpose of our audit are prepared at the branches of the Company;
- d) The Balance Sheet, the Revenue Account and the Profit and Loss Account and the Receipts and Payments Account dealt with by this Report are in agreement with the books of account;
- e) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, further amended by the Companies (Accounting Standards) Amendment Rules, 2016 to the extent they are not inconsistent with the accounting principles prescribed in the regulations and orders/directions issued by the IRDA in this regard;
- f) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, 1938, the Regulations and/or orders/directions issued by the IRDAI in this regard;
- g) In our opinion and to the best of our information and according to the explanations given to us, the accounting policies selected by the Company are appropriate and are in compliance with the applicable Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Act), and the Rules framed thereunder and with the accounting principles as prescribed by the Regulations and orders/directions issued by the IRDAI in this regard;
- h) Based on representations received on e-mail (due to nationwide lockdown) from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- i) With respect to requirements of section 197(16) of the Act, as amended, we report that managerial remuneration is governed u/s 34A of the Insurance Act, 1938 and requires IRDAI approval. Accordingly, the provisions of Section 197 read with schedule V to the Act are not applicable, and hence reporting under Section 197 (16) is not required.

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However, sitting fees paid to the Directors is in compliance with Section 197 of the Companies Act, 2013.

- j) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”.
- k) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at March 31, 2020 on its financial position in its financial statements – Refer Note no. Schedule 16 note C-1 in the notes to accounts forming part of financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M.P. Chitale & Co.**  
**Chartered Accountants**  
**FRN No. 101851W**

For **Nangia & Co. LLP**  
**Chartered Accountants**  
**FRN No. 002391C/N500069**

**Murtuza Vajih**  
Partner  
Membership No. 112555  
UDIN: 2011255AAAAAV7732

**Vikas Gupta**  
Partner  
Membership No. 076879  
UDIN: 20076879AAAAFD2960

Place: Mumbai

Place: Noida

## **Annexure ‘A’ to the Independent Auditors’ Report**

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

To the Members of **Max Bupa Health Insurance Company Limited**

1. We have audited the internal financial controls over financial reporting of **Max Bupa Health Insurance Company Limited** as of 31 March 2020 in conjunction with our audit of financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

2. The Company’s Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (the “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 Companies Act, 2013 including provisions of The Insurance Act, 1938, as amended by Insurance Laws (Amendment) Act, 2015 (“the Insurance Act”), the Insurance Regulatory and Development Authority Act, 1999 (“the IRDA Act”), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002 (“the Regulations”) in this regard.

#### **Auditors’ Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we



comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

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

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

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

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to

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future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **Opinion**

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## **Other matter**

9. The actuarial valuation is liabilities in respect to claims Incurred But Not Reported (IBNR), including claims Incurred But Not Enough Reported (IBNER) and provisioning for Premium Deficiency and Free Look Reserve as at 31 March 2020 is the responsibility of the Company's Appointed Actuary ("Actuary") and has been duly certified by the Actuary, as mentioned in "Other Matter" paragraph of our audit report on the financial statements of the Company as at and for the year ended 31 March 2020. In view of this, we did not perform any procedures relating to internal financial control over financial reporting in respect of the valuation and accuracy of the actuarial valuation of estimate of claims IBNR and claims IBNER.

For **M.P. Chitale & Co.**  
**Chartered Accountants**  
**FRN No. 101851W**

For **Nangia & Co. LLP**  
**Chartered Accountants**  
**FRN No. 002391C/N500069**

**Murtuza Vajihi**  
Partner  
Membership No. 112555  
UDIN: 2011255AAAAAV7732  
Place: Mumbai

**Vikas Gupta**  
Partner  
Membership No. 076879  
UDIN: 20076879AAAAFD2960  
Place: Noida

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**INDEPENDENT AUDITORS' CERTIFICATE TO THE MEMBERS OF  
MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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

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

**Management Responsibility**

The Company's Board of Directors is responsible for complying with the provisions of the Insurance Act, 1938 as amended by the Insurance Laws (Amendment) Act, 2015 read with Insurance Regulatory and Development Authority of India circular IRDAI/F&A/CIR/FA/059/03/2015 dated March 31, 2015 (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the IRDA Financial Statements Regulations, orders/directions issued by the Insurance Regulatory and Development Authority of India (the "IRDA"), which includes the preparation of the Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring compliance as aforesaid.

**Auditors' Responsibility**

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

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

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

### **Opinion**

Based on our audit of financial statements for the year ended March 31, 2020 and in accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our examination of the books of account and other records maintained by Max Bupa Health Insurance Company Limited (“the Company”) for the year ended March 31, 2020, we certify that:

1. We have reviewed the Management Report attached to the financial statements for the year ended March 31, 2020, and on the basis of our review, there are no apparent mistakes in or material inconsistencies with the financial statements;
2. Based on the management representation and compliance certificates submitted to the Board of Directors by the officers of the Company charged with compliance and the same being noted by the Board, nothing has come to our attention that causes us to believe that the Company has not complied with the terms and conditions of registration stipulated by IRDA;
3. In view of the nationwide lockdown we have not been able to verify the cash balance as on March 31, 2020 by actual inspection. In view of the same, we have placed reliance on the management certificate with regard to the balance on hand as on March 31, 2020 and the control processes of the Company with regard to handling of cash. We have verified securities relating to the Company’s investments as at March 31, 2020, on the basis of certificates/ confirmations received from the Custodian and/or Depository Participants appointed by the Company, as the case may be;
4. The Company is not a trustee of any trust; and
5. No part of the assets of the Policyholders’ Funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, 1938, relating to the application and investments of the Policyholders’ Funds.

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### **Restriction on Use**

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

### **For M P Chitale & Co.**

Chartered Accountants  
Firm Registration No.: 101851W

### **For Nangia & Co. LLP**

Chartered Accountants  
Firm Registration No.: 002391C

### **Murtuza Vajih**

Partner  
Membership No. 112555  
UDIN: 2011255AAAAAV7732  
Place: Mumbai

### **Vikas Gupta**

Partner  
Membership No. 076879  
UDIN: 20076879AAAAFD2960  
Place: Noida

**FORM-B-RA**

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010

**REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020**

Particulars	Schedule	For the year ended	For the year ended
		Mar 31, 2020 (Rs.'000)	Mar 31, 2019 (Rs.'000)
1 Premiums earned (Net)	1	84,10,691	65,94,788
2 Profit/(Loss) on sale/redemption of Investments		28,124	22,289
3 Others-			-
Contribution from Shareholders Funds towards Excess EOM		14,73,550	13,65,000
Accretion/Amortisation of (Premium)/Discount		20,724	43,975
4 Interest, Dividend & Rent – Gross		3,62,512	2,70,855
<b>Total (A)</b>		<b>1,02,95,601</b>	<b>82,96,907</b>
1 Claims Incurred (Net)	2	45,00,691	35,56,426
2 Commission (Net)	3	4,28,756	3,08,500
3 Operating Expenses related to Insurance Business	4	41,94,575	35,74,727
4 Premium Deficiency		-	-
<b>Total (B)</b>		<b>91,24,022</b>	<b>74,39,653</b>
<b>Operating Profit/(Loss) [C= (A - B)]</b>		<b>11,71,579</b>	<b>8,57,254</b>
<b>Appropriations</b>			
Transfer to Shareholders' Account		11,71,579	8,57,254
Transfer to Catastrophe Reserve		-	-
Transfer to Other Reserves		-	-
<b>Total (C)</b>		<b>11,71,579</b>	<b>8,57,254</b>

Significant Accounting Policies and Notes to Accounts

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The Schedules and accompanying notes referred to herein form an integral part of the Revenue Account

\*As required by Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting General or Health Insurance business) Regulations, 2016, expenses of management incurred during the year ended March 31, 2020 in respect of Miscellaneous-"Health" & "PA" insurance business transactions in India by the Company have been fully recognized in the revenue account as expenses to the extent allowable as per regulations. As per the directions from IRDAI, expenses in excess of allowable limits, as per the Regulations have been transferred to Shareholders Accounts.

As per our Audit report of even date attached.

**For Nangia & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No. 002391C

For and on behalf of the Board of Directors  
**Max Bupa Health Insurance Company Limited**

**Vikas Gupta**  
Partner  
Membership No. 076879  
Place: Noida

**Rajagopalan Santhanam**  
Director  
DIN: 00025669

**Ashish Mehrotra**  
CEO & Managing Director  
DIN: 07277318

**For M P Chitale & Co.**  
Chartered Accountants

**Rajat Sharma**  
Company Secretary  
Mem No. FCS7069

**Rahul Ahuja**  
Chief Financial Officer

**Murtuza Vajhi**  
Partner  
Place: Mumbai

Date: April 30, 2020

CIN - U66000DL2008PLC182918

## FORM-B-PL

## MAX BUPA HEALTH INSURANCE COMPANY LIMITED

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Schedule	For the year ended	For the year ended
		Mar 31, 2020 (Rs.'000)	Mar 31, 2019 (Rs.'000)
<b>1 Operating Profit/(Loss)</b>			
(a) Miscellaneous Insurance		11,71,579	8,57,254
<b>2 Income From Investments</b>			
(a) Interest, Dividend and Rent – Gross		2,63,482	1,92,383
(b) Profit/(Loss) on sale/redemption of Investments		20,247	12,738
(c) Accretion/Amortisation of (Premium)/Discount		(2,989)	10,496
<b>3 Other Income</b>			
(a) Gain/(Loss) on Foreign Exchange Fluctuation		(777)	1,874
(b) Interest Income		869	746
(c) Provisions written back		-	377
<b>Total (A)</b>		<b>14,52,411</b>	<b>10,75,868</b>
<b>4 Provisions (Other than Taxation)</b>			
(a) For diminution in the value of investments (refer note no C 13 in Schedule 16)		1,50,000	75,000
(b) For doubtful debts (refer note no C 13 in Schedule 16)		3,50,002	84,671
(c) Penalty		-	-
(d) Others		-	-
<b>5 Other Expenses</b>			
(a) Expenses other than those related to Insurance Business*		94,379	35,065
(b) Bad debts written off		-	-
(c) Contribution to policyholders Funds towards Excess EOM		14,73,550	13,65,000
<b>Total (B)</b>		<b>20,67,931</b>	<b>15,59,736</b>
<b>Profit/(Loss) Before Tax</b>		<b>(6,15,520)</b>	<b>(4,83,868)</b>
Provision for Taxation		-	-
<b>Profit/(Loss) After Tax</b>		<b>(6,15,520)</b>	<b>(4,83,868)</b>
<b>Appropriations</b>			
(a) Interim dividends		-	-
(b) Proposed final dividend		-	-
(c) Dividend distribution tax		-	-
(d) Transfer to any Reserves or Other Accounts		-	-
		-	-
<b>Balance of Profit/(Loss) brought forward from last year</b>		<b>(71,85,435)</b>	<b>(67,01,567)</b>
<b>Balance carried forward to Balance Sheet</b>		<b>(78,00,955)</b>	<b>(71,85,435)</b>
<b>Basic Earning/ (Loss) per Share of Rs. 10/- each</b>		<b>(0.58)</b>	<b>(0.51)</b>
<b>Diluted Earning/ (Loss) per Share of Rs. 10/- each</b>		<b>(0.58)</b>	<b>(0.51)</b>
(also refer note no C 21 in Schedule 16)			

Significant Accounting Policies and Notes to Accounts

16

The Schedules and accompanying notes referred to herein form an integral part of the Profit and Loss Account

\*Hitherto, expenses of CEO remuneration linked to performance that were provided but unpaid were charged to Revenue Account. On actual payment of the dues, the said provisions were reversed and the payments when made, were charged to the Profit and Loss Account. From the F.Y. 2019-20, the company has changed the practice and all amounts pertaining to CEO remuneration are charged to the Profit and Loss Account irrespective of whether payments were made or not. Included in the above amount of Rs.94,379(thousand) is an amount of Rs. 36,618(thousand) that was provided in F.Y. 2018-19 and Paid in F.Y. 2019-20.

As per our Audit report of even date attached.

**For Nangia & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No. 002391C

For and on behalf of the Board of Directors  
**Max Bupa Health Insurance Company Limited**

**Vikas Gupta**  
Partner  
Membership No. 076879  
Place: Noida

**Rajagopalan Santhanam**  
Director  
DIN: 00025669

**Ashish Mehrotra**  
CEO & Managing Director  
DIN: 07277318

**For M P Chitale & Co.**  
Chartered Accountants

**Rajat Sharma**  
Company Secretary  
Mem No. FCS7069

**Rahul Ahuja**  
Chief Financial Officer

**Murtuza Vajiji**  
Partner  
Place: Mumbai

Date: April 30, 2020

CIN - U66000DL2008PLC182918

**FORM-B-BS**

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010

**BALANCE SHEET AS AT MARCH 31, 2020**

Particulars	Schedule	As at Mar 31, 2020 (Rs.'000)	As at Mar 31, 2019 (Rs.'000)
<b>Sources of Funds</b>			
Share Capital	5	1,12,60,000	98,10,000
Reserves and Surplus	6	-	-
Fair Value Change Account - Shareholders		3	229
Fair Value Change Account - Policyholders		180	177
Borrowings	7	-	-
<b>Total</b>		<b><u>1,12,60,183</u></b>	<b><u>98,10,406</u></b>
<b>Application of Funds</b>			
Investments - Shareholders	8	40,28,612	32,99,421
Investments - Policyholders	8A	66,43,465	48,56,322
Loans	9	-	-
Fixed Assets	10	4,11,839	3,21,019
<b>Current Assets:</b>			
Cash and Bank Balances	11	1,89,269	2,98,581
Advances and Other Assets	12	10,99,936	12,19,617
<b>Sub-total (A)</b>		<b><u>12,89,205</u></b>	<b><u>15,18,198</u></b>
Current Liabilities	13	38,92,221	34,75,279
Provisions	14	50,21,672	38,94,710
<b>Sub-total (B)</b>		<b><u>89,13,893</u></b>	<b><u>73,69,989</u></b>
<b>Net Current Assets (C) = (A - B)</b>		<b><u>(76,24,688)</u></b>	<b><u>(58,51,791)</u></b>
Miscellaneous Expenditure (To the extent not written off or adjusted)	15	-	-
Debit Balance in Profit and Loss Account		78,00,955	71,85,435
<b>Total</b>		<b><u>1,12,60,183</u></b>	<b><u>98,10,406</u></b>
Significant Accounting Policies and Notes to Accounts (please refer Schedule 16 C (1) for Contingent Liabilities)	16		

The Schedules and accompanying notes referred to herein form an integral part of the Balance Sheet

As per our Audit report of even date attached.

**For Nangia & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No. 002391C

For and on behalf of the Board of Directors  
**Max Bupa Health Insurance Company Limited**

**Vikas Gupta**  
Partner  
Membership No. 076879  
Place: Noida

**Rajagopalan Santhanam**  
Director  
DIN: 00025669

**Ashish Mehrotra**  
CEO & Managing Director  
DIN: 07277318

**For M P Chitale & Co.**  
Chartered Accountants

**Rajat Sharma**  
Company Secretary  
Mem No. FCS7069

**Rahul Ahuja**  
Chief Financial Officer

**Murtuza Vajhi**  
Partner  
Place: Mumbai

Date: April 30, 2020      CIN - U66000DL2008PLC182918



**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**  
**REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010**  
**RECEIPTS AND PAYMENT ACCOUNT FOR THE YEAR ENDED MARCH 31, 2020**

S.no	Particulars	For the year ended Mar 31, 2020 (Rs.'000)	For the year ended Mar 31, 2019 (Rs.'000)
<b>Cash Flows from the Operating activities</b>			
1	Premium received from Policyholders, including Advance Receipts	1,49,72,839	1,13,67,503
2	Other Receipts	-	-
3	Payment to the reinsurers, net of commisisions and claims	(6,66,815)	(4,71,637)
4	Payments to co-insurers, net of claims recovery	-	(1,777)
5	Payments of claims	(50,65,249)	(40,42,432)
6	Payments of commission and brokerage	(15,02,204)	(11,01,390)
7	Payments of Other Operating Expenses	(55,86,488)	(40,86,200)
8	Preliminary and Pre-operative Expenses	-	-
9	Deposits, Advances and Staff Loans	(10,509)	(3,964)
10	Income Taxes Paid (Net)	-	-
11	Service tax & GST paid	(10,72,154)	(7,17,769)
12	Other Payments	-	-
13	<b>Cash Flows before Extraordinary Items</b>	<b>10,69,420</b>	<b>9,42,334</b>
14	Cash flow from extraordinary operations	-	-
15	<b>Net Cash flows from operating activities</b>	<b>10,69,420</b>	<b>9,42,334</b>
<b>Cash flows from investing activities</b>			
1	Purchase of fixed assets	(2,97,395)	(1,27,615)
2	Proceeds from sale of fixed assets	-	35
3	Purchase of investments	(2,24,75,363)	(2,54,69,598)
4	Loans disbursed	-	-
5	Sales of investments	1,92,28,253	2,39,64,067
6	Repayments received from Investments	-	-
7	Rents/Interests/ Dividends received	5,19,115	4,32,915
8	Investments in money market instruments and in liquid mutual funds (Net)	-	-
9	Expenses related to investments	-	-
10	<b>Net Cash flows from investing activities</b>	<b>(30,25,390)</b>	<b>(12,00,196)</b>
<b>Cash flows from financing activities</b>			
1	Proceeds from issuance of Share Capital	14,50,000	5,50,000
2	Proceeds from borrowing	-	-
3	Repayments of borrowing	-	-
4	Interest/dividends paid	-	-
5	<b>Net cash flow from financing activities</b>	<b>14,50,000</b>	<b>5,50,000</b>
<b>D Effect of foreign exchange rates on cash and cash equivalents, net</b>			
		-	-
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>(5,05,970)</b>	<b>2,92,138</b>
Cash and cash equivalents at the beginning of the year		8,26,987	5,34,849
Cash and cash equivalents at the end of the year		<u>3,21,017</u>	<u>8,26,987</u>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>(5,05,970)</b>	<b>2,92,138</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet at the end of the period</b>			
Cash and Bank Balances (Refer Schedule 11)		1,89,269	2,98,581
Short term liquid investments (Refer Schedule 8: Investments Shareholder's Fund)		6,060	2,25,044
Short term liquid investments (Refer Schedule 8:A Investments Policyholder's Fund)		1,25,688	1,75,362
Fixed Deposit having original maturity less than 90 days		-	1,28,000
<b>Cash and cash equivalents at the end of the year</b>		<b>3,21,017</b>	<b>8,26,987</b>

As per our Audit report of even date attached.

**For Nangia & Co LLP**  
Chartered Accountants  
ICAI Firm Registration No. 002391C

For and on behalf of the Board of Directors  
**Max Bupa Health Insurance Company Limited**

**Vikas Gupta**  
Partner  
Membership No. 076879  
Place: Noida

**Rajagopalan Santhanam**  
Director  
DIN: 00025669

**Ashish Mehrotra**  
CEO & Managing Director  
DIN: 07277318

**For M P Chitale & Co.**  
Chartered Accountants

**Rajat Sharma**  
Company Secretary  
Mem No. FCS7069

**Rahul Ahuja**  
Chief Financial Officer

**Murtuza Vajhi**  
Partner  
Place: Mumbai

Date: April 30, 2020

CIN - U66000DL2008PLC182918

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

(Rs.'000)

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
<b>SCHEDULE – 1</b>		
<b>PREMIUM EARNED [NET OF GST]</b>		
Premium from direct business written	1,24,28,869	94,70,157
Add: Premium on reinsurance accepted	-	-
Less : Premium on reinsurance ceded	<u>28,92,039</u>	<u>21,56,178</u>
<b>Net Premium</b>	<b>95,36,830</b>	<b>73,13,979</b>
Less: Adjustment for change in reserve for unexpired risks	<u>11,26,139</u>	<u>7,19,191</u>
<b>Total Premium Earned (Net)</b>	<b><u>84,10,691</u></b>	<b><u>65,94,788</u></b>
<b>SCHEDULE – 2</b>		
<b>CLAIMS INCURRED [NET]</b>		
<b>Claims paid*</b>		
Direct	50,09,233	40,56,982
Add: Re-insurance accepted	-	-
Less: Re-insurance Ceded	<u>6,50,738</u>	<u>8,82,974</u>
<b>Net Claims paid</b>	<b>43,58,495</b>	<b>31,74,008</b>
Add: Claims Outstanding at the end of the year	10,46,619	9,04,423
Less: Claims Outstanding at the beginning of the year	<u>9,04,423</u>	<u>5,22,004</u>
<b>Total Claims Incurred**</b>	<b><u>45,00,691</u></b>	<b><u>35,56,426</u></b>
<p>*In case of in house TPA, IRDAI Expense of Management Regulations, 2016 permits an insurer to consider expense not exceeding 3% of Premium as a part of claim cost, accordingly amount of claim paid includes an amount of certain expenses aggregating to Rs. 3,72,866 thousand (previous year ended 31st March 2019 Rs. 2,84,105 thousand) allocated to claim handling charges. This amount primarily includes employee and other related costs.</p>		
<p>** Includes an amount of Rs. 64,999 thousand during the year ended 31st March 2020 (previous year ended 31st March 2019 Rs. 116,231 thousand) on account of expenses incurred towards product related benefit paid to policyholders.</p>		
<b>SCHEDULE – 3</b>		
<b>COMMISSION</b>		
<b>Commission paid</b>		
Direct*	15,32,070	11,16,605
Add: Re-insurance accepted	-	-
Less: Commission on Re-insurance Ceded	<u>11,03,314</u>	<u>8,08,105</u>
<b>Net Commission</b>	<b>4,28,756</b>	<b>3,08,500</b>
<p>*includes an amount of Rs. 130,253 thousand during the year ended 31st March 2020 ( previous period ended 31st March 2019 Rs. 72,747 thousand) towards Reward or Remuneration to Agents &amp; Brokers.</p>		
<b>Break up of commission paid to procure business:</b>		
Agents	7,24,801	6,00,357
Brokers	2,30,682	1,42,007
Corporate Agency	<u>5,76,587</u>	<u>3,74,241</u>
	<b><u>15,32,070</u></b>	<b><u>11,16,605</u></b>

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**  
**REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

(Rs.'000)

Particulars	For the year ended Mar 31, 2020				For the year ended Mar 31, 2019			
	Health	Personal Accident	Others	Total	Health	Personal Accident	Others	Total
<b>SCHEDULE – 1A</b>								
<b>PREMIUM EARNED [NET OF GST]</b>								
Premium from direct business written	1,17,90,427	6,38,442	-	1,24,28,869	91,44,909	3,25,248	-	94,70,157
Add: Premium on reinsurance accepted	-	-	-	-	-	-	-	-
Less : Premium on reinsurance ceded	27,86,434	1,05,605	-	28,92,039	20,95,781	60,397	-	21,56,178
<b>Net Premium</b>	<b>90,03,993</b>	<b>5,32,837</b>	<b>-</b>	<b>95,36,830</b>	<b>70,49,128</b>	<b>2,64,851</b>	<b>-</b>	<b>73,13,979</b>
Less: Adjustment for change in reserve for unexpired risks	9,79,689	1,46,450	-	11,26,139	6,26,205	92,986	-	7,19,191
<b>Total Premium Earned (Net)</b>	<b>80,24,304</b>	<b>3,86,387</b>	<b>-</b>	<b>84,10,691</b>	<b>64,22,923</b>	<b>1,71,865</b>	<b>-</b>	<b>65,94,788</b>
<b>SCHEDULE – 2A</b>								
<b>CLAIMS INCURRED [NET]</b>								
<b>Claims paid*</b>								
Direct	49,65,669	43,564	-	50,09,233	40,44,310	12,672	-	40,56,982
Add: Re-insurance accepted	-	-	-	-	-	-	-	-
Less: Re-insurance Ceded	6,48,408	2,330	-	6,50,738	8,82,200	773	-	8,82,974
<b>Net Claims paid</b>	<b>43,17,261</b>	<b>41,234</b>	<b>-</b>	<b>43,58,495</b>	<b>31,62,109</b>	<b>11,899</b>	<b>-</b>	<b>31,74,008</b>
Add: Claims Outstanding at the end of the year	9,68,360	78,259	-	10,46,619	8,21,532	82,891	-	9,04,423
Less: Claims Outstanding at the beginning of the year	8,21,532	82,891	-	9,04,423	4,96,893	25,111	-	5,22,004
<b>Total Claims Incurred**</b>	<b>44,64,089</b>	<b>36,602</b>	<b>-</b>	<b>45,00,691</b>	<b>34,86,747</b>	<b>69,679</b>	<b>-</b>	<b>35,56,426</b>
*In case of in house TPA, IRDAI Expense of Management Regulations, 2016 permits an insurer to consider expense not exceeding 3% of Premium as a part of claim cost, accordingly amount of claim paid includes an amount of certain expenses aggregating to Rs. 3,72,866 thousand (previous year ended 31st March 2019 Rs. 2,84,105 thousand) allocated to claim handling charges. This amount primarily includes employee and other related costs.								
** Includes an amount of Rs. 64,999 thousand during the year ended 31st March 2020 (previous year ended 31st March 2019 Rs. 116,231 thousand) on account of expenses incurred towards product related benefit paid to policyholders.								
<b>SCHEDULE – 3A</b>								
<b>COMMISSION</b>								
<b>Commission paid</b>								
Direct*	14,43,623	88,447	-	15,32,070	10,71,543	45,062	-	11,16,605
Add: Re-insurance accepted	-	-	-	-	-	-	-	-
Less: Commission on Re-insurance Ceded	10,77,868	25,446	-	11,03,314	7,94,960	13,145	-	8,08,105
<b>Net Commission</b>	<b>3,65,755</b>	<b>63,001</b>	<b>-</b>	<b>4,28,756</b>	<b>2,76,583</b>	<b>31,917</b>	<b>-</b>	<b>3,08,500</b>
*includes an amount of Rs. 130,253 thousand during the year ended 31st March 2020 ( previous period ended 31st March 2019 Rs. 72,747 thousand) towards Reward or Remuneration to Agents & Brokers.								
<b>Break Up of expenses incurred to procure business:</b>								
Agents	7,12,951	11,850	-	7,24,801	5,92,244	8,113	-	6,00,357
Brokers	2,29,716	966	-	2,30,682	1,41,892	115	-	1,42,007
Corporate Agency	5,00,955	75,632	-	5,76,587	3,37,407	36,834	-	3,74,241
	<b>14,43,623</b>	<b>88,447</b>	<b>-</b>	<b>15,32,070</b>	<b>10,71,543</b>	<b>45,062</b>	<b>-</b>	<b>11,16,605</b>

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**  
**REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

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

(Rs.'000)

Particulars	For the year ended Mar 31, 2020	For the year ended Mar 31, 2019
1 Employees' remuneration and welfare benefits	19,10,948	15,75,034
2 Travel, conveyance and vehicle running expenses	85,765	55,726
3 Training expenses	66,154	69,161
4 Rents, rates and taxes	1,48,299	1,32,438
5 Repairs	1,60,489	1,70,484
6 Printing and stationery	25,541	23,139
7 Communication	59,341	70,282
8 Legal and professional charges	7,09,213	5,83,328
9 Auditors' fees, expenses etc	-	-
(a) as auditor	3,677	3,592
(b) as adviser or in any other capacity, in respect of	-	-
(i) Taxation matters	1,225	150
(ii) Insurance matters	-	-
(iii) Management services; and	-	-
(c) in any other capacity	-	-
(i) Tax Audit Fees	200	200
(ii) Certification Fees	1,800	1,275
10 Advertisement and publicity	7,54,324	6,65,644
11 Interest and bank charges	40,843	34,235
12 Others		
(a) Business and Sales Promotion	2,637	4,733
(b) Membership and Subscription	1,595	4,264
(c) Insurance	4,708	3,472
(d) Sitting Fee	7,000	5,600
(e) Board Meeting Expenses	2,142	3,151
(f) Miscellaneous Expenses*	170	583
13 Depreciation	2,06,679	1,63,878
14 Goods and Service Tax A/c	1,825	4,358
<b>Total</b>	<b>41,94,575</b>	<b>35,74,727</b>

\* None of the items individually are higher than Rs. 500,000 or 1% of Net Written Premium.

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**  
**REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE – 4A**  
**OPERATING EXPENSES RELATED TO INSURANCE BUSINESS**

(Rs.'000)

Particulars	For the year ended Mar 31, 2020				For the year ended Mar 31, 2019			
	Personal			Total	Personal			Total
	Health	Accident	Others		Health	Accident	Others	
1 Employees' remuneration and welfare benefits	18,12,787	98,161	-	19,10,948	15,20,940	54,094	-	15,75,034
2 Travel, conveyance and vehicle running expenses	81,359	4,406	-	85,765	53,812	1,914	-	55,726
3 Training expenses	62,756	3,398	-	66,154	66,786	2,375	-	69,161
4 Rents, rates and taxes	1,40,681	7,618	-	1,48,299	1,27,889	4,549	-	1,32,438
5 Repairs	1,52,245	8,244	-	1,60,489	1,64,629	5,855	-	1,70,484
6 Printing and stationery	24,229	1,312	-	25,541	22,344	795	-	23,139
7 Communication	56,293	3,048	-	59,341	67,868	2,414	-	70,282
8 Legal and professional charges	6,72,782	36,431	-	7,09,213	5,63,294	20,034	-	5,83,328
9 Auditors' fees, expenses etc	-	-	-	-	-	-	-	-
(a) as auditor	3,488	189	-	3,677	3,469	123	-	3,592
(b) as adviser or in any other capacity, in respect of	-	-	-	-	-	-	-	-
(i) Taxation matters	1,162	63	-	1,225	145	5	-	150
(ii) Insurance matters	-	-	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-	-	-
(c) in any other capacity	-	-	-	-	-	-	-	-
(i) Tax Audit Fees	190	10	-	200	193	7	-	200
(ii) Certification Fees	1,708	92	-	1,800	1,231	44	-	1,275
10 Advertisement and publicity	7,15,576	38,748	-	7,54,324	6,42,783	22,861	-	6,65,644
11 Interest and bank charges	38,745	2,098	-	40,843	33,059	1,176	-	34,235
12 Others	-	-	-	-	-	-	-	-
(a) Business and Sales Promotion	2,502	135	-	2,637	4,570	163	-	4,733
(b) Membership and Subscription	1,513	82	-	1,595	4,118	146	-	4,264
(c) Insurance	4,466	242	-	4,708	3,353	119	-	3,472
(d) Sitting Fee	6,640	360	-	7,000	5,408	192	-	5,600
(e) Board Meeting Expenses	2,032	110	-	2,142	3,043	108	-	3,151
(f) Miscellaneous Expenses*	161	9	-	170	563	20	-	583
13 Depreciation	1,96,062	10,617	-	2,06,679	1,58,250	5,628	-	1,63,878
14 Goods and Service Tax A/c	1,731	94	-	1,825	4,208	150	-	4,358
<b>Total</b>	<b>39,79,108</b>	<b>2,15,467</b>	<b>-</b>	<b>41,94,575</b>	<b>34,51,955</b>	<b>1,22,772</b>	<b>-</b>	<b>35,74,727</b>

\* None of the items individually are higher than Rs. 500,000 or 1% of Net

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

**SCHEDULE – 5  
SHARE CAPITAL**

Particulars	As at Mar 31, 2020 (Rs.'000)	As at Mar 31, 2019 (Rs.'000)
<b>1 Authorised Capital</b>		
1,50,00,00,000 Equity Shares of Rs 10 each (Previous year ended as at 31st March, 2019 1,50,00,00,000) Equity Shares of Rs 10 each)	1,50,00,000	1,50,00,000
<b>2 Issued Capital</b>		
1,126,000,000 Equity Shares of Rs 10 each (Previous year ended as at 31st March, 2019 98,10,00,000) Equity Shares of Rs 10 each)	1,12,60,000	98,10,000
<b>3 Subscribed Capital</b>		
1,126,000,000 Equity Shares of Rs 10 each (Previous year ended as at 31st March, 2019 98,10,00,000) Equity Shares of Rs 10 each)	1,12,60,000	98,10,000
<b>4 Called-up Capital</b>		
1,126,000,000 Equity Shares of Rs 10 each (Previous year ended as at 31st March, 2019 98,10,00,000) Equity Shares of Rs 10 each)	1,12,60,000	98,10,000
Less: Calls unpaid		
Add: Equity Shares forfeited (Amount originally paid up)	-	-
Less: Par Value of Equity Shares bought back	-	-
Less: Preliminary Expenses	-	-
Less: Expenses including commission or brokerage on underwriting or subscription of shares	-	-
<b>Total</b>	<b>1,12,60,000</b>	<b>98,10,000</b>

Out of the above,625,871,101 (Previous year ended as at 31st March, 2019 50,03,10,000) Equity Shares of Rs. 10/- each are held by the holding company along with its nominees.

