

IND AS Balance Sheet including Statement of Changes in Equity
STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED
Registration No. and Date of Registration with the IRDAI : 129/16.03.2006

Particulars	Amount in Lakhs		
	Year to Date - 30 September 2025	Year to Date - 30 September 2024	Year to Date - 31 March 2025
Assets			
Cash and cash equivalents	24,932	29,481	66,843
Investments	19,03,150	16,78,406	18,29,563
Loans			
Other Financial Assets	30,808	26,972	25,565
Investment property			
Insurance contract assets			
Reinsurance contract assets	92,675	78,740	1,03,885
Property, Plant and Equipment	23,144	26,566	26,663
Goodwill			
Other Intangible Assets	7,937	6,530	5,611
Current tax assets	9,466	5,471	4,706
Deferred tax assets			
Other assets	17,540	10,398	11,750
Assets classified as held for sale			
Total Assets	21,09,652	18,62,563	20,74,586
Liabilities			
Insurance contract liabilities	9,37,931	7,98,924	9,14,960
Reinsurance contract liabilities			
Investment contract liabilities (for life insurance business)			
Borrowings	47,551	47,545	48,974
Other Financial liabilities	1,15,004	1,17,877	1,36,002
Current tax liabilities			
Deferred tax liabilities	24,733	10,049	20,164
Other liabilities	62,710	53,537	85,909
Provisions	2,607	4,611	1,840
Total Liabilities (A)	11,90,535	10,32,542	12,07,849
Equity			
Equity			
Share Capital	58,795	58,757	58,779
Assigned Capital			
Other financial instruments classified as Equity			
Other Equity	8,60,323	7,71,264	8,07,958
Total Equity (B)	9,19,118	8,30,021	8,66,737
Total Liabilities & Equity (C) = (A) + (B)	21,09,652	18,62,563	20,74,586

For And On Behalf of Board of Directors


Anand Roy

Managing Director & Chief Executive Officer

Place: Chennai

Date: October 28, 2025




Nilesh Kambli
Chief Financial Officer


Ashwani Kumar Arora
Appointed Actuary

IND AS STATEMENT OF CHANGES IN EQUITY (as on 30 September 2025)

Registration No.: 129

Date of Registration: 16.03.2006

A. Equity		Balance at the beginning of the year	Changes during the period							Amount in Lakhs
Particulars		58,779	16							
Share Capital										
Assigned Capital										
Other Financial Instruments classified as Equity									58,795	

B. Other Equity																
Particulars	Share application money pending allotment	Equity component of compound financial Instruments	Reserves and Surplus					Debt Instruments through Other Comprehensive Income	Insurance Finance Reserve	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of foreign operation	Others (FV Change Account)	Total	
			Capital Reserve	Securities Premium Account	Retained Earnings	Other Reserves (Share Based Payment Reserve)										
Balance at the beginning of the year				6,08,749	1,90,685	8,533										8,07,967
Changes in accounting policy or prior period errors																-
Restated balance at the beginning of the reporting period																-
Profit for the year					51,776											51,776
Other Comprehensive Income for the year					(307)											(307)
Total Comprehensive Income for the year						51,469										51,469
Dividends																-
Transfer to Retained Earnings																-
Other changes: Movement in Revaluation Reserve																-
Deferred Tax on Revaluation Reserves movement																-
Others changes (to be specified)																-
Movement in SP Reserve																-
Share premium due to issue of share capital					636		251									251
Balance at the end of the year	-	-	-	6,09,385	2,42,154	8,783		-	-	-	-	-	-	(0)		8,60,323

STATEMENT OF CHANGES IN EQUITY (as on 30 September 2024)

Registration No.: 129

Date of Registration: 16.03.2006

A. Equity		Balance at the beginning of the year	Changes during the period							Amount in Lakhs
Particulars		58,528	228							
Share Capital										
Assigned Capital										
Other Financial Instruments classified as Equity										58,757

B. Other Equity														
Particulars														
Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus					Debt Instruments through Other Comprehensive Income	Insurance Finance Reserve	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of foreign operation	Others (FV Change Account)	Total
		Capital Reserve	Securities Premium Account	Retained Earnings	Other Reserves (Share Based Payment Reserve)									
			6,04,056	1,11,994	8,419									72,44,68,97,293
Balance at the beginning of the year														
Changes in accounting policy or prior period errors														
Restated balance at the beginning of the reporting period														
Profit for the Year				42,818										42,818
Other Comprehensive Income for the year														
Total Comprehensive Income for the year				42,818										42,818
Dividends														
Transfer to Retained Earnings														
Other changes: Movement in Revaluation Reserve													(0)	(0)
Deferred Tax on Revaluation Reserves movement														
Others changes (to be specified)														
Movement in SP Reserve							(302)							
Share premium due to issue of share capital			4,279											4,279
Balance at the end of the year			6,08,335	1,54,813	8,116								(0)	7,71,264



STATEMENT OF CHANGES IN EQUITY (as on 31 March 2025)

Registration No.: 129

Date of Registration: 16.03.2006

Amount in Lakhs														
A. Equity			Balance at the beginning of the year			Changes during the period			Balance at the end of the period					
Particulars	Share Capital	Assigned Capital	58,528			251			58,779					
Other Financial Instruments classified as Equity														
B. Other Equity														
Particulars	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium Account	Reserves and Surplus	Other Reserves (Share Based Payment Reserve)	Debt Instruments through Other Comprehensive Income	Insurance Finance Reserve	Equity Instruments through Other Comprehensive Income	Effective Portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of foreign operation	Others (FV Change Account)	Total
Balance at the beginning of the year				6,04,056	1,11,995	8,419								7,24,470
Changes in accounting policy or prior period errors														
Restated balance at the beginning of the reporting period														
Profit for the year					78,681									78,681
Other Comprehensive Income for the year														
Total Comprehensive Income for the year					78,681									78,681
Dividends														
Transfer to Retained Earnings														
Other changes: Movement in Revaluation Reserve													(0)	(0)
Deferred Tax on Revaluation Reserves movement														
Others changes (to be specified)														
Movement in SBP Reserve						114								
Share premium due to issue of share capital				4,693										4,607
Balance at the end of the year				6,08,749	1,90,676	8,533							(0)	8,07,958

