



**UNITED INDIA INSURANCE COMPANY LIMITED**  
**REGISTERED OFFICE**  
**24 WHITES ROAD, CHENNAI - 600 014**  
**CIN: U9309QTN1938GQI000108**

Ref:HO:SECT:2021

17.2.2021

The Secretary  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
MUMBAI – 400 001

Dear Sir / Madam,

Sub: Half Yearly Financial Results under Regulation 52 of SEBI (LODR) Regulations, 2015

Ref: ISIN INE346Z08011 – Security Name: 8.25% United India Insurance Company Limited 2028

Scrip Code: BSE-957452

We wish to inform you that the Board of Directors of the Company at its meeting held on Wednesday, the 17<sup>th</sup> February 2021 at Chennai has considered and approved the Unaudited Financial Results of the Company for the Half Year ended 30<sup>th</sup> September 2020. Pursuant to Regulation 52 (8) of SEBI (LODR) Regulations, 2015, please find enclosed herewith copy of the half yearly financial results along with the Limited Review Report for your information and record.

We request you to kindly take the above on record.

Thanking you,

Yours faithfully,  
For UNITED INDIA INSURANCE COMPANY LIMITED

(ANAGHA SHANTANU DESHPANDE)  
COMPANY SECRETARY

Encl.: as above



**UNITED INDIA INSURANCE COMPANY LIMITED**

Registration No.: 545

Date of Renewal with the IRDAI: January 24, 2020

**FIRE INSURANCE REVENUE ACCOUNT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2020**

Particulars	Schedule	30-09-2020 (₹'000)	30-09-2019 (₹'000)
Premium earned (Net)	1	5329475	4353650
Profit/Loss on sale/redemption of Investments (Net)		285957	351915
Exchange Loss/Gain		0	-904
Interest, Dividend & Rent - Gross		1107287	757434
<b>TOTAL (A)</b>		<b>6722719</b>	<b>5462095</b>
Claims Incurred (Net)	2	3511528	7747687
Commission	3	554851	560910
Operating Expenses related to Insurance Business	4	2294354	1465210
<b>Others</b>			
Expenses relating to Investments		1346	980
Amortisation of Premium on Investments		5194	4391
Provision for Bad & Doubtful Debts		91275	16638
Amount written off in respect of depreciated investments		41543	40088
Provision for diminution in the value of other than actively traded Equities		2856	9132
<b>TOTAL (B)</b>		<b>6502947</b>	<b>9845036</b>
<b>Operating Profit/(Loss) C = (A-B)</b>		<b>219772</b>	<b>-4382941</b>
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		219772	-4382941
Transfer to Calastrophe Reserve		0	0
Transfer to Other Reserves		0	0
<b>TOTAL (C)</b>		<b>219772</b>	<b>-4382941</b>

As required by Section 40C(2) of insurance Act 1938, we hereby certify that to the best of our knowledge and belief, all expenses wherever incurred whether directly or indirectly in respect of Fire Insurance Business have been fully debited in the Fire Insurance Revenue account as expenses.

*Anagha Deshpande*

ANAGHA DESHPANDE  
COMPANY SECRETARY

*G Sundara Raman*

G SUNDARA RAMAN  
CHIEF FINANCIAL OFFICER

*Girish Radhakrishnan*

GIRISH RADHAKRISHNAN  
CHAIRMAN CUM MANAGING DIRECTOR

Vide our report of date attached  
For A John Moris & Co  
ICAI FRN: 007220S  
Chartered Accountants

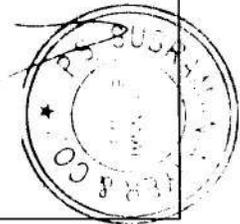
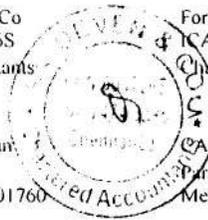
*G. Kumar*  
G. Kumar  
Membership No 023082  
Chennai  
17.02.2021