**SCHEDULE – 5A  
PATTERN OF SHAREHOLDING  
[As certified by the Management]**

Shareholders	As at Mar 31, 2020		As at Mar 31, 2019	
	Number of Shares	% of holding	Number of Shares	% of holding
Promoters*				
- Indian-Max India Ltd	-	-	50,03,10,000	51.00%
- Indian-Fettle Tone LLP	62,58,71,101	55.58%	-	-
- Foreign-Bupa Singapore Holdings Pte. Ltd	50,01,28,899	44.42%	48,06,90,000	49.00%
Others	-	-	-	-
<b>Total</b>	<b>1,12,60,00,000</b>	<b>100.00%</b>	<b>98,10,00,000</b>	<b>100.00%</b>

\*IRDAI has granted approval for transfer of the Company's share held by Max India to Fettle Tone LLP. Consequently, the Holding Company is now Fettle Tone LLP with 55.58% shareholding.

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010

SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at	As at
	Mar 31, 2020 (Rs.'000)	Mar 31, 2019 (Rs.'000)
<b>SCHEDULE – 6</b>		
<b>RESERVES AND SURPLUS</b>		
1 Capital Reserve	-	-
2 Capital Redemption Reserve	-	-
3 Share Premium	-	-
4 General Reserves	-	-
Less: Debit balance in Profit and Loss Account	-	-
Less: Amount utilized for Buy-back	-	-
5 Catastrophe Reserve	-	-
6 Other Reserves	-	-
7 Balance of Profit in Profit & Loss Account	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>SCHEDULE – 7</b>		
<b>BORROWINGS</b>		
1 Debentures/ Bonds	-	-
2 Banks	-	-
3 Financial Institutions	-	-
4 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**  
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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

**SCHEDULE – 8**  
**INVESTMENTS - SHAREHOLDERS**

Particulars	As at Mar 31, 2020 (Rs.'000)	As at Mar 31, 2019 (Rs.'000)
<b>LONG TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	8,64,042	4,00,406
2 Other Approved Securities	7,63,748	6,12,853
3 Other Investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	6,00,904	5,53,692
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	10,99,882	5,49,290
5 Other than Approved Investments	-	-
<b>SHORT TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	-	-
2 Other Approved Securities	-	-
3 Other Investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds (refer note (b) below)	6,060	2,25,045
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	-	4,49,385
(e) Other Securities - Fixed Deposits	6,44,033	3,58,700
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	49,943	-
5 Other than Approved Investments	-	1,50,050
<b>Total</b>	<b>40,28,612</b>	<b>32,99,421</b>

**Notes:**

- a. Aggregate amount of shareholder's investments other than listed equity securities and derivative instruments is Rs. 4,028,612 thousand (Previous year ended as on 31st March, 2019 Rs. 32,99,421 thousand). Market value of such investments is Rs.41,48,096 thousand (Previous year ended as on 31st March, 2019 Rs. 32,95,471 thousand)
- b. The historical cost of investments in mutual funds which have been valued on fair value basis is Rs. 6,057 thousand (Previous year ended 31st March 2019 Rs. 2,24,816 thousand).



**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**  
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**SCHEDULE – 8A**  
**INVESTMENTS - POLICYHOLDERS**

Particulars	As at Mar 31, 2020 (Rs.'000)	As at Mar 31, 2019 (Rs.'000)
<b>LONG TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	11,96,157	10,92,447
2 Other Approved Securities	3,58,591	51,802
3 Other Investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds	-	-
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	17,14,853	7,51,037
(e) Other Securities	-	-
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	10,12,941	7,01,639
5 Other than Approved Investments (net of provision)	75,148	3,25,349
		-
<b>SHORT TERM INVESTMENTS</b>		
1 Government securities and Government guaranteed bonds including Treasury Bills	5,50,333	3,93,555
2 Other Approved Securities	-	-
3 Other Investments	-	-
(a) Shares	-	-
(aa) Equity	-	-
(bb) Preference	-	-
(b) Mutual Funds (refer note (b) below)	1,25,688	1,75,362
(c) Derivative Instruments	-	-
(d) Debentures/ Bonds	7,42,153	5,44,537
(e) Other Securities - Fixed Deposits	5,17,667	5,70,900
(f) Subsidiaries	-	-
(g) Investment Properties-Real Estate	-	-
4 Investments in Infrastructure and Social Sector	2,49,934	1,49,977
5 Other than Approved Investments	1,00,000	99,718
<b>Total</b>	<b>66,43,465</b>	<b>48,56,322</b>

**Notes:**

- a. Aggregate amount of policyholder's investments other than listed equity securities and derivative instruments is Rs. 6,643,465 thousand (Previous year ended as on 31st March 2019 Rs. 48,56,322 thousand). Market value of such investments is Rs. 67,60,025 thousand (Previous year ended as on 31st March 2019 Rs. 48,69,476 thousand).
- b. The historical cost of investments in mutual funds which have been valued on fair value basis is Rs. 1,25,508 thousands (Previous year ended 31st March 2019 Rs. 1,75,184 thousand).

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

**SCHEDULE – 9****LOANS**

Particulars	As at	As at
	Mar 31, 2020	Mar 31, 2019
	(Rs.'000)	(Rs.'000)
<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	-	-
<b>Total</b>	-	-
<b>2 Borrower-Wise Classification</b>		
(a) Central and State Governments	-	-
(b) Banks and Financial Institutions	-	-
(c) Subsidiaries	-	-
(d) Industrial Undertakings	-	-
(e) Others	-	-
<b>Total</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>4 Maturity-Wise Classification</b>		
(a) Short Term	-	-
(b) Long Term	-	-
<b>Total</b>	-	-
	-	-
	-	-

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**  
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**SCHEDULE – 10**  
**FIXED ASSETS**

SN	Particulars	Cost/ Gross Block				Depreciation				Net Block	
		As at Apr 01, 2019	Additions	Deductions	As at Mar 31, 2020	Upto Apr 01, 2019	For the year	On Sales/ Adjustments	Upto Mar 31, 2020	As at Mar 31, 2020	As at Mar 31, 2019
1	Goodwill	-	-	-	-	-	-	-	-	-	-
2	Intangibles										
	a) Softwares	6,53,048	2,04,079	-	8,57,127	4,52,895	1,42,975	-	5,95,870	2,61,257	2,00,152
	b) Website	11,258	-	-	11,258	11,258	-	-	11,258	-	-
3	Land-Freehold	-	-	-	-	-	-	-	-	-	-
4	Leasehold Property	1,63,876	14,101	2,198	1,75,779	1,53,704	4,986	1,865	1,56,825	18,954	10,172
5	Buildings	-	-	-	-	-	-	-	-	-	-
6	Furniture & Fittings	32,839	8,393	1,269	39,963	29,284	4,907	1,228	32,963	7,000	3,555
7	Information Technology Equipment (Other Devices)	1,42,344	9,428	11	1,51,761	1,03,435	19,925	7	1,23,353	28,408	38,909
8	Information Technology Equipment (End User Devices)	1,28,871	42,027	23,915	1,46,983	96,733	25,024	23,536	98,221	48,762	32,139
9	Vehicles	-	-	-	-	-	-	-	-	-	-
10	Office Equipment	76,302	14,980	1,120	90,162	59,609	8,862	1,029	67,442	22,720	16,693
11	Others	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>12,08,538</b>	<b>2,93,008</b>	<b>28,513</b>	<b>14,73,033</b>	<b>9,06,918</b>	<b>2,06,679</b>	<b>27,665</b>	<b>10,85,932</b>	<b>3,87,101</b>	<b>3,01,620</b>
12	Capital work in progress	19,399	2,98,345	2,93,006	24,738	-	-	-	-	24,738	19,399
	<b>Grand total</b>	<b>12,27,937</b>	<b>5,91,353</b>	<b>3,21,519</b>	<b>14,97,771</b>	<b>9,06,918</b>	<b>2,06,679</b>	<b>27,665</b>	<b>10,85,932</b>	<b>4,11,839</b>	<b>3,21,019</b>
	<b>Previous Year (Mar-19)</b>	11,27,966	1,27,614	27,642	12,27,938	7,59,133	1,63,878	16,091	9,06,919	3,21,019	

**Note :**

Leasehold property consists of civil and other improvements at premises taken on long term lease by the Company.

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Particulars	As at	As at
	Mar 31, 2020 (Rs.'000)	Mar 31, 2019 (Rs.'000)
<b>SCHEDULE – 11</b>		
<b>CASH AND BANK BALANCES</b>		
1 Cash (including cheques, drafts and stamps)	30,279	33,827
2 Bank		
(a) Deposit Accounts		
(aa) Short-term (due within 12 months)	46,000	96,500
(bb) Others	-	-
(b) Current Accounts*	1,12,990	1,68,254
(c) Others	-	-
3 Money at Call and Short Notice		
(a) With Banks	-	-
(b) With other Institutions	-	-
4 Others	-	-
<b>Total</b>	<b>1,89,269</b>	<b>2,98,581</b>

\*Balances with non-scheduled banks included in 2 above is Rs. 247 thousand (Previous year ended 31st March 2019 Rs. 550 thousand).

**SCHEDULE – 12**  
**ADVANCES AND OTHER ASSETS**

**ADVANCES**

1 Reserve deposits with ceding companies	-	-
2 Application money for investments	-	-
3 Prepayments	73,720	34,814
4 Advances to Directors/Officers	-	-
5 Advance tax paid and taxes deducted at source	-	-
6 Others		
(a) Advance to Suppliers	38,739	41,280
Less: Provisions	(6,362)	(2,528)
Sub-total	<u>32,377</u>	<u>38,752</u>
<b>Total (A)</b>	<b>1,06,097</b>	<b>73,566</b>

**OTHER ASSETS**

1 Income accrued on investments	3,17,013	2,09,266
2 Outstanding Premiums*	56,385	76,234
Less: Provisions	(46,749)	(47,335)
Sub-total	<u>9,636</u>	<u>28,899</u>
3 Agents' Balances	2,728	1,078
Less: Provisions	(2,728)	(1,078)
Sub-total	<u>-</u>	<u>-</u>
4 Foreign Agencies Balances	-	-
5 Due from other entities carrying on insurance business	3,55,337	5,12,466
6 Due from subsidiaries/ holding company	-	-
7 Deposit with Reserve Bank of India [Pursuant to section 7 of Insurance Act, 1938]	-	-
8 Others		
(a) Rent and other deposits	63,597	54,596
(b) GST unutilized credit	1,05,652	99,493
(c) Deposits against unclaimed amount of policyholders	16,000	16,000
(d) Interest accrued on deposits against unclaimed amount	1,604	330
(e) Other Receivables (refer note no 13 in Schedule 16)	5,51,553	3,06,451
Less: Provisions	(4,26,553)	(81,451)
Sub-total	<u>1,25,000</u>	<u>2,25,000</u>
<b>Total (B)</b>	<b>9,93,839</b>	<b>11,46,051</b>
<b>Total (A+B)</b>	<b>10,99,936</b>	<b>12,19,617</b>

\*Represent receivable from Central / State Government on account of premium under RSBY & BSKY Scheme

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Particulars	As at	As at
	Mar 31, 2020	Mar 31, 2019
	(Rs.'000)	(Rs.'000)
<b>SCHEDULE – 13</b>		
<b>CURRENT LIABILITIES</b>		
1 Agents' balances	1,58,295	1,28,865
2 Balances due to other insurance companies	9,21,767	6,23,012
3 Deposits held on re-insurance ceded	-	-
4 Premiums received in advance	74,687	60,798
5 Unallocated premium	66,346	1,15,516
6 Sundry creditors	12,23,524	12,77,151
7 Due to subsidiaries/ holding company	-	1,08,000
8 Claims Outstanding*	10,46,619	9,04,423
9 Unclaimed amount of policyholders	13,517	10,731
10 Due to Officer/ Director	-	-
11 Others	-	-
(a) Tax deducted at source	72,046	1,01,514
(b) GST liability	1,80,236	95,015
(c) Advance from Corporate Clients	1,13,891	34,954
(d) Interest on unclaimed amount of Policyholders	3,528	2,350
(e) Other statutory dues	17,765	12,949
<b>Total</b>	<b>38,92,221</b>	<b>34,75,279</b>

\*includes IBNR and IBNER reserves

**SCHEDULE – 14****PROVISIONS**

1 Reserve for Unexpired Risk**	47,84,947	36,58,808
2 For taxation (less advance tax paid and taxes deducted at source)	-	-
3 For proposed dividends	-	-
4 For dividend distribution tax	-	-
5 Others	-	-
(a) Provision for Employee Benefits	2,36,725	2,35,902
(b) Premium Deficiency Reserve	-	-
<b>Total</b>	<b>50,21,672</b>	<b>38,94,710</b>

\*\* Includes provision for freeloop cancellation Rs. 1744 thousand (Previous year ended 31st March 2019 Rs. 1,819 thousand).

**SCHEDULE – 15****MISCELLANEOUS EXPENDITURE**

(To the extent not written off or adjusted)

1 Discount Allowed in issue of shares/ debentures	-	-
2 Others	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**  
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**SCHEDULE 16**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31, 2020**

**A. BACKGROUND**

Max Bupa Health Insurance Company Limited ("The Company") was incorporated in India on 5<sup>th</sup> September, 2008 and received the Certificate of Commencement of Business on 23<sup>rd</sup> December 2008.

The Company was a joint venture between Max India Limited and Bupa Singapore Holding Pte, Singapore. The company got approval from IRDA for transfer the 51% of shareholding of Max India Limited to Fettle Tone LLP on 16<sup>th</sup> December 2019. Accordingly, now the holding company is Fettle Tone LLP as on balance sheet date.

The Company underwrites primarily Health Insurance business which includes Personal accident and Critical illness.

The Company obtained regulatory approval to undertake Health Insurance business on 15<sup>th</sup> February 2010 from Insurance Regulatory and Development Authority of India (IRDAI) under section 3(2A) of the Insurance Act, 1938. The Company had started selling Policies in March 2010.

**B. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation of Financial Statements**

The accompanying financial statements are prepared and presented under the historical cost convention, unless otherwise stated, and on accrual basis of accounting, in accordance with accounting principles generally accepted in India (Indian GAAP). The Company has prepared the financial statements in compliance with the accounting standards notified under section 133 of the Companies Act 2013 read together with paragraph 7 of the Companies (Accounts) Amendments Rules 2016 as amended and Companies (Accounting Standards) Amendment Rules 2016 and in accordance with the provisions of the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), Insurance Regulatory and Development Authority Act, 1999, and the regulations framed there under, various circulars issued by the IRDAI and the practices prevailing within the insurance industry in India. Accounting policies applied have been consistent with previous year except where differential treatment is required as per new pronouncements made by the regulatory authorities.

**(b) Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, Management believes that the estimated used in the preparation of financial statements are prudent and reasonable uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Actual results may differ from the estimates and assumption and any revision to accounting estimates is recognized in the year in which they actually materialize.

**(c) Revenue Recognition**

**(i) Premium Income**

Premium (net of Service tax and GST) is recognized as income on the commencement of risk after adjusting for unearned premium (unexpired risk). Any subsequent revision or cancellation of premiums are accounted for in the year in which they occur.

**Unearned Premium Reserve**

Unearned Premium Reserve (UPR) means an amount representing that part of the premium written (net of reinsurance ceded) which is attributable and to be allocated to the succeeding accounting periods. In accordance with IRDAI circular dated April 4, 2016 reserve for unexpired is calculated at 50% of the net premium of preceding twelve months.

**Premium Deficiency**

Premium Deficiency Reserve is recognized for the company at a segment level and means the reserve held in excess of the unearned premium reserve, which allows for any expectation that the unearned premium reserve will be insufficient to cover the cost of claims and related expenses incurred during the period of unexpired risk. Computation of unexpired premium risk for the purpose of premium deficiency is based on the 1/365 method. Assessment of expected claim cost and related expenses is certified by the Appointed/Panel Actuary in accordance with IRDAI (Assets, Liabilities and Solvency margin of General Insurance Business) Regulation, 2016.

**(ii) 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 arrangement with the reinsurers. Any subsequent revision to, refunds or cancellations of premium are recognized in the year in which they occur.

**(iii) Commission on Reinsurance Premium**

Commission on reinsurance ceded is recognized as income on ceding of reinsurance premium.

Profit commission under reinsurance treaties, wherever applicable, is recognized as income in the year of final determination of the profits and as intimated by the Reinsurer.

**(iv) Interest / Dividend Income**

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

**(v) Premium/discount on purchase of investments**

Accretion of discount and amortization of premium relating to debt securities is recognized over the holding/maturity period on a constant yield to maturity method

**(vi) Profit/Loss on Sale/Redemption of Investments**

Profit and Loss on sale/redemption of investments, being the difference between sale consideration/redemption values and carrying value of investments (i.e. weighted average value) is credited or charged to Revenue or/and Profit and Loss account as applicable. The profit/loss on sale of investment includes accumulated changes in the fair value previously recognized in 'Fair Value Change Account' in respect of a particular security. Sale consideration for the purpose of realized gain/loss is net of brokerage and taxes, if any, and excludes interest received on sale.

**(d) Acquisition Cost of Insurance Contracts**

Acquisition costs are those costs that vary with, and are primarily related to the acquisition of new and renewal of insurance contracts viz. commission, policy issue expenses, etc. These costs are expensed in the period in which they are incurred.

**(e) Premium received in advance**

Premium received in advance represents premium received in respect of those policies issued during the year where the risk commences subsequent to the balance sheet date.

**(f) Claims/Benefits Incurred**

Claims incurred comprises of claims/benefits paid, change in estimated liability for outstanding claims, 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 other directly attributable expenses.

Provision is made for estimated value of outstanding claims/benefits at the Balance Sheet date net of claims recoverable from reinsurance. Such provision is made on the basis of the ultimate amounts that are likely to be paid on each claim/benefits, 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/benefits (net of amounts receivable from reinsurers/coinsurers) are recognized on the date of intimation based on estimates from insured in the respective revenue accounts

**IBNR and IBNER**

The estimated liability for claims incurred but not reported (IBNR) and claims incurred but not enough reported (IBNER) is estimated by the Appointed/Panel Actuary in compliance with guidelines issued by IRDAI vide circular No. 11/IRDA/ACTL/IBNR/2005-06 dated June 8, 2005 and ALSM Regulation 2016 with applicable provisions of Actuarial Practice Standards 21 issued by the Institute of Actuaries of India. The Appointed/Panel Actuary uses generally accepted actuarial methods for each product category as considered appropriate depending upon the availability of past data.

IBNR reserves are provisions for claims that may have been incurred during the accounting period but have not been reported or claimed. The IBNR provision also includes provision, for claims that have been incurred but are not enough reported (IBNER). The provision for IBNR and IBNER is based on actuarial estimate duly certified by the Appointed/Panel Actuary of the Company.



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Provision is made for estimated value of outstanding claims which have not been reported to the Company at the Balance Sheet date net of reinsurance, and other recoveries. 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.

**(g) Allocation of Investment Income**

Investment income earned on policyholders' investments funds at Balance Sheet date have been credited to Revenue Account and Investment income earned on shareholders' investments funds at balance sheet date have been credited to Profit & Loss Account.

Investment income which is not directly identifiable has been allocated on the basis of the ratio of directly attributable investment income earned on shareholders' investments funds and policyholders' investments funds.

Investment income across segments within the Revenue account has also been allocated on the basis of segment-wise gross written premium.

**(h) Investments**

Investments are made and accounted for in accordance with the Insurance Act, 1938, Insurance Regulatory & Development Authority (Investment) Regulations, 2000 & 2016 as amended and various other circulars/notifications issued by the IRDA in this context from time to time.

Investments are recorded at cost including acquisition charges (such as brokerage, transfer charges, stamps etc) if any and exclude interest accrued up to the date of purchase. Debt securities, including Government securities are considered as 'held to maturity' and accordingly stated at historical cost subject to amortization of premium or accretion of discount on constant yield to maturity basis in the Revenue Account and in the Profit and Loss Account over the period of maturity/holding.

Investment that are notionally earmarked, are allocated to policyholder's or shareholder's as applicable.

Listed and actively traded securities are stated at fair value as at the Balance Sheet date being the lowest of the last quoted closing price of the stock exchanges where the securities are listed. Unrealized gain/losses due to change in fair value of listed securities is credited/debited to 'Fair Value Change Account'.

Unlisted Securities are stated at cost. The realized gain or loss on the listed and actively traded securities and mutual funds is the difference between the sale consideration and the carrying cost as on the date of sale, determined on a first in first out basis and includes the accumulated changes in the fair value previously taken to the fair value change account, in respect of the particular security; such loss or gain is transferred to Revenue account or/and Profit and Loss Account as applicable on the trade date.

The Company, at each balance sheet date, assesses investments for any impairment and necessary provisions are made for the same where required.

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Investments in units of Mutual funds are valued at Net Asset Value (NAV) as at Balance Sheet date. Unrealized gains/losses are credited/debited to the 'Fair Value Change Account'.

Investments maturing within twelve months from the balance sheet date and investments made with specific intention to dispose off within twelve months are classified as Short Term Investments. Other Investments are classified as Long Term Investments.

**Investment Impairment Policy**

The Company assesses at each balance sheet date whether any impairment has occurred in respect of investment in equity, Investment property, units of mutual fund and bonds. The impairment loss if any, is recognized in the profit and loss account and the carrying value of such investment is reduced to its recoverable value, If on the assessment at the balance sheet date a previously impaired loss no longer exists, then such loss is reversed to the Profit and Loss Account and the investment is restated to that extent.

**(i) Fair Value Change Account**

'Fair Value Change Account' represents unrealized gains or losses due to change in fair value of traded securities and mutual fund units outstanding at the close of the year. The balance in the account is considered as a component of policyholder's fund and shareholder's funds respectively basis on mutual fund mapped and not available for distribution as dividend. As per the IRDAI circular dated January 12, 2017 fair value changes has been bifurcated between shareholder and policyholder.

**(j) Fixed Assets and Depreciation**

**Tangible assets and depreciation**

Fixed assets are stated at cost of acquisition (including incidental expenses relating to acquisition and installation of assets) and expenses directly attributable to bringing the asset to its working condition for its intended use, less accumulated depreciation and impairment of assets, if any.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under, based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset and past history of replacement.

<b>Nature of Fixed Assets</b>	<b>Management Estimate of Useful Life in Years</b>	<b>Useful Life as per the limits prescribed in Schedule II of the Companies Act, 2013 in Years</b>
Furniture & Fixture	5	10
Information Technology equipment - End User Devices	3	3
Information Technology equipment - Servers and Networks	4	6
Office Equipments	5	5
Intangibles (including Software)	4	NA
Leasehold Improvements	Lease period	NA

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All assets including intangibles individually costing up to Rs 5,000 are fully depreciated/ Amortized in the year in which they are acquired.

**Intangibles**

Intangible assets comprising software are stated at cost less amortization. Significant expenditure on improvements to software are capitalized when it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably. Subsequent expenditures are amortized over the remaining useful life of original software. Software expenses are amortized using SLM over a period of four years from the date of being ready to use

**Capital work in progress**

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

**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 recognized, 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.

**(k) 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 income tax is the amount expected to be paid to the tax authorities in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance sheet date. Deferred tax assets are recognized only to an extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has unabsorbed depreciation or carry forward tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain as the case may be that sufficient future tax assets can be realized.

**(I) Employee Benefits**

Employees' benefits have been recognized in accordance with the relevant provisions of the Accounting Standard 15.

**(i) Short Term Employee Benefits:-**

All employee benefits payable within 12 months of rendering the services are classified as short term employee benefits. Benefits such as salaries, bonus and other short term benefits are recognized in the period which the employee rendered the services. All short term employee benefits are accounted on undiscounted basis.

**(ii) Long Term Employee Benefits:-**

The Company has both defined contribution and defined benefit plan. The plans are financed by the company and in the case of some defined contribution plans, by the company along with the employee.

**(a) Defined Contribution Plan**

The Company makes monthly contributions to the "Max Financial Services Ltd EPF Trust" which is based on a specified percentage of the covered employees' salary. The fund is administered through trustees and the Company's contribution thereto is charged to Revenue Account or Profit and Loss Account as applicable.

**(b) Defined Benefit Plans**

- a. The liability in respect of Gratuity is provided for on the basis of an actuarial valuation carried out at the year-end using the Projected Unit Credit Method. Actuarial gain and loss are recognized in full in the Revenue Account or/and Profit and Loss Account as applicable for the year in which they occur. The Company has a recognized Trust for Gratuity benefits, "Max Bupa Health Insurance Ltd Employees' Group Gratuity Fund" to administer the Gratuity funds. The Trust has taken master policy with the Max Life Insurance Company Limited" to cover its liabilities towards employees' Gratuity. The Gratuity obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost and as reduced by the fair value of the gratuity fund.
- b. The liability in respect of long term accumulating leave encashment is provided for on the basis of actuarial valuation carried out at the yearend for long term compensated absences using Projected Unit Credit Method. Actuarial gains and losses are recognized in full in the Revenue Account or/and Profit and Loss Account, as applicable for the year in which they occur. Short term compensated absences are provided for based on estimates. Non-accumulated compensated absences are accounted for as and when availed / encashed.
- c. Deferred compensation, which is a long term employee benefit, is provided for based on the independent actuarial valuation carried out as at the Balance Sheet date and charged to Revenue Account or Profit and Loss Account, as applicable based on services rendered by employees.

**(c) Long term incentive plan**

Employee benefit in form of long term incentive plan is another long term employee benefit. The cost of providing benefit under his plan are determined on the basis of actuarial valuation at end of each year end using projected unit credit method. Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in the statement of profit and loss.

**(m) Provisions and Contingent Liabilities**

A provision is recognized when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognized.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**(n) Earnings per Share (EPS)**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 on 'Earnings per Share' issued by the Institute of Chartered Accountants of India. Basic earnings per share are computed by dividing the net Profit and Loss for the year by weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net Profit and Loss for the year by the weighted average number of equity shares outstanding during the year as adjusted to the effects of all dilutive potential equity shares, except where results are anti-dilutive.

**(o) Leases**

Lease of assets/software under which all the risks and benefits of ownership are effectively retained by the lessor is classified as Operating Leases. Operating Lease rentals including escalation are recognized in the Revenue account or/and Profit and Loss account, as the case may be, on a straight line basis over the period of the lease.

**(p) Foreign Currency Transactions**

Initial recognition: Foreign currency transactions are recorded in Indian Rupees, by applying to the foreign currency amount the exchange rate between the Indian Rupee and the foreign currency at the date of the transaction.

Conversion: Foreign currency monetary items are translated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences: Exchange differences are recognized as income or as expenses in the period in which they arise.

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**(q) Allocation of Operating Expenses**

The Company has Board approved policy for allocation and apportionment of expenses of management amongst various business segments as required by IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016. The expenses are segregated between those which can be directly attributed to a particular business segment and those which cannot be so attributed. Operating expenses which are directly attributable to a particular business segment and identifiable as such are allocated directly to that segment. In accordance with the Board Approved policy Operating expenses which are not directly identifiable to any business segment, are allocated in the proportionate of gross written premium, claim incurred and number of lives enrolled, depending on the nature and type of expenses there has to be allocated.

For Operating Expenses (Schedule 4), expense allocation in Health and PA have been done basis on gross written premium.

**(r) Rationale of Expenses allocation between Revenue Account and Profit & Loss Account**

Expenses pertaining to Policyholders have been shown in Revenue Account as per the limit prescribed in Expenses of Management Regulations 2016 and excess over the limit has been debited in the Profit & Loss Account.

**(s) GST**

GST collected is considered as a liability against which GST paid for eligible inputs services or goods, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized credits, if any, are carried forward for adjustment in subsequent periods. GST paid for eligible input services not recoverable by way of credits are recognized in the Revenue account as expense.

**(t) Receipts and Payments Account**

- (i) Receipts and Payments Account is prepared and reported as per AS-3 Cash flow statements using the Direct Method, in conformity with para 2.2 of the Master Circular on Preparation of Financial Statements - General Insurance Business dated October 5, 2012, issued by the IRDA.
- (ii) Cash and cash equivalents for the purpose of Statement of Receipts and Payments include cash and cheques in hand, deposits with banks, bank balances, liquid mutual funds and other short term investments with original maturity of three months or less which are subject to insignificant risk of changes in value.
- (iii) The components of Cash and Cash Equivalents are presented with reconciliation of the amounts in its Cash Flow Statement with the equivalent items reported in the Balance Sheet.

# MAX BUPA HEALTH INSURANCE COMPANY LIMITED

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## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### C. NOTES FORMING PART OF ACCOUNTS

#### 1. Contingent Liabilities

Particulars	(Rs. '000)	
	As at 31.03.2020	As at 31.03.2019
Partly Paid up Investments	-	-
Claims, other than those under Policies, not acknowledged as Debts by the Insurer	-	-
Underwriting Commitments Outstanding	-	-
Claims, under policies, not acknowledged as debts*	2,46,574	1,97,821
Guarantees given by or on behalf of the Insurer	-	-
Statutory Demands in Dispute, not provided for	1,23,378	1,61,470
Reinsurance Obligations to the Extent Not provided for in Accounts	-	-
<b>Total</b>	<b>3,69,952</b>	<b>3,59,291</b>

\* Includes compensation raised by policyholders against rejected claims

#### Pending Litigations

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial results at March 31, 2020.

#### 2. Actuarial Assumptions

The appointed actuary has certified to the Company that actuarial estimates for Premium deficiency reserve and IBNR (including IBNER) are in compliance with the IRDA (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations 2016 and the guidelines issued by the Institute of Actuaries of India.

Depending upon the Business segment, a suitable actuarial method like Basic Chain Ladder Method, Bornhuetter Ferguson Method, or a mixture of these have been used for IBNR calculations.

The Company's Appointed and Mentor Actuary have determined valuation assumptions in respect of 'Reserve for Unexpired Risk' and 'Claims Incurred But Not Reported' (IBNR) amounting to Rs. 82.92 crore (Previous year Rs. 67 crore) that conform with Regulations issued by the IRDAI and professional guidance notes issued by the Institute of Actuaries of India.

- As at March 31, 2020, the Company has made a provision of Rs. 0.50 crore (Previous year Rs.0.50 crore) towards provider reconciliation reserve based on actuarial estimates and the same is included as a part of IBNR reserves.
- As at March 31, 2020, the Company has made a provision of Rs. 29.04 crore (Previous year Rs. 24.35 crore) towards litigation reserve based on actuarial estimates and the same is included as a part of IBNR reserves.
- Further a provision of Rs. 3.11 crore has been made as deferred occurrence reserve for the expected deferment of hospitalizations from Mar'20 to a later period due to COVID-19 pandemic outbreak in the country.

#### 3. Encumbrances on Assets

The assets of the Company are free from all encumbrances. The Company has all assets within India.

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****4. Estimated Amount of Commitments made and Outstanding for:***(Rs. '000)*

Particulars	As at 31.03.2020	As at 31.03.2019
Loans	-	-
Investments	-	-
Fixed Assets (Net of advances)	98,347	1,09,233

**5. Claims, less Reinsurance paid to Claimants are as under\*:***(Rs. '000)*

Class of Business	In India		Outside India	
	Year Ended 31.03.2020	Year Ended 31.03.2019	Year Ended 31.03.2020	Year Ended 31.03.2019
Health	39,61,660	28,89,361	-	-
Personal Accident	38,034	11,020	-	-
<b>Total</b>	<b>39,99,694</b>	<b>29,00,381</b>	-	-

\*Excluding claim handling expense

**6. Age-wise Breakup of Claims Outstanding\*:***(Rs. '000)*

Class of Business	Outstanding for more than six months		Outstanding for six months or less	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Health	11,563	15,042	2,01,478	2,02,379
Personal Accident	-	-	4,413	16,659
<b>Total</b>	<b>11,563</b>	<b>15,042</b>	<b>2,05,891</b>	<b>2,19,338</b>

\*Excluding IBNR provision.

