DIVERSIFY
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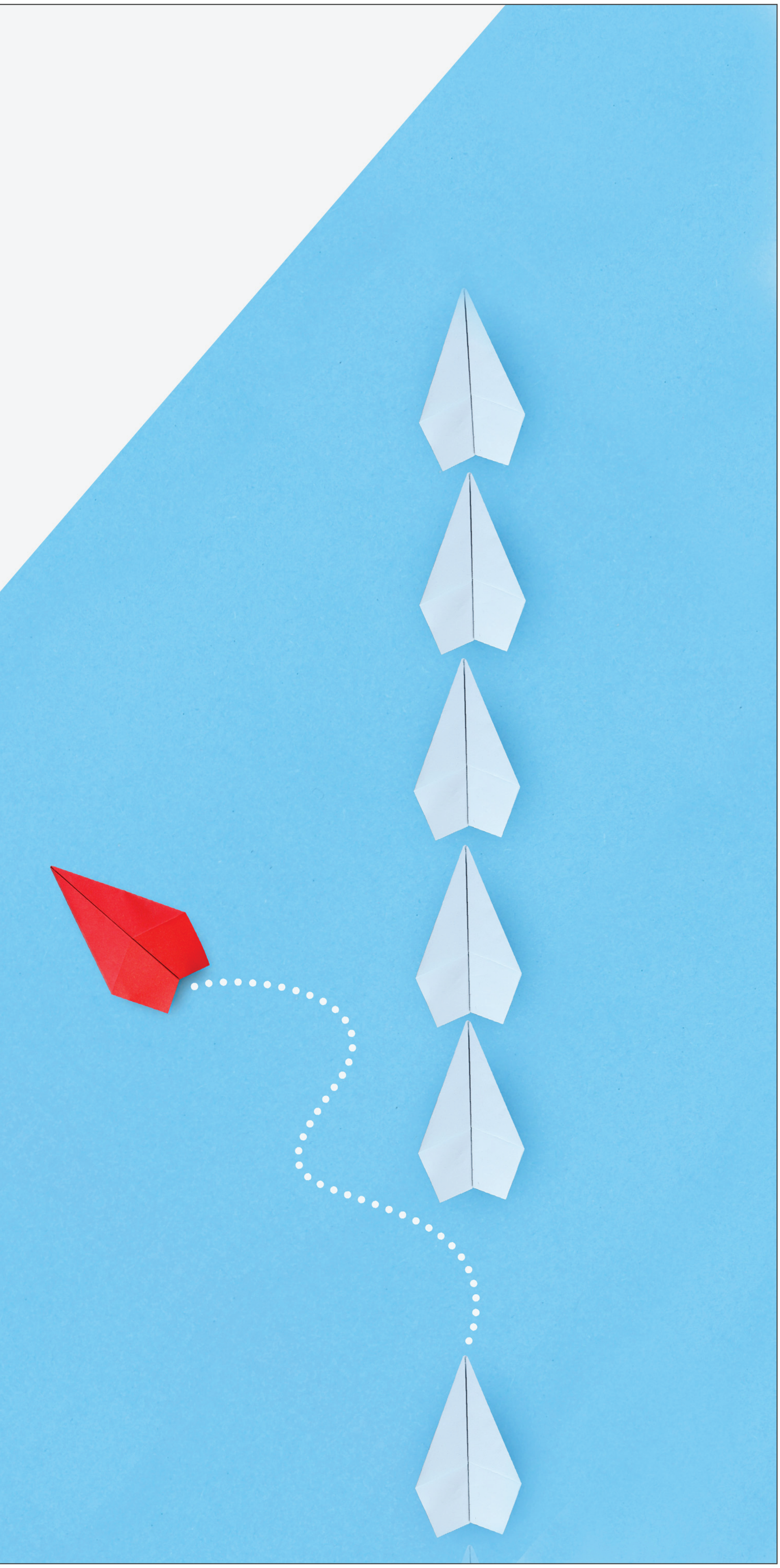
8th ANNUAL REPORT 2023-24



HDFC Life

HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED

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Corporate Information

Board of Directors

Vibha Padalkar
Non-Executive Director (Chairperson of the Board)

Yuvraj Narayan
Independent Director

Davinder Rajpal
Independent Director

Suresh Badami
Non-Executive Director

Sameer Yogishwar
Non-Executive Director

Management Committee

Rahul Prasad
Chief Executive Officer

Nancy Gupta
Appointed Actuary

Manoj Raman
Head - Customer Relations & Business Systems and DPO

Ankit Singhal
Head - Legal & Company Secretary

Abhishek Nayak
Head - Risk & Compliance and MLRO

Harpreet Singh Kalra
Head - Finance & Accounts

Kinnari Panda
AVP - Product (International Business)

Registered Office

HDFC International Life and Re Company Limited
(Regulated by the Dubai Financial Services Authority)
Unit OT 17-30, Level 17, Central Park Towers,
Dubai International Financial Centre, Dubai,
PO Box 114603, United Arab Emirates
Telephone: +971 4 354 6969
Email: info@hdfclifere.com
Website: www.hdfclifere.com
License Number: CL2067

Chief Executive Officer

Rahul Prasad

Company Secretary

Ankit Singhal

Auditor

Ernst & Young Middle East
(Dubai Branch)

Internal Auditor

RSM, UAE

Bankers

Citibank, N.A.
HDFC Bank Ltd. (Bahrain Branch)
HDFC Bank Ltd. (GIFT City Branch, Gandhinagar)
HDFC Bank Ltd. (Raysan Branch, Gandhinagar)
First Abu Dhabi Bank (PJSC)
Dubai Islamic Bank (PJSC)
Bank of Singapore Limited

About HDFC International Life and Re Company Limited

Our business consists of both, treaty and facultative reinsurance arrangements with ceding insurers, across classes of life and health insurance under the Group Insurance and Individual Insurance business segments. At HDFC International Life and Re, our aim is to provide ceding partners with solution-centric, progressive and value-added life and health reinsurance services. Headquartered in the DIFC, we offer (re)insurance capacity in the GCC, the greater MENA region and key emerging markets.

This rapid yet steady growth, since inception in 2016, is testimony to our conviction and credibility as a life and health (re)insurance Company. The Company continues to build an agile and efficient organization by further strengthening the risk management and actuarial disciplines, application of prudent underwriting approaches and augmenting data and tech capabilities. HDFC International Life and Re, has been assigned long-term insurer public financial strength rating of "BBB" for six (6) consecutive years.

During the financial year 2023-24, the Company commenced it's commercial operations of HDFC International Life and Re, IFSC Branch ("HDFC Life International"), its first overseas branch located at Gujarat International Finance Tec (GIFT City) - IFSC, India. HDFC Life International has launched an array of innovative life and health insurance plans to address the needs of global Indian's including NRIs, PIOs and resident Indians. In February 2024, HDFC Life International won the Business Leaders Award for the 'Most Innovative Company of the Year-2024'.

HDFC International Life and Re is focussed and committed to offer greater value to all its stakeholders.

PARENTAGE

Established in 2000, HDFC Life is a leading, listed, long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. The Company has more than 80 products (including individual and group products) and optional riders in its portfolio, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its increased presence across the country, having a wide reach with branches and additional distribution touch-points through several new tie-ups and partnerships. The count of distribution partnerships is over 300, comprising of banks, NBFCs, MFIs, SFBs, brokers, new ecosystem partners amongst others. The Company has a strong base of financial consultants.

Our Vision

Securing aspirations, through customer focused, technology driven and globally trusted life (re)insurance solutions

Excellence

Excel in every action, with an aspiration to be the best in the industry

People Engagement

Respect your colleagues and contribute towards an engaged work environment

Integrity

To conduct oneself in a manner that is consistent with the parent company's code of conduct and demonstrate accountability in all professional actions

Customer Centricity

Keep customers interest at the centre and deliver on commitments

Collaboration

Proactively align actions towards achieving organizational goals

Chairperson's Message

> Excellence and trustworthiness are paramount in all our business endeavours. Our sustained focus on underwriting excellence has safeguarded our interests and earned the continued trust of our stakeholders.

Dear Shareholders,

Reflecting on a year defined by resilience and growth fills me with pride and accomplishment as HDFC International Life and Re embarks on its ninth financial year. I am pleased to present our Annual Report for FY 2023-24 and provide an update on our sustained strong performance across various business metrics.

First and foremost, I am pleased to announce the appointment of Rahul Prasad as CEO of HDFC International Life and Re, effective May 10, 2023. Rahul has been integral to our international business since its inception. Prior to becoming CEO, he served as the Deputy CEO. He succeeds Sameer Yogishwar, who has assumed greater responsibilities within our parent company, HDFC Life, while remaining associated with HDFC International Life and Re as a Non-Executive Director.

Our fiscal year-end performance exceeded internal projections, demonstrating our commitment to strategic objectives and delivering significant value to clients, partners, and shareholders alike. The dedication of our team and the adept execution of our strategies have collectively contributed to another year of stable financial performance. Equally, our commitment to innovation and client-centric solutions has remained steadfast. Our growth has been possible due to our focus on strengthening existing business partnerships while forging new relationships.

Our risk management framework is founded on prudent analysis and proactive decision-making, adapting to both existing and emerging risks. We recognize the importance of maintaining an optimal portfolio concentration across our reinsurance lines of business, ensuring resilience while capitalizing on emerging opportunities.

I am pleased to report that HDFC International has maintained its "BBB" long-term public financial insurer strength ratings by S&P Global Ratings for yet another year.

As we embrace emerging trends, we remain committed to integrating the best in technology to enhance our processes and practices, including offering advanced value-added support services for clients and partners. We are proud to have been awarded the prestigious ISO/IEC 27001:2013 Certification for Information Security Management Systems, underscoring our commitment to technology and innovation.

This past year, HDFC International Life & Re, IFSC Branch ("HDFC Life International"), introduced a suite of US Dollar life and health insurance products catering to non-resident and resident Indians globally. These products have been well received by both customers and intermediaries, and we are confident of building size and scale in the future.

I extend my gratitude to the DFSA and the IFSCA for their continued unwavering support in fostering a business-friendly environment conducive to growth, as well as for their encouragement and guidance.

I also thank our shareholders, clients, and the entire HDFC International Life and Re family for their steadfast support. Together, we look ahead with confidence, ready to explore new horizons and achieve greater milestones in the coming year.

FY 2023-24 has bolstered our confidence in achieving greater success by capitalizing on our growth and seizing greater opportunities.

Thank you for your trust and commitment to HDFC International Life and Re.

Vibha Padalkar

Board of Directors

Vibha Padalkar
Non-Executive Director
(Chairperson of the Board)

Ms. Vibha Padalkar is the MD & CEO of HDFC Life. Under her stewardship, the Company continues to deliver across key metrics - a consistent, predictable and sustained performance across business cycles, ending with an AUM of Rs 2.9 Tn. as on March 31, 2024. She also spearheaded the first M&A in the Indian life insurance industry. Vibha joined the Company in 2008 and prior to assuming charge as the MD & CEO in 2018, Vibha was the ED & CFO and instrumental in the successful listing of HDFC Life in 2017. She is also a member of the Executive Committee (EC) of the Life Insurance Council.

Vibha qualified as a member of the Institute of Chartered Accountants of England and Wales in 1992 and is also a member of the Institute of Chartered Accountants of India. Over the years, Vibha has been the recipient of various awards which includes the 'CA Business Leader - For Large Corporates - BFSI' at the 15th ICAI Awards by The Institute of Chartered Accountants of India. She has also been felicitated with awards by ET Prime Women Leadership Awards and IMA India. She featured in the 'Top 30 Most Powerful Women in Business' list by Business Today for six consecutive years (2018 to 2023). In 2021, Fortune International recognised Vibha as one of the 'Most Powerful Women in Business'. Vibha has been featured in Fortune India's list of 'Most Powerful Women' for 2021, 2022 and 2023. She also has been featured in the 'Most Valuable CEOs' list by Business World for 2022 & 2023 and in their list of 'Most Influential Women in Business' for 2022. In 2024, Vibha has been recognised with the SKOCH CEO's Choice Award as the 'CEO of the Year' in the insurance sector by SKOCH Forums. Vibha has also been featured in India Today's prestigious ' The She List' in 2024.

Yuvraj Narayan
Independent Director

Mr. Yuvraj Narayan is the Group Deputy CEO & CFO and Board Member of DP World, a global transport and logistics company. With a footprint that spans over 430 business entities, DP World operates in 78 countries and employs a workforce of more than 100,000 individuals. Since joining the company in 2005, Narayan has been instrumental in its evolution from a regional port operator into a leading global provider of end-to-end supply chain solutions, managing approximately 10% of global container trade. Over the course of his tenure, Narayan's visionary leadership and strategic financial acumen have earned him the title of Middle East and North Africa CFO of the year four times (2008, 2015, 2016 and 2018). Under his guidance, the finance team has also garnered numerous accolades, including Finance Team of the Year in 2015. As a qualified Chartered Accountant, Narayan extends his expertise beyond DP World, serving on the boards of HDFC International Life and Re Company Limited, TT Club and DFM Financial Markets further demonstrating his diverse capabilities and leadership in both the corporate and sports sectors.

Davinder Rajpal
Independent Director

Mr. Davinder Rajpal is an independent insurance and reinsurance professional who began his professional career in 1961. Prior to retirement in 2006, he was Member of the Executive Team in Swiss Re – Asia HQ, Hong Kong (2002 – 2006), a body responsible for the strategic development and overall management decision making for all Asia Pacific Property & Casualty operations. He was also Head of Turkey, Middle East and South Asia markets for Property & Casualty business in Swiss Re (2000 – 2002). Prior to the above, he was General Manager for AXA China Region, Hong Kong (1992 – 2000). During this period, he was responsible for defining regional strategies and provided overall management of the Company's general insurance operations. He has also served as General Manager for CIGNA and his territorial responsibilities in CIGNA included Hong Kong, Taiwan and Macau (1985 – 1992). Mr. Rajpal was also on the Board of Directors of IDBI Federal Life Insurance Co. Ltd., Mumbai and also was an Independent Non-Executive Director on the Board of Pine Bridge Investment Trustee Company India Ltd. Mr. Rajpal has been on the Board of Directors of HDFC International Life & Re since its inception.

Suresh Badami
Non-Executive Director

Mr. Suresh Badami has been associated with HDFC Life since October 2013. Prior to joining HDFC Life, he was associated with Dunlop India Limited, ICI India Limited, Cogensis Networks Private Limited, Max Ateev Limited and ICICI Bank Limited. Suresh has 29 years of experience in sales & business across varied industries, including 20+ years in banking & financial services. He holds a Bachelor's degree in Science from Bangalore University and a Post Graduate Diploma in Management from Xavier Institute of Management, Bhubaneswar. He has been appointed to the Board of Directors of HDFC International Life & Re since July 13, 2017.

Sameer Yogishwar
Non-Executive Director

Mr. Sameer Yogishwar has been with the HDFC group since the past 25 years. In 1998, Sameer started his professional career with India's largest mortgage finance company HDFC (Housing Development Finance Corporation) Limited, one of the founder shareholders of HDFC Life, as a Management Trainee. Post a two-year stint with HDFC Limited, he was deputed as part of the founding team for HDFC Life. In his 23-year journey with HDFC Life, He was involved across multiple functions including process operations, learning & development, agency sales, bancassurance, strategic alliances and international business. He essayed multiple senior leadership roles, having headed zonal business functions in large geographies of the country, apart from spending a significant part of his career in building up and managing the organization's branch operations network in India. He became the first CEO of HDFC International Life & Re in January 2016. He was instrumental in obtaining the license and incorporating the Company in the DIFC. Sameer also served on the Board of Directors of DIFC Insurance Association NPIO (June 2017- June 2019). He has been instrumental in setting up of the GIFT office and now oversees the business as a Non- Executive Director. He is also the Group Head of Bancassurance, Alliances, Group Protection & Funds. Sameer holds a Bachelor's degree in Economics and a Masters in Management Studies (Finance) from Mumbai University.

Senior Management

Rahul Prasad
Chief Executive Officer (CEO)

Mr. Rahul Prasad took over as the CEO of HDFC International Life and Re Company, on May 10, 2023. Before assuming the role of CEO, Rahul had successfully served as Deputy CEO, wherein he was responsible for serving clients and partners in the GCC, the greater MENA region and key emerging markets. He also played a key part in driving revenue growth and expanding into new lines of business.

Rahul began his professional career as a Management Trainee in 2004 with India's first private life insurer (HDFC Life) and then went on to be part of one of the largest bancassurance channels for HDFC Life in India for many years, and later took up charge as VP of International Business towards the end of 2013. Rahul's association with HDFC Life and HDFC International Life and Re is now in excess of 20 years. Rahul, as part of the founding team, was instrumental in setting up the Company in DIFC and was one of the chief architects in forging strategic alliances with insurers in GCC and the broader MENA region, by understanding their business models and responding with tactical tailor-made reinsurance solutions.

In his present role as CEO, Rahul oversees strategic planning, operational excellence, and governance aimed at delivering sustainable performance. Rahul holds a Bachelor's degree in Engineering and a post-graduation degree in Business Management from Nagpur University and Nirma University respectively.

From the Desk of the CEO

Our people are key to our success, and we remain dedicated to fostering an inclusive workplace.

Dear Shareholder,

I am honoured to address you as the new CEO of HDFC International Life and Re. This year we have continued to build upon the foundation laid by Sameer Yogishwar, who remains involved with us as a Non-Executive Director of the Company. His past contributions and lasting influence have provided me solid footing to guide the Company's progress.

I take this opportunity to assure you of our commitment to advance the work accomplished so far, to strive for continuous improvement and to foster a culture of innovation.

We have marked a successful FY 2023-24 and I am pleased to highlight significant strides and accomplishments.

Navigating financial success

As we strived to achieve our purpose of expanding and growing the business, we were successful in achieving our strategic objectives including delivering superior financial performance that resulted in a 5-year Compound Annual Growth Rate (CAGR) of 42% in Gross Written Premiums (GWP). We also managed to operate cost-effectively, aligning our underwriting with our risk tolerance and adjusting to shifts in the broader economic landscape. This required making informed choices, using resources efficiently, and reaching our financial objectives.

The Company also transitioned to the new accounting standards of IFRS 9 and IFRS 17. Together, we stayed committed to ensuring that the implementation of these new standards was seamlessly integrated into pertinent business processes.

Prudent Risk Management in a dynamic environment

Our Company's clear vision, solid foundation, and steadfast commitment have positioned us to effectively seize opportunities in our specialized markets. Optimal risk selection, balanced portfolio mix, prudent risk management, and disciplined underwriting strategy are key parts of our risk philosophy.

Our achievements in the past year includes double-digit growth, improvement in margins, consolidating our position in key businesses, and commencing operations from our branch in GIFT IFSC. We are committed to building on this success and seizing new growth opportunities in the upcoming fiscal year.

Launching brands

Our long-term vision of securing aspirations of Global Indians was further given a boost this year with the launch of US Dollar denominated Life and Health insurance products to resident, non-resident Indians and PIOs worldwide through HDFC Life International, our overseas branch in GIFT IFSC. I am also delighted to mention that our inaugural product, the US Dollar Global Education Plan generated immense interest from our customers and intermediaries across the globe. Since the commencement of commercial operations, we have further augmented our portfolio with products such as the Global Student Health Care, Group Term Life and Group Credit Life with many more to be launched in the coming year.

Driving operational excellence

We continue to exhibit strong controls and due diligence on all the operational aspects ranging from underwriting assessment, claims management and reinsurance administration services.

In our pursuit for excellence, I am happy to announce that we were awarded the ISO/IEC 27001:2013 Certification for Information Security Management Systems, underscoring our commitment to excellence technology and innovation.

Among other notable highlights of the year, we are proud of the affirmation of our long-term public financial insurer strength ratings by S&P Global Ratings. Furthermore, HDFC Life International received the "Most Innovative Company 2024" award from Business Leader of the Year. This reiterates our dedication to pushing boundaries and setting new standards in the industry.

In closing, I'm excited to lead a team committed to innovation and growth. Our pursuit of excellence is steadfast, and I believe that together, we'll make the most of opportunities ahead.

Rahul Prasad

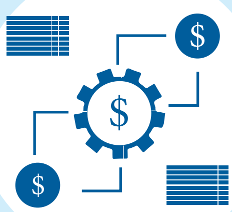

Diversify • Derisk • Dominate

Driving through the 3D journey as part of the strategic plan

Diversify

Bigger isn't always better, **quality is paramount**

- Continue to balance investments in high-risk, high-reward opportunities ("the most exciting initiatives") versus low- risk, low-reward ones and constantly create a mindshare of our ideas and solution within our client community
- Speaking the language of our client(s) and working in short cycles to deliver the strategic and operational asks - offering effective yet innovative solutions to clients across the spectrum of life and health insurance value chain



Derisk

Not taking risk is no good, **building resilience is critical**

- Beyond delivering on product and market mix, we will continue amplifying value creation for our clients and generate investment alpha on our asset book while efficiently managing the liability side of the Balance Sheet
- Play the balance between a mediocristan and extremistan, by tactically managing the persistent risks and continue to remain mindful to steer clear of conformity bias while avoiding potential negative surprises and downside risks

Dominate

Identity, fortify and **own spaces of strategic value**

- Grow, scale and continue to expand the franchise by optimizing available tangible and intangible resources cater to select client portfolio by meeting their unmet demands and underserved needs
- Harness the power of data, analytics and technology, and ensure clients constantly view us as strategic partners with problem solving expertise and carry endurance to offer solutions that hold particularly promising future potential

Management Review & Corporate Reports

Management Review & Corporate Reports

ENTERPRISE RISK MANAGEMENT (ERM)

- HDFC International's adjusted capital resources over the course of the year are in excess of the defined threshold. The capital adequacy position is reviewed on an ongoing basis.
- The risk management system constantly monitors new risks and emerging risks and is able to respond with agility to changes in internal and external environments.
- HDFC International leverages on ERM and internal controls framework that is developed to manage the uncertainties in achieving its strategic objectives.
- HDFC International has put in place key policies that sets up clear channels of communication regarding risk management strategy, objectives and plans.
- ERM function enables in taking timely decisions, both strategic and operational in a measured manner, carefully considering lag-lead inputs and early warning indicators whilst addressing emerging risks.

