EXIDE LIFE INSURANCE COMPANY LIMITED

Balance Sheet
And
Auditors' Report
2019-20

Auditors:

K. P. Rao & Co.
Chartered Accountants
Poornima,
25, State Bank Road,
Bengaluru 560 001

R.G.N. Price & Co.
Chartered Accountants
No. 202," Prestige Nugget"
Infantry Road
Bengaluru 560 001

K. P. Rao & Co.
Chartered Accountants
Poornima,
25, State Bank Road,
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R.G.N. Price & Co.,
Chartered Accountants
No. 202,"Prestige Nugget"
Infantry Road
Bengaluru 560 001

20th May 2020

To,
The Board of Directors,
M/s. Exide Life Insurance Company Limited.

REPORT ON THE AUDIT OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS

We have audited the special purpose financial statements of Exide Life Insurance Company Limited, ('the Company'), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the special purpose financial statements, including a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared by the Management of the Company for the purpose of aiding the holding company to prepare Consolidated Financial Statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and loss, changes in equity and its cash flows for the year ended on that date.

BASIS OF OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the special purpose financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER

We draw attention to Note 56 of the special purpose financial statements which explains about impairment of investments in non-convertible debentures ('NCD') of Infrastructure Leasing and Financial Services Limited and IL&FS Financial Services Limited (together referred as ILFS group) and non-recognition of income against investment based on Management's assessment of probable loss as at March 31 2020. Our opinion is not modified in respect of this matter.

We draw attention to Note 53 of the special purpose financial statements which explains the uncertainties and the Management's assessment of the financial impact including valuation of assets, liabilities and solvency due to the lockdown and the other restrictions imposed by the Government and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon circumstances as they evolve in the subsequent period. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS ("KAM")

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the special purpose financial statements for the year ended 31st March 2020. These matters were addressed in the context of our audit of the special purpose financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters below to be KAM to be communicated in our report.

Description of KAM	How our Audit has addressed the KAM
Information Technology ("IT") Systems A significant part of the Company's financial processes is heavily reliant on IT systems with automated processes and controls over the capturing, valuing and recording of transactions etc. that are very complex in nature. Thus, there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Our audit approach relies on automated controls and therefore procedures are designed to test control over IT systems, segregation of duties, interface and system application controls over key financial accounting and reporting systems**.**	Our audit procedures include the following: i. Sample testing of key controls over IT systems having impact on financial accounting and reporting; ii. Assessed the IT system processes for effectiveness of some of the key controls with respect to financial accounting and reporting records by sample testing; and iii. Reviewed the report of independent information system auditors which has further confirmed the various system control measures adopted by the Company.
Investments The total Investment Portfolio of the Company as disclosed in Note 6 of the special purpose financial statements is Rs. 147,367,869	Our audit procedures include the following: i. Tested the design, implementation and operating effectiveness of key controls

Description of KAM	How our Audit has addressed the KAM
thousands. Such Investments are valued in accordance with Accounting Policy laid down in Note 2.19 of Significant Accounting Policies relating to valuation and impairment of investments. The Management determines whether objective evidence of impairment exists for these investments. Further, the prevailing COVID-19 situation, has caused economic stress in various sectors and there may be investments where the operations of the investee companies may be adversely impacted, resulting in a need for detailed impairment assessment in relation to such investments.	over the valuation process, including the Management's review and approval of the estimates and assumptions used for the valuation including key authorization and data input controls; ii. Evaluated the valuation methodology and assumptions used and performed independent price checks where readily observable data was available. For investments where there was little or less observable market data, assessed the reasonableness of the relevant valuation data; iii. Evaluated Management's assessment of impairment indicators (including assessment on consideration of COVID-19 disruptions) and tested the reasonableness of the impairment provisions.
Litigations and Provisions The Company is exposed to a variety of legal and tax risks, including claims under dispute pertaining to policy holders and pending litigation. As indicated in Note 2.14 – Provisions to the special purpose financial statements, these risks are covered by provisions in accordance to requirements of Ind AS 37 on Provisions and Contingencies. Significant contingent liabilities for these risks and litigations, the amount and timing of which cannot be reliably estimated, are described in "Note 27- Contingent Liabilities" to the special purpose financial statements. The identification of risks and litigations, the valuation of provisions for such risks and litigations constitute a key audit matter given the amounts involved, high degree of estimation and judgment required by the Management.	In order to get a sufficient understanding of litigation, contingent liabilities and related valuations, we reviewed the process of identification, qualification and valuation implemented by the Management for such provisions through various discussions with Company's legal and finance departments. The following audit steps were performed: i. Conducted a critical review of the internal analysis for the likelihood and potential impact of each risk, examining the available procedural elements (letters, claims, judgments, notifications, etc.). ii. Discussed with the legal department of the Company to confirm our understanding of risks and litigations and assessed the adequacy of the amount of provisions considered.

Description of KAM	**How our Audit has addressed the KAM**
	iii. Assessed the relevance and reliability of underlying data and calculations applied; iv. Compared amounts paid to previously recognized provisions to assess the quality of the Management estimates. v. Wherever applicable, relied upon legal opinion obtained by the Company or direct confirmation received from the consultants on the status of legal cases. vi. f. Exercised our professional judgment to assess, in particular, the positions held by Management within risk assessment ranges and the validity of the changes over time of such positions.

OTHER MATTER

The actuarial valuation of liabilities for life policies in-force and policies where premium is discontinued is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary") and has been duly certified by the Appointed Actuary. In his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") and the Institute of Actuaries of India in concurrence with the IRDAI. Accordingly, we have relied upon the Appointed Actuary's certificate for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in the special purpose financial statements of the Company. Our opinion is not modified in this respect.

FINANCIAL STATEMENTS PREPARED UNDER ANOTHER FINANCIAL REPORTING FRAMEWORK:

We have also issued our report of even date on the audit of the financial statements of the Company which comprise the Balance Sheet as at 31st March 2020, the Revenue Account(also called the " Policyholders' Account or the "Technical Account"), the Profit and Loss Account(also called the "Shareholders' Account or the "Non- Technical Account") and the Receipts and Payments Account for the year ended 31st March 2020, and a summary of significant accounting policies and other explanatory information. The aforesaid financial statement was prepared in accordance with the Insurance Act 1938 (amended by the Insurance

Laws (Amendment) Act, 2015) (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statement Regulation") and the Companies Act, 2013 (the "Act") to the extent applicable and in the manner so required .

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these special purpose financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act.

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

We also:

a. Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing an opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

d. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of audit of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

e. Evaluate the overall presentation, structure and contents of the special purpose financial statements including the disclosures, and whether the special purpose financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matter communicated with those charged with governance, we determine those matters that were of most significance in the audit of special purpose financial statements for the year ended 31st March 2020 and are therefore, the key audit matters. We describe these matters in the auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

RESTRICTION ON USE

The special purpose financial statements prepared under Companies (Indian Accounting Standards) Rules, 2015 and amended thereto and dealt with in this report, are for the purposes of submission to holding company for the purpose of preparing consolidated financial statements. The special purpose financial statements prepared under Companies (Indian Accounting Standards) Rules, 2015 and amended thereto is not expected to be used for other than the above stated purpose.

***For* K.P. Rao & Co.,**
Chartered Accountants
Firm Registration No: 003135S

Sd/-

Desmond J Rebello
Partner
Membership No: 015140
Place: Bengaluru
Date:- 20 May 2020
UDIN:

***For* R.G.N. Price & Co.,**
Chartered Accountants
Firm Registration No: 002785S

Sd/-

Sriraam Alevoor M
Partner
Membership No: 221354
Place: Bengaluru
Date:- 20 May 2020
UDIN:

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INDEPENDENT AUDITORS' REPORT ON SPECIAL PURPOSE FINANCIAL INFORMATION PREPARED FOR CONSOLIDATION PURPOSES

To B S R & Co. LLP

As requested in your instructions dated 21st April 2020, we have audited, for purposes of your audit of the consolidated financial statements of Exide Industries Limited, the accompanying special purpose financial information of Exide Life Insurance Company Limited ("the Company") as of 31 March 2020 and for the year then ended. This special purpose financial information has been prepared solely to enable Exide Industries Limited to prepare its consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE SPECIAL PURPOSE FINANCIAL INFORMATION

The Company's Management is responsible for the preparation of this special purpose financial information in accordance with policies and instructions contained in Exide Industries Limited's accounting policies and the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, and for such internal control as management determines is necessary to enable the preparation of special purpose financial information that is free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on this special purpose financial information based on our audit. We conducted our audit in accordance with Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial information is free from material misstatement. As requested by you, we planned and performed our audit using the materiality level specified in your instructions, which is different than the materiality level that we would have used had we been designing the audit to express an opinion on the special purpose financial information of the component alone.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose financial information in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the special purpose financial information.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The conclusions reached in forming our opinion are based on the component materiality level specified by you in the context of the audit of the consolidated financial statements of the group.

OPINION

In our opinion, the accompanying special purpose financial information for Exide Life Insurance Company Limited as of 31 March 2020 and for the year then ended has been prepared, in all material respects, in accordance with the policies and instructions contained in Exide Industries Limited's accounting policies.

EMPHASIS OF MATTER

We draw attention to Note 56 of the special purpose financial information which explains about impairment of investments in non-convertible debentures ('NCD') of Infrastructure Leasing and Financial Services Limited and IL&FS Financial Services Limited (together referred as ILFS group) and non-recognition of income against investment based on Management's assessment of probable loss as at 31 March 2020. Our opinion is not modified in respect of this matter.

We draw attention to Note 53 of the special purpose financial information which explains the uncertainties and the Management's assessment of the financial impact including valuation of assets, liabilities and solvency due to the lockdown and the other restrictions imposed by the Government and conditions related to the COVID-19 pandemic situation, for which a definitive assessment of the impact is highly dependent upon circumstances as they evolve in the subsequent period. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS ("KAM")

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the special purpose financial information for the year ended 31st March 2020. These matters were addressed in the context of our audit of the special purpose financial information as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters below to be KAM to be communicated in our report.

Description of KAM	**How our Audit has addressed the KAM**
Information Technology ("IT") Systems A significant part of the Company's financial processes is heavily reliant on IT systems with automated processes and controls over the capturing, valuing and recording of	Our audit procedures include the following: i. Sample testing of key controls over IT systems having impact on financial accounting and reporting;

Description of KAM	**How our Audit has addressed the KAM**
transactions etc. that are very complex in nature. Thus, there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. Our audit approach relies on automated controls and therefore procedures are designed to test control over IT systems, segregation of duties, interface and system application controls over key financial accounting and reporting systems.	ii. Assessed the IT system processes for effectiveness of some of the key controls with respect to financial accounting and reporting records by sample testing; and iii. Reviewed the report of independent information system auditors which has further confirmed the various system control measures adopted by the Company.
Investments The total Investment Portfolio of the Company as disclosed in Note 6 of the special purpose financial information is Rs. 147,367,869 thousands. Such Investments are valued in accordance with Accounting Policy laid down in Note 2.19 of Significant Accounting Policies relating to valuation and impairment of investments. The Management determines whether objective evidence of impairment exists for these investments. Further, the prevailing COVID-19 situation, has caused economic stress in various sectors and there may be investments where the operations of the investee companies may be adversely impacted, resulting in a need for detailed impairment assessment in relation to such investments.	Our audit procedures include the following: i. Tested the design, implementation and operating effectiveness of key controls over the valuation process, including the Management's review and approval of the estimates and assumptions used for the valuation including key authorization and data input controls; ii. Evaluated the valuation methodology and assumptions used and performed independent price checks where readily observable data was available. For investments where there was little or less observable market data, assessed the reasonableness of the relevant valuation data; iii. Evaluated Management's assessment of impairment indicators (including assessment on consideration of COVID-19 disruptions) and tested the reasonableness of the impairment provisions.
Litigations and Provisions The Company is exposed to a variety of legal and tax risks, including claims under dispute pertaining to policy holders and pending litigation. As indicated in Note 2.14 – Provisions to the special purpose financial information, these risks are covered by	In order to get a sufficient understanding of litigation, contingent liabilities and related valuations, we reviewed the process of identification, qualification and valuation implemented by the Management for such provisions through various discussions with Company's legal and finance departments.

Description of KAM	How our Audit has addressed the KAM
provisions in accordance to requirements of Ind AS 37 on Provisions and Contingencies. Significant contingent liabilities for these risks and litigations, the amount and timing of which cannot be reliably estimated, are described in "Note 27- Contingent Liabilities" to the special purpose financial information. The identification of risks and litigations, the valuation of provisions for such risks and litigations constitute a key audit matter given the amounts involved, high degree of estimation and judgment required by the Management.	The following audit steps were performed: i. Conducted a critical review of the internal analysis for the likelihood and potential impact of each risk, examining the available procedural elements (letters, claims, judgments, notifications, etc.). ii. Discussed with the legal department of the Company to confirm our understanding of risks and litigations and assessed the adequacy of the amount of provisions considered. iii. Assessed the relevance and reliability of underlying data and calculations applied; iv. Compared amounts paid to previously recognized provisions to assess the quality of the Management estimates. v. Wherever applicable, relied upon legal opinion obtained by the Company or direct confirmation received from the consultants on the status of legal cases. vi. f. Exercised our professional judgment to assess, in particular, the positions held by Management within risk assessment ranges and the validity of the changes over time of such positions.

OTHER MATTER

The actuarial valuation of liabilities for life policies in-force and policies where premium is discontinued is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary") and has been duly certified by the Appointed Actuary. In his opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") and the Institute of Actuaries of India in concurrence with the IRDAI. Accordingly, we have relied upon the Appointed Actuary's certificate for forming our opinion on the valuation of liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists in the special purpose financial information of the Company. Our opinion is not modified in this respect.

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FINANCIAL STATEMENTS PREPARED UNDER ANOTHER FINANCIAL REPORTING FRAMEWORK:

We have also issued our report of even date on the audit of the financial statements of the Company which comprise the Balance Sheet as at 31st March 2020, the Revenue Account(also called the " Policyholders' Account or the "Technical Account"), the Profit and Loss Account(also called the "Shareholders' Account or the "Non- Technical Account") and the Receipts and Payments Account for the year ended 31st March 2020, and a summary of significant accounting policies and other explanatory information. The aforesaid financial statement was prepared in accordance with the Insurance Act 1938 (amended by the Insurance Laws (Amendment) Act, 2015) (the "Insurance Act"), the Insurance Regulatory and Development Authority Act, 1999 (the "IRDA Act"), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the "IRDA Financial Statement Regulation") and the Companies Act, 2013 (the "Act") to the extent applicable and in the manner so required .

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. We also report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) As the Company's financial accounting system is centralized, no returns for the purposes of our audit are prepared at the branches and other offices of the Company.
   d) The special purpose financial information dealt with by this Report are in agreement with the books of account.
   e) In our opinion, the aforesaid special purpose financial information comply with the Ind AS specified under section 133 of the Act read with Exide Industries Limited's accounting policies.
   f) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Companies Act, 2013.
   g) With respect to the adequacy of the internal financial controls with reference to special purpose financial information of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A"
   h) In our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has disclosed the impact of pending litigations on its financial position in its special purpose financial information - Refer Note 27 to the special purpose financial information;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
iv. The remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act and Section 34A of the Insurance Act, as amended from time to time. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

RESTRICTION ON USE AND DISTRIBUTION

This special purpose financial information has been prepared for purposes of providing information to Exide Industries Limited to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of Exide Life Insurance Company Limited in accordance with Ind AS and is not intended to give a true and fair view of the financial position of Exide Life Insurance Company Limited as of 31 March 2020, and of its financial performance, and its cash flows for the year then ended in accordance with Ind AS. The special purpose financial information may, therefore, not be suitable for another purpose.

This report is intended solely for B S R & Co. LLP and should not be used by (or distributed to) other parties.

***For* K.P. Rao & Co.,**
Chartered Accountants
Firm Registration No: 003135S
Sd/-

Desmond J Rebello
Partner
Membership No: 015140
Place: Bengaluru
Date:-

***For* R.G.N. Price & Co.,**
Chartered Accountants
Firm Registration No: 002785S
Sd/-

Sriraam Alevoor M
Partner
Membership No: 221354
Place: Bengaluru
Date:-

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ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT ON SPECIAL PURPOSE FINANCIAL INFORMATION PREPARED FOR CONSOLIDATION PURPOSES

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE SPECIAL PURPOSE FINANCIAL INFORMATION
(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

As requested in your instructions dated 21st April 2020, we have audited, for purposes of your audit of the consolidated financial statements of Exide Industries Limited, the internal financial controls with reference to the special purpose financial information of Exide Life Insurance Company Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the special purpose financial information of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to special purpose financial information criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

AUDITORS' RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO SPECIAL PURPOSE FINANCIAL INFORMATION

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO SPECIAL PURPOSE FINANCIAL INFORMATION

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

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OPINION

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to special purpose financial information and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to special purpose financial information criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

OTHER MATTERS

As stated in the 'Other matter' paragraph of the Independent Auditor's Report on the special purpose financial information of the Company prepared for consolidation purposes, the actuarial valuation of liabilities for the life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31st March 2020, is the responsibility of the Company's Appointed Actuary, (the "Appointed Actuary").

The actuarial valuation of these liabilities for life policies in force and for policies in respect of which premium has been discontinued but liability exists as at 31st March, 2020, has been duly certified by the Appointed Actuary and in his opinion, the assumptions for such valuation are in accordance with the Authority.

We have relied upon Appointed Actuary's Certificate in this regard for forming our opinion on the special purpose financial information on the Company.

Accordingly, our opinion on the internal financial controls with reference to the special purpose financial information does not include reporting on the operating effectiveness of the Management's internal controls over the valuation and accuracy of liabilities for life policies certified by the Appointed Actuary and the same has been relied upon by us.
Our opinion is not modified in respect of this matter.

K. P. Rao & Co.
Chartered Accountants
Poornima,
25, State Bank Road,
Bengaluru 560 001

R.G.N. Price & Co.,
Chartered Accountants
No. 202,"Prestige Nugget"
Infantry Road
Bengaluru 560 001

RESTRICTION ON USE AND DISTRIBUTION

This report is intended solely for B S R & Co. LLP and should not be used by (or distributed to) other parties.

