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INDEPENDENT AUDITORS’ REPORT

To the Chief Executive Officer of Swiss Reinsurance Company Limited – India Branch

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Swiss Reinsurance Company Limited – India Branch** (“the Branch” or “the Entity”), which comprise the Balance Sheet as at 31 March 2022, the related Revenue Account, the related Profit and Loss Account, and the Receipt and Payments Account for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required in accordance with the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act 2015 (the “Insurance Act”), the Insurance Regulatory Development Authority of India (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd’s) Regulations, 2015 (the “IRDA Indian Branch Regulation”), Insurance Regulatory and Development Act, 1999 (the “IRDA Act”), and the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations 2002 (the “IRDA Financial Statements Regulations”), the Orders/ Directions issued by the Insurance Regulatory and Development Authority of India (the “IRDAI”/ “Authority”) in this regard, and the Companies Act, 2013 (the “Act”), to the extent applicable, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Branch as at 31 March 2022, its deficit, its loss and its receipts and payments for the year ended on that date.

Basis for Opinion

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

INDEPENDENT AUDITORS' REPORT *(Continued)*

Swiss Reinsurance Company Limited – India Branch

Emphasis of matter

We draw your attention to Schedule 16 Note 25 to the financial statements, which describes the economic consequences the Branch is facing as a result of Covid-19 and which is impacting the financial and insurance markets. The extent to which the Covid-19 pandemic will have an impact on the Branch's financial performance is dependent on the future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter

Other Information

The Branch's management and Executive Committee are responsible for the other information. The other information comprises of Management Report, but does not include the financial statements and our auditors' report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Branch Executive Committees' Responsibility for the Financial Statements

The Management and Branch Executive Committee are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, net surplus/deficit, profit/loss and receipts and payments of the Branch in accordance with the accounting principles generally accepted in India, including the provisions of the Insurance Act, the IRDA Indian Branch Regulation, the IRDA Act, the IRDA Financial Statements Regulations, Order/ Directions issued by the IRDAI in this regard and the Accounting Standards specified under section 133 of the Act, to the extent applicable. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding of the assets of the Branch and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Branch Executive Committee are responsible for assessing the Branch'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 Executive Committee either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

The Branch Executive Committee is also responsible for overseeing the Branch's financial reporting process.

INDEPENDENT AUDITORS' REPORT (*Continued*)

Swiss Reinsurance Company Limited – India Branch

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Branch has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and the Branch Executive Committee.
- Conclude on the appropriateness of the Management and Branch Executive Committees' 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 Branch'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 auditors' report. However, future events or conditions may cause the Branch to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

INDEPENDENT AUDITORS' REPORT *(Continued)*

Swiss Reinsurance Company Limited – India Branch

Other Matters

The actuarial valuation of non-life segment liabilities in respect Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) and actuarial valuation of life segment liabilities in respect of IBNR, IBNER and Unexpired Risk Reserve is the responsibility of the Branch's Signing Actuaries. The Branch's Signing Actuaries have duly certified the actuarial valuation of these liabilities as at 31 March 2022. The Branch's Signing Actuaries have also certified in their opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Actuarial Society of India in concurrence with IRDAI. We have relied on the Branch's Signing Actuaries certificates in this regard.

The comparative figures included in the financial statements for the year ended 31 March 2021 were audited by one of the predecessor joint auditor, who has expressed an unmodified opinion on those financial statements for the year ended 31 March 2021 vide its Independent Auditor's Report alongwith the continuing joint auditor, dated 7 July 2021, except as to Note 27 to those financial statements, which was as of 31 July 2021.

Our opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by the IRDA Financial Statements Regulations, we give Annexure B dated 29 June 2022, a statement certifying the matters specified in paragraph 3 and 4 of Schedule C to IRDA Financial Statements Regulations.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion , proper books of account as required by law have been kept by the Branch so far as it appears from our examination of those books;
 - c) The Branch's financial account system is centralised and the Branch does not have any branches and other offices;
 - d) The Balance sheet, the Revenue Account, the Profit and Loss Account and the Receipt and Payment Account dealt with by this Report are in agreement with the books of account;
 - e) The actuarial valuation of non-life segment liabilities in respect Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) and actuarial valuation of life segment liabilities in respect of IBNR, IBNER and Unexpired Risk Reserve is duly certified by the Branch's Signing Actuaries. The Branch's Signing Actuaries have also certified in their opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Actuarial Society of India in concurrence with IRDAI;

INDEPENDENT AUDITORS' REPORT *(Continued)*

Swiss Reinsurance Company Limited – India Branch

- f) In our opinion, the aforesaid financial statements comply with the applicable Accounting Standards referred to in Section 133 of the Act, to the extent they are not inconsistent with the accounting principles prescribed in IRDA Financial Statements Regulations and Orders / Directions issued by the IRDAI in this regard;
- g) In our opinion and to the best of our information and according to the explanations given to us, investments have been valued in accordance with the provisions of the Insurance Act, the IRDA Financial Statement Regulations and orders / directions issued by IRDAI in this regard;
- h) In our opinion, the accounting policies selected by the Branch are appropriate and are in compliance with the Accounting Standards specified under section 133 of the Act, to the extent they are not inconsistent with the accounting principles prescribed in IRDA Financial Statements Regulations and Orders / Directions issued by the IRDAI in this regard;
- i) The requirements of Section 164(2) of the Act are not applicable considering the Entity is a Branch of Swiss Reinsurance Company Limited incorporated in Zurich.
- j) With respect to the adequacy of the internal financial controls with reference to financial statements of the Branch and the operating effectiveness of such controls, refer to our separate Report in “Annexure A ”.
- k) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Branch does not have any pending litigations as at 31 March 2022 which would impact its financial position – Refer Schedule 16 Note 3 to the financial statements;
 - ii. The Branch has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Branch does not have any derivative contracts. Refer Schedule 16 Note 20 to the financial statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Branch;

INDEPENDENT AUDITORS' REPORT (*Continued*)

Swiss Reinsurance Company Limited – India Branch

- iv. The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Branch to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Branch; or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Branch from any persons or entities, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Branch shall:

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever (“Ultimate Beneficiaries”) by or on behalf of the Funding Party; or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.

Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (iv) contain any material misstatement.

- v. The requirements of declaring dividend or to pay dividend is not applicable considering the Entity is a Branch of Swiss Reinsurance Company Limited incorporated in Zurich.
3. With respect to the matters to be included in the Auditors' Report, in terms of requirements of section 197(16) of the Act, in our opinion and according to the information and explanation given to us, the managerial remuneration payable by the Branch to its Chief Executive Officer is governed by the provisions of Section 34A of the Insurance Act and requires approval of IRDAI. Accordingly, the managerial remuneration limits specified under section 197 of the Act, do not apply.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For **M M Nissim & Co LLP**
Chartered Accountants
Firm Registration No: 107112W/W100672

Sagar Lakhani
Partner
Membership No: 111855
UDIN: 22111855ALWLQU4713

Varun P. Kothari
Partner
Membership No: 115089
UDIN: 22115089ALXALJ5463

Mumbai
29 June 2022

Mumbai
29 June 2022

Annexure A to the Independent Auditors' report on the financial statements of Swiss Reinsurance Company Limited- India Branch for the year ended 31 March 2022

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph [2(j)] under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Swiss Reinsurance Company Limited- India Branch ("the Branch") as of 31 March 2022 in conjunction with our audit of the financial statements of the Branch for the year ended on that date.