Integrating Risk Strategy

HDFC International maintains a robust governance and strong risk management system that is foundational for the business operations and is anchored in the enterprise strategy. As a derivative from the enterprise strategy, the risk strategy is the core element for effective management of risks. It specifies more closely the goals of risk management and documents the understanding of risk. Outlined are the following overriding principles within the risk strategy:

- We ensure the risk profile is dynamically optimized, whilst operating within the acceptable risk appetite as approved by the Board of Directors
- We ensure risk management system and practices are agile and responsive to emerging risks and is able to address effectively with changes in internal and external environments
- We ensure risk management has close alignment to business and operations, where risk appetite facilitates discussions and sets boundaries to risk taking
- We promote an open risk culture and the transparency of the risk management system wherein strategy and execution are dealt with complexity, materiality and proportionality considerations
- We ensure protection of the interests of the policyholder(s), cedant(s), retrocessionaire(s), shareholder(s), employees, and all the relevant stakeholder(s)
- We adhere to applicable DFSA/IFSCA rules and DIFC/GIFT City regulations and all relevant federal directives issued by various statutory authorities
- We adhere to and fulfil the requirements laid down by rating agencies and operate within the integrated framework
- We make risk assessment and risk treatment process effective by minimising risk and maximising opportunities with the balanced use of both qualitative and quantitative methods
- We assure in providing a systematic, structured, and dynamic mechanism to take smarter yet informed decisions whilst managing risk and uncertainty pragmatically
- We ensure and assure the independence of ERM function

In addition to integrating risk strategy and determining causal factors, strategic risk assessments, scenario analysis and stress testing, risk and control self-assessment and the central system of limits and thresholds are critical risk infrastructures of Risk and Capital Management Guideline which is reviewed at least once a year. While this mechanism ensures risk management system is kept up-to-date, it also helps escalate risks and controls to next reporting levels in HDFC International; aids in prioritising risks including determining options and deciding rightfully what mitigation actions suits best as per the strategic objectives.

HDFC International's capital adequacy ratio (CAR) should be at least 120%, 150% is already considered to be a threshold, and countermeasures would be triggered if the CAR were to fall below this level. Adherence to the regulatory requirement of a CAR of at least 120% is therefore also ensured.

Capital adequacy requirements are monitored using the regulatory capital model and rating agency capital model and the Board of Directors are informed quarterly about adherence to the key thresholds as part of regular risk reporting as well as on an additional basis in the case of major events or changes. In addition to the above-mentioned threshold of 150%, the necessary adjusted capital resources are also influenced by the expectations of rating agencies and the cedant(s) for the target rating.

ERM encompasses

Aligning risk appetite and strategy – Executive management considers risk appetite in evaluating strategic alternatives, setting related objectives, and developing mechanisms to manage related risks

Enhancing risk response decisions – ERM provides the rigor to identify and select among alternative risk responses – risk treatment, risk transfer, risk tolerance, risk taking and risk termination

Reducing operational surprises and losses – Entities gain enhanced capability to identify potential events and establish responses, reducing surprises and associated costs or losses.

Identifying and managing multiple and cross-enterprise risks HDFC International faces a myriad of risks affecting different parts of the organization, and ERM facilitates effective response to the interrelated impacts, and integrated responses to multitude of risks

Seizing opportunities – By considering a full range of potential events, executive management is best positioned to identify and proactively realize opportunities

Improving deployment of capital – Obtaining robust risk information allows executive management to effectively assess overall capital needs and enhance capital allocation

These capabilities inherent in ERM, helps executive management achieve the performance and profitability targets, and prevent loss of resources. ERM helps ensure effective reporting and compliance with laws and regulations, and helps avoid reputational and associated consequences. In sum, the ERM practice at HDCF International helps to go where it wants to go and avoid pitfalls and surprises along the way.

ERM embedded across business units and decision-making process

1 Risk culture
Appropriate measurement and required interventions to foster strong risk culture

2 Risk governance
Effective board and RMC oversight by setting tone at the top, greater involvement of business units

3 Risk decisions
Business decisions entail prudent balance between risk and reward (upside potential) to optimize risk-adjusted returns

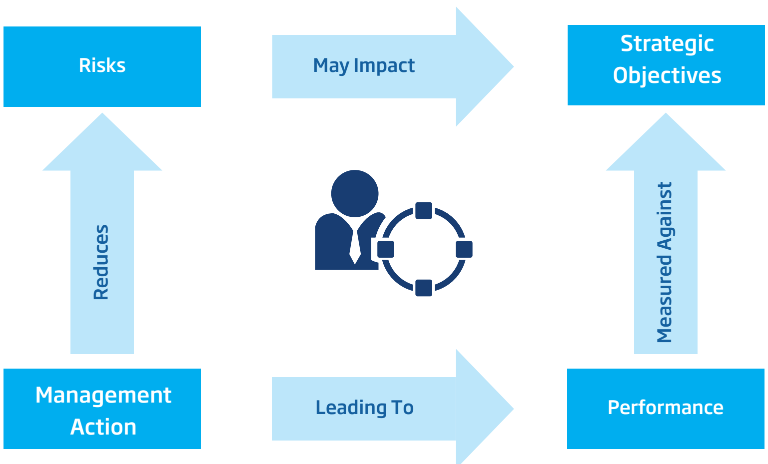
5 Risk insights
From a feedback view by risk type to a feed-in (forward looking) view integrated across existing and emerging risk areas

4 Risk strategy
How much and which risks to take in pursuit of Company objectives,cascaded down to business units and aligned with strategy

The ERM strategy is commensurate to enterprise strategy

- HDFC International recognizes ERM as an integral building block to manage risks and maximize opportunities related to achievement of strategic objectives
- HDFC International's risk taking is steered by the Risk Appetite Framework, which consists of two (2) interlinked components: risk appetite and risk tolerance/limits. The quantitative and qualitative risk appetite boundaries facilitate risk and capital led decision making and risk tolerance/limits sets boundaries for measured risk taking
- HDFC International continuously reviews and updates its internal frameworks, models and parameters to reflect the experiences and changes in internal and external risk environment and current best practices
- HDFC International's ERM system is agile and responsive to emerging risks and is able to effectively address changes in internal and external operating environment
- HDFC International leverages on the ERM and controls framework that is developed to manage the uncertainties in achieving its strategic objectives
- HDFC International has also put in place key policies that set up clear channels of communication regarding ERM strategy, objectives and plans
- ERM Policy ("Policy"), provides a base for the overall risk management framework. The Policy is reviewed by the Risk Management Committee (RMC) and approved by the Board of Directors on an annual basis

ERM strategy provides appropriate measures to achieve a prudent balance between risk and reward and follows the risk taxonomy:



HDFC International has identified five (5) risk categories which are further broad-based into specific risk types and sub-risk types basis their nature, scale, size, complexity, materiality and linkages to the strategic objectives:

Reinsurance Risks | Financial Risks | Operational Risks | Catastrophic Risks | Emerging Risks

HDFC International has a defined comprehensive governance structure for risk management, designed to identify, analyze, mitigate and manage all material and emerging risks through a multi-line defense model providing for an effective balance of internal controls, oversight and assurance. It includes the leadership, accountabilities and oversight that builds and improves the ERM framework.

ERM governance structure is an essential part of HDFC International's corporate governance responsibilities. Effective ERM governance structure will help HDFC International improve its performance and achieve the desired outcomes and stated objectives, basis the five (5) core principles alongside identified relevance:

Principles	Relevance
Mandate It reflects the intent to ensure effective ERM	▪ Endorsement of the ERM Policy ▪ Ensuring a positive attitude towards ERM ▪ Reviewing regularly the effectiveness of ERM
Design It reflects what is key to effectiveness of framework	▪ Designing of framework considering internal and external factors ▪ Accountability and responsibility for managing risk and internal controls ▪ Integration into strategic planning and decision-making process
Implementation It reflects what actions are required to make it real	▪ Developing a ERM Strategy to support integration across functions ▪ Identifying the requirements for building ERM capability ▪ Reviewing implementation progress and reporting outcomes
Monitor & Review It reflects the approach to assess performance	▪ Assessing the ERM framework at least annually ▪ Monitoring progress against the ERM Strategy ▪ Implementing changes considering internal and external factors
Continual Improvement It reflects the continual improvement process	▪ Risk attestation is supported to ensure internal controls are fit & proper ▪ Developing a ERM improvement plan to assess effectiveness ▪ Determining improvement through risk assurance reports

Performance Management

The Risk Management Committee (RMC) reviews the effectiveness of the ERM function on an on-going basis ensuring that the function has the necessary expertise, frameworks and infrastructure to support measured risk taking. Additionally, the function undergoes through an independent assurance process by the appointed Internal Auditor. Furthermore, S&P Global Ratings as part of their annual surveillance process take up a comprehensive assessment on the state of ERM evolution and maturity levels against global benchmarks. The array of metrics used to evaluate the risk management function are on the foundation of correctness and accuracy of facts presented, comprehensiveness in quality of risk assessments and check on integration of risk management into strategic decision-making process.

Highlights of FY 2024

During the year, the ERM practice and processes were instrumental in keeping HDFC International focused on the most important strategic imperatives towards all the stakeholders. As at the date of this report, following measures were implemented for effective risk assessments (identification, analysis, and evaluation) and risk treatment to manage material and emerging risks:

- HDFC International operated and managed within the Board of Directors approved risk appetite. The risk appetite comprising of qualitative and quantitative risk appetite, risk tolerance and risk capacity, has been integrated with strategy and decision-making process
- HDFC International improved its risk management capability, through effective implementation of ERM and internal controls framework validated by independent assurance bodies such as Internal Auditors and Rating Agencies
- Capital (Regulatory and Rating Agency) adequacy models were regularly analysed and specific management measures were employed ensuring maintenance of optimum level of capital adequacy levels before foraying into specific business activities or/ and entering a new market
- HDFC International continued to maintain its Financial Strength Ratings (FSR). HDFC International received rating affirmations from S&P Global Ratings and applied Insurance Industry Country Risk Assessment (IICRA) rationale and utilized Capital Model outcomes under range of scenarios and assumptions in its decision-making process to prevent and mitigate crystallization of significant potential risks
- Developed high frequency stress tests using multi-scenario approach to demystify vulnerabilities linked to profit and loss, balance sheet, cash flows, including review of investment strategy based on economic scenarios and risk appetite. The application of this approach provided better control and predictability of business
- HDFC International regularly assesses all potential and emerging risk(s) through a combination of qualitative and quantitative analytics to analyze state of business, risk profile and internal controls environment. During the year, HDFC International focused on new emerging risks including strengthening of cybersecurity and data protection framework
- HDFC International undertook monitoring of key developments in the regulatory and geo-political environment including the potential impact with the introduction of the new accounting regime IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts and continued to observe other key industry specific events among others. The Company has adopted IFRS 17 from April 1, 2024 and Financial performance for the Company is based on IFRS 17. Accordingly, Company has restated the Financials for FY 2022-23 on IFRS 17. Financial performance for FY 2021-22 is based on the erstwhile standard (IFRS 4).

DIRECTORS' REPORT

TO
THE MEMBER OF HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED

The Board of Directors are pleased to present the 8th Annual Report on the business and performance of HDFC International Life and Re Company Limited (the "Company"), together with the Audited Financial Statements for the Financial Year ended March 31, 2024.

Financial Performance

The Financial performance for the FY 2023-24 is summarized as under:

Particulars	FY 2023-24 (USD)	FY 2022-23 (USD)	FY 2021-22 (USD)
Gross Income	22,818,644	16,091,252	16,437,837
Total Expenses	21,472,532	12,474,457	(20,415,929)
Profit/(Loss)	1,346,112	3,616,795	(3,978,092)

The Company has adopted IFRS 17 from April 1, 2024 and financial performance for the Company is based on IFRS 17. Accordingly, Company has restated the Financials for FY 2022-23 on IFRS 17. Financial performance for FY 2021-22 is based on the erstwhile standard (IFRS 4).

Share Capital

The authorized share capital of the Company is USD 30,000,000. There was no change in the Company's paid-up capital during the year. The registered paid-up capital of the Company as on March 31, 2024 is twenty-nine million five hundred thousand dollars (USD 29,500,000) represented by twenty-nine million five hundred thousand (29,500,000) Ordinary shares, with nominal value of USD 1.00 each. The entire paid-up capital of the Company is held by HDFC Life Insurance Company Limited.

Business Review and Outlook

HDFC International has its office in the Dubai International Financial Centre (DIFC), Dubai. HDFC International was set up with the primary objective of offering life and health (re)insurance in the Middle East and North Africa (MENA) region and other markets of strategic importance.

HDFC International, has successfully completed eight (8) years of operations and has expanded its growth across the MENA region. Focus remains to diversify, derisk and dominate the niche position by building a stable and sustainable revenue model, while ensuring the business remains predictable and profitable. It continues to grow, scale and expand by optimizing available resources, thereby catering to select ceding insurers. During the financial year 2023-24, Company commenced the commercial operations of HDFC International Life and Re, IFSC Branch ("HDFC Life International"), its first overseas branch located at Gujarat International Finance Tec (GIFT City) - IFSC, India. Since its launch, an array of innovative life and health insurance plans have been introduced to address the needs of global Indian's including NRIs, PIOs and resident Indians.

For the financial year 2023-24, HDFC International generated Gross Written Premiums (GWP) of USD 21.64 million registering a 43% y-o-y growth including, business effecting from both reinsurance and direct insurance lines of business. For the period under review, HDFC International Life and Re reported a Net Profit of USD 1.35 million on a consolidated basis.

Further, S&P Global Ratings assigned its "BBB" insurer financial strength rating on HDFC International Life and Re for the sixth consecutive year.

Key Regulatory Framework

The independent legislative framework of both, the DIFC and the DFSA, are based on international standards and principles of common law. Both, the DIFC and the DFSA, have administered and enacted various laws and rules which the Company is bound by. The Company is subject to the United Arab Emirates Federal Laws including rules and regulations issued by the DIFC, the DFSA and relevant Federal Authorities, as applicable to the Company during the year under review, including amendments, are:

i. The DIFC Laws

- **Companies Law & Regulations** – Set out provisions in respect of formation and incorporation of companies, classification of companies, shares, capital, directors and their duties, auditors and their duties, meetings, accounts, winding up etc. Companies are classified as Public Companies and Private Companies. Reporting requirements depend on the classification of companies. The Legal Status of the Company is "Private Company".
- **Contract Law** – Sets out the provisions governing contracts such as formation of contracts, validity of contracts, interpretation of contracts, performance and non-performance of contracts, damages in case of breach and agency contracts.
- **Data Protection Law & Regulations** – The new Data Protection Law came into force on July 1, 2020. The new law provides standards and controls for the Processing and free movement of Personal Data by a Controller or Processor; and protects the fundamental rights of Data Subjects, including how such rights apply to the protection of Personal Data in emerging technologies. The law also prescribes rules and regulations regarding the collection, handling, disclosure and use of personal data in the DIFC, and offers protection to the rights of individuals on their personal data. The new law embodies international best practice standards and is consistent with EU Regulations and OECD guidelines. The law is designed to balance legitimate needs of businesses and organizations to process personal information while upholding an individual right to privacy.

As prescribed by the law, the Company has formulated Data Protection Policies and Framework, including the Data Protection Privacy Policy Notice explaining data processing practices about how the Company collects, processes, and shares personal data.

- **Arbitration Law** – Sets out provisions governing an arbitration agreement, arbitration proceedings and arbitral awards; regarding the composition of the Arbitral Tribunal.
- **Employment Law** – Provides minimum employment standards to employees based within, or who ordinarily work within or from the DIFC; promotes the fair treatment of employees and employers; fosters employment practices that will contribute to the prosperity of the DIFC.

  DIFC Employee Workplace Savings Plan ("DEWS Plan") replaced the previously existing system of End of Service Benefit payment regime with a funded defined contribution regime where the employer needs to make monthly contributions to DEWS for the benefit of employees effective from February 01, 2020. Enrolment with a qualifying plan is a mandatory requirement and all employers in the DIFC were required to enrol with the DEWS Plan prior to the plan commencement date. The Company enrolled with the DEWS Plan in April 2020 for its employees who are on its payroll.

ii. The DFSA Rules

- **Anti-Money Laundering, Counter-Terrorist Financing and Sanctions Module ("AML") – Provides a single reference point for all persons and entities who are supervised by the DFSA for Anti**-Money Laundering, Counter-Terrorist Financing and sanctions compliance under the Federal regime and the DIFC regime.

  Pursuant to Federal Law on combating terrorist offences, the UAE Government maintains a list of designated terrorist organizations and groups. The UAE Government regularly updates this list and issues notifications to the effect. These notifications are adopted by the DFSA following which the DFSA issues SEO letters to all DIFC firms on the said notifications, laying down the procedures to be followed and reports to be submitted by the firms in order to comply with the UAE Government notifications. Additionally, the DFSA, pursuant to relevant provisions of the Regulatory Law 2004 (as amended) on 'Anti- Money Laundering Compliance', issues regular notifications on the announcements made by the United Nations (UN) Security Council Sanctions Committee.

  The requirement and obligations contained in the AML Module include Governing Body & senior management's responsibilities, anti-money laundering policies and procedures, rules regarding Money Laundering Reporting Officer ("MLRO"), risk-based assessment and customer due diligence, suspicious activity reports, AML training and awareness, sanctions and other international obligations.
- **Conduct of Business Module ("COB") -** (Regulates the conduct of business including the conduct of insurance and reinsurance business in or from the DIFC.)
- **General Module ("GEN") -** (Prescribes the financial services which may be carried on by the Authorised Firms or regulated entities) in the DIFC; sets out the fundamental regulatory obligations of the Authorised Firms while carrying out the financial services activities in the DIFC.
- **Prudential - Insurance Business Module ("PIN") -** (Sets out the prudential requirements applicable to insurers providing financial services in or from the DIFC and all insurers/reinsurers in the DIFC are governed by the PIN Module.)
- **Sourcebook Modules** – Provide all appropriate forms and notices which must be submitted to the DFSA and consist of a Code of Market Conduct, Prudential Returns Module and Regulatory Policies and Process Sourcebook.

iii. Federal Laws/Regulations:

- **Economic Substance Regulations ("ESR") -** (The UAE introduced ESR applicable onshore as well as in free zones.) The purpose of ESR is to ensure that UAE entities undertaking certain activities report actual profits that are commensurate with the economic activities undertaken within the UAE. Pursuant to the enactment of the UAE Economic Substance Regulations (ESR), the DIFC Registrar of Companies is the Regulatory Authority designated in the DIFC.

During the reporting year, the Company complied with its obligations towards notifying and reporting under the ESR within the prescribed timelines as set out by the UAE Ministry of Finance.

Apart from what has been enunciated elsewhere, the Company along with its overseas branch i.e., HDFC International Life & Re, IFSC Branch based in GIFT City, India is subject to:

Compliances as stipulated under several applicable regulations of the IFSCA

1. IFSCA (Operating of IIO), Guidelines 2021;
2. IFSCA (Insurance Products and Pricing) Regulations, 2022;
3. IFSCA (Appointed Actuary) Regulations, 2022;
4. IFSCA (Maintenance of Insurance Records and Submission of Requisite Information for Investigation and Inspection) Regulations, 2022;
5. IFSCA (Manner of Payment and Receipt of Premium) Regulations, 2022;
6. IFSCA (Preparation and Presentation of Financial Statements of IIO) Regulations, 2022;
7. IFSCA AML, CFT, KYC Guidelines, 2022;
8. IFSCA (Assets, Liabilities, Solvency Margin and Abstract of Actuarial Report for Life Insurance Business) Regulations, 2023;
9. IFSCA (Management Control, Administrative Control and Market Conduct of Insurance Business) Regulations, 2023;
10. IFSCA (Reinsurance) Regulations, 2023

Compliances as per several applicable Indian Federal Laws and Rules on

1. Compliance under Companies Act, 2013;
2. Compliances under Insurance Act, 1938;
3. Compliances under Income Tax, 1961;
4. Compliances under Central Goods and Services Tax Act, 2017;
5. Compliances under Indian Stamp Act, 1899;
6. Compliances under the PMLA, 2002;
7. Compliances under Special Economic Zones Act, 2005;

8. Compliances under Special Economic Zone Rules, 2006;
9. Compliances under Directorate General of Foreign Trade Rules;
10. Compliances under Export Promotion Council for EOUs and SEZ Rules

Capital Adequacy

As on March 31, 2024, the adjusted capital resources of the Company calculated as per App3 of the DFSA Rulebook, Prudential Insurance Business Module ("PIN Module") were USD 23,544,864.

This is higher than the minimum capital requirement of USD 11,012,419 calculated as per App4 of the PIN Module.

As on March 31, 2024, the Company was in compliance with the minimum capital adequacy requirements of the PIN Module.

Net worth

As on March 31, 2024, the Company's net worth was USD 26.60 million.

Board of Directors

The Board of Directors of the Company oversees the business and operations of the Company. For the FY 2023-24, the Company's Board of Directors comprised of five Directors represented by three members from shareholder's/controllers' organization and two Independent Directors. During the year, there was no change in the composition of the Board of Directors.

Details of the Board of Director's during FY 2023-24:

Ms. Vibha Padalkar	Non-executive Director (Chairperson of the Board)
Mr. Yuvraj Narayan	Independent Director
Mr. Davinder Rajpal	Independent Director
Mr. Suresh Badami	Non-executive Director
Mr. Sameer Yogishwar	Non-executive Director

Mr. Susir Kumar was appointed as an Additional Director in the category of Independent Director of the Company with effect from April 17, 2024 till the ensuing Annual General Meeting of the Company, who is not liable to retire by rotation. His appointment is subject to the necessary DFSA approval.

Mr. Prasun Gajri was appointed as an Additional Director in the category of Non-Executive Nominee Director of the Company with effect from April 17, 2024 till the ensuing Annual General Meeting of the Company, who is not liable to retire by rotation. DFSA has taken on record on June 04, 2024, Mr. Prasun as 'Authorised Individual' in the capacity of 'Licensed Director', thereby completing the onboarding exercise with DFSA.

The necessary resolution for appointment of Mr. Susir Kumar and Prasun Gajri have been included in the notice of 8th AGM, for approval of the Member.