***For* K.P. Rao & Co.,**
Chartered Accountants
Firm Registration No: 003135S

Sd/-

Desmond J Rebello
Partner
Membership No: 015140
Place: Bengaluru
Date:- 20 May 2020

***For* R.G.N. Price & Co.,**
Chartered Accountants
Firm Registration No: 002785S

Sd/-

Sriraam Alevoor M
Partner
Membership No: 221354
Place: Bengaluru
Date:- 20 May 2020

Exide Life Insurance Company Limited
(IRDAI Registration No: 114; Date of registration: 2 August 2001)
Balance Sheet as at 31 March 2020

₹000

Particulars	Note No.	31 March 2020	31 March 2019
ASSETS			
1) Non-current assets			
a) Property, Plant and Equipment	3	271,159	274,351
b) Capital work-in-progress	3	5,240	8,359
c) Right-of-use asset	4	883,995	-
d) Other intangible assets	5	88,951	94,185
e) Intangible assets under development	5	12,168	5,034
f) Reinsurance asset	7	1,389,576	824,024
g) Financial assets			
i) Investments	6	147,367,869	131,625,377
ii) Loans	8	185,607	189,384
h) Non-current tax assets (net)		23,000	21,735
i) Deferred tax asset		89,627	96,072
j) Other non-current assets	12	652,942	486,985
		150,970,133	**133,625,506**
2) Current assets			
a) Financial assets			
i) Investments	6	9,182,199	8,484,706
ii) Loans	8	32,302	16,290
iii) Trade receivables	9	1,970,003	1,102,535
iv) Cash and cash equivalents	10	1,587,428	2,206,538
v) Bank balances other than (iv) above	10A	3,500	253,500
vi) Other financial assets	11	3,488,710	3,294,580
b) Other current assets	12	650,094	888,572
		16,914,236	**16,246,720**
Total assets		**167,884,369**	**149,872,227**
EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	13	18,500,000	18,500,000
b) Other Equity			
i) Reserves and surplus	14	(8,542,395)	(8,444,161)
ii) Other reserves	14	2,554,000	1,520,284
Total Equity		**12,511,605**	**11,576,123**
Liabilities			
1) Non-current liabilities			
a) Financial liabilities			
i) Other financial liabilities	18	702,761	4,749
b) Insurance contract liabilities	16	129,078,707	113,230,237
c) Investment contract liabilities	16A	8,854,529	10,736,819
d) Provisions	15	40,596	66,638
e) Other non-current liabilities			
i) Fund for discontinued policies (Linked and Non-Linked)		1,635,246	1,326,673
ii) Fund for future appropriation (Linked and Non-Linked)		3,410,880	1,415,034
		143,722,719	**126,780,151**
2) Current liabilities			
a) Financial liabilities			
i) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	17	1,309	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	17	3,342,007	2,900,449
ii) Other financial liabilities	18	794,606	663,850
b) Insurance contract liabilities	16	6,053,940	7,411,706
c) Investment contract liabilities	16A	1,045,702	32
d) Provisions	15	55,270	16,485
e) Other current liabilities	19	357,211	523,431
		11,650,044	**11,515,953**
Total Equity and Liabilities		**167,884,369**	**149,872,227**
I **Summary of significant accounting policies**	2		

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For **K.P. Rao & Co**
Chartered Accountants
Firm Registration Number : 003135S

Sd/-

Desmond J. Rebello
Partner
Membership No: 015140
Place: Mumbai/Bengaluru
Date: 20 May 2020

Sd/-
For **R.G.N. Price & Co**
Chartered Accountants
Firm Registration Number :002785S

Sd/-

Sriraam Alevoor M
Partner
Membership No: 221354
Place: Mumbai/Bengaluru
Date: 20 May 2020

For and on behalf of the Board of Directors

Sd/-

Kshitij Jain
Managing Director & CEO
DIN: 00237135

Sd/-

C Anil Kumar
Chief Financial Officer

Exide Life Insurance Company Limited
(IRDAI Registration No: 114; Date of registration: 2 August 2001)
Statement of Profit and Loss for the year ended 31 March 2020

₹000

Particulars	Notes	31 March 2020	31 March 2019
Income			
Revenue from operations	20	39,959,164	37,888,089
Other income	21	70,977	79,235
Total income		**40,030,141**	**37,967,324**
Expenses			
Benefits and claims paid	22	12,484,695	10,251,962
Change in valuation of liability in respect of life insurance policies in force	23	16,228,414	17,345,644
Employee benefit expenses	24	3,645,911	3,092,540
Depreciation and amortisation expenses	3	414,087	157,816
Impairment loss on financial assets	56	279,750	152,337
Other expenses	25	6,256,819	6,103,322
Finance cost	26	802,556	948,899
Total expenses		**40,112,232**	**38,052,521**
Profit/ (loss) before tax		**(82,091)**	**(85,197)**
Tax expense			
Current tax	29	-	-
Deferred tax	29	6,446	(29,532)
Total tax expense		6,446	(29,532)
Profit/ (loss) for the year		**(88,537)**	**(55,665)**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
a) Remeasurement gains and losses on defined benefit plans		(9,699)	4,284
b) Net gain on derecognition of equity instruments measured at fair value through other comprehensive income		178,383	281,014
c) Unrealized fair value changes in equity securities		(1,120,272)	136,705
d) Income tax relating to items that will not be reclassified to profit or loss		-	-
(ii) Items that will be reclassified to profit or loss			
a) Change in fair valuation of debt securities (net)		1,975,605	387,710
d) Income tax relating to items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year		**1,024,017**	**809,713**
Total comprehensive income for the year		**935,480**	**754,048**
Earnings per equity share [nominal value of share ₹ 10 (Previous year: ₹ 10]			
Basic and diluted in INR	43	(0.05)	(0.03)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For **K.P. Rao & Co**
Chartered Accountants
Firm Registration Number : 003135S

Sd/-

Desmond J. Rebello
Partner
Membership No: 015140
Place: Mumbai/Bengaluru
Date: 20 May 2020

Sd/-

For **R.G.N. Price & Co**
Chartered Accountants
Firm Registration Number :002785S

Sd/-

Sriraam Alevoor M
Partner
Membership No: 221354
Place: Mumbai/Bengaluru
Date: 20 May 2020

For and on behalf of the Board of Directors

Sd/-

Kshitij Jain
Managing Director & CEO
DIN: 00237135

Sd/-

C Anil Kumar
Chief Financial Officer

Exide Life Insurance Company Limited
(IRDAI Registration No: 114; Date of registration: 2 August 2001)
Statement of Changes in Equity for the year ended 31 March 2020

₹000

A. Equity Share Capital	**31 March 2020**		**31 March 2019**	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Balance at the beginning of the year	1,850,000,000	18,500,000	1,750,000,000	17,500,000
Changes in equity share capital during the year	-	-	100,000,000	1,000,000
Balance at the end of the year	**1,850,000,000**	**18,500,000**	**1,850,000,000**	**18,500,000**

B. Other Equity ***₹000***

Particulars	**Reserves and Surplus**		**Items of Other comprehensive income**		**Total**
	Other Reserves	**Retained Earnings**	**Debt instruments through Other Comprehensive Income**	**Equity Instruments through Other Comprehensive Income**	
Balance at 1 April 2018	**-**	**(8,392,777)**	**(235,892)**	**951,747**	**(7,676,922)**
Profit/ (Loss) for the year	-	(55,665)	-	-	(55,665)
Transaction expenses on issue of shares	(1,001)	-	-	-	(1,001)
Other comprehensive income for the year	-	4,284	387,710	417,719	809,713
Balance at 31 March 2019	**(1,001)**	**(8,444,159)**	**151,818**	**1,369,466**	**(6,923,875)**
Profit/ (Loss) for the year	-	(88,537)	-	-	(88,537)
Other comprehensive income for the year	-	(9,699)	1,975,605	(941,889)	1,024,017
Balance at 31 March 2020	**(1,001)**	**(8,542,395)**	**2,127,423**	**427,577**	**(5,988,395)**

Sd/-

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For **K.P. Rao & Co**
Chartered Accountants
Firm Registration Number : 003135S

Sd/-

Desmond J. Rebello
Partner
Membership No: 015140
Place: Mumbai/Bengaluru
Date: 20 May 2020

Sd/-

For **R.G.N. Price & Co**
Firm Registration Number :002785S
Chartered Accountants

Sd/-

Sriraam Alevoor M
Partner
Membership No: 221354
Place: Mumbai/Bengaluru
Date: 20 May 2020

For and on behalf of the Board of Directors

Sd/-

Kshitij Jain
Managing Director & CEO
DIN: 00237135

Sd/-

C Anil Kumar
Chief Financial Officer

Exide Life Insurance Company Limited
(IRDAI Registration No: 114; Date of registration: 2 August 2001)
Cash Flow Statement for the year ended 31 March 2020

₹000

Particulars	31 March 2020	31 March 2019
A) Cash flow from Operating activities		
Profit/ (Loss) before tax	(82,091)	(85,197)
Adjustments for expenses -		
Depreciation/ amortisation	414,087	157,816
Net gain on sale of property, plant & equipment	(265)	(577)
Dividend income	(193,635)	(190,965)
Interest income	(9,687,859)	(8,420,363)
Gain/ (loss) on revaluation/ change in fair value	2,904,909	(842,104)
Net gain on sale of investments	(2,145,687)	(858,799)
Net decrease in income on account of fair valuation	(350,051)	(270,648)
Change in valuation of liability against life policies	16,228,414	17,345,644
	7,087,822	**6,834,807**
Changes in operating assets & liabilities		
Decrease/(Increase) in trade receivable	(867,469)	(136,847)
Decrease/(Increase) in other assets	38,685	(341,275)
Decrease/(Increase) in other financial assets	(112,020)	461,884
Decrease/(Increase) in loans and advances	(12,234)	(5,450)
Increase/(Decrease) in other current liabilities	(166,220)	95,330
Increase/(Decrease) in other financial liabilities	(97,815)	(220,460)
Increase/(Decrease) in trade payables	861,174	251,585
Increase/(Decrease) in provisions	12,743	(31,999)
Net cash provided by operating activities before taxes	**6,744,666**	**6,907,575**
Income tax paid	(1,264)	(6,252)
Net cash provided by operating activities	**6,743,401**	**6,901,324**
B) Cash flow from Investing activities		
Purchase of property, plant & equipment	(141,780)	(128,546)
Proceeds of property, plant & equipment	265	645
Purchase of investments	(69,626,290)	(61,282,327)
Proceeds of investments	53,758,244	47,077,077
Investment in money market instruments and in liquid mutual fund (net)	(420,822)	(717,375)
Loan against policies	(857,154)	(867,818)
Interest / dividends received	9,971,654	8,382,562
Net cash provided by investing activities	**(7,315,883)**	**(7,535,783)**
C) Cash flow from Financing activities		
Proceeds from issuance of share capital	-	1,000,000
Repayment of lease liability	(304,800)	-
Net cash provided by financing activities	**(304,800)**	**1,000,000**
Net increase in cash and cash equivalents	(877,282)	365,541
Cash and cash equivalents at the beginning of the year	2,471,298	2,105,757
Cash and cash equivalents at the end of the year	**1,594,016**	**2,471,298**
Cash on hand	22,287	141,272
Cheques on hand	99,561	448,849
Balance with banks- on current accounts	105,580	766,416
Balance with banks- in term deposit	1,360,000	850,000
Bank balances included in net current assets of assets held to cover linked	3,088	11,261
Bank balances other than above	3,500	253,500
	1,594,016	**2,471,298**

Exide Life Insurance Company Limited
(IRDAI Registration No: 114; Date of registration: 2 August 2001)
Cash Flow Statement for the year ended 31 March 2020

₹000

Reconciliation of cash and cash equivalents as per the cash flow statement

Particulars	31 March 2020	31 March 2019
As per Cash flow statement : Cash & cash equivalents	**1,594,016**	**2,471,298**
Presentation of Cash & bank balance in balance sheet		
Note 10: Cash and cash equivalents		
Balance with banks in current accounts	105,580	766,416
Balance with banks in term deposits	1,360,000	850,000
Cash on hand (including cheques, drafts and stamps)	121,848	590,121
	1,587,428	**2,206,538**
Note 10A: Bank balances		
Balance with banks other than above	3,500	253,500
Note 6: Assets held to cover linked liabilities		
Net current assets		
Bank balances	3,088	11,261
Total cash and bank balance	**1,594,016**	**2,471,298**

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For **K.P. Rao & Co**
Chartered Accountants
Firm Registration Number : 003135S

Sd/-

Desmond J. Rebello
Partner
Membership No: 015140
Place: Mumbai/Bengaluru
Date: 20 May 2020

For **R.G.N. Price & Co**
Chartered Accountants
Firm Registration Number :002785S

Sd/-

Sriraam Alevoor M
Partner
Membership No: 221354
Place: Mumbai/Bengaluru
Date: 20 May 2020

For and on behalf of the Board of Directors

Sd/-

Kshitij Jain
Managing Director & CEO
DIN: 00237135

Sd/-

C Anil Kumar
Chief Financial Officer

1.1 Corporate information

Exide Life Insurance Company Limited ('the Company') was incorporated as a Private Limited Company in India on 13 December, 2000 to carry on the business of life insurance and annuity. The Company has obtained a license from Insurance Regulatory and Development Authority of India ('IRDAI') dated 2 August, 2001 for carrying on the business of life insurance and annuity and has commenced its operating activities thereafter. The Company converted into a Public Limited Company on 2 February, 2007 after obtaining all the necessary approvals.

On 22 March 2013, post the IRDAI approval, Exide Industries Limited acquired the entire stake of ING Insurance International B.V. and other strategic investors (50% of paid up share capital in aggregate). With this acquisition, Exide Industries Limited ("EIL") owns 100% of the paid up share capital of the Company.

Subsequently, the name of the Company was changed to Exide Life Insurance Company Limited w.e.f. 29 April, 2014.

The Company offers a range of life insurance products to the customers through various distribution channels including individual agents, corporate agents, banks, etc. These products include whole life, endowment, money back, unit linked, pension, annuity and term policies etc. with the option of purchasing additional riders with the basic policy.

1.2 Basis of preparation

The special purpose financial statements for the year ended 31 March 2020 comprises of the Balance sheet including Statement of profit and loss, Statement of changes in equity, Cash flow statement and notes to accounts.

The special purpose financial statements of the Company have been prepared in accordance with measurement and recognition principles of Indian Accounting Standards ("Ind-AS") as issued by the Ministry of Corporate Affairs ("MCA"), to the extent applicable, and in accordance with the provisions of the Insurance Regulatory and Development Authority of India (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulation, 2002, provisions of the Insurance Act, 1938, Insurance Regulatory and Development Authority Act 1999, various circulars issued by IRDAI and the practices prevailing within the Insurance Industry in India.

These are the Company's annual special purpose financial statements for the limited purpose of preparation of consolidated financial statements by Exide Industries Limited, the Holding Company. For the purposes of statutory reporting, the Company is currently complying with the accounting framework as prescribed by the IRDAI.

1.3 Use of estimates and judgement

The preparation of special purpose financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the special purpose financial statements is included in the following notes:

i. **Income taxes:** Significant judgements are involved in determining provision for income taxes, including the amount to be paid or recovered in connection with uncertain tax positions.

ii. **Measurement of defined benefit obligations:** The cost of the defined benefit obligations with respect to employee benefits are based on actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. All assumptions are reviewed on a periodic basis.

iii. **Fair valuation of financial instruments:** The Company determines the fair value of financial instruments that are not traded in an active market using valuation techniques. The Company uses its judgement to select a particular valuation method and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

iv. **Impairment of financial assets:** The Company assesses on a forward looking basis the expected credit losses associated with financial assets carried at amortised cost.

v. **Property, plant and equipment and Intangible assets:** The useful lives of property, plant and equipment and intangible assets are determined by the management at the time the asset is acquired and reviewed periodically.

vi. **Contingent liabilities:** Legal proceedings covering a range of matters are pending against the Company. Due to the uncertainty inherent in such matters, it is often difficult to predict the final outcome. The cases and claims against the Company often raise factual and legal issues that are subject to uncertainties and complexities including the facts and circumstances of each particular case /claim, the jurisdiction and the differences in applicable law. The Company consults with legal counsels and other experts on the matters related to specific litigations where considered necessary. The Company accrues a liability when it is determined that an adverse outcome is probable, and the amount of the loss can be reasonably estimated. In the event an adverse outcome is possible, or an estimate is not determinable, the matter is disclosed as a contingent liability.

As permitted by the Ind AS 104 Insurance Contracts, the Company continues to apply the existing accounting policies that were applied prior to the adoption of Ind AS, with certain modifications allowed by the standard subsequent to adoption for its insurance contracts and investment contracts with a discretionary participation feature (DPF).

1.4 Functional and presentation currency

These special purpose financial statements are presented in Indian Rupees, which is the Company’s functional currency. All amounts have been denominated in thousands.

2. Significant accounting policies

2.1 Product classification

Insurance and investment contracts are classified as being either with or without DPF. DPF is a contractual right to receive, as a supplement to guaranteed benefits, additional benefits that meet the following conditions:

- Likely to be a significant portion of the total contractual benefits

- The amount or timing of which is contractually at the discretion of the issuer

That are contractually based on:

- The performance of a specified pool of contracts or a specified type of contract

- Realized and/or unrealized investment returns on a specified pool of assets held by the issuer

- The profit or loss of the Company, fund or other entity that issues the contract

2.2 Life insurance contract liabilities

Life insurance liabilities are recognized when contracts are entered into and premiums are charged. These liabilities are measured using the gross premium method. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected premiums that would be required to meet the future cash outflows based on the actuarial valuation assumptions used.

2.3 Investment contract liabilities

Investment contracts are classified between contracts with and without DPF. The accounting policies for investment contract liabilities with DPF are the same as those for life insurance contract liabilities. Investment contract liabilities without DPF are recognized when contracts are entered into and premiums are charged. These liabilities are initially recognized at fair value, this being the transaction price excluding any transaction costs directly attributable to the issue of the contract. Subsequent to initial recognition, the investment contract liabilities are measured at fair value through profit or loss.

Deposits and withdrawals are recorded directly as an adjustment to the liability in the Balance sheet and are not recognized as gross premium in the Statement of profit and loss.

Fair values are determined at each reporting date and fair value adjustments are recognized in the Statement of profit and loss in “Gross change in contract liabilities.

Non-unitized contracts are subsequently also carried at fair value. The liability is derecognized when the contract expires, discharged or cancelled. For a contract that can be cancelled by the policyholder, the fair value of the contract cannot be less than the surrender value.

When contracts contain both a financial risk component and a significant insurance risk component and the cash flows from the two components are distinct and can be measured reliably, the underlying amounts are unbundled. Any premiums relating to the insurance risk component are accounted for on the same basis as insurance contracts and the remaining element is accounted for as a deposit through the Balance sheet as described above.

2.4 Reinsurance assets

Reinsurance assets represent amounts recoverable from reinsurers, estimated in a manner consistent with the outstanding claims provision or settled claims associated with the reinsurer's policies and are in accordance with the related reinsurance contract.

Reinsurance assets are reviewed for impairment at each reporting date, or more frequently, when an indication of impairment arises during the reporting period.

2.5 Liability adequacy test

The Company performs adequacy testing on its insurance liabilities to ensure that the carrying amounts (net of related deferred acquisition costs) and, where relevant, present value of acquired in-force business is sufficient to cover current estimates of future cash flows. Any deficiency is immediately charged to the Statement of profit and loss.

2.6 Revenue recognition

i. Premium Income

Premium for non-linked policies is recognized as income when due. Premium on lapsed policies is recognized as income when such policies are reinstated.

Products having regular premium paying plans with limited premium payment term and/or pre-determined policy term are treated as regular business with due classification of premium into first year and renewal. Premium income on products other than aforesaid is classified as single premium.

Top up premiums paid by unit linked Policyholders' are considered as single premium and recognized as income when the associated units are created.

Premium income pertaining to investment contracts are accounted as investment liabilities.

ii. Investment contract fee

Investment contract policyholders are charged fees for policy administration, investment management, surrenders or other contract services. The fees may be for fixed amounts or vary with the amounts being managed, and will generally be charged as an adjustment to the policyholder's balance. Fees related to investment management services are recognised as revenue over time, as performance obligations are satisfied. In most cases this revenue is recognised in the same period in which the fees are charged to the policyholder.

Fees that are related to services to be provided in future periods are deferred and recognised when the performance obligation is fulfilled. Variable consideration, such as performance fees and commission subject to claw back arrangements, is not recognised as revenue until it is reasonably certain that no significant reversal of amounts recognised would occur. Initiation and other 'front-end' fees (fees that are assessed against the policyholder balance as consideration for origination of the contract) are charged on some non-participating investment and investment fund management contracts.

Where the investment contract is recorded at amortised cost, these fees are deferred and recognised over the expected term of the policy by an adjustment to the effective yield. Where the investment contract is measured at fair value, the front-end fees that relate to the provision of investment management services are deferred and recognised as the services are provided.

iii. Income from investments

Interest/dividend income on investments is recognized on accrual basis. Amortization of discount/ premium relating to debt securities is recognized over the remaining maturity period on effective interest basis.