7. There are no claims settled and remaining unpaid for a period of more than six months.

**8. Number of Claims intimated, disposed of and pending:**

Particulars	As at 31.03.2020			As at 31.03.2019		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Claims pending at the beginning	1,983	19	2,002	1,980	5	1,985
Claims intimated	1,45,353	358	1,45,711	91,912	277	92,189
Claims paid	1,32,750	59	1,32,809	79,010	21	79,031
Claims rejected	13,504	308	13,812	12,899	242	13,141
Claims pending at the closing	1,082	10	1,092	1,983	19	2,002



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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****Ageing of Pending Claims**

Particulars	As at 31.03.2020			As at 31.03.2019		
	Health	Personal Accident	Total	Health	Personal Accident	Total
30 days	1,041	9	1050	1,426	12	1,438
30 days to 6 Months	39	1	40	531	7	538
6 months to 1 year	2	-	2	26	-	26
1 year to 5 years	-	-	-	-	-	-
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>1,082</b>	<b>10</b>	<b>1,092</b>	<b>1,983</b>	<b>19</b>	<b>2,002</b>

**9. Premium less Reinsurance Written During the Year:***(Rs. '000)*

Class of Business	In India		Outside India	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Health	90,03,993	70,49,128	-	-
Personal Accident	5,32,837	2,64,851	-	-
<b>Total</b>	<b>95,36,830</b>	<b>73,13,979</b>	<b>-</b>	<b>-</b>

**10. Extent of Risk Retained and Reinsured:**

Extent of risk retained and reinsured with respect to gross written premium is set out below:

Class of Business	Gross Premium	Year Ended 31.03.2020 (Rs. '000)			
		Risk Retained		Risk Reinsured	
		Amount	% age	Amount	% age
Health	1,17,90,427	90,03,993	76.37%	27,86,434	23.63%
Personal Accident	6,38,442	5,32,837	83.46%	1,05,605	16.54%

Class of Business	Gross Premium	Year Ended 31.03.2019 (Rs. '000)			
		Risk Retained		Risk Reinsured	
		Amount	% age	Amount	% age
Health	91,44,909	70,49,128	77.08%	20,95,781	22.92%
Personal Accident	3,25,248	2,64,851	82.21%	60,397	17.79%

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****11. As per IRDAI Master Circular on unclaimed amount of policyholders dated 25<sup>th</sup> July 2017-****Form A: Statement showing the Age-wise Analysis of the Unclaimed Amount of the Policyholders as on March 31, 2020***(Rs. in Lakhs)*

Particulars	Total Amount	Age-wise Analysis (in months)						
		0-6	7-12	13-18	19-24	25-30	31-36	36-120
Claims settled but not paid to the policyholders / beneficiaries due to any reasons except under litigation from the policyholders / beneficiaries.	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Sum due to the policyholders / beneficiaries on maturity or otherwise	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Any Excess collection of the premium / tax or any other charges which is refundable to the policyholders / beneficiaries either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	8.84 (0.87)	8.84 (-)	- (0.87)	- (-)	- (-)	- (-)	- (-)	- (-)
Cheques issued but not encashed by the policyholder/ beneficiaries	126.33 (106.43)	15.95 (3.45)*	8.28 (0.79)*	1.55 (10.10)*	0.64 (5.68)*	9.65 (1.30)*	5.46 (3.19)*	84.80 (81.92)*

Figures in brackets are for previous year,

\* These are stale cheques disclosed in 'Unclaimed amount of policyholders'/insured' in Schedule-13.

**Form C- Details of Unclaimed Amount with Investment Income***(Rs. in Lakhs)*

Particulars	Financial Year 2019-20	Financial Year 2018-19
Opening Balance	130.81	155.83
Add: Amount transferred to unclaimed amount	47.12	38.92
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (only stale cheques)	-	-
Add: Investment Income on unclaimed fund	12.74	13.15
Less: Amount of claims paid during the year	20.22	77.09
Less: Amount transferred to SCWF(net of claims paid in respect of amount transferred earlier)	-	-
Closing Balance of Unclaimed Amount*	<b>170.45</b>	<b>130.81</b>

\*Separate Fixed Deposits has been earmarked for payment of unclaimed amount of policyholder disclosed under head Schedule 12- Advances and Other Assets. This amount includes Interest on unclaimed amount of Policyholders amounting to Rs. 35.28 Lakhs (previous year Rs.23.50 Lakhs).

**12. Premium Deficiency Reserve**

The Appointed and Mentor Actuary has reviewed the Unearned premium reserve (UPR) posted in the Financial statements against the estimated liability of the Company under unexpired obligations (including claim, claim related expenses and unexpired loyalty points) towards policyholders (URR) for all business segments. The UPR provided in the financials is sufficient to cover the URR at company level thus; no premium deficiency reserve has been created.

# MAX BUPA HEALTH INSURANCE COMPANY LIMITED

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## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 13. Investments

- a. There are no contracts outstanding in relation to Purchases where deliveries are pending and Sales where payments are overdue respectively. The Company does not have any investment in Real Estate as at March 31, 2020 or March 31, 2019.
- b. All investments are made in accordance with Insurance Act, 1938 and IRDAI (Investment) Regulations, 2016.
  1. Commercial papers issued by ILFS Ltd aggregating to Rs. 3,00,000 Thousand that remained unpaid as on 31st Mar'2020. In accordance with IRDAI regulations, the Company has made a full provision of Rs. 3,00,000 Thousand (Rs. 2,25,000 Thousand made in the year ended Mar'20) and presented as "Other Receivables".
  2. Bonds issued by DHFCL aggregating to Rs. 2,50,000 Thousand due on 09th Sep'2019 remained unpaid as on 31st Mar'2020. In accordance with IRDAI regulations, interest accrued has been reversed and a provision of Rs. 1,25,000 Thousand has been made in the year ended Mar'20 on the principal amount of bonds and presented as "Other Receivables".
  3. Bonds of Reliance Capital (exposure of Rs. 1,00,000 Thousand) were also downgraded to D and while the interest on these bonds was paid on due date, they form part of "Other than Approved Investments" on account of rating downgrade. Considering the concept of prudence, Provision of Rs. 25,000 Thousand (25%) was made on the corporate bond of Reliance Capital Ltd.
  4. Bonds issued by IFIN aggregating to Rs. 3,00,000 Thousand, where interest due on 6th Dec'2018 remained unpaid as on 31st Mar'2020. In accordance with IRDAI regulations, interest accrued has been reversed and a provision of Rs. 2,00,000 Thousand (100% on unsecured component of Rs 1,00,000 Thousand and 50% on secured exposure of Rs 2,00,000 Thousand) has been made on the principal amount of bonds.

### 14. Managerial Remuneration

The details of remuneration of Key Management Persons as per guidelines issued by IRDAI vide Ref. no. IRDA/F&A/GDL/CG/100/05/2016 dated May 18, 2016 and as per the terms of appointment of Company are as under:

a) The details of remuneration of MD & CEO as per the terms of appointment are as under:

Particulars	(Rs. '000)	
	Year ended 31.03.2020	Year ended 31.03.2019
Salaries & Allowances	1,07,237	48,136
Contribution to Provident and other funds	1,633	1,512
Perquisites	510	418
<b>Total</b>	<b>1,09,379</b>	<b>50,066</b>

Out of the above Rs. 15,000 thousand (previous year Rs. 15,000 thousand) remuneration for Managing Director has been charged to Revenue Accounts and balance has been transferred to Profit and Loss account. Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

b) The details of remuneration of Key Managerial persons other than MD and CEO as per the terms of appointment are as under:

*(Rs. '000)*

<b>Particulars</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Salaries & Allowances	1,72,793	1,59,352
Contribution to Provident and other funds	5,496	5,608
Perquisites	644	668
<b>Total</b>	<b>1,78,933</b>	<b>1,65,628</b>

Expenses towards gratuity, leave encashment provision and Short Term and Long Term Incentive Plan are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information. Amount towards such payments are disclosed as and when payments are made.

**15. Expenditure in Foreign Currency***(Rs. '000)*

<b>Particulars</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Software License Fees	39,534	43,178
Software AMC	-	5,160
Travelling	1,153	871
Director Sitting Fees	2,000	1,600
Membership and Subscription	-	1,878
Reinsurance Premium	-	117
Project Participation Fee	119	-
Awards Nomination	-	289
<b>Total</b>	<b>42,807</b>	<b>53,093</b>

**16. Operating Lease Commitments**

The Company has taken on lease office premises under various agreements with various expiration dates extending up to nine years. Lease payments made under operating lease agreements have been fully recognized in the books of accounts. The lease rental charged under operating leases during the current year and maximum obligation on such leases at the balance sheet date are as follows:

*(Rs. '000)*

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Payable not later than one year	1,03,259	1,16,308
Payable later than one year and not later than five years	2,28,589	3,04,626
Payable later than five years	77,904	51,031
<b>Total</b>	<b>4,09,752</b>	<b>4,71,965</b>

Aggregate lease rentals charged to Revenue Accounts is Rs. 1,24,215 thousand (previous year Rs. 95,977 thousand) and there are no sub leases.

**17. Foreign Currency Exposures**

Foreign currency exposures which are not hedged as at the Balance Sheet date are:

*(Rs. '000)*

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Payable in <b>USD</b>	-	-
Payable in <b>GBP</b>	501	748

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****18. Related Parties & Transactions:**

- (i) As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties of the Company are as follows:

SN	Description of Relationship	Name of Party
(a)	Ultimate Holding Company	True North fund VI LLP ( w.e.f. 17 <sup>th</sup> December 2019 )
(b)	Holding Company	Fettle Tone LLP ( w.e.f. 17 <sup>th</sup> December 2019 )
		Max India Ltd (Till 16 <sup>th</sup> December 2019)
(c)	Fellow Subsidiaries	Antara Senior Living Limited (Till 16 <sup>th</sup> December 2019)
		Antara Gurgaon Senior Living Limited (Till 16 <sup>th</sup> December 2019)
		Antara Purukul Senior Living Limited(Till 16 <sup>th</sup> December 2019)
		Max Ateev Limited(Till 16 <sup>th</sup> December 2019)
		Max UK Limited, UK(Till 16 <sup>th</sup> December 2019)
		Max Skill First Limited(Till 16 <sup>th</sup> December 2019)
		Max One Distribution and Services Limited(Till 16 <sup>th</sup> December 2019)
(d)	Significant Influence	Pharmax Corporation Limited ( Till 16 <sup>th</sup> December 2019)
		Bupa Singapore Holdings Pte Limited
(e)	Key Management Personnel (KMP)	Mr. Ashish Mehrotra, Managing Director and CEO Mr. Rahul Ahuja , CFO Mr. Rajat Sharma, CS

- (ii) Details of transaction with related parties for the year ended March 31, 2020 are given below:

*(Rs. '000)*

SN	Transactions	Name of the Related Party	Description	For the year ended 31.03.2020	For the year ended 31.03.2019
1	Legal & Professional Charges	Max India Limited	Holding company	35,400*	1,18,000
2	Training Expenses	Max Skill First Limited <sup>###</sup>	Fellow Subsidiaries	55,832*	61,823
3	Employee's Remuneration	Mr. Ashish Mehrotra, MD & CEO	Key Management Personnel	1,09,379	50,065
4	Employee's Remuneration	Mr. Rahul Ahuja , CFO & Mr. Rajat Sharma, CS	Key Management Personnel	34,685	36,391
5	Issuance of Share capital	Max India Limited	Holding company	6,68,100*	2,80,500
6	Issuance of Share capital	Bupa Singapore Holdings Pte Limited	Investing Party	7,04,083	2,69,500
7	Issuance of Share capital	Fettle Tone LLP	Holding company	77,817	-
8	Premium received and policy issued	Max India Limited	Holding company	2,178*	2,459
9	Premium received and policy issued	Antara Purukul Senior Living Limited <sup>###</sup>	Fellow Subsidiaries	699*	5,28
10	Premium received and policy issued	Antara Senior Living Limited <sup>###</sup>	Fellow Subsidiaries	1,001*	1,927

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

(iii) Details of outstanding balances with related parties as at ended March 31, 2020 are given below:

(Rs. '000)					
SN	Outstanding Balances	Name of the Related Party	Description	As at 31.03.2020	As at 31.03.2019
1	Payables	Max India Limited	Holding company	-	1,08,000
2	Advance received against premium	Max India Limited	Holding company	249**	59
3	Advance received against premium	Antara Purukul Senior Living Limited <sup>###</sup>	Fellow Subsidiaries	139**	53
4	Advance received against premium	Antara Senior Living Limited <sup>###</sup>	Fellow Subsidiaries	50**	20
5	Other Receivables	Max Skill First Limited <sup>###</sup>	Fellow Subsidiaries	-	750
6	Equity Share Capital	Max India Limited	Holding company	-	50,03,100
7	Equity Share Capital	Bupa Singapore Holdings Pte Limited	Investing Party	5,001,289	48,06,900
8	Equity Share Capital	Fettle Tone LLP	Holding company	6,258,711	-

**Notes**

- IRDAI has granted approval for transfer of the Company's share held by Max India and Bupa Singapore Pte Ltd to Fettle Tone LLP. Consequently, 51% of equity shares held by Max India Ltd were transferred to Fettle Tone LLP on 16 December 2019 and 4.58% of Equity shares held by Bupa Singapore Pte Ltd held on 18 December 2019 were transferred to Fettle Tone LLP.
- \*Transactions till 16 December 2019
- <sup>###</sup>Fellow Subsidiary through earlier holding company Max India Ltd
- \*\*Balances as per books of accounts as on 31<sup>st</sup> March 2020 for the transaction upto 16<sup>th</sup> December 2019

**19. 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.

(Rs. '000')

Year ended 31.03.2020				
Particulars	Health	Personal Accident	Unallocated	Total
Segmental Revenue	80,24,304	3,86,387	4,11,360	88,22,051
Segmental Result	(7,84,648)	71,316	18,84,910	11,71,579
Segmental Liabilities	65,48,258	3,93,653	19,71,982	89,13,893
Segmental Assets	3,51,628	8,575	1,20,12,918	1,23,73,121

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS***(Rs. '000')*

Year ended 31.03.2019				
Particulars	Health	Personal Accident	Unallocated	Total
Segmental Revenue	64,22,923	1,71,865	3,37,119	69,31,908
Segmental Result	(7,92,361)	(52,503)	17,02,118	8,57,254
Segmental Liabilities	50,46,699	2,35,297	20,87,993	73,69,988
Segmental Assets	5,36,603	4,763	89,21,756	99,94,961

**b) Geographical Segment**

Since the Company's entire business is conducted within India, there is no reportable Geographical Segmentation for the year.

**20. Employee Benefits****A. Defined Contribution Plans – Provident and Pension Fund**

During the year the Company has recognized the following amounts in the Revenue and/or Profit and Loss Account:

*(Rs. '000)*

Provident Fund	Year Ended 31.03.2020	Year Ended 31.03.2019
Employers Contribution to Provident and Pension Fund	88,383	57,118

**B. Defined Benefit Plans – Gratuity**

The gratuity liability arises on retirement, withdrawal, resignation or death of an employee. The aforesaid liability is calculated on the basis of actuarial valuation as per the projected unit credit method. The Gratuity plan has been funded through a policy taken from Max Life Insurance Company Limited. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

**i. Assumptions Used:**

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Interest/Discount Rate (Per Annum)	5.55% p.a.	6.75% p.a.
Rate of increase in compensation	7.00% p.a.	7.00% p.a.
Withdrawal rate:	40% for frontline staff and 20% for other staff	40% for frontline staff and 20% for other staff

**ii. Changes in Present value of benefit obligation during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Present value of obligations at the beginning of the year	59,347	46,664
Current Service Cost	12,909	10,315
Interest cost	3,774	3,007
Benefits Paid	(6,868)	(6,800)

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Actuarial loss/(gain) on obligation	9,154	6,000
Benefits paid directly by the enterprise	-	161
Present value of obligations at end of year	<b>78,315</b>	<b>59,347</b>

**iii. Change in Fair Value of Plan Assets during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair Value of Plan Assets at beginning of year	43,025	34,552
Contributions	14,671	12,111
Expected Return on Plan Assets	3,168	2,586
Actuarial gain/(loss) on obligation	(325)	414
Benefits Paid	(6,868)	(6,800)
Benefits paid directly by the enterprise	-	161
Fair Value of Plan Assets at end of year	<b>53,670</b>	<b>43,025</b>

**iv. Amounts recognized in Revenue or/and Profit & Loss Account:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Current Service Cost	12,909	10,315
Interest Cost	3,774	3,007
Expected Return on Plan Assets	(3,168)	(2,586)
Actuarial (Gain)/loss on obligation	9,479	5,586
Amount recognized in Revenue or/and Profit & Loss Account	<b>22,994</b>	<b>16,322</b>

**v. Amounts recognized in Balance Sheet:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Present value of obligations at end of Year	78,315	59,347
Fair Value of Plan Assets at end of Year	53,670	43,024
Funded Status (Deficit)/Surplus	24,645	16,322
Net Asset/(Liability) recognized in the balance sheet	<b>24,645</b>	<b>16,322</b>

**vi. Balance Sheet Reconciliation:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Opening Net Liability/(Asset)	16,322	12,112
Expenses recognized in Profit & Loss Account	22,994	16,322
Contribution Paid	(14,671)	(12,112)
Acquisition/Business Combination/Divestiture	-	-
Closing Net Liability/(Asset)	<b>24,645</b>	<b>16,322</b>

The Gratuity Fund is managed by Max Life Insurance Company Limited and it has been invested in Linked Group Gratuity- Balanced fund and Linked Group Gratuity-Conservative fund.



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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****C. Compensated Absences:**

The Company has recognized liability towards cost of accumulating compensated absences. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

**i. Assumptions Used:**

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Interest/Discount Rate (Per Annum)	5.55% p.a.	6.75% p.a.
Rate of increase in compensation	7.00% p.a.	7.00% p.a.
Withdrawal rate:	40% for frontline staff and 20% for other staff	40% for frontline staff and 20% for other staff

**ii. Changes in Present value of benefit obligation during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Defined Benefit Obligation, Beginning of year	31,695	24,629
Current Service Cost	1,09,43	8,079
Interest Cost	1,839	1,493
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	9,408	3,779
Acquisition/Business Combination/Divestiture	-	-
Actual Benefits Paid	(8,890)	(6,286)
Past Service Cost	-	-
Changes in Foreign Currency Exchange Rates	-	-
Loss / (Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Defined Benefit Obligation at end of year	<b>44,996</b>	<b>31,695</b>

**iii. Change in Fair Value of Plan Assets during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair Value of Plan Assets at beginning of year	-	-
Expected Return on Plan Assets	-	-
Actual Enterprise's Contributions	-	-
Actual Plan Participants' Contributions	-	-
Actual Benefits Paid	-	-
Actuarial Gains/(Losses)	-	-
Acquisition/Business Combination/Divestiture	-	-
Changes in Foreign Currency Exchange Rates	-	-
Liabilities Extinguished on Settlements	-	-
Fair Value of Plan Assets at end of year	-	-

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****iv. Amounts recognized in Revenue or/and Profit & Loss Account:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Current Service Cost	109,43	8,079
Interest Cost	1,839	1,493
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/loss	9,408	3,779
Amount recognized in Revenue or/and Profit & Loss Account	<b>22,191</b>	<b>13,352</b>

**v. Amounts recognized in Balance Sheet:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Defined benefit obligations (DBO)	44,996	31,695
Fair Value of Plan Assets at end of Year	-	-
Funded Status (Deficit)/Surplus	44,996	31,695
Unrecognized Past Service Cost / (Credit)	-	-
Unrecognised Asset due to Limit in Para 59(B)	-	-
Net Asset/(Liability) recognized in the balance sheet	<b>44,996</b>	<b>31,695</b>

**vi. Balance Sheet Reconciliation:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Opening Net Liability/(Asset)	31,695	24,629
Expenses recognized in Revenue or/and Profit & Loss Account	22,191	13,352
Actual Benefits Paid	(8,890)	(6,286)
Acquisition/Business Combination/Divestiture	-	-
Closing Net Liability/(Asset)	<b>44,996</b>	<b>31,695</b>

**D. Sick Leave**

The Company has recognized liability towards cost of accumulating sick leave. The Company has initiated recognition of actuarial liability towards sick leave from current financial year onwards. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

**i. Assumptions Used:**

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Interest/Discount Rate (Per Annum)	5.55% p.a.	6.75% p.a.
Rate of increase in compensation	7.00% p.a.	7.00% p.a.
Withdrawal rate:	40% for frontline staff and 20% for other staff	40% for frontline staff and 20% for other staff

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****ii. Changes in Present value of benefit obligation during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Defined Benefit Obligation, Beginning of year	4,055	-
Current Service Cost	1,323	4,055
Interest Cost	2,74	-
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,55	-
Acquisition/Business Combination/Divestiture	-	-
Actual Benefits Paid	-	-
Past Service Cost	-	-
Changes in Foreign Currency Exchange Rates	-	-
Loss / (Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Defined Benefit Obligation at end of year	<b>5,807</b>	<b>4,055</b>

**iii. Change in Fair Value of Plan Assets during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair Value of Plan Assets at beginning of year	-	-
Expected Return on Plan Assets	-	-
Actual Enterprise's Contributions	-	-
Actual Plan Participants' Contributions	-	-
Actual Benefits Paid	-	-
Actuarial Gains/(Losses)	-	-
Acquisition/Business Combination/Divestiture	-	-
Changes in Foreign Currency Exchange Rates	-	-
Liabilities Extinguished on Settlements	-	-
Fair Value of Plan Assets at end of year	-	-

**iv. Amounts recognized in Revenue or/and Profit & Loss Account:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Current Service Cost	1,323	4,055
Interest Cost	2,74	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/loss	1,55	-
Amount recognized in Revenue or/and Profit & Loss Account	<b>1,752</b>	<b>4,055</b>

**v. Amounts recognized in Balance Sheet:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Defined benefit obligations (DBO)	5,807	4,055
Fair Value of Plan Assets at end of Year	-	-
Funded Status (Deficit)/Surplus	5,807	4,055
Unrecognized Past Service Cost / (Credit)	-	-
Unrecognised Asset due to Limit in Para 59(B)	-	-
Net Asset/(Liability) recognized in the balance sheet	<b>5,807</b>	<b>4,055</b>

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****vi. Balance Sheet Reconciliation:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Opening Net Liability/(Asset)	4,055	-
Expenses recognized in Revenue or/and Profit & Loss Account	1,751	4,055
Actual Benefits Paid	-	-
Acquisition/Business Combination/Divestiture	-	-
Closing Net Liability/(Asset)	<b>5,807</b>	<b>4,055</b>

**E. Long term Incentive Benefits**

The Company has schemes for Long Term Performance incentive plan & Guaranteed Payout plan. The Company has determined the liability on the basis of Actuarial valuation as under:

**Assumptions Used:**

Particulars	As at 31.03.2020	As at 31.03.2019
Discount Rate	4.95%	6.55%
Individual Performance	G2: 30%, G3: 70%	G2: 30%, G3: 70%
Salary Escalation Rate	N/A	N/A
Employee Turnover Rate	10%	10%
Mortality Rates	Indian Assured Lives Mortality (2012-14) U1t.	Indian Assured Lives Mortality (2006-08) U1t.

**Amounts recognized in Balance Sheet:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Defined benefit obligations (DBO)	1,61,278	1,83,830
Fair Value of Plan Assets at end of Year	-	-
Net Asset/(Liability) recognized in the balance sheet	1,61,278	1,83,830

**21. Earnings Per Share**

Basic earnings per equity share have been computed by dividing net profit/(loss) after tax by the weighted average number of equity shares outstanding for the year.

	Particulars	Units	Year ended 31.03.2020	Year ended 31.03.2019
a.	Profit/(loss) available to equity shareholder's	Rs in '000s	(6,15,520)	(4,83,868)
b.	Weighted average of number of equity shares used in computing basic earnings per share	No. of shares in '000s	1,064,866	9,40,975
c.	Diluted Weighted average of number of equity shares used in computing diluted earnings per share	No. of shares in '000s	1,069,782	9,44,660
d.	Nominal Value per share	in Rs.	10	10
e.	Basic earnings per share (a/b)	in Rs	(0.58)	(0.51)
f.	Diluted earnings per share (a/c)	in Rs	(0.58)	(0.51)

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****22. Disclosures on other work given to Auditor's**

As per the Corporate Governance Guidelines issued by IRDAI on May 18, 2016 the services of the statutory auditors are disclosed below:

(Rs. '000)			
Name of the Auditor	Services Rendered	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Nangia & Co. LLP	Tax Audit fees	200	200
	Certification Fees	1,550	275
	Taxation matters	1,225	150
M.P. Chitale & Co.	Certification Fees	250	650

**23. In pursuant to Circular 067 dated 28<sup>th</sup> March, 2008 issued by IRDAI, following operating expenses are separately disclosed:**

(Rs '000)		
Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Outsourcing Expenses*	14,78,081**	13,40,713**
Marketing Support	7,54,324	6,65,644
Business Development	2,637	4,733

\*Outsourcing expenses have been calculated basis on the Outsourcing guidelines issued by IRDAI.

\*\* Outsourcing expenses is inclusive of GST

**24. Expenses of Management**

The Company had filed an application with IRDA on 15th Oct'2018 for forbearance for exceeding the Expenses of Management (EOM) over the allowable limit up to FY 2024-25 along with a convergence plan. An approval for forbearance has been received for the FY 2019-20 to FY 2021-22 and in accordance with Expense of Management Regulations 2016, a sum of Rs.14,73,550 thousand which is in the excess of expenses of management over the allowable limit has been transferred from Revenue Account to Profit and Loss account. Expenses incurred by The Company in Financial Year 2019-20 are broadly in line with the convergence plan submitted to IRDAI.

**25. Sector Wise Business**

Disclosure as per Schedule B Part II Point c (3) of the Insurance Regulatory and Development Authority of India (preparation of financial statements and auditor's report of insurance companies) regulations, 2002.

The total Gross Written Premium for the financial year is Rs.1,24,28,869 thousands (Previous year Rs. 94,70,157 thousands), out of which the bifurcation of Rural and social sector business is as under:

Business Sector	Year ended 31.03.2020			Year ended 31.03.2019		
	GDPI (Rs.'000s)	No of Policy	% of Policy	GDPI (Rs.'000s)	No of Policy	% of Policy
Rural	7,46,675	89,285	9.87%	5,53,262	35,150	9.06%
Social	1,159	2	0.00%	1,631	7	0.00%
<b>Total</b>	<b>12,428,869</b>	<b>905,066</b>	<b>100%</b>	<b>94,70,157</b>	<b>3,88,129</b>	<b>100%</b>

The above is compiled on basis of numbers reported to IRDAI.

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

<b>Social Sector</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Number of lives	1,30,993	1,28,888

Disclosure as per Insurance Regulatory and Development Authority of India (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015 is as under:

**Rural Sector**

<b>Financial Year</b>	<b>Gross Premium for the year (Rs.'000s)</b>	<b>Amount of Premium procured in Rural Sector (Rs.'000s)</b>	<b>Rural Sector Premium as % to Column (1)</b>	<b>Required % as per the above Regulations</b>	<b>Compliance with the above Regulations</b>
2019-20	1,24,28,869	7,46,675	6.01%	3.50%	Yes
2018-19	94,70,157	5,17,845*	5.47%	3.50%	Yes

\*Does not include RSBY business as mentioned in IRDAI (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015.

**Social Sector**

<b>Financial Year</b>	<b>Total Business (lives) in the Preceding Financial Year</b>	<b>Number of Lives covered under Social Sector in the Financial Year 2017-18</b>	<b>Social Sector Lives as % to the Column (1)</b>	<b>Required % as per the above Regulations</b>	<b>Compliance with the above Regulations</b>
2019-20	24,17,606	1,30,993	5.42%	5.00%	Yes
2018-19	27,42,523	1,28,888	4.70%	4.50%	Yes

**26. Micro Small and Medium Enterprises**

Certain suppliers have confirmed their registration under MSME Act. As on March 31, 2020, there is no Micro, Small and Medium Enterprise to which the Company owes dues, which are outstanding for more than 45 days. In respect of MSME creditors, where there have been delays in payments during the year, no interest is paid/payable as the payment was made within the agreed credit period. 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.

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****27. Penal Actions Details by Various Government Authorities**

IRDAI circular no 005/IRDAI/F&A/CIR/MAY-09 requires disclosure as per given format in respect of penal actions taken by various Government Authorities.

SN	Authority	Non-Compliance/ Violation	Amount in Rs. Lakhs		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	- (-)	- (-)	- (-)	- (-)
2	Service Tax & Goods and service Tax Authorities	- (-)	- (-)	- (-)	- (-)
3	Income Tax Authorities	- (-)	1,15,606 (-)	- (-)	- (-)
4	Any Other Tax Authorities	- (-)	- (-)	- (-)	- (-)
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	- (-)	- (-)	- (-)	- (-)
6	Registrar of Companies/ NCLT/ CLB/ Department of Corporate Affairs or any Authority under Companies Act, 2013.	- (-)	- (-)	- (-)	- (-)
7	Penalty awarded by any Court/ tribunal for any matter including claim settlement but excluding Compensation	- (-)	- (-)	- (-)	- (-)
8	Securities and Exchange Board of India	- (-)	- (-)	- (-)	- (-)
9	Competition Commission of India	- (-)	- (-)	- (-)	- (-)
10	Any other Central/State/local Government/ Statutory Authority	- (-)	0.18 (-)	- (-)	- (-)

Bracket shows numbers related to previous year

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

28. Summary of Financial Statements is provided as under:

*(Rs in Lakhs)*

SN	Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
<b>OPERATING RESULTS</b>						
1	Gross Direct Premiums	1,24,289	94,702	75,447	59,393	47,601
2	Net Premium Income (net of reinsurance)	95,368	73,140	58,774	56,392	45,155
3	Income from policyholder Investments (net)	4,114	3,371	2,995	3,369	2,548
4	Other Income	-	-	-	-	-
5	Total Income	99,482	76,511	61,768	59,761	47,703
6	Commission (Net) including brokerage	4,288	3,085	2,267	5,897	4,480
7	Operating Expenses (net of amount transferred from shareholder account(EOM Impact) )	27,210*	22,097*	18,394	15,116	22,123
8	Net incurred claims	45,007	35,564	28,902	28,277	23,402
9	Premium Deficiency	-	-	-	-	-
10	Change in unexpired risk reserve	11,261	7,192	1,188	1,964	5,844
11	Operating Profit/(Loss)	11,716*	8,573*	11,017	8,507	(8,147)
<b>NON OPERATING RESULTS</b>						
12	Total income under shareholder's account (net of expenses)	(17,871)	(13,411)	(8,733)	(8,875)	1,297
13	Profit /(loss) before tax	(6,155)	(4,839)	2,284	(368)	(6,850)
14	Provision for Tax	-	-	-	-	-
15	Profit/(Loss) after tax	(6,155)	(4,839)	2,284	(368)	(6,850)
<b>MISCELLANEOUS</b>						
16	Policyholder's Account:					
	a) Total funds	66,435	48,563	36,573	34,901	NA being General Insurance Company
	b) Total Investments	66,435	48,563	36,573	34,901	
17	Shareholder's Account					
	a) Total funds	40,286	32,994	30,006	27,863	NA being General Insurance Company
	b) Total Investments	40,286	32,994	30,006	27,863	
18	Paid Up Equity Capital	1,12,600	98,100	92,600	92,600	89,800
19	Net Worth	34,590	26,246	25,584	23,300	20,868
20	Total Assets	1,23,731	99,950	82,084	72,596	64,512
21	Yield on total investments	7.77%	7.76%	7.90%	8.20%	8.60%
22	Basic Earnings Per Share (Rs.)**	(0.58)	(0.51)	0.25	(0.04)	(0.82)
	Diluted Earnings Per Share (Rs.)**	(0.58)	(0.51)	0.25	(0.04)	(0.82)
23	Book value per Share (Rs.)	10	10	10	10	10
24	Total Dividend	-	-	-	-	-
25	Dividend Per share (Rs.)	-	-	-	-	-



**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

\*A sum of Rs.14,736 Lakhs (Previous year Rs.13,650 Lakhs) which is in the excess of expenses of management over the allowable limit has been transferred from Revenue Account to Profit and Loss account in accordance with the circular no. IRDAI/Reg./12/124/2016.

\*\*Weighted average number of equity shares for Basic EPS is 10,649 Lakhs (previous year 9,408 Lakhs) and weighted average number of equity shares for Diluted EPS is 10,698 Lakhs (previous year 9,445 Lakhs) is used in computing earnings per share.