Senior Management, Persons Undertaking Key Control Functions and any Major Risk-Taking Employees

Chief Executive Officer (SEO) represents the senior management team. Head – Finance & Accounts (Finance Officer) and Head - Risk and Compliance & MLRO (Compliance Officer, Risk Officer and MLRO) of the Company are designated as "Persons Undertaking Key Control Functions", as per the relevant DFSA Rulebooks.

Related Party Transactions

Except those listed below, there were no materially significant related party transactions with the Directors, the Management, subsidiaries or relatives of the Directors that have a potential conflict with the interests of the Company at large.

Transactions with HDFC Life (Holding Company) included in the statement of comprehensive income are as follows:

Particulars	2024 USD	2023 USD
Insurance Contract Revenue	-	298,843
Insurance Service Expenses	(16,814)	(2,510,394)

Balances with holding company included in the statement of financial position are as follows:

Particulars	2024 USD	2023 USD
Reinsurance balance payable	(91,046)	(848,773)

Transactions with HDFC Bank during the year are as follows:

Particulars	2024 USD	2023 USD
Purchase of term deposits	8,000,000	6,000,000
Maturity of term deposits	8,000,000	5,000,000
Interest earned on term deposits	87,747	37,856
Fees on direct insurance business	51,914	-

Balances with HDFC Bank included in the statement of financial position are as follows:

Particulars	2024 USD	2023 USD
Balance in Current Accounts	1,223,317	1,101,254
Accrued Interest on term deposit	70,975	19,304
Term deposit	1,000,000	1,000,000
Fees payable on direct insurance	(51,914)	-

Compensation of Key Management Personnel

The remuneration of key management personnel (KMP) during the period was as follows:

Particulars	2024 USD	2023 USD
Director's sitting fees	21,000	12,500
Short-term benefits	72,005	42,706
	93,005	55,206

Auditors

During the year under review, Ernst & Young Middle East (Dubai Branch) was reappointed as the Statutory Auditor of the Company for the financial year 2023-24 at the 7th Annual General Meeting (AGM), to hold office until the conclusion of the forthcoming "AGM".

The Board of Directors pursuant to the recommendation of the Audit committee and after passing circular resolution to this effect, have approved the appointment of Crowe Mak Limited (Regn. No. 0230) incorporated with Dubai International Financial Centre as Statutory Auditor of the Company from the conclusion of the 8th AGM until the conclusion of the 9th AGM of the Company. Ernst & Young Middle East was appointed since inception of the Company and had been the Statutory Auditors for a continuous period of 8 years. As a good corporate governance practice, the Company has decided to appoint now Crowe Mak Limited as Statutory Auditors.

The Board has recommended the same to the Members for their consideration and approval.

Risk Management

The Company recognizes Risk Management as an integral building block to manage risks and maximize opportunities related to achievement of strategic objectives. The Company's risk taking is steered by the Risk Appetite Framework, which consists of two (2) interlinked components: risk appetite and risk tolerance/limits. The quantitative and qualitative risk appetite boundaries facilitate risk and capital led decision making and risk tolerance/limits sets boundaries for measured risk taking. The Company continuously reviews and updates its internal frameworks, models and parameters to reflect the experiences and changes in internal and external risk environment and current best practices. The Company's risk management system is agile and responsive to emerging risks and is able to effectively address changes in internal and external operating environment. The Company leverages on the risk management and controls framework that is developed to manage the uncertainties in achieving its strategic objectives. The Company has also put in place key policies that sets up clear channels of communication regarding risk management strategy, objectives and plans. In addition, the ERM Policy ("Policy"), including associated policies provides a base for the overall risk management framework of the Company. The Policy is reviewed by the Risk Management Committee and the Board of Directors on an annual basis.

The ERM framework operates with the following objectives:

- Ensuring protection of the interests of our ceding and retrocession partners, policyholder(s), shareholder(s), employees, and all the relevant stakeholder(s), including adherence to internal values framework.
- Ensuring adherence to applicable laws, rules, regulations, guidelines, among others including relevant federal directives by the statutory authorities, thereby maintaining an ethical and strong corporate governance culture.
- Ensuring the risk assessment (identification, analysis, and evaluation) and risk treatment process is effective with the core objective of minimising risk and maximising opportunities for the Company.
- Assuring in providing a systematic, structured, and strong mechanism to take smarter yet informed decisions whilst managing risk and uncertainty pragmatically including internal controls.
- Assuring ERM is tailor-made and not one-size-fits-all, considering human and cultural factors in building lean processes and promoting strong risk and internal controls culture in the Company.

Internal Audit

As at the date of this report, the Company had utilized the services of RSM UAE (a DFSA registered auditor) for conduct of internal audit. The scope and mandate to the internal auditors were to ensure carrying out an independent review of the Company's internal control framework including testing the effectiveness and adequacy of the Company's policies, processes, practice and associated risk management framework. The Audit Committee of the Board has oversight responsibilities on internal audit including access to internal audit activities, reports, recommendations, observations and findings. The Board of Directors of the Company has adopted an "Internal Audit Charter" acknowledging that the internal auditors draw authority and powers from the Audit Committee and the Board of Directors of the Company. The Audit Committee of the Board reviews the "Annual Internal Audit Plan" and provides relevant inputs to the internal audit planning process, basis internal and external operating environment. During FY 2023-24, the Internal Audit Plan was structured in a manner to ensure comprehensive assessment including but not limited to review of critical business process controls.

The Internal Audit framework operates with the following objectives:

- Scope: The Internal Audit charter has defined the scope and authority of the internal audit activities, approved by the Audit Committee of the Board of Directors of the Company.
- Approach: The 'Annual Internal Audit Plan' adopts the Risk based Internal Audit (RbIA) methodology for undertaking internal audits, approved by the Audit Committee.
- Objective: To test, objectively and independently, the design and operating effectiveness of the internal control framework and risk management practices.
- Assurance: To provide independent and reasonable assurance about the adequacy and effectiveness of the internal controls to the Audit Committee and the Board of Directors of the Company.
- Reporting & Monitoring: The Audit Committee of the Board periodically reviews audit findings. The Management of the Company closely monitors the internal control framework to ensure recommendations and observations are effectively implemented.

Human Resources and People Development

The Company believes that a talented and dedicated workforce is a key pillar for a strong foundation, growth and efficiency. The Company's HR Policies are in line with the DIFC Employment Laws and the Company has adopted the Talent Management strategies of its Parent Company, which are designed to achieve the twin objectives of personal development and organizational growth.

The Company's workforce comprises of individuals from different countries and cultures, who bring on board a stream of cross-border experiences. We will continue to welcome and encourage diversity in our workforce as per the Company's expansion plan.

Directors' Statement

In accordance with the applicable DFSA Rules and DIFC Laws, the Board of Directors state that:

i. The Financial Statements have been prepared in accordance with the provisions of International Financial Reporting Standards ("IFRS").

ii. Such standards have been selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the Company's statement of accounts for the period under review, and of the state of the Company's financial position as at March 31, 2024.

iii. The Company has complied with those provisions of DIFC Companies Law and PIN Rules that are applicable to it, throughout the financial reporting period.

iv. The Directors are not aware of any relevant audit information of which the Company's auditor is not aware, and the Directors have taken all reasonable steps to become aware of such relevant audit information.

Appreciation and Acknowledgement

The Directors thank all clients and business partners/associates for maintaining their trust in the Company. The Directors also thank the Company's employees for their continued hard work, dedication and commitment; and the Management for its tireless effort in establishing the reinsurance business and the progress made.

The Directors further take this opportunity to thank HDFC Life, the sole Shareholder of the Company, and HDFC Bank for their invaluable and continued support and guidance. The Directors would also like to thank the DFSA, the DIFC Authority, International Financial Services Centres Authosity (IFSCA), Insurance Regulatory and Development Authority of India (IRDAI), Financial Regulatory Authority, Egypt and other Governmental and relevant regulatory authorities for the support, advice and direction provided from time to time.

On behalf of the Board of Directors

Sd/-	Sd/-
Vibha Padalkar	Suresh Badami
Non-Executive Director (Chairperson)	Non-Executive Director

CORPORATE GOVERNANCE FRAMEWORK

The Company's philosophy on Corporate Governance plays a vital role in protecting interest of all its stakeholders and it is based on the best practices related to Corporate Governance which includes Company's vision, values, policies, processes and goals. The Company is also committed to comply with the requirements of the regulator, Dubai Financial Services Authority (DFSA), with regard to Corporate Governance standards as set out in the relevant Rulebook and implement an effective framework in order to help the Board, Management and Employees to function towards the interest of Stakeholders. At the core of its Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. The Company believes that an active, well-informed and independent Board is necessary to ensure the highest standards of corporate governance.

Governing Body (Board of Directors)

The Company's Governing Body encompasses the Board of Directors. As at March 31, 2024, there are total five Directors represented by three members from shareholder's/controllers' organization(s) and two Independent Directors who carry significant and rich experience in reinsurance, insurance, banking and in the overall financial services sector. The Chairmen of the Board sub-committees i.e., the Risk Management Committee, Audit Committee and the Remuneration Committee are the Independent Directors. This clearly reflects the adoption of international best practices in corporate governance. The Board is responsible for setting the business objectives and to provide strategic direction as well as to provide overall supervision of the Company. The Board is also responsible for overseeing the business plan, strategy and management of the Company. The Board also has oversight on internal control systems which include all policies, processes and functioning of the management team.

The composition of the Board of Directors as at March 31, 2024 is as under:

Sr. No	Name of Director	Status/Position	No of Committees	
			As Member	As Chairman and Member
1	Ms. Vibha Padalkar	Non-Executive Director (Chairperson of the Board)	1	-
2	Mr. Yuvraj Narayan	Independent Director	1	2
3	Mr. Davinder Rajpal	Independent Director	2	1
4	Mr. Suresh Badami	Non-Executive Director	3	-
5	Mr. Sameer Yogishwar	Non-Executive Director	-	-

Responsibilities of the Board

The Board of Directors upholds the interests of the Company's shareholder and all relevant stake holders including its clients and business partners. The Board provides the management with guidance, strategic direction and oversees the Company's overall business affairs/functioning.

The Board has an oversight on regulatory compliance and corporate governance matters and oversees the interests of various stakeholders.

The Directors attend and actively participate in Board Meetings, and meetings of the Committees in which they are members.

The Key Terms of Reference updated from time to time, assist the Board and management in clarifying responsibilities and ensuring effective communication between the Board and management. The Key Terms setting out the roles and responsibilities of the Governing Body, and subsequent updates, if any, were adopted and approved by the Board.

Board of Directors' Meetings

During the year under review, the Board meetings were held 5 times to review the Company's quarterly performance, financial results, review the business, consider business strategies and their implementation including review and discussion of systems and controls in place etc. The Meetings of the Board of Directors and the Board Committees were held in Dubai.

In case any matter required urgent attention, resolutions were circulated for approval of the Board. The Board was provided with requisite information and detailed agenda papers, together with necessary supporting papers, as required. The Board papers, agenda and other explanatory notes are circulated to the Directors in advance, and include:

i. Minutes of the previous Board and Committee meetings (including minutes of Management Committee Meetings)

ii. Financial results/accounts

iii. Capital adequacy review update

iv. Business review, update and strategy review

v. Annual business plans, budgets, and updates on the same

vi. Investment Strategy for the Company's capital and update on investment performance

vii. Actuarial report/update

viii. Compliance Monitoring & AML process Review Reports

ix. Periodic AML Reports/Returns

x. Regulatory update

xi. Risk management update

xii. Overall Business Objectives & Risk Strategy (Annual)

xiii. Review and approval of Company Policies

Board Meetings held during FY 2023-24

The Board of Directors met five times during FY 2023-24 viz. April 18, 2023, July 19, 2023, October 06, 2023, October 30, 2023 and January 10, 2024.

Committees of the Board of Directors

During the year under review, the Audit and Risk Management Committee meetings were held on quarterly basis, and Remuneration Committee was held on annual basis.

Board Committee Meetings held during FY 2022-23

The Audit Committee met five times during FY 2023-24 viz. April 18, 2023, July 19, 2023, October 06, 2023, October 30, 2022 and January 10, 2024; and Risk Management Committee met four times during FY 2023-24 viz. April 18, 2023, July 19, 2023, October 06, 2023 and January 10, 2024; and Remuneration Committee was held on April 18, 2023.

The functions of the Board Committees are governed by the Key Terms of References of the Board Committees which are approved by the Board from time to time. During Financial Year 2023-24, key financials, actuarial, compliance related matters were updated and approved by the Audit Committee and the Board of Directors. Further, Risk reports were placed before the Risk Management Committee on a quarterly basis. Key risk management related matters were updated and approved by the Risk Management Committee.

The minutes of the Audit and Risk Management Committee meetings were placed at the Board Meeting of the Company. The details of the various Board Committees, including their composition and Responsibilities as per their Key Terms of Reference as at March 31, 2024 are given below:

Board Committees

Committee	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
Audit Committee	▪ Review of all regulatory returns and ensure that the returns are prepared and submitted in accordance with the requirements set out in DFSA PIN rules and regulations ▪ Review of the accounts/financial statements and ensure that the accounts/ financial statements of the Company comply with the applicable legislation in the DIFC	▪ Yuvraj Narayan- Independent Director (Chairman) ▪ Davinder Rajpal - Independent Director ▪ Suresh Badami - Non-Executive Director	5
Risk Management Committee	▪ ERM Policy: To review the implementation of policy and strategy while to review any unusual accounting reporting brought to its attention ensuring adequacy and effectiveness of risks and internal controls ▪ ERM Strategy: To ensure ERM is aligned to the objectives and the framework attains maturity basis change in internal and external environment ▪ ERM Profile: To review the Company risk profile relative to risk tolerance and limits and review outcomes on internal and external risk reviews ▪ ERM Architecture: To review the risk assessment (identification, analysis and evaluation), risk treatment, risk monitoring & review nomenclature ▪ Risk Appetite: To consider and set risk objectives and appetite basis the strategic objectives and forward looking internal and external environment ▪ Risk Portfolio: To consider and review the Company's portfolio of risks vis-a-vis internal and external environment including any other relevant factors which has a bearing on the Company's objectives ▪ Risk Capital: To consider and review the Company's regulatory (DFSA) risk capital which is dove-tailed across the spectrum of material risks ▪ Risk Assessments: To review outcomes of risk management reports including scenario & stress testing explaining crystallization of material risks ▪ Risk-Reward: Ensure the committee is taking appropriate measures to achieve a prudent balance between risk & reward (upside risk)	▪ Davinder Rajpal - Independent Director (Chairman) ▪ Yuvraj Narayan- Independent Director ▪ Suresh Badami - Non-Executive Director	4

Committee	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
Remuneration Committee	▪ Formulate and oversee the policies and procedures covering formal and transparent process for Company's remuneration structure and strategy ▪ Regular review of Company's remuneration practices and procedures and its effectiveness and adequacy ▪ Formulate an appropriate succession planning for key control functions ▪ Assessment of performance of staff including key controlling functions ▪ Undertake all activities in consideration of the best practices as laid down in the DFSA laws and regulations	▪ Yuvraj Narayan-Independent Director (Chairman) ▪ Davinder Rajpal -Independent Director ▪ Vibha Padalkar - Non-Executive Director ▪ Suresh Badami - Non-Executive Director	1

Other Internal Committees

Committee	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
Management Committee	▪ To assess, monitor and review the progress and achievement on vision, mission and strategic objectives of the Company ▪ To continuously relook at the set strategic objectives and internally brainstorm with regards to external environment ▪ To identify critical strategic issues affecting the "Company" and assisting in analyzing alternate strategic themes ▪ To assess, monitor and review the Company's performance against measurable targets ▪ To review aspects on broad-basing capital, strategic investments etc. ▪ To undertake regular review of Company's business, systems, controls and policies and its adequacy and effectiveness ▪ To set out the responsibilities of all key roles with an appropriate authority matrix for effective decision-making process ▪ Regular review of management information, business plan and strategy and present the same to the Board ▪ To review whether the Company is duly operating under the mandatory regulatory guidelines and local laws & statutes ▪ To conduct fit & proper assessment within the Committee's scope of responsibilities and may seek external inputs as suitable ▪ Exercise any such additional powers as deemed appropriate and as may be reasonable to fulfil roles and responsibilities	▪ CEO ▪ Appointed Actuary ▪ Head - Finance and Accounts ▪ Head - Risk and Compliance & Money Laundering Reporting Officer ▪ Head - Legal & Company Secretary ▪ Head - Client Relations and Business Systems ▪ AVP - Products/Retail Business	12

Committee	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
Asset Liability Committee (ALCO)	▪ Formulate and oversee the implementation of optimal ALM strategies at an enterprise level and ensure appropriateness ▪ Propose changes to investment strategy, investment in permissible asset class and mismatch management thereof ▪ Review capital adequacy against financial, demographic and underwriting expenses versus results of Economic Capital ▪ Assess any potential breaches as per defined threshold across various risk categories viz. liquidity, market & credit ▪ Review product development proposals where the outcome could significantly alter the quantum of risk exposures ▪ Review strategic investments viz. mergers and acquisitions, buyouts or demergers if any and as appropriate ▪ Undertake all activities in considerations and in adherence to the applicable local laws, statutes and regulations.	▪ CEO ▪ Appointed Actuary ▪ Head - Finance and Accounts ▪ Head - Risk, Compliance & MLRO	4
Outsourcing Committee	▪ To ensure that all the outsourcing arrangements meet the terms of the Board of Directors approved Outsourcing Policy ▪ Annually a report of all the material contracts be placed to the Board of Directors for their information and noting ▪ To review the risks in respect of the outsourced services ▪ Annual review of summary of outsourced activities and approval of changes to the policy on the basis of review report; ▪ Review of exceptions, if any, arising out of the annual review of outsourcing services by the outsourcing committee ▪ Ensuring compliance with this Policy and any applicable laws and regulations that may be applicable from time to time ▪ Ensure timely reporting of all matters pertaining to outsourcing arrangements to the relevant authorities and regulatory bodies ▪ Internal audit reviews are conducted at defined periodic intervals on all applicable outsourced services entered by HDFC International ▪ The Outsourcing committee can recommend exceptional views on any particular aspect of an outsourcing arrangement, on a case-to-case basis ▪ Approving all outsourcing contracts	▪ CEO ▪ Head - Risk and Compliance ▪ Head - Finance and Accounts ▪ Head - Client Relations and Business Systems ▪ Head - Legal & Company Secretary	2

Committee	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
Policyholders Protection and Customer Grievance Redressal Committee (PPCGRC)	▪ Ensure procedures and mechanism to address customer complaints and grievances ▪ Ensure compliance with the statutory requirements as applicable and laid down in the regulatory framework ▪ Ensure adequate disclosure of material information to the customers ▪ Review status of all open and closed complaints at periodic intervals ▪ Review the functioning of the Customer Grievance Redressal Cell ▪ Review measures to enhancing the quality of Customer Service ▪ Provide necessary guidance for enhancing the quality of Customer Service	▪ CEO ▪ Head - Client Relations & Business Systems ▪ Appointed - Actuary ▪ Head - Risk & Compliance and MLRO ▪ Head – Legal & Company Secretary ▪ Head – Finance and Accounts ▪ AVP – Products/Retail Business ▪ Any other functional representative as invited by the members	2
Investment Committee	▪ Authorization and supervision of the investment of the invested assets including periodic review of the written Policy for the invested assets ▪ With the assistance of and upon the recommendation of the Investment Function, establishment and review of an investment strategy consistent with the requirements, guidelines and principles articulated in the Policy ▪ Supervision on historical performance as compared against appropriate benchmarks including fees and expenses charging structure for the underlying investments of policyholder's premia ▪ Appointment, supervision and termination of any placement entities to whom investment management responsibility is delegated ▪ Prescribing from time to time the place and manner of safekeeping of securities and other investments of the IFSC Branch and the manner of access to and withdrawal of the securities and investments ▪ Investment Committee will regularly report to the Board of Directors of the Company any material information regarding the invested	▪ CEO ▪ Appointed Actuary ▪ Head – Finance and Accounts ▪ Head – Risk & Compliance and MLRO	5

Committee	Responsibilities as per Key Terms of Reference	Members	No. of Meetings held during the Year
Product Committee	▪ Product Conceptualization ▪ Product Ideation ▪ Product Recommendation ▪ Product Design & Pricing ▪ Product Review and Fair Value Assessment (FVA) ▪ Suitability Review ▪ Product Approval ▪ Intermediation & Distribution Matters ▪ Policy level discussions & decisions ▪ Any other matter	▪ CEO ▪ Head - Client Relations & Business Systems ▪ Appointed Actuary ▪ Head - Risk & Compliance and MLRO ▪ Head – Legal & Company Secretary ▪ AVP – Products/Retail Business ▪ Any other functional representative as invited by the members	8

Key Management Persons Team

The leadership of the Company comprises of the CEO and his management team, who are experienced, qualified professionals in the life reinsurance, life insurance, banking and the financial services space. They are entrusted with the responsibility for the effective functioning of the Company including execution of the Company's strategic objectives and ultimately working towards fulfilment of the long-term vision of the Company. Also, in line with the international best practices, the Company has independent functions with respect to managing underwriting, actuarial, legal, finance, compliance, risk and internal audit with clear responsibilities, reporting lines, segregation of duties and responsibilities with no conflict of interest, to enable decision making with reasonable prudence.

Compliance & Anti- Money Laundering (AML) Framework

The Company continues to take appropriate steps towards its commitment to ensure to comply with the applicable law of the DIFC/GIFT IFSC and the rules and regulations of the DFSA/IFSCA. The Company also monitors relevant jurisdictions and applies prudent and enhanced processes to ensure to comply with relevant sanctions regimes and applicable regulations. During the year under review, the compliance and AML processes & procedures were strengthened further to ensure that the Company and its staff (staff includes employees, directors etc. as interpreted in the manuals) conduct business activities in compliance with the DFSA/IFSCA rules and regulations which they are subject to, and also as stated in the Compliance & AML Manuals.

During the year under review, the Head – Risk & Compliance and MLRO performed regular review and monitoring activities as per the compliance monitoring plan adopted by the Company. The results were documented and review reports were placed before the Board on quarterly basis. Periodic updates were given to the parent, Audit Committee, Management Committee and the Board of Directors of the Company.