Dividend income is recognized when the right to receive dividend is established. Bonus entitlements are recognized as investments on the 'ex- bonus date'.

iv. Reinsurance Premium

Cost of reinsurance ceded is accounted at the time of recognition of premium income in accordance with the treaty or in principle arrangement/agreement with the reinsurers.

v. Income from linked policies

For linked business, premium income is recognized as income when the associated units are created. Income from unit linked funds which include policy administration charges, mortality charges, etc. and are recovered in accordance with terms and conditions of policy and is recognized when due. Fund management charges are adjusted in the unit price computed on each business date.

vi. Interest on policy loans

Interest on loans against policies is recognized on effective interest basis.

vii. Amortization of premium /discount on securities Income/Cost

Premium or discount on acquisition, as the case may be, in respect of debt securities /fixed income securities, pertaining to non-linked investments is amortized on effective interest rate basis over the expected life of the financial instrument.

viii. Realized Gain/ (Loss) on Debt Securities for Linked Business

Realized gain/(loss) on debt securities for linked business is the difference between the sale consideration net of expenses and the carrying value, which is computed on weighted average basis, as on the date of sale.

ix. Realized Gain/ (Loss) on Debt Securities for Non-Linked Business

Realized gain/(loss) on debt securities for other than linked business is the difference between the sale consideration net of expenses and the amortized cost, which is computed on a weighted average basis, as on the date of sale.

x. Realized Gain/ (Loss) on sale of Equity Shares/ Equity ETF/ Mutual Fund

Realized gain/ (Loss) on sale of equity shares/ equity ETF/ mutual fund units is the difference between the sale consideration net of expenses and the carrying value computed on weighted average basis as on the date of sale (mutual fund sale considerations would be based on the latest available NAV).

xi. Unrealized Gain/ (Loss) for Linked Business

Unrealized gains and losses for Linked Business are recognized in the Statement of profit and loss.

xii. Fees and Charges

Fees and charges including policy reinstatement fee (if any) are recognised as follows:

a) relating to Insurance contracts - on receipt basis

b) relating to Investment contracts - over time, as the services are provided.

Initial and other front-end fees received for rendering future investment management services relating to investment contracts without DPF, are deferred and recognised as revenue when the related services are rendered.

2.7 Taxation

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Provision for income tax is made in accordance with the provisions of Section 44 of the Income Tax Act, 1961 read with Rules contained in First Schedule and other relevant provisions of the Income Tax Act, 1961 as applicable to a company carrying on the life insurance business.

Deferred tax

Deferred tax is provided using the Balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside Statement of profit and loss is recognized outside Statement of profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Goods and Service Tax (GST)

The unutilized input credit, if any, is carried forward under ‘Other Assets’. At each Balance sheet date, the Company assesses the unutilized input Credit for set off in future periods. A provision, if required, is created based on estimated realization of such unutilized input credit.

2.8 Property, plant and equipment

Property, plant and equipment (PPE) 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, if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

Depreciation on PPE is provided using the straight-line method prorated from the date of capitalization/up to the date of sale based on the economic useful lives of assets as estimate by the management, which are equal to or less than those prescribed in the Schedule II to the Companies Act, 2013. Management’s estimates of the economic useful lives of the various PPE are as follows:-

Asset head	**Estimated useful life**
Information technology assets:	
- Personal computers	3 years
- Mainframe/mini computers(1)	4 years
- Peripheral equipment, local area network(1)	5 years
Furniture and fittings(1)	5 years

Office equipment	5 years
Mobile phones(1)	2 years
Vehicles(1)	4 years
Leasehold improvements	Period of lease/useful life, not exceeding 10 years

(1) Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of profit and loss when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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

2.9 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 amortization and accumulated impairment losses.

The Company has intangible assets with finite useful lives as follows:-

Asset head	**Estimated useful life**
Intangibles(application software)	Period of license/estimated useful life

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization 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 amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the Statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of profit and loss when the asset is derecognized.

2.10 Benefits paid (including claims)

Benefits paid comprise policy benefit amount and bonus declared to policyholders. Death & surrender claims are accounted for on receipt of intimation based on the terms of policy. Maturity benefits, survival benefits and declared bonuses are accounted for on the respective due dates. Withdrawals and benefits under linked policies are accounted in the respective schemes when the associated units are cancelled.

Repudiated claims disputed before judicial authorities are provided for based on management prudence and considering the fact and evidences available in respect of such claims. Reinsurance recoveries on claims are accounted for, in the same period as the related claims.

Amounts paid under investment contracts other than those with a discretionary participating feature are recorded as reductions of the investment contract liabilities. Amounts received under investment contracts, are not recorded through Statement of profit and loss, except for fee income and investment income attributable to those contracts, but are accounted for directly through the Balance sheet as an adjustment to investment contract liabilities.

2.11 Acquisition & maintenance costs

Acquisition and maintenance costs are costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts. Such costs are expensed in the year in which they are incurred.

2.12 Leases

The Company recognizes a right-of-use asset and a lease liability 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 cost incurred and an estimation 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 using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use-asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is change in future lease payments arising from a change in an index or rate, if there is change in the Company estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use-asset, or is recorded in the statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and liabilities for short-term asset leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Under Ind AS 17

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risk and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the statement of financial position. Payments made under operating leases were recognized in the statement of profit and loss on a straight line basis over the term of the lease. Lease incentive received were recognized as an integral part of the total lease expense, over the term of the lease.

2.13 Impairment of 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 units' (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. 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.

2.14 Provisions

Provisions are recognized 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.15 Liability for Life Policies

The estimation of liability for life policies is determined by the Appointed Actuary in accordance with accepted actuarial practice, requirements of Insurance Act 1938, amended by the Insurance Laws (Amendment) Act, 2015, IRDAI regulations and the actuarial practice standards issued by The Institute of Actuaries of India.

The valuation exercise is done to protect the interests of the existing policyholders. For policies with profit, the reasonable expectations of policyholders (PRE) are also considered. The reserves should be adequate to provide for all the policyholders benefits in various future scenarios. Adequate use of Margin for Adverse Deviation (MAD) is made to ensure that policyholders' benefits are protected even in some plausible adverse scenarios.

Actuarial liability for life policies in force and for policies in respect of which premium has been discontinued but a liability exists, is determined using the gross premium method and in case of group business (except for Credit Life Business and Reverse Mortgage Loan Enabled Annuity where gross premium method is used), the actuarial liabilities have been calculated on the basis of Unearned Premium Reserve method. Linked liabilities comprise unit liability representing the fund value of policies and non-unit liability for meeting insurance claims, expenses etc. The main governing guidelines considered for valuation are Insurance Act 1938, IRDA Act 1999, IRDAI (Actuarial Report & Abstract) Regulations 2016, IRDAI (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations 2016, Actuarial Practice Standards and Guidance notes issued by Institute of Actuaries of India, Circulars issued by IRDAI from time to time.

2.16 Loans against policies

Loans against policies are valued at the aggregate of book values (net of repayments) plus capitalized interest and are subject to impairment, if any. Loans are classified as short term in case the maturity is less than 12 months. Loans other than short term are classified as long term.

2.17 Transfer of investments between Shareholders and Policyholders

Transfer of investments from Shareholders' fund to the Policyholders' fund to meet the deficit in the Policyholders' account is made at amortized / book cost or market price, whichever is lower. The transfer of investments between unit linked funds is done at the prevailing market price.

Any contribution made by the shareholder to the policyholders' account is irreversible in nature and shall not be recouped to the shareholders at any point of time in future.

No transfer of investments is carried out between non-linked Policyholders' funds.

2.18 Employee benefits

Employee benefits comprise both defined contribution & defined benefit plans.

Short term benefits

All employee benefits payable within 12 months of rendering the service are classified as Short term employee benefits. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by the employees.

Long term employment benefits

Defined Contribution Plan

Provident Fund: Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

National Pension Scheme: The Company makes contribution to the National Pension Scheme for certain employees, which is managed and administered by Pension Fund Management Company licensed by the Pension Fund Regulatory and Development Authority (PFRDA). Contribution made to national pension scheme is charged to the Statement of profit and loss.

Defined Benefit Plan

Gratuity: The Company is required to pay gratuity to the eligible employees under the Payment of Gratuity Act, 1972. The liability is determined by an independent actuary at each Balance sheet date using projected unit cost method and gains / losses arising due to actuarial valuation are charged to other comprehensive income.

The Company contributes towards its liability to Exide Life Insurance Employees Group Gratuity Cum Life Assurance Scheme (Trust). The Company recognizes the net obligation of the scheme in the Balance Sheet as an asset or liability.

Compensated absences

The Company's liability towards leave compensated absences is accounted for on the basis of an actuarial valuation at each Balance sheet date carried out by an independent actuary and the actuarial gains/ losses are charged to the Statement of profit and loss.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Statement of profit and loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

ii. Net interest expense or income

The current and non-current bifurcation is done as per the Actuarial valuation report.

2.19 Financial instruments

a. ***Financial assets***

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

Based on business model assessment, for purposes of subsequent measurement, financial assets are classified in four categories:

i. Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and Contractual terms of the 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, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the Statement of profit and loss. The losses arising from impairment are recognized in the Statement of profit and loss. This category generally applies to trade and other receivables.

Basis above evaluation, Investments in debt securities which are specifically procured and held for Par, Pension and Annuity segments are measured at amortized cost.

ii. Debt instruments at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to Statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the effective interest rate basis.

Basis above evaluation, Investments in debt securities which are specifically procured and held for Non-par funds and shareholder funds are measured at FVTOCI.

iii. Equity and Exchange Traded Fund instruments are measured at fair value through other comprehensive income (FVTOCI)

All equity and exchange traded fund investments in scope of Ind AS 109 are measured at fair value. For such instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity or exchange traded fund instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Dividend income for quoted shares is recognized on ex-dividend date, and for non-quoted shares the dividend is recognized when the right to receive the dividend is established.

Basis above evaluation, the Company has classified Investments in equity and exchange traded fund securities specifically procured and held for Par and Pension funds are measured at FVTOCI.

iv. Debt instruments, derivatives, equity and exchange traded fund instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of profit and loss

Refer note 34 of notes to accounts for the classification of investments opted by the Company.

The fair value of debt, equity securities, exchange traded funds (ETFs) and mutual funds measured either at fair value through other comprehensive income or fair value through profit and loss is arrived as follows:

Debt securities: Credit and State Government securities are valued as per the valuation price provided by CRISIL Limited (CRISIL). Debt securities other than government securities with a residual maturity over 182 days are valued on a yield to maturity basis, by using spreads over the benchmark rate (based on the matrix released by CRISIL on a daily basis) to arrive at the yield for pricing the security. Debt securities with a residual maturity up to 182 days are valued at last valuation price plus the difference between the redemption value and the last valuation price, based on straight line basis over the remaining term of the instrument.

Equity securities: Listed equity shares are valued at fair value, at the last quoted closing price on the National Stock Exchange Limited (NSE) being the primary exchange and if not quoted on NSE, then at the last quoted closing price on the Bombay Stock Exchange (BSE). Unlisted equity shares are measured using an appropriate technique including discounted cash flow analysis.

Exchange traded funds: The primary exchange for valuation of an exchange traded fund is the last quoted price on NSE. In case the ETF is not listed on NSE, then the secondary exchange for valuation is BSE. If not listed on both the exchanges, then valued at the same days end net asset value of respective mutual fund.

Mutual funds: Mutual fund units as at the balance sheet date are valued at previous day's net asset value of respective mutual fund.

Derecognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognized (i.e. removed from the Company's Balance sheet) when the rights to receive cash flows from the asset have expired.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and non-equity financial assets carried at FVTOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred since initial recognition.

b. Financial liabilities

i. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

ii. Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

c. Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognized in Statement of profit and loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

d. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the Statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to Statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the Statement of profit and loss.

Basis above evaluation, the Company has designated their financial liabilities as at fair value through profit or loss in the following instances:

- Financial liabilities for the account and risk of the Company's customers where the insurance benefits are linked to unit values of investment funds.

- Financial liabilities related to assets measured at fair value in order to reduce or eliminate an accounting mismatch.

iii. Derecognition of financial liabilities

A financial liability is derecognized 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 the derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognized in the Statement of profit and loss.

iv. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Accordingly the reinsurance assets and liabilities have been grossed up in the financial statements.

e. Investments

Investments are made and accounted in accordance with the Insurance Act, 1938, amended by the Insurance laws (Amendment) Act, 2015 and the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, Insurance Regulation and Development Authority (Investment) Regulations, 2016 and Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulation, 2002 and other circulars/notifications issued by the IRDAI in this context from time to time.

Investment in debt and equity securities are accounted as per the business model assessment. The Company is maintaining separate funds for Shareholders and Policyholders as per section 11 (1B) of the Insurance Act, 1938. Investments and related incomes are segregated between Participating, Non-Participating, Unit Linked, Par Pension, VIP Non Par Pension, Annuity, and Pension funds.

f. Embedded derivative

Certain derivatives embedded in insurance contracts are treated as separate derivatives when their economic characteristics and risks are nor closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the Statement of profit and loss.

2.20 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

i. In the principal market for the asset or liability, or

ii. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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:

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

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

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

At each reporting date, the Management analyzes the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.21 Foreign currency transactions

Transactions in foreign currency are recorded at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the closing rate of exchange at the balance sheet date. Exchange differences arising on foreign currency transactions settled during the year are recognized as income or expense in the period in which they arise in the Statement of profit and loss.

2.22 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, which are subject to an insignificant risk of changes in value. For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.23 Funds for future appropriation

Linked business

Amounts estimated by Appointed Actuary as Funds for Future Appropriation – Linked are required to be set aside in the Balance sheet and are not available for distribution to shareholders until the expiry of the revival period.

Participating business

At each balance sheet date, the management with the approval of the Board decides to distribute the surplus among policyholders, shareholders and funds for appropriation at a future date. Surplus arising in the participating business after allowing for current year cost of bonus to policyholder is held as funds for future appropriation, which includes the surplus not appropriated during the year either to the policyholders or to the shareholders.

2.24 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period available to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented.

2.25 Discretionary Participation Features (DPF)

A DPF gives holders of these contracts the right to receive, as a supplement to guaranteed benefits, significant additional benefits which are based on the performance of the assets held within the DPF portfolio. The amount or timing of the additional benefits is contractually at the discretion of the Company. Under the terms of the contracts, surpluses in the DPF funds to be distributed to policyholders and shareholders on a 90/10 basis. The Company has the discretion over the amount and timing of the distribution of these surpluses to policyholders. All DPF liabilities including unallocated surpluses at the end of the reporting period are held within insurance or investment contract liabilities, as appropriate.

2.26 Recent accounting pronouncements

Applicability of Ind AS 117 – Insurance Contracts: IRDAI vide its circular no. IRDAI/F&A/CIR/ACTS/023/01/2020 dated January 21, 2020 has decided to implement Ind AS 109 and Ind AS 117 simultaneously, along with all other applicable Ind AS. The effective date of implementation shall be decided after the finalization of IFRS 17 by IASB. Accordingly, the circular no. IRDA/F&A/CIR/ACTS/146/ 06/2017 dated 28 June 2017, deferring the implementation of Ind AS in the insurance sector in India to 1 April 2020, has been withdrawn along with the requirement of proforma Ind AS financial statements being submitted on a quarterly basis as directed in the circular.

Ind AS 117 applies to all types of insurance contracts as well as to certain guarantees and financial instruments with discretionary participation features. In contrast to the requirements in Ind AS 104, which are largely based on grandfathering of previous local accounting policies, Ind AS 117 provides a comprehensive and consistent approach to insurance contracts. The core of Ind AS 117 is the general model, supplemented by a specific adaption for contracts with direct participation features (the variable fee approach) and a simplified approach (the premium allocation approach) mainly for short-duration contracts.

Amounts in thousands (₹000) unless otherwise stated

		Leasehold improvements	Furniture and Fixtures	Information Technology Equipment	Vehicles	Office Equipment	Total	Capital work in progress
3	**Property, plant and equipment**							
	Gross carrying value							
	At 1 April 2018	**578,971**	**114,483**	**300,967**	**16,304**	**197,676**	**1,208,400**	**14,495**
	Additions	24,405	7,658	56,409	-	21,097	109,570	21,213
	Disposals	3,959	3,042	-	-	3,471	10,472	-
	Capitalized	-	-	-	-	-	-	27,349
	At 31 March 2019	**599,417**	**119,099**	**357,376**	**16,304**	**215,303**	**1,307,498**	**8,359**
	Additions	36,121	7,785	43,268	-	10,319	97,492	29,018
	Disposals	6	297	-	-	950	1,253	-
	Capitalized	-	-	-	-	-	-	32,137
	At 31 March 2020	**635,533**	**126,587**	**400,644**	**16,304**	**224,671**	**1,403,738**	**5,240**
	Accumulated Depreciation							
	At 1 April 2018	**484,733**	**91,178**	**200,605**	**13,938**	**159,323**	**949,777**	**-**
	Additions	15,419	8,737	48,846	2,254	18,517	93,773	-
	Disposals	3,959	3,012	-	-	3,434	10,404	-
	At 31 March 2019	**496,194**	**96,903**	**249,450**	**16,192**	**174,407**	**1,033,145**	**-**
	Charge for the year	18,999	9,798	54,113	112	17,664	100,686	-
	Disposals	6	297	-	-	950	1,252	-
	At 31 March 2020	**515,187**	**106,404**	**303,563**	**16,304**	**191,120**	**1,132,578**	**-**
	Net Book Value							
	At 31 March 2020	**120,346**	**20,183**	**97,080**	**(0)**	**33,551**	**271,159**	**5,240**
	At 31 March 2019	**103,224**	**22,196**	**107,926**	**112**	**40,896**	**274,351**	**8,359**

		Buildings	Vehicles	Information Technology Equipment	Total
4	**Right-of-use assets***				
	Gross carrying value				
	As 1 April 2019	**998,882**	**12,803**	**41,654**	**1,053,339**
	Additions	115,389	8,570	-	123,958
	Disposals	33,766	-	-	33,766
	At 31 March 2020	**1,080,505**	**21,373**	**41,654**	**1,143,531**
	Accumulated Depreciation				
	As 1 April 2019	-	-	-	-
	Charge for the period	249,414	7,065	9,997	266,475
	Disposals	6,939	-	-	6,939
	At 31 March 2020	**242,475**	**7,065**	**9,997**	**259,536**
	Net Book Value				
	At 31 March 2020	**838,030**	**14,308**	**31,657**	**883,995**

*Refer Note 30 for details on implementation of Ind AS 116

		Software	Intangible assets under development
5	**Intangible assets**		
	Gross carrying value		
	At 1 April 2018	**416,291**	**42,966**
	Additions	61,676	8,285
	Disposals	-	-
	Capitalized	-	46,217
	At 31 March 2019	**477,967**	**5,034**
	Additions	41,692	43,577
	Disposals	-	-
	Capitalized	-	36,443
	At 31 March 2020	**519,659**	**12,168**
	Amortization		
	At 1 April 2018	**319,739**	**-**
	Additions	64,044	-
	Disposals	-	-
	At 31 March 2019	**383,783**	**-**
	Charge for the year	46,926	-
	Disposals	-	-
	At 31 March 2020	**430,708**	**-**
	Net Book Value		
	At 31 March 2020	**88,951**	**12,168**
	At 31 March 2019	**94,185**	**5,034**

Exide Life Insurance Company Limited
(IRDAI Registration No: 114; Date of registration: 2 August 2001)
Notes to special purpose financial statements for the year ended 31 March 2020
Amounts in thousands (₹000) unless otherwise stated