For And On Behalf of Board of Directors

Anandgoy

Managing Director & Chief Executive Officer

Place: Chennai

Date: October 28, 2025



Nilesh Kambli

Nilesh Kambli

Chief Financial Officer



Ashwani Kumar

Ashwani Kumar Arora

Appointed Actuary

IND AS Statement of Profit and Loss of STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED
For the period ended 30 September 2025

Particulars	Year to Date - 30 September 2025			Three Months ended - 30 September 2025			Year to Date - 30 September 2024			Three Months ended - 30 September 2024			Amount in Lakhs
	Policyholders (Revenue A/c)	Shareholders (P & L A/c)	Total	Policyholders (Revenue A/c)	Shareholders (P & L A/c)	Total	Policyholders (Revenue A/c)	Shareholders (P & L A/c)	Total	Policyholders (Revenue A/c)	Shareholders (P & L A/c)	Total	
Insurance Revenue	8,76,551		8,76,551	4,42,909		4,42,909	7,74,977		7,74,977	3,95,976		3,95,976	
Insurance Service Expenses	8,16,009		8,16,009	4,17,045		4,17,045	7,34,843		7,34,843	3,89,759		3,89,759	
Net expenses from reinsurance contracts **	10,367		10,367	4,473		4,473	8,667		8,667	3,927		3,927	
Insurance Service Result	50,175		50,175	21,391		21,391	31,466		31,466	2,289		2,289	
Interest revenue on financial assets not measured at FVTPL	34,525	22,392	56,917	17,338	10,954	28,292	30,951	21,937	52,887	15,615	10,868	26,483	
Other investment revenue (including fair value changes)	7,232	7,232	14,464	(6,882)	(4,807)	(11,689)	12,653	9,002	21,656	5,520	3,835	9,355	
Impairment loss on financial assets	(87)	(57)	(144)	(56)	(35)	(91)	(86)	(61)	(147)	(92)	(66)	(158)	
Dividends													
Gains/losses arising from the derecognition of debt instruments measured at FVOCI													
Gains/losses arising from the derecognition of financial assets measured at amortised cost	66	43	109	1	(1)	0	62	43	105				
Investment Income	45,627	29,610	75,237	10,401	6,112	16,513	43,580	30,921	74,501	21,043	14,637	35,680	
Finance income/ expenses from insurance contracts (net)	8,204		8,204	1,773		1,773	4,746		4,746	606		606	
Finance income/ expenses from reinsurance contracts (net)	(2,170)		(2,170)	15		15	(2,248)		(2,248)	(240)		(240)	
Insurance Finance Income/Expenses	6,034		6,034	1,788		1,788	2,498		2,498	366		366	
Movement in investment contract liabilities													
Net Finance Result	39,593	29,610	69,203	8,613	6,112	14,725	41,082	30,921	72,002	20,677	14,637	35,314	
Revenue from investment management services													
Other income	57	67	124	115	17	132	(1)	130	129	(1)	31	30	
Other expenses	45,734	997	46,731	23,093	613	23,706	43,189	129	43,317	19,421	98	19,519	
Other finance costs	723	2,077	2,799	342	1,038	1,380	692	2,057	2,749	349	1,033	1,382	
Other Revenue/Expenses (net)	(46,400)	(3,007)	(49,407)	(23,320)	(1,634)	(24,954)	(43,882)	(2,056)	(45,937)	(19,771)	(1,100)	(20,871)	
Profit / (Loss) before Exceptional Items	43,368	26,603	69,971	6,685	4,478	11,163	28,666	28,865	57,531	3,195	13,537	16,732	
Exceptional Items													
Profit / (Loss) before tax	43,368	26,603	69,971	6,685	4,478	11,163	28,666	28,865	57,531	3,195	13,537	16,732	
Current tax		13,523	13,523		2,662	2,662		18,902	18,902		5,679	5,679	
Deferred tax		4,672	4,672		543	543		(4,190)	(4,190)		(1,395)	(1,395)	
Profit / (Loss) from continuing operations	43,368	8,407	51,775	6,685	1,273	7,958	28,666	14,153	42,818	3,195	9,254	12,449	
Tax expense of discontinued operations													
Profit / (Loss) from discontinued operations (after tax)													
Profit / (Loss) for the period	43,368	8,407	51,775	6,685	1,273	7,958	28,666	14,153	42,818	3,195	9,254	12,449	
Other Comprehensive Income													
1 (i) Items that will not be reclassified to profit or loss (specify items and amounts)	(410)		(410)	(410)		(410)							
(ii) Income tax relating to items that will not be reclassified to profit or loss	103		103	103		103							
Sub-total	(307)		(307)	(307)		(307)							
2 (i) Items that will be reclassified to profit or loss (specify items and amounts)													
(ii) Income tax relating to items that will be reclassified to profit or loss													
Sub-total													
Total Other Comprehensive Income	(307)		(307)	(307)		(307)							
Total Comprehensive Income	43,061	8,407	51,468	6,378	1,273	7,651	28,666	14,153	42,818	3,195	9,254	12,449	
Earnings per Equity Share (for continuing operations)													
(1) Basic			881			135			731			213	
(2) Diluted			872			134			723			210	
Earnings per Equity Share (for discontinued operations)													
(1) Basic													
(2) Diluted													
Earnings per Equity Share (for profit/loss) of the period (for discontinued and continuing operations)													
(1) Basic			881			135			731			213	
(2) Diluted			872			134			723			210	

** Ind AS 117 para 86 gives an option to present the income and expenses from reinsurance contracts as a single amount. In case the entity chooses to present this as a single amount, this line item may be used. If the entity chooses to present separately, then presentation has to be made in the respective notes to the financial statements as per Para 86 (a), (b) and (c) of Ind AS 117

For And On Behalf of Board of Directors

 Anil Roy
 Managing Director & Chief Executive Officer
 Place: Chennai
 Date: October 28, 2025




 Ashwani Kumar Arora
 Appointed Actuary

STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

IND AS Ratios

Particulars	Year to Date - 30 September 2025	Three Months ended - 30 September 2025	Year to Date - 30 September 2024	Amount in Lakhs Three Months ended - 30 September 2024
Investment Income	75,152	16,508	74,384	35,620
Investment Yield (Annualised)	8.3%	3.6%	9.3%	8.8%
PBT	69,971	11,163	57,531	16,732
PAT	51,776	7,958	42,818	12,449
Loss Ratio	70.6%	71.8%	70.9%	73.7%
Expense Ratio	29.7%	29.3%	31.1%	31.1%
CoR	100.3%	101.0%	102.1%	104.8%
Networth	9,19,118	9,19,118	8,30,021	8,30,021
RoE (Non Annualised)	5.8%	0.9%	5.3%	1.5%