The Company has strengthened AML processes particularly client on boarding KYC processes and procedures including KYC renewal process, Enhanced Due Diligence Process, specifically in respect of relevant sanctions, during the year under review and has maintained the records throughout the year.

All employees were made conversant with the procedures contained in the Compliance Manual, AML Policies and Procedures (AML Manual) and periodic trainings and regular updates are provided to ensure that they are fully aware of regulatory changes that are applicable to the Company.

The Board of Directors approved the Compliance and AML Manuals and will review each year to ensure that it continues to reflect the procedures affecting and relating to the business.

During the year, no instances of breaches were reported and no reports were made on non-compliance with applicable legal or regulatory requirements.

HDFC Life's and HDFC Group's reputation is an important asset, which the Company protects, through an effective Compliance, AML and Compliance Monitoring program approved by the Board and through a forward-looking risk assessment as part of our Enterprise Risk Management Framework approved by the Risk Management Committee.

Internal Audit

During the year under review, the Company has revised the Internal Audit Charter and enhanced the scope of the internal audit detailing the roles and responsibilities of Internal Audit function and the same was approved by the Audit Committee.

During the Financial Year, RSM UAE, a DIFC & DFSA registered firm was reappointed for performing Internal Audit function and internal audit was undertaken from April 1, 2023 to December 31, 2023.

Actuarial Review

Appointed Actuary undertakes periodic review of Capital adequacy and technical provisions. Appointed Actuary provides an Actuarial Report to DFSA on an annual basis.

Policies and Framework

During the year under review, the Company has further strengthened the systems and controls for effective management of the Company. The Company has documented policies, procedures and manuals as appropriate to the nature of business and in line with the regulatory requirements.

Each of the policies and its revisions were approved by the Board of Directors/Board Committees, as may be applicable.

Regular and periodic reviews were performed and review results/ reports are periodically updated to the Board/Committees/parent Company. The Policies were reviewed annually and amended when deemed necessary, to ensure proper alignment with the business operations and regulatory requirements.

Key policies, manuals, framework required under the applicable laws, rules and regulations are:

Accounting Policies and Procedures Manual

The Company being an Authorised Firm in the DFSA regulated regime, is committed to having effective policies and procedures. The Accounting Policies and Procedures Manual provides a general Review of Company's accounting policy in accordance with International Financial Reporting Standards.

Anti-Money Laundering (AML) Policies and Procedures Manual

In line with the requirements of the DFSA/IFSCA AML Rules, Company has put in place effective AML processes and procedures. The AML Manual sets out the parameters to be followed to ensure the effective implementation of AML guidelines issued by the DFSA/ IFSCA from time to time, while conducting the business activities in the DIFC/GIFT IFSC.

Asset-Liability Management (ALM) Policy

The Company has put in place an ALM Policy to ensure strict compliance with applicable DFSA PIN Rule norms and other applicable rules and regulations as prescribed by the DFSA. The ALM Policy sets out the ALM framework of the Company.

Business Continuity Management (BCM) Policy

As per DFSA rules and regulations, it is imperative to develop, implement and maintain sound and prudent business continuity strategy for the Company. In this respect, the Company has established BCM Policy which encompasses the BCM philosophy, the BCM governance structure, the BCM planning process (methodology and testing), crisis management and disaster recovery.

Claims Policy

Claims policy of the Company provides a general Review of Company's internal claims policy including claims documentation requirements, claims assessment, claims underwriting and settlement processes etc.

Compliance Manual

As per the regulatory requirements, the Company has put in place an effective Compliance Manual while conducting business in the DIFC and GIFT IFSC. The Compliance Manual outlines the compliance policies and procedures of the Company and it sets out the DFSA/ IFSCA and DIFC/GIFT IFSC regulatory obligations to which the Company and its Staff are subject to and describes the high-level controls and responsibilities existing within the Company.

Compliance Monitoring Programme

The Compliance Monitoring Programme sets out the process and procedures to ensure the compliance of rules and regulations when undertaking regulated activities in or from the DIFC/GIFT IFSC by performing periodic review of the process and procedures in place by way of compliance testing to ensure that any compliance breaches are identified and corrective action measures are taken promptly.

The Compliance Monitoring Programme shall monitor and test the Company's level of compliance to DIFC/GIFT IFSC and DFSA/IFSCA laws, regulations and standards which the Company is subject to.

In particular, the programme carries out formal periodic reviews of the Company's compliance records, policies and procedures; by performing sufficient and comprehensive compliance testing.

The compliance monitoring program is driven by the principles of risk management, and consists of the following cycle:

1. Planning;
2. Assessment;
3. Implementation;
4. Monitoring; and
5. Reporting

Corporate Governance Policy

Corporate Governance is a framework of systems, policies, procedures and controls through which an entity:

1. promotes the sound and prudent management of its business;
2. protects the interests of its customers and stakeholders; and
3. places clear responsibility for achieving (1) and (2) on the Board and its members and the senior management of the Company.

The above Policy is normally reviewed annually and modified, when deemed necessary, to ensure proper alignment with best practices relating to Corporate Governance standards in accordance with the DIFC Companies Law and relevant DFSA Rulebook.

Data Protection Policies and Framework

Pursuant to the changes in Data Protection Laws, Data protection Law (DIFC Law No. 5 of 2020), the Company has put in place, Data Protection Policies and Framework ("Policy").

The Policy describes the detailed policies and procedures to be followed by the management and staff of the Company to ensure compliance with the DIFC Data Protection laws and regulations, as amended from time to time ("DPL"). The DIFC's data protection legislation and the DIFC Data Protection Regulations place responsibilities and limitations on businesses and organizations undertaking activities in the DIFC and protects personal information in relation to individuals gathered in the course of Company's business.

This Policy is designed to safeguard the rights of individuals in relation to the processing of personal data, by manual and automated means (in both paper and electronic format). The purpose of the policy is to set out the relevant legislation and to describe the steps the Company is taking to ensure that it complies with it. The policy also sets out the process and the framework within which to collect, use and protect Personal and Sensitive Data.

The Policy also includes the Privacy Policy Notice as notified on the website as required by the Law. Data Protection Officer ("DPO") was also appointed by the Board to fulfil the responsibility for oversight and compliance with respect to the duties and obligations as per the Data Protection Policy and Framework and under the DPL.

Enterprise Risk Management ("ERM") Policy

A separate report on Enterprise Risk Management framework has been included in this document, describing the enterprise risk management architecture.

HR Policies & Processes

The Company has adopted HR Policies as per the DIFC Employment Laws. HR Policies and Processes lay down the guidelines that will govern all eligible employees of the Company.

Information Security Policies (Cybersecurity Risk Management Policy)

The Information Security Policies including the Cybersecurity Risk Management Policy comprise of the following:

1. IS Policy Statement - The Information Security Policy Statement establishes management directives to protect the information assets of the Company from all known threats, whether internal or external, deliberate or accidental. The implementation of this Policy is essential to maintain the confidentiality, integrity and availability of data processed by the Company for its business requirements.
2. Information Security Policy - This policy provides a standard whi le developing a security plan detailing management, technical and operation controls.
3. Acceptable Usage Policy - This policy outlines acceptable use of computing equipment, network and information assets of the Company. This policy is to ensure that the Company assets and information are appropriately protected.
4. User Access Management Policy - The purpose of this policy is to prevent unauthorised access to the Company information systems. The policy describes the registration, privilege management, accounting, de-registration process for all Company information systems and services.
5. Antivirus Policy - This policy defines rules for protecting the Company's systems from viruses, worms, spams, malicious codes etc., using Antivirus solutions for the Company.

Investment Management Policy - DIFC

The purpose of the Investment Management Policy is to provide a formal plan for investing ceding insurers' premia and shareholders' funds and is also set forth to:

1. Define and assign the responsibilities of all involved parties
2. Provide guidance to the Investment Management Function
3. Establish the relevant investment horizon for which the assets will be managed
4. Specify permissible investments, restrictions on investments and diversification requirements
5. Provide ongoing oversight of investments by the ALCO

Remuneration Policy

The Company's remuneration structure and strategies are governed by Remuneration Policy. In line with the requirements of applicable provisions of DFSA Rules/guidance (General Module) relating to corporate governance and remuneration, the Company has put in place a Remuneration Policy setting out the broad guidelines on remuneration philosophy and compensation structure of employees of the Company. The Policy ensures the performance evaluation process, compensation structure, broad guidelines on annual increments/promotions and pay out process for remuneration of the Company's employees.

Contract Execution Management Policy

The Contract Execution Management Policy describes the detailed procedures to be followed by the Staff of the Company to ensure timely execution of Contracts in compliance with the laws, regulations and rules governing the conduct of business in the Dubai International Financial Centre ("DIFC") and in accordance with best market conduct practices and professional service standards.

The purpose of this framework is to strengthen the Contract execution process, effective coordination and timely decision making between teams. It helps the Company to fulfil its Contract execution requirements in a coordinated, consistent and timely manner.

Underwriting Policy

As per DFSA PIN regulations, it is imperative to implement an appropriate Underwriting Policy. In this respect, the Company has implemented an appropriate Underwriting Policy for its reinsurance operations. The broad contour of the Underwriting policy enunciates the core objectives of Underwriting risk assessment.

Outsourcing Policy

The Outsourcing Policy serves as the framework for assessment of risks involved in outsourcing that the Company intends to adopt including its overseas IFSC Branch. This Policy, inter alia, includes aspects on Outsourcing Arrangements, its Governance and associated Due Diligence among others, to ensure they are in adherence to legal and regulatory requirements as per laws, rules and regulations as promulgated by Dubai Financial Services Authority (the "DFSA"), the International Financial Services Authority (the "IFSCA") and any other applicable regulatory bodies.

KEY POLICIES APPLICABLE FOR OUR OVERSEAS IFSC BRANCH i.e., HDFC INTERNATIONAL LIFE AND RE COMPANY LIMITED - IFSC BRANCH

Commission, Remuneration and Rewards Policy

IFSCA (Management Control, Administrative Control and Market Conduct of insurance business) Regulations, 2023 has issued guidelines on Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries. The objective of the Policy is to utilize the insurance agents and insurance intermediaries to increase the insurance penetration in a manner by safe guarding the interest of policyholders so as to commensurate with the business strategy. The policy also helps to bring cost efficiency in the conduct of business and simplification of the administration of insurance business.

Expense Allocation and Apportionment Policy

IFSCA (Management Control, Administrative Control and Market Conduct of insurance business) Regulations, 2023 has specified limits on expenses of management for various lines of business. This regulation requires every Insurance Intermediary Office (IIO) to have a documented Policy for Allocation of direct expenses and Apportionment of indirect Expenses of Management amongst various business segments.

Intermediation Policy

This Intermediation Policy details the methods and processes for availing services of intermediaries. The Policy complies with IFSCA (Operations of International Financial Services Centres Insurance Offices) Guidelines, 2021. The Policy governs all aspects of availing services of intermediaries who are regulated or/and licensed by its home country regulatory or supervisory authority for sourcing insurance business.

Investment Management Policy (Insurance Business)

Investment management is a critical activity in order to ensure that sufficient assets are available to meet the liabilities under the life and health insurance class of business, to support the capital requirement effecting from writing such classes of insurance, ensure policyholders liabilities are protected at all times, further ensure optimization of returns while minimizing the risks to the investments. To achieve this, Investment Management and Asset-Liability Management (ALM) at the IFSC Branch (primarily in the context of life and health insurance class of business) will be in line with the stated investment objectives including risk, and internal control mechanism.

Further, the IFSC Branch will ensure strict compliance at all times to home country rules and regulations [as promulgated in the Dubai Financial Services Authority (DFSA) Rulebook – Prudential Insurance Business (PIN) Module guidelines] and any other relevant guidelines as prescribed by the DFSA from time to time and where relevant and applicable the rules as prescribed by the International Financial Services Centres Authority (IFSCA). The Investment Management Policy intends to establish guidelines for the IFSC Branch's investments and those including the stability and viability of asset-liability matching. Fixed Assets viz. office premises, technology-operational assets, furniture-fixtures etc., are excluded from the scope of this policy.

Maintenance of Records (Security and Data Protection) Policy

Maintenance of policy and claims records of our policyholders, customers and stakeholders is paramount and fundamental for its daily operations and handling information in an effective manner and confirms to the framework stipulated by the IFSCA.

Policyholders Protection and Customer Grievance Redressal Policy

The Policy details the methods and processes for adequate redressal of customer complaints and grievances. The primary intent is to deliver a fair and unique customer experience. The Company shall endeavour to achieve operational excellence and provide a consistent and seamless experience to the customer through every touch-points. However, despite our best efforts, it may so happen that a customer may face a service failure and the same needs to be addressed and rectified. The scope and objective of the Policy is to put in place an internal grievance redressal mechanism to ensure service recovery which helps to ensure adequate protection of customers and policyholders' interest.

Product Oversight and Governance Policy

The Product Oversight and Governance Policy serves as the framework to the systems and controls that the Company intends to adopt at the overseas IFSC Branch, specific to product oversight. These specific systems and controls, inter alia, include aspects on product design, review, approval, marketing and distribution, to ensure they are in adherence to legal and regulatory requirement as per laws, rules and regulations as promulgated by IFSCA.

Reinsurance and Retention Management Policy

The Reinsurance and Retention Management Policy serves as the framework for oversight and control of inward and outward arrangement of re-insurance business.

Financial Statements

Independent Auditor's report to the Shareholders of HDFC International Life and Re Company Limited

REPORT ON AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HDFC International Life and Re Company Limited (the "Company"), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the shareholders of the Company, for our audit work, for this report, or for the opinions we have formed. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the Dubai International Financial Centre, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and in compliance with the applicable provisions of the Dubai Financial Services Authority Prudential Rulebooks, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Signed by:
James Potter
Partner

17 April 2024

Dubai, United Arab Emirates

Statement of Financial Position
as at 31st March 2024

	Notes	**31 March 2024 USD**	31 March 2023 USD (*Restated)	31 March 2022 USD (*Restated)
ASSETS				
Right-of-use assets	5	**193,706**	45,048	135,144
Property and equipment	6	**61,546**	16,491	12,438
Intangible assets	7	**192,539**	188,994	157,019
Investments held at amortized cost	8A	**29,698,604**	26,385,170	26,044,353
Insurance and Reinsurance contract assets	9	**2,736,712**	877,799	91,201
Retrocession Contract Asset	9	**4,677,888**	2,977,035	2,956,662
Prepayment and other receivables	10	**829,968**	731,706	694,593
Bank deposits	11	**998,988**	5,294,202	5,790,278
Cash and cash equivalents	12	**3,298,404**	2,199,211	1,918,048
Investment carried as FVTPL	8B	**635,230**	-	-
TOTAL ASSETS		**43,323,585**	38,715,656	37,799,736
EQUITY AND LIABILITIES				
Equity				
Share capital	13	**29,500,000**	29,500,000	29,500,000
Accumulated losses		**(2,902,915)**	(4,249,027)	(7,865,822)
Total equity		**26,597,085**	25,250,973	21,634,178
Liabilities				
Lease liability	5	**199,429**	49,189	146,118
Insurance and Reinsurance contract liabilities	9	**14,703,530**	12,634,124	15,637,858
Retrocession Contract Liabilities	9	**1,240,347**	476,355	51,929
Employees' end of service benefits	14	**40,422**	82,519	98,474
Other payables	15	**542,772**	222,496	231,179
Total liabilities		**16,726,500**	13,464,683	16,165,558
TOTAL EQUITY AND LIABILITIES		**43,323,585**	38,715,656	37,799,736

*Comparative information has been restated on account of first-time adoption of IFRS 17 and IFRS 9. The financial statements were authorized and approved by the Board of Directors on 17th April 2024 and signed on its behalf by:

Sameer Yogishwar	**Rahul Prasad**	**Harpreet Singh Kalra**
Director	Chief Executive Officer	Head-Finance & Accounts

The attached notes 1 to 24 form part of these financials statements.

Statement of Changes in Equity for the year ended 31st March 2024

	Notes	***2024 USD***	2023 USD (*Restated)
Insurance Contract Revenue	16	**21,637,622**	15,166,811
Insurance service expenses from insurance & reinsurance contracts issued	17	**(22,470,347)**	(13,360,418)
Insurance service result before retrocession		**(832,725)**	1,806,393
Net (expenses)/income from retrocession contracts held		**825,585**	75,300
Insurance service result		**(7,140)**	1,881,693
Net finance expenses from reinsurance contracts issued	18	**946,572**	1,326,511
Net finance income from retrocession contracts held	17	**(43,523)**	(78,966)
Insurance finance result		**895,909**	3,129,238
Reinsurance ancillary support (RAS) Income		**85,070**	68,947
Net interest income on investment held at amortised cost		**828,432**	633,475
Fair value changes on investment carried at FVTPL		**45,738**	-
Other Investment Income	3	**221,782**	222,019
General and administration expenses	4	**(730,819)**	(436,884)
NET PROFIT FOR THE YEAR		**1,346,112**	3,616,795
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		**1,346,112**	3,616,795

*Comparative information has been restated on account of first-time adoption of IFRS 17 and IFRS 9 .

The attached notes 1 to 24 form part of these financials statements.

Statement of Comprehensive Income for the year ended 31st March 2024

	Share capital USD	*Accumulated losses USD*	*Total USD*
Balance as at 31 March 2022	29,500,000	(4,538,391)	24,961,609
Impact of initial application of IFRS 17 and IFRS 9	-	(3,327,431)	(3,327,431)
*Restated balance as at 1 April 2022	29,500,000	(7,865,822)	21,634,178
Profit for the year (Restated)	-	3,616,795	3,616,795
*Restated balance as at 31 March 2023	29,500,000	(4,249,027)	25,250,973
Profit for the year	-	1,346,112	1,346,112
Balance as at 31 March 2024	**29,500,000**	**(2,902,915)**	**26,597,085**

*Comparative information has been restated on account of first-time adoption of IFRS 17 and IFRS 9.

The attached notes 1 to 24 form part of these financials statements.

Statement of Cash Flows for the year ended 31st March 2024

	Notes	2024 USD	2023 USD (*Restated)
OPERATING ACTIVITIES			
Net profit/ (loss) for the year		**1,346,112**	3,616,795
Adjustments for:			
Depreciation and amortization charges	6,7	**75,598**	51,594
Depreciation on right-of-use asset	5	**100,956**	90,096
Net investment income		**(1,095,952)**	(855,494)
Provision for end of service benefits	16	**41,765**	51,328
Fair value movement Lease liability		**(671)**	-
Interest expense	5	**10,015**	1,855
Reinsurance contract liabilities		**2,069,406**	(3,003,734)
Retrocession contract liabilities		**763,992**	424,426
Retrocession contract Assets		**(1,656,393)**	(20,372)
Reinsurance contract assets		**(1,903,373)**	(786,598)
		(248,545)	(430,104)
Working capital changes:			
Prepayment and other receivables		**(44,377)**	(148,697)
Accrued and other payables		**320,276**	(8,683)
Employees' end of service benefits paid	16	**(83,862)**	(67,283)
Net cash flows used in operating activities		**(56,508)**	(654,767)
INVESTING ACTIVITIES			
Purchase of intangible & fixed assets	6,7	**(124,198)**	(87,621)
Additions of investment at amortised cost		**(3,362,192)**	(500,632)
Investment income received		**1,085,026**	1,127,967
Purchase of Investments-PH		**(635,230)**	-
Deposits with banks		**4,301,012**	495,000
Net cash flows generated from investing activities		**1,264,418**	1,034,714
FINANCING ACTIVITIES			
Interest expense	5	**(10,015)**	(1,855)
Payment of principal portion of lease liability	5	**(98,702)**	(96,929)
Cash flows used in financing activities		**(108,717)**	(98,784)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,099,193**	281,163
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**2,199,211**	1,918,048
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		**3,298,404**	2,199,211

*Comparative information has been restated on account of first-time adoption of IFRS 17 and IFRS 9

The attached notes 1 to 24 form part of these financials statements.

Notes to the Financial Statements
as at 31st March 2024

1. ACTIVITIES

HDFC International Life and Re Company Limited' (the "Company") was incorporated in Dubai International Financial Centre ("DIFC") as a Company Limited by Shares under the previous Companies Law, DIFC Law No. 2 of 2009, on January 10, 2016, under registration number 2067. The Company has been designated as a Private Company under the Companies Law, DIFC Law no. 5 of 2018 as on the date of its enactment. The Company is regulated by the Dubai Financial Services Authority ("DFSA") and is licensed to undertake life and health reinsurance business. It provides risk-transfer solutions, prudent underwriting solutions and value-added services, among others, across individual life, group life, group credit life and group medical lines of business. The Company currently offers reinsurance solutions in the Gulf Cooperation Council ("GCC"), Middle East & North Africa ("MENA") regions and India. The registered address of the Company is Unit OT 17-30, Level 17, Central Park, Dubai International Financial Centre, PO Box 114603, Dubai, United Arab Emirates.

The Company is wholly owned by HDFC Life Insurance Company Limited ("HDFC Life" or "Holding Company"). The registered address of the Holding Company is 13th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Road, Mumbai, India. Established in 2000, HDFC Life is one of India's leading life insurers, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. HDFC Life Insurance Company Limited is a listed life insurance entity promoted by HDFC Ltd., India's leading housing finance institution and Standard Life Aberdeen (formerly known as Standard Life plc), a global investment company. The Company has been granted the Certificate of Registration to set up HDFC International Life & Re, IFSC Branch (Overseas Branch) in GIFT City, IFSC (regulated by the IFSCA) for conduct of life and health insurance classes of business. The Company has started operations in in GIFT City in August 2023.

In December 2018, S&P Global Ratings had assigned the Company a long-term insurer • Financial Strength Rating (FSR) of "BBB" with a stable outlook. Subsequently in December 2019, December 2020 and October 2021, S&P Global Ratings confirmed the long-term insurer ¬Financial Strength Rating (FSR) of the Company, while maintaining the outlook as "Stable". In October 2022, S&P Global Ratings confirmed the long-term insurer • Financial Strength Rating (FSR) of the Company, while changing the outlook as "Negative". In November 2023, S&P Global Ratings confirmed the long-term insurer • Financial Strength Rating (FSR) of the Company, while maintaining the outlook as "Negative".