**29. Accounting Ratios\*is provided as under:**

<b>Performance Ratios</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
Gross Direct Premium Growth Rate (Overall)	<b>31%</b>	26%	27%	25%	28%
Gross Direct Premium Growth Rate (Health)	<b>29%</b>	23%	26%	24%	28%
Gross Direct Premium Growth Rate (Personal Accident)	<b>96%</b>	190%	274%	556%	-24%
Gross Direct Premium to Net Worth Ratio	<b>3.59 times</b>	3.61 times	2.95 times	2.55 times	2.28 times
Growth Rate of Net Worth	<b>32%</b>	3%	10%	12%	23%
Net Retention Ratio (Overall)	<b>77%</b>	77%	78%	95%	95%
Net Retention Ratio (Health)	<b>76%</b>	77%	78%	95%	95%
Net Retention Ratio (Personal Accident)	<b>83%</b>	81%	70%	82%	60%
Net Commission Ratio (Overall)	<b>4%</b>	4%	4%	10%	10%
Net Commission Ratio (Health)	<b>4%</b>	4%	4%	10%	10%
Net Commission Ratio (Personal Accident)	<b>12%</b>	12%	8%	13%	-
Expenses of Management to Gross Direct Premium Ratio	<b>46%</b>	50%	50%	54%	57%
Expenses of Management to Net written Premium Ratio	<b>60%</b>	64%	64%	57%	60%
Net incurred claims to Net earned premium	<b>54%</b>	54%	50%	52%	60%
Combined Ratio	<b>102%</b>	107%	104%	108%	118%
Technical Reserves to Net Premium Ratio	<b>0.61 times</b>	0.62 times	0.60 times	0.59 times	0.69 times
Underwriting Balance Ratios	<b>(0.08) times</b>	(0.13) times	(0.05) times	(0.10) times	(0.27) times
Operating Profit Ratio	<b>14%</b>	13%	19%	16%	-21%
Liquid Assets to Liability Ratio	<b>0.54 times</b>	0.75 times	0.75 times	0.71 times	0.70 times
Net Earnings Ratio	<b>-6%</b>	-7%	4%	-1%	-15%
Return on Net Worth Ratio	<b>-18%</b>	-18%	9%	-2%	-33%
Reinsurance Ratio	<b>23%</b>	23%	22%	5%	5%
Available Solvency margin Ratio to Required Solvency Margin Ratio (times)*	<b>1.77</b>	1.77	2.11	2.01	2.16
NPA Ratio	<b>8.21%</b>	7.33%	NA	NA	NA

\*Calculated as per IRDAI Master Circular on Preparation of Financial Statements 2012.

\*\*Required Solvency Margin Ratio (times) is 1.50.

## **MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

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### **30. Corporate Social Responsibility**

As required under Section 135 of the Companies Act, 2013 and IRDAI Corporate Governance Guidelines 2016, the Board of the Company has appointed "Corporate Social Responsibility Committee" (CSR Committee) which comprises of four members of the Board. The CSR Committee is primarily responsible for formulating and recommending to the Board of Directors from time to time the CSR activities and the amount of expenditure to be incurred on the activities pertaining and monitoring CSR Projects. The Company has formulated Corporate Social Responsibility policy which has been adopted by the CSR Committee. As the Company has registered a negative profit based on the preceding three years' average net profit, the Company has no obligation towards CSR activities spend during FY 2019-2020.

### **31. Provision for Free Look period**

The provision for Free Look period is Rs.1,744 thousand (previous year Rs.1,819 thousand), as certified by the Appointed and Mentor Actuary.

### **32. Risk Management Architecture –**

The Board and other stakeholders of Max Bupa get assurance on risk management processes and its effectiveness from internal audit, risk management, compliance and fraud investigation function. The Company's risk management framework comprises of the following elements:

- Risk Strategy and Appetite (including Risk Policy framework and Governance structure)
- Strategic Risk Assessment (Business Plan)
- Risk Categorization
- Risk Registers
- Risk Control and Assurance
- Risk Reporting
- Risk Management design and effectiveness review

#### **Risk Management roles and responsibilities:**

To improve coordination and eliminate duplication, Max Bupa has adopted 'Three Line of Defence' model. The model defines clear set of responsibilities for each group of risk and control professionals.

- a) First Line: Involved in day to day risk management, in accordance with agreed risk policies, appetite and controls, at the operational level. This role is performed by Functional Heads and Process owners.
- b) Second Line: Responsible for risk oversight, risk guidance and risk reporting. This role is performed by Risk Management team, Compliance & Fraud Investigation team.
- c) Third Line: Independent assurance to the Board and Senior Management of the effectiveness of risk management processes. This role is performed by Internal and External Auditors.

A Risk Management team headed by Chief Risk Officer is in place to support for and challenge on the completeness and accuracy of risk identification, measurement, management, monitoring and reporting, and adequacy of, and progress against, mitigation plans.

#### **Risk Appetite Statements:**

To help define the level of risk that Max Bupa is willing to take, a set of Risk Appetite Statements have been defined which state in both quantitative and qualitative terms the Max Bupa Board's desired risk profile. The statements are reviewed and approved annually by the Board. The risk appetite statements are aligned with risk strategy and the Business Plan approved by the Board.

Status update against the defined risk appetites are monitored and reported to the Risk Committee on a quarterly basis.

# MAX BUPA HEALTH INSURANCE COMPANY LIMITED

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## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

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### Strategic Risk Assessment:

Max Bupa identifies the need for explicitly considering risk in the strategic and planning process. For the purpose, a strategic risk assessment process has been documented which will ensure that while developing business plans and/ or implementing major change initiatives, the business should include a "challenge phase", where the business including the risk team consider the impact of planned changes on the existing and future risk profile and the control environment.

### Risk Identification and Assessment process:

Max Bupa has categorized risk into six (6) broad Level 1 categories – Strategic risk, Insurance risk, financial risk, Operational risk, Regulatory risk and Reputational risk. Each of such 6 categories is further broken down into 27 Level 2 sub risk categories. These risk categories are observed throughout the risk management journey.

Company has documented functional risk registers to identify and assess inherent risks against such risk categories. Each identified risk is mapped to existing controls to mitigate such risk. After identification of existing (As is) controls, functional heads along with their teams assess the risk based on their impact and likelihood using the laid down parameters. Remediation actions are identified for control gaps, if any.

A consolidated risk register against the defined risk categories is prepared on a quarterly basis to include key risks for the quarter. A Management Risk Committee chaired by the CEO and attended by Senior Leadership Team reviews the risks in their respective domains on a quarterly basis and updates the consolidated register. CRO along with the Risk Management Team overviews and challenges the entire process of risk identification and rating.

### Risk Reporting:

Status update on the remedial actions identified against the risks captured in the consolidated risk register is reported to Risk Committee on quarterly basis along with the Key Risk Summary and the Organizational Risk Heat Map.

The company has compiled the data for the purpose of aforesaid disclosure from its risk management framework and policies and has been furnished by the management, which has been relied upon by the auditors.

### 33. Statement containing names, descriptions, occupations of and directorships held by the persons in charge of management of the business under section 11 (3) of Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015)

Name of person in-charge	Mr. Ashish Mehrotra
Designation of person in-charge	Managing Director and Chief Executive Officer
Occupation of person in-charge	Service
Directorships held by the person In-charge during the year or at March 31, 2020	Max Bupa Health Insurance Company Limited

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****34. REPO/Reverse repo transactions –***(Rs.'000)*

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31st March 2020
<b>Securities sold under repo</b>				
Government securities	- (-)	- (-)	- (-)	- (-)
Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)
<b>Securities purchased under reverse repo</b>				
Government securities	- (1,87,488)	- (6,02,591)	- (3,21,721)	- -
Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)

Figures in bracket are for previous year

**35. Share Purchase Agreements**

- a) Max India Limited, Fettle Tone LLP and Max Bupa Health Insurance Company Limited ('Company') entered into a Share Purchase Agreement dated 20<sup>th</sup> September, 2019 ('Share Purchase Agreement'). As per the terms of the Share Purchase Agreement, Max India Limited, along with its nominee shareholders, has transferred **56,71,20,000** (Fifty Six crores Seventy One Lakhs Twenty Thousand only) fully paid up equity shares of the Company, aggregating to 51% of the paid up equity share capital of the Company, having face value of Rs. 10/- (Rupees Ten only) each through banking channel, to Fettle Tone LLP and its nominees as on 16<sup>th</sup> December 2019.
- b) Bupa Singapore Holdings Pte. Ltd., Fettle Tone LLP and the Company had entered into a share purchase agreement on 20<sup>th</sup> September 2019 ('Share Purchase Agreement'). In accordance with the terms of the Share Purchase Agreement, Bupa Singapore Holdings Pte. Ltd. has transferred 5,09,69,400 (Five crores Nine Lakhs Sixty Nine Thousand and Four Hundred only) fully paid up equity shares of the Company having face value of Rs. 10/- (Rupees Ten only) each through banking channel, to Fettle Tone LLP as on 18<sup>th</sup> December 2019.

**36. Global Pandemic**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, tangible & intangible assets and current & non-current investments. In assessing the recoverability of aforesaid assets, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. A definitive assessment of impact is not possible due to economic uncertainty. However, the Company prima facie evaluated the impact of this pandemic on its business operations and based on such evaluation, the Company believes that there is no significant impact of COVID 19 on the Financial position and performance of the Company. Further, the company is not expecting any significant change in estimates. Adjustments to Actuarial assumptions & recoverable amounts that the company has felt necessary due to the pandemic have been made in the Financial Statements. Other than these adjustments, the company believes that is no significant impact on the Financial Results for the year ended March 31, 2020. Based on current estimates, the Company expects the carrying amount of these assets will be recovered. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions. Actual results could differ from those estimates and may impact future estimates including, but not limited to, Actuarial assumptions, allowance for loan losses, asset impairment charges, cancellation reserves, actuarial losses on our retirement benefit plans and discount rate assumptions.

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****37. Comparative Figures**

Previous year figures have been regrouped/reclassified wherever considered necessary to conform to current year's classification:

Previous Year Statement/Schedule number, Line Item & Description	Amount Regrouped (000's)	Current Year Statement/Schedule number, Line Item & Description	Amount Regrouped (000's)	Reason for Change
In Revenue Account- 'Being Expenses of Management over the allowable limit transferred to Profit and Loss Account'	13,65,000	In Revenue Account- 'Contribution from Shareholders Funds towards Excess EOM'	13,65,000	As per IRDA circular "IRDA/F&A/CIR/MISC/081/05/2019" dated 20 <sup>th</sup> May 2019, presentation of excess EOM has been reclassified.
Schedule 13 Current Liabilities – Sundry Creditors	1,83,830	Schedule 14 Provisions – Others-Provision for Employee Benefits	1,83,830	Provision for Long Term Incentive has been regrouped with Provision for Employee Benefits to align with the nature of this provision
Schedule 14 Provisions- Others For Gratuity For Leave Encashment	16,322 35,750	Schedule 14 Provisions- Others for Employee Benefits	52,072	All the employee related provisions have been consolidated to Employee Benefits to give a better presentation

As per our report of even date

For and on behalf of the Board of Directors

**For Nangia & Co. LLP****Max Bupa Health Insurance Company Limited**

**Vikas Gupta**  
Partner  
Membership No:076879  
Place Noida

**CEO & Managing Director**  
**Ashish Mehrotra**  
DIN: 07277318

**Director**  
**Rajagopalan Santhanam**  
DIN: 00025669

**For M P Chitale & Co.**  
**Chartered Accountants**

**Company Secretary**  
**Rajat Sharma**  
Membership No. FCS 7069

**Chief Financial Officer**  
**Rahul Ahuja**

**Murtuza Vajhi**  
Partner

Date: April 30, 2020

# MAX BUPA HEALTH INSURANCE COMPANY LIMITED

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## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### C. NOTES FORMING PART OF ACCOUNTS

#### 1. Contingent Liabilities

Particulars	(Rs. '000)	
	As at 31.03.2020	As at 31.03.2019
Partly Paid up Investments	-	-
Claims, other than those under Policies, not acknowledged as Debts by the Insurer	-	-
Underwriting Commitments Outstanding	-	-
Claims, under policies, not acknowledged as debts*	2,46,574	1,97,821
Guarantees given by or on behalf of the Insurer	-	-
Statutory Demands in Dispute, not provided for	1,23,378	1,61,470
Reinsurance Obligations to the Extent Not provided for in Accounts	-	-
<b>Total</b>	<b>3,69,952</b>	<b>3,59,291</b>

\* Includes compensation raised by policyholders against rejected claims

#### Pending Litigations

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial results at March 31, 2020.

#### 2. Actuarial Assumptions

The appointed actuary has certified to the Company that actuarial estimates for Premium deficiency reserve and IBNR (including IBNER) are in compliance with the IRDA (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations 2016 and the guidelines issued by the Institute of Actuaries of India.

Depending upon the Business segment, a suitable actuarial method like Basic Chain Ladder Method, Bornhuetter Ferguson Method, or a mixture of these have been used for IBNR calculations.

The Company's Appointed and Mentor Actuary have determined valuation assumptions in respect of 'Reserve for Unexpired Risk' and 'Claims Incurred But Not Reported' (IBNR) amounting to Rs. 82.92 crore (Previous year Rs. 67 crore) that conform with Regulations issued by the IRDAI and professional guidance notes issued by the Institute of Actuaries of India.

- a. As at March 31, 2020, the Company has made a provision of Rs. 0.50 crore (Previous year Rs.0.50 crore) towards provider reconciliation reserve based on actuarial estimates and the same is included as a part of IBNR reserves.
- b. As at March 31, 2020, the Company has made a provision of Rs. 29.04 crore (Previous year Rs. 24.35 crore) towards litigation reserve based on actuarial estimates and the same is included as a part of IBNR reserves.
- c. Further a provision of Rs. 3.11 crore has been made as deferred occurrence reserve for the expected deferment of hospitalizations from Mar'20 to a later period due to COVID-19 pandemic outbreak in the country.

#### 3. Encumbrances on Assets

The assets of the Company are free from all encumbrances. The Company has all assets within India.

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****4. Estimated Amount of Commitments made and Outstanding for:***(Rs. '000)*

Particulars	As at 31.03.2020	As at 31.03.2019
Loans	-	-
Investments	-	-
Fixed Assets (Net of advances)	98,347	1,09,233

**5. Claims, less Reinsurance paid to Claimants are as under\*:***(Rs. '000)*

Class of Business	In India		Outside India	
	Year Ended 31.03.2020	Year Ended 31.03.2019	Year Ended 31.03.2020	Year Ended 31.03.2019
Health	39,61,660	28,89,361	-	-
Personal Accident	38,034	11,020	-	-
<b>Total</b>	<b>39,99,694</b>	<b>29,00,381</b>	-	-

\*Excluding claim handling expense

**6. Age-wise Breakup of Claims Outstanding\*:***(Rs. '000)*

Class of Business	Outstanding for more than six months		Outstanding for six months or less	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Health	11,563	15,042	2,01,478	2,02,379
Personal Accident	-	-	4,413	16,659
<b>Total</b>	<b>11,563</b>	<b>15,042</b>	<b>2,05,891</b>	<b>2,19,338</b>

\*Excluding IBNR provision.

7. There are no claims settled and remaining unpaid for a period of more than six months.

**8. Number of Claims intimated, disposed of and pending:**

Particulars	As at 31.03.2020			As at 31.03.2019		
	Health	Personal Accident	Total	Health	Personal Accident	Total
Claims pending at the beginning	1,983	19	2,002	1,980	5	1,985
Claims intimated	1,45,353	358	1,45,711	91,912	277	92,189
Claims paid	1,32,750	59	1,32,809	79,010	21	79,031
Claims rejected	13,504	308	13,812	12,899	242	13,141
Claims pending at the closing	1,082	10	1,092	1,983	19	2,002

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****Ageing of Pending Claims**

Particulars	As at 31.03.2020			As at 31.03.2019		
	Health	Personal Accident	Total	Health	Personal Accident	Total
30 days	1,041	9	1050	1,426	12	1,438
30 days to 6 Months	39	1	40	531	7	538
6 months to 1 year	2	-	2	26	-	26
1 year to 5 years	-	-	-	-	-	-
5 years and above	-	-	-	-	-	-
<b>Total</b>	<b>1,082</b>	<b>10</b>	<b>1,092</b>	<b>1,983</b>	<b>19</b>	<b>2,002</b>

**9. Premium less Reinsurance Written During the Year:***(Rs. '000)*

Class of Business	In India		Outside India	
	Year ended 31.03.2020	Year ended 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019
Health	90,03,993	70,49,128	-	-
Personal Accident	5,32,837	2,64,851	-	-
<b>Total</b>	<b>95,36,830</b>	<b>73,13,979</b>	<b>-</b>	<b>-</b>

**10. Extent of Risk Retained and Reinsured:**

Extent of risk retained and reinsured with respect to gross written premium is set out below:

Class of Business	Gross Premium	Year Ended 31.03.2020 (Rs. '000)			
		Risk Retained		Risk Reinsured	
		Amount	% age	Amount	% age
Health	1,17,90,427	90,03,993	76.37%	27,86,434	23.63%
Personal Accident	6,38,442	5,32,837	83.46%	1,05,605	16.54%

Class of Business	Gross Premium	Year Ended 31.03.2019 (Rs. '000)			
		Risk Retained		Risk Reinsured	
		Amount	% age	Amount	% age
Health	91,44,909	70,49,128	77.08%	20,95,781	22.92%
Personal Accident	3,25,248	2,64,851	82.21%	60,397	17.79%



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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****11. As per IRDAI Master Circular on unclaimed amount of policyholders dated 25<sup>th</sup> July 2017-****Form A: Statement showing the Age-wise Analysis of the Unclaimed Amount of the Policyholders as on March 31, 2020***(Rs. in Lakhs)*

Particulars	Total Amount	Age-wise Analysis (in months)						
		0-6	7-12	13-18	19-24	25-30	31-36	36-120
Claims settled but not paid to the policyholders / beneficiaries due to any reasons except under litigation from the policyholders / beneficiaries.	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Sum due to the policyholders / beneficiaries on maturity or otherwise	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Any Excess collection of the premium / tax or any other charges which is refundable to the policyholders / beneficiaries either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far	8.84 (0.87)	8.84 (-)	- (0.87)	- (-)	- (-)	- (-)	- (-)	- (-)
Cheques issued but not encashed by the policyholder/ beneficiaries	126.33 (106.43)	15.95 (3.45)*	8.28 (0.79)*	1.55 (10.10)*	0.64 (5.68)*	9.65 (1.30)*	5.46 (3.19)*	84.80 (81.92)*

Figures in brackets are for previous year,

\* These are stale cheques disclosed in 'Unclaimed amount of policyholders'/insured' in Schedule-13.

**Form C- Details of Unclaimed Amount with Investment Income***(Rs. in Lakhs)*

Particulars	Financial Year 2019-20	Financial Year 2018-19
Opening Balance	130.81	155.83
Add: Amount transferred to unclaimed amount	47.12	38.92
Add: Cheques issued out of the unclaimed amount but not encashed by the policyholders (only stale cheques)	-	-
Add: Investment Income on unclaimed fund	12.74	13.15
Less: Amount of claims paid during the year	20.22	77.09
Less: Amount transferred to SCWF(net of claims paid in respect of amount transferred earlier)	-	-
Closing Balance of Unclaimed Amount*	<b>170.45</b>	<b>130.81</b>

\*Separate Fixed Deposits has been earmarked for payment of unclaimed amount of policyholder disclosed under head Schedule 12- Advances and Other Assets. This amount includes Interest on unclaimed amount of Policyholders amounting to Rs. 35.28 Lakhs (previous year Rs.23.50 Lakhs).

**12. Premium Deficiency Reserve**

The Appointed and Mentor Actuary has reviewed the Unearned premium reserve (UPR) posted in the Financial statements against the estimated liability of the Company under unexpired obligations (including claim, claim related expenses and unexpired loyalty points) towards policyholders (URR) for all business segments. The UPR provided in the financials is sufficient to cover the URR at company level thus; no premium deficiency reserve has been created.

# MAX BUPA HEALTH INSURANCE COMPANY LIMITED

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## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 13. Investments

- a. There are no contracts outstanding in relation to Purchases where deliveries are pending and Sales where payments are overdue respectively. The Company does not have any investment in Real Estate as at March 31, 2020 or March 31, 2019.
- b. All investments are made in accordance with Insurance Act, 1938 and IRDAI (Investment) Regulations, 2016.
  1. Commercial papers issued by ILFS Ltd aggregating to Rs. 3,00,000 Thousand that remained unpaid as on 31st Mar'2020. In accordance with IRDAI regulations, the Company has made a full provision of Rs. 3,00,000 Thousand (Rs. 2,25,000 Thousand made in the year ended Mar'20) and presented as "Other Receivables".
  2. Bonds issued by DHFCL aggregating to Rs. 2,50,000 Thousand due on 09th Sep'2019 remained unpaid as on 31st Mar'2020. In accordance with IRDAI regulations, interest accrued has been reversed and a provision of Rs. 1,25,000 Thousand has been made in the year ended Mar'20 on the principal amount of bonds and presented as "Other Receivables".
  3. Bonds of Reliance Capital (exposure of Rs. 1,00,000 Thousand) were also downgraded to D and while the interest on these bonds was paid on due date, they form part of "Other than Approved Investments" on account of rating downgrade. Considering the concept of prudence, Provision of Rs. 25,000 Thousand (25%) was made on the corporate bond of Reliance Capital Ltd.
  4. Bonds issued by IFIN aggregating to Rs. 3,00,000 Thousand, where interest due on 6th Dec'2018 remained unpaid as on 31st Mar'2020. In accordance with IRDAI regulations, interest accrued has been reversed and a provision of Rs. 2,00,000 Thousand (100% on unsecured component of Rs 1,00,000 Thousand and 50% on secured exposure of Rs 2,00,000 Thousand) has been made on the principal amount of bonds.

### 14. Managerial Remuneration

The details of remuneration of Key Management Persons as per guidelines issued by IRDAI vide Ref. no. IRDA/F&A/GDL/CG/100/05/2016 dated May 18, 2016 and as per the terms of appointment of Company are as under:

a) The details of remuneration of MD & CEO as per the terms of appointment are as under:

Particulars	(Rs. '000)	
	Year ended 31.03.2020	Year ended 31.03.2019
Salaries & Allowances	1,07,237	48,136
Contribution to Provident and other funds	1,633	1,512
Perquisites	510	418
<b>Total</b>	<b>1,09,379</b>	<b>50,066</b>

Out of the above Rs. 15,000 thousand (previous year Rs. 15,000 thousand) remuneration for Managing Director has been charged to Revenue Accounts and balance has been transferred to Profit and Loss account. Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information.

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b) The details of remuneration of Key Managerial persons other than MD and CEO as per the terms of appointment are as under:

*(Rs. '000)*

<b>Particulars</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Salaries & Allowances	1,72,793	1,59,352
Contribution to Provident and other funds	5,496	5,608
Perquisites	644	668
<b>Total</b>	<b>1,78,933</b>	<b>1,65,628</b>

Expenses towards gratuity, leave encashment provision and Short Term and Long Term Incentive Plan are determined actuarially on an overall Company basis annually and accordingly have not been considered in the above information. Amount towards such payments are disclosed as and when payments are made.

**15. Expenditure in Foreign Currency***(Rs. '000)*

<b>Particulars</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Software License Fees	39,534	43,178
Software AMC	-	5,160
Travelling	1,153	871
Director Sitting Fees	2,000	1,600
Membership and Subscription	-	1,878
Reinsurance Premium	-	117
Project Participation Fee	119	-
Awards Nomination	-	289
<b>Total</b>	<b>42,807</b>	<b>53,093</b>

**16. Operating Lease Commitments**

The Company has taken on lease office premises under various agreements with various expiration dates extending up to nine years. Lease payments made under operating lease agreements have been fully recognized in the books of accounts. The lease rental charged under operating leases during the current year and maximum obligation on such leases at the balance sheet date are as follows:

*(Rs. '000)*

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Payable not later than one year	1,03,259	1,16,308
Payable later than one year and not later than five years	2,28,589	3,04,626
Payable later than five years	77,904	51,031
<b>Total</b>	<b>4,09,752</b>	<b>4,71,965</b>

Aggregate lease rentals charged to Revenue Accounts is Rs. 1,24,215 thousand (previous year Rs. 95,977 thousand) and there are no sub leases.

**17. Foreign Currency Exposures**

Foreign currency exposures which are not hedged as at the Balance Sheet date are:

*(Rs. '000)*

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Payable in <b>USD</b>	-	-
Payable in <b>GBP</b>	501	748

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- (i) As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties of the Company are as follows:

SN	Description of Relationship	Name of Party
(a)	Ultimate Holding Company	True North fund VI LLP ( w.e.f. 17 <sup>th</sup> December 2019 )
(b)	Holding Company	Fettle Tone LLP ( w.e.f. 17 <sup>th</sup> December 2019 )
		Max India Ltd (Till 16 <sup>th</sup> December 2019)
(c)	Fellow Subsidiaries	Antara Senior Living Limited (Till 16 <sup>th</sup> December 2019)
		Antara Gurgaon Senior Living Limited (Till 16 <sup>th</sup> December 2019)
		Antara Purukul Senior Living Limited(Till 16 <sup>th</sup> December 2019)
		Max Ateev Limited(Till 16 <sup>th</sup> December 2019)
		Max UK Limited, UK(Till 16 <sup>th</sup> December 2019)
		Max Skill First Limited(Till 16 <sup>th</sup> December 2019)
		Max One Distribution and Services Limited(Till 16 <sup>th</sup> December 2019)
		Pharmax Corporation Limited ( Till 16 <sup>th</sup> December 2019)
(d)	Significant Influence	Bupa Singapore Holdings Pte Limited
(e)	Key Management Personnel (KMP)	Mr. Ashish Mehrotra, Managing Director and CEO Mr. Rahul Ahuja , CFO Mr. Rajat Sharma, CS

- (ii) Details of transaction with related parties for the year ended March 31, 2020 are given below:

*(Rs. '000)*

SN	Transactions	Name of the Related Party	Description	For the year ended 31.03.2020	For the year ended 31.03.2019
1	Legal & Professional Charges	Max India Limited	Holding company	35,400*	1,18,000
2	Training Expenses	Max Skill First Limited <sup>###</sup>	Fellow Subsidiaries	55,832*	61,823
3	Employee's Remuneration	Mr. Ashish Mehrotra, MD & CEO	Key Management Personnel	1,09,379	50,065
4	Employee's Remuneration	Mr. Rahul Ahuja , CFO & Mr. Rajat Sharma, CS	Key Management Personnel	34,685	36,391
5	Issuance of Share capital	Max India Limited	Holding company	6,68,100*	2,80,500
6	Issuance of Share capital	Bupa Singapore Holdings Pte Limited	Investing Party	7,04,083	2,69,500
7	Issuance of Share capital	Fettle Tone LLP	Holding company	77,817	-
8	Premium received and policy issued	Max India Limited	Holding company	2,178*	2,459
9	Premium received and policy issued	Antara Purukul Senior Living Limited <sup>###</sup>	Fellow Subsidiaries	699*	5,28
10	Premium received and policy issued	Antara Senior Living Limited <sup>###</sup>	Fellow Subsidiaries	1,001*	1,927

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(iii) Details of outstanding balances with related parties as at ended March 31, 2020 are given below:

(Rs. '000)					
SN	Outstanding Balances	Name of the Related Party	Description	As at 31.03.2020	As at 31.03.2019
1	Payables	Max India Limited	Holding company	-	1,08,000
2	Advance received against premium	Max India Limited	Holding company	249**	59
3	Advance received against premium	Antara Purukul Senior Living Limited <sup>###</sup>	Fellow Subsidiaries	139**	53
4	Advance received against premium	Antara Senior Living Limited <sup>###</sup>	Fellow Subsidiaries	50**	20
5	Other Receivables	Max Skill First Limited <sup>###</sup>	Fellow Subsidiaries	-	750
6	Equity Share Capital	Max India Limited	Holding company	-	50,03,100
7	Equity Share Capital	Bupa Singapore Holdings Pte Limited	Investing Party	5,001,289	48,06,900
8	Equity Share Capital	Fettle Tone LLP	Holding company	6,258,711	-

**Notes**

- IRDAI has granted approval for transfer of the Company's share held by Max India and Bupa Singapore Pte Ltd to Fettle Tone LLP. Consequently, 51% of equity shares held by Max India Ltd were transferred to Fettle Tone LLP on 16 December 2019 and 4.58% of Equity shares held by Bupa Singapore Pte Ltd held on 18 December 2019 were transferred to Fettle Tone LLP.
- \*Transactions till 16 December 2019
- <sup>###</sup>Fellow Subsidiary through earlier holding company Max India Ltd
- \*\*Balances as per books of accounts as on 31<sup>st</sup> March 2020 for the transaction upto 16<sup>th</sup> December 2019

**19. 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.

(Rs. '000')

Year ended 31.03.2020				
Particulars	Health	Personal Accident	Unallocated	Total
Segmental Revenue	80,24,304	3,86,387	4,11,360	88,22,051
Segmental Result	(7,84,648)	71,316	18,84,910	11,71,579
Segmental Liabilities	65,48,258	3,93,653	19,71,982	89,13,893
Segmental Assets	3,51,628	8,575	1,20,12,918	1,23,73,121

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Year ended 31.03.2019				
Particulars	Health	Personal Accident	Unallocated	Total
Segmental Revenue	64,22,923	1,71,865	3,37,119	69,31,908
Segmental Result	(7,92,361)	(52,503)	17,02,118	8,57,254
Segmental Liabilities	50,46,699	2,35,297	20,87,993	73,69,988
Segmental Assets	5,36,603	4,763	89,21,756	99,94,961

**b) Geographical Segment**

Since the Company's entire business is conducted within India, there is no reportable Geographical Segmentation for the year.

**20. Employee Benefits****A. Defined Contribution Plans – Provident and Pension Fund**

During the year the Company has recognized the following amounts in the Revenue and/or Profit and Loss Account:

*(Rs. '000)*

Provident Fund	Year Ended 31.03.2020	Year Ended 31.03.2019
Employers Contribution to Provident and Pension Fund	88,383	57,118

**B. Defined Benefit Plans – Gratuity**

The gratuity liability arises on retirement, withdrawal, resignation or death of an employee. The aforesaid liability is calculated on the basis of actuarial valuation as per the projected unit credit method. The Gratuity plan has been funded through a policy taken from Max Life Insurance Company Limited. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

**i. Assumptions Used:**

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Interest/Discount Rate (Per Annum)	5.55% p.a.	6.75% p.a.
Rate of increase in compensation	7.00% p.a.	7.00% p.a.
Withdrawal rate:	40% for frontline staff and 20% for other staff	40% for frontline staff and 20% for other staff

**ii. Changes in Present value of benefit obligation during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Present value of obligations at the beginning of the year	59,347	46,664
Current Service Cost	12,909	10,315
Interest cost	3,774	3,007
Benefits Paid	(6,868)	(6,800)

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Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Actuarial loss/(gain) on obligation	9,154	6,000
Benefits paid directly by the enterprise	-	161
Present value of obligations at end of year	<b>78,315</b>	<b>59,347</b>

**iii. Change in Fair Value of Plan Assets during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair Value of Plan Assets at beginning of year	43,025	34,552
Contributions	14,671	12,111
Expected Return on Plan Assets	3,168	2,586
Actuarial gain/(loss) on obligation	(325)	414
Benefits Paid	(6,868)	(6,800)
Benefits paid directly by the enterprise	-	161
Fair Value of Plan Assets at end of year	<b>53,670</b>	<b>43,025</b>

**iv. Amounts recognized in Revenue or/and Profit & Loss Account:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Current Service Cost	12,909	10,315
Interest Cost	3,774	3,007
Expected Return on Plan Assets	(3,168)	(2,586)
Actuarial (Gain)/loss on obligation	9,479	5,586
Amount recognized in Revenue or/and Profit & Loss Account	<b>22,994</b>	<b>16,322</b>

**v. Amounts recognized in Balance Sheet:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Present value of obligations at end of Year	78,315	59,347
Fair Value of Plan Assets at end of Year	53,670	43,024
Funded Status (Deficit)/Surplus	24,645	16,322
Net Asset/(Liability) recognized in the balance sheet	<b>24,645</b>	<b>16,322</b>

**vi. Balance Sheet Reconciliation:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Opening Net Liability/(Asset)	16,322	12,112
Expenses recognized in Profit & Loss Account	22,994	16,322
Contribution Paid	(14,671)	(12,112)
Acquisition/Business Combination/Divestiture	-	-
Closing Net Liability/(Asset)	<b>24,645</b>	<b>16,322</b>

The Gratuity Fund is managed by Max Life Insurance Company Limited and it has been invested in Linked Group Gratuity- Balanced fund and Linked Group Gratuity-Conservative fund.