For A V Deven & Co  
ICAI FRN: 000726S  
Chartered Accountants

*R. Raghuraman*  
CA. R. Raghuraman  
Partner  
Membership No 201760

For P. S. Subramania Iyer & Co  
ICAI FRN: 004104S  
Chartered Accountants

*S. Sundara Raman*  
CA. S Sundara Raman  
Partner  
Membership No. 022137



**UNITED INDIA INSURANCE COMPANY LIMITED**

Registration No.:545

Date of Renewal with the IRDAI: January 24, 2020

**MARINE INSURANCE REVENUE ACCOUNT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2020**

Particulars	Schedule	30-09-2020	30-09-2019
		(₹'000)	(₹'000)
Premium earned (Net)	1	1157825	1111664
Profit/Loss on sale/redemption of Investments (Net)		58696	105520
Exchange Loss/Gain		0	-8
Interest, Dividend & Rent - Gross		158019	193462
<b>TOTAL (A)</b>		<b>1374540</b>	<b>1410638</b>
Claims Incurred (Net)	2	781222	1069047
Commission	3	95374	119548
Operating Expenses related to Insurance Business	4	279598	223853
<b>Others</b>			
Expenses relating to Investments		276	294
Amortisation of Premium on Investments		1066	1317
Amount written off in respect of depreciated investments		8527	12020
Provision for Bad & Doubtful Debts		18736	4989
Provision for diminution in the value of other than actively traded Equities		586	2738
<b>TOTAL (B)</b>		<b>1185385</b>	<b>1433806</b>
<b>Operating Profit/(Loss) C = (A-B)</b>		<b>189155</b>	<b>-23168</b>
<b>APPROPRIATIONS</b>			
Transfer to Shareholders' Account		189155	-23168
Transfer to Catastrophe Reserve		0	0
Transfer to Other Reserves		0	0
<b>TOTAL (C)</b>		<b>189155</b>	<b>-23168</b>

As required by Section 40C(2) of insurance Act 1938, we hereby certify that to the best of our knowledge and belief, all expenses wherever incurred whether directly or indirectly in respect of Marine Insurance Business have been fully debited in the Marine Insurance Revenue account as expenses.

ANAGHA DESHPANDE

COMPANY SECRETARY

G SUNDARA RAMAN

CHIEF FINANCIAL OFFICER

GIRISH RADHAKRISHNAN

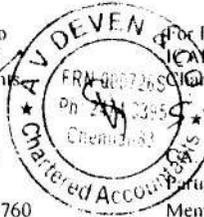
CHAIRMAN CUM MANAGING DIRECTOR

Vide our report of date attached  
For A John Moris & Co  
ICAI FRN : 007220S  
Chartered Accountants

G. Kumar  
Membership No.023082  
Chennai  
Place  
Date: 17.02.2021

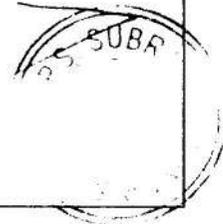
For A V Deven & Co  
ICAI FRN : 000726S  
Chartered Accountants

CA. R. Raghuraman  
Partner  
Membership No.201760



For P. S. Subramania Iyer & Co  
ICAI FRN : 004104S  
Chartered Accountants

CA. S Sundara Raman  
Partner  
Membership No. 022137





UNITED INDIA INSURANCE COMPANY LIMITED

Registration No. 545
Date of Renewal with the IRDAI: January 24, 2020

MISCELLANEOUS INSURANCE REVENUE ACCOUNT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2020

Table with 4 columns: Particulars, Schedule, 30-09-2020, 30-09-2019. Rows include Premium earned (Net), Profit/Loss on sale/redemption of Investments (Net), Transfer fees, etc., Interest, Dividend & Rent - Gross, TOTAL (A), Claims Incurred (Net), Commission, Operating Expenses related to Insurance Business, Others, Expenses relating to Investments, Amortisation of Premium on Investments, Amount written off in respect of depreciated investments, Provision for Bad & Doubtful Debts, Provision for diminution in the value of other than actively traded Equities, TOTAL (B), Operating Profit/(Loss) C = (A-B), APPROPRIATIONS, Transfer to Shareholders' Account, Transfer to Catastrophe Reserve, Transfer to Other Reserves, TOTAL (C).