	Particulars	Non-Current		Current	
		31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
6	**Financial assets - Investments**				
a.	**Financial assets held at Amortised Cost**				
	Policyholders' Investments				
	Trade, quoted Investments				
	Government securities and government guaranteed bonds including treasury bills	64,467,472	55,085,655	714,096	832,798
	Debentures/ bonds	5,931,729	4,008,608	133,286	236,182
	Investments in infrastructure and social sector bonds*	17,389,543	15,456,591	438,128	254,473
	Others (CBLO)	-	-	15,890	111,369
	Unquoted Investments				
	Other securities (Policy Loan)	4,262,472	3,711,767	306,449	-
	Total [A]	**92,051,217**	**78,262,622**	**1,607,849**	**1,434,822**
	Less: Impairment loss [B]	(92,250)	(37,500)	-	-
	Net Investments [A-B]	**91,958,967**	**78,225,122**	**1,607,849**	**1,434,822**
b.	**Financial assets held at FVOCI**				
	Policyholders' Investments				
	Trade, quoted Investments				
	Government securities and government guaranteed bonds including treasury bills	19,973,941	16,891,169	379,897	145,235
	Debentures/ bonds	2,964,027	1,399,541	137,424	91,568
	Investments in infrastructure and social sector bonds*	4,811,661	3,229,283	30,076	45,574
	Equity securities	2,851,270	4,099,555	-	-
	Unquoted Investments				
	Equity securities	192,440	220,063	-	-
	Shareholders' investments				
	Trade, quoted investments				
	Government securities and government guaranteed bonds including treasury bills	7,513,992	7,591,187	80767	58,472
	Debentures/ bonds	170,202	211,497	-	19,991
	Investments in infrastructure and social sector bonds*	2,598,276	1,796,825	-	191,198
		41,075,808	**35,439,121**	**628,164**	**552,037**
c.	**Financial assets held at FVTPL**				
	Shareholders' investments				
	Trade, quoted investments				
	Mutual funds	-	-	184,725	248,737
	Policyholders' Investments				
	Trade, quoted Investments				
	Mutual funds	-	-	3,628,679	3,215,544
	Equity securities	521,235	749,497	-	-
	Unquoted Investments				
	Equity securities	67,614	77,319	-	-
	Assets held to cover linked liabilities:				
	Trade, quoted Investments				
	Government securities and government guaranteed bonds including treasury bills	3,881,054	2,842,432	1,479,932	1,289,924
	Equity securities	7,546,059	11,481,480	-	-
	Debentures/ bonds	736,292	869,247	114,725	202,107
	Investments in infrastructure and social sector bonds	1,580,841	1,941,159	37,500	77,521
	Mutual funds	-	-	789,810	1,002,380
	Others (CBLO)	-	-	618,458	287,574
	Net current assets				
	Bank balances	-	-	3,088	11,261
	Interest and dividend accrued on Investment	-	-	127,779	146,280
	Outstanding contract (net)	-	-	(13,254)	(81,379)
	Other current assets	-	-	58,943	137,073
	Other current liabilities	-	-	(84,199)	(39,174)
		14,333,095	**17,961,134**	**6,946,186**	**6,497,848**
	Grand Total (Shareholders+Policyholders+Assets held to cover linked liabilities)	**147,367,869**	**131,625,377**	**9,182,199**	**8,484,707**
	Aggregate carrying value of quoted investments	142,845,344	127,616,228	8,875,750	8,484,707
	Aggregate market value of quoted investments	150,691,595	129,676,192	8,883,945	8,291,867
	Aggregate value of unquoted investments	4,522,526	4,009,149	306,449	-
	Aggregate amount of impairment in value of investments	92,250	37,500	-	-

*Refer note 56 for details on provision on IL&FS securities

Exide Life Insurance Company Limited
(IRDAI Registration No: 114; Date of registration: 2 August 2001)
Notes to special purpose financial statements for the year ended 31 March 2020
Amounts in thousands (₹000) unless otherwise stated

	Particulars	Non-current		Current	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
7	**Reinsurance assets***				
	Reinsurance assets	1,389,576	824,024	-	-
		1,389,576	**824,024**	**-**	**-**
	*Movement of reinsurance assets				
	Balance at the beginning of the year	824,024	551,022	-	-
	Add: Premium	565,552	273,002	-	-
	Less: Insurance liabilities released	-	-	-	-
	Balance at the end of the year	**1,389,576**	**824,024**	**-**	**-**
8	**Financial assets - Loans**				
	Loans to employees	477	428	797	954
	Security deposits (net of allowance for credit loss)#	185,130	188,957	31,505	15,336
		185,607	**189,384**	**32,302**	**16,290**
	#The movement in allowance is presented as follows:				
	Balance at the beginning of the year	-	10,292	10,232	-
	Add : Allowance created during the year	-	-	-	-
	Less : Amount reversed during the year	-	(60)	-	-
	Balance at the end of the year	**-**	**10,232**	**10,232**	**-**
	Break-up of security details				
	Loans considered good - Secured	-	-	-	-
	Loans considered good - Unsecured	185,607	189,384	32,302	16,290
	Loans which have significant increase in credit risk	-	-	-	-
	Loans - credit impaired	-	10,232	10,232	-
	Total	**185,607**	**199,616**	**42,534**	**16,290**
	Loss allowance	-	(10,232)	(10,232)	-
	Total loans	**185,607**	**189,384**	**32,302**	**16,290**
9	**Financial assets - Trade receivables**				
	Due from policyholders	-	-	1,698,837	892,983
	Due from reinsurers	-	-	271,167	190,120
	Due from agents, brokers and intermediaries			19,418	19,432
	Less: Allowance for doubtful receivables	-	-	(19,418)	-
		-	**-**	**1,970,003**	**1,102,535**
	Break-up of security details				
	Trade receivables considered good - Secured	-	-	-	-
	Trade receivables considered good - Unsecured	-	-	1,970,003	1,102,535
	Trade receivables which have significant increase in credit risk	-	-	-	-
	Trade receivables - credit impaired	-	-	19,418	-
	Total	**-**	**-**	**1,989,421**	**1,102,535**
	Loss allowance	-	-	(19,418)	-
	Total loans	**-**	**-**	**1,970,003**	**1,102,535**
10	**Financial assets - Cash and cash equivalents**				
	Balances with banks:				
	In current accounts	-	-	105,580	766,416
	Cheques on hand	-	-	99,561	448,849
	Cash on hand*	-	-	22,287	141,272
		-	**-**	**227,428**	**1,356,538**
	Term deposits	-	-	1,360,000	850,000
		-	**-**	**1,360,000**	**850,000**
		-	**-**	**1,587,428**	**2,206,538**
	* Cash on hand includes stamps on hand				
10A	**Financial assets - Bank balances**				
	Balances with banks:				
	Term deposits (Refer note 35)	-	-	3,500	253,500
		-	**-**	**3,500**	**253,500**
11	**Other financial assets**				
	Recoverable from employees	-	-	38,771	30,254
	Income accrued on investments (net of impairment loss)*	-	-	2,829,455	2,708,846
	Investments held to meet policyholders' dues	-	-	509,996	555,480
	Others (includes last day units, contracts for sale of equity etc.)	-	-	153,738	-
	Less: Allowance for doubtful assets	-	-	(43,250)	-
		-	**-**	**3,488,710**	**3,294,580**
	*includes impairment loss of INR 52,337 (Previous Year: INR 52,337)				
12	**Other assets**				
	Prepayments	4,356	33,265	63,402	69,439
	Advances to employees			16,962	21,863
	GST input credit receivable	-	-	371,082	342,253
	Advances to suppliers (net of allowance for credit loss)	-	-	195,599	266,119
	Deposits paid under protest	648,586	453,720	-	185,179
	Others (includes claims receivable)	-	-	3,049	3,719
		652,942	**486,985**	**650,093**	**888,572**

Amounts in thousands (₹000) unless otherwise stated

	Particulars	31 March 2020	31 March 2019
13	**Equity share capital**		
	(a) Authorised		
	1,900,000,000 (Previous Year: 1,900,000,000) equity shares of ₹ 10 each	19,000,000	19,000,000
	Issued, subscribed and fully paid-up share capital		
	1,850,000,000 (Previous Year: 1,850,000,000) Equity shares of ₹10 each	18,500,000	18,500,000
	Total	**18,500,000**	**18,500,000**

(b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period are as given below:

	31 March 2020		31 March 2019	
	No.	**₹000**	**No.**	**₹000**
Number of shares outstanding at the beginning of the year	1,850,000,000	18,500,000	1,750,000,000	17,500,000
Rights issue during the year	-	-	100,000,000	1,000,000
Number of shares outstanding at the end of the year	**1,850,000,000**	**18,500,000**	**1,850,000,000**	**18,500,000**

(c) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Rights issue

During the Previous Year, rights issue of 100,000,000 equity shares of ₹ 10/- each on October 04, 2018 were made to the existing equity shareholders of the Company. The issue was fully subscribed.

(e) Shares held by Holding Company and/ or their subsidiaries/ associates

Out of equity shares issued by the Company, shares held by its Holding Company and their subsidiaries/ associates are as below:

Name	31 March 2020 ₹ 000	31 March 2019 ₹ 000
Exide Industries Limited, the holding Company		
1,850,000,000 (Previous Year: 1,850,000,000) equity shares of ₹ 10 each fully paid *	18,500,000	18,500,000

(f) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	31 March 2020		31 March 2019	
	No.	**% holding**	**No.**	**% holding**
(Equity shares of ₹ 10 each fully paid)				
Exide Industries Limited**	1,850,000,000	100.00	1,850,000,000	100.00

** The shares held by Exide Industries Limited (EIL) include 60 (Previous Year: 60) shares jointly held with six individual nominee shareholders of EIL.

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(g) There are no shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of five years immediately preceding the balance sheet date.

Amounts in thousands (₹000) unless otherwise stated

	Particulars	31 March 2020	31 March 2019
14	**Other equity**		
	Reserves and Surplus		
	Retained earnings balance		
	Opening balance	(8,444,159)	(8,392,777)
	Net profit/ (loss) for the year	(88,537)	(55,665)
	Items of other comprehensive income recognised directly in retained earnings:		
	- Remeasurement gains and losses on defined benefit plans	(9,699)	4,284
	Closing balance **[A]**	**(8,542,395)**	**(8,444,159)**
	FVTOCI Reserve	2,555,000	1,521,284
	Other Reserves	(1,001)	(1,001)
	Total [B]	**2,554,000**	**1,520,284**
	Total Other Equity [A+B]	**(5,988,395)**	**(6,923,875)**

Nature and purpose of other reserves

i. Debt instruments through OCI

The Company has elected to recognise changes in the fair value of certain investments in debt instruments in other comprehensive income. These changes are accumulated within the Debt instruments through OCI reserve within equity. The Company transfers the amount from this reserve to retained earnings when the relevant debt securities are derecognised. Refer Note 34 for details of debt securities measured at FVTOCI.

ii. Equity instruments through OCI

The Company has elected to recognise changes in the fair value of certain investments in equity instruments in other comprehensive income. These changes are accumulated within the Equity instruments through OCI reserve within equity and do not get transferred to retained earnings on derecognition of the equity securities. Refer Note 34 for details of equity securities measured at FVTOCI.

iii. Other reserves

Share issue expenses incurred by the Company have been recorded in Other Reserves.

		Non-current		Current	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
15	**Provisions**				
	Provision for employee benefits				
	Provision for compensated absences	40,596	42,291	20,760	11,914
	Provision for gratuity	-	-	34,510	-
	Others - provision for rent equalisation reserve (Refer Note 30)	-	24,347	-	4,571
		40,596	**66,638**	**55,270**	**16,485**

Movement of provisions	Compensated absences	Gratuity	Rent equalization	Total
At 31 March 2019	**54,205**	**-**	**28,918**	**83,123**
Arising during the year	7,150	34,510	-	41,661
Utilized / reversed	-	-	(28,918)	(28,918)
At 31 March 2020	**61,356**	**34,510**	**-**	**95,866**

		Non-current		Current	
16	**Insurance Contract Liabilities***	31 March 2020	31 March 2019	31 March 2020	31 March 2019
	Policy liabilities				
	Insurance Contracts Liabilities*				
	- Par	76,219,704	61,484,196	1,437,439	6,002,801
	- Par Pension	108,542	24,136	11,308	3,237
	- Non Par	28,616,758	24,312,636	3,069,058	1,276,321
	- Annuity	1,332,253	756,218	-	-
	- VIP Non Par Pension	9,653,858	9,142,339	233,109	8,113
	Provision for linked liabilities	13,656,282	15,163,207	1,303,026	121,234
	Fair value change (linked)	(612,412)	2,250,247	-	-
	Non-unit liabilities	103,722	97,258	-	-
		129,078,707	**113,230,237**	**6,053,940**	**7,411,706**

Amounts in thousands (₹000) unless otherwise stated

16A Investment Contract Liabilities**

	Non-current		Current	
	31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
- Pension	7,382,576	8,602,624	1,045,661	-
- VIP Non Par Pension	57,887	221,996	11	21
- Linked	1,414,066	1,912,198	30	11
	8,854,529	**10,736,819**	**1,045,702**	**32**

*** Movement of Policyholders' Funds, Funds for Discontinued Policies, Funds for Future Appropriation and Embedded Derivative liability during the year ended 31 March 2020**

Particulars	With DPF	Linked Business	Others	Total
Gross Liability at the beginning of the year	68,929,405	18,356,675	36,102,320	123,388,399
Add/(Less)				
Expected Premium	15,135,126	1,510,863	9,587,586	26,233,576
Unwinding of the discount/ interested credited	9,674,421	(1,595,031)	4,433,691	12,513,081
Changes in valuation for expected future benefits	-	-	-	-
Insurance liabilities released	(15,201,856)	(3,533,896)	(8,573,121)	(27,308,873)
Undistributed participating policyholders surplus	2,015,391	-	-	2,015,391
Others - Non-unit liabilities	635,029	831,458	1,873,948	3,340,436
Gross Liability at the end of the year	**81,187,516**	**15,570,068**	**43,424,425**	**140,182,009**
Recoverable from Reinsurance	(16,377)	(961)	(1,372,237)	(1,389,576)
Net Liability	**81,171,139**	**15,569,107**	**42,052,187**	**138,792,434**
Closing UPPS included in gross liability at the end of the year	3,430,426	-	-	-

**** Movement of Investment Contracts Liabilities during the year ended 31 March 2020**

Particulars	With DPF	Linked Business	Others	Total
At the beginning of the year	-	1,912,210	8,824,641	10,736,851
Additions				
Premium	-	288,838	316,827	605,665
Interest & Bonus credited to policyholders	-	(9,538)	720,821	711,283
Others (to be specified)	-	-	-	-
Deductions				
Withdrawals/ Claims	-	774,470	1,367,294	2,141,764
Fee Income & Other Expenses	-	2,944	8,859	11,803
Others (to be specified)	-	-	-	-
At the end of the year	**-**	**1,414,096**	**8,486,135**	**9,900,231**

*** Movement of Policyholders' Funds, Funds for Discontinued Policies, Funds for Future Appropriation and Embedded Derivative liability during the year ended 31 March 2019**

Particulars	With DPF	Linked Business	Others	Total
Gross Liability at the beginning of the year	57,529,271	18,561,906	29,678,578	**105,769,755**
Add/(Less)				
Expected Premium	13,806,269	1,645,342	4,777,186	**20,228,797**
Unwinding of the discount/ interested credited	5,371,033	1,581,842	4,314,564	**11,267,439**
Changes in valuation for expected future benefits	-	-	-	**-**
Insurance liabilities released	(7,520,964)	(4,032,365)	(1,547,957)	**(13,101,285)**
Undistributed participating policyholders surplus	699,950	-	-	**699,950**
Others - Non-unit liabilities	(956,155)	599,950	(1,120,052)	**(1,476,257)**
Gross Liability at the end of the year	**68,929,406**	**18,356,675**	**36,102,320**	**123,388,399**
Recoverable from Reinsurance	(2,683)	(1,164)	(820,177)	(824,024)
Net Liability	**68,926,723**	**18,355,511**	**35,282,143**	**122,564,376**
Closing UPPS included in gross liability at the end of the year	1,415,034	-	-	1,415,034

Amounts in thousands (₹000) unless otherwise stated

**** Movement of Investment Contracts Liabilities during the year ended 31 March 2019**

Particulars	With DPF	Linked Business	Others	Total
At the beginning of the year	-	2,175,647	8,820,018	**10,995,665**
Additions				
Premium	-	154,105	399,883	**553,988**
Interest & Bonus credited to policyholders	-	183,805	765,094	**948,899**
Others (to be specified)	-	-	-	-
Deductions				
Withdrawals/ Claims	-	597,207	1,150,193	**1,747,400**
Fee Income & Other Expenses	-	4,140	10,161	**14,301**
Others (to be specified)	-	-		
At the end of the year	**-**	**1,912,210**	**8,824,641**	**10,736,851**

		Non-current		Current	
		31 March 2020	**31 March 2019**	**31 March 2020**	**31 March 2019**
17	**Financial liabilities - Trade payables**				
	Trade payables - micro and small enterprises	-	-	1,309	-
	Trade payables - others	-	-	3,342,007	2,900,449
	Trade payables to related parties	-	-	-	-
		-	**-**	**3,343,316**	**2,900,449**
18	**Other financial liabilities**				
	Embedded derivative liability	3,593	4,749	-	-
	Others (includes Policy deposits and last day units (net))	-	-	567,192	663,850
	Lease liabilities (Refer Note 30)	699,168	-	227,414	-
		702,761	**4,749**	**794,606**	**663,850**
19	**Other liabilities**				
	Premium received in advance	-	-	93,280	192,345
	Statutory dues payable:				
	Provident fund	-	-	28,257	22,937
	Tax deducted at source	-	-	16,823	57,028
	GST payable	-	-	214,054	244,875
	Others (includes ESI, professional tax)	-	-	4,797	6,246
		-	**-**	**357,211**	**523,431**
		702,761	**4,749**	**4,495,132**	**4,087,730**

Amounts in thousands (₹000) unless otherwise stated

	Particulars	31 March 2020	31 March 2019
20	**Revenue from operations**		
	Gross premiums on insurance contracts (includes fee from investment contracts)	31,601,995	28,322,283
	Premiums ceded to reinsurers on insurance contracts	(744,855)	(746,426)
	Investment Income	9,881,495	8,611,327
	Net realised gains and losses from sale of investments	2,145,688	858,799
	Fair value gains and losses on financial assets at FVTPL	(2,925,159)	842,104
	Total revenue from operations	**39,959,164**	**37,888,088**

Revenue includes revenue from insurance contracts that are covered in the scope of Ind AS 104, 'Insurance Contracts'. Any amount (excluding the fee) received with respect to contracts classified as investment contracts form part of investment contract liability in the Balance sheet. Therefore, all amounts received or receivable from insurance and investment contracts do not fall within the purview of Ind AS 115, 'Revenue from contracts with customers'. Further, the fee charged to the investment contract policyholders for policy administration, investment management, surrenders etc. is covered under the scope of Ind AS 115 and is recognised as revenue over time, as and when the performance obligations are satisfied. In all the cases, this revenue is recognised in the same period in which the fee is charged to the policyholders and therefore, no revenue is deferred. Consequently, the Company does not have any contract asset or contract liability with respect to unsatisfied performance obligations as at the Balance sheet date.