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****C. Compensated Absences:**

The Company has recognized liability towards cost of accumulating compensated absences. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

**i. Assumptions Used:**

Particulars	As at 31.03.2020	As at 31.03.2019
Mortality	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Interest/Discount Rate (Per Annum)	5.55% p.a.	6.75% p.a.
Rate of increase in compensation	7.00% p.a.	7.00% p.a.
Withdrawal rate:	40% for frontline staff and 20% for other staff	40% for frontline staff and 20% for other staff

**ii. Changes in Present value of benefit obligation during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Defined Benefit Obligation, Beginning of year	31,695	24,629
Current Service Cost	1,09,43	8,079
Interest Cost	1,839	1,493
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	9,408	3,779
Acquisition/Business Combination/Divestiture	-	-
Actual Benefits Paid	(8,890)	(6,286)
Past Service Cost	-	-
Changes in Foreign Currency Exchange Rates	-	-
Loss / (Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Defined Benefit Obligation at end of year	<b>44,996</b>	<b>31,695</b>

**iii. Change in Fair Value of Plan Assets during the year:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Fair Value of Plan Assets at beginning of year	-	-
Expected Return on Plan Assets	-	-
Actual Enterprise's Contributions	-	-
Actual Plan Participants' Contributions	-	-
Actual Benefits Paid	-	-
Actuarial Gains/(Losses)	-	-
Acquisition/Business Combination/Divestiture	-	-
Changes in Foreign Currency Exchange Rates	-	-
Liabilities Extinguished on Settlements	-	-
Fair Value of Plan Assets at end of year	-	-



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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****iv. Amounts recognized in Revenue or/and Profit & Loss Account:***(Rs. '000)*

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
Current Service Cost	109,43	8,079
Interest Cost	1,839	1,493
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/loss	9,408	3,779
Amount recognized in Revenue or/and Profit & Loss Account	<b>22,191</b>	<b>13,352</b>

**v. Amounts recognized in Balance Sheet:***(Rs. '000)*

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
Defined benefit obligations (DBO)	44,996	31,695
Fair Value of Plan Assets at end of Year	-	-
Funded Status (Deficit)/Surplus	44,996	31,695
Unrecognized Past Service Cost / (Credit)	-	-
Unrecognised Asset due to Limit in Para 59(B)	-	-
Net Asset/(Liability) recognized in the balance sheet	<b>44,996</b>	<b>31,695</b>

**vi. Balance Sheet Reconciliation:***(Rs. '000)*

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
Opening Net Liability/(Asset)	31,695	24,629
Expenses recognized in Revenue or/and Profit & Loss Account	22,191	13,352
Actual Benefits Paid	(8,890)	(6,286)
Acquisition/Business Combination/Divestiture	-	-
Closing Net Liability/(Asset)	<b>44,996</b>	<b>31,695</b>

**D. Sick Leave**

The Company has recognized liability towards cost of accumulating sick leave. The Company has initiated recognition of actuarial liability towards sick leave from current financial year onwards. Disclosure as per AS-15 (Revised) on 'Employee Benefits' is as under:

**i. Assumptions Used:**

<b>Particulars</b>	<b>As at 31.03.2020</b>	<b>As at 31.03.2019</b>
Mortality	Indian Assured Lives Mortality (2012-14) Ult.	Indian Assured Lives Mortality (2006-08) Ult.
Interest/Discount Rate (Per Annum)	5.55% p.a.	6.75% p.a.
Rate of increase in compensation	7.00% p.a.	7.00% p.a.
Withdrawal rate:	40% for frontline staff and 20% for other staff	40% for frontline staff and 20% for other staff

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****ii. Changes in Present value of benefit obligation during the year:***(Rs. '000)*

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
Defined Benefit Obligation, Beginning of year	4,055	-
Current Service Cost	1,323	4,055
Interest Cost	2,74	-
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,55	-
Acquisition/Business Combination/Divestiture	-	-
Actual Benefits Paid	-	-
Past Service Cost	-	-
Changes in Foreign Currency Exchange Rates	-	-
Loss / (Gains) on Curtailments	-	-
Liabilities Extinguished on Settlements	-	-
Defined Benefit Obligation at end of year	<b>5,807</b>	<b>4,055</b>

**iii. Change in Fair Value of Plan Assets during the year:***(Rs. '000)*

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
Fair Value of Plan Assets at beginning of year	-	-
Expected Return on Plan Assets	-	-
Actual Enterprise's Contributions	-	-
Actual Plan Participants' Contributions	-	-
Actual Benefits Paid	-	-
Actuarial Gains/(Losses)	-	-
Acquisition/Business Combination/Divestiture	-	-
Changes in Foreign Currency Exchange Rates	-	-
Liabilities Extinguished on Settlements	-	-
Fair Value of Plan Assets at end of year	-	-

**iv. Amounts recognized in Revenue or/and Profit & Loss Account:***(Rs. '000)*

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
Current Service Cost	1,323	4,055
Interest Cost	2,74	-
Expected Return on Plan Assets	-	-
Net Actuarial (Gain)/loss	1,55	-
Amount recognized in Revenue or/and Profit & Loss Account	<b>1,752</b>	<b>4,055</b>

**v. Amounts recognized in Balance Sheet:***(Rs. '000)*

<b>Particulars</b>	<b>Year Ended 31.03.2020</b>	<b>Year Ended 31.03.2019</b>
Defined benefit obligations (DBO)	5,807	4,055
Fair Value of Plan Assets at end of Year	-	-
Funded Status (Deficit)/Surplus	5,807	4,055
Unrecognized Past Service Cost / (Credit)	-	-
Unrecognised Asset due to Limit in Para 59(B)	-	-
Net Asset/(Liability) recognized in the balance sheet	<b>5,807</b>	<b>4,055</b>

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****vi. Balance Sheet Reconciliation:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Opening Net Liability/(Asset)	4,055	-
Expenses recognized in Revenue or/and Profit & Loss Account	1,751	4,055
Actual Benefits Paid	-	-
Acquisition/Business Combination/Divestiture	-	-
Closing Net Liability/(Asset)	<b>5,807</b>	<b>4,055</b>

**E. Long term Incentive Benefits**

The Company has schemes for Long Term Performance incentive plan & Guaranteed Payout plan. The Company has determined the liability on the basis of Actuarial valuation as under:

**Assumptions Used:**

Particulars	As at 31.03.2020	As at 31.03.2019
Discount Rate	4.95%	6.55%
Individual Performance	G2: 30%, G3: 70%	G2: 30%, G3: 70%
Salary Escalation Rate	N/A	N/A
Employee Turnover Rate	10%	10%
Mortality Rates	Indian Assured Lives Mortality (2012-14) U1t.	Indian Assured Lives Mortality (2006-08) U1t.

**Amounts recognized in Balance Sheet:***(Rs. '000)*

Particulars	Year Ended 31.03.2020	Year Ended 31.03.2019
Defined benefit obligations (DBO)	1,61,278	1,83,830
Fair Value of Plan Assets at end of Year	-	-
Net Asset/(Liability) recognized in the balance sheet	1,61,278	1,83,830

**21. Earnings Per Share**

Basic earnings per equity share have been computed by dividing net profit/(loss) after tax by the weighted average number of equity shares outstanding for the year.

	Particulars	Units	Year ended 31.03.2020	Year ended 31.03.2019
a.	Profit/(loss) available to equity shareholder's	Rs in '000s	(6,15,520)	(4,83,868)
b.	Weighted average of number of equity shares used in computing basic earnings per share	No. of shares in '000s	1,064,866	9,40,975
c.	Diluted Weighted average of number of equity shares used in computing diluted earnings per share	No. of shares in '000s	1,069,782	9,44,660
d.	Nominal Value per share	in Rs.	10	10
e.	Basic earnings per share (a/b)	in Rs	(0.58)	(0.51)
f.	Diluted earnings per share (a/c)	in Rs	(0.58)	(0.51)

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****22. Disclosures on other work given to Auditor's**

As per the Corporate Governance Guidelines issued by IRDAI on May 18, 2016 the services of the statutory auditors are disclosed below:

(Rs. '000)			
Name of the Auditor	Services Rendered	For the Year ended 31.03.2020	For the Year ended 31.03.2019
Nangia & Co. LLP	Tax Audit fees	200	200
	Certification Fees	1,550	275
	Taxation matters	1,225	150
M.P. Chitale & Co.	Certification Fees	250	650

**23. In pursuant to Circular 067 dated 28<sup>th</sup> March, 2008 issued by IRDAI, following operating expenses are separately disclosed:**

(Rs '000)		
Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Outsourcing Expenses*	14,78,081**	13,40,713**
Marketing Support	7,54,324	6,65,644
Business Development	2,637	4,733

\*Outsourcing expenses have been calculated basis on the Outsourcing guidelines issued by IRDAI.

\*\* Outsourcing expenses is inclusive of GST

**24. Expenses of Management**

The Company had filed an application with IRDA on 15th Oct'2018 for forbearance for exceeding the Expenses of Management (EOM) over the allowable limit up to FY 2024-25 along with a convergence plan. An approval for forbearance has been received for the FY 2019-20 to FY 2021-22 and in accordance with Expense of Management Regulations 2016, a sum of Rs.14,73,550 thousand which is in the excess of expenses of management over the allowable limit has been transferred from Revenue Account to Profit and Loss account. Expenses incurred by The Company in Financial Year 2019-20 are broadly in line with the convergence plan submitted to IRDAI.

**25. Sector Wise Business**

Disclosure as per Schedule B Part II Point c (3) of the Insurance Regulatory and Development Authority of India (preparation of financial statements and auditor's report of insurance companies) regulations, 2002.

The total Gross Written Premium for the financial year is Rs.1,24,28,869 thousands (Previous year Rs. 94,70,157 thousands), out of which the bifurcation of Rural and social sector business is as under:

Business Sector	Year ended 31.03.2020			Year ended 31.03.2019		
	GDPI (Rs.'000s)	No of Policy	% of Policy	GDPI (Rs.'000s)	No of Policy	% of Policy
Rural	7,46,675	89,285	9.87%	5,53,262	35,150	9.06%
Social	1,159	2	0.00%	1,631	7	0.00%
<b>Total</b>	<b>12,428,869</b>	<b>905,066</b>	<b>100%</b>	<b>94,70,157</b>	<b>3,88,129</b>	<b>100%</b>

The above is compiled on basis of numbers reported to IRDAI.

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

<b>Social Sector</b>	<b>Year ended 31.03.2020</b>	<b>Year ended 31.03.2019</b>
Number of lives	1,30,993	1,28,888

Disclosure as per Insurance Regulatory and Development Authority of India (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015 is as under:

**Rural Sector**

<b>Financial Year</b>	<b>Gross Premium for the year (Rs.'000s)</b>	<b>Amount of Premium procured in Rural Sector (Rs.'000s)</b>	<b>Rural Sector Premium as % to Column (1)</b>	<b>Required % as per the above Regulations</b>	<b>Compliance with the above Regulations</b>
2019-20	1,24,28,869	7,46,675	6.01%	3.50%	Yes
2018-19	94,70,157	5,17,845*	5.47%	3.50%	Yes

\*Does not include RSBY business as mentioned in IRDAI (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015.

**Social Sector**

<b>Financial Year</b>	<b>Total Business (lives) in the Preceding Financial Year</b>	<b>Number of Lives covered under Social Sector in the Financial Year 2017-18</b>	<b>Social Sector Lives as % to the Column (1)</b>	<b>Required % as per the above Regulations</b>	<b>Compliance with the above Regulations</b>
2019-20	24,17,606	1,30,993	5.42%	5.00%	Yes
2018-19	27,42,523	1,28,888	4.70%	4.50%	Yes

**26. Micro Small and Medium Enterprises**

Certain suppliers have confirmed their registration under MSME Act. As on March 31, 2020, there is no Micro, Small and Medium Enterprise to which the Company owes dues, which are outstanding for more than 45 days. In respect of MSME creditors, where there have been delays in payments during the year, no interest is paid/payable as the payment was made within the agreed credit period. 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.

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****27. Penal Actions Details by Various Government Authorities**

IRDAI circular no 005/IRDAI/F&A/CIR/MAY-09 requires disclosure as per given format in respect of penal actions taken by various Government Authorities.

SN	Authority	Non-Compliance/ Violation	Amount in Rs. Lakhs		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	- (-)	- (-)	- (-)	- (-)
2	Service Tax & Goods and service Tax Authorities	- (-)	- (-)	- (-)	- (-)
3	Income Tax Authorities	- (-)	1,15,606 (-)	- (-)	- (-)
4	Any Other Tax Authorities	- (-)	- (-)	- (-)	- (-)
5	Enforcement Directorate / Adjudicating Authority / Tribunal or any Authority under FEMA	- (-)	- (-)	- (-)	- (-)
6	Registrar of Companies/ NCLT/ CLB/ Department of Corporate Affairs or any Authority under Companies Act, 2013.	- (-)	- (-)	- (-)	- (-)
7	Penalty awarded by any Court/ tribunal for any matter including claim settlement but excluding Compensation	- (-)	- (-)	- (-)	- (-)
8	Securities and Exchange Board of India	- (-)	- (-)	- (-)	- (-)
9	Competition Commission of India	- (-)	- (-)	- (-)	- (-)
10	Any other Central/State/local Government/ Statutory Authority	- (-)	0.18 (-)	- (-)	- (-)

Bracket shows numbers related to previous year

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

28. Summary of Financial Statements is provided as under:

*(Rs in Lakhs)*

SN	Particulars	2019-20	2018-19	2017-18	2016-17	2015-16
<b>OPERATING RESULTS</b>						
1	Gross Direct Premiums	1,24,289	94,702	75,447	59,393	47,601
2	Net Premium Income (net of reinsurance)	95,368	73,140	58,774	56,392	45,155
3	Income from policyholder Investments (net)	4,114	3,371	2,995	3,369	2,548
4	Other Income	-	-	-	-	-
5	Total Income	99,482	76,511	61,768	59,761	47,703
6	Commission (Net) including brokerage	4,288	3,085	2,267	5,897	4,480
7	Operating Expenses (net of amount transferred from shareholder account(EOM Impact) )	27,210*	22,097*	18,394	15,116	22,123
8	Net incurred claims	45,007	35,564	28,902	28,277	23,402
9	Premium Deficiency	-	-	-	-	-
10	Change in unexpired risk reserve	11,261	7,192	1,188	1,964	5,844
11	Operating Profit/(Loss)	11,716*	8,573*	11,017	8,507	(8,147)
<b>NON OPERATING RESULTS</b>						
12	Total income under shareholder's account (net of expenses)	(17,871)	(13,411)	(8,733)	(8,875)	1,297
13	Profit /(loss) before tax	(6,155)	(4,839)	2,284	(368)	(6,850)
14	Provision for Tax	-	-	-	-	-
15	Profit/(Loss) after tax	(6,155)	(4,839)	2,284	(368)	(6,850)
<b>MISCELLANEOUS</b>						
16	Policyholder's Account:					
	a) Total funds	66,435	48,563	36,573	34,901	NA being General Insurance Company
	b) Total Investments	66,435	48,563	36,573	34,901	
17	Shareholder's Account					
	a) Total funds	40,286	32,994	30,006	27,863	NA being General Insurance Company
	b) Total Investments	40,286	32,994	30,006	27,863	
18	Paid Up Equity Capital	1,12,600	98,100	92,600	92,600	89,800
19	Net Worth	34,590	26,246	25,584	23,300	20,868
20	Total Assets	1,23,731	99,950	82,084	72,596	64,512
21	Yield on total investments	7.77%	7.76%	7.90%	8.20%	8.60%
22	Basic Earnings Per Share (Rs.)**	(0.58)	(0.51)	0.25	(0.04)	(0.82)
	Diluted Earnings Per Share (Rs.)**	(0.58)	(0.51)	0.25	(0.04)	(0.82)
23	Book value per Share (Rs.)	10	10	10	10	10
24	Total Dividend	-	-	-	-	-
25	Dividend Per share (Rs.)	-	-	-	-	-

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

\*A sum of Rs.14,736 Lakhs (Previous year Rs.13,650 Lakhs) which is in the excess of expenses of management over the allowable limit has been transferred from Revenue Account to Profit and Loss account in accordance with the circular no. IRDAI/Reg./12/124/2016.

\*\*Weighted average number of equity shares for Basic EPS is 10,649 Lakhs (previous year 9,408 Lakhs) and weighted average number of equity shares for Diluted EPS is 10,698 Lakhs (previous year 9,445 Lakhs) is used in computing earnings per share.

**29. Accounting Ratios\*is provided as under:**

<b>Performance Ratios</b>	<b>2019-20</b>	<b>2018-19</b>	<b>2017-18</b>	<b>2016-17</b>	<b>2015-16</b>
Gross Direct Premium Growth Rate (Overall)	<b>31%</b>	26%	27%	25%	28%
Gross Direct Premium Growth Rate (Health)	<b>29%</b>	23%	26%	24%	28%
Gross Direct Premium Growth Rate (Personal Accident)	<b>96%</b>	190%	274%	556%	-24%
Gross Direct Premium to Net Worth Ratio	<b>3.59 times</b>	3.61 times	2.95 times	2.55 times	2.28 times
Growth Rate of Net Worth	<b>32%</b>	3%	10%	12%	23%
Net Retention Ratio (Overall)	<b>77%</b>	77%	78%	95%	95%
Net Retention Ratio (Health)	<b>76%</b>	77%	78%	95%	95%
Net Retention Ratio (Personal Accident)	<b>83%</b>	81%	70%	82%	60%
Net Commission Ratio (Overall)	<b>4%</b>	4%	4%	10%	10%
Net Commission Ratio (Health)	<b>4%</b>	4%	4%	10%	10%
Net Commission Ratio (Personal Accident)	<b>12%</b>	12%	8%	13%	-
Expenses of Management to Gross Direct Premium Ratio	<b>46%</b>	50%	50%	54%	57%
Expenses of Management to Net written Premium Ratio	<b>60%</b>	64%	64%	57%	60%
Net incurred claims to Net earned premium	<b>54%</b>	54%	50%	52%	60%
Combined Ratio	<b>102%</b>	107%	104%	108%	118%
Technical Reserves to Net Premium Ratio	<b>0.61 times</b>	0.62 times	0.60 times	0.59 times	0.69 times
Underwriting Balance Ratios	<b>(0.08) times</b>	(0.13) times	(0.05) times	(0.10) times	(0.27) times
Operating Profit Ratio	<b>14%</b>	13%	19%	16%	-21%
Liquid Assets to Liability Ratio	<b>0.54 times</b>	0.75 times	0.75 times	0.71 times	0.70 times
Net Earnings Ratio	<b>-6%</b>	-7%	4%	-1%	-15%
Return on Net Worth Ratio	<b>-18%</b>	-18%	9%	-2%	-33%
Reinsurance Ratio	<b>23%</b>	23%	22%	5%	5%
Available Solvency margin Ratio to Required Solvency Margin Ratio (times)*	<b>1.77</b>	1.77	2.11	2.01	2.16
NPA Ratio	<b>8.21%</b>	7.33%	NA	NA	NA

\*Calculated as per IRDAI Master Circular on Preparation of Financial Statements 2012.

\*\*Required Solvency Margin Ratio (times) is 1.50.



## **MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

**REGISTRATION NO: 145, DATE OF REGISTRATION WITH IRDAI: FEBRUARY 15, 2010**  
**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS**

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### **30. Corporate Social Responsibility**

As required under Section 135 of the Companies Act, 2013 and IRDAI Corporate Governance Guidelines 2016, the Board of the Company has appointed "Corporate Social Responsibility Committee" (CSR Committee) which comprises of four members of the Board. The CSR Committee is primarily responsible for formulating and recommending to the Board of Directors from time to time the CSR activities and the amount of expenditure to be incurred on the activities pertaining and monitoring CSR Projects. The Company has formulated Corporate Social Responsibility policy which has been adopted by the CSR Committee. As the Company has registered a negative profit based on the preceding three years' average net profit, the Company has no obligation towards CSR activities spend during FY 2019-2020.

### **31. Provision for Free Look period**

The provision for Free Look period is Rs.1,744 thousand (previous year Rs.1,819 thousand), as certified by the Appointed and Mentor Actuary.

### **32. Risk Management Architecture –**

The Board and other stakeholders of Max Bupa get assurance on risk management processes and its effectiveness from internal audit, risk management, compliance and fraud investigation function. The Company's risk management framework comprises of the following elements:

- Risk Strategy and Appetite (including Risk Policy framework and Governance structure)
- Strategic Risk Assessment (Business Plan)
- Risk Categorization
- Risk Registers
- Risk Control and Assurance
- Risk Reporting
- Risk Management design and effectiveness review

#### **Risk Management roles and responsibilities:**

To improve coordination and eliminate duplication, Max Bupa has adopted 'Three Line of Defence' model. The model defines clear set of responsibilities for each group of risk and control professionals.

- a) First Line: Involved in day to day risk management, in accordance with agreed risk policies, appetite and controls, at the operational level. This role is performed by Functional Heads and Process owners.
- b) Second Line: Responsible for risk oversight, risk guidance and risk reporting. This role is performed by Risk Management team, Compliance & Fraud Investigation team.
- c) Third Line: Independent assurance to the Board and Senior Management of the effectiveness of risk management processes. This role is performed by Internal and External Auditors.

A Risk Management team headed by Chief Risk Officer is in place to support for and challenge on the completeness and accuracy of risk identification, measurement, management, monitoring and reporting, and adequacy of, and progress against, mitigation plans.

#### **Risk Appetite Statements:**

To help define the level of risk that Max Bupa is willing to take, a set of Risk Appetite Statements have been defined which state in both quantitative and qualitative terms the Max Bupa Board's desired risk profile. The statements are reviewed and approved annually by the Board. The risk appetite statements are aligned with risk strategy and the Business Plan approved by the Board.

Status update against the defined risk appetites are monitored and reported to the Risk Committee on a quarterly basis.

# MAX BUPA HEALTH INSURANCE COMPANY LIMITED

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## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

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### Strategic Risk Assessment:

Max Bupa identifies the need for explicitly considering risk in the strategic and planning process. For the purpose, a strategic risk assessment process has been documented which will ensure that while developing business plans and/ or implementing major change initiatives, the business should include a "challenge phase", where the business including the risk team consider the impact of planned changes on the existing and future risk profile and the control environment.

### Risk Identification and Assessment process:

Max Bupa has categorized risk into six (6) broad Level 1 categories – Strategic risk, Insurance risk, financial risk, Operational risk, Regulatory risk and Reputational risk. Each of such 6 categories is further broken down into 27 Level 2 sub risk categories. These risk categories are observed throughout the risk management journey.

Company has documented functional risk registers to identify and assess inherent risks against such risk categories. Each identified risk is mapped to existing controls to mitigate such risk. After identification of existing (As is) controls, functional heads along with their teams assess the risk based on their impact and likelihood using the laid down parameters. Remediation actions are identified for control gaps, if any.

A consolidated risk register against the defined risk categories is prepared on a quarterly basis to include key risks for the quarter. A Management Risk Committee chaired by the CEO and attended by Senior Leadership Team reviews the risks in their respective domains on a quarterly basis and updates the consolidated register. CRO along with the Risk Management Team overviews and challenges the entire process of risk identification and rating.

### Risk Reporting:

Status update on the remedial actions identified against the risks captured in the consolidated risk register is reported to Risk Committee on quarterly basis along with the Key Risk Summary and the Organizational Risk Heat Map.

The company has compiled the data for the purpose of aforesaid disclosure from its risk management framework and policies and has been furnished by the management, which has been relied upon by the auditors.

### 33. Statement containing names, descriptions, occupations of and directorships held by the persons in charge of management of the business under section 11 (3) of Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015)

Name of person in-charge	Mr. Ashish Mehrotra
Designation of person in-charge	Managing Director and Chief Executive Officer
Occupation of person in-charge	Service
Directorships held by the person In-charge during the year or at March 31, 2020	Max Bupa Health Insurance Company Limited

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****34. REPO/Reverse repo transactions –***(Rs.'000)*

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on 31st March 2020
<b>Securities sold under repo</b>				
Government securities	- (-)	- (-)	- (-)	- (-)
Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)
<b>Securities purchased under reverse repo</b>				
Government securities	- (1,87,488)	- (6,02,591)	- (3,21,721)	- -
Corporate Debt Securities	- (-)	- (-)	- (-)	- (-)

Figures in bracket are for previous year

**35. Share Purchase Agreements**

- a) Max India Limited, Fettle Tone LLP and Max Bupa Health Insurance Company Limited ('Company') entered into a Share Purchase Agreement dated 20<sup>th</sup> September, 2019 ('Share Purchase Agreement'). As per the terms of the Share Purchase Agreement, Max India Limited, along with its nominee shareholders, has transferred **56,71,20,000** (Fifty Six crores Seventy One Lakhs Twenty Thousand only) fully paid up equity shares of the Company, aggregating to 51% of the paid up equity share capital of the Company, having face value of Rs. 10/- (Rupees Ten only) each through banking channel, to Fettle Tone LLP and its nominees as on 16<sup>th</sup> December 2019.
- b) Bupa Singapore Holdings Pte. Ltd., Fettle Tone LLP and the Company had entered into a share purchase agreement on 20<sup>th</sup> September 2019 ('Share Purchase Agreement'). In accordance with the terms of the Share Purchase Agreement, Bupa Singapore Holdings Pte. Ltd. has transferred 5,09,69,400 (Five crores Nine Lakhs Sixty Nine Thousand and Four Hundred only) fully paid up equity shares of the Company having face value of Rs. 10/- (Rupees Ten only) each through banking channel, to Fettle Tone LLP as on 18<sup>th</sup> December 2019.

**36. Global Pandemic**

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, tangible & intangible assets and current & non-current investments. In assessing the recoverability of aforesaid assets, the Company has considered internal and external information up to the date of approval of these financial statements including credit reports and economic forecasts. A definitive assessment of impact is not possible due to economic uncertainty. However, the Company prima facie evaluated the impact of this pandemic on its business operations and based on such evaluation, the Company believes that there is no significant impact of COVID 19 on the Financial position and performance of the Company. Further, the company is not expecting any significant change in estimates. Adjustments to Actuarial assumptions & recoverable amounts that the company has felt necessary due to the pandemic have been made in the Financial Statements. Other than these adjustments, the company believes that is no significant impact on the Financial Results for the year ended March 31, 2020. Based on current estimates, the Company expects the carrying amount of these assets will be recovered. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions. Actual results could differ from those estimates and may impact future estimates including, but not limited to, Actuarial assumptions, allowance for loan losses, asset impairment charges, cancellation reserves, actuarial losses on our retirement benefit plans and discount rate assumptions.

**MAX BUPA HEALTH INSURANCE COMPANY LIMITED**

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**SCHEDULES FORMING PART OF FINANCIAL STATEMENTS****37. Comparative Figures**

Previous year figures have been regrouped/reclassified wherever considered necessary to conform to current year's classification:

Previous Year Statement/Schedule number, Line Item & Description	Amount Regrouped (000's)	Current Year Statement/Schedule number, Line Item & Description	Amount Regrouped (000's)	Reason for Change
In Revenue Account- 'Being Expenses of Management over the allowable limit transferred to Profit and Loss Account'	13,65,000	In Revenue Account- 'Contribution from Shareholders Funds towards Excess EOM'	13,65,000	As per IRDA circular "IRDA/F&A/CIR/MISC/081/05/2019" dated 20 <sup>th</sup> May 2019, presentation of excess EOM has been reclassified.
Schedule 13 Current Liabilities – Sundry Creditors	1,83,830	Schedule 14 Provisions – Others-Provision for Employee Benefits	1,83,830	Provision for Long Term Incentive has been regrouped with Provision for Employee Benefits to align with the nature of this provision
Schedule 14 Provisions- Others For Gratuity For Leave Encashment	16,322 35,750	Schedule 14 Provisions- Others for Employee Benefits	52,072	All the employee related provisions have been consolidated to Employee Benefits to give a better presentation

As per our report of even date

For and on behalf of the Board of Directors

**For Nangia & Co. LLP****Max Bupa Health Insurance Company Limited**

**Vikas Gupta**  
Partner  
Membership No:076879  
Place Noida

**CEO & Managing Director**  
**Ashish Mehrotra**  
DIN: 07277318

**Director**  
**Rajagopalan Santhanam**  
DIN: 00025669

**For M P Chitale & Co.**  
**Chartered Accountants**

**Company Secretary**  
**Rajat Sharma**  
Membership No. FCS 7069

**Chief Financial Officer**  
**Rahul Ahuja**

**Murtuza Vajhi**  
Partner

Date: April 30, 2020

## MAX BUPA HEALTH INSURANCE COMPANY LIMITED

### MANAGEMENT REPORT

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Max Bupa Health Insurance Company Limited ("The Company") was incorporated in India on 5th September, 2008 and received the Certificate of Commencement of Business on 23rd December 2008. The Company was a joint venture between Max India Limited and Bupa Singapore Holding Pte. Singapore. The company got approval from IRDA for transfer the 51% of shareholding of Max India Limited to Fettle Tone LLP on 16th December 2019. Accordingly, now the holding company is Fettle Tone LLP as on balance sheet date.

In accordance with Part IV Schedule B of the Insurance Regulatory and Development Authority (IRDAI) (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the Regulation) the following Management Report for the year ended March 31, 2020 is submitted:

1. The Company obtained Regulatory approval to undertake Health & Personal Accident Insurance business on 15<sup>th</sup> Feb 2010 from the Insurance Regulatory and Development Authority of India ('IRDAI') and holds a valid certificate of registration.
2. We certify that all the dues payable to the statutory authorities have been duly paid.
3. We confirm that the shareholding pattern and transfer of shares are in accordance with the statutory and regulatory requirements.
4. The management has not directly or indirectly invested outside India the funds of the holders of policies issued in India.
5. The Company is maintaining the required solvency margins under the Insurance Act, 1938.
6. We certify that the values of all the assets have been reviewed on the date of Balance Sheet and in management's belief, the assets set forth in the Balance Sheet are shown in aggregate at amounts not exceeding their realizable or market value under the heading – "Loans", "Investments" (wherever applicable), "Agents Balances", "Outstanding Premiums", "Interest, Dividend 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 several items specified under "Other Accounts".
7. The Investment Risk is managed by creating a portfolio of different asset classes and of varied maturities so as to spread the risk across a wide category of Investee companies in line with regulatory requirements. The Company has constituted an Investment Committee, which acts as the policy making body for the Investment operations. The Investment Committee lays down various internal policies and norms governing the functioning of the Investment Department. The Investment Committee periodically discusses the Investment strategy, portfolio structures, performance of the portfolio and related issues. The Investment policy is reviewed semi annually in order to align the same with the Company business plans.

8. We confirm that there were no operations of the Company outside India during the year ended March 31, 2020.

9. Ageing analysis of claims outstanding(excluding provision for IBNR / IBNER and claims relating to inward re-insurance) is as under:

Particulars	FY 2019-20*		FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16	
	No of claims	Amount involved (in Lakhs)	No of claims	Amount involved (in Lakhs)	No of claims	Amount involved (in Lakhs)	No of claims	Amount involved (in Lakhs)	No of claims	Amount involved (in Lakhs)
30 days	1,050	721	3,359	2542	3,484	1,732	2,419	1,475	1,843	1,248
30 days to 6 Months	40	27	538	572	127	220	213	208	284	226
6 months to 1 year	2	1	26	19	2	2	41	48	4	31
1 year to 5 years			-	-	-	-	8	65	1	1
5 years and above			-	-	-	-	-	-	-	-

\*Includes only Claim outstanding but does not include Preauth outstanding.

Average claims settlement time during the preceding five years is as under:

Line of Business	FY 2019-20		FY 2018-19		FY 2017-18		FY 2016-17		FY 2015-16	
	No of claims Settled	Average Settlement Time (Days)	No of claims Settled	Average Settlement Time (Days)	No of claims Settled	Average Settlement Time (Days)	No of claims Settled	Average Settlement Time (Days)	No of claims Settled	Average Settlement Time (Days)
Health	1,32,750	10 days	79,010	16 days	70,723	17 Days	57,588	18 Days	47,687	22 Days
Personal Accident	59	20 days	21	13 days	10	11 Days	2	7 Days	9	10 Days

10. As at March 31, 2020, the investments of the Company are mainly in Government Securities, Debt Securities including corporate bonds, Certificate of Deposits & Commercial Papers, Bank Deposits and Mutual Funds. As per the IRDA guidelines, all Debt securities are considered as held to maturity and valued at historical cost subject to amortization of premium/discount. Further, the market value for debt securities as at 31st March, 2020 has been calculated as per guidelines issued by SEBI approved rating agency (CRISIL)

Mutual funds Investments are stated at fair value, being the closing net assets value as at balance sheet date.

Acquisition cost of Debt Securities is Rs. 96,199 lacs (Previous year Rs. 68,982 lacs), amortized value is Rs. 96,036 lacs (Previous year Rs. 69,007 lacs) and market value at Rs. 98,220 lacs (Previous year Rs. 69,034 lacs).

11. Investments are in accordance with the Insurance Act, 1938 and Insurance Regulatory & Development Authority (Investment) Regulations, 2000 and subsequent amendments. Investment Portfolio consists of Central and State Government Securities, Infrastructure Bonds (AAA), Housing Sector Bonds (AAA), Corporate Bonds (AAA, AA+, A+, AA- and D), Commercial Papers with A1+/P1+/PR1+ ratings, Certificate of Deposits with A1+ ratings, Liquid Mutual Funds and Deposits with various Scheduled Banks.