In our opinion, the Branch has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2022 , based on the internal financial controls with reference to financial statements criteria established by the Branch considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Branch's management and Branch Executive Committee are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Branch considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Branch 's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

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

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

Auditors' Responsibility (Continued)

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

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

Other Matter

The actuarial valuation of non-life segment liabilities in respect Claims Incurred But Not Reported (IBNR) and Claims Incurred But Not Enough Reported (IBNER) and actuarial valuation of life segment liabilities in respect of IBNR, IBNER and Unexpired Risk Reserve is required to be certified by the Branch's Signing Actuaries, and has been relied upon by us, as mentioned in 'Other Matter' paragraph of our audit report on the financial statements for the year ended 31 March 2022. Accordingly, our opinion on the internal financial controls with reference to the financial statements does not include reporting on the operating effectiveness of the Branch Executive Committee's internal controls over the valuation and accuracy of the aforesaid actuarial valuation. Our opinion is not modified in respect of this matter.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For **M M Nissim & Co LLP**

Chartered Accountants

Firm Registration No: 107112W/W100672

Sagar Lakhani

Partner

Membership No: 111855

UDIN: 22111855ALWLQU4713

Varun P. Kothari

Partner

Membership No: 115089

UDIN: 22115089ALXALJ5463

Mumbai

29 June 2022

Mumbai

29 June 2022

Independent Auditor's Certificate

Annexure B to the Independent Auditors' Report

(Referred to in paragraph [1] under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the Chief Executive Officer of Swiss Reinsurance Company Limited - India Branch)

To the Chief Executive Officer of Swiss Reinsurance Company Limited - India Branch

1. This certificate is issued in accordance with the terms of our joint engagement letter dated 6 January 2021 read with Addendum dated 27 June 2022 with Swiss Reinsurance Company Limited – India Branch (the “Branch”).
2. This certificate is issued to comply with the provisions of paragraphs 3 and 4 of Schedule C read with regulation 3 of the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002, (the “IRDA Financial Statement Regulations”).

Management's Responsibility

3. The Branch's Executive Committee is responsible for complying with the provisions of The Insurance Act, 1938 (amended by Insurance Laws (Amendment) Act 2015) (the “Insurance Act”), the Insurance Regulatory Development Authority of India (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015 (the “IRDA Indian Branch Regulations”), the Insurance Regulatory and Development Authority Act, 1999 (the “IRDA Act”), the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 (the “IRDA Financial Statements Regulations”), orders/directions/circulars issued by the Insurance Regulatory and Development Authority of India (the “IRDAI”) which includes preparation and maintenance of books of accounts and Management Report. This includes collecting, collating and validating data and designing, implementing and monitoring of internal controls suitable for ensuring the aforesaid and applying an appropriate basis of preparation that are reasonable in the circumstances and providing all relevant information to the IRDAI.

Auditor's Responsibility

4. Pursuant to the requirements of the IRDA Financial Statements Regulations, it is our responsibility to obtain reasonable assurance and form an opinion based on our audit and examination of books of accounts and other records maintained by the Branch as to whether the Branch has complied with the matters contained in paragraphs 3 and 4 of Schedule C read with Regulation 3 of IRDA Financial Statements Regulations as of and for the year ended 31 March 2022.
5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the ‘Guidance Note’) issued by the Institute of Chartered Accountants of India (the ‘ICAI’). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. In accordance with the information and explanations given to us and to the best of our knowledge and belief and based on our joint audit and our examination of the books of account and other records maintained by the Branch for the year ended 31 March 2022, we certify that:
- a) We have reviewed the Management Report attached to the financial statements for year ended 31 March 2022, and on the basis of our review, there is no apparent mistake or material inconsistencies in the Management Report read with the financial statements;
 - b) Based on management representations related to the Branch complying with the conditions of registration and the same being noted by the Executive Committee, nothing has come to our attention that causes us to believe that the Branch has not complied with the terms and conditions of registration as stipulated by the IRDAI
 - c) We have verified the securities relating to the Branch's investments as at 31 March 2022, on the basis of confirmations received from the custodian appointed by the Branch. As at 31 March 2022, the Branch has no cash balances, loans, reversions and life interests;
 - d) The Branch is not the trustee of any trust; and
 - e) No part of the assets of the Policyholders' funds has been directly or indirectly applied in contravention to the provisions of the Insurance Act, relating to the application and investments of the Policyholders' funds.

Restriction of use

This certificate is issued at the request of the Branch, solely to comply with the provisions of paragraphs 3 and 4 of Schedule C read with regulation 3 of the IRDA Financial Statements Regulations and is not intended to be and should not be used for any other purpose without our prior consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

For **M M Nissim & Co LLP**
Chartered Accountants
Firm Registration No: 107112W/W100672

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Mumbai
29 June 2022

Mumbai
29 June 2022

SWISS REINSURANCE COMPANY LIMITED - INDIA BRANCH

IRDA REGISTRATION NO. FRB/002 DATED DECEMBER 21,2016

16. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

1. Background

Swiss Reinsurance Company Limited – India Branch ('the Branch') was incorporated on November 23, 2016 as a branch of a foreign reinsurer under Companies Act, 2013. The Branch obtained Regulatory approval to underwrite general and life reinsurance business on December 21, 2016 from the Insurance Regulatory and Development Authority of India ('IRDAI') and holds a valid certificate of registration. The Branch had commenced the operations w.e.f February 1, 2017.

2. Significant accounting policies

2.1. Basis of preparation and presentation of financial statements

The financial statements are prepared and presented under historical cost convention, unless otherwise stated, on the accrual basis of accounting, in accordance with the Insurance Act, 1938 as amended by Insurance Laws (Amendment) Act 2015, the Insurance Regulatory Development Authority of India (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015 (the "IRDA Indian Branch Regulation"), Insurance Regulatory and Development Act, 1999 (the "IRDA Act"), and the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations 2002 (the "IRDA Financial Statements Regulations"), the Orders/ Directions issued by the Insurance Regulatory and Development Authority of India (the "IRDAI"/ "Authority") in this regard and the Companies Act, 2013 (the "Act"), and in accordance with the Accounting Standards specified under Section 133 of the Companies Act 2013, and current practices prevailing within the insurance industry in India the applicable and other recognized accounting principles generally accepted in India.

2.2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumption that affect the reported amounts of assets and liabilities as of the Balance Sheet date, revenue and expenses for the year ended and disclosure of contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the financial statements. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3. Reinsurance Business

2.3.1. Reinsurance Revenues:

Premiums (net of Goods and Services Tax) are recorded when written and include an estimate for written premium receivables at year end, based on available information and current trends. Premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium on in-force contracts that relates to unexpired risks at the end of the reporting period is reported as the unearned premium reserve. For group life contracts that

16. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

allow experience adjustments to premiums, such premiums are recognised as the related experience emerges.

Any subsequent revisions to written premium are recognized in the year in which such revisions occur over the remaining period of risk or contract period, as applicable. Adjustments to premium income arising on addition/cancellation of policies are recognized in the year in which they are occur.