2. MATERIAL ACCOUNTING POLICIES
2.1 BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention. The financial statements have been presented in US Dollars (USD), which is also the functional currency of the Company. The company's financial statements have been prepared on a going concern basis.

Presentation of financial statements

The Company presents its statement of financial position broadly in order of liquidity, with a distinction based on expectations regarding recovery or settlement within twelve months after the reporting date (current) and more than twelve months after the reporting date (non-current), presented in the notes.

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the applicable requirements of the DFSA Prudential Rulebooks.

New standards and interpretations effective after 1 April 2023

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 April 2023, have been adopted, where ever applicable, in these financial statements.

IFRS 17 – Insurance Contracts

IFRS 9 – Financial Instruments

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

Amendments to IAS 1 – Presentation of Financial Statements

Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

Amendments to IAS 12 – Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single

With the exception of the changes arising on adoption of IFRS 17 and IFRS 9 as explained in Note 2.3, the new and revised IFRS effective in the period did not have any significant impact.

2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

The material accounting policies adopted in the preparation of the financial statements are set out below:

Functional Currency

The Company's financial statements are presented in USD, which is the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency average/ spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognized in statement of profit and loss with the exception of monetary items that are designated as part of the hedge of the Company's net investment of a foreign operation. These are recognized in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit and loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or statement of income are also recognized in other comprehensive income or statement of income, respectively).

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of income during the financial period in which they are incurred.

Freehold land and fixed assets not commissioned are not depreciated. The estimated useful life of fixed assets for the Company is as follows:

Items of property and equipment	Useful life in years
IT equipment - End user devices	3
IT equipment - Servers and networks	4
Furniture and Fixtures	5
Office Equipment	5

Leasehold improvements are depreciated over the lock in period of leased premises subject to maximum period of five years. Assets are depreciated on a straight-line basis over their estimated useful lives as given above.

Property and equipment not commissioned are stated at cost. When commissioned, they are transferred to the appropriate property and equipment category and depreciated in accordance with the Company's policies. Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the statement of income as the expense is incurred. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of income.

Intangible asset

Intangible asset comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition for its intended use, less accumulated amortisation and impairment, if any. These are amortized over the useful life of the software subject to a maximum of five years. Subsequent expenditure incurred on existing assets is expensed out except where such expenditure increases the future economic benefits from the existing assets, in which case the expenditure is amortized over the remaining useful life of the original asset. Gains or losses arising from derecognition of an intangible asset are determined by comparing proceeds with the carrying amount. These are included in the statement of income.

Right of use lease asset

The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

Financial assets

Initial recognition and measurement

Financial assets and liabilities are recognized in the statement of financial position when the Company becomes a party to contractual provisions of the instrument. From this date any gains and losses arising from changes in fair value of the assets or liabilities designated at fair value through statement of profit and loss or available-for-sale assets are recognized. Receivables are recognized on the day they are transferred to or acquired by the Company.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset. The Company's financial assets include reinsurance assets and receivables, bank balances and deposit and Investment held at amortised costs.

The Company all debt instruments and term deposit are held till maturity.

The Company has done Solely Payments of Principal and Interest(SPPI) testing for all its debt instruments and term deposits. Company all Debt instruments and term deposits are having fixed interest rates and Company is holding these assets till maturity. Since these assets are meeting both the below criteria of SPPI test, these are measured at amortised cost

- The assets are held to collect its contractual cash flows; and
- The asset's contractual cash flows represent 'solely payments of principal and interest' ('SPPI')

Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in 'Net investment income' together with foreign exchange gains and losses. Impairment losses are included within 'Net investment income' in the statement of profit or loss. The Company measures these assets at amortised cost using effective interest rate method.

Investment on behalf of policy holders under Unit linked products are not held for collection contractual cashflows are measured at **FVTPL**

Subsequent measurement

A financial asset or a financial liability is recognized initially at its fair value plus, in the case of a financial asset or a financial liability not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent to initial recognition, all financial assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be measured reliably is stated at cost, including transaction costs, less impairment allowances.

All other financial assets and non-trading financial liabilities are measured at amortized cost less impairment allowances.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and short- term deposits with original maturity of three months or less. Since Company's cash and cash equivalent are held with Ulimate holding company and other well know banks, Company has assets that expected credit loss provisioning is not required on the same.

Derecognition

The Company derecognizes financial assets when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of the ownership of the financial assets are transferred. Any interest in derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Investment income

Interest income is recognized in the statement of comprehensive income as it accrues and is calculated by using EIR method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognized as an adjustment to the EIR of the instrument.

Investment income also includes dividends when the right to receive payment is established.

Reinsurance ancillary support (RAS) Income

Reinsurance ancillary support(RAS) income is getting generated through providing policy administration activities support for the ceding insurance companies. RAS income is recognized in the statement of compressive income on accrual basis.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through income statement, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, net of directly attributable transaction costs.

The Company's financial liabilities include reinsurance and accruals and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Lease Liability

Lease Liability comprising the present value of lease payments for Company office for the remaining part of lease period. This Liability is adjusted with the finance charge on the balance lease liability and amortized with the monthly lease payments during the period of lease.

The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes in future payments resulting from a change in index or rate used to determine such lease payments) or a change in the assessment to purchase the underlying asset.

Accruals and other payables

Liabilities are recognized for amounts to be paid in the future for goods and services rendered, whether billed by the supplier or not.

Provisions

Provisions are recognized when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits

The Company provides end of service benefits to its employees employed in the Dubai International Financial Centre ("DIFC") in accordance with the DIFC Employment Law. As of 1 February 2020, all employers in the DIFC were required to pay end of service benefits contributions on behalf of its employees into a DIFC Employee Workplace Savings ("DEWS") plan based on key service providers finalized by the DIFC, whilst employees may (at their discretion) also make their own contributions into such scheme. The entitlement to these benefits is based upon the employees' final basic salary and length of service, subject to the completion of a minimum service period, calculated under the provisions of the DEWS law. Upon resignation or termination of the employee, the amount would be payable from the DEWS scheme and not directly from the Company and therefore the Company has no further obligations to amounts paid into DEWS. The expected costs of these benefits are paid over the period of employment. The amount of end of service benefits in relation to DEWS will also be charged to the statement of comprehensive income.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

IFRS 17 replaces IFRS 4 Insurance Contracts for reporting periods start on or after 1 January 2023. For Company, its affected from Finnacial year starting April 1, 2023. The Company has restated comparative information for FY ended on 31st March 2023 applying the transitional provisions to IFRS 17. This standard has brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. Consequently, the Company has restated certain comparative amounts for the prior year. The nature of the changes in accounting policies can be summarized, as follows:

The Company has applied the following MATERIAL accounting policies in the preparation of financial statement on effective date of this Standard for the Company i.e., 01 April 2023:

A. Definitions and classifications

Products sold by the company are classified as insurance contracts when the company accepts significant insurance risk by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

This assessment is made on a treaty-by-treaty basis at the issue date. In making this assessment, the company considers all its substantive rights and obligations, whether they arise from contract, law or regulation.

The Company determines whether a treaty contains significant insurance risk by assessing if an insured event could cause the company to pay to the policyholder additional amounts that are significant in any single scenario with commercial substance even if the insured event is extremely unlikely or the expected present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract.

The Company also issues Unit Linked products. These contracts are linked to a pool of assets. The Company accounts for these contracts applying IFRS 17.

B. Level of aggregation

The Company identifies portfolios by aggregating insurance contracts that are subject to similar risks and managed together. In grouping insurance contracts into portfolios, the Company considers the similarity of risks rather than the specific labelling of product lines. The Company manages it's business based on Sub line of business, whether they are for individual or group, whether the treaties are for 1 year, risk attaching or long term. Therefore, when contracts are managed together, they represent a portfolio of contracts.

Each portfolio is subdivided into groups of contracts to which the recognition and measurement requirements of IFRS 17 are applied. The cohorts can be monthly, quarterly, semi-annual, or annually with no requirement to be consistent across groups. It requires considerations to be made with regards to reporting frequency, complexity of determining a locked in discount rate, offsetting gains and losses within a group, data storage and regulatory requirements. Shorter cohorts will have higher data requirements and increase possibility of onerous contract groups.

The Company has considered the contracts issued more than 12 months apart, to be in separate contract groups. Thus, it has considered the treaty start year to be the most appropriate level to set the cohorts.

Due to the Company's nature of business, for treaties falling under GMM, instead of annual cohort, the cohort for the reinsurance treaties are set as the financial year during which the treaty is becoming effective. The rationale behind the same is:

- the amount of the actual transacted premium, recoveries and other cash flows are covering all policies within the treaty and are not differentiated by cohort due to data limitation.
- it is expected that the profit emergence pattern across cohorts are similar The determination of whether a contract or a group of contracts is onerous is based on the expectations as at the date of initial recognition, with fulfilment cash flow expectations determined on a probability-weighted basis. The Company determines the appropriate level at which reasonable and supportable information is available to assess whether the contracts are onerous at initial recognition. The Company has not priced any product at a loss and have opted for a full retrospective transition approach. The Company uses loss ratio to assess profitability of groups of contracts for PAA treaties at subsequent measurement.
- For GMM, onerous status is being assessed basis whether the group of contract has net inflow or outflow.

C. Recognition

The Company recognises groups of insurance and reinsurance contracts issued from the earliest of the following dates:

- The beginning of the coverage period of the group of contracts
- The date when a group of contracts becomes onerous the Company recognises only contracts issued within a one-year period meeting the recognition criteria by the reporting date. Subject to this limit, a group of insurance contracts can remain open after the end of the current reporting period. New contracts are included in the group when they meet the recognition criteria in subsequent reporting periods until such time that all contracts expected to be included within the group have been recognised.

D. Contract boundaries

The measurement of a group of insurance and reinsurance contracts includes all future cash flows expected to arise within the boundary of each contract in the group.

In determining which cash flows fall within a contract boundary, the Company considers its substantive rights and obligations arising from the terms of the contract, and from applicable laws, regulations and customary business practices. The Company determines that cash flows are within the boundary of a contract if they arise from substantive rights and obligations that exist during the reporting period in which the Company can compel the policyholder to pay the premiums or the Company has a substantive obligation to provide the policyholder with insurance contract services.

A substantive obligation to provide insurance contract services ends when the Company has the practical ability to reassess the risks of a particular policyholder and, as a result, to change the price charged or the level of benefits provided for the price to fully reflect the new level of risk.

In determining whether all risks have been reflected either in the premium or in the level of benefits, the Company considers all risks that policyholders would transfer had the Company issued the contracts (or portfolio of contracts) at the reassessment date. Similarly, the Company concludes on its practical ability to set a price that fully reflects the risks in the contract or portfolio at a renewal date by considering all the risks it would assess when underwriting equivalent contracts on the renewal date for the remaining service. The assessment on the Company's practical ability to reprice existing contracts takes into account all contractual, legal and regulatory restrictions. In doing so, the Company disregards restrictions that have no commercial substance. The Company also considers the impact of market competitiveness and commercial considerations on its practical ability to price new contracts and repricing existing contracts. The Company exercises judgement in deciding whether such commercial considerations are relevant in concluding as to whether the practical ability exists at the reporting date.

E. Measurement of insurance contracts issued

IFRS 17 establishes new principles for the measurement of Insurance revenues, assets and liabilities arising from Insurance Contracts. Below are the measurement models under IFRS 17:

1. General Measurement Model (GMM) - Default Model based on Best estimate of Future Cash Flows and Risk adjustment
2. Premium Allocation Approach (PAA) - a simplified approach as an option for contracts with shorter duration. (< = 12 months)
3. Variable Fee Approach (VFA) – a modification to GMM or contracts with direct participation features (DPF)

Group of contracts	Risk Duration	Measurement Model
Credit Life	1 year	PAA
Credit Life	Risk attaching 1 year	PAA
Catastrophe	1 Year	PAA
Critical illness	1 Year	PAA
Critical illness	Risk attaching 1 year	PAA
Decreasing Term	Long Term	GMM
Endowment	Long Term	GMM
Group Life	1 Year	PAA
Group Life	Risk attaching year	PAA
Medical QS	1 Year	PAA
Medical QS	Risk attaching 1 year	PAA
Medical XOL	Risk attaching 1 year	PAA
Personal Accident	1 Year	PAA
Personal Accident	Risk attaching 1 year	PAA
Term Plan	Long term	GMM
Term Plan	Risk attaching 1year	PAA
Term Plan (ULIP-Mort Comp)	Long term	GMM
Educational (GIFT city)	Long Term	GMM

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

E. Measurement of insurance contracts issued (continued)

	IFRS 17 option	Adopted approach
Insurance Acquisition Cash flows	For contracts measured under PAA, IFRS 17 allows an accounting policy choice of either expensing the insurance acquisition cashflows when incurred or amortizing them over the contract's coverage period.	PAA measurement model is applicable to majority of treaties of the entity, IFRS17: 59 applies, and all insurance acquisition cash flows will be treated as expenses when incurred, provided the coverage period at initial recognition is no more than one year.
Liability for Remaining Coverage ("LRC") adjusted for financial risk and time value of money	For contracts measured under PAA, where there is no significant financing component in relation to the LRC, or where the time between providing each part of the services and the related premium due date is no more than a year, an entity is not required to make an adjustment for accretion of interest on the LRC.	The entity has opted not to give impact of time value of money on LRC for contracts measured under PAA as they don't expect the difference between providing such service and receipt of premium to be more than 12 months.
Liability for Incurred Claims ("LIC") adjusted for time value of money	For contracts measured under PAA, where claims are expected to be paid within a year of the date that the claim is incurred, it is not required to adjust these amounts for the time value of money.	The entity expects to pay or receive claims within 12 months from the date of incurrence, therefore the entity has opted to not give the impact of discounting on liability for incurred claims for group of contracts measured under PAA and GMM
Insurance finance income and expenses	IFRS 17 provides an accounting policy choice to recognise the impact of changes in discount rates and other financial variables in profit or loss or in OCI. The accounting policy choice (the P&L or OCI option) is applied on a portfolio basis	The entity has opted not to disaggregate insurance finance income or expense between profit and loss and other comprehensive income.
Presentation of income / (expense) from reinsurance contracts held	IFRS 17 allows an option to disaggregate part of the movement in LIC resulting from changes in discount rates and present this in OCI.	For retrocession (reinsurance) contracts held, the amounts relating to reinsurance premiums and reinsurance recoveries will be presented as separate line items. For presentation purpose the Company is following the two-line approach in order to give all material details.

Since the Company is not pricing anything at loss, all the contracts issued are considered as profitable at initial recognition and has selected the Full retrospective approach for transition.

Insurance Contract measured under PAA

a. The Company applies the premium allocation approach (PAA) to the insurance/reinsurance contracts that it issues and retrocession contracts that it holds:The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary or

b. For contracts longer than one year, the Company has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general Model.

For PAA in order to assess if there are significant changes in the fact and circumstances which is making the contract onerous on subsequent measurement, the Company has determined the loss ratio for the group of contracts and in case the ratio is more than 100%, the group of contract is identified as an onerous group of contract.

For PAA contracts becoming onerous, the Company estimates GMM LRC using the future expected premium (i.e. unearned premium reserve) and combined ratio since the cash flows involved are within a year.

Insurance Contract measured other than PAA

The Company measures a group of contracts on initial recognition as the sum of the expected fulfilment cash flows within the contract boundary and the contractual service margin representing the unearned profit in the contracts relating to services that will be provided under the contracts.

Subsequent measurement:

The CSM at the end of the reporting period represents the profit in the group of insurance contracts that has not yet been recognized in profit or loss, because it relates to future service to be provided.

The changes in fulfilment cash flows relating to future service, except to the extent that:

- Such increases in the fulfilment cash flows exceed the carrying amount of the CSM, giving rise to a loss; or
- Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage
- The effect of any currency exchange differences on the CSM
- The amount recognised as insurance revenue because of the transfer of insurance contract services in the period, determined by the allocation of the CSM remaining at the end of the reporting period (before any allocation) over the current and remaining coverage period.

<u>**Onerous contracts**</u>

The Company considers an insurance contract to be onerous if the expected fulfilment cash flows allocated to the contract, any previously recognised acquisition cash flows and any cash flows arising from the contract at the date of initial recognition in total result in a net cash outflow.

On initial recognition, the onerous assessment is done on an individual contract level assessing future expected cash flows on a probability-weighted basis including a risk adjustment for non-financial risk. Contracts expected on initial recognition to be loss-making are grouped together and such groups are measured and presented separately. Once contracts are allocated to a group, they are not re-allocated to another group, unless they are substantively modified.

On subsequent measurement for the identified onerous PAA contracts, the Company has followed a simplified approach to arrive at the GMM LRC by multiplying Unearned Premium Reserve (UPR) with the combined ratio of the group of contracts.

Since the business is such that they have premium receivables, the same are being adjusted in calculating GMM LRC while comparing with PAA LRC.

Loss component is then being arrived at by comparing the PAA LRC with computed GMM LRC.

For GMM contracts, onerous contracts are being identified by comparing the PV of inflow with PV of outflow. If the PV of outflow is more than PV of inflow, the group of contracts is onerous and loss component is calculated.

Retrocession (Reinsurance) contracts held

Retrocession contracts held are accounted for applying IFRS 17 when they meet the definition of an insurance contract.

This includes the condition that the contract must transfer significant insurance risk.

Reinsurance contracts transfer significant insurance risk only if they transfer to the reinsurer substantially all the insurance risk relating to the reinsured portions of the underlying insurance contracts, even if a reinsurance contract does not expose the issuer (reinsurer) to the possibility of a significant loss.

Modification and derecognition

The Company derecognises insurance contracts when:

- The rights and obligations relating to the contract are extinguished (i.e., discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Company de recognizes the initial contract and recognises the modified contract as a new contract

F. Insurance Revenue

For insurance contracts measured under GMM, revenue comprises of:

- Insurance claims and expenses incurred in the period as expected at the start of the period, excluding amounts related to the loss component and insurance acquisition expenses
- Changes in the Risk adjustment (RA), excluding changes that relate to future coverage which adjusts the Contractual service margin (CSM) and amounts allocated to the loss component
- Amounts of the CSM recognised in profit and loss for the services provided in the period

- Actual vs expected premiums that relate to past or current services; and
- The recovery of the insurance acquisition cashflows which is determined by allocating a portion of the premiums related to the recovery of these cashflows on the basis of the passage of time over the expected coverage of a group of contracts
- For contracts measured under PAA, the company recognises insurance revenue based on the passage of time over the coverage period of a group of contracts.

G. Insurance service expenses

For group of contracts measured under GMM, it comprises of:

- Claims incurred in the period and other directly attributable insurance service expenses (maintenance expenses) incurred in the period
- The amortisation of insurance acquisition cash flows
- Changes that relate to past service i.e., change in liability for incurred claims
- Changes that related to future services i.e., Loss component recognised on onerous groups of contracts and reversals of such losses
- For group of contracts measured under PAA, it comprises of:
- Claims incurred in the period and other directly attributable insurance service expenses (maintenance expenses) incurred in the period
- Allocated insurance acquisition expenses incurred as the entity has opted to expense the acquisition expenses when incurred
- Changes that relate to past service i.e., change in liability for incurred claims
- Changes that related to future services i.e., Loss component recognised on onerous groups of contracts and reversals of such losses

H. Insurance Finance income or expenses

The Company expects to pay or receive claims within 12 months from the date of incurrence, therefore the entity has opted to not give the impact of discounting on liability for incurred claims for group of contracts measured under PAA and GMM.

The entity has opted not to disaggregate insurance finance income or expense between profit and loss and other comprehensive income.

For group of contracts measured under GMM, insurance finance income or expenses arises from:

- Interest accreted on CSM
- The effect of change in interest rates and other financial assumptions
- The effect of change in fulfilment cashflows at current rates, when the corresponding CSM unlocking is measured at the locked-in rates.

I. Income or Expense from Reinsurance Contract Held (RCH) (Retrocession)

For retrocession (reinsurance) contracts held, the amounts relating to reinsurance premiums and reinsurance recoveries will be presented as separate line items. However, there is a choice to present these amounts as a single net amount (single-line presentation) instead of using the two-line items presentation.

For the two-line approach there is a need to further identify whether:

- cash flows are contingent on the claims of the underlying contracts, which will get classified as part of the claims that are expected to be reimbursed under the reinsurance contracts held; and
- cash flows that are not contingent on the claims of underlying contracts are treated as reduction in premiums paid to reinsurer.

The allocation of reinsurance premiums cannot be netted against insurance revenue and the amounts recovered from the contracts held cannot be netted against insurance service expenses.

For presentation purpose the Company is following the two-line approach in order to give all material details.

Reinsurance income will consist of:

- Actual claims and other expenses (if any) recovered during the period.
- Losses recovered on underlying contracts and reversal of such recoveries.
- Changes that relate to past service adjustments of incurred claims component;

For contracts measured under the PAA, reinsurance expenses will consist of:

- PAA premiums recognised as revenue in the period ceded to the reinsurer;

For contracts measured under the General measurement model (GMM), reinsurance expenses will consist of:

- Expected claims and other expenses recovery.
- Changes in the RA recognised for the risk expired.
- CSM recognised for the services received; and
- Premium (and other related cash flows) experience adjustments relating to current service.

J. Fulfilment cash flows within contract boundary

Setting an insurance liability is referred to as determining the amount needed to meet the Fulfilment Cash Flows (FCF) which is a component of the insurance liabilities. The FCF comprise an adjustment to reflect the time value of money and the financial risks related to the future cash flows. The fulfilment cash flows are the present value of the future cash flows including a risk adjustment for non-financial risk. The estimates of future cash flows reflect conditions existing at the measurement date including assumptions at that date about the future.

The fulfilment cash flows are the cashflows within contract boundary which includes:

a. Premium and related cash flows
b. Claims including expected future claims
c. An allocation of insurance acquisition cashflows
d. An allocation of other attributable expenses which are not acquisition cashflows

e. Risk adjustment for non-financial risks

f. Other cashflows over which entity has discretion and chargeable to policy holder as per the contract

g. An adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows

The Company adopts a deterministic approach where the outstanding claims and premiums liabilities are estimated through standard reserving techniques for all Year of Accounts. The cash flow estimates include both market variables, which are consistent with observable market prices, and non- market variables, which are not contradictory with market information and based on internally and externally derived data.