12. We also confirm:

- a. That the Financial Statements have been prepared in accordance with generally accepted accounting principles and policies, applicable accounting standards and current practices prevailing in the Insurance Industry and there are no material departures.
- b. That the management has adopted accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Operating Profit or Loss and of the Profit or Loss of the Company for the year.
- c. That the management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act 1938 and Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the management has prepared the Financial Statements on a Going concern basis.
- e. Company actual solvency ratio is 1.77 against the required solvency ratio of 1.50.
- f. That there is an internal audit system commensurate with the size and nature of the business exists and is operating effectively.

13. Payments made to 'companies and organizations in which Directors are interested during the financial year ' are as under:

a. For the full Financial Year 2019-20

SN	Name of the Director	Entity in which Director is interested	Interested as	Payment made (Rs. Lacs)
1	Mr. Dinesh Kumar Mittal	Bharti Airtel Limited	Director	24.50
		Max Life Insurance Company Limited	Director	239.60
		Max Financial Services Limited	Director	5.10
		Max India Limited	Director	1434.00
2	Mr. Pradeep Pant	Max Life Insurance Company Limited	Additional Director	239.60

b. For the period April 01, 2019 to December 16, 2019

No	Name of the Director	Entity in which director is interested	Interested as	Payment made (Rs. Lacs)#
1	Mr. Rahul Khosla*	Max Life Insurance Company Limited	Chairman	0.00
		Max Healthcare Institute Limited	Chairman	43.50
		Max India Limited	Chairman	0.00
		Indian School of business	Director	0.00
3	Mr. Rajesh Sud**	Max Skill First Limited	Director and Chairman	122.00
3	Ms. Marielle Theron***	Max Life Insurance Company Limited	Non Executive Director	100.30
		Max India Limited	Business Advisor	1434.00
		Max Skill First Limited	Non Executive Director	499.90
4	Mr. Mohit Talwar***	Max Financial Services Limited	Managing Director & Member	5.10
		Max India Limited	Managing Director & Member	1434.00
		Max Healthcare Institute Limited	Director	482.70
		Max Life Insurance Company Limited	Director	100.30



No	Name of the Director	Entity in which director is interested	Interested as	Payment made (Rs. Lacs)#
5	Mr. K. Narasimha Murthy***	Max Healthcare Institute Limited	Director	482.70
		Max Life Insurance Company Limited	Director	100.30
		Max India Limited	Additional Director	1434.00

\*Ceases to be Director of the Company w.e.f 26<sup>th</sup> April 2019

\*\*Ceases to be Director of the Company w.e.f 16<sup>th</sup> Aug 2019

\*\*\* Ceases to be Director of the Company w.e.f 16<sup>th</sup> Dec 2019

# Figures shown are till the date of resignation of the concern Director

**For and on behalf of the Board of Directors  
Max Bupa Health Insurance Company Limited**

**Director**  
**Rajagopalan Santhanam**  
DIN: 00025669

**CEO & Managing Director**  
**Ashish Mehrotra**  
DIN – 07277318

**Company Secretary**  
**Rajat Sharma**  
Membership No.- FCS7069

**Chief Financial Officer**  
**Rahul Ahuja**

Place: New Delhi  
Date: April, 30, 2020

## BOARD'S REPORT

Your Directors are pleased to present the Twelfth Board's Report of your Company together with the audited accounts for the financial year ended March 31, 2020.

### 1. BUSINESS HIGHLIGHTS

The highlights for the Financial Year ended March 31, 2020 are as under:

	(Rs in '000)	
<b>Particulars</b>	<b>Financial Year 2019-20</b>	<b>Financial Year 2018-19</b>
Gross Written Premium	1,24,28,869	94,70,157
Earned Premium	84,10,691	65,94,788
Investment Income	6,92,100	5,52,736
Other Income	92	2,997
Less: Claims Incurred (Net)	45,00,691	35,56,426
Less: Commission Paid (Net)	4,28,756	3,08,500
Less: Operating Expenses	41,94,575	35,74,727
Less: Other Expenses	94,379	35,065
Less: Provision for diminution in the value of investments	1,50,000	75,000
Less: Provision for doubtful debts	3,50,002	84,671
<b>Profit/(Loss) before Tax</b>	<b>(6,15,520)</b>	<b>(4,83,868)</b>
<b>Key Business Parameters</b>		
Solvency Ratio	1.77	1.77
Share Capital (Rs. crores)	1126	981
Foreign Direct Investment(Rs. crores)	500.13	480.69
No. of Employees	2900	2280
No. of offices	55	40
No. of Agents	39,998	31,555
No. of Policies	9,05,066	3,88,129

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## 2. INDUSTRY OVERVIEW

With penetration of Health Insurance in the country still being low, the sector presents a huge opportunity of growth. Of the 47.2 crores lives covered through health insurance during FY19, the overwhelming majority was covered through government insurance (35.7 crores) with other group business (7.3 crores) and individual business (4.2 crores) contributing a much smaller proportion. The rise in lifestyle and chronic diseases like cancer, diabetes and cardiovascular ailments over the past few years is contributing towards the increasing awareness about health insurance.

The health insurance industry continues to be dominated by 4 public sector companies which together constitute 46% of the market share (incl. personal accident) as of YTD February FY20. In addition, there are 21 private general insurance players and the year started with 7 standalone health insurers (SAHIs). During the course of the years, Reliance Health Insurance was stopped from selling new policies by the regulator and HDFC Ergo acquired a majority stake in Apollo Munich leading to Apollo Munich being renamed as HDFC Ergo Health Insurance. The health insurance space has seen major investor interest with shareholding change observed across all vintage SAHIs over a period of last two years. The general insurance players are also focusing on further expanding their health insurance business.

## 3. STATE OF COMPANY'S AFFAIRS

Your Company posted a Gross Written Premium of Rs. 1243 crores for the year thereby registering a 31% growth over previous year. The Company posted underwriting loss of Rs. 71.33 crores during the year as compared to underwriting loss of Rs. 84.49 crores during the previous year. The Net Loss for the year was Rs. 61.55 crores as compared to profit of Rs. 48.38 crores in the previous year.

Your Company aims to be the preferred family health insurer for retail customers and offers quality health insurance services through its comprehensive distribution network comprising of Agency, Bancassurance, & Alliances (NBFC's and brokers) & Direct & digital channel.

Key highlights of the year are as follows:

- Expanded agency to 12 new cities.
- Partnered with HDFC Bank and HDFC Securities
- New partners on-boarded throughout year- Karur Vysya bank, Ujjivan Small Finance Bank and RattanIndia.
- Three innovative products were developed during the year, strengthening our edge over competition - 'Health Recharge' (our top-up product), 'Max Health Plus' (new group product) and we also filed the entry level product 'Max Health Pulse' to cater to our expansion plans for tier-2 and tier-3 cities
- Multiple initiatives to drive higher employee engagement introduced throughout the year - buddy program for employees, strengthening the on-boarding process, training needs identification; E-Learning portal for all employees
- Won the 'The Economic Times Best Brands 2019' award, the only health insurance brand among 40 most preferred brands of Indian consumers
- Won the 'Digital Innovator of The Year' award, at the 'India Insurance Summit and Awards

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## **A. MULTI CHANNEL DISTRIBUTION SET-UP**

Your Company's strategic priorities focus on profitable and sustainable growth led by agency and bancassurance. Your Company has relentlessly focused on building its distribution network by consistently improving the quality of its agency sales force, building bancassurance channel and strengthening its direct channels by evaluating a comprehensive 'digital' strategy.

### **1. Agency**

Agency is the Company's largest distribution channel, spanning 64 branches across 54 cities. Your Company's agency force is one of the most productive agency force amongst SAHIs (Stand Alone Health Insurers). FY 19-20 saw the Agency channel focus on geographic expansion in tier-II and III cities, driving adoption of digitization, improving product mix and further enhance persistency.

### **2. Bancassurance & Alliances**

Your Company is a leading player in the distribution of health insurance through financial institutions. Max Bupa works with various Bancassurance and Corporate Agency relationships in India; with reputed banks like Standard Chartered Bank, HDFC Bank, Federal Bank, Deutsche Bank, Karur Vysya Bank, Prathma UP Gramin Bank, South Indian Bank, Bank of Baroda, IDBI and Indian Bank as its Banca partners.

Your Company also has a tie up with the leading NBFC in the country, Bajaj Finance Limited, under the Alliances vertical. Your Company has also entered into Corporate Agency agreement with HDFC Securities Limited in the financial year.

Your Company will continue exploring new opportunities in Bancassurance and Alliances channel for potential profitable partners.

### **3. Direct channels (E-sales and Direct sales team)**

Your Company is maintaining Profitable Direct Channels with a clear focus on building & executing a comprehensive Digital Strategy. Your Company is utilizing Digital Platforms, going paperless & leveraging latest technology to communicate with customers spread across different geographies. Your Company has a captive telesales team equipped with best-in-class and highly advanced technology infrastructure (Dialer/CRM) that operates within a secure environment. This is a perfect example of Your Company creating enhanced 'digital' opportunities/initiatives in the Health Insurance sector in India by reaching out to more customers & giving them the opportunity to get access to high quality health insurance offerings. There is a sharp focus in Your Company to continue creating enhanced customer service experiences serviced by the direct sales team to generate referrals. Some key initiatives include setting up point of care desks in key hospitals and our Any Time Health machine kiosks which do a health assessment and basis the same recommend the right health insurance products for customers.

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#### **4. Business to Business (B2B)& Rural business**

Apart from the retail segment, your Company also has presence in the Group business where we focus on select and profitable business opportunities.

#### **B. IMPROVED CUSTOMER MANAGEMENT**

In line with your Company's commitment towards exemplar service and being transparent, customer focused, equitable and fair in its dealing with customers, your Company continued to focus on raising the standard of customer interaction at every touch point, right from pre-sales engagement to payment of claims.

Your Company proactively captures customer feedback through multiple formal and informal customer listening initiatives, including Customer Transactional Assessments (CTA) for key customer processes, online customer feedback through portals and blogs, Max Bupa's website, and welcome calling. Service excellence is key to your Company's success and therefore there is considerable focus on customer experience and related metrics.

Your company is driven and reshaped by adopting various digital technology. Max Bupa digital transformation strategy makes it possible for us to engage with customer through personalized interaction, automated processes and services to enhance their experience.

Managing pace with the industry, Max Bupa has introduced an Omni channel which has dew industry first features like user's personalized journey, product comparison with rates being calculated for all products in one quote, product recommendation etc. Your company has also introduced 'Cia', an AI enabled chatbot caters to both sales and service related queries for improved customer experience and faster resolution of their queries.

Your Company's 30 minutes pre – authorization service commitment, introduced in the Financial Year 2014 – 15, continues to be an industry leading promise in the industry for the Financial Year 2019-20.

#### **C. COST MANAGEMENT**

Your Company continues to drive profitable growth by focus on higher efficiency, improved productivity and cost optimization initiatives. We have leveraged best practices across the industry to optimize spends.

#### **D. INVESTMENT PERFORMANCE**

Your Company ensures management of investment assets in accordance with the asset liability management policy of the Company. The performance of the investments has been commensurate with the risk assumed.

The investment corpus is invested with 81% of the portfolio in highest safety instruments (viz. sovereign and AAA or equivalent instruments). Your Company's Assets under Management (AUM) stands at Rs. 1067.21 crores as on March 31, 2020 against Rs. 815.57 crores in previous year.



## **E. AWARDS AND RECOGNITIONS**

During the Financial Year 2019-20, the Company was felicitated with Awards and Recognitions across various areas including brand, employee engagement, risk management and our digital initiatives . Some of the awards are given below:

- The Economic Times Best Brand 2019 award
- Silver for the Best Campaign in Consumer Health & Fitness at ET Kaleido Awards 2019 for GoActive
- Max Bupa Health App recognized as Best Tech for Health category at India Digital Awards 2019
- Best Health Insurance Brand for 'Product Innovation' at Confluence & Corporate Awards 2019
- Our new age product - GoActive was recognized in Best Innovation category at 9<sup>th</sup> Global Customer Engagement Awards and Forum
- 'Best Employee Engagement Initiatives in Service Sector' at Employee Engagement Leadership Awards
- Awarded with the prestigious 'Golden Peacock Award for Risk Management' 2019

## **4. PHILOSOPHY**

Max Bupa's purpose is to help our customers live healthier, more successful lives and we truly prioritize our customer's health over everything else. Max Bupa aims to bring a paradigm shift in the industry by building a long-term relationship with our customers by becoming their healthcare partners. We have differentiated ourselves by continuously engaging with our customers about their health and well-being and not just health insurance. This has helped us create strong brand connect. Our strong brand equity is one of our key differentiators that sets us apart from others in the market. We have time and again been recognized as one of the most well-known and trusted brands in our segment.

As a customer-centric company we believe in creating delightful, hassle-free customer experiences and services such as 30 mins cashless promise, our Point of Care desks at hospitals and several digital innovations to simplify customer interactions with us.

## **5. OPERATIONS**

The New Business and Branch operations of the Company are supported by the state of art workflow management and CRM system ensuring that all key processes like policy issuance and customer queries are completely digitized. Such processes take the Company a step further where there is no physical form needed even at the point of sales.

Our customer service department enables the customer to have multiple accesses to get his / her queries resolved. With technologies like IVR in the call center, we have enabled various self-service options for the customer, which are available 24X7. CRM system gives us one view of the customer enabling a high rate of first time resolution for most queries. The dedicated in-house call center ensures that all queries and complaints are resolved within the timeline. The critical call centre metrics are internationally benchmarked and the results meet global standards. Our pre-authorisation turn-around time continues to outperform the industry standards with our 30 minute cashless proposition.

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Your Company has invested extensively in building its Health Risk Management (HRM) capabilities. HRM aims to strike a balance between treating customers fairly, enabling product profitability and affordability of comprehensive health insurance products for the customers. Key operating decisions related to product design, underwriting & claims philosophy, choice of market segments as well product and geographical mix are guided by HRM principles and are enabled by strong health and clinical data analytics. It also includes partnering with health service providers (especially hospitals) to ensure quality of healthcare to your Company's customers. Your Company has significantly enhanced payment integrity, reducing overcharging by providers, fraud detection and control to ensure only genuine claims are paid by mobilizing claims leakage control measures.

Your Company has developed a strong network of hospitals and services its customers directly through its in-house team of professionals, including doctors who process the claims.

Given the above practices, your Company's claim ratio is broadly in line with the expected experience for the maturity of the portfolio basis pricing assumptions.

## **6. HEALTH INSURANCE PRODUCTS**

Your Company offers both indemnity and fixed benefit category of products serving retail, affinity/bank groups and government sponsored health insurance programs. Your Company's indemnity product offerings including its flagship product Heartbeat and Health Companion continue to be well received in the market.

Your Company further fortified its existing line of retail products to strengthen its customer value proposition with the launch of revised version of Heartbeat, Health Pulse and Health Premia in FY20.

Your Company has also filed and received approval for 3 additional products; the first is a group product Suraksha Shield. This is a product to target the loan customers of the Company's bancassurance partners; the second is a revised version of Health Recharge. The new version of the product offers new Sum Insured options to the customers; the third is Arogya Sanjeevni. It is a standard product which would be offered by all Insurers offering indemnity products in the country.

In addition to the above, your Company also has a comprehensive bouquet of products in indemnity and fixed benefit segments which includes Group Personal Accident, Health Assurance, Group Health Insurance, Group Criticare, Group Health Secure, Employee First Health Insurance Plan, Swasth Parivar – Health Insurance Plan and Swasthya Pratham – Micro Insurance Product.

## **7. BOARD OF DIRECTORS AND ITS COMMITTEES**

The Board of Directors is responsible for the approval of the overall corporate strategy and other Board related matters. The Board of Directors of your Company comprises of Nine (9) members as on March 31, 2020.

1. During the year, appointment of Mr. Simeon Preston (DIN: 03517416) as a Director of the Company was regularized in the Annual General Meeting held on May 23, 2019

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2. During the year, following Directors resigned from the Board of the Company:
  - Mr. Rahul Khosla (Co-Vice Chairman and Non-Executive Director) with effect from April 26, 2019.
  - Mr. Simeon Preston (Non-Executive Director) with effect from June 06, 2019.
  - Mr. Rajesh Sud (Chairman of the Board) with effect from August 10, 2019.
  - Mr. Mohit Talwar (Non-Executive Director) with effect from December 16, 2019.
  - Mr. K Narasimha Murthy (Independent Director) with effect from December 16, 2019.
  - Ms. Marielle Theron (Non-Executive Director) with effect from December 16, 2019.
  - Mr. Burjor P. Banaji (Independent Director) with effect from December 16, 2019.

The Company places on record its deep appreciation of the contribution made by the aforementioned Directors during their association with the Company.

3. During the year, following Directors were appointed on the Board of the Company:
  - Mr. Chandrashekhhar Bhaskar Bhawe (Chairman of the Board, Independent Director) with effect from December 16, 2019
  - Mr. Divya Sehgal (Non-Executive Director) with effect from December 16, 2019.
  - Mr. Maninder Singh Juneja (Non-Executive Director) with effect from December 16, 2019.
  - Mr. Rajagopalan Santhanam (Non-Executive Director) with effect from December 16, 2019.
4. During the year, Mr. Pradeep Pant was re-appointed as an Independent Director of the Company with effect from January 20<sup>th</sup> 2020 for a fixed term of five years. Mr. Pradeep Pant is Chairman of Nomination & Remuneration Committee and a member of Audit Committee, Policyholders Protection Committee, Risk Committee of the Board.
5. In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of your Company, Mr. David Martin Fletcher (DIN - 07004032), Ms. Joy Carolyn Linton (DIN -02630925), being liable to retire by rotation at the ensuing Annual General Meeting of your Company and being eligible, have offered themselves for reappointment.
6. During the year, a communication dated February 25, 2020 has been received from Mr. Ashish Mehrotra (DIN: 7277318) informing his resignation from the position of CEO & Managing Director of the Company with effect from 30<sup>th</sup> April 2020 (last working day).
7. During the year M/s. Fettle Tone LLP (majority shareholder of Max Bupa) has proposed the appointment of Mr. Krishnan Ramachandran as Chief Executive Officer (CEO) and Managing Director (MD) of the Company with effect from May 01, 2020. The appointment of Mr. Krishnan Ramachandran as CEO & Managing Director shall be valid for a duration of 5 years starting from 1st May 2020 to 30th April 2025 or from the date of obtaining Director Identification Number (DIN) upto end of 5 years there from, whichever is later.

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8. In accordance with the requirements of the Companies Act 2013 and IRDAI's Corporate Governance Guidelines and as a result of resignation and appointment of Board of Directors following committees of the Board were re-constituted on December 16, 2019 :

a) Audit Committee:

Previous composition of Committee	New composition of committee
Mr. K. Narasimha Murthy (Chairman) Mr. David Fletcher Mr. Pradeep Pant	Mr. Dinesh Kumar Mittal (Chairman) Mr. Rajagopalan Santhanam Mr. Pradeep Pant Mr. David Fletcher (observer)

b) Investment Committee:

Previous composition of Committee	New composition of committee
Ms. Joy Linton (Chairperson) Ms. Ms. Marielle Theron Mr. Dinesh Kumar Mittal Mr. Mr. Ashish Mehrotra Mr. Rahul Ahuja Mr. Vikas Jain Mr. Ramanan AV Mr. Satyanandan Atyam	Mr. Maninder Singh Juneja (Chairman) Ms. Joy Linton Mr. Ashish Mehrotra Mr. Rahul Ahuja Mr. Vikas Jain Mr. Ramanan AV Mr. Satyanandan Atyam

c) Asset Liability Management Committee:

Previous composition of Committee	New composition of committee
Ms. Joy Linton (Chairperson) Ms. Marielle Theron Mr. Dinesh Kumar Mittal Mr. Mr. Ashish Mehrotra Mr. Rahul Ahuja Mr. Vikas Jain Mr. Ramanan AV Mr. Satyanandan Atyam	Mr. Maninder Singh Juneja (Chairman) Ms. Joy Linton Mr. Ashish Mehrotra Mr. Rahul Ahuja Mr. Vikas Jain Mr. Ramanan AV Mr. Satyanandan Atyam

d) Policyholders Protection Committee

Previous composition of Committee	New composition of committee
Mr. David Martin Fletcher (Chairman) Ms. Marielle Theron Mr. Simeon Preston Dr. Burjor P. Banaji Mr. Dinesh Kumar Mittal Mr. Mr. Ashish Mehrotra Mr. Vikas Gujral	Ms. Joy Linton (Chairperson) Mr. Maninder Singh Juneja Mr. Pradeep Pant Mr. Dinesh Kumar Mittal Mr. Ashish Mehrotra

e) Product & Actuarial Committee

Previous composition of Committee	New composition of committee
Ms. Marielle Theron (Chairperson)	Ms. Joy Linton (Chairperson)

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Mr. David Fletcher Ms. Joy Linton Mr. Ashish Mehrotra	Mr. Maninder Singh Juneja Mr. Ashish Mehrotra Mr. Ramanan AV
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f) Risk Committee

Previous composition of Committee	New composition of committee
Ms. Joy Linton (Chairperson)* Mr. Mohit Talwar Ms. Ms. Marielle Theron Mr. K. Narasimha Murthy Mr. Dinesh Kumar Mittal	Mr. David Fletcher (Chairman) Mr. Maninder Singh Juneja Mr. Rajagopalan Santhanam Mr. Pradeep Pant

\*Ms. Joy Linton was appointed as the Chairperson of the Risk Committee in place of Mr. Simeon Preston w.e.f. October 31, 2019 as Mr. Simeon Preston ceased from directorship of the Company w.e.f. June 06, 2019.

g) Corporate Social Responsibility Committee

Previous composition of Committee	New composition of committee
Mr. Dinesh Kumar Mittal (Chairman) Ms. Marielle Theron Mr. David Fletcher	Mr. Dinesh Kumar Mittal (Chairman) Mr. David Fletcher Mr. Rajagopalan Santhanam Mr. Ashish Mehrotra

h) Nomination & Remuneration Committee

Previous composition of Committee	New composition of committee
Mr. K. Narasimha Murthy (Chairman) Mr. Rajesh Sud Mr. David Fletcher Mr. Pradeep Pant	Mr. Pradeep Pant (Chairman)* Mr. Chandrashekhhar Bhaskar Bhave * Mr. David Fletcher Mr. Divya Sehgal Mr. Maninder Singh Juneja Mr. Dinesh Kumar Mittal

\*Mr. Chandrashekhhar Bhaskar Bhave (Chairman of the Board) was appointed as a Chairman of the committee on December 16, 2019. Later, Mr. Pradeep Pant was appointed as Chairman of the committee w.e.f. January 31, 2020.

**8. KEY MANAGERIAL PERSONNEL("KMP") U/S SECTION 203 OF THE COMPANIES ACT, 2013 AND IRDAI's CORPORATE GOVERNANCE GUIDELINES**

In pursuance to Section 2(51) of Companies Act 2013, Key managerial personnel", in relation to a company, means:-

- i. the Chief Executive Officer or the Managing Director or the manager;
- ii. the Company Secretary;
- iii. the Whole-time Director;
- iv. the Chief Financial Officer;
- v. such other officer, not more than one level below the Directors who is in whole-time employment, designated as key managerial personnel by the Board; and

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vi. such other officer as may be prescribed

As on 31st March 2020, the following employees were holding the position of KMP duly appointed with approval of the Board:-

- a) Mr. Ashish Mehrotra, Chief Executive Officer and Managing Director\*;
- b) Mr. Rahul Ahuja, Chief Financial Officer\*;
- c) Mr. Rajat Sharma, Company Secretary;
- d) Mr. Partha Banerjee, Director & Head-Legal, Compliance & Regulatory affairs and Chief Compliance Officer
- e) Mr. Tarun Katyal, Director & Chief Human Resources Officer
- f) Mr. A.V. Ramanan, Appointed Actuary
- g) Mr. Vikas Gujral, Chief Operating Officer\*
- h) Ms. Anika Agarwal, Director & Head-Marketing Digital and Direct Sales
- i) Mr. Anurag Gupta, Director & Head-Agency Channel\*
- j) Mr. Aseem Gupta, SVP & Head-Portfolio Management & Affinity Channels
- k) Mr. Vikas Jain, Chief Investment Officer

\*Notes

- a) The Company is informed that following Key Managerial Personnel have tendered their resignation and relieved from their services with effect from the closure of business hours of April 30, 2020:

-Mr. Ashish Mehrotra (Chief Executive Officer and Managing Director)  
-Mr. Rahul Ahuja (Chief Financial Officer)  
-Mr. Vikas Gujral (Chief Operating Officer)  
-Mr. Anurag Gupta (Director & Head-Agency Channel)

- b) Mr. Satyanandan Atyam, Chief Risk Officer resigned from the position with effect from March 12, 2020.

The Company places on record its deep appreciation of the contribution made by the aforementioned Key Managerial Personnel, during their association with the Company.

During the year following Key Managerial Personnel were appointed by the management on February 25, 2020:

- a) Mr. Krishnan Ramachandran as 'President' from April 09, 2020 upto his appointment as CEO & Managing Director.
- b) Mr. Krishnan Ramachandran as CEO & Managing Director w.e.f May 01, 2020.
- c) Mr. Vishwanath Mahendra as Director & Chief Actuary w.e.f. March 24, 2020.
- d) Mr. Ankur Kharbanda as Director-Retail Sales w.e.f. April 9, 2020.
- e) Dr. Bhabatosh Mishra as Director-Claims, Underwriting & Product w.e.f. April 9, 2020.
- f) Mr. Padmesh Nair as Director-Operations & Customer Service w.e.f. April 9, 2020.
- g) Mr. Suraj Mishra as Director – Institutional Sales w.e.f. April 9, 2020.

## 9. CORPORATE GOVERNANCE

Your Company follows high standards of corporate governance and the Directors have embraced this belief and taken various steps to raise the bar for Corporate Governance. Your Company has an independent minded Board constituted of domain experts from diverse functional areas.

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The Board of your Company as on March 31, 2020 comprises of Five (5) Non-Executive Directors, one (1) Executive Director and three (3) Independent Directors.

As per Corporate Governance Guidelines issued by IRDAI, the Chief Executive Officer is designated as Whole-time Director under the Companies Act. The Company has received Deed of Covenant and Declaration from Directors appointed during the year in accordance with the said Corporate Governance Guidelines.

Further, the Board has the following Committees, functioning in line with IRDAI Corporate Governance Guidelines:

- a) Audit Committee
- b) Investment Committee
- c) Asset Liability Management Committee
- d) Risk Committee
- e) Policyholders' Protection Committee
- f) Product and Actuarial Committee
- g) Nomination and Remuneration Committee
- h) Corporate Social Responsibility Committee

The disclosures, as per the IRDAI's Corporate Governance Guidelines, form part of the Directors' Report and are appended as Annexure - 1. The details regarding number of meetings of the Board and its Committees along with the attendance of Directors of the Company thereof, as required under Section 134(3) (b) of the Companies Act 2013 also form part of the aforesaid Annexure - 1.

#### **10. MATERIAL CHANGES AND COMMITMENT, IF ANY**

- a) The Company had filed with IRDAI for forbearance towards exceeding the expenses of management over the allowable limit. Based upon the submission, the Authority in terms of regulation 11 of IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016 granted forbearance till FY 2022.

A sum of Rs. 147.36 crores which is in the excess of expenses of management over the allowable limit has been transferred from Revenue Account to Profit and Loss account in accordance with the circular no. IRDAI/Reg./12/124/2016.

- b) During the FY 2019-20, the Company has continued with its additional quota share reinsurance arrangement by ceding 20% of its risk on the indemnity portfolio other than Employer/Employee schemes to a Reinsurer. This has led to an increase in the Company's underwriting capacity along with partially mitigating the claim aggregation risk in the event of any epidemic/pandemic situation.
- c) The Company, Max India Limited and Fettle Tone LLP entered into a Share Purchase Agreement dated 20th September, 2019 ('Share Purchase Agreement'). As per the terms of the Share Purchase Agreement, on 16th December, 2019 Max India Limited, along with its nominee shareholders, has transferred 56,71,20,000 fully paid up equity shares of the Company, aggregating to 51% of the paid up equity share capital of the Company, having face value of Rs. 10/- (Rupees Ten only) each, for cash, to Fettle Tone LLP and its nominees.

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- d) The Company, Bupa Singapore Holdings Pte. Ltd. and Fettle Tone LLP had entered into a share purchase agreement on 20th September 2019 ('Share Purchase Agreement'). In accordance with the terms of the Share Purchase Agreement, on 18th December, 2019 Bupa Singapore Holdings Pte. Ltd. has transferred 5,09,69,400 (Five crores Nine Lakhs Sixty Nine Thousand and Four Hundred only) fully paid up equity shares of the Company having face value of Rs. 10/- (Rupees Ten only) each, for cash, to Fettle Tone LLP."

**11. NAMES OF COMPANIES WHICH HAVE BECOME OR CEASED TO BE ITS SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES DURING THE YEAR ALONG WITH REASONS THEREOF**

Your Company did not have any Subsidiaries, Joint Ventures or Associate Companies during the year.

**12. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

There were no significant and material orders passed by the Regulators or Courts or Tribunals which impact the going concern status or Company's operations during the year as well as in the future.

However, IRDAI issued guidance on 8 and Show cause on 1 observation highlighted in the Inspection report for the financial year 2015-16 and 2016-17 vide its letter no. IRDA/Enf/2018/RSG\_Adv dated 14.03.2019. The company responded to the Show Cause on 20.04.2019 and subsequently an order was issued for the observation on 26.08.2019 guiding the Company to ensure compliance wrt the claims regulations. The show cause was finally dropped and reported closed by the Regulator"

**13. DIVIDEND**

The Directors do not recommend any dividend for the financial year 2019-20.

**14. CAPITAL**

The authorized share capital of the Company is Rs. 1500,00,00,000/- (Rupees One Thousand Five Hundred crores only) divided into 150,00,00,000 Equity Shares of Rs. 10/- (Rupees Ten only) each. As of 31st March 2020, the paid up equity share capital of your Company was Rs. 11,26,00,00,000/- (Rupees One Thousand and One Hundred and Twenty Six Crores only).

**15. SOLVENCY**

Your Company regularly monitors its solvency margins to ensure that the solvency margin is maintained in line with the requirements of IRDAI (Assets, Liabilities and Solvency Margin of General Insurance Business) Regulations, 2016. As on March 31, 2020, the solvency ratio of your Company stood at 177% against required solvency of 150%.

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## **16. RESERVES**

Your Company has not transferred any amount to reserves, during the financial year 2019-20.

## **17. PARTICULARS OF DEPOSITS**

Your Company has not accepted any deposits under Section 73 of the Companies Act, 2013.

## **18. IMPLEMENTATION OF INDIAN ACCOUNTING STANDARD (Ind AS) IN INSURANCE SECTOR**

The Ministry of Corporate Affairs (MCA) has outlined the roadmap for implementation of Ind AS in the insurance sector from 1st April, 2018 onwards with one year comparatives. Consequently, IRDAI has set up various working groups to prepare a roadmap for implementation of Ind AS in the Insurance sector.

IRDAI vide its circular IRDAI/F&A/CIR/ACTS/023/01/2020 dated 21<sup>st</sup> January, 2020 informed that IRDAI in its meeting held on 20 December 2019 decided to implement Ind AS 109, Financial Instruments and Ind AS 117 simultaneously, along with other applicable Ind AS. However, the effective date of implementation would be decided after the finalisation of IFRS 17 by IASB. Accordingly, the circular dated 28 June 2017 has been withdrawn along with the requirement of proforma Ind AS financial statements being submitted on a quarterly basis as directed in the circular.

## **19. POLICY ON ALLOCATION & APPORTIONMENT OF EXPENSES OF MANAGEMENT**

As per the Notification issued by IRDAI (Reg./12/124/2016 dated 27th April 2016), no Insurer carrying on Health Insurance Business in India shall spend in any Financial Year as Expenses of Management, an amount exceeding a certain allowable in relation to the following expenses:

- a) Commission or other remuneration paid to insurance agents and insurance intermediaries in respect of their business transacted in the financial year;
- b) Commission and expenses reimbursed on reinsurance inward; and
- c) Operating expenses.

The expense allowable limit is computed on the basis of percentages to Total Gross Premium Written in India during the financial year in respect of various segments of business. As per the notification, the Insurer shall ensure that their Expenses of Management are within the allowable limit on a segment wise basis. Where the Company has violated the limits of Expenses of Management for one or more segments but is compliant on an overall Company basis, the excess of such Expenses of Management shall be borne by the Shareholders.