Note

1. Investment Yield is calculated as Investment Income divided by Daily Average AUM
2. Claim ratio is the ratio of the claims incurred (net) to the net earned premium. The expense ratio is calculated by dividing net expenses related by net earned premium. Combined ratio is the sum of claim ratio and expense ratio.
3. Return on Equity is calculated as Profit after tax divided by (Opening Net-worth + Closing Net-worth)/2



STAR HEALTH AND ALLIED INSURANCE COMPANY LIMITED

Profit Reconciliation from IGAAP to IND AS				
Particulars	Year to Date - 30 September 2025	Three Months ended - 30 September 2025	Year to Date - 30 September 2024	Amount in Lakhs Three Months ended - 30 September 2024
Profit after tax reported as per IGAAP	31,742	5,490	43,021	11,129
Ind AS Adjustments				
Ind AS 117	11,513	16,613	(8,219)	1,994
Other Ind AS Impact:				
Ind AS 102 - Recognition of ESOP expense	(674)	(286)	(908)	(270)
Ind AS 109 - Financial Instruments	16,079	(13,183)	9,514	229
Ind AS 116 - Leases	(326)	(158)	(353)	(100)
Ind AS 19 - Gratuity	410	410	-	-
Deferred Tax Impact	(6,968)	(927)	(238)	(532)
Profit after tax reported as per IND AS	51,776	7,958	42,818	12,449



SUMMARY OF MATERIAL ACCOUNTING POLICIES

1. BACKGROUND

Star Health and Allied Insurance Co. Ltd ("The Company") was incorporated on 17th June 2005, under the Companies Act, 1956.

The Company obtained Regulatory approval to undertake Health Insurance business on March 16, 2006, from the Insurance Regulatory and Development Authority of India ('IRDAI') and holds a valid certificate of registration. The company commenced its operations on March 16, 2006. The Company has been registered by IFSCA (International Financial Services Centres Authority) on March 14, 2024 as IFSC Insurance Office (IIO) at IFSC – Gift City, Gujarat.

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

2. BASIS OF PREPARATION

The financial statements for the half year period ended September 2025 and September 2024 have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") including Ind AS 117 and pursuant to IRDAI vide letter dated January 10, 2024 and the relevant extract of Financial Statements as given in Appendix 2 of the said letter including quarterly and previous March 25 figures.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period. The financial statements have been prepared without considering the impact of Ind AS 19 – Employee Benefits for half year ended 30th September 2024 and year ended 31st March 2025. The financial statements have been prepared on going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. In making this assessment, management has considered a wide range of factors relating to present and future conditions, including current profitability, expected future profitability, cash flows and access to financing. Financial assets and financial liabilities are offset, and the net amount reported in Balance Sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense are not offset in the statement of profit or loss unless required or permitted by any accounting standard or interpretation. Up to the year ended March 31, 2024, the Company has prepared its financial statements in accordance with the requirement of Indian Generally Accepted Accounting Principles (GAAP), which includes Standards notified under the Companies (Accounting Standards) Rules, 2021 and considered as "Previous GAAP".

These financial statements are presented in Indian Rupees, which is the Company's functional currency all amounts are rounded to the nearest lakh except when otherwise indicated.

3. Insurance and Reinsurance contracts

Ind AS 117 – "Insurance Contracts" is adopted for annual periods on or after April 01, 2024.

The nature of the changes in accounting policies can be summarised, as follows:

3.1. Changes to classification and measurement

The adoption of IND AS 117 did not change the classification of the Company's insurance contracts.

However, IND AS 117 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Company.

Under IND AS 117, the Company's insurance contracts issued, and reinsurance contracts held are all eligible to be measured by applying the Premium Allocation Approach (PAA). The PAA simplifies the measurement of insurance contracts in comparison with the General measurement model (GMM) in IND AS 117.

3.2. Insurance and reinsurance contracts classification

The Company issues insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders. As a general guideline, the Company determines whether it has significant insurance risk, by comparing benefits payable after an insured event with benefits payable if the insured event did not occur. Insurance contracts can also transfer financial risk. The Company issues health insurance to individuals and businesses. The Company also issues reinsurance contracts in the normal course of business to compensate other entities for claims



arising from one or more insurance contracts issued by those entities. The Company does not issue any contracts with direct participating features.

3.3. Separating components from insurance and reinsurance contracts

The Company assesses its health insurance and reinsurance held contracts to determine whether they contain distinct components which must be accounted for under another Ind AS instead of under IND AS 117.

IND AS 117 distinguishes three categories of components that have to be accounted for separately:

- cash flows relating to embedded derivatives that are required to be separated;
- cash flows relating to distinct investment components; and
- promises to transfer distinct goods or distinct non-insurance services.

After separating any distinct components, the Company applies IND AS 117 to all remaining components of the (host) insurance contract.

Currently, the Company's insurance contracts or reinsurance contracts do not include any distinct components that require separation.

3.4. Level of aggregation

IND AS 117 requires a Company to determine the level of aggregation for applying its requirements. The level of aggregation for the Company is determined firstly by dividing the business written into portfolios. Portfolios comprise groups of contracts with similar risks which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts with no significant risk of becoming onerous, and the remainder. IND AS 117 also requires that no group for level of aggregation purposes may contain contracts issued more than one year apart.

IND AS 117 requires contracts are required to be classified into groups according to the degree of profitability at initial recognition, which at a minimum include the following:

- A group of contracts that are onerous at initial recognition, if any;
- A group of contracts that at initial recognition have no significant possibility of becoming onerous, if any; and
- A group of remaining contracts in the portfolio, if any ('other').

The Company manages insurance contracts issued by product lines within an operating segment, where each product line includes contracts that are subject to similar risks. All insurance contracts within a product line represent a portfolio of contracts.

Each portfolio is further disaggregated into groups of contracts that are issued within a calendar year (annual cohorts) and are (i) contracts that are onerous at initial recognition; (ii) contracts that at initial recognition have no significant possibility of becoming onerous subsequently; or (iii) a group of remaining contracts.

These groups represent the level of aggregation at which insurance contracts are initially recognized and measured. Such groups are not subsequently reconsidered.

The Company divides portfolios of reinsurance contracts held applying the same principles set out above, except that the references to onerous contracts refer to contracts on which there is a net gain on initial recognition. The Company has divided the reinsurance at the least granular level of aggregation for the reinsurance contracts held i.e., at the reinsurance treaty.