	Particulars	31 March 2020	31 March 2019
21	**Other income**		
	Gain on sale of fixed assets	265	577
	Net foreign exchange gain	-	10
	Unwinding of interest income on security deposits	8,251	6,577
	Miscellaneous income	62,462	72,070
		70,977	**79,234**
22	**Net benefits and claims**		
	Life insurance contracts	12,484,695	10,251,962
		12,484,695	**10,251,962**
23	**Change in valuation of liability in respect of life insurance policies in force**		
	Change in valuation of liability in respect of life Insurance policies in force	14,232,569	16,645,694
	Surplus/ (Deficit) in par and unit linked funds adjusted from existing surplus	2,355,554	1,018,091
	Release from funds for future appropriations	(359,709)	(318,140)
		16,228,414	**17,345,644**
24	**Employee benefit expenses**		
	Salaries, allowances and bonus (including managerial remuneration) (Refer Note 39)	3,311,396	2,813,047
	Contributions to provident and other funds	180,238	153,898
	Gratuity expense (Refer Note 32)	24,811	25,849
	Leave compensation	31,177	24,613
	Staff welfare expenses	98,289	75,133
		3,645,911	**3,092,540**
25	**Other expenses**		
	Sales commission	2,155,870	2,090,092
	Sales and business promotion expenses	1,784,753	1,579,365
	Repairs and maintenance		
	Leasehold improvements	5,874	4,920
	Office and IT equipment	302,901	271,076
	Others	98,731	100,441
	Rent (Refer Note 30)	48,258	363,183
	Rates and taxes	235,479	205,206
	Insurance	2,221	1,510
	Provision for doubtful advances and recoverable	99,133	50,000
	Bank charges	78,319	71,777
	Professional charges	686,393	559,724
	Communication expenses	38,519	46,044
	Advertisement and publicity	316,523	316,169
	Travel and conveyance	177,423	153,625
	Electricity charges	75,952	73,670
	Printing and stationery	28,842	41,717
	Medical fees	41,400	48,659
	Training and recruitment	20,352	16,363
	Auditors' fees (Refer Note 33)	5,723	4,808
	Miscellaneous expenses	41,848	87,554
	Corporate social responsibility expenses (Refer Note 51)	12,304	17,419
	Total	**6,256,819**	**6,103,322**
26	**Finance cost**		
	Interest on investment contract liabilities	711,283	948,899
	Interest on lease liabilities (Refer Note 30)	91,273	-
		802,556	**948,899**

Amounts in thousands (₹000) unless otherwise stated

27 Contingent liabilities not provided for

Particulars	31 March 2020	31 March 2019
a. Partly paid up investments	400,000	-
b. Underwriting commitments outstanding (in respect of shares and securities)	-	-
c. Claims, other than those under policies, not acknowledged as debts by the Company	-	-
d. Guarantees given by or on behalf of the Company	-	-
e. Statutory demands / liabilities in dispute, not provided for (*)	2,535,645	2,594,631
f. Re-insurance obligations to the extent not provided for in accounts	-	-
g. Others		
– Including policy claims under dispute	283,852	232,495
– Claim under Arbitration**	660,445	569,330
Total	**3,879,942**	**3,396,456**

(*) Indirect tax

Notes

* i) The company had received three demand orders on December 28, 2012 from the Office of the Commissioner of Service tax with respect to excess utilization of CENVAT credit for payments of service tax liability for the financial years 2008-09, 2009-10 & 2010-11 amounting to ₹ 2,312,311 along with interest and penalty. The company has made a deposit of ₹ 170,000 on May 26, 2014 in respect of the above demands based on the stay order passed by Central Excise and Service Tax Appellate Tribunal (CESTAT) on April 01, 2014. The main matter is pending for hearing.

ii) The company has received a demand order of ₹ 123,489 along with interest and penalty on December 24, 2014 from Director General of Central Excise Intelligence (DGCEI) with respect to non-inclusion of sales promotion and agent training expenses from the FY 2008 - 2013 in the service tax liability computation under reverse charge mechanism. The company has made a pre-deposit of ₹ 9,262, appeal filed before the CESTAT against the order on March 20, 2015.

iii) The company received a demand order of ₹ 44,107 along with interest and penalty on 23 April 2018 from Commissioner of Service Tax with respect to non-inclusion of sales promotion and agent training expenses for the FY 2015-16 in the service tax liability computation under reverse charge mechanism. The company has submitted reply against the order on 20th May 2018.

iv) The company received a demand order of ₹ 30,638 along with interest and penalty on 13 March 2019 from Commissioner of Service Tax with respect to non-inclusion sales promotion and agent training expenses from the FY 2016-17 and Q1 2017-18 in the service tax liability computation under reverse charge mechanism. The company has submitted reply against the order on 15 April 2019.

v) The company received a demand order of ₹ 25,100 along with interest and penalty on 18 December 2017 from Commissioner of Service Tax with respect to office housekeeping expenses from the FY 2011-12 to 2014-15. The company has made a pre-deposit of ₹ 1,883, appeal filled before CESTAT against the order on 16 March 2018.

** An Arbitral Award was passed by the Sole Arbitrator Justice RV Raveendran (Retd) on 15 May 2018 in the arbitration proceedings commenced by Kotak Mahindra Bank Limited (Kotak) against Exide Life Insurance Company Limited (Exide Life) where under Exide Life has inter alia been directed to pay renewal commission to Kotak. Based on the opinion from Counsel, Exide Life has challenged the Arbitral Award by filing a Section 34 petition before the City Civil Court, Bangalore on August 04, 2018 being AS 167/2018. The City Civil Court heard the matter on August 06, 2018 and granted stay of the Arbitral Award subject to deposit of the complete Award Amount in Court. Exide Life complied with the said stay order dated August 6, 2018 and an amount of ₹ 433 Mn was deposited with the City Civil Court on August 8, 2018. On August 14, 2018 Kotak made an application to withdraw the entire amount deposited by Exide Life. Exide Life filed its conditional objections to Kotak’s application to withdraw the entire amount deposited with the Court. After hearing the parties, the City Civil Court by its Order dated December 12, 2018 permitted Kotak to withdraw the deposited amount subject to certain conditions. Kotak did not satisfy the conditions and has not withdrawn the award amount deposited with the City Civil Court. Thereafter on February 2, 2019 Kotak filed its Statement of Objections to the Petition filed by Exide Life before the City Civil Court along with a Memo alleging that Exide Life has not complied with Order of the City Civil Court dated December 12, 2018. Exide Life has filed its Memo of Objections on April 5, 2019. The matter has been coming up regularly before the City Civil Court however due to the COVID 19 lockdown the matter is presently posted to May 20, 2020.

On March 29, 2019 Notice was served on Exide Life with respect to a Writ Petition being WP 10454/2019 filed by Kotak before the High Court of Karnataka seeking directions of the High Court to set aside the conditions imposed in Order dated December 12, 2018 passed by the City Civil Court in AS 167/2018. Exide Life has filed its Statement of Objections to the said Writ Petition on April 12, 2019. We are presently watching the matter for listing which will come up in due course, connected with the AS 167/2018.

28 Capital and other commitments

Particulars	31 March 2020	31 March 2019
Commitments for acquisition of property, plant and equipment (net of advances)	16,485	32,920
Commitments made and outstanding for investments	-	-
Commitments made and outstanding for loans	-	-
	16,485	**32,920**

There are no other material commitments other than those disclosed above.

29 Taxation

a) Income tax expense:

The major components of income tax expense for the year ended March 31, 2020 and March 31, 2019 are as follows:

Particulars	31 March 2020	31 March 2019
Current tax expense	-	-
Deferred tax expense	6,446	(29,532)
Total income tax expense recognized in Statement of Profit and Loss	**6,446**	**(29,532)**

Amounts in thousands (₹000) unless otherwise stated

29 Taxation (continued)

b) Reconciliation of current tax expense and the accounting profit multiplied by applicable tax rate for March 31, 2020 and March 31, 2019:

Particulars	31 March 2020	31 March 2019
Accounting profit/ (loss) before income tax from continuing operations	(82,091)	(85,197)
Income tax expense at applicable income tax rate of 14.56% (Previous Year: 14.56%)	-	-
Current tax expense reported in the Statement of Profit and Loss (*)	-	-

As per Ind AS 12 on Income Taxes and as prescribed in Section 133 of the Companies Act 2013 and Companies (Indian Accounting Standards), Rules 2015 and other relevant provisions of the Act , deferred tax assets are recognized for unused tax losses to the extent it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(*) The Company has unabsorbed carried forward tax losses of INR 1,648,144 (Previous Year: INR 2,117,294) as at the last day of the reporting period. Considering this, the Company based on future projections of availability of sufficient taxable profits and on conservative basis has measured deferred tax asset of INR 89,627 (Previous Year: INR 96,072), after considering the tax expense on current year profits.

30 Lease liabilities

The Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17.

The Company has entered into agreements in the nature of cancellable and non-cancellable lease/leave and license agreements with different lessors / licensors for office premises, vehicles and computer servers. These are covered under the definition of leases under Ind AS 116 "Leases". The Company has also entered into lease agreements for office equipment, computers, IT peripheral and modular furniture and fixtures. The Management has assessed the underlying assets in case of these leases to be of low value, thereby qualifying for the recognition exemption under Para 5(b) of Ind AS 116 "Leases".

Practical expedients applied

In applying Ind AS 116 for the first time, the Company has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 April 2019.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application.

Disclosures required as per this standard as prescribed in the Companies (Indian Accounting Standards) Amendment Rules, 2019 and other relevant provisions of the Act (applicable as per the provisions of the Companies Act 2013) with regard to the above is as under:

Particulars	31 March 2020
A. Maturity analysis - contractual undiscounted cash flows:	
Less than one year	286,904
One to five years	763,720
More than five years	90,029
Total undiscounted lease liabilities at 31 March 2020	**1,140,653**
B. Lease liabilities included in the balance sheet as at 31 March 2020:	
Current	227,414
Non-current	699,168
Total lease liabilities as at 31 March 2020	**926,582**
C. Amount recognised in the statement of profit and loss:	
Interest on lease liabilities	(91,273)
Expenses relating to leasing of low-value assets	(48,258)
D. Amount recognised in the statement of cash flows:	
Total cash outflow for leases	(304,800)
E. Contractual undiscounted cash flows related to leasing of low-value assets:	
Payment for not later than 1 year	19,887
Payment for later than 1 year but not later than 5 years	34,041
Later than 5 years	26,971
Total undiscounted cash flows relating to low-value assets at 31 March 2020	**80,899**

F. Impact on financial statements

On transition to Ind AS 116, the Company has recorded an additional INR 1,021,722 of right-of-use assets and INR 1,046,958 of lease liabilities, difference being set off against existing rent equalization reserve outstanding as at 1 April 2019. Prepaid expense of INR 31,617 outstanding as at 1 April 2019, created on account of discounting of security deposits under lease agreements covered under this standard, has been reclassified to right-of-use asset.

When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted-average rate applied is 9.05%.

Particulars	1 April 2019
Operating lease commitment at 31 March 2019 as disclosed in the Company's financial statements	1,356,668
Less: Lease commitments pertainting to leases of low-value assets (recognition exemption)	(36,102)
Operating lease commitment at 31 March 2019 for leases under the scope of Ind AS 116	**1,320,566**
Discounted using incremental borrowing rate at 1 April 2019	1,046,958
Lease liabilities recognised at 1 April 2019	**1,046,958**

Amounts in thousands (₹000) unless otherwise stated

31 Related party disclosures

Details of transactions with Related Parties during the year as required by Ind AS 24 on 'Related Party Disclosures' have been disclosed on the basis of parties identified by the management to be within the definition of related parties as per the Standard and noted by the Board of Directors. Accordingly, the information is disclosed hereunder.

Names of related parties and nature of relationship:

Related parties where control exists irrespective of whether transactions have occurred or not

Nature of relationship	Name of the entity	Ownership interest	
		31 March 2020	31 March 2019
Holding Company	Exide Industries Limited	100%	100%

Related parties with whom transactions have taken place during the year

Nature of relationship	Name of the entity
Post employment benefit plan entity	Exide Life Insurance Employee Group Gratuity cum Life Assurance Scheme (Trust)
Fellow subsidiaries	Chloride Power System and Solution Limited
Enterprises with common key managerial personnel	Raheja QBE General Insurance Company Limited Asianet Satellite Communication Private Limited Outlook Publishing (India) Private Limited Juhu Beach Resort Limited Hathway Cable & Datacom Limited Hathway Investment Private Limited Exide Leclanche Energy Private Limited Prism Johnson Limited Sonata Software Limited
Key managerial personnel	Rajan Raheja, Chairman Kshitij Jain, Managing Director & Chief Executive Officer C Anil Kumar, Chief Financial Officer Rangarajan B N, Appointed Actuary & CRO Ashish Kumar Mukherjee, Director Mona Desai, Director Vinayak Aggarwal, Director Vijay Aggarwal, Director Atanu Sen, Director Manas Ranjan Panda , Company Secretary

Related party transactions

The Company has entered into transactions with related parties. The transactions along with the related balances as at 31 March 2020 and 31 March 2019 and for the year then ended are presented in the following table:

Particulars	Holding Company		Enterprises on which the Company has significant influence		Key management personnel		Total	
	Transaction Value	Balance outstanding as on 31 March 2020	Transaction Value	Balance outstanding as on 31 March 2020	Transaction Value	Balance outstanding as on 31 March 2020	Transaction Value	Balance outstanding as on 31 March 2020
Life insurance premium								
Exide Industries Limited	(8,355)	-	-	-	-	-	(8,355)	-
	(7,712)	-	-	-	-	-	(7,712)	-
Exide Life Insurance Employee Group Gratuity cum Life Assurance Scheme (Trust)	-	-	(140,049)	-	-	-	(140,049)	-
	-	-	(45,011)	-	-	-	(45,011)	-
Exide Leclanche Energy Private Limited	-	-	(1,325)	-	-	-	(1,325)	-
	-	-	-	-	-	-	-	-
Raheja QBE General Insurance Company Limited	-	-	(762)	-	-	-	(762)	-
	-	-	(281)	-	-	-	(281)	-

Amounts in thousands (₹000) unless otherwise stated

31 Related party disclosures (continued)

Related party transactions (continued)

Particulars	Holding Company		Enterprises on which the Company has significant influence		Key management personnel		Total	
	Transaction Value	Balance outstanding as on 31 March 2020	Transaction Value	Balance outstanding as on 31 March 2020	Transaction Value	Balance outstanding as on 31 March 2020	Transaction Value	Balance outstanding as on 31 March 2020
Hathway Investments Private Limited	-	-	(10)	-	-	-	(10)	-
	-	-	(8)	-	-	-	(8)	-
Hathway Cable & Datacom Limited	-	-	-	-	-	-	-	-
	-	-	(5,375)	-	-	-	(5,375)	-
Juhu Beach Resort Limited	-	-	(256)	-	-	-	(256)	-
	-	-	(45)	-	-	-	(45)	-
Sonata Software Limited	-	-	(3,162)	-	-	-	(3,162)	-
	-	-	(3,224)	-	-	-	(3,224)	-
Chloride Power Systems & Solutions Limited	-	-	(1,800)	-	-	-	(1,800)	-
	-	-	(9,113)	-	-	-	(9,113)	-
Outlook Publishing (India) Private Limited	-	-	(130)	-	-	-	(130)	-
	-	-	(130)	-	-	-	(130)	-
Prism Johnson Limited	-	-	(14,228)	-	-	-	(14,228)	-
	-	-	(18,020)	-	-	-	(18,020)	-
Asianet Satellite Communication Private Limited	-	-	(1,285)	-	-	-	(1,285)	-
	-	-	-	-	-	-	-	-
Key Management Personnel	-	-	-	-	(1,438)	-	(1,438)	-
	-	-	-	-	(1,438)	-	(1,438)	-
Benefits paid								
Exide Industries Limited	11,908	-	-	-	-	-	11,908	-
	(2,704)	-	-	-	-	-	(2,704)	-
Exide Life Insurance Employee Group Gratuity cum Life Assurance Scheme (Trust)	-	-	23,880	-	-	-	23,880	-
	-	-	(20,761)	-	-	-	(20,761)	-
Hathway Cable & Datacom Limited	-	-	-	-	-	-	-	-
	-	-	(2,879)	-	-	-	(2,879)	-
Outlook Publishing (India) Pvt Ltd	-	-	-	-	-	-	-	-
	-	-	(156)	-	-	-	(156)	-
Prism Johnson Limited	-	-	16,899	-	-	-	16,899	-
	-	-	(19,743)	-	-	-	(19,743)	-
Sonata Software Limited	-	-	6,000	-	-	-	6,000	-
	-	-	-	-	-	-	-	-
Chloride Power Systems & Solutions Limited	-	-	623	-	-	-	623	-
	-	-	(152)	-	-	-	(152)	-

Amounts in thousands (₹000) unless otherwise stated

31 Related party disclosures (continued)

Related party transactions (continued)

	Holding Company		Enterprises on which the Company has significant influence		Key management personnel		Total	
	Transaction Value	Balance outstanding as on 31 March 2020	Transaction Value	Balance outstanding as on 31 March 2020	Transaction Value	Balance outstanding as on 31 March 2020	Transaction Value	Balance outstanding as on 31 March 2020
Investments made in the funds of the Company								
Hathway Cable & Datacom Limited	-	-	-	-	-	-	-	-
	-	-	-	(101,675)	-	-	-	(101,675)
Contribution made to Gratuity Trust								
Exide Life Insurance Employee Group Gratuity cum Life Assurance Scheme (Trust)	-	-	-	-	-	-	-	-
	-	-	(45,001)	-	-	-	(45,001)	-
Services provided by the Company								
Raheja QBE General Insurance Company Limited	-	-	416	-	-	-	416	-
	-	-	(1,177)	-	-	-	(1,177)	-
Sonata Software Limited	-	-	-	-	-	-	-	-
	-	-	(44,858)	-	-	-	(44,858)	-
Share Capital								
Exide Industries Ltd	-	(18,500,000)	-	-	-	-	-	(18,500,000)
	(1,000,000)	(18,500,000)	-	-	-	-	(1,000,000)	(18,500,000)
Remuneration to key managerial personnel*								
- Salary and Bonus	-	-	-	-	81,562	-	81,562	-
	-	-	-	-	(79,765)	-	(79,765)	-
- Value of perquisites (including sitting fees)	-	-	-	-	2,407	-	2,407	-
	-	-	-	-	(2,019)	-	(2,019)	-

Particulars	31 March 2020	31 March 2019
Salaries and bonuses	81,562	79,765
Other short term employee benefits	2,407	2,019
Post employment benefits	-	-
Long term employment benefits	-	-
Termination benefits	-	-
Total Compensation	**83,968**	**81,784**

Note:
Figures in brackets relate to previous year.
The value of perquisites has been computed in accordance with the Income Tax Act, 1961.
The above figures do not include provision for gratuity and leave encashment payable, as the same is actuarially determined for the Company as a whole.
* Compensation details of Key Managerial Personnel

Amounts in thousands (₹000) unless otherwise stated

32 Employee benefits

Provisions for employee benefits under Ind AS 19:

(A) Defined Contribution Plan: Amount recognized as expenses ₹ 148,417 (Previous Year: ₹ 118,316) for the year ended 31 March 2020.

(B) Defined Benefit plan:

The provision for employees' benefit is reflected in the attached balance sheet in accordance with Ind AS 19 and is calculated, as at the reporting date based on an independent actuarial study performed by the actuarial valuer.