2.3.2. Claims

Claims paid are charged to respective revenue account after receiving the statement of accounts. Estimated liability for outstanding claims in respect of Reinsurance business carried out in India is based on advices received as of different dates as at the end of Financial year including internal claims handling expenses.

Incurred But Not Reported (IBNR) reserve is actuarial inputs for all claims that have occurred prior to the end of the current accounting period but have not been reported to the Branch. The IBNR reserve also includes provision for claims Incurred But Not Enough Reported (IBNER). The said liability is determined by Appointed Actuary based on actuarial principles. The actuarial estimate is derived in accordance with relevant IRDAI regulations and guidance note 21 issued by the Institute of Actuaries of India. The Appointed Actuary has certified that the methodology and assumptions used to estimate the liability are appropriate and in accordance with guidelines and norms issued by the Institute of Actuaries of India in concurrence with the IRDAI regulations.

2.3.3. Commission on Reinsurance

Commission paid on reinsurance accepted is recognized as expense in the period in which the reinsurance premium is accepted. Profit commission reserve under reinsurance treaties is recognized, wherever applicable.

Commission received on reinsurance retroceded is recognized as income in the period in which the reinsurance premium is retroceded.

2.3.4. Acquisition costs

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

2.3.5. Reserve for Unexpired Risk

For Life:

Reserve for unexpired risk is provided as determined by the Signing Actuary based on accepted actuarial principles/methods.

16. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

For Non Life:

Reserve for unexpired risk in respect of marine hull business is made at 100% of Net Written Premium during the preceding twelve months, while for all other line of business is made based on 1/365th method on the unexpired period of the respective contracts.

2.3.6 Premium Deficiency

Premium deficiency is recognised at segmental revenue account level when the sum of expected claim costs and related expenses and maintenance costs (related to claims handling) exceed the reserve for unexpired risks. The premium deficiency reserve is calculated and duly certified by the Signing Actuary.

2.3.7 Shareholders' and Policyholders' funds

Shareholders' fund consists of share capital, free reserves including Head Office account i. Policyholders' Fund consists of claims outstanding net of reinsurance, premium deficiency reserve, unearned premium reserve, catastrophe reserves, if any and balance due to other entities carrying on insurance business and other liabilities net off balance due from other entities carrying on insurance business and other assets.

2.4. Apportionment of Expenses:

2.4.1 Operating Expenses related to Insurance Business (Expenses of management):

The Branch has an approved policy for allocation and apportionment of expenses of management amongst various business segments as required by IRDAI (Expenses of Management of Insurers transacting General or Health Insurance Business) Regulations, 2016.

Operating expenses (net of reimbursements) related to the Insurance Business are allocated to specific business segments on the following basis:

- a) Expenses which are directly identifiable to the business segments are allocated on actuals;
- b) Employee's remuneration and welfare benefits are allocated on the basis of management estimate. The method of apportionment is decided by the management, based on the nature of the expenses and their logical correlation with various business segments, wherever possible.
- c) Other expenses, which are not directly identifiable, are apportioned on the basis of Gross Premium Written.

2.4.2 Investment Expenses:

Investment expenses are allocated between Revenue Account and Profit and Loss accounts in the ratio of investments available in Shareholders' Fund and Policyholders' Fund respectively at the

SWISS REINSURANCE COMPANY LIMITED - INDIA BRANCH

IRDA REGISTRATION NO. FRB/002 DATED DECEMBER 21,2016

16. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

end of each quarter. The same is further apportioned amongst the revenue accounts on the basis of the respective Policyholders' Fund balance at the end of each quarter.

2.5. Income from Investments

2.5.1. Interest income and Dividend income from investments

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

2.5.2. Profit or Loss on sale of investments

Profit or Loss on sale/redemption of securities is recognised on trade date basis and includes effect of accumulated fair value changes, previously recognised and credited to fair value reserve for specific investments sold/redeemed during the year.

2.5.3. Apportionment of Interests, Dividends and Profit or loss on sale of investments:

The income from interest, dividend and rent, Profit and Loss of sale/redemption of investments is allocated between Revenue Account and Profit and loss Accounts in the ratio of Shareholders' Fund and Policyholders' Fund respectively at the end of each quarter. The same is further apportioned amongst the revenue account on the basis of the respective Gross Premium Written of line of business.

2.5.4 Premium/Discount on Purchase of Debt Instruments

Premium or discount on acquisition, as the case may be in respect of fixed income securities, is amortised/accreted on constant yield to maturity basis over the period of maturity holding.

2.6. Fixed Assets

Property, Plant and Equipment (PPE):

PPE are stated at their cost of acquisition less accumulated depreciation, and impairment losses, if any. The cost of acquisition is inclusive of taxes, duties (other than Input Tax Credit (ITC), if any), freight and other incidental expenses related to acquisition and installation.

Subsequent expenditure related to an item of PPE is added to its book value, only if it increases the future benefits from existing items of property, plant and equipment beyond its previously assessed standard of performance. All other expenses on existing PPE, including day to day repair and maintenance expenditure and cost of replacing parts, are charged to the Revenue Account (s) and Profit and Loss Account during the period in which they are incurred.

Gains or losses arising from disposal, retirement or de-recognition of PPE, leasehold improvements are measured as the difference between the net disposal proceeds and carrying

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amount of asset and are recognised in the Profit and Loss Account when the asset is disposed-off, retired or de-recognised.

Intangible Assets:

Intangible assets are recognised at acquisition cost (excluding Input Tax Credit (ITC), if any) less accumulated amortization and impairment losses, if any.

Gains or losses arising from the disposal of intangible assets are measured as the difference between the net disposal proceeds and carrying amount of asset and are recognised in the Profit and Loss Account when the asset is disposed-off.

Depreciation on PPE and Intangible Assets

The Branch has adopted the estimated useful life of the PPE as stipulated by Schedule II to the Companies Act,2013 for the purpose of computing depreciation, on straight line method (SLM).

The estimated useful life of PPE as stipulated by Schedule II to the Companies Act, 2013 and adopted by the management for various block of assets is as under:

Description of assets	Useful lives (In years)	Method of depreciation / amortization
Property plant and equipment		
Computers- End user devices, such as, desktops, laptops, etc.	3 years	SLM
Furniture and fixtures	10 years	SLM
Office equipment's	5 years	SLM
Leasehold improvements	Over the lease period	SLM
Vehicles	8 years	SLM

Depreciation on assets purchased or sold during the year is recognised in the Profit and Loss Account on a pro-rata basis from the date of addition up to the date of on which the asset is sold, as the case may be.

Intangible assets are amortised over a period of three years.

16. SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

2.7. Impairment of assets

An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.8. Investments:

Purchases and sale of securities are accounted for on the Trade date.

The cost of investments includes premium on acquisition, securities transaction tax, brokerage, transfer charges, etc. and excludes pre acquisition interest/dividend, if any.

The investments funds are segregated into Policyholders' and Shareholders' fund on security level basis in compliance with circular no IRDA/F&A/CIR/CPM/056/03/2016 dated – 04 April 2016. Subsequently, IRDAI issued circular IRDA/F&A/CIR/CPM/010/01/2017 dated – 12 January 2017 to "bifurcate the Policyholders' and Shareholders' funds at the end of each quarter at the "fund level" on "notional basis".

Accordingly, total investments are first notionally allocated to policyholders' funds to the extent of its closing balance at the end of each quarter. Balance investments are then notionally allocated to shareholders' funds.