Further, as required under the Regulation, the Company has prepared a Policy for the allocation and apportionment of expenses of Management amongst the various business segments. The Policy has been approved by the Board and is reviewed annually.

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## 20. RURAL & SOCIAL SECTOR OBLIGATIONS

Disclosure of sector wise business based on Gross Direct Written Premium (GWP) as per IRDAI (Obligations of Insurers to Rural or Social Sectors) Regulations, 2015 is as under:

Business Sector	Year ended March 31, 2020	
	GWP Rs.'000s	% of GWP
Rural	746,675	6.01%
Social	1,159	0.01%
Urban	1,16,81,035	93.98%

The Company achieved a rural target of 6.01% of GWP against the prescribed obligation of 3.5% of GWP. Under the social sector, the Company covered 1,30,993 lives against the prescribed obligation of 1,20,881 lives thereby fulfilling the social sector obligation.

## 21. JOINT STATUTORY AUDITORS

M/s. Nangia & Co., Chartered Accountants, (ICAI FRN- 002391C), Statutory Auditors, shall retire at the conclusion of the ensuing 12th Annual General Meeting. Re-appointment of M/s. Nangia & Co., Chartered Accountants, as joint statutory auditors for the FY 2020-21, to hold the office from the conclusion of 12th Annual General Meeting until the conclusion of the 13th Annual General Meeting of the Company, has been proposed to the shareholders for their approval.

M/s. M.P. Chitale & Co, Chartered Accountants, (ICAI FRN- 101851W) was appointed for the term of two years at the 10th Annual General Meeting of the Company to hold the office upto the conclusion of 12<sup>th</sup> Annual General Meeting.

M/s M.P. Chitale & Co, Chartered Accountants, has tendered their unwillingness to be appointed as Joint Statutory Auditors of the Company in the forthcoming 12<sup>th</sup> Annual General Meeting.

Your Company has received certificates from M/s Nangia & Co., Chartered Accountants, that their appointment as Auditors, if made, shall be in accordance with the conditions laid down in the Companies (Audit and Auditors) Rules, 2014 and that they are not disqualified from appointment under Sections 141& 144 of the Companies Act, 2013, the Insurance Act 1938 and IRDAI's Corporate Governance Guidelines 2016.

The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

## 22. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of your Company confirms that:-

1. In the preparation of annual accounts for the financial year ended March 31, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;



2. The Directors have 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 at the end of the financial year, and of the loss of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis;
5. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **23. NUMBER OF CASES FILED AND THEIR DISPOSAL UNDER SECTION 22 OF THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013)**

Your Company is very sensitive towards any complaints related to sexual harassment and has a well defined Policy on Prevention of Sexual Harassment against Women at the workplace.

The Company has an Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act 2013. One complaint was established by the Sexual Harassment Committee during the Financial Year 2019-20 which was duly investigated and closed with appropriate actions.

### **24. ANNUAL PERFORMANCE EVALUATION**

As per the requirements of the Companies Act, 2013, formal Annual Performance Evaluation process has been carried out for evaluating the performance of the Board, the Committees of the Board and the Individual Directors.

The performance evaluation was carried out by obtaining feedback from all directors through a confidential online survey mechanism. The outcome of this performance evaluation was placed before the Nomination and Remuneration Committee on April 30, 2020 and further placed before the Board in the meeting held on April 30, 2020.

### **25. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

Your Company's internal control system is commensurate with the size and scale of the business operations.

Your Company has developed and strengthened its internal financial controls framework over the years. Your Company strives to create and sustain control conscious culture by creating 'tone at the top' appropriately. The risk and internal controls environment is governed by two specialized sub-committees of the Board i.e. Audit Committee and Risk Committee. There are well defined charters for each committee making them responsible for institutionalizing and providing oversight to risk assessment and the controls evaluation processes. The Audit Charter and the Risk

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Management Policy are reviewed annually and a quarterly reporting structure to the respective Committees of the Board is in place. To ensure independence, the Internal Audit department reports to the Chairperson of the Audit Committee of the Board.

Further, a risk based Internal Audit mechanism is in place, wherein various processes and functions (including finance and accounts) are audited on an annual basis. Internal audits are carried out at two levels:

1. Processes are reviewed to ascertain their completeness and the adequacy of controls in mitigating risks (design); and
2. Compliance of documented processes are reviewed (effectiveness).

Further, detailed financial Standard Operating Procedures (SOPs) are defined for key processes and vital controls are mapped in the finance manual. A limited review is conducted by the Statutory Auditors on the quarterly financial statements and a detailed annual audit is conducted at the end of each financial year.

A framework for monitoring of internal controls on financial reporting has been documented, including structure for governance around Financial Reporting controls during the year. Risk and Control matrices have been defined for all identified internal controls on financial reporting.

A quarterly Director's questionnaire is furnished to the Audit Committee to certify that, to the best of management's knowledge and belief, the financial results for the quarter do not contain any false or misleading statements or figures and nothing material has been concealed or suppressed. The document is certified by Chief Financial Officer, Appointed Actuary and Director – Legal and Compliance. This document covers the following aspects:

- Part 1 : Accounting
- Part 2 : Taxation
- Part 3 : Actuarial
- Part 4 : Risk & Compliance
- Part 5 : Banking Operations

## **26. CONTRACT OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188(1) OF THE COMPANIES ACT, 2013**

All related party transactions that were entered into during the financial year 2019-20 were on an arm's length basis and in the ordinary course of business. Details of the transactions are enclosed herewith in the prescribed format i.e. Form AOC – 2 as Annexure No – 2.

Your Company has a Board approved Related Party Transaction Policy and SOP.

The requisite disclosure of the Related Party Transaction has been made in the Notes to Accounts of your Company.



## **27. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

In accordance with Section 186(11)(a) of the Companies Act 2013 together with the clarification issued by Ministry of Corporate Affairs on February 13, 2015, Section 186 does not apply to an Insurance Company. Your Company does not have any loan given, investment made or guarantee given or security provided as required under Section 186 of the Companies Act, 2013.

## **28. THE EXTRACT OF THE ANNUAL RETURN U/S 92 OF THE COMPANIES ACT, 2013**

The extract of the Annual Return in the prescribed format i.e. form MGT – 9 as per the requirements of Section 92 of the Companies Act, 2013 is annexed as Annexure No – 3 and published in the website of the Company i.e. <https://www.maxbupa.com/about-us/maxbupa/index.aspx>.

## **29. COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR AND OTHER MATTERS UNDER SECTION 178 OF THE COMPANIES ACT, 2013**

Your Company has a duly constituted Nomination and Remuneration Committee (NRC) which is a sub-committee of the Board. The NRC has at least 50% of its members as Independent Directors.

Your Company has put in place the relevant framework and a Nomination & Remuneration Policy as required in section 178 of the Companies Act 2013. Any shareholder, interested in obtaining a copy of the Policy, may write to the Company Secretary at the Registered Office of Company, which is also displayed on your Company's website. The Policy is also attached herewith as Annexure – 4 and also published in the website of the Company i.e. and published in the website of the Company i.e. <https://www.maxbupa.com/about-us/maxbupa/index.aspx>.

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

Your Company has received declarations from all the Independent Directors of your Company confirming that they meet with the criteria of independence as prescribed under sub section (6) of Section 149 of the Companies Act, 2013. The Independent directors have duly complied with the Code for Independent Directors prescribed in Schedule IV to the Act and other requirements of IRDAI's Corporate Governance Guidelines.

## **31. CODE OF CONDUCT & WHISTLE BLOWER POLICY**

In order to uphold the highest standards of ethical behavior, your Company has a Code of Conduct which is applicable across the organization.

Your Company also has a Whistle Blower Policy approved by the Board which empowers and provides a channel to employees for communicating any breaches of your Company's Values, Code of Conduct, Anti Money Laundering Policy and other regulatory and statutory requirements. Appropriate disciplinary actions are taken against any violation. During the FY 2019-20, actions against 99 employees were taken

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by the Company as per Employee Disciplinary Action Plan. 21 complaints were received (2 carry forward from last FY) under the Whistle Blower Policy in the Financial Year 2019-20 which were duly investigated and 17 were closed. All the investigations and proceedings are conducted through Code & Ethics Committee meetings. The Management provides assurance on the effectiveness of the Anti-fraud and Whistle Blower Policy to the Risk Committee/Board through the Code & Ethics Committee updates.

### **32. CORPORATE SOCIAL RESPONSIBILITY**

The Company has a duly constituted CSR Committee as per the provisions of section 135 of the Companies Act 2013 and IRDAI's Corporate Governance Guidelines. As per the provisions, Mr. Dinesh Kumar Mittal (Independent Director) is Chairman of the CSR Committee. Further, Mr. David Martin Fletcher, Mr. Rajagopalan Santhanam and Mr. Ashish Mehrotra are the members of the Committee. The Committee met twice during the year i.e. on July 29, 2019 and January 31, 2020.

The Committee has duly formulated and timely monitors the CSR policy of the Company. The Committee is primarily responsible for formulating and recommending to the Board of Directors from time to time the CSR activities and the amount of expenditure to be incurred on the activities pertaining and monitoring CSR Projects.

Annual Report on Corporate Social Responsibility (CSR) activities is attached herewith as Annexure 5.

Max Bupa has been taking initiatives to enable its people, customers and public at large lead healthier, more successful lives. We have always come forward as an organization to support cause-led campaigns and programs that contribute to overall societal well being.

To give a meaningful shape to our vision & purpose, we voluntarily and successfully carried out two major CSR initiatives this year.

#### **Swastha Neev (Healthy Foundation) Initiative - Enabling sustainable nutrition means for a healthier & successful nation:**

Two daily meals is the most basic need of a human being and there are over 190 million people who go hungry every day in India.. Through the 'Swastha Neev' initiative, along with our Banca partner Bank of Baroda, we contributed towards helping the needy meet their basic need of daily nutrition and in turn contribute towards improving the health of the nation. We partnered with **Zomato Feeding India (M/s Hunger Heroes) NGO** & chose '**Poshan to Paathshala**' program. This program focused on building reliable and early access to nutrition for children, especially in non-government and slum schools - by serving school meals as an incentive for education.

Max Bupa along with Bank of Baroda pledged to donate 1,12,000 meals towards the initiative & collected ration donations through the wide distribution network. Together we were able to provide 1,35,000 meals through this initiative. The program was extended for Max Bupa employees as well who came forward and voluntarily made financial contribution towards the noble cause. The amount donated by employees was used by Zomato Feeding India NGO to provide nutrition to underprivileged children.

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### **Pratishtha initiative - Enabling dignified living for the elderly**

There are an estimated 106 million elderly in India with need for care, compassion, quality healthcare & support. A large portion of the underprivileged elderly suffer from treatable ailments like cataract blindness due to lack of finances and support. Through the '**Pratishtha**' initiative, along with our Banca partner HDFC Bank, we contributed towards helping the elderly live healthy & dignified lives.

We partnered with **HelpAge India foundation** for the cause. The program focused on building reliable and systematic access for the elderly in need. We understand that our elderly will have diverse needs, which is why our impact areas range from providing essential enablers (like footwear, weather friendly clothing, support equipment etc) to treating cataract related blindness, loneliness mitigation efforts etc. As part of the initiative, we pledged to provide essential requirements to old-age homes in 13 cities, followed by cataract treatments & eye care for over 1000 elderly in need.

### **33. SECRETARIAL AUDIT**

Your Company in the meeting held on May 23, 2019 has appointed M/s. Chandrasekaran Associates, Company Secretaries, New Delhi to conduct Secretarial Audit for the Financial Year 2019-20 as per the requirements of Section 204 of the Companies Act, 2013.

M/s. Chandrasekaran Associates, Company Secretaries, New Delhi have submitted their report for the financial year 2019-20 in the prescribed format MR-3 which is annexed as Annexure No – 6.

### **34. DIRECTORS' COMMENTS ON QUALIFICATIONS, RESERVATIONS, DISCLAIMERS AND ADVERSE REMARKS**

#### **a) STATUTORY AUDIT**

Joint Statutory Auditors of your Company for the financial year 2019-20 i.e. M/s. M.P. Chitale & Co. and M/s. Nangia & Co. LLP. in their Audit Report for FY 2019-20 have given no qualifications, reservations, disclaimers, comments and/or adverse remarks.

#### **b) SECRETARIAL AUDIT**

M/s. Chandrasekaran Associates, Secretarial Auditors of your Company for the Financial Year 2019-20 have given no qualifications, reservations, disclaimers, comments and adverse remarks in its report, except delayed filing of forms in few cases.

There was delay in filing some 3 forms with late filing fees, otherwise audit report is self explanatory.

### **35. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

During the year under review, the statutory auditors have not reported any instances of fraud by its officers or employees against the Company to the Audit Committee, the

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details of which would need to be mentioned in the Board's report as required under section 143(12) of the Companies Act, 2013.

**36. RISK MANAGEMENT POLICY FOR THE COMPANY INCLUDING IDENTIFICATION THEREIN OF ELEMENTS OF RISK THAT MAY THREATEN THE EXISTENCE OF THE COMPANY**

Your Company's overall approach to managing risk is based on the 'three lines of defense' model with a clear segregation of roles and responsibilities for all the lines. Business Managers are part of the first line of defense and have the responsibility to evaluate their risk environment and put in place appropriate controls to mitigate such risks or avoid them. The Risk Management Function, along with the Compliance Function, Fraud & Risk Control Unit and Chief Information Security Officer, forms the second line of defense. The Internal Audit Function guided by the Audit Committee is the third line of defense and provides an independent assurance to the Board. The Statutory Auditors and regulatory oversight aided by the Appointed Actuary and Panel Actuary in his/her fiduciary capacity are also construed to provide an additional line of defense.

Risk management activities are supervised on behalf of the Board by the Risk Committee, whose responsibilities conform to those prescribed by the IRDAI. The Chief Risk Officer assists the Board Committee in overseeing the risk management activities across the Company.

Your Company has an operationally independent Risk Management Function in place, headed by a Chief Risk Officer. The function is responsible for the supervision of all risk management activities in the Company, including developing the risk appetite, maintaining an aggregated risk view across the Company, monitoring the residual risks to ensure that they remain within tolerance levels. It also reviews the appropriateness and adequacy of the risk management strategy and develops recommendations to the Risk Committee as necessary. The Risk Management function also ensures that, through various management submissions, the Board is adequately informed on key emerging risk related issues and if necessary, provides supplementary advice to the Board through the Risk Committee. A Management Risk Committee has been constituted which is headed by the CEO and includes key members such as Chief Risk Officer, Chief Financial Officer, Chief Operating Officer, Director – Legal, Compliance and Secretarial, etc. All important risk related matters are discussed, reviewed and monitored by this Committee on a periodic basis.

Your Company has developed a risk management framework which defines its approach to enterprise wide risk management. The implementation is a continuous cycle of improvement over the Company's existing risk management elements which are progressively integrated into the framework. The Company has the vision of a matured state of risk culture whereby every individual takes responsibility of risks and has a thorough understanding of all risk tolerances.

Within the framework, a Risk Appetite Statement is in place which identifies and addresses each material risk to which the Company is exposed and establishes the degree of risk that the Company is willing to accept in pursuit of its strategic objectives, business plans and the interest of the policyholders. These material risks have been categorized in the areas of Strategic, Insurance, Financial, Operational, Legal & Regulatory Compliance and Reputational Risks. The Risk Management Strategy has been developed which defines the Company's approach to manage the identified

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material risks through acceptance, avoidance, transfer and/ or mitigation. The degree and intensity of the management action are guided by comparing the risk appetite with the potential impact of the risk, likelihood of its occurrence and the costs of implementing the controls. This is supplemented by various policies and procedures in respective operating areas which help to identify, mitigate and monitor risks. The Operational risk incident management process provides an intervention with employees of the organization to become risk ambassadors and report risk incidents in the organization. The reporting of risk incidents enable organization to understand the areas of weaknesses in processes and related mitigation actions are then discussed reviewed and monitored on a periodic basis.

The risk management framework also ensures that the level of risk accepted is within the Company's risk capacity and the level of capital adequacy is in excess of the level prescribed in the public interest via legislation.

### **37. ADDITIONAL INFORMATION**

#### **PARTICULARS OF EMPLOYEES**

The information required under Section 197 of the Companies Act, 2013 together with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, and IRDAI's Corporate Governance Guidelines is annexed herewith as an Annexure -7.

The information in accordance with the provision of Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 for the year ended March 31, 2020 is provided hereunder:

#### **CONSERVATION OF ENERGY**

- (i) the steps taken or impact on conservation of energy;
- (ii) the steps taken by the Company for utilizing alternate sources of energy
- (iii) the capital investment on energy conservation equipments;

As your Company is not a manufacturing Company, the provisions relating to conservation of energy is not applicable to your Company.

Your Company has installed solar panels which are used for office lighting as proactive measure to reduce the carbon footprint.

#### **TECHNOLOGY ABSORPTION**

##### **1) The efforts made towards technology absorption:**

Max Bupa has made significant strides in the areas of technology enablement and technology leverage across business functions. There have been significant enhancements on the group business platform that was launched last year. The platform now seamlessly integrates with banca partner platforms via robust web services (API) framework. We also launched a new mobile application for our Agents (Android and iOS version) to enable seamless on boarding of Agents.

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To enhance the customer experience, we have launched the customer chat bot “Cia” on the website which is capable of handling most common queries of the customers. The BOT is powered through an AI based engine and answer the queries by integrating with core systems in the backend. Recently whatsapp channel for servicing is also launched with same set of services.

Multiple enhancements have been made across core applications and systems to improve productivity and seamless automation capabilities for our platforms based on business needs, regulatory requirements etc.

**2) The benefits derived from technology improvement, cost reduction, new technological development and import substitution:**

The platform caters to all our Banca and NBFC partners and bring-in significant amount of revenue upside. With the launch of Agent on-boarding application the turnaround of agent on-boarding has significantly reduced. The chatbot has helped the customer service teams to respond to customer queries faster. With the targeted analytics, we are able to accurately identify and monitor fraud prone customers and do specific interventions.

**3) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year):**

- i) the details of technology imported – Not Applicable
- ii) the year of import – Not Applicable
- iii) whether the technology been fully absorbed – Not Applicable

**4) The expenditure incurred during the year on Research and Development:**

Nil

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

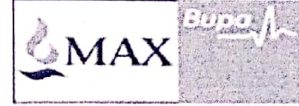
The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

(Rs. in thousands)

#	Particular	For the year ended March 31, 2020	For the year ended March 31, 2019
i)	Foreign Exchange Earnings	Nil	Nil
ii)	Foreign Exchange Outgo		
	CIF Value of Imports		
	- Capital Goods	39,534	43,178
	- Trading Goods	Nil	Nil
	Others	3,273	9,915

**38. MAINTENANCE OF COST RECORDS**

The Company is in the insurance industry. In view of the nature of activities which are being carried on by the Company, the maintenance of cost records as specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 is



HEALTH INSURANCE

not applicable on the Company and hence such accounts and records are not maintained.

### 39. COMPLIANCE WITH APPLICABLE SECRETARIAL STANDARDS

During the year, the Company has complied with the applicable provisions of the Secretarial Standard on meetings of the Board of Directors ('SS-1') and the Secretarial Standard on General Meetings ('SS-2') issued by the Institute of Company Secretaries of India.

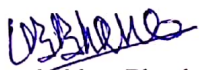
### 40. ACKNOWLEDGEMENTS

The Directors wish to place on record their deep appreciation for the hard work, dedicated efforts, teamwork and professionalism shown by the employees and the agent advisors, which have enabled your Company to establish itself amongst the leading Health Insurance companies in India.

Your Directors take this opportunity to express their sincere thanks to valued customers for their continued patronage.

Your Directors also express gratitude to the Insurance Regulatory and Development Authority of India, the Reserve Bank of India, Central and State Governments and the joint venture partners True North and Bupa for their continued cooperation, support and assistance.

For and on behalf of the Board of Directors

  
Chandrashekhar Bhaskar Bhave  
Chairman of the Board and Director  
DIN – 00059856

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MEHRO  
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Ashish Mehrotra  
Chief Executive Officer &  
Managing Director  
DIN – 0007277318

Place: New Delhi  
Date: April 30, 2020

Max Bupa Health Insurance Company Limited  
CIN – U66000DL2008PLC182918  
Registered and Corporate Office: B1/I-2, Mohan Cooperative Industrial Estate, Mathura Road,  
New Delhi – 110044  
Tel.: + 91-11-30902000, Fax No.: +91-11-30902010, www.maxbupa.com



**LIST OF ANNEXURES**

<b>S.No</b>	<b>Particulars</b>	<b>Relevant Rules</b>	<b>Relevant form</b>	<b>Annexure No.</b>
1.	Disclosures for the Financial Year 2019-20 as per Corporate Governance Guidelines	IRDAI Corporate Governance Guidelines	NA	1
2.	Contracts and arrangements with Related Parties	Section 188 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014	Form AOC-2	2
3.	Extract of Annual Return	Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014	Form MGT-9	3
4.	Nomination and Remuneration Policy	Section 134 (3)(e) of the Companies Act, 2013	Policy Copy	4
5.	CSR Report	Section 134 (3)(o) of the Companies Act, 2013 read with Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014)	NA	5
6.	Secretarial Audit Report	Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	Form MR -3	6
7.	Particulars of Employees	Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014	NA	7

**ANNEXURE 1. Disclosures for the Financial Year 2019-20 as per IRDAI Corporate**

**Governance Guidelines**

- 1) During the Financial Year 2019-20, the following Committee and Board Meetings were held:-

S. No	Name of the Committee and Board	Date of Holding the Meetings								
		April 23, 2019	May 22, 2019	July 23, 2019	July 29, 2019	October 03, 2019	October 31, 2019	N.A	January 30, 2020	
1.	<b>Audit Committee Meeting</b>	April 23, 2019	May 22, 2019	July 23, 2019	July 29, 2019	October 03, 2019	October 31, 2019	N.A	January 30, 2020	N.A
2.	<b>Investment Committee Meeting</b>	N.A	May 22, 2019	N.A	July 29, 2019	N.A	October 31, 2019	N.A	January 30, 2020	N.A
3.	<b>Asset Liability Management Committee</b>	N.A	May 22, 2019	N.A	July 29, 2019	N.A	October 31, 2019	N.A	January 30, 2020	N.A
4.	<b>Policyholder's Protection Committee Meeting</b>	N.A	May 23, 2019	N.A	July 29, 2019	N.A	October 31, 2019	N.A	January 30, 2020	N.A
5.	<b>Product and Actuarial Committee Meeting</b>	N.A	May 23, 2019	N.A	July 29, 2019	N.A	October 31, 2019	N.A	January 30, 2020	N.A
6..	<b>Risk Committee Meeting</b>	N.A	May 23, 2019	N.A	July 29, 2019	N.A	October 31, 2019	N.A	January 30, 2020	N.A
7.	<b>Nomination and Remuneration Committee Meeting</b>	N.A	May 22, 2019	N.A	July 29, 2019	N.A	October 31, 2019	December 16, 2019	January 31, 2020	February 25, 2020
8.	<b>Board Meeting</b>	N.A	May 23, 2019	N.A	July 30, 2019	N.A	November 01, 2019	December 16, 2019	January 31, 2020	February 25, 2020
9.	<b>Corporate Social Responsibility Meeting</b>	N.A	N.A	N.A	July 29, 2019	N.A	N.A	N.A	January 30, 2020	N.A

- 2) Constitution of the Board, number of meetings held and attendance by Directors during the year 2019-2020

S.No.	Name of the Director	No. of Board Meetings held	No. of Board Meetings attended
1.	Rahul Khosla	-	-
2.	Rajesh Sud*	2	2
3.	David Martin Fletcher	6	4
4.	Mohit Talwar*	4	3
5.	Marielle Theron*	4	4
6.	Joy Linton	6	5
8.	K Narasimha Murthy*	4	4
9.	Pradeep Pant	6	6
10.	Burjor P. Banaji*	4	1
11.	Dinesh Kumar Mittal	6	6
12.	Simeon Preston*	1	-
13.	Ashish Mehrotra*	6	5
14.	Chandrashekhhar Bhaskar Bhave*	3	3
15.	Divya Sehgal*	3	3
16.	Maninder Singh Juneja*	3	3
17.	Rajagopalan Santhanam*	3	3

**\*Notes:**

1. Mr. Rahul Khosla (Non-Executive Director) ceased as member of the Board w.e.f. April 26, 2019
2. Mr. Simeon Preston (Non-Executive Director) ceased as member of the Board w.e.f. June 06, 2019
3. Mr. Rajesh Sud (Chairman of the Board, Non-Executive Director) ceased as member of the Board w.e.f. August 10, 2019
4. Mr. K Narasimha Murthy (Independent Director) ceased as member of the Board w.e.f. December 16, 2019.
5. Mr. Mohit Talwar (Non-Executive Director) ceased as member of the Board w.e.f. December 16, 2019.
6. Ms. Marielle Theron (Non-Executive Director) ceased as member of the Board w.e.f. December 16, 2019.
7. Mr. Burjor P. Banaji (Independent Director) ceased as member of the Board w.e.f. December 16, 2019.
8. Mr. Chandrashekhhar Bhaskar Bhave appointed as a Chairman of the Board, Independent Director w.e.f. December 16, 2019.
9. Mr. Divya Sehgal (Non –Executive Director) appointed as member of the Board w.e.f. December 16, 2019.
10. Mr. Maninder Singh Juneja (Non –Executive Director) appointed as member of the Board w.e.f. December 16, 2019
11. Mr. Rajagopalan Santhanam (Non –Executive Director) appointed as member of the Board w.e.f. December 16, 2019
12. Mr. Ashish Mehrotra (Chief Executive Officer and Managing Director) resigned from the post w.e.f. April 30, 2020 (last working day).
13. Mr. Krishnan Ramachandran is appointed as Chief Executive Officer and Managing Director w.e.f. May 01, 2020.

Leave of absence was granted to the Members who could not attend Board meetings.

- 3) Constitution of the Audit Committee, number of meetings held and attendance by Members during the year 2019-2020.

Audit Committee was re-constituted on December 16, 2019.

Following is the number of meetings held and attendance by members before re-constitution:

<b>Name of the Member</b>	<b>No. of meetings held</b>	<b>No. of Meetings attended</b>
K. Narasimha Murthy	6	6
Pradeep Pant	6	6
David Martin Fletcher	6	5

Following is the number of meetings held and attendance by members post re-constitution:

<b>Name of the Member</b>	<b>No. of meetings held</b>	<b>No. of Meetings attended</b>
Dinesh Kumar Mittal	1	1
Rajagopalan Santhanam	1	1
Pradeep Pant	1	1
David Fletcher (Observer)	1	1

Leave of absence was granted to the Members who could not attend Audit Committee meetings.

- 4) Constitution of the Investment Committee, number of meetings held and attendance by the Members during the year 2019-2020.

Investment Committee was re-constituted on December 16, 2019.

Following is the number of meetings held and attendance by members before re-constitution:

<b>Name of the Member</b>	<b>No. of meetings held</b>	<b>No. of Meetings attended</b>
Joy Linton	3	3
Marielle Theron	3	3
Ashish Mehrotra	3	3
Dinesh Kumar Mittal	3	2
Rahul Ahuja	3	3
Vikas Jain	3	3
Satyanandan Atyam	3	3
Ramanan AV	3	3

Following is the number of meetings held and attendance by members post re-constitution:

<b>Name of the Member</b>	<b>No. of meetings held</b>	<b>No. of Meetings attended</b>
Maninder Singh Juneja	1	1
Joy Linton	1	1
Ashish Mehrotra	1	1
Rahul Ahuja	1	1

Vikas Jain	1	1
Satyanandan Atyam	1	1
Ramanan AV	1	1

Leave of absence was granted to the Members who could not attend Investment Committee meetings.

- 5) Constitution of the Asset Liability Management Committee, number of meetings held and attendance by the Members during the year 2019-2020.

Asset Liability Management Committee was re-constituted on December 16, 2019.

Following is the number of meetings held and attendance by members before re-constitution:

Name of the Member	No. of meetings held	No. of Meetings attended
Joy Linton	3	3
Marielle Theron	3	3
Ashish Mehrotra	3	3
Dinesh Kumar Mittal	3	2
Rahul Ahuja	3	3
Vikas Jain	3	3
Satyanandan Atyam	3	3
Ramanan AV	3	3

Following is the number of meetings held and attendance by members post re-constitution:

Name of the Member	No. of meetings held	No. of Meetings attended
Maninder Singh Juneja	1	1
Joy Linton	1	1
Ashish Mehrotra	1	1
Rahul Ahuja	1	1
Vikas Jain	1	1
Satyanandan Atyam	1	1
Ramanan AV	1	1

Leave of absence was granted to the Members who could not attend Asset Liability Management Committee meetings.

- 6) Constitution of the Risk Committee, number of meetings held and attendance by the Members during the year 2019-2020.

Risk Committee was re-constituted on December 16, 2019.

Following is the number of meetings held and attendance by members before re-constitution:

Name of the Member	No. of meetings held	No. of Meetings attended
Simeon Preston*	1	-

Max Bupa Health Insurance Company Limited

CIN – U66000DL2008PLC182918

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Mohit Talwar	3	1
Marielle Theron	3	3
K. Narasimha Murthy	3	3
Joy Linton*	3	3
Dinesh Kumar Mittal	3	3

\*Ms. Joy Linton was appointed as the Chairperson of the Risk Committee in place of Mr. Simeon Preston w.e.f. October 31, 2019 as Mr. Simeon Preston ceased from directorship of the Company w.e.f. June 06, 2019.

Following is the number of meetings held and attendance by members post re-constitution:

Name of the Member	No. of meetings held	No. of Meetings attended
David Fletcher	1	1
Maninder Singh Juneja	1	1
Rajagopalan Santhanam	1	1
Pradeep Pant	1	1

Leave of absence was granted to the Members who could not attend Risk Committee meetings.

- 7) Constitution of the Policyholders' Protection Committee, number of meetings held and attendance by Members during the year 2019-2020.

Policyholders' Protection Committee was re-constituted on December 16, 2019.

Following is the number of meetings held and attendance by members before re-constitution:

Name of the Member	No. of meetings held	No. of Meetings attended
David Martin Fletcher	3	2
Marielle Theron	3	3
Burjor P. Banaji	3	2
Dinesh Kumar Mittal	3	2
Ashish Mehrotra	3	3
Vikas Gujral	3	2
Simeon Preston*	1	-

\*Mr. Simeon Preston ceased to be a member of the Policyholders' Protection Committee w.e.f. June 06, 2019.

Following is the number of meetings held and attendance by members post re-constitution:

Name of the Member	No. of meetings held	No. of Meetings attended
Joy Linton	1	1
Maninder Singh Juneja	1	1
Pradeep Pant	1	1
Dinesh Kumar Mittal	1	1

Ashish Mehrotra	1	1
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Leave of absence was granted to the Members who could not attend Policyholders' Protection Committee meetings.

- 8) Constitution of the Product and Actuarial Committee, number of meetings held and attendance by Members during the year 2019-2020.

Product and Actuarial Committee was re-constituted on December 16, 2019.

Following is the number of meetings held and attendance by members before re-constitution:

Name of the Member	No. of meetings held	No. of Meetings attended
Marielle Theron	3	3
David Martin Fletcher	3	2
Joy Linton	3	3
Ashish Mehrotra	3	3
Ramanan AV	3	3

Following is the number of meetings held and attendance by members post re-constitution:

Name of the Member	No. of meetings held	No. of Meetings attended
Joy Linton	1	1
Maninder Singh Juneja	1	1
Ashish Mehrotra	1	1
Ramanan AV	1	1

Leave of absence was granted to the Members who could not attend Product and Actuarial Committee meetings.

- 9) Constitution of the Nomination and Remuneration Committee, number of meetings held and attendance by Members during the year 2019-2020.

Nomination and Remuneration Committee was re-constituted on December 16, 2019.

Following is the number of meetings held and attendance by members before re-constitution:

Name of the Member	No. of meetings held	No. of Meetings attended
K. Narasimha Murthy	4	4
Pradeep Pant	4	4
David Martin Fletcher	4	3
Rajesh Sud*	2	2

Mr. Rajesh Sud ceased to be a member of the Nomination and Remuneration Committee w.e.f. August 10, 2019.

Following is the number of meetings held and attendance by members post re-constitution:

<b>Name of the Member</b>	<b>No. of meetings held</b>	<b>No. of Meetings attended</b>
Pradeep Pant*	2	2
Chandrashekhar Bhaskar Bhave*	2	2
David Martin Fletcher	2	2
Divya Sehgal	2	2
Maninder Singh Juneja	2	2
Dinesh Kumar Mittal	2	2

\*Mr. Chandrashekhar Bhaskar Bhave (Chairman of the Board) was appointed as a Chairman of the committee pursuant to re-constitution of the committee on December 16, 2019. Later, Mr. Pradeep Pant was appointed as Chairman of the committee w.e.f January 31, 2020.