Actuarial study analysis	31 March 2020	31 March 2019
Principal actuarial assumptions		
Discount rate	5.55%	7.15%
Salary escalation rate:		
Year 1	6.00%	6.00%
After Year 1	6.00%	6.00%
Mortality rate	100% of IALM (2012-14) Ultimate	100% of IALM (2006-08) Ultimate
Complete duration in service years		
0 -3	-	30.00%
4 -8	-	15.00%
> 8 years	-	10.00%
< 5 years	53.00%	-
>= 5 years	15.00%	-
Retirement age	60 years	60 years

	31 March 2020	31 March 2019
Components of income statement charge		
Current service cost	23,739	24,138
Interest cost (net)	1,073	1,711
Total income statement charge	**24,811**	**25,849**
Movements in net liability/(asset)		
Net liability/(asset) at the beginning of the period	-	**23,435**
Employer contributions	-	(45,000)
Total expense recognised in profit or loss	24,811	25,849
Total amount recognised in OCI	9,699	(4,284)
Net liability/(asset) at the end of the period	**34,510**	**-**
Reconciliation of benefit obligations		
Obligation at start of the period	153,753	143,317
Current service cost	23,739	24,138
Interest cost	10,355	10,462
Remeasurement arising from assumption change and experience variance	7,654	(4,432)
Benefits paid directly by the Company	(24,499)	(19,733)
Past service cost / (credit) vested and non-vested benefits	-	-
DBO at the end of the period	**171,002**	**153,753**
Re-measurement of net defined benefit liability/(asset) to be recognized in OCI		
Remeasurement of plan assets	2,045	148
Remeasurement arising from assumption change and experience variance:		
Experience adjustments on plan liabilities	3,418	(5,415)
Effect of change in demographic assumptions plan liabilities	(8,893)	-
Effect of change in financial assumptions plan liabilities	13,128	983
Components of defined benefit costs recognized in OCI	**9,699**	**(4,284)**
Change in fair value of plan assets		
Fair value of plan assets at the beginning of the year	153,753	119,882
Expected return on plan assets	9,283	8,751
Actuarial gain/ (loss) on plan assets	(2,045)	(148)
Contributions made by Company	-	45,000
Benefits paid	(24,499)	(19,733)
Fair value of plan assets at the end of the year	**136,491**	**153,753**

Amounts in thousands (₹000) unless otherwise stated

32 Employee benefits (continued)

c) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	31 March 2020	31 March 2019
Discount rate		
+ 0.50% discount rate	(4,325)	(4,335)
- 0.50% discount rate	4,547	5,621
Salary escalation		
+ 0.50% salary growth	4,014	5,119
- 0.50% salary growth	(3,887)	(3,932)

d) Details of plan assets

Broad category of plan assets relating to gratuity as a percentage of total plan assets: The Company's gratuity fund is administered by the Exide Life Gratuity Trust. The plan assets under the fund are also managed by the Trust.

	1 April 2019 to 31 March 2020	1 April 2018 to 31 March 2019
The weighted-average asset allocations at the year end were as follows:		
Equities	0.00%	0.00%
Bonds	0.00%	0.00%
Gilts	0.00%	0.00%
Pooled assets with an insurance company	100.00%	100.00%
Other	0.00%	0.00%
Total	**100.00%**	**100.00%**
Actual return on plan assets	22,238	8,603

e) Maturity profile of defined benefit obligation

Weighted average duration of defined benefit obligations – 3.00 (Previous Year: 5.38)

Timing of estimated future benefit payment	Amount
Estimated future benefit payments FY+1	25,905
Estimated future benefit payments FY+2	24,100
Estimated future benefit payments FY+3	21,731
Estimated future benefit payments FY+4	20,529
Estimated future benefit payments FY+5	18,466
Estimated future benefit payments FY+6 to FY+10	67,071

(C) Compensated absenses

Actuarial study analysis	31 March 2020	31 March 2019
Principal actuarial assumptions		
Discount rate	5.55%	7.15%
Salary escalation rate:		
Year 1	6.00%	6.00%
After Year 1	6.00%	6.00%
Mortality rate	100% of IALM (2012-14) Ultimate	100% of IALM (2006-08) Ultimate
Withdrawal rate		
0 -3	-	30.00%
4 -8	-	15.00%
> 8 years	-	10.00%
< 5 years	53.00%	-
>= 5 years	15.00%	-
Availment rate	1.70%	1.00%
Summary of results		
Current liability	20,760	11,914
Non-current liability	40,596	42,291
Present value of defined benefit obligation	**61,356**	**54,205**

Amounts in thousands (₹000) unless otherwise stated

33 Details of auditor's remuneration

	31 March 2020	31 March 2019
As auditors:		
For statutory audit	3,000	3,000
For limited review	1,600	700
For other certifications	673	750
As tax auditors	150	150
Out of pocket expenses	300	208
	5,723	**4,808**

34 Investments

a)The Company is maintaining separate funds for Shareholders and Policyholders as per section 11 (1B) of the Insurance Act, 1938. Investments and related incomes are segregated between Participating, Par Pension, Non-Participating, Unit Linked, VIP Non Par Pension, Annuity and Pension funds.

Investments are specifically purchased and held for the policyholders and shareholders independently. The income relating to these investments is recognized in the respective policyholders' / shareholders' account.

Investments in securities measured at amortized cost and at fair value through other comprehensive income are recorded on trade date at fair value including acquisition charges (such as brokerage and related taxes), and exclude pre-acquisition interest paid, if any, on purchase.

Investments in securities measured at fair value through profit and loss are recorded on trade date at fair value with acquisition charges being charged to statement of profit and loss.

b) The Company manages its business based on segments viz. Participating, Annuity, VIP Non Par Pension, Pension Individual, Par Pension, Non Participating, Unit Linked and Shareholders' Funds driving the business model test for investments. Accordingly, investments in each of these business have been analysed as a portfolio and classified/measured accordingly. The classification has been tabulated as under :-

Segment Name	Type of Security	IGAAP classification	Revised classification under Ind AS
Par, Par Pension, VIP Non Par Pension, Pension Individual, and Annuity	Debt securities	Amortized cost using straight line method	Amortized cost using effective interest rate (EIR) method
	Equity securities	Fair value through reserves	Fair value through OCI
	Mutual Funds	Fair value through reserves	Fair value through profit and loss
Non Participating and Shareholders' funds	Debt securities	Amortized cost	Fair value through OCI
	Equity securities	Fair value through reserves	Fair value through profit and loss
	Mutual Funds	Fair value through reserves	Fair value through profit and loss
Unit linked	All securities	Fair value through profit and loss	Fair value through profit and loss

35 Encumbrances on assets

The details of encumbrances on the assets of the Company as at the Balance Sheet date are as under:

Particulars	31 March 2020	31 March 2019
Commercial tax department (J&K)	900	900
Margin Money with Kotak Bank	100	100
Margin Money for bank guarantee with Axis Bank	2,500	2,500
Lien of deposits	235	210
Total	**3,735**	**3,710**

36 Value of contracts in relation to investments

Particulars	Purchases where deliveries are pending		Sales where payments are due	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Shareholders	-	-	-	-
Policyholders (Non Linked)	-	-	25,888	-
Policyholders (Linked)	210,643	88,896	197,389	7,517
Total	**210,643**	**88,896**	**223,277**	**7,517**

37 Restructured assets

During the year ended 31 March 2020, there were no assets including loans which were subject to restructuring. (Previous Year: Nil)

38 Claims

Claims settled and remaining unpaid for a period of more than six months amount to ₹ 1,014 (Previous Year: Nil).

Amounts in thousands (₹000) unless otherwise stated

39 (a) Managerial remuneration

Particulars	31 March 2020	31 March 2019
Remuneration paid to Managerial Personnel included in employee remuneration and welfare benefits:		
Salary and Bonus	81,562	79,765
Value of perquisites	2,407	2,019
	83,968	**81,784**

The appointment of managerial personnel is in accordance with the provisions of Section 34A of the Insurance Act, 1938.
a) The above includes provision for bonus, payment of which is subject to approval from IRDAI.
b) The value of perquisites has been computed in accordance with the Income Tax Act, 1961.
c) The above figures do not include provision for gratuity and leave encashment payable, as the same is actuarially determined for the Company as a whole.

(b) Sitting fees (including profit based commission)

Sitting fees (Inc profit based commission) paid to directors during the current year ₹ 2,020 (Previous year: ₹ 1,940).

40 Sector Wise % of new business

Particulars		31 March 2020			31 March 2019		
	Reference	No of Policies	No of Lives covered**	First year premium *	No of Policies	No of Lives covered**	First year premium *
Total New Business	a	190,460	2,069,510	8,886,524	200,630	1,938,153	8,022,433
Rural Sector	b	48,990	48,215	1,331,264	48,551	47,430	1,249,086
Rural as % of Total Business	**c = b/a**	**25.72%**			**24.20%**		
Social Sector* **	**d**	**10**	**2,171,156**	**563,030**	**28**	**1,393,799**	**127,399**
- Individual Policies	e		200,512			193,863	
- No of lives covered for Group Business	f		1,746,126			1,858,348	
Total Business******	**g = e+f**		**1,946,638**			**2,052,211**	
Social as % of total business	**d/g**		**111.50%**			**67.90%**	

** Represents cash premium*
*** Includes lives covered under Group Business*
**** Current financial year includes 492,685 (PY 443,835) no. of lives covered under renewal business*
***** Definition as per IRDAI (Obligation of rural and social sectors) Regulation 2015*

41 Risk, Retained and Reinsured *

The extent of risk retained and risk reinsured based on sum assured, is as follows:

Particulars	31 March 2020	31 March 2019
Risk retained	53.00%	57.00%
Risk reinsured	47.00%	43.00%
Total	**100.00%**	**100.00%**

** On an estimated basis*

42 Additional disclosure as per IRDAI circular 067/IRDA/F&A/CIR/MAR-08 dated 28 March 2008

Particulars	31 March 2020	31 March 2019
Outsourcing Expenses ^	170,571	206,109
Business Development *	2,136,396	1,866,685
Marketing Support **	316,523	316,169
Total	**2,623,490**	**2,388,963**

^ Amount disclosed as per IRDAI (Outsourcing of activities by Indian insurer) Regulation, 2016 and Guideline on outsourcing of activities by insurance companies dated February 01, 2011

** Sales and business promotion expenses including reward and/or remuneration to agent, brokers and other intermediaries*
*** Advertisement and publicity*

43 Earnings/(Loss) Per Share

Particulars	31 March 2020	31 March 2019
Profit/(Loss) after Tax	(88,537)	(55,665)
Basic and dilutive earnings[A]	(88,537)	(55,665)
Weighted average number of equity shares (par value of ₹ 10/- each) for basic and diluted earnings [B]	1,850,000	1,799,315
Basic and diluted earnings / (loss) per share, in INR [A/B]	**(0.05)**	**(0.03)**

Amounts in thousands (₹000) unless otherwise stated

44 Ageing of unclaimed policyholder's amount (*)

In accordance with circular IRDA/F&I/CIR/CMP/174/11/2010 issued by the IRDAI on November 4, 2010, the age-wise analysis of unclaimed amount of the policyholders as at 31 March 2020 and 31 March 2019, reespectively, is as below:
(i) Claims settled but not paid to the policyholders / insured (except those under litigation).
(ii) Sum due to the insured / policyholders on maturity or otherwise.
(iii) Any excess collection of the premium / tax or any other charges which is refundable to the policyholders either as per the terms and conditions of the policy or as per law or as may be directed by the Authority, but not refunded so far.
(iv) Cheques issued by the Company and not en-cashed by the policyholders / insured.

As ar 31 March 2020:

Category	1-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	31-120 months	Total
(i)	79	-	-	-	-	40	895	**1,014**
(ii)	2,796	2,656	2,917	1,988	1,942	2,352	12,536	**27,187**
(iii)	-	-	16	-	-	-	-	**16**
(iv)	32,857	30,226	27,332	24,642	15,583	40,534	310,605	**481,779**
Total	**35,732**	**32,882**	**30,265**	**26,630**	**17,525**	**42,926**	**324,036**	**509,996**

As ar 31 March 2019:

Category	1-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	31-120 months	Total
(i)	-	305	88	454	113	423	3,116	**4,499**
(ii)	6,471	2,933	2,890	2,648	1,531	1,593	10,324	**28,390**
(iii)	-	-	-	-	-	-	-	**-**
(iv)	53,519	44,611	23,687	50,616	34,830	66,410	248,918	**522,591**
Total	**59,990**	**47,849**	**26,665**	**53,718**	**36,474**	**68,426**	**262,358**	**555,480**

(*) The unclaimed amount disclosed above is inclusive of interest from the due date of respective payment / cheques date as applicable and investment income earned by the unclaimed fund.
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Movement of unclaimed amount

In accordance with circular IRDA/F&A/CIR/CLD/114/05/2015 issued by IRDAI on 28 May 2015, the details of unclaimed amount and investment income as at 31 March 2020 is as under:

Particulars	31 March 2020	31 March 2019
Opening Balance	**555,481**	**618,804**
Add : Amount transferred to unclaimed amount	22,412	33,782
Add : Cheques issued out of the unclaimed amount but not encashed by the policyholders (to be included only when the cheques are stale)	84,115	138,457
Add : Investment Income	34,460	38,803
Less : Amount paid during the year	184,581	274,365
Less : Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	1,891	-
Closing balance of unclaimed amount	**509,996**	**555,481**

45 Expenses of management

The company has a board approved documented policy for allocation of direct expenses and apportionement of indirect expenses of management into various business segment and is in line with the requirements prescribed by Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers transacting life insurance business) Regulation 2016. During the year as well as the previous year, expenses charged to the Policyholders' Account (Technical Account) are as per allowable limits prescribed in the regulation. Excess of expenses (over the allowable limits) with respect to Non-Par, Pension, VIP Non Par Pension, Annuity and Unit Linked have been transferred to the Shareholders' Accounts.

IRDAI vide its letter dated June 6, 2019 addressed to Life Insurance Council has decided to grant forbearance to few Life Insurers in respect of non-compliance at overall expense level for FY 2017-18 and FY 2018-19, subject to life insurers submitting copy of the Certificate by the Appointed Actuary and copy of the Board Resolution to IRDAI by July 31, 2019 to avail the said forbearance for FY 2017-18 and FY 2018-19. The Company has submitted the documents and is in receipt of the forbearance.

The Executive Committee of the Life Insurance Council vide its letter dated October 5, 2019 has submitted its recommendation to IRDAI pursuant to Section 64K of Insurance Act, 1938 to consider the issues faced by life insurers on Expense of Management (EoM) and to consider providing relief to the life insurers seeking forbearance from the Authority.

In line with the recommendations of the Life Insurance Council, the IRDAI has asked the respective insurer to submit a three-year board approved business plan to review the forbearance request for the FY 2019-20.

Accordingly, the Company has submitted three-year board approved business plan specifying the time-period required by the Company to comply with the EoM regulation to IRDAI vide letter reference EXL/REGL/77/2019-20 dated 19 February 2020.

46 Expenses other than those directly related to the insurance business

The details of expenses other than those directly related to insurance business are as under:

Description	31 March 2020	31 March 2019
Claims - Ex-Gratia	-	500
Director sitting fees	2,020	1,940
Board meeting / Other expenses	387	147
Legal cost	-	4,269
Penalties	-	500
Over / Short Premium	-	-
Managerial Remuneration in excess of ₹15,000	37,562	36,890
Total	**39,969**	**44,246**

Amounts in thousands (₹000) unless otherwise stated

47 Disclosure related to funds for Discontinued Policies (Linked & Non Linked)

Sl No.	Particulars	31 March 2020	31 March 2019
1	**Fund for discontinued policies**		
	Opening Balance of Funds for discontinued policies	1,326,673	1,289,077
	Add: Funds for polices discontinued during the year	770,500	479,419
	Less: Fund of policies revived during the year	83,692	145,256
	Add: Net Income / Gains on investment of the fund	66,268	66,980
	Less: Fund Management Charges Levied	8,312	7,193
	Less: Amount refunded to the policyholder during the year	436,191	356,355
	Closing Balance of Funds for discontinued policies	1,635,246	1,326,673
2	**Other disclosures**		
	Number of policies discontinued during the financial year	3,598	3,461
	% of discontinued to total policies (product wise) during the year		
	Exide Life Golden Years Retirement Plan	3%	8%
	Exide Life Golden Years Retirement Plan (New)	25%	31%
	Exide Life Market Shield Plan (Old)	0%	0%
	Exide Life Market Shield Plan (New)	0%	0%
	Exide Life Uttam Jeevan	0%	0%
	Exide Life Uttam Jeevan - SP	0%	0%
	Exide Life Prospering Life	0%	0%
	Exide Life Prospering Life - SP	0%	0%
	Exide Life Smart Future	0%	0%
	Exide Life Prospering Life Plus	32%	34%
	Exide Life Wealth Maxima	24%	24%
	Exide Life Wealth Elite	16%	2%
	Number of the policies revived during the year	263	455
	% of the policies revived (to discontinued policies) during the year	7%	13%
	Charges imposed on account of discontinued policies (₹ '000)	12,724	12,952
	Charges readjusted on account of revival of policies (₹ '000)	3,731	7,285

48 Details of various penal actions taken by Government Authorities

Additional disclosure as per Circular No. IRDAI/F&A/CIR/232/12/2013 dated December 11, 2013

Sl No.	Authority	Non- Compliance / Violation	Penalty Awarded	Penalty Paid	Penalty waived/reduced
1	Insurance Regulatory and Development Authority of India	Nil	Nil	Nil	Nil
2	GST Authorities	Nil	Nil	Nil	Nil
3	Income tax Authorities	Nil	Nil	Nil	Nil
4	Any Other Tax Authorities	Nil	Nil	Nil	Nil
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6	Registrar of Companies/ NCLT/ CLB/ Department of Corporate Affairs or any Authority under Companies Act, 2013	Nil	Nil	Nil	Nil
7	Penalty Awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Nil	Nil	Nil	Nil
8	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9	Competition Commission of India	Nil	Nil	Nil	Nil
10	Any other Central/ State/ Local Government/ Statutory Authority	Nil	Nil	Nil	Nil

49 The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006

According to the information available with the management, on the basis of intimation received from suppliers, regarding their status under the Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act), the amounts due to Micro and Small Enterprises under the said Act as at March 31, 2020 as follows:

Particulars	31 March 2020	31 March 2019
a. (i) Principal amount remaining unpaid to supplier under MSMED Act	1,309	-
(ii) Interest on a) (i) above	-	-
b. (i) Amount of principal beyond the appointed date	-	-
(ii) Amount of interest paid beyond the appointed date (as per section 16)	-	-
c. Amount of interest due and payable for the period of delay in making payment, but without adding the interest specified under section 16 of the MSMED Act	-	-
d. Amount of interest accrued and due	-	-
e. Amount of further interest remaining due and payable even in succeeding years	-	-

Amounts in thousands (₹000) unless otherwise stated

50 Long Term Contracts

For insurance contracts, actuarial valuation of liabilities for policies in force is done by the Appointed Actuary of the Company. The assumptions used in valuation of liabilities are in accordance with the guidelines and norms issued by the Insurance Regulatory and Development Authority of India (“IRDAI”) and the Institute of Actuaries of India in concurrence with the IRDAI.

51 Corporate Social Responsibility

The Corporate Social Responsibility (CSR) Committee of the Board was formed on 23 April 2014 in compliance with section 135 of the Companies Act, 2013 read with Schedule VII.

Section 135 of the Companies Act, 2013 and Rules made under it prescribe that every company having a net worth of ₹500 crore or more, or turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more during any financial year shall ensure that the Company spends in every financial year, at least 2% of the average net profits made, as per the statutory financial statements prepared in accordance with IRDAI Regulations, during the immediately preceding three financial years in pursuance of its Corporate Social Responsibility (CSR) policy. This provision pertaining to CSR as prescribed under the Companies Act, 2013 are applicable to the Company.