Classification

Investments maturing within twelve months from Balance Sheet date and investments made with the specific intention to dispose off within twelve months from Balance Sheet date are classified as short-term investments. Investments other than short term investments are classified as long-term investments.

Valuation

Debt Securities

Debt securities including government securities are considered as 'Held to maturity' and accordingly valued at historical cost subject to amortization of premium or accretion of discount, if any, over the period of maturity /holding on constant yield to maturity basis over the period of maturity holding.

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Impairment of Investment

At each Balance Sheet date, the Branch, assesses investments for any impairment and necessary provisions are made for the same wherever required, subject to the approval from Investment Committee.

If at the Balance Sheet date there is any indication that a previously assessed impairment loss no longer exists then impairment loss, earlier recognized in Profit and Loss Account, is reversed in Profit and Loss Account and the investment is reinstated to that extent.

2.9. Employee benefit

2.9.1. Short Term Employee Benefits

Employee benefits payable wholly within twelve months of rendering the service are classified as Short-Term Employee Benefits. Undiscounted value of benefits such as salaries and incentives are recognized in the year in which the employee renders the related service.

2.9.2. Long Term Employee Benefits

(a) Defined contribution plans

The Branch contributes to the Regional Provident Fund Authority. The Branch's contribution paid or payable under the scheme is recognized as an expense in the Revenue Account and Profit and Loss Account during the year in which the employee renders the related service.

(b) Defined Benefit plans

The Branch has Defined Benefit Plan comprising of Gratuity. The gratuity scheme is funded through an approved Trust which is the Gratuity Trust with Branch Employees' Gratuity Fund Trust. Liability for Defined Benefit Plan is provided based on valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

Actuarial gains and losses comprise experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in the Revenue Account and Profit and Loss Account as income or expense.

(c) Other employee benefits

- i. The employees of the Branch are entitled to receive Ex-Gratia for continuation of service as per the policy of the Branch. The liability in respect of Ex-Gratia is provided based on an actuarial valuation carried out by an independent actuary as at the year-end. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method

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- ii. The employees of the Branch are entitled to continuous contribution award as per the policy of the Branch. The liability in respect of continuous contribution award is provided based on an actuarial valuation carried out by an independent actuary as at the year-end. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.
- iii. The employees of the Branch are entitled to accumulated compensated absences as per the policy of the Branch. Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Branch's liability is determined based on actuarial valuation carried out by an independent actuary as at the year end. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method. Actuarial gains/ losses are recognised in the Profit and Loss Account in the year in which they arise.

- iv. In accordance with the Global Share Participation Plan (GSPP), the eligible employees are entitled to receive a 30% matching contribution of shares of Swiss Reinsurance Company Ltd., Zurich on maturity of plan. A proportionate amount equivalent to 30% of the matching contribution is recognised as an expense each year based on the terms of the GSPP. The liability in respect of GSPP is provided based on an actuarial valuation carried out by an independent actuary as at the year-end. The actuarial valuation method used by independent actuary for measuring the liability is the Projected Unit Credit Method.

2.10. Provisions and Contingencies:

A provision is recognised if, as a result of a past event, the Branch has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

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

A contingent asset is not recognised but disclosed in the financial statements where an inflow of economic benefit is probable.

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Commitments includes the amount of purchase order (net of advance) issued to counterparties for supplying/ development of assets and amounts pertaining to Investments which have been committed but not called for.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each Balance Sheet date

2.11. Foreign Currency Transactions:

Initial Recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount, the average exchange rate between the reporting currency and the foreign currency for the period.

Exchange differences on settlement

The exchange gain/loss relating to revenue transaction, due to conversion of foreign currencies, is accounted for as revenue in respective revenue accounts. The common exchange gain/loss due to conversion are apportioned between Revenue Account and Profit and Loss Account in same proportion as stated in paragraph 2.4 above.

Reporting at balance sheet date

At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

2.12. Taxes on income:

Tax expenses comprises of current tax and deferred tax.

Current tax:

Current tax is determined as the amount of tax payable in respect of taxable income for the year in accordance with the Income Tax Act, 1961.

The taxes will also include tax on income earned by head office (net of any withholding taxes) of the Branch.

Interest on Refund:

Interest received from Income Tax Authorities is accounted on receipt basis irrespective of the assessment year to which it pertains.

Deferred tax:

Deferred tax is recognised on timing differences. Timing differences are the differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantially enacted before the Balance Sheet date.

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Deferred tax pertaining to unabsorbed depreciation or carry forward of losses under tax laws is recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realized. In all other cases, recognition of deferred tax assets is based on reasonable certainty instead of virtual certainty.

The carrying amount of deferred tax assets are reviewed at each balance sheet date (including re-assessment of previously unrecognised deferred tax assets) and write down or written up to reflect the amount that is reasonably certain (or wherever applicable, virtually certain) to be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are also disclosed on net basis.

Indirect tax:

Goods and Services Tax (GST) collected is considered as a liability against which GST paid for eligible input services, to the extent claimable, is adjusted and the net liability is remitted to the appropriate authority as stipulated. Unutilized GST credits, if any, are carried forward under "Others – Unutilized GST Carried Forward" and disclosed in Schedule 12 for adjustments in subsequent periods and GST liability to be remitted to the appropriate authority is disclosed under "Others- GST Payable" in Schedule 13. GST paid for eligible input services not recoverable by way of credits is recognized in the Revenue Account as expenses under a separate line item in Schedule 4 and Schedule 4(A).

2.13. Segmental reporting

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Branch as a whole.

Primary Segment (Business)

In accordance with the requirements of Accounting Standard- 17 "Segment Reporting", the Branch's primary reportable segments are business segments, which have been identified in accordance with the IRDA Regulations. The operating expenses, income from investments and other income attributable to the business segments are allocated as mentioned in paragraphs 2.4 and 2.5.3 above. Segment revenue and results have been disclosed in the financial statements.

Secondary Segment (Geographical)

There are no reportable geographical segments since the Branch provides services only to customers in the Indian Market or to Indian interests overseas and does not distinguish any reportable regions within India.

2.14. Leases

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A lease that transfers substantially all the risks and rewards incident to ownership of an asset, to the lessee, are classified as finance lease. All other leases are classified as operating lease. Lease payments under an operating lease are recognised as an expense in the revenue account on a straight line basis over the lease term.

2.15. Cash and Cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents comprises of all highly liquid investments with an original maturity of three months or less from the date of acquisition, that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

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3 Contingent Liabilities

Contingent Liabilities have not been provided in respect of claims against the Branch, for matters other than insurance, which have not been acknowledged as debts.