The profitability of groups of contracts is assessed by actuarial valuation models that take into consideration existing and new business. The Company assumes that no contracts in the portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. For contracts that are not onerous, the Company assesses, at initial recognition, that there is no significant possibility of becoming onerous subsequently by assessing the likelihood of changes in applicable facts and circumstances. The Company considers facts and circumstances to identify whether a group of contracts are onerous based on:

- Pricing information
- Results of similar contracts it has recognised.
- Environmental factors, e.g., a change in market experience or regulations

3.5. Recognition



The Company recognises groups of insurance contracts it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due or when the first payment is received if there is no due date.
- For a group of onerous contracts, if facts and circumstances indicate that the group is onerous.

The Company recognises a group of reinsurance contracts held it has entered into from the earlier of the following:

- The beginning of the coverage period of the group of reinsurance contracts held. However, the Company delays the recognition of a group of reinsurance contracts held that provide proportionate coverage until the date any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held.

And

- The date the Company recognises an onerous group of underlying insurance contracts if the Company entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Company adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

3.6. Contract boundary

The Company includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums, or in which the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when:

- The Company has the practical ability to reassess the risks of the particular policyholder and, as a result, can set a price or level of benefits that fully reflects those risks

Or

- Both of the following criteria are satisfied:
 - The Company has the practical ability to reassess the risks of the portfolio of insurance contracts that contain the contract and, as a result, can set a price or level of benefits that fully reflects the risk of that portfolio
 - The pricing of the premiums up to the date when the risks are reassessed does not take into account the risks that relate to periods after the reassessment date

A liability or asset relating to expected premiums or claims outside the boundary of the insurance contract is not recognised. Such amounts relate to future insurance contracts.

3.7. Insurance contracts — initial measurement

The Company applies the premium allocation approach (PAA) to all the insurance contracts that it issues and reinsurance contracts that it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary (refer point 4.7)

Or

- For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Company has also considered qualitative factors such as the nature of the risk and types of its lines of business.

The Company does not apply the PAA if, at the inception of the group of contracts, it expects significant variability in the fulfilment cash flows that would affect the measurement of the liability for the remaining coverage during the period before a claim is incurred. Variability in the fulfilment cash flows increases with, for example:



- The extent of future cash flows related to any derivatives embedded in the contracts
- The length of the coverage period of the group of contracts

For a group of contracts that is not onerous at initial recognition, the Company measures the liability for remaining coverage as:

- The premiums, if any, received at initial recognition
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed,
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Company pays or receives before the group of insurance contracts is recognised.

The liability for remaining coverage is discounted to reflect the time value of money and the effect of financial risk.

Where facts and circumstances indicate that contracts are onerous at initial recognition, the Company performs additional analysis to determine if a net outflow is expected from the contract. Such onerous contracts are separately grouped from other contracts and the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer point 4.14.2.

3.8. Reinsurance contracts held — initial measurement.

The Company measures its reinsurance assets for a group of reinsurance contracts that it holds on the same basis as insurance contracts that it issues. However, they are adapted to reflect the features of reinsurance contracts held that differ from insurance contracts issued, for example the generation of expenses rather than revenue.

Where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the recovery of losses.

The Company calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Company expects to recover from the group of reinsurance contracts held. The Company uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

The loss-recovery component adjusts the carrying amount of the asset for remaining coverage.

3.9. Insurance contracts — subsequent measurement

The Company measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:

- Plus premiums received in the period
- Minus insurance acquisition cash flows
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group
- Plus any adjustment to the financing component, where applicable
- Minus the amount recognised as insurance revenue for the services provided in the period

The Company estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Company and include an explicit adjustment for non-financial risk (the risk adjustment). The Company does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims as majority are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Company recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Company for the liability for



remaining coverage for such onerous group depicting the losses recognised. For additional disclosures on the loss component, please refer point 4.14.2.

Insurance acquisition cash flows are allocated to related groups of insurance contracts and amortised over the coverage period of the related group.

3.10. Reinsurance contracts held — subsequent measurement

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued and has been adapted to reflect the specific features of reinsurance held.

Where the Company has established a loss-recovery component, the Company subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.11. Insurance acquisition cash flows

Insurance acquisition cash flows arise from the costs of selling, underwriting and starting a group of insurance contracts (issued or expected to be issued) that are directly attributable to the portfolio of insurance contracts to which the group belongs.

The Company uses a systematic and rational method to allocate:

- i. Insurance acquisition cash flows that are directly attributable to a group of insurance contracts to that group
- ii. Insurance acquisition cash flows directly attributable to a portfolio of insurance contracts that are not directly attributable to a group of contracts, to groups in the portfolio.

Insurance acquisition cash flows are not expensed as incurred but are deferred over the coverage period. These cash flows are amortised systematically throughout the coverage period, following the same pattern as the recognition of insurance revenue.

Where insurance acquisition cash flows have been paid or incurred before the related group of insurance contracts is recognised in the Balance Sheet, a separate asset for insurance acquisition cash flows is recognised for each related group.

The asset for insurance acquisition cash flow is derecognised from the Balance Sheet when the insurance acquisition cash flows are included in the initial measurement of the related group of insurance contracts.

At the end of each reporting period, the Company revises amounts of insurance acquisition cash flows allocated to groups of insurance contracts not yet recognised, to reflect changes in assumptions related to the method of allocation used.

After any re-allocation, the Company assesses the recoverability of the asset for insurance acquisition cash flows, if facts and circumstances indicate the asset may be impaired. When assessing the recoverability, the Company applies:

- An impairment test at the level of an existing or future group of insurance contracts; and
- An additional impairment test specifically covering the insurance acquisition cash flows allocated to expected future contract renewals.

If an impairment loss is recognised, the carrying amount of the asset is adjusted and an impairment loss is recognised in profit or loss.

The Company recognises in profit or loss a reversal of some or all of an impairment loss previously recognised and increases the carrying amount of the asset, to the extent that the impairment conditions no longer exist or have improved.

3.12. Insurance contracts — modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired)

Or



- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Company derecognises the initial contract and recognises the modified contract as a new contract

When a modification is not treated as a derecognition, the Company recognises amounts paid or received for the modification with the contract as an adjustment to the relevant liability for remaining coverage.