Accordingly, the Company was required to spend in FY 2019-20: ₹12,304 (Previous Year: ₹17,419) towards CSR activities, out of which, the Company has spent ₹12,304 (in Previous Year: ₹17,419) on various activities. Details are given in the table below:

Particulars	31 March 2020	31 March 2019
Average net profit of the company for last three financial years	615,218	870,990
Prescribed CSR expenditure (2% of the average net profit as computed above)	12,304	17,419
CSR expenditure during the financial year	12,304	17,419
Amount unspent	-	-

In the current financial year, the company has disbursed ₹12,304 towards CSR activities as per details below:

• **Karnataka State Disaster Management Authority:** The Company had received an appeal letter from the Chief Minister of Karnataka to contribute from the Company’s CSR Funds for the rehabilitation of flood victims and reconstruction of flood affected areas of Karnataka. Further, the Ministry of Corporate Affairs, vide its letter dated August 14, 2019, had clarified that Karnataka State Disaster Management Authority (KSDMA) is eligible to receive CSR Funds for undertaking flood reliefs, rehabilitation and reconstruction activities under Schedule VII of the Companies Act. Accordingly, the CSR Proposal for FY 2019-20 was amended on August 23, 2019 and a contribution of INR 1,000 was made towards Karnataka State Disaster Management Authority.

• **Road Safety Program:** A sum of INR 11,304 have been spent to promote road safety through “Helmet Saves” campaign to reach out to the large audience to prevent loss of lives, create an awareness and educate two wheeler rider on the importance of wearing a helmet.

52 Implementation of Indian Accounting Standard in insurance sector

IRDAI has issued a notification vide its circular IRDAI/F&A/CIR/ACTS/023/01/2020 dated January 21, 2020 citing proposed amendment by the International Accounting Standard Board (IASB) with respect to IFRS 17 “Insurance Contracts” which is expected in mid-2020 and the equivalent standard of IFRS in India is yet to be notified by the Ministry of Corporate Affairs (MCA). Hence, considering the above development, the effective date of implementation of IND AS shall be decided after finalization of IFRS 17 by the IASB.

The Holding Company, namely, Exide Industries Limited is covered under the Phase 1 of the Ind AS Implementation Roadmap laid down by MCA, and thereby needs to report annual Ind AS financial statements for the financial year 2018-19. Consequently, the Company is preparing these Ind AS financial statements solely for the purpose of consolidation.

53 Estimation of uncertainty due to COVID-19 pandemic

The SARS-CoV-2 virus responsible for COVID-19 continue to spread across the globe and India, which has contributed to a significant decline and volatility in global and Indian markets and a significant decrease in global and local economic activities.

The World Health Organization has declared COVID-19 outbreak as a global pandemic on March 11, 2020. Numerous government and health organization have introduced a variety of measures to contain the spread of virus. On March 24, 2020, the Indian government announced a strict 21-days lockdown, which was further extended twice by 19 days and 14 days across the country to contain the spread of virus.

To handle the lock-down situation and provide seamless service to the policyholders, the Company has implemented work from home for its staffs wherever necessary and has suitably amended its processes, including promoting digital platforms and online services for the policyholders.

The Company has assessed the impact of COVID-19 on its operations as well its financial statements, including but not limited to the areas of valuation of investment assets, valuation of policy liabilities and solvency, for the year ended March 31, 2020, based on inputs currently available with the company. The extent to which COVID-19 pandemic will affect the Company’s performance particularly in the areas of revenue, claims, carrying value of investments, solvency margin etc. will depend on future developments, which are presently uncertain. The Company will continue to monitor any future changes to the business and financial statements due to COVID-19.

There have been no material changes in the controls or processes followed in the financial statement closing process of the Company.

Keeping the policyholders’ interest in mind the Company has provided operational convenience to the policyholders’ to reinstate their policies within April 30, 2020 without paying any additional fees, if the policies have lapsed due to non-payment of renewal premiums due between February 15, 2020 to February 29, 2020. Further, in line with IRDAI circular dated April 4, 2020, and May 9, 2020, the grace period for the renewal premiums due in the months of March and April 2020 has been extended by 60 days, i.e. till May 31, 2020.

54 Actuarial method and assumptions

Liability for policies in force ('the Liability') is determined by the Appointed Actuary in accordance with generally accepted actuarial practice as well as the requirements of the Insurance Act, 1938 and the regulations notified by IRDAI and relevant actuarial practice standards issued by Institute of Actuaries of India.

(a) Traditional individual business

The Liability on a policy is calculated using the 'Gross Premium Method', representing the present value of expected future outgo including benefits (including future bonuses for participating policies) and future expenses less present value of expected future premium. Further, a reserve for death claims that may have been Incurred But Not yet Reported to the Company (IBNR) is also maintained. The reserves for the Best Years Retirement Plan, Exide Life New Best Year Retirement Plan, Exide Life Golden Years and Exide Life Assured Return have been set up as the sum of the policy fund balances as at 31 March 2020 plus additional reserves for excess of expenses over policy charges.

The assumptions used for calculating the liability are provided below:

i. Mortality & morbidity:
Mortality is considered according to the Indian Assured Lives Mortality Table (2012-14) - Modified Ultimate\ Annuitant tables a9698 and varies between 66% and 148.5% of the table (last year 60% and 148.5% of Indian Assured Lives Mortality Table (2006-08). Morbidity assumption is based on the CIBT 93 Table. For CI riders, mortality assumption is 65.5% (Last Year's 60.8%). For term products, mortality assumption varies between 29.7% - 100% of the Indian Assured Lives Mortality Table (2012-14) - Modified Ultimate (Last Year mortality assumptions for term products were 20.5% - 100% of the Indian Assured Lives Mortality Table (2006-08)).

ii. Expenses:
Appropriate allowance for maintenance expenses increasing with inflation has been made. Provision for initial and renewal commission has been made at actual rates payable.

iii. Valuation discount rate:
Between 6.0% to 7.65% p.a. for all products (Last Year between 6.0% to 7.65% p.a. for all products)

Assumptions on future bonus rates for participating business have been set to be consistent with valuation interest rate assumptions.

iv. Lapses:
Future policy lapses have been assumed based on the type of policy and the duration for which the policy has been in force. The lapse rates are based on current experience of the Company.

v. Longevity:
Mortality for annuity products are considered as per Indian annuitant table 96-98 : 63% up to age 80 & 81% thereafter of LIC a9698 with 1.3% p.a improvement.

Margins for adverse deviation
The assumptions allow for suitable Margins for Adverse Deviation in the mortality, morbidity, expenses, lapses and valuation discount rate assumptions as required under regulations and actuarial practice standards issued by The Institute of Actuaries of India.

(b) Linked individual business

The reserves held under the unit-linked products are the fund balances (unit reserve) as at 31 March 2020 plus non-unit reserves. Additional adjustments have also been made to allow for the following:

a) Unearned Premium Reserve in respect of mortality charge/rider charge deducted from the policyholder's account every month.

b) IBNR reserve for death claims incurred but not reported to Company as on the valuation date.

c) Reserve to meet the guarantees for unit linked products.

d) Non Unit reserves are calculated by discounting future non unit cash flow, determined based on assumptions given below:

i. Mortality & Morbidity:
Mortality is considered according to the Indian Assured Lives Mortality Table (2012-14) - Modified Ultimate and is 100% of the table, (last year 100% of the table of Indian Assured Lives Mortality Table (2006-08)).

ii. Expenses:
Appropriate allowance for maintenance expenses increasing with inflation has been made. Provision for initial and renewal commission has also been made at actual rates payable.

iii. Valuation discount rate (for setting up of Non unit reserve):
4.5% p.a. (last year 4.5% p.a.)

iv. Unit growth rate: 3.5% to 8.5% (last year 3.5% to 9.5%) depending on the type of fund.

v. Longevity:
Mortality for annuity products are considered as per Indian annuitant table 96-98 : 63% up to age 80 & 81% thereafter of LIC a9698 with 1.3% p.a improvement.

Margins for adverse deviation
The assumptions allow for suitable Margins for Adverse Deviation in the mortality, morbidity, expenses, lapses and valuation discount rate assumptions as required under regulations.

(c) Group business:

Unearned Premium method for reserving is adopted for the Group yearly renewable term product. The Group Single Premium Mortgage/Credit products and Group Micro Term Insurance have been valued using the Gross Premium Method with allowance for future expected expenses.

Provision for IBNR reserve has also been made as appropriate.

54 Actuarial method and assumptions (continued)

(d) Linked group business:

The reserves held under the unit-linked products are the fund balances and non-unit balance as at 31 March 2020.

(e) Reinsurance credit

All products other than Term/TROP products: The reinsurance credit is calculated on unearned premium basis, based on the expected reinsurance premium outgo.

Term/TROP products: Reinsurance credit is calculated based on cash-flow projections, by taking credit of expected reinsurance recoverables net of reinsurance premium payable in the future.

(f) Provision for freelook period

An additional reserve is held for policies that are expected to be cancelled during the Free Look period. The method used to estimate this reserve is given below:

a) A proportion of New Business Premium income during the period January 2020 to March 2020 is held as reserve.
b) The proportion is arrived on the basis of actual reserving strain due to free look cancellations at previous year.

The proportion is determined as: (Reserving strain from free look cancelled NB policies that are sold during January 2019- March 2019) / (NB Premium Income for the period January 2019 - March 2019)

Expected number of free look cancellations is calculated on the basis of the past experience and it is assumed that the business sold three months prior to the valuation date has a potential for cancellation.

The proportion varies by line of business. Based on latest study, the proportion is in the range of ~1%.

Discontinued Fund (Unit Linked): As per the regulations, the fund value of lapsed policies is transferred to a separate fund namely, Discontinued Fund (UL), the returns for this funds are guaranteed as per Regulation 11 of IRDAI (Treatment of Discontinued Linked Insurance Policies) Regulations, 2010.

Discontinued Fund (VIP Pension): As per the regulations, the fund value of lapsed policies is transferred to a separate fund namely, Discontinued Fund (Pension), the returns for this funds are guaranteed as per Regulation 11 of IRDAI (Treatment of Discontinued Linked Insurance Policies) Regulations, 2010.

55 Insurance risk framework

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent development of long–term claims. Therefore, the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The risk exposure is mitigated by diversification across a large portfolio of insurance contracts and geographical areas. The variability of risks is also improved by careful selection and implementation of underwriting strategy guidelines, as well as the use of reinsurance arrangements.

The Company purchases reinsurance as part of its risks mitigation programme. Reinsurance ceded is placed on both a proportional and non–proportional basis. The majority of proportional reinsurance is surplus reinsurance which is taken out to reduce the overall exposure of the Company to certain classes of business.

Life insurance contracts and investment contracts with DPF

Life insurance contracts offered by the Company include: whole life, term assurance, conventional endowment, deferred pensions, non-guaranteed annuity pensions, pure endowment pensions and mortgage protection. Investment contracts with DPF offered by the Company are deferred pensions.

Whole life, endowment and term assurance are conventional regular premium products when lump sum benefits are payable on death or permanent disability and most of the products have Surrender Value.

Pensions are contracts where retirement benefits are converted to a form of annuity payable at retirement age. If death occurs before retirement, contracts generally return the value of the fund accumulated or premiums. Some of the contracts give the policyholder the option at retirement to take the annuity from open market allowing the policyholders the option of availing the highest available annuity from market. Under unitised pensions, a percentage of the premium is applied towards the purchase of accumulation units in one or more of the internal linked funds. Provision of additional death benefits may be provided by cancellation of units or through supplementary term assurance contracts. Certain personal pension plans also include contribution protection benefits that provide for payment of contributions on behalf of policyholders in periods of total disability.

Guaranteed annuities are single premium products which pay a specified payment to the policyholder while they are alive. Payments are generally fixed for the lifetime.

Death benefits of endowment products are subject to a guaranteed minimum amount. The maturity value usually depends on the investment performance of the underlying assets or may be fixed at inception. For contracts with DPF the guaranteed minimum may be increased by the addition of bonuses. These are set at a level that takes account of expected market fluctuations, such that the cost of the guarantee is generally met by the investment performance of the assets backing the liability. However, in circumstances where there has been a significant fall in investment markets, the guaranteed maturity benefits may exceed investment performance and these guarantees become valuable to the policyholder. Certain pure endowment pensions contain the option to apply the proceeds towards the purchase of an annuity earlier than the date shown on the contract or to convert the contract to ‘paid up’ on guaranteed terms. The mortgage protection contracts offered by the Company provide pure risk cover only.

The main risks that the Company is exposed to are as follows:

. Mortality risk – risk of loss arising due to policyholder death experience being different than expected
. Morbidity risk – risk of loss arising due to policyholder health experience being different than expected
. Longevity risk – risk of loss arising due to the annuitant living longer than expected
. Investment return risk – risk of loss arising from actual returns being different than expected
. Expense risk – risk of loss arising from expense experience being different than expected
. Policyholder decision risk – risk of loss arising due to policyholder experiences (lapses and surrenders) being different than expected

Amounts in thousands (₹000) unless otherwise stated

55 Insurance risk framework (continued)

These risks do not vary significantly in relation to the location of the risk insured by the Company, type of risk insured or by industry.

The Company's underwriting strategy is designed to ensure that risks are well diversified in terms of type of risk and level of insured benefits. This is largely achieved through diversification across industry sectors and geography, the use of medical screening in order to ensure that pricing takes account of current health conditions and family medical history, regular review of actual claims experience and product pricing, as well as detailed claims' handling procedures.

The following tables show the concentration of life insurance contract liabilities and investment contract liabilities with DPF by type of contract.

31 March 2020	Gross			Net		
Particulars	Insurance contract and investment contract liabilities with DPF	Insurance contract liabilities without DPF	Total gross insurance contract liabilities and investment contract liabilities with DPF	Insurance contract and investment contract liabilities with DPF	Insurance contract liabilities without DPF	Net of insurance contract liabilities and investment contract liabilities with DPF
Whole life	19,757,385	-	19,757,385	19,757,385	-	19,757,385
Term assurance	-	3,329,833	3,329,833	-	1,958,194	1,958,194
Guaranteed annuity pensions	-	-	-	-	-	-
Pure endowment pensions	-	-	-	-	-	-
Mortgage endowments	-	-	-	-	-	-
Total life insurance	58,019,608	55,664,660	113,684,268	58,003,231	55,663,100	113,666,331
Unitised pensions	-	-	-	-	-	-
Total investment contracts with	-	9,900,231	9,900,231	-	9,900,231	9,900,231
Total	**77,776,993**	**68,894,724**	**146,671,717**	**77,760,615**	**67,521,526**	**145,282,141**

31 March 2019	Gross			Net		
Particulars	Insurance contract and investment contract liabilities with DPF	Insurance contract liabilities without DPF	Total gross insurance contract liabilities and investment contract liabilities with DPF	Insurance contract and investment contract liabilities with DPF	Insurance contract liabilities without DPF	Net of insurance contract liabilities and investment contract liabilities with DPF
Whole life	17,298,885	-	17,298,885	17,298,885	-	17,298,885
Term assurance	-	2,102,124	2,102,124	-	1,283,511	1,283,511
Guaranteed annuity pensions	-	-	-	-	-	-
Pure endowment pensions	-	-	-	-	-	-
Mortgage endowments	-	-	-	-	-	-
Total life insurance	50,215,486	52,356,870	102,572,356	50,212,803	52,354,143	102,566,946
Unitised pensions	-	-	-	-	-	-
Total investment contracts with	-	10,736,851	10,736,851	-	10,736,851	10,736,851
Total	**67,514,371**	**65,195,845**	**132,710,215**	**67,511,687**	**64,374,504**	**131,886,192**

The geographical concentration of the Company's life insurance contract liabilities and investment contract liabilities with DPF is within India only.

The assumptions that have substantial impact on statement of financial position and statement of profit and loss of the Company are listed below :-

Portfolio assumptions by type of business impacting net liabilities	Mortality and morbidity rates			Persistency			Investment return			Expenses		
	31 March 2020	31 March 2019	31 March 2018	31 March 2020	31 March 2019	31 March 2018	31 March 2020	31 March 2019	31 March 2018	31 March 2020	31 March 2019	31 March 2018
Non Participating Endowment	66% -224.4% of LIC 12-14	66% -180% of LIC 06-08	72% -180% of LIC 06-08	Lapse rate for RP: 10% in year 1, 5% in year 2 and 0% thereafter	Lapse rate for RP: 10% in year 1, 5% in year 2 and 0% thereafter	Lapse rate for RP: 10% in year 1, 5% in year 2 and 0% thereafter For LP: 5% in year 1 and 0% thereafter	6% to 7.65%	6% to 7.65%	6% to 6.75%	INR 84.57 to INR 833.47	INR 81.32 to INR 801.41	INR 78.19 to INR 770.59

Amounts in thousands (₹000) unless otherwise stated

55 Insurance risk framework (continued)

Portfolio assumptions by type of business impacting net liabilities	Mortality and morbidity rates			Persistency			Investment return			Expenses		
	31 March 2020	31 March 2019	31 March 2018	31 March 2020	31 March 2019	31 March 2018	31 March 2020	31 March 2019	31 March 2018	31 March 2020	31 March 2019	31 March 2018
Term Plans	29.7% -100% of LIC 12-14	20.5% -100% of LIC	33% -100% of LIC 06-08	Lapse rate for RP: 10% in year 1, 5% in year 2 and 0% thereafter For LP: 10% in year 1, 3% to 5% in year 2 and 0% thereafter	Lapse rate for RP: 10% in year 1, 5% in year 2 and 0% thereafter For LP: 10% in year 1, 3% to 5% in year 2 and 0% thereafter	Lapse rate for RP: 10% in year 1, 5% in year 2 and 0% thereafter For LP: 10% in year 1, 3% to 5% in year 2 and 0% thereafter	6.00%	6.00%	6.00%	INR 546.38 - INR 691.14	INR 525.37 - INR 664.56	INR 505.16 - INR 639
Unit Linked	100% of LIC 12-14	100% of LIC 06-08	100% of LIC 06-08	Paid-up rates: 24% year 1,8% year2, 24%, year3 ,20%, in year 4,5,6 and 12% thereafter	Paid-up rates: 24% year 1,8% year2, 24%, year3 ,20%, in year 4,5,6 and 12% thereafter	Paid-up rates: 24% year 1,8% year2, 24%, year3 ,20%, in year 4,5,6 and 12% thereafter	4.50%	4.50%	4.50%	INR 802.09	INR 771.24	INR 741.58
Pension	100% of LIC 12-14	100% of LIC 06-08	100% of LIC 06-08	Paid-up rates 24% to 45% in year1, 6% to 20% in year 2 4% to 15% in year 3, 4% to 10% in year 4 and 4% to 5% thereafter	Paid-up rates 24% to 45% in year1, 6% to 20% in year 2 4% to 15% in year 3, 4% to 10% in year 4 and 4% to 5% thereafter	Paid-up rates 24% to 45% in year1, 6% to 20% in year 2 4% to 15% in year 3, 4% to 10% in year 4 and 4% to 5% thereafter	4.50%	4.50%	4.50%	INR 384.69 To INR 833.47	INR 369.89 To INR 801.41	INR 355.66 To INR 770.59
Participating Endowment	100% of LIC 12-14	100% -148.50% of LIC 06-08	100% -148.50% of LIC 06-08	Lapse rate for RP: 10% in year 1, 5% in year 2 and 0% thereafter For LP: 5% in year 1 and 0% thereafter	Lapse rate for RP: 10% in year 1, 5% in year 2 and 0% thereafter For LP: 5% in year 1 and 0% thereafter	Lapse rate for RP: 10% in year 1, 5% in year 2 and 0% thereafter For LP: 5% in year 1 and 0% thereafter	6.50%	6.50%	6.50%	INR 404.13 To INR 833.47	INR 388.59 To INR 801.41	INR 373.64 To INR 770.59

Sensitivity analysis

The following analysis is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities, profit before tax and equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

It should be noted that movements in these assumptions are non–linear. Sensitivity information will also vary according to the current economic assumptions, mainly due to the impact of changes to both the intrinsic cost and time value of options and guarantees. When options and guarantees exist, they are the main reason for the asymmetry of sensitivities. The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

Insurance contracts (In lacs)

		31 March 2020				31 March 2019				31 March 2018			
Particulars	**Change in assumptions**	**Increase/ (decrease) on gross liabilities**	**Increase/ (decrease) on net liabilities**	**Increase/ (decrease) on profit before tax**	**Increase/ (decrease) on equity**	**Increase/ (decrease) on gross liabilities**	**Increase/ (decrease) on net liabilities**	**Increase/ (decrease) on profit before tax**	**Increase/ (decrease) on equity**	**Increase/ (decrease) on gross liabilities**	**Increase/ (decrease) on net liabilities**	**Increase/ (decrease) on profit before tax**	**Increase/ (decrease) on equity**
Mortality/morbidity rate	+10%	15,891	15,891	15,891		13,250	13,250	13,250		10,404	10,404	10,404	
Longevity	+10%	-	-	-									
Investment return	+1%	-	-	-									
Expenses	+10%	7,293	7,293	7,293		6,830	6,830	6,830		4,025	4,025	4,025	
Lapse and surrenders rate	+10%	(323)	(323)	(323)		(376)	(376)	(376)		(171)	(171)	(171)	
Discount rate	+1%	(90,628)	(90,628)	(90,628)		(89,728)	(89,728)	(89,728)		(70,126)	(70,126)	(70,126)	
Mortality/morbidity rate	-10%	(14,153)	(14,153)	(14,153)		(11,857)	(11,857)	(11,857)		(13,069)	(13,069)	(13,069)	
Longevity	-10%	-	-	-									
Investment return	-1%	-	-	-									
Expenses	-10%	(6,934)	(6,934)	(6,934)		(6,640)	(6,640)	(6,640)		(45,641)	(45,641)	(45,641)	
Lapse and surrenders rate	-10%	325	325	325		600	600	600		395	395	395	
Discount rate	-1%	197,284	197,284	197,284		165,452	165,452	165,452		75,338	75,338	75,338	

Amounts in thousands (₹000) unless otherwise stated

56 Financial risk management framework

The Company is exposed to financial risk, such as market risk (fluctuations in exchange rates, interest rates and price risk), credit risk and liquidity risk. The general risk management program of the Company focuses on the unpredictability of the financial markets, and attempts to minimize their potential negative influence on the financial performance of the Company. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

I) Credit risk

"Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalents held with banks and current and non-current debt investments.