Leave of absence was granted to the Members who could not attend Nomination and Remuneration Committee meetings.

- 10) Constitution of the Corporate Social Responsibility Committee, number of meetings held and attendance by Members during the year 2019-2020.

Corporate Social Responsibility Committee was re-constituted on December 16, 2019.

Following is the number of meetings held and attendance by members before re-constitution:

<b>Name of the Member</b>	<b>No. of meetings held</b>	<b>No. of Meetings attended</b>
Dinesh Kumar Mittal	1	1
David Martin Fletcher	1	-
Marielle Theron	1	1

Following is the number of meetings held and attendance by members post re-constitution:

<b>Name of the Member</b>	<b>No. of meetings held</b>	<b>No. of Meetings attended</b>
Dinesh Kumar Mittal	1	1
David Martin Fletcher	1	1
Rajagopalan Santhanam	1	1
Ashish Mehrotra	1	1

Leave of absence was granted to the Members who could not attend Corporate Social Responsibility Committee meetings.

- 11) Details of Directors and their status of Directorship and qualifications as on March 31, 2020:



<b>S.No</b>	<b>Particular</b>	<b>Status of Directorship</b>	<b>Qualifications and specialization</b>
1.	Chandrashekhar Bhaskar Bhave DIN-00059856	Chairman of Board Independent Director	Bachelor of Engineering (Electrical Engineering)
2.	Divya Sehgal DIN-01775308	Non Executive Director	Bachelor's degree in Electrical Engineering, IIT, Delhi Post Graduate Diploma in Management from IIM, Bengaluru
3.	Maninder Singh Juneja DIN-02680016	Non Executive Director	MBA, Engineer
4.	Rajagopalan Santhanam DIN-00025669	Non Executive Director	Bachelor of Commerce and a Member of Institute of Chartered Accountants of India.
5.	David Martin Fletcher DIN - 0007004032	Non Executive Director	BA honors Modern History, Durhan University, UK
6.	Joy Carolyn Linton DIN - 0007630925	Non Executive Director	Bachelor of Commerce
7.	Pradeep Pant DIN -0000677064	Independent Director	Master in Management Studies
8.	Dinesh Kumar Mittal DIN - 00040000	Independent Director	Master's in Physics
9.	Ashish Mehrotra DIN - 0007277318	Managing Director and Chief Executive Officer	Graduate in Business Management and MBA

- 12) Your Company did not pay any remuneration to the Non-Executive Directors other than sitting fees to Independent Directors.
- 13) There was no pecuniary relationships or transactions of the Non-Executive Directors with the Company during the Financial Year 2019-20.
- 14) Disclosure in respect of Remuneration or Commission, if any, received by Managing or Whole-Time Director of your Company from the Holding company or Subsidiary company, who is also in receipt of commission from the Company.

No remuneration or Commission were received by Managing Director or Whole Time Director of the Company from the Holding Company or Subsidiary Company during the year.

15) Sitting Fees

Your Company has paid sitting fees to its Non-Executive - Independent Directors namely Mr. K. Narasimha Murthy, Mr. Pradeep Pant, Dr. Burjor P. Banaji, Mr. Dinesh Kumar Mittal and Mr. Chandrashekhkar Bhaskar Bhave for attending the Committee & Board meeting during Financial Year 2019 - 2020.

Details of which is hereunder:

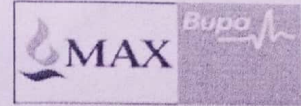
<b>Mr. K Narasimha Murthy</b>		
<b>Board Meeting / Committee Meeting</b>	<b>Total Meetings attended</b>	<b>Total amount paid in INR</b>
Board Meeting	4	4,00,000/-
Audit Committee	6	6,00,000/-
Risk Committee	3	3,00,000/-
Nomination and Remuneration Committee	4	4,00,000/-
Independent Directors Meeting	1	1,00,000/-
<b>Total amount paid during the year</b>		<b>18,00,000/-</b>
<b>Mr. Pradeep Pant</b>		
Board Meeting	6	6,00,000/-
Audit Committee	7	7,00,000/-
Nomination and Remuneration Committee	6	6,00,000/-
Risk Committee	1	1,00,000/-
Policyholders Protection Committee Meeting	1	1,00,000/-
Independent Directors Meeting	1	1,00,000/-
<b>Total amount paid during the year</b>		<b>22,00,000/-</b>
<b>Mr. Burjor P. Banaji</b>		
Board Meeting	1	1,00,000/-
Policyholders Protection Committee Meeting	2	2,00,000/-
<b>Total amount paid during the year</b>		<b>3,00,000/-</b>
<b>Mr. Dinesh Kumar Mittal</b>		
Board Meeting	6	6,00,000/-
Investment Committee	2	2,00,000/-
Asset Liability Management Committee	2	2,00,000/-
Policyholders protection Committee Meeting	3	3,00,000/-

Max Bupa Health Insurance Company Limited

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HEALTH INSURANCE

Risk Committee	3	3,00,000/-
Corporate Social Responsibility Meeting	2	2,00,000/-
Nomination and Remuneration Committee	2	2,00,000/-
Audit Committee	1	1,00,000/-
Independent Directors Meeting	1	1,00,000/-
<b>Total amount paid during the year</b>		<b>22,00,000/-</b>
<b>Mr. Chandrashekhar Bhaskar Bhave</b>		
Board Meeting	3	3,00,000/-
Nomination and Remuneration Committee	2	2,00,000/-
<b>Total amount paid during the year</b>		<b>5,00,000/-</b>

For and on behalf of the Board of Directors

**Chandrashekhar Bhaskar Bhave**  
**Chairman of the Board and Director**  
**DIN - 00059856**

ASHISH MEHROTRA  
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Date: 2020.04.30  
21:57:40 +05'30'

**Ashish Mehrotra**  
**Chief Executive Officer & Managing Director**  
**DIN - 0007277318**

**Place: New Delhi**  
**Date: April 30, 2020**

Max Bupa Health Insurance Company Limited  
CIN - U66000DL2008PLC182918  
Registered and Corporate Office: B1/I-2, Mohan Cooperative Industrial Estate, Mathura Road,  
New Delhi - 110044  
Tel.: + 91-11-30902000, Fax No.: +91-11-30902010, www.maxbupa.com

**Form No. AOC-2**

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

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

I. Details of contracts or arrangements or transactions not at arm's length basis

**NONE**

- Name(s) of the related party and nature of relationship
- Nature of contracts/arrangements/transactions
- Duration of the contracts / arrangements/transactions
- Salient terms of the contracts or arrangements or transactions including the value, if any
- Justification for entering into such contracts or arrangements or transactions
- date(s) of approval by the Board
- Amount paid as advances, if any:
- Date on which the special resolution was passed in general meeting as required under first proviso to section 188

II. Details of material contracts or arrangement or transactions at arm's length basis

**(1) Group Health Insurance Cover (Family Floater) to the employees of Antara Purukul Senior Living Limited**

- Name(s) of the related party and nature of relationship:-
  - Antara Purukul Senior Living Limited, Fellow Subsidiary
- Nature and duration of contracts/arrangements/transactions:-
  - Group Health Insurance Cover (Family Floater)
  - Max Bupa shall provide Group Health (Family Floater) for the employees of Antara Purukul Senior Living Limited.
  - Period of coverage commencing from June16, 2019 to June 15, 2020.
- Salient terms of the contracts or arrangements or transactions including the value, if any:
  - The total contract value is Rs. 5,80,508/- (excluding GST).
- Date of approval by the Audit Committee:15.06.2019
- Amount paid in advance, if any: NIL

**(2) Group Health Insurance Cover (Family Floater) to the employees of Antara Senior Living Limited**

- Name(s) of the related party and nature of relationship:-
  - Antara Senior Living Limited, Fellow Subsidiary
- Nature and duration of contracts/arrangements/transactions:-
  - Group Health Insurance Cover (Family Floater)
  - Max Bupa shall provide Group Health (Family Floater) for the employees of Antara Senior Living Limited
  - Period of coverage commencing from June16, 2019 to June 15, 2020.
- Salient terms of the contracts or arrangements or transactions including the value, if any:

Max Bupa Health Insurance Company Limited

CIN – U66000DL2008PLC182918

Registered and Corporate Office: B1/I-2, Mohan Cooperative Industrial Estate, Mathura Road,

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- The total contract value is Rs. 7,15,357/- (excluding GST).
- d) Date of approval by the Audit Committee:15.06.2019
- e) Amount paid in advance, if any: NIL

**(3) Functional Support Agreement with Max India Limited**

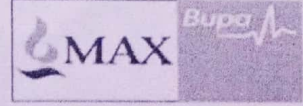
- a) Name(s) of the related party and nature of relationship: -
  - Max India Limited, Holding Company
- b) Nature and Duration of contracts/arrangements/transactions:-
  - Functional Support Agreement
  - Max India shall provide Functional Support through its various departments to Max Bupa in respect of Max Bupa's business/operations, as mutually agreed upon between the Parties.
  - An addendum agreement for a period of 4 months commencing 1<sup>st</sup> April 2019 to 31<sup>st</sup> July, 2019 for a contract value not exceeding INR 3 crores.
- c) Salient terms of the contracts or arrangements or transactions including the value, if any:
  - The total contract value for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> July, 2019 will not exceed INR 3 Crores.
- d) Date of approval by the Audit Committee: 21.06.2019
- e) Amount paid as advances, if any: NIL

**(4) To ratify the amendment of existing Trade Logo Agreement with Max India Limited**

- a) Name(s) of the related party and nature of relationship: -
  - Max India Limited, Holding Company
- b) Nature and Duration of contracts/arrangements/transactions:-
  - Trade License Agreement for use of trademark
  - Amendment to Trade License Agreement with Max India Limited. This agreement is for a period of two years from the transaction Completion Date.
- c) Salient terms of the contracts or arrangements or transactions including the value, if any:
  - License to use 'Max Trade Marks' in connection with business in territory within corporate name 'Max Bupa Health Insurance Company Limited' otherwise in the form of trading name "Max Bupa" in compliance with Brand Identity/Usage Guidelines
- d) Date of approval by the Audit Committee: 30.10.2019
- e) Amount paid as advances, if any: NIL

**(5) Group Health Insurance Cover (Family Floater) to the employees of True North Managers LLP**

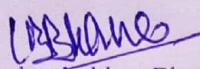
- a) Name(s) of the related party and nature of relationship:-
  - True North Managers LLP, (not a related party as the Companies Act, 2013)
- Nature and duration of contracts/arrangements/transactions:-
- b) Group Health Insurance Cover (Family Floater)
- c) Max Bupa shall provide Group Health (Family Floater) for the employees of True North Managers LLP.
- d) This is a normal business transaction, where True North Managers Llp has insured its employees for GHI.
- e) None of the Directors are interested in the transaction



HEALTH INSURANCE

- Period of coverage commencing from September 22, 2019 to September 21, 2020.
- f) Salient terms of the contracts or arrangements or transactions including the value, if any:
- The total contract value is Rs. 26,54,305/- (excluding GST).
- g) Date of approval by the Audit Committee: 20.09.2019
- h) Amount paid in advance, if any: NIL

For and on behalf of the Board of Directors

  
Chandrashekhar Bhaskar Bhave  
Chairman of the Board and Director  
DIN - 00059856

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Ashish Mehrotra  
Chief Executive Officer &  
Managing Director  
DIN - 0007277318

Place: New Delhi  
Date: April 30, 2020

Max Bupa Health Insurance Company Limited  
CIN - U66000DL2008PLC182918  
Registered and Corporate Office: B1/I-2, Mohan Cooperative Industrial Estate, Mathura Road,  
New Delhi - 110044  
Tel.: + 91-11-30902000, Fax No.: +91-11-30902010, www.maxbupa.com

**Annexure-3**  
**EXTRACT OF ANNUAL RETURN**

Information to be provided only on request



## NOMINATION AND REMUNERATION POLICY

Max Bupa Health Insurance Company Limited

### I. PREAMBLE

Pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of Max Bupa Health Insurance Company Limited (“Max Bupa” or “Company”) is required to constitute the Nomination and Remuneration Committee (“NRC” or “the Committee”). The Company has in place a NRC comprising of 4(four) non-executive Directors, of which 2(two) are Independent Directors as required under section 178 of the Companies Act, 2013. The said Committee is currently discharging all obligations of NRC.

This Committee and the Policy are formulated in compliance with Section 178 of the Companies Act, 2013 read along with Corporate Governance Guidelines for Insurance Companies issued by IRDAI, in this regard.

### II. DEFINITIONS

“Board” means Board of Directors of the Company.

“Company” means “Max Bupa Health Insurance Company Limited.”

“Director” means a director appointed to the Board of the Company.

“Independent Director” means a director referred to in Section 149(6) of the Companies Act, 2013.

“Key Managerial Personnel” (KMP) means

- a) Chief Executive Officer or the Managing Director or the Manager,
- b) Company Secretary,
- c) Whole-time Director,
- d) Chief Financial Officer and
- e) Such other officer as may be prescribed under the Companies Act 2013 and IRDAI Corporate Governance Guidelines 2016 and as may be amended from time to time.

“Nomination and Remuneration Committee” shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Companies Act, 2013.

“Policy or This Policy” means, “Nomination and Remuneration Policy.”

“Remuneration” means any money or its equivalent given or passed to any person for services rendered by him / her and includes perquisites as defined under the Income-tax Act,

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“Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Chief Executive Officer, Whole Time Director or Managing Director, including all the functional heads and KMPs

### III. GUIDING PRINCIPLES

The Policy ensures that

- a) The level and composition of remuneration are reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- b) The Relationship of remuneration to performance is clear and meets appropriate performance benchmarks and
- c) The Remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The Policy shall be disclosed in the Board’s Report.

### IV. ROLE OF THE COMMITTEE

The role of the Committee shall be to ensure compliance of the relevant provisions of the Companies Act, 2013 and various other obligations as mentioned in the Charter of the Nomination and Remuneration Committee as approved by the Board of Directors from time to time.

### V. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL (KMP) AND SENIOR MANAGEMENT

Appointment criteria and qualifications:

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person being appointed as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether the qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/Manager who has attained the retirement age as per Company

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## VI. TERM AND TENURE

- a) **Managing Director/Whole-time Director (Managerial Person):** The Company shall appoint or re-appoint any person as its Managerial Person for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) **Independent Director:**
- i) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - ii) No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.
  - iii) For the purpose of determining the term of independent directors, the existing term of the Independent Directors as on April 1, 2014 shall not be counted a term for above clauses.

## VII. EVALUATION

The Committee shall carry out evaluation of performance of every Director at a yearly interval, in accordance with Section 178 of the Companies Act, 2013, and present a report thereon to the Board of Directors.

## VIII. REMOVAL

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made there under or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management subject to the provisions and compliance of the said Act, rules and regulations.

## IX. RETIREMENT

The Director, KMP and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## X. PROVISIONS RELATING TO REMUNERATION OF MANAGERIAL PERSON, KMP AND SENIOR MANAGEMENT

- a) **Remuneration of CEO and Managing**

### 1. Guidelines, Applicable Laws:

The remuneration to be paid to the CEO, Whole Time Director and Managing Director shall be based and determined on the individual person's responsibilities and performance and in accordance with the limits as prescribed statutorily, if any.

- The remuneration of the CEO, Whole Time Director and Managing Director is determined and periodically reviewed by NRC and recommended to the Board of Directors for their consideration and approval of IRDAI.
- The NRC/ Board shall always maintain a fine balance between reasonableness and fairness, while making Remuneration-related decisions including clawback of any unpaid deferred Remuneration.
- The remuneration and commission to be paid to CEO, Whole Time Director and Managing Director shall be as per the applicable statutory provisions of the Companies Act, 2013 read with the Insurance Act, 1938 and amendments and rules made there-under for the time being in force.
- There shall be no limit for payment of remuneration to Managing Director/Chief Executive Officer/Whole-time Directors, however remuneration beyond limits as mentioned in the IRDAI guidelines, and as amended from time to time, should be debited to the Shareholders' Fund.

### 2. Remuneration Structure

The remuneration of CEO, Whole Time Director and Managing Director inclusive of:

- Fixed pay,
- Benefits/ perquisites,
- Allowances,
- Short term/long-term incentives,
- Retrials, and other components,

The remuneration structure will be determined by the Committee and recommended to the Board for approval.

### 3. Risks and Reward

Following parameters shall linked to Remuneration of CEO, Whole Time Director and Managing Director:-

- Remuneration is adjusted for all types of risk
- Remuneration outcomes are symmetric with risk outcomes, and
- Remuneration payouts are sensitive to the time horizon of the risk
- The mix of cash, equity and other forms of remuneration must be consistent with risk

- Credit, Market and Liquidity risks

Among other things, the following parameters may also be considered by the Nomination and Remuneration Committee & the board for assessing performance and suitable risk adjustments:

1. Persistency
2. Solvency
3. Grievance Redressal
4. Expenses of Management
5. Claim settlement
6. Claim repudiations
7. Overall Compliance status
8. Overall financial position such as Net-Worth Position of Insurer, Asset under Management (AUM) etc.

In matters related to risk and reward, the NRC shall consider advice from members of the Risk Committee of the Company, the Appointed Actuary or the Chief Risk Officer as appropriate before making its final determinations and recommendations to the Board.

#### 4. Composition of the Remuneration Package (Pay Mix)

While designing the total remuneration package of the CEO, Whole time director and Managing Director, it should be ensured by the NRC/Board that there is a proper balance between fixed pay and variable pay which is in accordance with the Remuneration Guidelines.

**Fixed Pay:** Fixed Pay will comprise of Basic Salary, House Rent allowance, other allowances and Retiral benefits like Provident Fund and Gratuity. The Fixed Pay shall be reasonable considering the company's overall performance and the industry remuneration benchmarks.

**Variable Pay (Annual Bonus):** Variable Pay may be paid in the form of cash/deferred cash. In case the variable pay constitutes 60% or more of the total Remuneration (i.e. fixed pay + variable pay), it shall be considered as 'substantial' as per Remuneration Guidelines and 40% of the variable pay shall be deferred over a period of 3 years and be paid in three equal installments.

Any future grant (by whatever name called) that is given, if construed as variable pay, should have a proper balance of pay mix in line with Pay Mix.

Variable pay is dependent on the Company's overall results as captured in the Company's measures of success outcomes and the parameters defined in Risk and Reward section. In case there is deterioration in the same, the variable pay will contract in accordance with adjustment of these



In the event of termination of employment contract without cause, the variable pay and any other payout which has been awarded but deferred shall be paid at the time of cessation of contract, subject to the final approval of the NRC, Board and IRDAI. However, in the event of termination of employment contract owing to proven misconduct, no variable pay, notice pay, severance payment and any other payout which has been awarded but deferred shall be paid.

In the event of termination of employment contract owing to a resignation, any payout which has been awarded but deferred shall be paid, subject to the final approval of the NRC, Board and IRDAI.

#### **5. Clawback of Deferred Pay**

In case of unvested or unpaid portion of the deferred variable pay, appropriate mechanism will be put into place with respect to clawback of such portion, which shall be appropriately linked to risk parameters as provided in Risk and Reward section.

NRC and the Board shall track performance on the basis of parameters provided in Risk and Reward section. In case of negative trends in Company's performance, the Committee and the Board shall review the same and based on facts and due assessment of what is directly attributable to the CEO, Whole time Director and Managing Director actions, the Committee and the Board may take appropriate measures for clawback of unvested or unpaid deferred pay. The Committee and Board's decision shall be final with regard to clawback.

#### **6. Guaranteed Bonus**

Guaranteed Bonuses are not consistent with sound risk management or the pay-for performance principles and should not be a part of remuneration plan.

The Company shall not encourage guaranteed bonus of any kind as part of the total remuneration package of CEO, Whole Time Director and Managing Director, except sign-on/joining bonus if required.

The sign-on / joining bonus may be granted only to new staff and will be limited to first year, however, the payout may be deferred beyond the year of joining. The NRC/Board shall approve such a grant.

#### **7. Severance Payments**

Subject to provisions of Section 202 of Companies Act 2013, severance pay to CEO, Whole Time Director and Managing Director shall be constituted by accrued benefits (i.e. gratuity, pension, deferred variable pay etc.) only and does not include notice period pay.

Any severance payments, for involuntary separation without cause or due to change of control, to MD/CEO/WTD/Manager shall be made in accordance with contractual obligations and with prior approval of the NRC, Board and IRDAI.

#### **b) Remuneration to KMP and Senior**

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KMP (other than Whole Time Director and Managing Director) and Senior Management shall be eligible for a remuneration inclusive of fixed pay, perquisites, allowances, short term/ long term incentives, retinals and other components as may be approved by NRC and as per compensation strategy / framework of the Company from time to time.

## **XI. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:**

### **a) Commission to Independent Director**

Subject to the approval of Board and Shareholders in accordance with the statutory provisions of the Companies Act, 2013, and the rules made there under, the Independent Directors may be paid profit linked commission from time to time.

Subject to the overall limit in this regard, the Board may, with mutual agreement with such director, determine and pay different commission, to each independent director.

### **b) Sitting Fees**

The Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

### **c) Engagement for Professional Services**

The Company may, in line with applicable provisions of Companies Act, 1938, read with Insurance Act, 1938 and amendments and rules there under, wherever applicable, engage any non – executive director to provide professional services from time to time. Any such engagement for professional services shall be made if NRC of the Company is of the opinion that the Director possesses the requisite qualification for practice of profession.

## **XII. DISCLOSURE**

1. All above Remuneration, including qualitative and quantitative disclosures as mentioned in the Remuneration Guidelines and fees for all Directors will be disclosed annually in Company's annual report.
2. The Nomination & Remuneration Policy of the Company shall be placed on the website of the Company

## **XIII. DEVIATIONS FROM THIS**

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Deviations on elements of this policy in extraordinary circumstances, when deemed necessary, in the interests of the Company, will be made if there are specific reasons to do so in an individual case.

#### **XIV. OWNER OF THE POLICY**

The Policy is owned by Nomination and Remuneration Committee of the Company and shall be administered by the Director and Chief Human Resources Officer.

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## Annexure-5

### Annual Report on Corporate Social Responsibility (CSR) activities

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The Company shall undertake CSR Activities in all or any of the CSR Activities as per the Companies Act, however, it shall give primary importance to the Company's CSR Identified Sectors as follows.

- i. Health, Hygiene & Sanitation
  - a. Supporting and facilitating surgery and high-end treatment for underprivileged Indian patients
  - b. Preventive healthcare for underprivileged Indian patients in identified geographies
  - c. Health camps including immunization camps for underprivileged in identified geographies where Max Group has its presence
  - d. Blood donation camps in Max Bupa Insurance agency offices
  - e. Disability support including artificial limbs and polio callipers support
  - f. Health awareness, including cancer awareness prevention, screening and treatment support for the needy.
  - g. Personal hygiene training and support in those villages which have been adopted by the Company and in those locations where Health and Immunization camps are organized by the Company
  - h. Environmental awareness and care in and around the selected areas of operations of the Company. Propagation of a clean healthy environment to ensure good health. Encourage and facilitate plantation drives.
  - i. Waste management and correct waste disposal – awareness and implementation primarily in adopted villages and in identified locations where the Company has its offices
  - j. Clean drinking water primarily in adopted villages and schools for underprivileged children
  - k. Sewerage system and management in adopted villages.

Max Bupa Health Insurance Company Limited  
CIN – U66000DL2008PLC182918

Registered and Corporate Office: B1/I-2, Mohan Cooperative Industrial Estate, Mathura Road,  
New Delhi – 110044

Tel.: + 91-11-30902000, Fax No.: +91-11-30902010, [www.maxbupa.com](http://www.maxbupa.com)





- ii. Nutrition
  - a. Awareness on how to ensure true nutritious meal to family.
  - b. Vitamin A (children 0-5 years) and other supplements for underprivileged women and children.
  - c. Nutritional support through NGOs to underserved children.
  
- iii. Livelihood

Vocational training and creating & supporting Self Help Groups for women, adolescent girls and youth in villages adopted by the Company. The vocations for which training will be provided will be focused on health related issues where possible, identified basis the inherent skill sets and commercial opportunities for those vocations in and around the adopted villages.
  
- iv. Health Insurance Awareness
  - a. Health insurance awareness for students in schools and colleges through simple to understand material in identified locations where Max Bupa Insurance has its offices.
  - b. Health insurance awareness to underprivileged in cities where Max Bupa Insurance has owned offices and villages adopted by Max Bupa Insurance.
  - c. Encourage households to enroll in Government promoted health insurance schemes.
  
- v. Education
  - a. Provide support to schools to promote education by providing books, education aids, black boards and equipment for sports & other extra-curricular activities and basic infrastructure.
  - b. Education support should be provided in villages adopted by the Company and volunteering activities under Pehal.
  
- vi. NGOs support in above mentioned areas
  - a. Provide support to existing activities of NGOs.
  - b. Involve employees in identifying NGOs in their geographical areas and create tailored volunteering programme within specified budget and timeline.
  
- vii. Disaster Support

Provide material and financial support to local communities in case of any disaster.

The Policy is published in the website of the Company i.e. and published in the website of the Company i.e. <https://www.maxbupa.com/about-us/maxbupa/board-of-directors.aspx>

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2. The Composition of the CSR Committee as on date of the Board Report:

- i. Mr. Dinesh Kumar Mittal (Chairman)
- ii. Mr. David Martin Fletcher
- iii. Mr. Rajagopalan Santhanam
- iv. Mr. Ashish Mehrotra

3. Average net profit of the Company for last three financial years:

Details of net profits (Profit Before Tax) earned by Max Bupa during the three immediately preceding financial years are as under:

<b>Financial Years</b>	<b>Profit Before Tax</b>
	<b>(in Rs. Lakhs)</b>
2016-17	(368)
2017-18	2284
2018-19	(4,839)
<b>Average Profits (loss)</b>	<b>(974)</b>
<b>2% of Average Profit</b>	<b>(19.48)</b>

4. Prescribed CSR Expenditure (two per cent of the average net profit): NIL

5. Details of CSR spend during the financial year 2019-20:

- a. Total amount to be spent for the financial year – 2019-20: Nil
- b. Amount unspent, if any: Not applicable
- c. Manner in which the amount was spent during the financial year is detailed below: Not Applicable

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board's report:

It is to be noted that the Company registers a negative profit based on the preceding three years' average net profit and accordingly, the Company does not have to spend any amount on CSR activities for FY 2020.

Max Bupa Health Insurance Company Limited

CIN – U66000DL2008PLC182918

Registered and Corporate Office: B1/I-2, Mohan Cooperative Industrial Estate, Mathura Road,  
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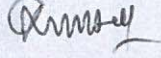
Tel.: + 91-11-30902000, Fax No.: +91-11-30902010, [www.maxbupa.com](http://www.maxbupa.com)

7. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company:

The CSR committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the company.

For and on behalf of the Board of Directors

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Date: 2020.04.30  
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**Ashish Mehrotra**  
**Chief Executive Officer &**  
**Managing Director**  
**DIN - 07277318**  
**Address:-**401, Ann Abode  
Apartments, St Martin  
Road, Bandra West,  
Mumbai, 400050,  
Maharashtra, India.

  
x  
**Dinesh Kumar Mittal**  
**Chairman of CSR**  
**Committee**  
**DIN - 00040000**  
**Address:-** B-71, Sector-  
44, Noida, Uttar Pradesh  
Gurgaon - 201301

**Place: New Delhi**  
**Date: 30.04.2020**

Max Bupa Health Insurance Company Limited  
CIN - U66000DL2008PLC182918

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**SECRETARIAL AUDIT REPORT**  
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

The Members

**Max Bupa Health Insurance Company Limited**

B 1/ 1-2, Mohan Co-Operative Industrial Area,  
Mathura Road,  
New Delhi 110044

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Max Bupa Health Insurance Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2020 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.

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 March 31, 2020 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;  
Not Applicable
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): Not Applicable

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/ industry are:

1. Insurance Regulatory and Development Authority of India Act, 1999,
2. Insurance Act, 1938 and various Rules, Regulations & Guidelines issued thereunder, including circulars issued from time to time

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India and notified by Ministry of Corporate Affairs.
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Not Applicable

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above **except delayed filing of forms in few cases.**

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (except in cases where meetings were convened at a shorter notice for which necessary approvals obtained as per applicable provisions), 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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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.

We further report that during the audit period the Company has following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:

1. Issue of 7,70,00,000 Equity Shares at Rs.10 each fully paid up for cash on right issue basis to the existing shareholders of the Company approved in its Board meeting held on 23.05.2019 in proportion of 1 Equity Shares for every 12.74 Equity Shares.
2. Allotment of 6,50,00,000 equity shares of Rs. 10/- each fully paid up by way of right issue to the existing shareholders of the Company via Resolution by Circulation dated 15.07.2019.
3. Allotment of 1,20,00,000 equity shares of Rs. 10/- each fully paid up by way of right issue to the existing shareholders of the Company in its Board Meeting held on 30.07.2019.
4. Issue of 7,50,00,000 Equity Shares at Rs.10 each fully paid up for cash on right issue basis to the existing shareholders of the company approved in its Board meeting held on 30.07.2019 in proportion of 1 Equity Shares for every 14.107 Equity Shares.
5. Allotment of 1,00,00,000 equity shares of Rs. 10/- each fully paid up by way of right issue to the existing shareholders of the Company via Resolution by Circulation dated 04.09.2019.
6. Allotment of 3,00,00,000 equity shares of Rs. 10/- each fully paid up by way of right issue to the existing shareholders of the Company via Resolution by Circulation dated 30.09.2019.
7. Allotment of 80,00,000 equity shares of Rs. 10/- each fully paid up by way of right issue to the existing shareholders of the Company in its Board Meeting held on 01.11.2019.
8. Issue of 3,80,00,000 Equity Shares at Rs.10 each fully paid up for cash on right issue basis to the existing shareholders of the company approved in its Board meeting held on 01.11.2019 in proportion of 1 Equity Shares for every 29.105 Equity Shares.
9. Allotment of 60,00,000 equity shares of Rs. 10/- each fully paid up by way of right issue to the existing shareholders of the Company via Resolution by Circulation dated 03.12.2019.

10. Allotment of 1,40,00,000 equity shares of Rs. 10/- each fully paid up by way of right issue to the existing shareholders of the Company via Resolution by Circulation dated 04.01.2020.
11. Issue of 2,50,00,000 Equity Shares at Rs.10 each fully paid up for cash on right issue basis to the existing shareholders of the company approved in its Board meeting held on 31.01.2020 in proportion of 1 Equity Shares for every 45.04 Equity Shares.
12. Alteration of Article of Association of the Company due to Transfer of 56,71,20,000 (Fifty Six crores Seventy One Lakhs [Twenty Thousand only) fully paid up equity shares of Max India Limited to Fettle Tone LLP and its Nominees vide agreement executed on 20.09.2019.
13. The Company has entered into Share purchase Agreement and Shareholders Agreement with Fettle Tone LLP and Bupa Singapore Holdings Pte Ltd. for the sale of 5,09,69,400 equity shares of the Company held by Bupa Singapore Holdings Pte. Ltd. to Fettle. Tone LLP.

For Chandrasekaran Associates  
Company Secretaries

Rupesh Agarwal  
Managing Partner  
Membership No. A16302  
Certificate of Practice No. 5673  
UDIN: A016302B000179135

Date: 25.04.2020  
Place: Delhi

**Note:**

- (i) 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
- (ii) Due to restricted movement amid COVID-19 pandemic, we conducted the secretarial audit by examining the Secretarial Records including Minutes, Documents, Registers and other records etc., and some of them received by way of electronic mode from the Company and could not be verified from the original records. The management has confirmed that the records submitted to us are the true and correct.
- (iii) This Report is limited to the Statutory Compliances on laws / regulations / guidelines listed in our report which have been complied by the Company up to the date of this Report pertaining to Financial Year 2019-2020. We are not commenting on the Statutory Compliances whose due dates are extended by Regulators from time to time due to COVID-19 or still there is time line to comply with such compliances.

**Annexure A**

The Members

**Max Bupa Health Insurance Company Limited**

B 1/ 1-2, Mohan Co-Operative Industrial Area,  
Mathura Road,  
New Delhi 110044

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on the random test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For Chandrasekaran Associates  
Company Secretaries

Rupesh Agarwal  
Managing Partner  
Membership No. A16302  
Certificate of Practice No. 5673  
UDIN: A016302B000179135

Date: 25.04.2020  
Place: Delhi



**Annexure-7**  
**DETAILS OF EMPLOYEES**

Information to be provided only on request