(Rs '000)		
Particulars	As at March 31, 2022	As at March 31, 2021
(a) Partly-paid up investments	NIL	NIL
(b) Underwriting commitments outstanding	NIL	NIL
(c) Claims, other than those under policies, not acknowledged as debts	NIL	NIL
(d) Guarantees given by or on behalf of the Branch	NIL	NIL
(e) Statutory demands/liabilities in dispute, not provided for	NIL	NIL
(f) Reinsurance obligations to the extent not provided for in accounts	NIL	NIL
(g) Others (to be specified)	NIL	NIL
Total	NIL	NIL

4 The additional disclosures on expenses pursuant to the IRDAI Circular 067/IRDA/F&A/CIR/MAR-08 dated March 28, 2008 have been detailed herein below:

(Rs '000)		
Particulars for the period ended	As at March 31, 2022	As at March 31, 2021
Outsourcing expenses	497,542	493,226
Marketing support	1,328	3,528

5 a As per IRDAI guidelines and as determined by Life signing actuary, the Branch has made following reserves for Life business as at March 31, 2022:

- a) Rs. 51,152 thousand towards unexpired risk (as at March 31, 2021, Rs. 205,075 thousand),
- b) Rs. 14,147,364 thousand towards IBNR and IBNER claims reserves (as at March 31, 2021, Rs. 8,643,649 thousand),
- c) Rs.19,383 thousand towards claims reserves (as at March 31, 2021, Rs.1,172 thousand), and
- d) Rs.3,589 thousand towards profit commission (as at March 31, 2021, Rs.30 thousand).

This is based on an analysis of past claims burden in order to cover the ultimate claims cost of those that have occurred but that have not so far been reported.

5 b The reserve for claims incurred but not reported (IBNR) and IBNER for non life business is made as certified by the signing actuary based on accepted actuarial methods.

6 The foreign exchange loss (net) debited to Revenue Account for the year ended March 31 2022 is Rs. 7,664 thousand (March 31 2021 Rs.55,325 thousand).

7 Extent of premium earned based on varying risk pattern Rs. NIL (as at March 31, 2021 Rs.NIL).

8 The Branch has not provided Premium Deficiency Reserve for the year (as at March 31, 2021 Rs.NIL).

9 Extent of Risk Written and Reinsured Based on Gross Written Premium

Particulars	As at March 31, 2022	As at March 31, 2021
	% of Business written	% of Business written
Risk Retained	49.29%	50.12%
Risk Reinsured*	50.71%	49.88%
Total	100.00%	100.00%

*Note :- Risk Reinsured is more than 50% due to reversal of premium in Motor line related to Financial year 2019-20 which was 100% retained by the branch in the respective financial year.

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10 Segmental Reporting

The Branch's primary reportable segments are business segments, which have been identified in accordance with the Regulations. The operating expenses, income from investments and other income attributable to the business segments are allocated as mentioned in Schedule 16 Note 2.4 and 2.5.3 respectively. Segment revenue and results have been disclosed in the financials statements. Due to inherent complexities, segment assets and liabilities have been identified to the extent possible as given below. There are no reportable geographical segments since the Branch provides services to customers in the Indian market or to Indian interests overseas and does not distinguish any reportable regions within India.

There are no premium received in advance during the year ended March 31 2022 (as at March 31, 2021 Rs.NIL)

Total business (Rs. '000)		
Class of business	As at March 31, 2022	
	Claims Outstanding (Net)	Reserve for unexpired risk (Including PDR)
Life	14,166,747	51,153
Fire	2,449,183	1,046,434
Marine Hull	161,096	22,341
Marine Cargo	411,015	35,217
Motor	3,417,818	2,486,318
Employer's Liability	344,693	126,966
Crop	10,747,285	685,033
Engineering	917,906	653,340
Aviation	519,632	40,777
Personal Accident	228,949	283,845
Health	2,440,655	2,441,689
Others	471,735	12,183
Total	36,276,714	7,885,295

As at March 31, 2021 (Rs. '000)		
Class of business	As at March 31, 2021	
	Claims Outstanding (Net)	Reserve for unexpired risk (Including PDR)
Life	8,644,821	205,075
Fire	1,831,060	843,039
Marine Hull	62,266	72,828
Marine Cargo	219,288	17,965
Motor	3,786,083	1,701,545
Employer's Liability	201,281	81,982
Public Liability	9,922,603	928,136
Engineering	656,361	470,742
Aviation	575,267	46,953
Personal Accident	95,963	229,058
Health	2,183,450	2,543,600
Others	898,827	15,986
Total	29,077,270	7,156,909

11 Shared Service Cost and Recovery

Shared service cost and recovery represents the following expenses charged by and recovery of expenses from Swiss Re Asia Pte. Ltd., Swiss Re Management Limited, Swiss Reinsurance Company Limited, Swiss Re Management (US) Corporation and Swiss Re Asia Pte. Ltd. Hong Kong Branch, based on the actual amounts incurred or the Service Level Agreements ("SLA") entered between India Branch and above mentioned entities.

Expenses (Rs. '000)		
Expenses	Year Ended March 31, 2022	Year Ended March 31, 2021
Outsourcing expenses- Charge	452,477	463,665
Outsourcing expenses- Recovery (including mark up)	(380,289)	(260,034)
Total	72,188	203,631

Outsourcing expenses charged and recovery of expenses includes mark up, including IT support, Client Management and Business support, Actuarial Support, Claims and Liabilities Management, Underwriting, Finance support, Logistic support, Technical Accounting support, Communication support services.

16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Notes to Accounts

12 Disclosure in accordance with Accounting Standard 15 (Revised 2005) – ‘Employee Benefits’

The Branch has classified various benefits provided to employees as under :

The following table summaries the components of net benefit expenses recognised in Profit and Loss Account and funded status and amounts recognised in the Balance Sheet for the gratuity benefit plan.

I Defined Benefit Plan

Gratuity

In accordance with Accounting Standard 15, actuarial valuation was done in respect of the aforesaid defined benefit plans based on the following assumptions:

a) Reconciliation of opening and closing balance of the present value of defined benefit obligation for gratuity benefits is given

(Rs. '000)		
Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Defined Benefit Obligation	47,794	22,279
Current Service cost	5,638	6,437
Interest cost	3,086	2,781
Acquisition/Divestiture/Transfer	-	23,441
Benefits paid	(1,352)	(5,869)
Actuarial (gains)/losses on obligations	(3,114)	(1,275)
Closing Defined Benefit Obligation	52,052	47,794

b) Reconciliation of opening and closing Balance of Fair Value of Plan Assets (Rs. '000)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Fair value of Plan Assets	10,286	18,969
Expected return on plan assets	674	1,211
Actual Company Contributions	0	500
Transferred to Company (towards direct payments made in the past)	0	(8,682)
Actuarial gains/(losses)	1,093	(1,712)
Closing Fair value of Plan assets	12,053	10,286

c) Reconciliation of Fair Value of Assets and Obligations (Rs. '000)

Particulars	As at March 31, 2022	As at March 31, 2021
Defined Benefit Obligation	52,052	47,793
Fair value of plan assets	12,053	10,286
Liability/(Asset) Recognised in the Balance Sheet	39,999	37,507

d) Expense recognized during the period (Rs. '000)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current Service Cost	5,638	6,437
Interest Cost	3,086	2,781
Expected return on plan assets	(674)	(1,211)
Actuarial (gains) / losses	(4,207)	437
Total Expense/(Income) included in "Statement of Profit & Loss"	3,843	8,444

e) Experience Adjustments (Rs. '000)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
(Gains) / Losses on Plan Liabilities	-	-	-	-	(10)
Gains / (Losses) on Plan Assets	1,093	(1,712)	(202)	(322)	(258)
Estimated Contribution for next year	(1,093)	1,712	202	322	268

f) The actuarial assumptions :-

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Discount rate	6.90%	6.55%
Basic salary increases allowing for regular increases/price inflation/promotional increases	10.00%	10.00%
Expected rate of return on assets	6.90%	6.55%
Mortality rate	Indian Assured Lives Mortality (2012-14) ultimate	Indian Assured Lives Mortality (2012-14) ultimate

The estimates of future salary increases, considered in actuarial valuation take account of inflation, increments and other relevant factors such as supply and demand in the employment market.