3.13. Presentation

The Company has presented separately, in the Balance Sheet, the carrying amount of portfolios of insurance contracts issued that are assets, portfolios of insurance contracts issued that are liabilities, portfolios of reinsurance contracts held that are assets and portfolios of reinsurance contracts held that are liabilities.

Insurance acquisition cash flows allocated to groups of insurance contracts not yet recognized as of the reporting date are recognized as an asset presented within the insurance contract asset or liability attributable to the portfolio of insurance contracts until they are included in the measurement of the group of contracts recognized.

The Company disaggregates the total amount recognised in the statement of profit or loss and other comprehensive income into an insurance service result, comprising insurance revenue and insurance service expense, and insurance finance income or expenses.

The Company does not disaggregate the change in risk adjustment for non-financial risk between a financial and non-financial portion and includes the entire change as part of the insurance service result.

The Company separately presents income or expenses from reinsurance contracts held from the expenses or income from insurance contracts issued.

3.13.1. Insurance revenue

The insurance revenue for the period is the amount of expected premium receipts (excluding any investment component if any) allocated to the period. The Company allocates the expected premium receipts to each period of insurance contract services on the basis of the passage of time. But if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, then the allocation is made on the basis of the expected timing of incurred insurance service expenses.

The Company changes the basis of allocation between the two methods above as necessary, if facts and circumstances change. The change is accounted for prospectively as a change in accounting estimate.

For the periods presented, all revenue has been recognised on the basis of the passage of time.

3.13.2. Loss components

The Company assumes that no contracts are onerous at initial recognition unless facts and circumstances indicate otherwise. Where this is not the case, and if at any time during the coverage period, the facts and circumstances mentioned in point 4.5 indicate that a group of insurance contracts is onerous, the Company establishes a loss component as the excess of the fulfilment cash flows that relate to the remaining coverage of the group over the carrying amount of the liability for remaining coverage of the group as determined in point 4.10. Accordingly, by the end of the coverage period of the group of contracts the loss component will be zero.

3.13.3. Loss-recovery components

As described in point 4.6, where the Company recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Company establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held depicting the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

3.13.4. Insurance finance income and expense



Insurance finance income or expenses comprise the change in the carrying amount of the group of insurance contracts arising from:

- The effect of the time value of money and changes in the time value of money; and
- The effect of financial risk and changes in financial risk.

The Company does not disaggregate finance income and expenses because the related financial assets are managed on a fair value basis and measured at FVTPL.

3.13.5. Net income or expense from reinsurance contracts held

The Company presents separately on the face of the statement of profit or loss and other comprehensive income, the amounts expected to be recovered from reinsurers, and an allocation of the reinsurance premiums paid. The Company treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be reimbursed under the reinsurance contract held, and excludes investment components and commissions from an allocation of reinsurance premiums presented on the face of the statement of profit or loss and other comprehensive income.

4. FINANCIAL INSTRUMENTS

4.1. Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at transaction price on initial recognition. The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e., the fair value of the consideration given or received. If the Company determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.2. Measurement categories

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms. The categories include the following:

- Amortised cost, as explained in point 5.3.1
- FVOCI, as explained in point 5.3.2
- FVTPL, as explained in point 5.3.3

4.3. Subsequent measurement

4.3.1. Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business where the objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, the financial assets are measured at amortised cost, using the effective interest rate (EIR) method, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. ECLs are recognised in the statement of profit or loss when the investments are impaired.

4.3.2. Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business where the objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same



manner as for financial assets measured at amortised cost as explained in point 5.8. The ECL calculation for debt instruments at FVOCI is explained in point 5.6. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

4.3.3. Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial assets at FVTPL are recorded in the Balance Sheet at fair value. Changes in fair value are recorded in profit or loss. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate,. Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

4.3.4. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For other liabilities maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

4.4. Reclassification

The Company does not reclassify its financial assets subsequent to their initial recognition unless the entity changes its business model for managing those financial assets.

Such changes are expected to be very infrequent. Accordingly, a change in an entity's business model occur only when an entity either begins or ceases to perform an activity that is significant to its operations; for example, when the entity has acquired, disposed of or terminated a business line.

4.5. Derecognition of financial instruments

4.5.1. Derecognition of financial assets

A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

4.5.2. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

4.6. Impairment of Financial assets

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the appropriate effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk



since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company's debt instruments comprise mainly of governments securities and bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. Where the credit risk of any bond deteriorates, the Company will sell the bond and purchase bonds meeting the required investment grade.

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the Balance Sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to profit or loss. The accumulated gain recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

4.7. Fair value of financial instruments

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

4.8. Recognition of interest income

4.8.1. The effective interest rate method

Under IND AS 109, interest income is recorded using the effective interest rate (EIR) method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at FVTOCI under IND AS 109 is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the financial asset) is calculated by taking into account transaction costs and any discount or premium on acquisition of the financial asset as well as fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the debt instrument.

If expectations of a fixed rate financial asset's cash flows are revised for reasons other than credit risk, and the changes to future contractual cash flows are discounted at the original EIR with a consequential adjustment to the carrying amount. The difference to the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset in the Balance Sheet with a corresponding increase or decrease in interest income.

4.8.2. Interest and similar income

Interest income comprises amounts calculated using the effective interest method and other methods. These are disclosed separately on the face of the income statement.

In its Interest income calculated using the effective interest method the Company only includes interest on financial instruments at amortised cost or FVOCI.

The Company calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.



Dividend income is recognized when the right to receive dividend is established.

5. INSURANCE AND FINANCIAL RISK

5.1. Insurance risk

5.1.1. Insurance contracts issued and reinsurance contracts held

The Company principally issues health insurance contracts along with personal accident, and travel.

The objective of the Company is to ensure that sufficient reserves are available to cover the liabilities associated with these insurance contracts issued and reinsurance contracts held. The risk exposure is mitigated by diversification across the portfolios of insurance contracts. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance held arrangements. Furthermore, strict claim review policies to assess all new and ongoing claims, regular detailed review of claims handling procedures and frequent investigation of possible fraudulent claims are established to reduce the risk exposure of the Company. The Company further enforces a policy of actively managing and promptly settling claims, in order to reduce its exposure to unpredictable future developments that can negatively impact the business. Inflation risk is mitigated by taking expected inflation into account when estimating insurance contract liabilities and pricing appropriately.

The Company purchases reinsurance as part of its risk mitigation programme. Reinsurance held is placed on a proportional as well non-proportional basis.