The Company updates its estimates at the end of each reporting period using all newly available information, as well as historic evidence and information about trends. The Company determines its current expectations of probabilities of future events occurring at the end of the reporting period. In developing new estimates, the Company considers the most recent experience and earlier experience, as well as other information.

Change in Fulfilment cashflows

At the end of each reporting period, the fulfilment cash flows are updated to reflect the current estimates of the amounts, timing and uncertainty of future cash flows, experience adjustments, as well as discount rates and other financial variable.

Experience adjustments are the difference between:

- The expected cash flow estimates at the beginning of the period and the actual cash flows for premiums received in the period (and any related cash flows paid such as insurance acquisition cash flows and insurance premium taxes)
- The expected cash flow estimates at the beginning of the period and the actual incurred amounts of insurance service expenses in the period (excluding insurance acquisition expenses)

K. Discount rates

The time value of money and financial risk is measured separately from expected future cash flows with changes in financial risks recognised in profit or loss at the end of each reporting period unless the Company has elected the accounting policy to present the time value of money separately in profit or loss and other comprehensive income.

The Company measures the time value of money using discount rates that reflect the liquidity characteristics of the insurance contracts and the characteristics of the cash flows, consistent with observable current market prices. They exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts (e.g. credit risk).

The Company has opted to use EIOPA risk free rates without any adjustment for liquidity premium because the liability cash flows are deemed to be liquid.

With regard to the choice of discount rate, yield curve where the prescribed EIOPA rates, since the Company has business written in different currencies, using currency conversion rates all cash flows have been calculated using USD.

The development of the methodology to calculate the relevant risk-free interest rates term structures has required several decisions on the methods, assumptions, and inputs to use in that calculation.

EIOPA has based those decisions on the following principles:

- respect to the essential elements underpinning the political agreement of Directive 2014/51/EU (Omnibus II Directive).
- transparency of all the elements of the process of calculation.
- replicability of the calculations, which has as a direct consequence the restriction of expert judgement to the minimum extent possible, if any,
- market consistency, prudent assessment of the technical provisions and optimal use of market information.

L. Risk adjustment for non-financial risk

The Company measures the compensation it would require for bearing the uncertainty about the amount and timing of cash flows arising from insurance contracts, other than financial risk, separately as an adjustment for non-financial risk.

For the Company, confidence level approach will be adopted to produce the risk margin. The general methodology is captured in below:

Underlying Contracts

- The 75th percentile is selected as the confidence level as it aligns with the industry practice.
- the Company would leverage shock factors from IAIS Insurance Capital Standard derived assuming a Normal distribution as specified in section 3.2.2. While, the risk adjustment as at 75th percentile is currently being used due to industry practice, the assumptions will be re-assessed on annual basis.
- Reinsurance Contract Held (Retrocession Contracts)
- The risk adjustment of non-financial risks for reinsurance (RI RA) is the amount of risk being transferred from the holder (i.e. cedant) to the issuer (i.e. reinsurer).
- The risk adjustment for retrocession is the risk transferred from the Company to its reinsurer, which would always be an asset (or a negatively liability) item for retrocession contract held carrying amount. The risk adjustment for retrocession cannot be a liability because that would mean more risk uncertainties have been created than before transferring the reinsured risk to the reinsurer.
- The IFRS - 17 standard requires a separate risk adjustment for retrocession explicitly. In modelling the retrocession program, the Company would calculate the retrocession risk adjustment as the difference between the risk adjustment of the underlying contract gross of reinsurance and net of reinsurance. The risk adjustment net of reinsurance would be derived using the same shocked factor logic similar to the Underlying Contracts treatment. This approach would calculate the risk adjustment for RCH at aggregate level, before allocation of RA into group of treaties, in line with decision on the level of aggregation for RCH.

M. Contractual service margin (CSM)

The CSM is a component of the overall carrying amount of a group of insurance contracts representing unearned profit that the Company will recognise as it provides insurance contract services over the coverage period.

At initial recognition, the Company measures the CSM at an amount that, unless a group of insurance contracts is onerous, results in no gains recognised in profit or loss arising from:

- The expected fulfilment cash flows of the group
- The amount of any derecognised asset for insurance acquisition cash flows allocated to the group
- Any other asset or liability previously recognised for cash flows related to the group
- Any cash flows that have already arisen on the contracts as of that date

Recognition of the CSM in profit or loss

An amount of the CSM is released to profit or loss in each period during which the insurance contract services are provided.

This is a general assessment and no specific product level analysis is required. Ceded sum assured is being used to derive coverage unit and locked in yield curve is being used for discounting of the coverage units.

Insurance contracts measured under the premium allocation approach

The Company applies the PAA to the insurance contracts with a coverage period of each contract in the group of one year or less.

On initial recognition, the Company measures the LRC at the amount of premiums received in cash. As all issued insurance contracts to which the PAA is applied have coverage of a year or less, the Group applies a policy of expensing all insurance acquisition cash flows as they are incurred.

Premiums due to the Company for insurance contract services already provided in the period but not yet received at the end of the reporting period are included in the LRC. The carrying amount of the LRC at the end of each subsequent reporting period represents the carrying amount at the start of the reporting period adjusted for the premiums received in the period and the amount recognised as insurance revenue for insurance contract services provided in that period. The Company does not discount the liability for remaining coverage to reflect the time value of money and financial risk for such insurance contracts.

When facts and circumstances indicate that a group of contracts has become onerous, the Company performs a test for onerousness. If the amount of the fulfilment cash flows exceeds the carrying amount of the LRC, the Company recognises the amount of the difference as a loss in profit or loss and increases the LRC for the corresponding amount.

N. Insurance acquisition cash flows

Since PAA measurement model is applicable to majority of treaties of the Company, IFRS17: 59 applies, and all insurance acquisition cash flows will be treated as expenses when incurred, provided the coverage period at initial recognition is no more than one year.

For treaties falling under GMM, insurance acquisition cash flows will be amortized over the contract period.

The measurement of the insurance acquisition cash flows will affect the liabilities for remaining coverage and insurance service expenses, but not insurance revenue.

As for the maintenance costs which are directly attributable to the insurance contracts portfolio, they are recognized based on the actual incurred amount of the expenses, which is the same approach as under General Measurement Model. The maintenance costs are not included within the liability for remaining coverage; however, they need to be considered when calculating the LIC to measure the BEL.

The Company includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to either the individual contracts in a group, the group itself or the portfolio of insurance contracts to which the group belongs. The Company estimates, at a portfolio level, insurance acquisition cash flows not directly attributable to the group but directly attributable to the portfolio. The group then allocates them to the group of newly written and renewed contracts on a systematic and rational basis.

O. Presentation of Financial Information

For presentation in the statement of financial position, the Company aggregates portfolios of insurance and reinsurance contracts issued and reinsurance contracts held and presents separately, the carrying amount of:

- Portfolios of insurance and reinsurance contracts issued that are assets.
- Portfolios of reinsurance contracts held that are assets.
- Portfolios of insurance contracts and reinsurance contracts issued that are liabilities.
- Portfolios of reinsurance contracts held that are liabilities.

The line item descriptions in the profit or loss and other comprehensive income have been changed significantly.

IFRS 17 requires separate presentation of:

- Insurance revenue
- Insurance service expense
- Income or expenses from reinsurance contracts held
- Insurance finance income or expenses
- Reinsurance finance income or expenses
- Net insurance finance income or expenses

P. Transition

IFRS 17 requires an entity to restate the balance sheet at the transition date. This will result in significant changes to the measurement and presentation of insurance contract liabilities for historical periods. IFRS 17 standard has outlined 3 approaches under which the insurance reinsurance assets and liabilities at the transition date can be determined.

a. Full Retrospective approach (FRA)

b. Modified Retrospective approach (MRA)

c. Fair value approach (FVA)

An entity is required to adopt the FVA when applying IFRS 17 for the first time unless impracticable. Under the FRA at the transition date the entity will account for insurance contracts as if IFRS 17 had always been applied. Only when the FVA is impracticable the entity is permitted to choose between MRA or FVA. When the FVA is impracticable the entity is required to choose MRA.

The Company has adopted the Full Retrospective approach for transition to IFRS 17.

On transition to IFRS 17 and 9 , company has taken an booked an equity impact on USD 3,327,431 at at April 1 2022.

	As previously reported	*Effect of Application of IFRS 17 and 9*	*As restated*
Reinsurance contract assets	-	91,201	91,201
Retrocession Contract Asset	2,108,274	848,388	2,956,662
Reinsurance, retrocession and other receivables	4,127,076	(3,432,483)	694,593
Deposit with banks	5,795,000	(4,722)	5,790,278
Investments at amortized cost	26,083,113	(38,760)	26,044,353
Liabilities			
Reinsurance, Retrocession & Other Payables	4,361,736	(4,130,557)	231,179
Insurance contract liabilities	10,768,175	4,869,684	15,637,859
Reinsurance contract liabilities	-	(51,929)	51,929
Equity			
Retained earnings	24,961,609	(3,327,431)	21,634,178

31st March 2023 USD	*As previously reported*	*Effect of Application of IFRS 17 and 9*	*As restated*
Reinsurance contract assets	-	877,799	877,799
Retrocession Contract Asset	3,161,684	(184,649)	2,977,035
Reinsurance, retrocession and other receivables	6,580,671	(5,848,964)	731,707
Deposit with banks	5,300,000	(5,798)	5,294,202
Investments at amortized cost	26,421,952	(36,782)	26,385,170
Liabilities			
Reinsurance, Retrocession & Other Payables	6,094,042	(5,871,546)	222,496
Insurance contract liabilities	12,316,296	317,828	12,634,124
Reinsurance contract liabilities	-	476,355	476,355
Equity			
Retained earnings	4,127,995	121,032	4,249,027

The line-item descriptions in the statement of profit and loss have changed significantly compared to prior period reported under IFRS 4. The adoption of IFRS 17 and IFRS 9 has led to the restatement of the profit for the year ended 31st March 2023 from USD 410 thousand reported under IFRS 4 to a profit of USD 3,616 Thousand reported under IFRS 17.

IFRS 9 Financial Instruments

The Company has adopted the impairment requirements of IFRS 9 as issued by the IASB in July 2014 with a date of transition of 1 April 2022, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements.

The adoption of the impairment requirements of IFRS 9 has resulted in changes in accounting policies for impairment of financial assets.

The Company has applied the transition provisions in IFRS 17 and IFRS 9 and effects of adopting these standards on the financial information on 1 April 2022 and presented in the statement of changes in equity. Under IFRS 9 Company has created ECL provision on Company investments from 1 April 2022. Further Company has assessed the expected credit loss on receivables which was immaterial. However, the impact of the same is considered for period ended 31 March 2024

Impairment

The Company uses forward looking information under Expected credit loss (ECL) model for the financial assets measured at amortised cost which consist of insurance and other receivables (excluding prepayments), investments at amortised cost and term deposits.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Measurement of ECL

The Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1 '); and
- Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- Financial assets that have objective evidence of impairment at the reporting date.('Stage 3')
- 12-month expected credit losses(ECL) are recognised for the first category (i.e. Stage 1) while 'lifetime expected credit losses' are recognised for the second category (i.e. Stage 2). Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Company is regularly reviewing its financial instruments on periodic basis, since there is no significant increase in credit risk of its financial instruments since the date of initial recognition, Company satisfying the stage 1 criteria and applying 12-month ECL on all its Financial assets.

The methodology for estimating the Expected Credit Loss involves three elements-

i. The probability of default (PD) occurring in the stated time period

ii. Loss of principal or loss given default (LGD) in the recovery proceedings post the default and

iii. Exposure at Default (EAD), which is the exposure at risk in case of default i.e. amortized cost plus accrued interest of the holding in the debt instrument across the applicable portfolios.

The Company has recorded an impairment allowance at 1 April 2022 on Investment held at amortised cost and term deposits with banks amounting to USD 43,282 as a result of first time adoption of IFRS-9.

	IAS 39 Measurement capital USD	*Remeasurement ECL USD*	*IFRS 9 Measurement Total USD*
Financial Assets			
Cash & Bank Balances	1,918,048	-	1,918,048
Term Deposits with Banks	5,795,000	(4,722)	5,790,278
Investments held at amortized cost	26,083,113	(38,760)	26,044,353
Total Financial Assets			
Restated balance as at 1 April 2022	33,796,161	(43,482)	33,752,678

2.4 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the financial statements:

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, fair value though or profit and loss income or available-for-sale.

For those investments deemed to be held to maturity, management ensures that the requirements of IFRS 9 are met and, in particular, that the Company has the intention and ability to hold these to maturity.

Determining the lease term of contracts with renewal and termination options - Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure Lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using the observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

uch changes are reflected in the assumptions when they occur. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Mortality and morbidity rates

Assumptions are based on standard industry and national tables, according to the type of contract written and the territory in which the insured person resides. They reflect recent historical experience and are adjusted when appropriate to reflect the Company's own experiences. An appropriate, but not excessive, allowance is made for expected future improvements.

Lapse and Surrender Rates

Lapses denote the cessation of policies stemming from unpaid premiums, while surrenders pertain to policyholders' voluntary termination of their policies. Policy termination assumptions are established based on the company's accumulated experience and policy duration.

The assumptions reflect the company's expected rates. Assumptions are differentiated by policyholder gender, underwriting class, and contract type. An increase in expected mortality and morbidity will increase the expected claim cost which will reduce future expected profits of the company.

CSM release pattern

The Company applied significant judgements in the following aspects to the determination of CSM amounts that were recognized in profit or loss for GMM products.

The coverage units are based on the sum assured ceded (during the insurance coverage period) to the period in which insurance services are expected to be provided. In performing the above determination, management applied judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognized in profit or loss for the period.

Expenses

The assumptions regarding operating expenses encapsulate the anticipated expenditures associated with the upkeep and servicing of existing policies, alongside relevant overhead costs. The prevailing expense level serves as the foundation, subject to adjustments for anticipated expense inflation as deemed necessary. A rise in the projected expense level will diminish the anticipated future profits of the company.

Onerosity determination

IFRS 17 does not provide any specific guidance about which facts and circumstances should be considered, to indicate that a group of contracts is onerous on initial recognition or subsequently. The Company assesses the Onerosity considering the factors such as:

a. the expected ratio of claims to premiums (or any other measurement of expected profitability) compared with the actual ratio over the coverage period.

b. economic or regulatory changes that can cause significant revisions in the expected cash flows; or

c. significant changes to the costs involved in fulfilling contracts: e.g., as a result of internal reorganizations or changes to the prices of services or products used to fulfil its insurance obligations.

Estimated premium income

In calculating the estimated premium income, the Company makes estimates for the expected written premiums during the period. These estimates are based on the expected experience in relation to the reinsurance estimates written and is based on historical data, adjusted for the Company's views of the experience. Any adverse deviation from the expected experience could result in future adjustments for the future premium.

Assessment of significance of insurance risk

The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely

Measurement of the expected credit loss ("ECL") allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVTOCI is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determinig the criteria for significant increase in credit risk;
- Determing the criteria and definition of default,

The Company regularly reviews and validates the models and inputs to the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

When measuring ECL the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

3. NET INVESTMENT INCOME

	2024 USD	*2023 USD (*Restated)*
Interest on bank deposits & Current Account	**193,664**	218,978
Other income	**28,118**	3,041
	221,782	222,019

4. OTHER GENERAL AND ADMINISTRATIVE EXPENSES

	2024 USD	2023 USD (*Restated)
Employee benefits expenses	**298,687**	221,558
legal expense	**85,570**	56,360
Depreciation and amortisation charges	**45,367**	40,548
Auditor's remuneration	**70,116**	38,278
IT related expenses	**58,873**	25,487
General Office Exps	**43,132**	14,352
Other expenses	**129,074**	40,301
	730,819	436,884

5. RIGHT OF USE ASSET AND LEASE LIABILITIES

(i) Right of use assets

	2024 *USD*	2023 USD
As at 1 April	**45,048**	135,144
Additions	**249,613**	-
Depreciation charge for the year	**(100,955)**	(90,096)
As at 31 March	**193,706**	45,048

(ii) Lease liabilities

	2024 *USD*	2023 USD
As at 1 April	**49,189**	146,118
Additions in lease	**249,613**	-
Finance cost	**10,015**	1,855
Payments for lease liability	**(108,719)**	(98,784)
Fair value change	**(669)**	-
As at 31 March	**199,429**	49,189

6. PROPERTY AND EQUIPMENT

	Leasehold Improvements USD	*IT equipment end user devices USD*	*IT equipment servers and networks USD*	*Furniture and fixture USD*	*Office equipment USD*	*Total USD*
Cost						
As at 1 April 2023	47,456	34,786	10,834	33,262	7,469	133,807
Addition during period	-	19,495	13,517	15,422	11,759	60,193
As at 31 March 2024	**47,456**	**54,281**	**24,351**	**48,684**	**19,228**	**194,000**
Depreciation:						
As at 1 April 2023	47,456	26,768	10,834	27,821	4,437	117,316
Charge for the year	-	8,764	31	3,969	2,374	15,138
As at 31 March 2024	**47,456**	**35,532**	**10,865**	**31,790**	**6,811**	**132,454**
Net carrying amount:						
As at 31 March 2024	**-**	**18,749**	**13,486**	**16,894**	**12,417**	**61,546**

6. PROPERTY AND EQUIPMENT (continued)

	Leasehold Improvements USD	IT equipment end user devices USD	IT equipment servers and networks USD	Furniture and fixture USD	Office equipment USD	Total USD
Cost						
As at 1 April 2022	47,456	29,836	10,834	28,908	4,119	121,153
Addition during period	-	4,950	-	4,354	3,350	12,654
As at 31 March 2023	47,456	34,786	10,834	33,262	7,469	133,807
Depreciation:						
As at 1 April 2022	47,456	20,214	10,834	26,410	3,801	108,715
Charge for the year	-	6,554	-	1,411	636	8,601
As at 31 March 2023	47,456	26,768	10,834	27,821	4,437	117,316
Net carrying amount:						
As at 31 March 2023	-	8,018	-	5,441	3,032	16,491

7. INTANGIBLE ASSETS

	2024 USD	2023 USD
Cost:		
As at 1 April	**210,894**	204,135
Additions during the year	**99,086**	6,759
Capital work in Progress	**66,461**	101,542
As at 31 March	**376,441**	312,436
Amortization:		
As at 1 April	**(123,442)**	(80,449)
Charge for the year	**(60,460)**	(42,993)
As at 31 March	**(183,902)**	(123,442)
Net carrying amount		
As at 31 March	**192,539**	188,994

8A. INVESTMENTS HELD AT AMORTISED COST

	2024 USD	2023 USD (*Restated)
Investment held at amortized cost	**29,712,838**	26,421,952
Expected credit loss	**(14,234)**	(36,782)
	29,698,604	26,385,170

8B. INVESTMENTS CARRIED AT FVTPL

	2024 USD	2023 USD (*Restated)
Investment carried at FVTPL	635,230	-

9. REINSURANCE CONTRACT ASSETS AND LIABILITIES

Reconciliation of the Insurance liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as on 31 March 24

31 March 2024

Amounts in USD

	Remaining Coverage - PAA		*Remaining coverage - GMM*		*Liability for incurred claims -PAA*			
	Excl. loss component	*Loss component*	*Excl. loss component*	*Loss component*	*LIC for value not under PAA*	*Present Risk adj for for future cashflows*	*Non-financial risk*	*Total*
Opening Balance contract Assets	(4,572,519)	-	-	-	-	3,660,533	34,187	(877,799)
Opening Balance Contract Liabilities*	(10,219,274)	610,336	2,640,597	1,709,826	3,826,597	13,852,058	213,984	12,634,124
Net opening position of Reinsurance contracts as on 1 April 2023	(14,791,793)	610,336	2,640,597	1,709,826	3,826,597	17,512,591	248,171	11,756,325
Insurance Revenue	(20,362,547)	-	(1,275,075)	-	-	-	-	(21,637,622)
Incurred Claims and other directly attributable expense	-	-	-	161,563	(722,578)	17,301,392	26,383	16,766,760
Amortisation of Insurance Acquisition Cash Flows	986,685	-	15,837	-	-	-	-	1,002,522
Changes related to past service - adjustment to LIC	-	-	-	-	2,134,118	-	-	2,134,118
Losses on Onerous component and reversal of such losses	-	624,665	-	1,942,282	-	-	-	2,566,947
Insurance Service Expenses	986,685	624,665	15,837	2,103,845	1,411,540	17,301,392	26,383	22,470,347
Insurance Service Result	(19,375,862)	624,665	(1,259,238)	2,103,845	1,411,540	17,301,392	26,383	832,725
FE from Insurance Contracts issued (PL)	-	-	(914,324)	(32,248)	-	-	-	(946,572)
Total changes to SOPL	(19,375,862)	624,665	(2,173,562)	2,071,597	1,411,540	17,301,392	26,383	(113,847)

* Insurance Contract liability is negative on account of amount of premium receivables which adjust the liability for insurance contracts under remaining coverage.

9. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

31 March 2024
Amounts in USD

	Remaining Coverage - PAA		*Remaining coverage - GMM*		*Liability for incurred claims -PAA*			
	Excl. loss component	*Loss component*	*Excl. loss component*	*Loss component*	*LIC for Contracts not under PAA*	*Present value for future cashflows*	*Risk adj for non-financial risk*	*Total*
Cash flows								
Premium Received	13,888,398	-	1,535,728	-	-	-	-	15,424,126
Claims & Other Expenses Paid	-	-	-	-	(2,190,861)	(11,506,009)	-	(13,696,870)
Acquisition Cash Flows Paid	(986,685)	-	(416,231)	-	-	-	-	(1,402,916)
Total Cash Flows	**12,901,713**	**-**	**1,119,497**	**-**	**(2,190,861)**	**(11,506,009)**	**-**	**324,340**
Net Balance as at 31 March 2024	**(21,265,942)**	**1,235,001**	**1,586,532**	**3,781,423**	**3,047,276**	**23,307,974**	**274,554**	**11,966,818**
Closing Contract Assets	(6,612,213)	-	(301,386)	195,343	134	3,975,278	6,132	(2,736,712)
Closing Contract Liabilities	(14,653,729)	1,235,001	1,887,918	3,586,080	3,047,142	19,332,696	268,422	14,703,530
Net Balance as at 31 March 2024	**(21,265,942)**	**1,235,001**	**1,586,532**	**3,781,423**	**3,047,276**	**23,307,974**	**274,554**	**11,966,818**

Reconciliation of the Insurance liability of remaining coverage (LRC) & liability for incurred claims for insurance contracts (LIC) as on 31 March 2023

31 March 2023 (*Restated)
Amounts in USD

	Remaining Coverage - PAA		*Remaining coverage - GMM*		*Liability for incurred claims -PAA*			
	Excl. loss component	*Loss component*	*Excl. loss component*	*Loss component*	*LIC for Contracts not under PAA*	*Present value for future cashflows*	*Risk adj for non-financial risk*	*Total*
Opening Balance contract Assets	(1,520,929)	-		-	-	1,424,221	5,507	(91,201)
Opening Balance Contract Liabilities	(8,983,082)	55,017	2,905,932	4,092,226	3,746,468	13,600,068	221,230	15,637,859
Net opening position of Reinsurance contracts as on 1 April 2022	(10,504,011)	55,017	2,905,932	4,092,226	3,746,468	15,024,289	226,737	15,546,658
Insurance Revenue	(14,030,211)	-	(1,136,600)	-	-	-	-	(15,166,811)
Incurred Claims and other directly attributable expense	-	-	-	49,467	104,345	10,608,530	21,434	10,783,776
Amortisation of Insurance Acquisition Cash Flows	774,980	-	43,487	-	-	-	-	818,467
Changes related to past service - adjustment to LIC	-	-	-	-	3,639,280	-	-	3,639,280
Losses on Onerous component and reversal of such losses	-	555,318	-	(2,436,423)	-	-	-	(1,881,105)
Insurance Service Expenses	774,980	555,318	43,487	(2,386,956)	3,743,625	10,608,530	21,434	13,360,418
Insurance Service Result	(13,255,231)	555,318	(1,093,113)	(2,386,956)	3,743,625	10,608,530	21,434	(1,806,393)
FE from Insurance Contracts issued (PL)	-	-	(1,331,067)	4,556	-	-	-	(1,326,511)
Total changes to SOPL	(13,255,231)	555,318	(2,424,180)	(2,382,400)	3,743,625	10,608,530	21,434	(3,132,904)

9. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

31 March 2023
Amounts in USD

	Remaining Coverage - PAA		*Remaining coverage - GMM*		*Liability for incurred claims -PAA*			
	Excl. loss component	*Loss component*	*Excl. loss component*	*Loss component*	*LIC for Contracts not under PAA*	*Present value for future cashflows*	*Risk adj for non-financial risk*	*Total*
Cash flows								
Premium Received	9,742,430	-	2,158,845	-	-	-	-	11,901,275
Claims & Other Expenses Paid	-	-	-	-	(3,663,495)	(8,120,228)	-	(11,783,723)
Acquisition Cash Flows Paid	(774,980)	-	-	-	-	-	-	(774,980)
Total Cash Flows	8,967,450	-	2,158,845	-	(3,663,495)	(8,120,228)	-	(657,428)
Net Balance as at 31 March 2023	(14,791,792)	610,335	2,640,597	1,709,826	3,826,598	17,512,590	248,171	11,756,325
Closing Contract Assets	(4,572,519)	-	-	-	-	3,660,533	34,187	(877,799)
Closing Contract Liabilities	(10,219,273)	610,335	2,640,597	1,709,826	3,826,598	13,852,057	213,984	12,634,124
Net Balance as at 31 March 2023	(14,791,792)	610,335	2,640,597	1,709,826	3,826,598	17,512,590	248,171	11,756,325

Reconciliation of the Insurance Asset for of remaining coverage (ARC) & Asset for incurred claims for insurance contracts (AIC) as on 31 March 2024

31 March 2024
Amounts in USD

	Remaining Coverage - PAA		*Remaining coverage - GMM*		*Liability for incurred claims -PAA*			
	Excl. loss component	*Loss component*	*Excl. loss component*	*Loss component*	*LIC for Contracts not under PAA*	*Present value for future cashflows*	*Risk adj for non-financial risk*	*Total*
Opening Balance Contract Assets	**435,612**	**-**	**(894,428)**	**(745,768)**	**(876,751)**	**(895,700)**	**-**	**(2,977,035)**
Opening Balance Contract Liabilities	**2,268,211**	**-**	**-**	**-**	**-**	**(1,724,593)**	**(67,263)**	**476,355**
Net opening position of Reinsurance contracts as on 1 April 2023	**2,703,822**	**-**	**(894,427)**	**(745,768)**	**(876,751)**	**(2,620,293)**	**(67,263)**	**(2,500,681)**
Reinsurance premium	**5,692,019**	**-**	**295,435**	**-**	**-**	**-**	**-**	**5,987,454**
Incurred Claims and other directly attributable expense	**-**	**-**	**-**	**-**	**(53,639)**	**(4,120,847)**	**(9,364)**	**(4,994,134)**
Amortisation of Insurance Acquisition Cash Flows	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes related to past service - adjustment to AIC	**-**	**-**	**-**	**-**	**(215,402)**	**-**	**-**	**(215,402)**
Adjustment of loss recoveries on Onerous Contracts and reversal of such losses	**-**	**-**	**-**	**(1,603,503)**	**-**	**-**	**-**	**(1,603,503)**
Net income/ (expenses) from reinsurance contracts held	**5,692,019**	**-**	**295,435**	**(1,603,503)**	**(269,041)**	**(4,120,847)**	**(9,364)**	**(825,585)**
Insurance Service Result	**5,692,019**	**-**	**295,435**	**(1,603,503)**	**(269,041)**	**(4,931,131)**	**(9,364)**	**(825,585)**
FE from Insurance Contracts issued (PL)	**-**	**-**	**43,523**	**-**	**-**	**-**	**-**	**43,523**
Total changes to SOPL	**5,692,019**	**-**	**338,958**	**(1,603,503)**	**(269,041)**	**(4,931,131)**	**(9,364)**	**(782,062)**

9. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

31 March 2024
Amounts in USD

	Remaining Coverage - PAA		*Remaining coverage - GMM*		*Liability for incurred claims -PAA*			
	Excl. loss component	*Loss component*	*Excl. loss component*	*Loss component*	*LIC for Contracts not under PAA*	*Present value for future cashflows*	*Risk adj for non-financial risk*	*Total*
Cash flows								
Premium paid	**(891,463)**	-	**(289,023)**	-	-	-	-	**(1,180,486)**
Claims & Other Expenses recovered	-	-	-	-	**215,402**	**810,284**	-	**1,025,686**
Acquisition Cash Flows received	-	-	-	-	-	-	-	-
Total Cash Flows	**(891,463)**	-	**(289,023)**	-	**215,402**	**810,284**	-	**(154,800)**
Net Balance as at 31 March 2024	**7,504,380**	-	**(844,493)**	**(2,349,271)**	**(930,391)**	**(6,741,140)**	**(76,627)**	**(3,437,542)**
Closing Contract Assets	**1,204,202**	-	**(844,493)**	**(2,349,271)**	**(930,391)**	**(1,739,988)**	**(17,948)**	**(4,677,889)**
Closing Contract Liabilities	**6,300,178**	-	-	-	-	**(5,001,152)**	**(58,679)**	**1,240,347**
Net Balance as at 31 March 2024	**7,504,380**	-	**(844,493)**	**(2,349,271)**	**(930,391)**	**(6,741,140)**	**(76,627)**	**(3,437,542)**

Reconciliation of the Insurance Asset of remaining coverage (ARC) & Asset for incurred claims for insurance contracts (AIC) as on 31 March 2023

31 March 2023
Amounts in USD

	Remaining Coverage - PAA		*Remaining coverage - GMM*		*Liability for incurred claims -PAA*			
	Excl. loss component	*Loss component*	*Excl. loss component*	*Loss component*	*LIC for Contracts not under PAA*	*Present value for future cashflows*	*Risk adj for non-financial risk*	*Total*
Opening Balance Contract Assets	2,012,052	-	(741,476)	(109,444)	(524,575)	(3,546,440)	(46,779)	(2,956,662)
Opening Balance Contract Liabilities	51,929	-	-	-	-	-	-	51,929
Net opening position of Reinsurance contracts as on 1 April 2022	2,063,981	-	(741,476)	(109,444)	(524,575)	(3,546,440)	(46,779)	(2,904,733)
Reinsurance premium	2,207,990	-	244,598	-	-	-	-	2,452,588
Incurred Claims and other directly attributable expense	-	-	-	-	(440,615)	(1,430,465)	(20,484)	(1,891,564)
Amortisation of Insurance Acquisition Cash Flows	-	-	-	-	-	-	-	-
Changes related to past service - adjustment to AIC	-	-	-	-	-	-	-	-
Adjustment of loss recoveries on onerous Contracts and reversal of such losses	-	-	-	(636,324)	-	-	-	(636,324)
Net income/ (expenses) from reinsurance contracts held	2,207,990	-	244,598	(636,324)	(440,615)	(1,430,465)	(20,484)	(75,300)
Insurance Service Result	2,207,990	-	244,598	(636,324)	(440,615)	(1,430,465)	(20,484)	(75,300)
FE from Insurance Contracts issued (PL)	-	-	78,966	-	-	-	-	78,966
Total changes to SOPL	2,207,990	-	323,564	(636,324)	(440,615)	(1,430,465)	(20,484)	3,666

9. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

31 March 2023
Amounts in USD

	Remaining Coverage - PAA		*Remaining coverage - GMM*		*Liability for incurred claims -PAA*			
	Excl. loss component	**Loss component**	**Excl. loss component**	**Loss component**	**LIC for Contracts not under PAA**	**Present value for future cashflows**	**Risk adj for non-financial risk**	**Total**
Cash flows								
Premium paid	(1,568,148)	-	(476,516)	-	-	-	-	(2,044,664)
Claims & Other Expenses recovered	-	-	-	-	88,439	2,356,612	-	2,445,051
Acquisition Cash Flows received	-	-	-	-	-	-	-	-
Total Cash Flows	(1,568,148)	-	(476,516)	-	88,439	2,356,612	-	400,387
Net Balance as at 31 March 2023	2,703,822	-	(894,428)	(745,768)	(876,751)	(2,620,293)	(67,263)	(2,500,681)
Closing Insurance Contract Assets	435,612	-	(894,428)	(745,768)	(876,751)	(895,700)	-	(2,977,035)
Closing Balance Contract Liabilities	2,268,210	-	-	-	-	(1,724,593)	(67,263)	476,354
Net closing position of Reinsurance contracts as on 31 March 2023	2,703,823	-	(894,427)	(745,768)	(876,751)	(2,620,293)	(67,263)	(2,500,681)

9. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of measurement component of insurance and reinsurance contract Liabilities not measured under the PAA

31 March 2024	*Present value of future cashflows USD*	*Risk adj. for non-financial risk USD*	*CSM USD*	*Total USD*
Opening contract liabilities	7,524,312	504,597	148,111	8,177,020
Opening contract assets	-	-	-	-
Net balance as at 1 April 2023	**7,524,312**	**504,597**	**148,111**	**8,177,020**
Changes that relate to current service				
CSM recognised for the services provided	-	-	(4,819)	(4,819)
Change in the risk adjustment for non-financial risk for the risk expired	-	(170,443)	-	(170,443)
Experience adjustments-relating to insurance service expenses	(1,644,990)	-	-	(1,644,990)
	(1,644,990)	**(170,443)**	**(4,819)**	**(1,820,252)**
Changes that relate to future service				
Contracts initially recognised in the period	(164,078)	19,876	144,202	-
Changes in estimates that adjust the CSM	(203,224)	276,843	(73,619)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	1,843,712	98,570	-	1,942,282
	1,476,410	**395,289**	**70,583**	**1,942,282**
Changes that relate to past service				
Adjustments to liabilities for incurred claims	2,134,118	-	-	2,134,118
	2,134,118	**-**	**-**	**2,134,118**
Insurance service result	**1,970,562**	**224,846**	**65,764**	**2,261,172**
Finance income/ (expenses) from reinsurance contracts issued	(951,333)	-	4,761	(946,572)
Total amounts recognised in PL	**1,019,229**	**224,846**	**70,525**	**1,314,600**
Cash flows				
Premiums received	1,535,728	-	-	1,535,728
Claims and other directly attributable exps paid	(2,190,861)	-	-	(2,190,861)
Insurance acquisition cash flows	(416,231)	-	-	(416,231)
Total cash flows	(1,071,364)	-	-	(1,071,364)
Net balance as at 31 March 2024	**7,467,153**	**729,443**	**218,636**	**8,415,232**
Closing contract assets	(204,028)	98,119	-	(105,909)
Closing contract liabilities	7,671,181	631,324	218,636	8,521,141
Net balance as at 31 March 2024	**7,467,153**	**729,443**	**218,636**	**8,415,232**

9. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of measurement component of insurance & reinsurance contract Liabilities not measured under the PAA

31 March 2023	*Present value of future cashflows USD*	*Risk adj. for non-financial risk USD*	*CSM USD*	*Total USD*
Opening insurance contract liabilities	5,989,323	4,682,028	73,275	10,744,626
Opening insurance contract assets	-	-	-	-
Net balance as at 1 April 2022	5,989,323	4,682,028	73,275	10,744,626
Changes that relate to current service				
CSM recognised for the services provided	-	-	(3,600,053)	(3,600,053)
Change in the risk adjustment for non-financial risk for the risk expired	-	4,178,066	-	4,178,066
Experience adjustments-relating to insurance service expenses	(1,517,314)	-	-	(1,517,314)
	(1,517,314)	4,178,066	(3,600,053)	(939,301)
Changes that relate to future service				
Contracts initially recognised in the period	-	-	-	-
Changes in estimates that adjust the CSM	4,203,523	(7,878,142)	3,674,619	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	(1,959,069)	(477,353)	-	(2,436,422)
	2,244,454	(8,355,495)	3,674,619	(2,436,422)
Changes that relate to past service				
Adjustments to liabilities for incurred claims	3,639,280	-	-	3,639,280
	3,639,280	-	-	3,639,280
Insurance service result	4,366,421	(4,177,430)	74,566	263,556
Finance income/ (expenses) from reinsurance contracts issued	(1,326,781)	-	270	(1,326,511)
Total amounts recognised in PL	3,039,640	(4,177,430)	74,836	(1,062,954)
Cash flows				
Premiums received	2,158,845	-	-	2,158,845
Claims and other directly attributable exps paid	(3,663,495)	-	-	(3,663,495)
Insurance acquisition cash flows	-	-	-	-
Total cash flows	(1,504,650)	-	-	(1,504,650)
Net balance as at 31 March 2023	7,524,312	504,598	148,111	8,177,021
Closing insurance contract assets	-	-	-	-
Closing insurance contract liabilities	7,524,312	504,598	148,111	8,177,021
Net balance as at 31 March 2023	7,524,312	504,598	148,111	8,177,021

9. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

Reconciliation of measurement component of retrocession contract balances not measured under the PAA

31 March 2024	*Present value of future cashflows USD*	*Risk adj. for non-financial risk USD*	*CSM USD*	*Total USD*
Opening retrocession contract liabilities	-	-	-	-
Opening retrocession contract assets	(1,798,663)	(120,125)	(598,158)	(2,516,946)
Net balance as at 1 April 2023	**(1,798,663)**	**(120,125)**	**(598,158)**	**(2,516,946)**
Changes that relate to current service				
CSM recognised for the services received	-	-	18,935	18,935
Change in the risk adjustment for non-financial risk for the risk expired	-	30,476	-	30,476
Experience adjustments-relating to insurance service expenses	202,093	-	-	202,093
	202,093	**30,476**	**18,935**	**251,504**
Changes that relate to future service				
Contracts initially recognised in the period	(27,398)	(2,801)	30,199	-
Changes in estimates that adjust the CSM	971,429	(97,179)	738,963	1,613,213
Changes in estimates that result in losses and reversals of losses on underlying onerous contracts	(1,613,213)	-	(1,613,213)	(3,226,426)
	(669,182)	**(99,980)**	**(844,051)**	**(1,613,213)**
Changes that relate to past service				
Adjustments to liabilities for incurred claims	(215,402)	-	-	(215,402)
Net (expense)/ income from reinsurance contracts held	**(682,491)**	**(69,503)**	**(825,116)**	**(1,577,110)**
Finance income/ (expenses) from reinsurance contracts held	56,942	-	(13,419)	43,523
Total amounts recognised in PL	**(625,549)**	**(69,503)**	**(838,535)**	**(1,533,587)**
Cash flows				
Premiums paid	(289,023)	-	-	(289,023)
Recoveries from reinsurance	215,402	-	-	215,402
Total cash flows	**(73,621)**	**-**	**-**	**(73,621)**
Net balance as at 31 March 2024	**(2,497,834)**	**(189,629)**	**(1,436,692)**	**(4,124,155)**
Closing Retrocession Contract Assets	(2,497,834)	(189,629)	(1,436,692)	(4,124,155)
Closing Retrocession Contract Liabilities	-	-	-	-
Net balance as at 31 March 2024	**(2,497,834)**	**(189,629)**	**(1,436,692)**	**(4,124,155)**

9. INSURANCE AND REINSURANCE CONTRACT ASSETS AND LIABILITIES (continued)

31 March 2023	*Present value of future cashflows USD*	*Risk adj. for non-financial risk USD*	*CSM USD*	*Total USD*
Opening retrocession contract liabilities	-	-	-	-
Opening retrocession contract assets	(1,004,830)	(135,721)	(234,944)	(1,375,495)
Net balance as at 1 April 2022	(1,004,830)	(135,721)	(234,944)	(1,375,495)
Changes that relate to current service				
CSM recognised for the services received	-	-	19,332	19,332
Change in the risk adjustment for non-financial risk for the risk expired	-	1,921	-	1,921
Experience adjustments-relating to insurance service expenses	(212,741)	-	-	(212,741)
	(212,741)	1,921	19,332	(191,488)
Changes that relate to future service				
Contracts initially recognised in the period	-	-	-	-
Changes in estimates that adjust the CSM	363,798	13,675	263,381	640,854
Changes in estimates that result in losses and reversals of losses on underlying onerous contracts	(640,854)	-	(640,854)	(1,281,708)
	(277,056)	13,675	(377,473)	(640,854)
Changes that relate to past service				
Adjustments to liabilities for incurred claims	-	-	-	-
Net (expense)/ income from reinsurance contracts held	(489,796)	15,596	(358,141)	(832,341)
Finance income/ (expenses) from reinsurance contracts held	84,040	-	(5,073)	78,967
Total amounts recognised in PL	(405,756)	15,596	(363,214)	(753,374)
Cash flows				
Premiums paid	(476,516)	-	-	(476,516)
Recoveries from reinsurance	88,439	-	-	88,439
Total cash flows	(388,077)	-	-	(388,077)
Net balance as at 31 March 2023	(1,798,663)	(120,125)	(598,158)	(2,516,946)
Closing Retrocession Contract Assets	(1,798,663)	(120,125)	(598,158)	(2,516,946)
Closing Retrocession Contract Liabilities	-	-	-	-
Net balance as at 31 March 2023	(1,798,663)	(120,125)	(598,158)	(2,516,946)

10. PREPAYMENT AND OTHER RECEIVABLES

	2024 USD	*2023 USD*
Interest accrued	**308,201**	254,313
Prepaid expenses	**196,726**	150,648
Other receivables	**325,042**	326,745
	829,969	731,706

11. DEPOSITS WITH BANKS

	2024 USD	*2023 USD (* Restated)*
Deposits with banks more than 3 months maturity	**1,000,000**	5,300,000
Less expected credit loss	**(1,012)**	(5,798)
	998,988	**5,294,202**

Deposits with banks carry interest rate of.5.10% per annum (2023: 3.79 % to 5.10% per annum).

12. BANK BALANCES AND CASH

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	2024 USD	2023 USD
Bank balances and cash	**3,298,404**	2,199,211
Cash and Cash Equivalent	**3,298,404**	2,199,211

13. SHARE CAPITAL

	2023 USD	2022 USD
Authorized Share Capital 30,000,000 shares of USD 1 each (2023:30,000,000 Shares of USD 1 each)	**30,000,000**	30,000,000
Issued and paid up Capital Issued and fully paid 29,500,000 shares of USD 1 each (2022:29,500,000 Shares of USD 1 each)	**29,500,000**	29,500,000

14. EMPLOYEES' END OF SERVICE BENEFITS

The Company provides end of service benefits to its employees. As of 1 February 2020, all employers in the DIFC were required to pay end of service benefits contributions on behalf of its employees into a DIFC Employee Workplace Savings ("DEWS") plan based on key service providers finalized by the DIFC, whilst employees may (at their discretion) also make their own contributions into such scheme. The entitlement to these benefits is based upon the employees' basic salary over the length of service, subject to the completion of a minimum service period, calculated under the provisions of the DEWS law. Upon resignation or termination of the employee, the amount would be payable from the DEWS scheme and not directly from the Company and consequently the Company has no further obligations for payments made into DEWS. The expected costs of these benefits are paid over the period of employment.

End of services benefits provisions prior to 1 February 2020 not transferred in DEWS and carry forwarded in books of accounts.