II Other Employee Benefits:

The liability for other employee benefits as at the year-end comprises:

Employee Benefits	As at March 31, 2022		As at March 31, 2021	
	Current	Non Current	Current	Non Current
Global Share Participation Plan	1,132	752	797	297
Leave Encashment	5,740	5,876	3,473	6,367
Continuous Contribution Award	1,829	6,141	1,028	6,667
Total	8,701	12,771	5,298	13,331

III Defined Contribution Plans

During the period, the Branch has recognised the following amounts in the Revenue Account and Profit and Loss Account, which are included in 'Employee's remuneration and Welfare Benefits'.

Contribution towards provident fund for the employees of the Branch is made to the Regional Provident Fund Authority, where the Branch has no further obligations. Such benefits are classified as Defined Contribution Plans as the Branch does not carry any further obligations, apart from the contributions made on a monthly basis.

Particulars	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Current	Non Current	Current	Non Current
Employers' Contribution to Regional Provident Fund	13,915		11,704	
Total	13,915		11,704	

IV Code on Social Security

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Branch is in process of evaluating the financial impact, if any.

16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Notes to Accounts

13 Lease Disclosures

- a) The Branch has taken one office under operating lease or leave and license agreements. These lease arrangement is for the period of 60 months, which includes non-cancellable clause upto 36 months. Lease is renewable for further period on mutually agreeable terms and also include escalation clauses.

(Rs '000)

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Lease payment recognised in Revenue Account	57,876	57,876

- b) The total future minimum lease payments under non-cancellable operating lease for each of the periods is given below:

(Rs '000)

Particulars	As at March 31, 2022	As at March 31, 2021
Not later than one year	57,888	57,888
Later than one year and not later than five years	14,472	72,360
Later than five years	-	-

14 Disclosures as per Accounting Standard – 22 “Accounting for Taxes on Income”:

- a. The Branch has not made any provision for Income Tax for current year in view of taxable losses for current year Rs. 1,869,281 thousand and as on March 2021 Rs. 1,120,535 thousand.
- b. The breakup of Net Deferred Tax Assets is as under:

(Rs '000)

Particulars	As At March 31, 2022	As At March 31, 2021
Deferred Tax Asset		
Provision for employee benefits	26,850	24,520
Provision for Bonus	4,986	3,702
Timing difference on account of difference in book depreciation & depreciation under Income Tax Act, 1961.	16,209	12,341
Total	48,045	40,563
Deferred Tax Liability		
Total	-	-
Net Deferred Tax Asset	48,045	40,563

Deferred Tax expense/(income) recognized in the Profit and loss account	-	8,819
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No Deferred Tax Asset has been created on the taxable losses due to lack of virtual certainty, as is represented by the amounts above as well as the carried forward losses of Rs. 2,989,827 thousand.

15 Related Party Disclosures

The Related Party disclosures are set out in Accounting Standard 18 "Related party Disclosures" issued under Companies (Accounting Standards) Rules, 2006.

I. Head Office

Swiss Reinsurance Company Limited, Zurich

II. Fellow Subsidiaries and Branches (with whom the Branch has transacted business)

Swiss Re Asia Pte. Ltd.
Swiss Re Asia Pte. Ltd. Hong Kong Branch
Swiss Re Management Limited
Swiss Re Limited
Swiss Reinsurance Company Limited
Swiss Re Management (US) Corporation

III. Key Management Personnel

Porus Peshoton, Chief Underwriter - Life and Health (upto July 30, 2021)
Sharad Mahamia, Chief Underwriter - Life and Health (from December 6, 2021)
Amitabha Ray Chief Underwriter - Property and Casualty
Sathish Kumar Durai, Head of Finance
Hadi Riachi, Chief Executive Officer

IV. Transactions during the year and balance outstanding at the end of the year

(a) Transactions and balances with parties (i) and (ii) above

(Rs '000)

Name of the Company	2021-22						Total
	Swiss Re Asia Pte Ltd-HongKong branch	Swiss Re Management Limited	Swiss Re Ltd	Swiss Reinsurance Company Limited, Zurich	Swiss Re Asia Pte Ltd	Swiss Re Management (US) Corporation	
Transactions during the year							-
Shared Services Expenses	2,265	6,603	-	40,832	447,842	-	497,542
Trademark License Fees	-	-	243,972	-	-	-	243,972
Recovery of Shared Services Expenses including mark up	-	-	-	2,239	377,899	151	380,289
Tax related receivable/payable	-	-	-	44,722	-	-	44,722
Retrocession of Premium (Net of Commission and Claims)	-	-	-	-	6,057,510	-	6,057,510
Balances as at March 31, 2022							-
Head Office Account	-	-	-	31,268,763	-	-	31,268,763
Due to Group Company	-	1,180	48,022	718,004	83,805	-	851,011
Due to other entities carrying on insurance business (including reinsurers)	-	-	-	-	153,615	-	153,615
Due from group Company	-	-	-	533	77,293	-	77,826

(Rs '000)

Name of the Company	2020-21					Total
	Swiss Re Asia Pte Ltd. HongKong branch	Swiss Re Management Limited	Swiss Re Ltd	Swiss Reinsurance Company Limited, Zurich	Swiss Re Asia Pte Ltd	
Transactions during the year						-
Shared Services Expenses	2,888	5,564	-	89,287	395,487	493,226
Trademark License Fees	-	-	259,898	-	-	259,898
Recovery of Shared Services Expenses including mark up	-	-	-	-	260,034	260,034
Tax related receivable/payable	-	-	-	115,427	-	115,427
Retrocession of Premium (Net of Commission and Claims)	-	-	-	-	10,777,489	10,777,489
Balances as at March 31, 2021						-
Head Office Account	-	-	-	22,216,663	-	22,216,663
Due to Group Company	830	1,911	118,741	701,673	92,080	915,235
Due to other entities carrying on insurance business (including reinsurers)	-	-	-	-	860,007	860,007
Due from group Company	-	-	-	-	81,962	81,962

(b) Details of Key Management Personnel (KMP) Remuneration

For the year ended March 31, 2022		(Rs '000)
Particulars	KMP	
Basic including allowance and prerequisites (including Provident Fund)	80,127	
Total	80,127	

For the year ended March 31, 2021		(Rs '000)
Particulars	KMP	
Basic including allowance and prerequisites (including Provident Fund)	39,332	
Total	39,332	

Expenses towards Gratuity, Leave Encashment, Ex-Gratia, Continuous Contribution Awards, Global Share Participation Plan and Value Alignment Incentive Plan are determined actuarially on an overall Branch basis annually and accordingly have not been considered in the above information except to the extent paid. Provision for bonus is determined on overall branch basis and accordingly has not been considered in the above information except to the extent paid.

SWISS REINSURANCE COMPANY LIMITED - INDIA BRANCH

IRDAI REGISTRATION NO. FRB/002 DATED 21 DECEMBER,2016

16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Notes to Accounts

16 Ratios and Disclosure

The summary of the financial statements and the ratios required to be furnished have been set out in the statement annexed hereto.