Amounts recoverable from reinsurers are estimated in a manner consistent with underlying insurance contract liabilities and in accordance with the reinsurance contracts. Although the Company has reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus a credit exposure exists with respect to reinsurance held, to the extent that any reinsurer is unable to meet its obligations. The Company's placement of reinsurance is diversified such that it is neither dependent on a single reinsurer nor are the operations of the Company substantially dependent upon any single reinsurance contract.

5.1.2. Sensitivities

The liability for incurred claims is sensitive to the key assumptions. It has not been possible to quantify the sensitivity of certain assumptions such as legislative changes or uncertainty in the estimation process.

The sensitivity analysis shows the impact on gross and net liabilities, profit before tax and equity for reasonably possible movements in key assumptions with all other assumptions held constant using stress testing methodology. The correlation of assumptions will have a significant effect in determining the ultimate impacts, but to demonstrate the impact due to changes in each assumption, assumptions have been changed on an individual basis. It should be noted that movements in these assumptions are non-linear. The method used for deriving sensitivity information and significant assumptions did not change from the previous period.

5.1.3. Claims development table

As required by IND AS 117, in setting claims provisions, the Company gives consideration to the probability and magnitude of future experience being more adverse than assumed which is reflected in the risk adjustment. In general, the uncertainty associated with the ultimate cost of settling claims is greatest when the claim is at an early stage of development. As claims develop, the ultimate cost of claims becomes more certain.

5.2. Financial risk

5.2.1. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with insurance liabilities that are settled by delivering cash or another financial asset. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries.

The following policies and procedures are in place to mitigate the Company's exposure to liquidity risk:



The Company's Asset Management Liability policy sets out the assessment and determination of what constitutes liquidity risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

The Company maintains a portfolio of highly marketable and diverse assets that can be easily liquidated in the event of an unforeseeable interruption of cash flow, The Company also has committed lines of credit that it can access to meet liquidity needs.

5.2.2. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument, insurance contract issued or reinsurance contract held will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk); market interest rates (interest rate risk); and market prices (price risk).

The Company's Asset Liability Management policy sets out the assessment and determination of what constitutes market risk for it. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee, The policy is reviewed regularly for pertinence and for changes in the risk environment.

Guidelines are set for asset allocation and portfolio limit structure, to ensure that assets back specific policyholders' liabilities and that assets are held to deliver income and gains needed to meet the Company's contractual requirements.

5.2.3. Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument, insurance contract assets and/or liabilities will fluctuate because of changes in foreign exchange rates.

The Company's principal transactions are carried out in INR and its exposure to foreign exchange risk is minimal as it does not issue policies denominated in foreign currency nor its major expenses, debt or investment assets are denominated in a foreign currency. The Company's financial assets are primarily denominated in the same currencies as its insurance contract liabilities i.e., INR.

5.2.4. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument or insurance contract or reinsurance contract will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Company to cash flow interest risk, whereas fixed interest rate instruments expose the company to fair value interest rate risk.

There is no direct contractual relationship between financial assets and insurance contracts.

5.2.5. Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments or insurance contract assets and/or liabilities will fluctuate because of changes in market prices (other than those arising from interest rate or foreign exchange rate risk), whether those changes are caused by factors specific to the individual financial instrument or contract, or by factors affecting all similar contracts or financial instruments traded in the market.

The Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices. The Company does not issue any participating contracts. Therefore, there are no insurance or reinsurance contracts which are exposed to price risk.

The Company's price risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on individual and total equity instruments.

The Company has no significant concentration of price risk.

This analysis was performed for reasonably possible movements in the market index with all other variables held constant. The correlation of variables will have a significant effect in determining the ultimate impact on price



risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non—linear.

5.2.6. Operational risks

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation and reconciliation procedures, staff education and assessment processes, including the use of internal audit. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

5.2.7. Credit risk

Credit risk is the risk that one party to a financial instrument, insurance contract issued in an asset position or reinsurance contract held will cause a financial loss for the other party by failing to discharge an obligation.

The following policies and procedures are in place to mitigate the Company's exposure to credit risk:

The Company's Asset Liability Management policy sets out the assessment and determination of what constitutes credit risk for the Company. Compliance with the policy is monitored and exposures and breaches are reported to the Company's risk committee. The policy is regularly reviewed for pertinence and for changes in the risk environment.

Credit risk relating to financial instruments is monitored by the Company's mid office investment team. They review and manage credit risk, including environmental risk for all counterparties. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentrations, and by monitoring exposures in relation to such limits. It is the Company's policy to invest in high quality financial instruments with a low risk of default. If there is a significant increase in credit risk, the policy dictates that the instrument should be sold and amounts recovered reinvested in high quality instruments.

There is no allowance for credit risk on the insurance premium receivable because the premium is paid in advance before the commencement of the risk. This is also mandated by the local regulations (i.e. the risk cannot commence unless premium is received).

Reinsurance is placed with counterparties that have a good credit rating and concentration of risk is avoided by following policy guidelines in respect of counterparties' limits that are set each year by the board of directors and are subject to regular reviews. At each reporting date, management performs an assessment of creditworthiness of reinsurers and updates the reinsurance purchase strategy.

Receivables on account of accrued interest is on the investment held by the Company. The investments are held with a high credit rating and is monitored on the periodic basis to avoid the credit risk. At each reporting date, management performs an assessment of creditworthiness of investments and updates the investment policy accordingly. The assessment of the credit risk from other receivables is based on internal expert assessments. In addition to monitoring credit risk, the Company have implemented continuous monitoring of financial investments on the basis of internal and external credit ratings.

The credit risk in respect of customer balances incurred on non—payment of premiums will only persist during the grace period specified in the policy document. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of default.

5.2.8. The Company's internal rating process

The Company's investment team prepares a credit assessment note for each issuer wherein the funds are to be invested. The note incorporates both qualitative and quantitative information that builds on information from an external Credit rating agency, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour. All the issuers wherein Company seeks to invest are approved by the Investment Committee.



5.2.9. Credit exposure

The table below provides information regarding the credit risk exposure of the Company by classifying Very good+ as the highest possible rating. Assets that fall outside the range of Very good+ to Good are classified as non-investment grade. The amounts represent the maximum amount exposure to credit risk. The credit risk analysis below is presented in line with how the Company manages the risk. The Company manages its credit exposure based on the carrying value of the financial instruments and insurance and reinsurance contract assets.