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

a) Company's credit risk policy which sets out the assessment and determination of what constitutes credit risk for the it. 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.

b) Net exposure limits are set for each counterparty or group of counterparties, geographical and industry segment (i.e., limits are set for investments and cash deposits, foreign exchange trade exposures and minimum credit ratings for investments that may be held).

c) 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, ascertaining suitable allowance for impairment.

d) The Company sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long–term credit ratings.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

31 March 2020

Particulars	AAA	AA	AA-	BBB	BB	D	Not rated	Unit linked	Total
a) Financial Instruments :-									
Amortized cost financial assets									
- Debt securities	88,897,920	99,975	-	-	-	-	4,568,921	-	93,566,816
- Equity securities	-	-	-	-	-	-	-	-	-
- Mutual Funds	-	-	-	-	-	-	-	-	-
Financial assets at FVTOCI									
- Debt securities	38,503,244	-	157,017	-	-	-	-	-	38,660,261
- Equity securities	-	-	-	-	-	-	3,043,710	-	3,043,710
- Mutual Funds	-	-	-	-	-	-	-	-	-
Financial assets at FVTPL									
- Debt securities	-	-	-	-	-	-	-	8,448,801	8,448,801
- Equity securities	-	-	-	-	-	-	588,849	7,546,059	8,134,908
- Mutual Funds	-	-	-	-	-	-	3,813,404	789,810	4,603,214
Total									**156,457,710**
b) Reinsurance assets	-	-	-	-	-	-	1,389,576	-	1,389,576
c) Insurance receivables	-	-	-	-	-	-	1,970,003	-	1,970,003
d) Cash and short term deposits	1,590,928	-	-	-	-	-	-	-	1,590,928
Total credit risk exposure	**128,992,092**	**99,975**	**157,017**	**-**	**-**	**-**	**15,374,463**	**16,784,670**	**317,865,928**

31 March 2019

Particulars	AAA	AA	AA-	BBB	BB	D	Not rated	Unit linked	Total
a) Investments									
Amortized cost financial assets									
- Debt securities	75,615,005	225,713	44,967	-	-	62,492	3,711,767	-	79,659,944
- Equity securities	-	-	-	-	-	-	-	-	-
- Mutual Funds	-	-	-	-	-	-	-	-	-
Financial assets at FVTOCI									
- Debt securities	31,135,020	193,572	155,447	-	-	187,500	-	-	31,671,539
- Equity securities	-	-	-	-	-	-	4,319,618	-	4,319,618
- Mutual Funds	-	-	-	-	-	-	-	-	-
Financial assets at FVTPL									
- Debt securities	-	-	-	-	-	-	-	7,509,966	7,509,966
- Equity securities	-	-	-	-	-	-	826,816	11,481,479	12,308,295
- Mutual Funds	3,464,281	-	-	-	-	-	-	1,002,380	4,466,661
Total									**139,936,023**
b) Reinsurance assets	-	-	-	-	-	-	824,024	-	824,024
c) Insurance receivables	-	-	-	-	-	-	1,102,535	-	1,102,535
d) Cash and short term deposits	2,460,038	-	-	-	-	-	-	-	2,460,038
Total credit risk exposure	**112,674,344**	**419,285**	**200,414**	**-**	**-**	**249,992**	**10,784,760**	**19,993,825**	**144,322,619**

Amounts in thousands (₹000) unless otherwise stated

56 Financial risk management framework (continued)

I) Credit risk (continued)

The credit rating of "Infrastructure Leasing & Financial Services Ltd" (ILFS) downgraded from 'AAA' to 'D' as at 31 March 2019. As of 31 March 2020, this security is credit impaired, on account of which the Company has created an impairment loss of INR 300,000 (Previous Year: INR 100,000). The following table provides information about the exposure to credit risk and expected credit loss associated with such financial assets carried at amortised cost. Further, the Company has not recognised revenue being interest accrued and cumulative due of INR 95,893 up to the financial year 2019-20 (from last interest default date of respective securities). The interest accrued on ILFS securities of INR 52,337 recorded during the previous year, had been completely provided for by the Company.

The Company had a total investment of INR 500,480 in non-convertible debentures (NCD) issued by Infrastructure Leasing and Financial Services Limited Group (IL&FS Group), of which NCDs with Face value of INR 50,000 were due for maturity on 28 March 2019 and interest on all of the securities was due in February and March 2019. The principal and the interest due thereon have not been paid by IL&FS Group as on the date of signing the balance sheet. The Management estimates that the provision made in respect of its exposure in IL&FS Group adequately represents the likely un-recoverability of the investment. The Company, however, continues to monitor the developments in this matter and take appropriate action as needed.

Breakup of Impairment loss on financial assets	**31 March 2020**	**31 March 2019**
Amortised cost securities	92,250	37,500
FVOCI securities	187,500	62,500
Financial assets (Interest accrued on investments)	-	52,337
Total	**279,750**	**152,337**

	31 March 2020			**31 March 2019**		
Particulars	**Trade Receivables**	**Loans and advances**	**Other Financial Assets**	**Trade Receivables**	**Loans and advances**	**Other Financial Assets**
Past due 1–30 days	1,970,003	32,302	3,488,710	1,102,535	16,290	3,294,580
Past due 31–90 days	-	-	-	-	-	-
Past due 91–120 days	-	-	-	-	-	-
Past due by more than 120 days	-	185,607	-	-	189,383	-
Total of past due but not impaired Financial Assets	**1,970,003**	**217,909**	**3,488,710**	**1,102,535**	**205,673**	**3,294,580**

II) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial 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 out–flows and expected reinsurance recoveries.

Liquidity risk is held at low levels through effective cash flow management and availability of adequate cash. Cash flow forecasting is performed internally by rolling forecasts of the Company’s liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and comply with other covenants.

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

a) Company's liquidity risk policy which 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.

b) Guidelines are set for asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding available to meet insurance and investment contracts obligations.

c) Contingency funding plans are in place, which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans.

The table below details the Company's remaining contractual maturity for its financial assets and liabilities . The contractual cash flows reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

31 March 2020		**Contractual cash flows**		**Total carrying value**
Particulars	**1 year or less**	**1 year to 5 years**	**5 years or more**	
Assets				
Amortized cost financial assets	1,278,249	3,674,193	88,614,374	93,566,816
Financial assets at FVTOCI	628,164	4,223,262	36,852,546	41,703,971
Financial assets at FVTPL	6,853,828	1,074,497	13,258,598	21,186,923
Loans and receivables	32,302	-	185,607	217,909
Reinsurance assets	-	-	1,389,576	1,389,576
Insurance receivables	1,970,003	-	-	1,970,003
Other financial assets	3,488,710	-	-	3,488,710
Cash and bank balances	1,590,928	-	-	1,590,928
Total	**15,842,184**	**8,971,952**	**140,300,700**	**165,114,836**

Amounts in thousands (₹000) unless otherwise stated

56 Financial risk management framework (continued)

II) Liquidity risk (continued)

31 March 2020	**Contractual cash flows**			**Total carrying value**
Particulars	**1 year or less**	**1 year to 5 years**	**5 years or more**	
Liabilities				
Insurance contract liabilities :				
with DPF	(7,212,527)	(9,256,866)	380,797,735	364,328,342
without DPF	(4,354,653)	(411,282)	105,865,675	101,099,740
Investment contract liabilities :				
with DPF	-	-	-	-
without DPF	923,951	3,798,516	5,335,287	10,057,754
Trade and other payables	3,343,316	-	-	3,343,316
Other financial liabilities	567,192	-	3,593	570,784
Other liabilities	357,211	-	-	357,211
Total	**(6,375,509)**	**(5,869,633)**	**492,002,290**	**479,757,147**
Total liquidity gap	**(22,217,693)**	**(14,841,585)**	**351,701,590**	**314,642,312**

31 March 2019	**Contractual cash flows**			**Total carrying value**
Particulars	**1 year or less**	**1 year to 5 years**	**5 years or more**	
Assets				
Amortized cost financial assets	1,437,598	2,838,104	75,421,741	79,697,443
Financial assets at FVTOCI	552,036	3,296,703	32,142,418	35,991,158
Financial assets at FVTPL	6,323,788	1,715,775	16,245,359	24,284,922
Loans and receivables	16,290	-	189,383	205,674
Reinsurance assets	-	-	824,024	824,024
Insurance receivables	1,102,535	-	-	1,102,535
Other financial assets	3,294,580	-	-	3,294,580
Cash and bank balances	2,460,038	-	-	2,460,038
Total	**15,186,865**	**7,850,583**	**124,822,926**	**147,860,373**
Liabilities				
Insurance contract liabilities :				
with DPF	(7,806,908)	(8,594,649)	339,694,831	323,293,273
without DPF	(3,648,253)	(3,787,794)	99,056,497	91,620,450
Investment contract liabilities :				
with DPF	-	-	-	-
without DPF	523,571	5,008,794	6,931,027	12,463,392
Trade and other payables	2,894,516	-	-	2,894,516
Other financial liabilities	663,850	-	4,749	668,599
Other liabilities	523,431	-	-	523,431
Total	**(6,849,793)**	**(7,373,648)**	**445,687,103**	**431,463,663**
Total liquidity gap	**(22,036,657)**	**(15,224,231)**	**320,864,178**	**283,603,289**

III) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity/commodity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is primarily exposed to risk arising due to changes in interest rates and equity prices impacting the Company's value of holdings of financial instruments.

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

a) Company's Investment policy and liquidity risk policy which sets out the assessment and determination of what constitutes market risk for the Company. Compliance with these policies 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.

b) 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 for policyholders which are in line with their expectations and management of interest sensitivity of products sold. Market risk is also managed by setting risk limits such as Earnings at Risk and Regulatory capital at risk and risk is managed to be within these limits.

c) The Company stipulates diversification benchmarks by type of instrument , as it is exposed to guaranteed benefits when interest rates fall.

Amounts in thousands (₹000) unless otherwise stated

56 Financial risk management framework (continued)

IV) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates." The Company has no significant concentration of currency risk.

V) Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rates. The Company's ALM policy requires it to manage interest rate risk by maintaining an appropriate mix of instruments. The policy also requires it to manage the maturities of interest bearing financial assets and interest bearing financial liabilities. The Company monitors the Duration Gap and cash flow matching on regular basis to manage this risk.

Exposure to interest rate risk

The Company's interest rate risk primarily arises on account of investments in interest bearing securities. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

Particulars	Carrying Amount	
	31 March 2020	31 March 2019
Fixed-rate instruments		
Financial assets :		
a) Government securities and government guaranteed bonds	98,491,150	84,736,871
b) Debentures/ bonds	10,187,685	7,038,742
c) Investments in infrastructure and social sector bonds	26,793,776	22,955,124
d) Others (CBLO & Policy Loan)	5,203,268	4,110,710
Financial liabilities	149,966,841	135,134,255
	(9,290,962)	**(16,292,808)**
Variable-rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-
Total	**(9,290,962)**	**(16,292,808)**

VI) Equity price risk

Equity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in equity 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 its issuer, or by factors affecting all similar financial instruments traded in the market. The Company's equity price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices, principally investment securities not held for the account of unit–linked business. The Company's Investment Mandates require it to manage such risks by setting and monitoring objectives and constraints on investments, diversification plans, limits on investments in each sector, security and market and exploration of use of any derivative financial instruments.

VII) 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.

57 Capital management

The primary source of capital used by the Company is Equity . The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. 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.

During the Previous Year, Rights issue of 100,000,000 equity shares of ₹ 10/- each on October 04, 2018 were made to the existing equity shareholders of the Company. The issue was fully subscribed. Refer Note 13 for details.

	31 March 2020	31 March 2019
Particulars	**Life Insurance**	**Life Insurance**
Total Equity	12,511,605	11,576,123
Borrowings	-	-
Total Shareholders' Funds as per FS	12,511,605	11,576,123
Adjustments onto a regulatory basis	-	-
Available capital resources	**12,511,605**	**11,576,123**

Amounts in thousands (₹000) unless otherwise stated

58 Fair values hierarchy

I) Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2020:

	Date of valuation	Note Reference	Carrying value	Fair value measurement using		
				Level 1	Level 2	Level 3
Financial assets						
1) Amortised Cost						
Policyholders' Investments						
Government securities and government guaranteed bonds including treasury bills	31 March 2020	6	65,181,568	71,405,274	-	-
Debentures/ bonds	31 March 2020	6	6,065,015	6,485,936	-	-
Investments in infrastructure and social sector bonds	31 March 2020	6	17,735,422	19,021,242	-	-
Others (CBLO)	31 March 2020	6	15,890	15,890	-	-
Policy loans	31 March 2020	6	4,568,921	-	-	4,568,921
2) FVTOCI Investments						
Shareholders' Investments						
Government securities and government guaranteed bonds including treasury bills	31 March 2020	6	7,594,759	7,594,759	-	-
Debentures/ bonds	31 March 2020	6	170,202	170,202	-	-
Investments in infrastructure and social sector bonds	31 March 2020	6	2,598,276	2,598,276	-	-
Policyholders' Investments						
Government securities and government guaranteed bonds including treasury bills	31 March 2020	6	20,353,837	20,353,837	-	-
Debentures/ bonds	31 March 2020	6	3,101,451	3,101,451	-	-
Investments in infrastructure and social sector bonds	31 March 2020	6	4,841,736	4,841,736	-	-
Equity	31 March 2020	6	3,043,710	2,851,270	-	192,440
3) FVTPL Investments						
Shareholders' Investments						
Mutual Funds	31 March 2020	6	184,725	184,725	-	-
Policyholders' Investments						
Mutual Funds	31 March 2020	6	3,628,679	3,628,679	-	-
Equity	31 March 2020	6	588,849	521,235	-	67,614
4) Assets held to cover linked liabilities (Note 5)						
Government securities and government guaranteed bonds including treasury bills	31 March 2020	6	5,360,985	5,360,985	-	-
Equity	31 March 2020	6	7,546,059	7,546,059	-	-
Debentures/ bonds	31 March 2020	6	851,016	851,016	-	-
Investments in infrastructure and social sector bonds	31 March 2020	6	1,618,341	1,618,341	-	-
Mutual funds	31 March 2020	6	789,810	789,810	-	-
Others (CBLO)	31 March 2020	6	618,458	618,458	-	-
5) Embedded derivative liability	31 March 2020	18	3,593	-	-	3,593

Note 1:- All financial assets and financial liabilities (excluding the ones mentioned above) reasonably approximate their carrying amounts to fair value.

Note 2:- Unquoted equity shares - The fair value for unlisted equity securities have been determined based on discounted cash flow analysis on the financial projections using a suitable discount rate.

Amounts in thousands (₹000) unless otherwise stated

58 Fair values hierarchy (continued)

I) Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2019:

	Date of valuation	Note Reference	Carrying value	Fair value measurement using		
				Level 1	Level 2	Level 3
Financial assets						
1) Amortised Cost						
Policyholders' Investments						
Government securities and government guaranteed bonds including treasury bills	31 March 2019	6	55,918,454	57,693,493	-	-
Debentures/ bonds	31 March 2019	6	4,244,790	4,289,399	-	-
Investments in infrastructure and social sector bonds	31 March 2019	6	15,673,564	15,895,100	-	-
Others (CBLO)	31 March 2019	6	111,369	111,369	-	-
Policy loans	31 March 2019	6	3,711,767	-	-	3,711,767
2) FVTOCI Investments						
Shareholders' Investments						
Government securities and government guaranteed bonds including treasury bills	31 March 2019	6	7,649,658	7,649,658	-	-
Debentures/ bonds	31 March 2019	6	231,488	231,488	-	-
Investments in infrastructure and social sector bonds	31 March 2019	6	1,944,272	1,988,023	-	-
Policyholders' Investments						
Government securities and government guaranteed bonds including treasury bills	31 March 2019	6	17,036,404	17,036,404	-	-
Debentures/ bonds	31 March 2019	6	1,491,109	1,491,109	-	-
Investments in infrastructure and social sector bonds	31 March 2019	6	3,243,606	3,274,857	-	-
Equity	31 March 2019	6	4,319,618	4,099,555	-	220,063
3) FVTPL Investments						
Shareholders' Investments						
Mutual Funds	31 March 2019	6	248,737	248,737	-	-
Policyholders' Investments						
Mutual Funds	31 March 2019	6	3,215,544	3,215,544	-	-
Equity	31 March 2019	6	826,816	749,497	-	77,319
4) Assets held to cover linked liabilities (Note 5)						
Government securities and government guaranteed bonds including treasury bills	31 March 2019	6	4,132,356	4,132,356	-	-
Equity	31 March 2019	6	11,481,480	11,481,480	-	-
Debentures/ bonds	31 March 2019	6	1,071,354	1,071,354	-	-
Investments in infrastructure and social sector bonds	31 March 2019	6	2,018,680	2,018,680	-	-
Mutual funds	31 March 2019	6	1,002,380	1,002,380	-	-
Others (CBLO)	31 March 2019	6	287,574	287,574	-	-
5) Embedded derivative liability	31 March 2019	18	4,749	-	-	4,749

Note 1:- All financial assets and financial liabilities (excluding the ones mentioned above) reasonably approximate their carrying amounts to fair value.

Note 2:- Unquoted equity shares - The fair value for unlisted equity securities have been determined based on discounted cash flow analysis on the financial projections using a suitable discount rate.