17 The Branch does not hold any properties for investment purposes.

18 As there was no share capital, earnings per share has not been calculated for the Branch.

19 There are no amounts due to policyholders/insured on accounts of claim settled but not paid, excess collection of the premium / tax which is refundable and cheques issued but not encashed by policy holders / Insured. Hence the disclosure under circular IRDA/F&I/CIR/CMP/174/11/2010 dtd November 04, 2010, issued by IRDAI, is not applicable to the branch.

20 The Branch periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review, the Branch has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard. The Branch do not transact in derivative contracts.

21 Corporate Social Responsibility (CSR)

Computation of CSR expenditure limits and actual expenditure

A. Average Net Profits of the Branch for last three financial years

Financial Year	(Rs in '000)		
	2018-19	2019-20	2020-21
Net Profits/(Losses)	1,599,614	(799,389)	(1,680,575)

Average of 3 Years Net Profits/(Losses) (Rs 293,450) (in thousand)

Note: Net Profits are computed in accordance with the provisions prescribed under Section 135 of the Act and Rules made thereunder, for the purpose of determining limits of CSR expenditure.

B. Prescribed CSR Expenditure (two per cent of the amount as given above) - The CSR expenditure for FY 2021-22 required to be made was Rs. NIL (in thousand) (March 31, 2021 ended : Rs.12,194 in thousand).

C. Details of amounts spent on CSR activities during the financial year - There is no obligation for the branch to make CSR contribution during the current year due to reported average 3 years Net Profits/Losses, (March 31, 2021 ended : Rs. 12,194 in thousand),out of which total amount spent in this financial year NIL (in thousand) (March 31, 2021 : Rs.12,194 in thousand).

Activities	Sector	(Rs in '000)	
		2021-22	2020-21
Purchase of computer laboratories, support in operating expenses for Municipal School	Education	-	6,097
Essential Purchases, Kit Development, Material Handling & implementation support.	Health/Livelihood	-	6,097

Activities	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Education		
Cash*	-	6,097
Yet to be paid in Cash	-	-
Total	-	6,097
(ii) Health/Livelihood		
Cash*	-	6,097
Yet to be paid in Cash	-	-
Total	-	6,097

* Payments have been made through bank transfer

Movement in provision for CSR activities:

Activities	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance as at beginning of the year	-	15
Additional provision made during the year	-	12,194
Amount used during the year	-	12,209
Balance as at end of the year	-	-

Details of ongoing projects along with

In case of S. 135(6) (Ongoing Project) (to be given year-wise)			
Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Notes to Accounts

In case of S. 135(5) Excess amount spent

Opening Balance	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

In case of S. 135(5) unspent amount

Opening Balance	Amount deposited in Specified Fund of Sch. VII within 6 months	Amount required to be spent during the year	Amount spent during the year	Closing Balance
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Amounts of related party transactions pertaining to CSR related activities for the year ended March 31, 2022 was Rs. Nil (previous year ended March 31, 2021 Rs. Nil)

22 Repo and Reverse Repo

Particulars	Minimum outstanding during the year	Maximum outstanding during the year	Daily average outstanding during the year	Outstanding as on March 31, 2022
Securities Sold under repo (At cost)				
1. Government Securities	-	-	-	-
	(-)	(-)	(-)	(-)
2. Corporate Debt Securities	-	-	-	-
	(-)	(-)	(-)	(-)
Securities purchased under reverse repo (At cost)				
1. Government Securities	-	-	-	-
	(-)	(-)	(-)	(-)
2. Corporate Debt Securities	-	-	-	-
	(-)	(-)	(-)	(-)

*Figures in brackets pertains to the financial year March 31, 2021

23 Advance Tax paid and Tax Deducted at Source (TDS) disclosed under "Schedule 12 – Advances and Other Assets" and due to group companies disclosed in "Schedule 13 - Current Liabilities - Due to Group Company" includes TDS aggregating to Rs. 701,116 thousand (previous period Rs. 654,493 thousand) deducted by various Insurance companies on income earned by the Head Office, which is payable to Head office on receipt of refund from Income tax department.

24 Details of the Penalty actions taken by various Government Authorities are given below

Sr No.	Authority	Non Compliance /Violation	Amount in (Rs '000)		
			Penalty Awarded	Penalty Paid	Penalty Waived/ Reduced
1	Insurance Regulatory and Development Authority	-	-	-	-
2	Service Tax Authorities	-	-	-	-
3	Income Tax Authorities	-	-	-	-
4	Any other Tax Authorities	-	-	-	-
5	Enforcement Directorate/Adjudicating Authority/Tribunal or any Authority under FEMA	-	-	-	-
6	Registrar of Companies/NCLT/CLB/Department of Corporate Affairs or any Authority under Companies Act 2013	-	-	-	-
7	Penalty awarded by any court/Tribunal for any matter including claim settlement but excluding compensation	-	-	-	-
8	Securities and Exchange Board of India	-	-	-	-
9	Competition Commission of India	-	-	-	-
10	Any other Central/State/Local Government/Statutory Authority (Tariff Authority Committee)	-	-	-	-
	Total	-	-	-	-

25 Impact assesement of COVID-19

In light of the COVID-19 outbreak and information available upto the date of approval of these Financial Statements, the Branch has assessed the impact on assets, including valuation and impairment of investments, liabilities including policy liability and solvency position. Based on the evaluation,

(a) India Branch has investments only in government securities and AA and above rated corporate bonds, based on the market value of these securities compared with the amortised cost on books , the branch did not foresee any requirement to provide impairment on the investments for the year ended March 2022.

(b) Incurred claims including IBNR reserves provided by the actuaries has taken the COVID-19 impact Rs. 7,334,582 thousand (Life - Rs.6,899,951 and Health - Rs.434,631 in thousand) on the various lines of business of India Branch for the financial year ended March 2022.

(c) The Branch has also assessed its solvency position as at the balance sheet date and is at 290%, which is above the prescribed regulatory limit of 150%. Further, based on the Branch's current assessment of the business operations over next one year, it expects the solvency ratio to continue to remain above the minimum limit prescribed by the Insurance regulator.

The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements. The Branch will continue to closely monitor any material changes to future economic conditions.

16 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2022

Notes to Accounts

26 Micro, Small and Medium Enterprises ("MSMED") Disclosure

On the basis of information available with the management received from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) Act, the disclosure amounts due to MSME undertaking Act are as follows:

Particulars	(Rs '000)	
	As at March 31, 2022	As at March 31, 2021
Principal amount remaining unpaid to any supplier	-	-
Interest due thereon	-	-
Amount of interest paid by the Branch in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the period	-	138
Amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA	-	-
Amount of interest accrued and remaining unpaid	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

27 There are no Commitments made and outstanding for Loans, Investments and Fixed Assets during the year ended March 31 2022 (as at March 31, 2021 Rs.Nil)

28 No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Branch to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Branch (Ultimate Beneficiaries). The Branch has not received any fund from any party(s) (Funding Party) with the understanding that the Branch shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Branch ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

29 There is no Encumbrances to assets of the company in and outside India during the year ended March 31 2022 (as at March 31, 2021 Rs. Nil)

30 Previous year figures have been regrouped as follows to make them comparable with those of the current years.

Particulars	Amount in (Rs '000)	Reason
Trademark Licence Fees	259,898	Replaced with actuals within line of business instead of allocation of Gross Premium ratio.
GST Expense	75,206	Replaced with actuals within line of business instead of allocation of Gross Premium ratio.