5.2.10. Impairment assessment - Significant increase in credit risk, default and cure

The Company's ECL assessment and measurement method is set out below.

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost and
- debt securities measured at FVOCI

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment, that includes forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Company considers a financial asset to be in default when

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

There has been no significant increase in credit risk or default for financial assets during the year.

The Company assesses the possible default events within 12 months for the calculation of the 12mECL. Given the investment policy, the probability of default for new instruments acquired is generally determined to be minimal and the expected loss given default ratio assumed to be 65%.

In rare cases where a lifetime ECL is required to be calculated, the probability of default is estimated based on economic scenarios.

6. CAPITAL

6.1. Capital management objectives, policies and approach

The Company has established the following capital management objectives, policies and approach to managing the risks that affect its capital position:

- To maintain the required level of stability of the Company thereby providing a degree of security to policyholders
- To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and shareholders
- To retain financial flexibility by maintaining strong liquidity and access to a range of capital markets
- To align the profile of assets and liabilities, taking account of risks inherent in the business



- To maintain financial strength to support new business growth and to satisfy the requirements of the policyholders, regulators and stakeholders
- To maintain strong credit ratings and healthy capital ratios in order to support its business objectives and maximise shareholders value

The Company is also subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g., capital adequacy) to minimise the risk of default and insolvency on the part of the insurance companies to meet unforeseeable liabilities as they arise.

The Company has met all of these requirements throughout the financial year.

In reporting financial strength, capital and solvency are measured using the rules prescribed by the IRDAI.

The Company's capital management policy is to hold sufficient capital to cover the statutory requirements based on the IRDAI Regulations.

In determining groups of contracts, the Company has elected to include in the same group contracts where the Company's ability to set prices or levels of benefits for policyholders with different characteristics is constrained by regulation.

6.2. Approach to capital management

The Company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders.

The Company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital levels on a regular basis and taking appropriate actions to influence the capital position of the Company in the light of changes in economic conditions and risk characteristics. An important aspect of the Company's overall capital management process is the setting of target risk adjusted rates of return, which are aligned to performance objectives and ensure that the Company is focused on the creation of value for shareholders.

The primary source of capital used by the Company is total equity. The Company also uses other forms of capital such as debt, in addition to more traditional sources of funding.

The capital requirements are routinely forecast on a periodic basis and assessed against both the forecast available capital and the expected internal rate of return, including risk and sensitivity analyses. The process is ultimately subject to approval by the Board.

The Company has made no significant changes, from previous years to its policies and processes for its capital structure.

7. SIGNIFICANT JUDGEMENTS AND ESTIMATES

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

7.1. Insurance contracts issued and reinsurance contracts held

7.1.1. Liability for remaining coverage

Insurance acquisition cash flows

Insurance acquisition cash flows are allocated to related groups of insurance contracts recognised in the Balance Sheet. An asset for insurance acquisition cash flows is recognised for acquisition cash flows incurred before the related group of insurance contracts has been recognised.

Onerous groups



For groups of contracts that are onerous, the liability for remaining coverage is determined by the fulfilment cash flows. Any loss-recovery component is determined with reference to the loss component recognised on underlying contracts and the recovery expected on such claims from reinsurance contracts held. For LIC, the computation is consistent across measurement models as expected cashflows adjusted for time value of money, if required and a risk adjustment.

Time value of money

The Company adjusts the carrying amount of the liability for remaining coverage to reflect the time value of money and the effect of financial risk using discount rates that reflect the characteristics of the cash flows of the group of insurance contracts at initial recognition

7.1.2. Liability for incurred claims

The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

The main assumption underlying these techniques is that a Company's past claims development experience can be used to project future claims development and hence ultimate claims costs. These methods extrapolate the development of paid and incurred losses based on the observed development of earlier years and expected loss ratios. Historical claims development is mainly analysed by accident years, as well as by significant business lines and claim types. Large claims are usually separately addressed, either by being reserved at the face value of loss adjuster estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historical claims development data on which the projections are based. Additional qualitative judgement is used to assess the extent to which past trends may not apply in future, (e.g., to reflect one-off occurrences, changes in external or market factors economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the probability weighted expected value outcome from the range of possible outcomes, taking account of all the uncertainties involved.

Time value of money

There is no adjustment for the time value of money because claims are settled within 12 months.

7.1.3. Discount rates

IND AS 117 requires that the discount rate with respect to contractual cash flows that do not vary based on the returns on underlying items, either a Bottom-up and Top-down approach can be used. Under a bottom-up approach, the discount rate is based on a liquid risk-free yield curve then an addition is made to reflect the relative illiquidity of the insurance contracts. However, the top-down approach is based on yield-curve that reflects the current market rate of returns of a reference portfolio of assets adjusted to eliminate any factors that are not relevant to the insurance contracts (e.g., credit risk)

The Company chooses to adopt a bottom-up approach to derive the discount rates for liability valuation. The risk-free rate takes into account the time value of money and does not consider non-insurance risks. In India, Risk free rates are based on the Zero-Coupon Sovereign Rupee Yield Curve (ZCYC) curve supplied by the Fixed Income Money Market and Derivatives Association of India (FIMMDA) website.

The Company's underlying insurance contract does have cancellation feature and hence the policyholder can exit the policy via expiry of term or cancellation. Further, owing to the Short-term nature of the contract where majority of the business is two years or less, the contract is identified to be liquid from a policyholder's standpoint as they are free to switch insurers once the policy term ends. Hence, the illiquidity premium is not applied while computing discount rates for the underlying groups.

For the ceded reinsurance groups, the Company can exit the treaties except Obligatory reinsurance treaty; giving a notice of three months subject to term and conditions mentioned in the treaties, the policies reinsured before cancellation will continue to be reinsured by the prevailing reinsurer unless a recapture clause is applied. Owing to the ease of exit, the Reinsurance treaties are also identified as liquid and hence illiquidity premium is not added to discount rates for ceded groups as well.

7.1.4. Risk adjustment for non-financial risk

The risk adjustment for non-financial risk is the compensation that the Company requires for bearing the uncertainty about the amount and timing of the cash flows of groups of insurance contracts. The risk adjustment



reflects an amount that an insurer would rationally pay to remove the uncertainty that future cash flows will exceed the expected value amount.