Movement in the provision recognised in the statement of financial position is as follows:

	2024 USD	2023 USD
As at 1 April	**82,519**	98,474
Charged during the year	**41,765**	51,328
Contribution paid under DEWS Scheme	**(39,707)**	(47,683)
Paid to employees exited during year	**(44,155)**	(19,600)
As at 31 March	**40,422**	82,519

15. ACCRUED AND OTHER PAYABLES

	2024 USD	2023 USD
Accruals and other provisions	**542,772**	222,496

16. INSURANCE SERVICE REVENUE

	2024 USD	2023 USD (*Restated)
Contracts not measured under PAA		
Expected incurred claims and other expenses after loss component allocation	**1,087,494**	1,676,382
Changes in risk adjustment for non financial risk	**166,925**	(4,183,322)
CSM recognised in PL for the service provided	**4,819**	3,600,053
Insurance acquisition cashflow recovery	**15,837**	43,487
	1,275,075	1,136,600
Contracts measured under PAA	**20,362,547**	14,030,211
Total Insurance revenue	**21,637,622**	15,166,811

17. INSURANCE SERVICE EXPENSES

	2024 USD	2023 USD (*Restated)
Incurred Claims and other directly attributable expense	**16,766,760**	10,783,776
Amortisation of Insurance Acquisition Cash Flows	**1,002,522**	818,467
Changes related to past service	**2,134,118**	3,639,280
Claims Recovered (Loss Recovery)	**2,566,947**	(1,881,105)
Total Insurance service expense	**22,470,347**	13,360,418

18. NET INSURANCE FINANCE EXPENSES

31 March 2024

	Gross USD	***Retrocession USD***
Insurance Finance Income/(Expense)		
Interest accreted to insurance contracts using current financial assumptions	**(4,761)**	**13,419**
Due to changes in interest rates and other financial assumptions	**(1,040,147)**	**784,763**
Effect of changes in FCF at current rate when CSM is unlocked at locked-in rate	**1,991,480**	**(841,705)**
Total - Insurance finance expenses	**946,572**	**(43,523)**

31 March 2023(*Restated)

	Gross USD	Retrocession USD
Interest accreted to insurance contracts using current financial assumptions	(270)	5,073
Due to changes in interest rates and other financial assumptions	(1,878,908)	560,794
Effect of changes in FCF at current rate when CSM is unlocked at locked-in	3,205,689	(644,833)
Total - Insurance finance expenses	1,326,511	(78,966)

19. RELATED PARTY TRANSACTIONS

Related parties represent associated companies, Holding Company and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Company's management.

Name of related parties and the nature of relationship is given below:

Promoter/Ultimate Holding Company
HDFC Bank (w.e.f 1st July 2023)

Holding company
HDFC Life Insurance Company Limited

Fellow Subsidiaries
HDFC Pension Management Company Ltd.

19 RELATED PARTY TRANSACTIONS (continued)

Fellow Subsidiaries of Promotor Company
HDFC Asset Management Company Limited
HDFC Trustee Company Limited
HDFC ERGO General Insurance Company Limited
HDFC Capital Advisors Limited
HDFC Sales Private Limited
HDFC Property Ventures Limited
HDFC Credila Financial Services Private Limited
HDFC Education and Development Services Private Limited
Griha Investments (Subsidiary of HDFC Holdings Ltd.)
Griha Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.)
HDB Financials Services Limited
HDFC Securities Limited

Key Management Personnel

Directors:
Ms. Vibha Padalkar
Mr.Yuvraj Narayan
Mr. Davinder Rajpal
Mr. Suresh Badami
Mr. Sameer Yogishwar

Key Management personal of Holding Company:
Mr. Niraj Shah
Mr. Narendra Gangan

Chief Executive Officer
Mr. Rahul Prasad

Transactions with holding company included in the statement of comprehensive income are as follow:

	2024 USD	2023 USD
Insurance Contract Revenue	**-**	298,843
Insurance Service Expenses	**(16,814)**	(2,510,394)

Balances with holding company included in the statement of financial position are as follows:

	2024 USD	2023 USD
Reinsurance balance payable	**(91,046)**	(848,773)

Transactions with HDFC Bank during the year as follows are as follow:

	2024 USD	2023 USD
Purchase of Term deposits	**8,000,000**	6,000,000
Maturity of Term deposits	**8,000,000**	5,000,000
Interest earned on term deposits	**87,747**	37,856

19. RELATED PARTY TRANSACTIONS (continued)

Balances with HDFC bank company included in the statement of financial position are as follows:

	2024 USD	2023 USD
Balance in Current Accounts	**1,223,317**	1,101,254
Accrued Interest on term deposit	**70,975**	19,304
Term deposit	**1,000,000**	1,000,000
Fees payable on direct insurance	**(51,914)**	-

Compensation of key management personnel
The remuneration of key management personnel during the period was as follows:

	2024 USD	2023 USD
Director's sitting fees	**21,000**	12,500
Short-term benefits	**72,005**	42,706
	93,005	55,206

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a. Governance framework

The primary objective of the Company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognises the critical importance of having efficient and effective risk management systems in place.

The Company's risk management framework is the responsibility of the Risk Management Committee of the Board of Director's and has effective oversight by the Board of Directors.

The Board of Directors meets regularly to approve any commercial, regulatory and organizational decisions. The Management under the authority delegated from the board of directors defines the Company's risk and its interpretation, limits structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

b. Capital management framework

The primary objective of the Company's management is to ensure that it complies with externally imposed capital requirements and to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders. The Company manages its capital structure and makes adjustments to it, in light of changes in business conditions.

The Company fully complied with the externally imposed capital requirements during the period ended 31 March 2023.

As at 31st March 2024, the adjusted capital resources of the company calculated as per App3 of 'The DFSA Rulebook, Prudential – Insurance Business Module' is USD 23,544,864 (As at March 31, 2023 – USD 24,853,307).

This is higher than the minimum capital requirement of USD 11,012,419 calculated as per App4 of 'The DFSA Rulebook, Prudential – Insurance Business Module.

As at 31st March 2024, the Company was in compliance with the minimum capital adequacy requirements of the DFSA Rulebook, Prudential- Insurance Business Module.

c. Regulatory framework

Regulators are primarily interested in protecting the rights of the policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, the regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are also subject to regulatory requirements within the jurisdiction where it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions (e.g. capital adequacy) to minimise the risk of default and insolvency on the part of the reinsurance companies to meet unforeseen liabilities as these arise.

d. Asset liability management (ALM) framework

The principal technique of the Company's ALM is to match assets to the liabilities arising from insurance contracts by reference to the type of benefits payable to contract holders. The company ensures it maintains adequate assets to meet the liabilities on the reinsurance business written as well as meet the capital requirements. The asset and liability cash flows are matched to the extent that sufficient liquid assets are available to meet outgoes due to claims and expenses. The duration of assets and liabilities are matched to the extent possible to avoid losses due to realization of assets at inappropriate times.

The Asset Liability Committee (ALCO) of the Holding Company actively monitors the ALM framework to ensure in each period sufficient cash flow is available to meet liabilities arising from reinsurance contracts.

Management regularly monitors the financial risks associated with the Company's other financial assets and liabilities not directly associated with reinsurance liabilities.

The risks faced by the Company and the way these risks are mitigated by management are summarized below:

20.1 Reinsurance risk

The principal risk the Company faces under reinsurance 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 above risk exposure is mitigated by diversification across a number of reinsurance contracts. The variability of risks is also improved by careful selection of risk accepted with outward reinsurance arrangements.

In a common practice among global reinsurance companies, and in order to minimize the financial exposure arising from large reinsurance claims, the Company, in the normal course of business, enters into arrangements with counterparties for retrocession. Such retrocession arrangements provides for diversification of business, allows management to control exposure to potential losses arising from large risks, and provide additional capacity for growth. A significant portion of the reinsurance is affected under treaty and facultative arrangements.

To minimize its exposure to significant losses from the retrocessionaire(s) insolvencies, the Company evaluates the financial condition and financial strength ratings of its retrocession partners before placing risks.

20.2 Financial risk

The Company's principal financial instruments include financial assets and financial liabilities, which comprise receivables arising from reinsurance contracts, deposits with banks, investments held at amortised cost, cash and cash equivalents, other payables, and reinsurance balance payables.

The Company does not enter into any equity and derivative transactions.

The main risks arising from the Company's financial assets are credit risk, geographical risk, liquidity risk and foreign currency risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

Credit risk

Credit risk is the risk of default on a security or investment that may rise from an issuer failing to meet contractual obligations. However, credit risk is controlled and mitigated by buying instruments issued by entities of high credit investment grade as well as diversifying the exposures across different issuers

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate has less influence on credit risk.

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

- The Company only enters into reinsurance contracts with recognized, credit worthy third parties(cedants and retrocessionaires). In addition, receivables from reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.
- The Company's bank balances are maintained with a range of international banks in accordance with limits set by the management.

The Company's cash is held in bank's of acceptable credit rating.

ECL provisioning has been made on the Company's receivables as at 31 March 2024. In addition, receivables from the reinsurance contracts are monitored on an ongoing basis in order to reduce the Company's exposure to bad debts.

The table below provides information regarding the credit risk exposure of the Company by classifying assets according to the Company's credit rating of counterparties.

At 31 March 2024

	Neither past due nor impaired				
	High grade USD	*Standard grade USD*	*Sub-standard grade USD*	*Past due and impaired USD*	*Total USD*
Reinsurance contract assets	-	**2,736,712**	-	-	**2,736,712**
Retrocession Contract Asset	-	**4,677,888**	-	-	**4,677,888**
Investment at amortized cost	**29,698,604**	-	-	-	**29,698,604**
Investment at FVTPL	**635,230**	-	-	-	**635,230**
Bank balances and deposits	**4,297,392**	-	-	-	**4,297,392**
Prepayments and other receivables	-	**829,969**	-	-	829,969
	34,631,226	**8,244,569**	-	-	**42,875,795**

At 31 March 2023

	Neither past due nor impaired				
	High grade USD	*Standard grade USD*	*Sub-standard grade USD*	*Past due and impaired USD*	*Total USD*
Reinsurance contract assets	-	877,799	-	-	877,799
Retrocession Contract Asset	-	2,977,035	-	-	2,977,035
Investment at amortized cost	26,385,170	-	-	-	26,385,170
Bank balances and deposits	7,493,413	-	-	-	7,493,413
Prepayments and other receivables	-	731,707	-	-	731,707
	33,878,583	4,586,541	-	-	38,465,124

20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.2 Financial risk (continued)

Credit risk (continued)

For assets to be classified as 'past due and impaired' the contractual payments in arrears are more than 365 days and an impairment adjustment is recorded in the statement of income for this. When the credit exposure is adequately secured or when management is confident of settlement, arrears more than 365 days might still be classified as 'past due but not impaired'', with no impairment adjustment recorded.

Geographical risk

The Company's bank balances and investments are primarily with financial institutions. The insurance risk arising from reinsurance contracts is concentrated mainly in the Middle East North Africa (MENA) region and India.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates environment. The Company does not have any exposure to currency risk because most of the financial instruments are denominated in USD, United Arab Emirates Dirham, which is pegged against USD as at 31 March 2024

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. At 31 March 2024, all financial liabilities were either repayable on demand or payable within a maximum period of three months. The contractual outflows associated with financial liabilities are not materially different from their carrying amount in the statement of financial position.

The table below, in USD shows the maturity of the assets and liabilities of the Company based on remaining undiscounted contractual obligations.

31 March 2024	*Less than one year USD*	*More than one year USD*	*No term USD*	*Total USD*
Assets				
Investment at amortized cost	**3,261,715**	**26,451,123**	**-**	**29,712,838**
Investments carried at FVTPL	-	-	**635,230**	**635,230**
Term deposits	**1,000,000**	-	-	**1,000,000**
Cash and bank balances	**3,298,404**	-	-	**3,298,404**
Less: Provision for impairment	**(15,246)**	-	-	**(15,246)**
Total assets	**7,544,873**	**26,451,123**	**635,230**	**34,631,226**
Liabilities				
Lease liabilities	**100,731**	**98,698**	-	**199,429**
Total liabilities	**100,731**	**98,698**	**-**	**199,429**

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.2 Financial risk (continued)

Liquidity risk (continued)

31 March 2023	*Less than one year USD*	*More than one year USD*	*No term USD*	*Total USD*
Assets				
Investment at amortised cost	2,620,745	23,801,207	-	26,421,952
Term deposits	4,300,000	1,000,000	-	5,300,000
Cash and bank balances	2,199,211	-	-	2,199,211
Less: Provision for impairment	(42,580)	-	-	(43,580)
Total assets	9,077,376	24,801,207	-	33,877,583
Liabilities				
Lease liabilities	49,189	-	-	49,189
Total liabilities	49,189	-	-	49,189

CSM recognition in profit or loss

The disclosure of when the CSM is expected to be in profit or loss in future years is presented below:

		2024		
USD	*Within 1 Year*	*1-5 years*	*More than 5 years*	*Total*
Insurance contracts issued				
Life insurance unit	**48,860**	**95,290**	**74,486**	**218,636**
	48,860	**95,290**	**74,486**	**218,636**
Reinsurance contracts held				
Life insurance unit	**(182,367)**	**(507,946)**	**(746,378)**	**(1,436,691)**
	(182,367)	**(507,946)**	**(746,378)**	**(1,436,691)**

		2023		
USD	*Within 1 Year*	*1-5 years*	*More than 5 years*	*Total*
Insurance contracts issued				
Life insurance unit	40,615	86,054	21,441	148,110
	40,615	86,054	21,441	148,110
Reinsurance contracts held				
Life insurance unit	(92,186)	(238,907)	(267,065)	(598,158)
	(92,186)	(238,907)	(267,065)	(598,158)

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.2 Financial risk (continued)

Market risk

Market risk is largely associated to the performance of the financial markets including condition of the economic environment thereby playing a critical factor in assessing the yield on investment portfolios. As a planned mitigation measure, market risk is controlled and managed by maintaining adequate level of liquidity, thereby limiting the necessity of selling the financial instruments at an inopportune time. The Company as a matter of prudence does not enters into transactions in derivative instruments or complex structured products as a conservative measure.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in interest rates prevailing in market or due to a change in the absolute level of interest rates, in the shape of a yield curve or in any other interest rate relationship. Interest bearing financial assets and interest-bearing financial liabilities are all held for maturity and hence there is no interest rate risk as a result, the Company is not subject to exposure to fair value interest rate risk due to fixed rate of interest on its financial instruments.

Sensitivity analysis

Sensitivity analysis for contracts not measured under PAA

	For the year ended 31 March 2024		*For the year ended 31 March 2023*	
	Net Insurance contract liabilities USD	***Impact on Insurance contract liabilities USD***	*Net Insurance contract liabilities USD*	*Impact on Insurance contract liabilities USD*
Insurance contract liabilities	**8,521,142**	-	8,177,021	-
Reinsurance contract assets	**4,124,155**	-	2,516,946	-
Net insurance contract liabilities	**12,645,297**	-	10,693,967	-
5% increase - Mortality				
Insurance contract liabilities	**9,457,804**	**(936,663)**	8,749,519	(572,498)
Reinsurance contract assets	**4,405,769**	**(281,614)**	2,631,766	(114,820)
Net insurance contract liabilities	**13,863,573**	**(1,218,277)**	11,381,285	(687,318)
5% decrease - Mortality				
Insurance contract liabilities	**7,681,576**	**839,566**	7,594,865	582,156
Reinsurance contract assets	**3,882,525**	**241,630**	2,400,890	116,056
Net insurance contract liabilities	**11,564,101**	**1,081,196**	9,995,755	698,212
5% increase - Expense				
Insurance contract liabilities	**8,555,395**	**(50,777)**	8,193,062	(16,042)
Reinsurance contract assets	**4,124,155**	-	2,516,946	-
Net insurance contract liabilities	**12,679,550**	**(50,777)**	10,710,008	16,042)
5% decrease - Expense				
Insurance contract liabilities	**8,486,895**	**34,247**	8,160,980	16,041
Reinsurance contract assets	**4,124,155**	-	2,516,946	-
Net insurance contract liabilities	**12,611,050**	**34,247**	10,677,926	16,041

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

20.2 Financial risk (continued)

Interest rate risk (continued)

Sensitivity analysis (continued)

Sensitivity analysis for contracts not measured under PAA (continued)

	For the year ended 31 March 2024		*For the year ended 31 March 2023*	
	Net Insurance contract liabilities USD	***Impact on Insurance contract liabilities USD***	*Net Insurance contract liabilities USD*	*Impact on Insurance contract liabilities USD*
1% increase – Interest rate				
Insurance contract liabilities	**7,874,575**	**646,566**	7,818,681	358,340
Reinsurance contract assets	**3,982,360**	**141,795**	2,425,170	91,777
Net insurance contract liabilities	**11,856,935**	**788,361**	10,243,851	450,117
1% decrease – Interest rate				
Insurance contract liabilities	**9,303,362**	**(782,220)**	8,595,387	(418,366)
Reinsurance contract assets	**4,284,432**	**(160,277)**	2,614,742	(97,796)
Net insurance contract liabilities	**13,587,794**	**(942,497)**	11,210,129	(516,162)

Sensitivity analysis for contracts measured under PAA

	For the year ended 31 March 2024		*For the year ended 31 March 2023*	
	Net Insurance contract liabilities USD	***Impact on Insurance contract liabilities USD***	*Net Insurance contract liabilities USD*	*Impact on Insurance contract liabilities USD*
Insurance contract liabilities-LC	**1,235,001**	-	610,335	-
Net insurance contract liabilities	**1,235,001**	-	610,335	-
5% increase - Mortality				
Insurance contract liabilities-LC	**1,250,022**	**(15,021)**	637,965	(27,630)
Net insurance contract liabilities-LC	**1,250,022**	**(15,021)**	637,965	(27,630)
5% decrease - Mortality				
Insurance contract liabilities-LC	**1,219,979**	**15,021**	590,219	20,117
Net insurance contract liabilities-LC	**1,219,979**	**15,021**	590,219	20,117

20.3 Operational risk

The "Company" envisages operational risks to emanate typically from inadequate or failed internal processes, people (key control person), systems (technology), services or external events including reputation risks, strategic risks, legal (non-compliance risk and AML risks) risks and specialized risks viz. fraud & fiduciary risks, outsourcing risks, business continuity planning risk and information security or data risk. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but through a prudent control framework and by monitoring and responding to potential risks, the Company is able to manage the risks effectively. The Company has a control effectiveness framework that includes effective segregation of duties, policies and processes access, authorization and reconciliation procedures and assessment processes.

20.4 Catastrophic risk

It is a hypothetical future event which could damage human well-being on a global scale, even endangering or destroying modern civilization. An event that could cause human extinction or permanently and drastically curtail humanity's potential is known as an existential risk. Potential catastrophic risks include anthropogenic risks, caused by humans and non-anthropogenic or external risks.

20.5 Emerging risk

Risks that are evolving in areas and ways where the body of available knowledge is weak. Emerging risks have characteristics that differentiate them from 'business as usual' risks. Emerging risks may arise and evolve quickly, unexpectedly, or both. The emerging risk may never crystallize at all. Emerging risks may have a massive economic loss potential at a macro level and subsequently may impact at a micro level directly or indirectly. Further characteristics of emerging risks are 'Ambiguous', 'Chaotic', 'Complex', 'Time-horizon can change', 'Uncertain', 'Uncontrollable' and 'Volatile'

21. CONTINGENT LIABILITIES

Contingent Liability

As on 31 March 2024 the Company has deposited an amount of USD 13,625 (2023: USD 12,994) to the Government of UAE as security of visa of its employees and in case any visa related rules are not abided by the employees the same can be forfeited by the Government.

In addition to the above, the Company has a contingent liability (net claims under ceded policies, not acknowledged as liability) of USD 162,185 (2023: USD 263,408) on account of declined claims by a cedent which are pending for redressal at cedent's end, due to objections raised by the policy holder.

22. FAIR VALUES OF FINANCIAL INSTRUMENTS

Determination of fair value and fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

31 March 2024

Financial assets	***Level 1 USD***	***Level 2 USD***	***Level 3 USD***	***Total USD***
Quoted investments carried at FVTPL:	**635,230**	-	-	**635,230**
	635,230	-	-	**635,230**

31 March 2023

Financial assets	*Level 1 USD*	*Level 2 USD*	*Level 3 USD*	*Total USD*
Quoted investments carried at FVTPL:	-	-	-	-
	-	-	-	-

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments. The estimated fair value of fixed interest-bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit and maturity. For other variable rate instruments an adjustment is also made to reflect the change in required credit spread since the instrument was first recognised.

23. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the financial statements:

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held to maturity, held for trading, fair value though or profit and loss income or available-for-sale.

For those investments deemed to be held to maturity, management ensures that the requirements of IFRS 9 are met and, in particular, that the Company has the intention and ability to hold these to maturity.

Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Leases – Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure Lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using the observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Estimates and assumptions

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company.

Such changes are reflected in the assumptions when they occur. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

CSM release pattern

The Company applied significant judgements in the following aspects to the determination of CSM amounts that were recognized in profit or loss for GMM products.

The coverage units are based on the sum assured ceded (during the insurance coverage period) to the period in which insurance services are expected to be provided. In performing the above determination, management applied judgement that might significantly impact the CSM carrying values and amounts of the CSM allocation recognized in profit or loss for the period.

Onerosity determination

IFRS 17 does not provide any specific guidance about which facts and circumstances should be considered, to indicate that a group of contracts is onerous on initial recognition or subsequently. The Company assesses the Onerosity considering the factors such as:

a. the expected ratio of claims to premiums (or any other measurement of expected profitability) compared with the actual ratio over the coverage period.

b. economic or regulatory changes that can cause significant revisions in the expected cash flows; or

c. significant changes to the costs involved in fulfilling contracts: e.g., as a result of internal reorganizations or changes to the prices of services or products used to fulfil its insurance obligations.

Estimated premium income

In calculating the estimated premium income, the Company makes estimates for the expected written premiums during the period. These estimates are based on the expected experience in relation to the reinsurance estimates written and is based on historical data, adjusted for the Company's views of the experience. Any adverse deviation from the expected experience could result in future adjustments for the future premium.

Assessment of significance of insurance risk

The Company applies its judgement in assessing whether a contract transfers to the issuer significant insurance risk. A contract transfers significant insurance risk only if an insured event could cause the Company to pay additional amounts that are significant in any single scenario and only if there is a scenario that has commercial substance in which the issuer has a possibility of a loss on a present value basis upon an occurrence of the insured event, regardless of whether the insured event is extremely unlikely.

24 TAXATION

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023.

Generally, UAE businesses will be subject to a 9% CT rate. A rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). Company has engaged with a taxation consultant for Tax compliances in UAEThe Company shall continue to monitor the timing of the issuance of these critical cabinet decisions to determine their tax status and the application of IAS 12 – Income Taxes.

The Company is currently in the process of assessing the possible impact on financial statements, both from current and deferred tax perspective.

HDFC International Life and Re Company Limited

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