As per our Report of even date attached.

For B S R & Co. LLP
Chartered Accountants
Firm Registration Number : 101248W/W-100022

For M M Nissim & Co LLP
Chartered Accountants
Firm Registration Number : 107122W/ W-100672

For and on behalf of the Executive Committee
Swiss Reinsurance Company Limited- India Branch

Sagar Lakhani
Partner
Membership No : 111855
Mumbai
29 June,2022

Varun P. Kothari
Partner
Membership No : 115089
Mumbai
29 June,2022

Hadi Riachi
Chief Executive Officer
Mumbai
29 June,2022

Sathish Durai
Head of Finance
Mumbai
29 June,2022

MANAGEMENT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

In accordance with Part IV of Schedule B of the Insurance Regulatory and Development Authority ('IRDAI') (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002, the following Management Report is submitted for the financial year ended March 31, 2022:

1. Certificate of Registration

The Certificate of Registration under Section 3 of the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015) granted by IRDAI on December 21, 2016 is valid at March 31, 2022 and as on the date of this report.

2. Statutory Dues Payable

We hereby certify that all the statutory dues payable have generally been duly paid.

3. Shareholding Pattern

We being a branch of a foreign reinsurer, the said clause is not applicable to the Branch.

4. Investments outside India

We hereby declare that no investments, directly or indirectly have been made outside India from the funds of the holders of policies issued in India.

5. Solvency Margin

We hereby declare that the required solvency margin under the Insurance Act, 1938 has been maintained.

6. Valuation of Assets in Balance Sheet

We certify that the values of all assets have been reviewed on the date of the Balance Sheet and to best of our knowledge and belief the assets set forth in the Balance Sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings – “ Investments”, “Outstanding Premiums”, “Income accrued on interest”, “Due from other entities carrying on insurance business (including reinsurers)”, “ Cash and Bank balances” and the several items specified under “Advances recoverable”.

7. Overall Risk Exposure and strategy adopted to mitigate the same

Swiss Re, India Branch will adopt the corporate governance and risk management approach stipulated by local regulation, while embedding the practices of Swiss Re Group's risk management framework

7.1 Risk Management framework

The Swiss Re Group operates within a clearly defined risk policy and risk control framework. Swiss Re's Risk Management Framework sets out how the Group organises

and applies its risk management practices to ensure that all corporate activities are conducted according to the principles outlined in the Group Risk Policy. The Risk Management Framework comprises the following major elements, set out in more detail in the sections below:

- a) Group-wide risk governance concepts and risk management principles;
- b) The Group's risk mandate, including risk tolerance criteria at the Group and Business Unit level;
- c) Roles and responsibilities for the delegation of risk taking;
- d) Risk control functions, including Risk Management, Compliance and Group Internal Audit; and
- e) The risk control framework, which operationalises the Group Risk Policy and defines standards for risk control tasks required to ensure controlled risk taking.

7.2 Risk control framework

The risk control framework used across Swiss Re Group operationalises the Group Risk Policy and defines standards for risk control tasks required to ensure controlled risk taking. These are set out in the Group Risk Management Standards and include:

- Risk oversight of planning, to understand risk implications of the business plan and assumptions used;
- Risk identification, to ensure risks to which Swiss Re is exposed are transparent and so more controllable and manageable;
- Risk exposure control, including capital adequacy targets, risk capacity limits and clearly established authorities for taking risk;
- Risk measurement, to aggregate risk exposures and understand the magnitude of risk relative to limits;
- Risk reporting, to create internal risk transparency and meet external disclosure requirements;
- Model and tool assurance, to ensure use of these is based on sound concepts and produces accurate results given the stated purpose;
- Valuation assurance, to ensure appropriate valuation within price verification, reserve values and EVM reporting; and
- Business Risk Review, to identify improvements to the Risk Management Framework, and promote excellence, with respect to control activities for underwriting, costing/pricing and claims management.

The standards of the risk control framework apply to all risks that Swiss Re actively assumes or is exposed to through its operations. These standards are supplemented by specific Risk Category Standards for the following key risk categories:

- Property and Casualty
- Life and Health

- Financial
- Liquidity
- Operational and
- Compliance.

The Risk Management Framework of Swiss Re, India Branch is in accordance with these Swiss Re Group Risk Category Standards.

7.3 Operational Risk Management Framework

As detailed above, the Operational Risk Management framework of Swiss Re, India Branch is in accordance with the Swiss Re Group Operational Risk Management Standards. These standards describe governing principles, roles and responsibilities, operational risk processes and methods.

The ultimate goal of operational risk management is to identify, assess, pre-emptively manage, and to cost effectively remediate where the risk exceeds Swiss Re's tolerance for expected and/or potentially severe operational losses.

Key elements of the Operational Risk Management Framework include:

- Risk identification, to identify operational risks, raise risk awareness and define mitigation measures;
- Risk and control self-assessment, to regularly review and update the local risk and control environment;
- Incident reporting and issue management, to identify and assess operational risks and ensure controls remain effective, with risks mitigated below tolerance levels; and
- Independent review, monitoring and reporting, to measure performance and ensure a transparent and open risk culture.

8. Operations Abroad

We certify that the Branch does not operate in any other country.

9. Claims

The Branch being a reinsurer does not settle claims directly to the insured. The portion of the claims recoverable under the reinsurance obligations of the Branch are settled with the reinsured through periodical accounts statements. The position of outstanding claims is as disclosed in Schedule 2 and Schedule 2(A) of the Schedules forming part of Financial Statements.

10. Valuation of Investments

We certify that the values, as shown in the Balance Sheet, of the investment which consists of fixed income securities have been valued as per accounting policies prescribed by IRDAI.

For fixed income securities, market value is based on procedure prescribed by Credit Rating Information Services of India Limited (CRISIL).

11. Review of asset quality and performance

The review of asset quality and performance is as mentioned below for Investments:

The Company's investments are in fixed income securities. The fixed income securities are approved Government securities and bonds rated AA and above. The primary aim while investing is to generate adequate return while minimizing risk. The emphasis is also on the liquidity of investments to ensure that the Company meets all its obligations related to Claims and other operations. The Company monitors the cash position on daily basis and seasonal liquidity needs are considered while planning maturities of investments in respect of all assets. None of the fixed income investments have had any delays in servicing of interest or principal amounts.

12. Payments made to parties in which Directors are interested

We certify that no payment has been made to individuals, firms, companies and organisations in which the Directors of the Branch are interested.

13. Management Responsibility Statement

We confirm that:

- a) In the preparation of financial statements, the applicable accounting standards, principles and policies have been followed with no material departures.
- b) The management has adopted accounting policies and applied them consistently (including those specifically required by various IRDAI regulations) and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Branch at the end of the financial year and of the operating profit and net profit of the Branch for the year.
- c) Proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Insurance Act, 1938 and Companies Act, 2013, for safeguarding the assets of the Branch and for preventing and detecting fraud and other irregularities have been taken.
- d) The financial statements are prepared on a going concern basis.

The head office has its own group internal auditor which will extend its coverage to the India Branch as well.