The Company has estimated the risk adjustment using a confidence level (probability of sufficiency) approach at the 75th percentile. That is, the Company has assessed its indifference to uncertainty for all product lines (as an indication of the compensation that it requires for bearing non-financial risk) as being equivalent to the 75th percentile confidence level less the mean of an estimated probability distribution of the future cash flows. The Company has estimated the probability distribution of the future cash flows, and the additional amount above the expected present value of future cash flows required to meet the target percentiles.

7.1.5. Assets for insurance acquisition cash flows

The Company applies judgement in determining the inputs used in the methodology to systematically and rationally allocate insurance acquisition cash flows to groups of insurance contracts.

At the end of each reporting period, the Company revisits the assumptions made to allocate insurance acquisition cash flows to groups and where necessary revises the amounts of assets for insurance acquisition cash flows accordingly.

In the current and prior year, the Company did not identify any facts and circumstances indicating that the assets may be impaired.

7.2. Impairment on financial assets

The key parameters for calculating Expected Credit Losses (ECL) are the probability of default, the loss given default and the exposure at default.

The probability of default is the basis for specifying a stage of the impairment model. In addition, the probability of default is considered whenever ECL are calculated. During our internal rating process, the probability of default is calculated on the basis of historical data, current market conditions, and assumptions about the future.

The loss given default and the exposure at default are likewise factored into calculations of ECL. In this context, the loss given default is derived from the recovery and default studies published by rating agencies. The exposure at default corresponds to the gross carrying amount as at the reporting date.

7.3. Provision and contingent liability

On an ongoing basis, the Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable

7.4. Share based payment

Estimating fair value for share based payment requires determination of the most appropriate valuation model. The estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them.



7.5. Defined Benefit Plan

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions.

7.6. Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of these assets are compensated.

Monitoring is part of the Company's continuous assessment of whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate, whether there has been a change in business model and so a prospective change to the classification of those assets.

8. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

All other repair and maintenance costs are recognised in statement of profit or loss and other comprehensive income as incurred. The Company identifies and determines cost of each component/ part of property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the property, plant and equipment and has useful life that is materially different from that of the remaining asset.

Depreciation on property, plant and equipment is provided based on straight line method using the rates basis the economic useful life of assets as estimated by the management which reflects the useful life specified in Schedule II of the Companies Act, 2013, as follows:

Useful life estimated by the management in years:

Nature of Fixed Assets	Management estimate of Useful Life in years	Useful life as per Schedule II of the Companies Act, 2013 in Years
Buildings	60	60
Furniture and fixtures	10	10
Office equipment's	5	5
Vehicles	8 to 10	8 to 10
Information Technology equipment – Others	3	3
Information Technology equipment – Servers and networks	5	6

Leasehold improvements are depreciated on straight line method over the period of lease.

Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Gains or losses arising from de-recognition of property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.



9. CAPITAL WORK-IN PROGRESS

Capital work-in progress (CWIP) comprises of property, plant and equipment that are not ready for their intended use at the end of reporting period. CWIP is measured at cost comprising direct costs, related incidental expenses, other directly attributable costs and borrowing costs.

The cost of CWIP shall be recognised as an asset only if the recognition criteria are met. CWIP is derecognised when the construction and installation are complete and the asset is ready for its intended use. CWIP is not depreciated until it is available for intended use.

10. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred. The estimated useful life of assets are as follows:

Useful lives estimated by the management in years:

Intangibles (Including Software)	3 years
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Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

11. EMPLOYEE BENEFITS

11.1. Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

11.2. Post-Employment Benefits

Gratuity - Defined benefit plans

The present value of the obligation under defined benefit plans are determined based on actuarial valuation using the Projected Unit Credit Method. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

In case of defined benefit plans, remeasurement comprising of actuarial gains and losses is recognized in other comprehensive income (OCI) and is reflected in retained earnings and is not eligible to be reclassified to profit or loss.

The Company recognises the following changes in the net defined benefit obligation as an expense in statement of profit and loss:

- Service cost including current service cost, past service cost and gains and losses on curtailments and settlements; and
- Net interest expense or income.

Provident Fund - Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund, Superannuation Fund and Pension Scheme. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.



11.3. Others

The Company pays a fixed amount of benefit on the death of an employee in service, based on the designation of the employee. Since the level of benefit is uniform for all employees regardless of years of service, the cost of benefit is recognised when the event occurs.

11.4. Share based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less.

13. LEASES

The Company adopted Ind AS 116 using the retrospective approach as per para C8(c)(i) of Ind AS 116. The Company elected to use the practical expedient allowing the standard to be applied only to contracts that were previously identified as leases at the date of initial application.

The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The Company, as a lessee, recognises a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset.

13.1. Right-of-use assets (ROU)

The Company recognises a right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated under the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has included the right-of-use assets arising from the lease contracts within property, premise, and equipment in the Balance Sheet.



13.2. Lease liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in substance fixed lease payments or a change in the assessment to purchase the underlying asset. The Company has included the lease obligations arising from the lease contracts within the other liabilities in the Balance Sheet.

13.3. Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to some of its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

The Company elected to use the practical expedient under para C10 to account for leases for which the lease term ends within 12 months of the date of initial application in the same way as short-term Leases and include the cost associated with those leases within the disclosure of short-term lease expense in the annual reporting period that includes the date of initial application.

14. Foreign currencies transactions and translation

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or Statement of Profit and Loss are also recognised in OCI or Statement of Profit and Loss, respectively).

15. IMPAIRMENT

15.1. Financial assets

Financial assets (other than at fair value)

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or



- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

15.2. Non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e., the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of incomes is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of income if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

16. INCOME TAXES

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets are recognised for unused tax losses, unabsorbed depreciation and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. The Company offsets tax assets and tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

17. PROVISIONS & CONTINGENT LIABILITY

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.



If the effect of the time value of money is material, provisions are discounted to reflect its present value using a current pretax rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

18. EARNINGS PER SHARE (EPS)

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e., the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

19. STATEMENT OF CASH FLOWS

Cash flows are reported using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed. The cash flows from operating, investing and financing activities of the Company are segregated.

20. SEGMENT INFORMATION

20.1. Reportable Segment

The Company operates in only one business segment which is health insurance including personal accident and travel.

20.2. Geographical Segment

There are no reportable geographical segments since the Company provides services only to the customers in the Indian market and does not distinguish any reportable regions within India.

For and on Behalf of Board of Directors


Anand Roy
Managing Director & Chief Executive Officer




Nilesh Kambli
Chief Financial Officer


Ashwani Kumar Arora
Appointed Actuary

Place: Chennai

Date: 28th October 2025