As required by Section 40C(2) of insurance Act 1938, we hereby certify that to the best of our knowledge and belief, all expenses wherever incurred whether directly or indirectly in respect of Miscellaneous Insurance Business have been fully debited in the Miscellaneous Insurance Revenue account as expenses.

Signature of Anagha Deshpande
ANAGHA DESHPANDE
COMPANY SECRETARY

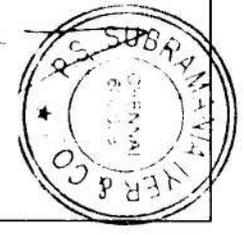
Signature of G Sundara Raman
G SUNDARA RAMAN
CHIEF FINANCIAL OFFICER

Signature of Girish Radhakrishnan
GIRISH RADHAKRISHNAN
CHAIRMAN CUM MANAGING DIRECTOR

Vide our report of date attached
For A John Morris & Co
ICAI FRN 007220S
Chartered Accountants

For A V Deven & Co
ICAI FRN 000726S
Chartered Accountants
Signature of CA R Raghuraman
CA R Raghuraman
Partner
Membership No.201760

For P. S. Subramania Iyer & Co
ICAI FRN 004104S
Chartered Accountants
Signature of CA S Sundara Raman
CA S Sundara Raman
Partner
Membership No. 022137



A. G. Kumar
Membership No.023082
Chennai
Date: 17.02.2021

**UNITED INDIA INSURANCE COMPANY LIMITED**

Registration No.:545

Date of Renewal with the IRDAI: January 24, 2020

**PROFIT & LOSS ACCOUNT FOR THE HALF YEAR ENDED 30TH SEPTEMBER 2020**

Particulars	Schedule	30-09-2020	30-09-2019
		(₹'000)	(₹'000)
<b>OPERATING PROFIT/(LOSS)</b>			
Fire Insurance		219772	-4382941
Marine Insurance		189155	-23168
Miscellaneous Insurance		648021	-7617225
<b>INCOME FROM INVESTMENTS</b>			
Interest, Dividend & Rent - Gross		879231	1033126
Profit on sale of investments		326593	563499
<b>OTHER INCOME</b>			
Sundry Balance written off		1	15
Profit/Loss on sale of assets & other incomes		-24765	20377
<b>TOTAL (A)</b>		<b>2238008</b>	<b>-10406317</b>
<b>PROVISIONS (Other than taxation)</b>			
For diminution in the value of investments		3262	14623
For doubtful debts		104246	26641
<b>OTHER EXPENSES</b>			
Interest On Borrowings		372267	372267
Expenses on Corporate Social Responsibility		9738	16606
Others		0	294
Expenses other than those related to Insurance Business		1537	1569
Bad debts written off		0	0
Amortisation of Premium on Investments		5932	7031
Amount written off in respect of depreciated investments		47446	64191
<b>TOTAL (B)</b>		<b>544428</b>	<b>503222</b>
<b>Profit Before Tax (C)= (A-B)</b>		<b>1693580</b>	<b>-10909539</b>
Provision for Taxation		0	0
Taxation relating to earlier years		0	0
<b>Profit After Tax (D)</b>		<b>1693580</b>	<b>-10909539</b>
<b>APPROPRIATIONS</b>			
Interim dividends paid during the year		0	0
Proposed final dividend		0	0
Dividend distribution tax		0	0
Transfer to Debenture Redemption Reserve		0	0
Transferred to General Reserve		1693580	-10909539
Balance of profit/loss brought forward from last year		0	0
Balance carried forward to Balance Sheet		0	0
Basic and Diluted Earning Per Share		2.54	-72.73

ANAGHA DESHPANDE  
COMPANY SECRETARYG SUNDARA RAMAN  
CHIEF FINANCIAL OFFICERGIRISH RADHAKRISHNAN  
CHAIRMAN CUM MANAGING DIRECTORVide our report of date attached  
For A John Moris & Co  
ICAI FRN : 007220S  
Chartered AccountantsFor A V Deven & Co  
ICAI FRN : 000726S  
Chartered Accountants  
CA R. Raghuraman  
Partner  
Membership No.201760For P. S. Subramania Iyer & Co  
ICAI FRN : 004104S  
Chartered Accountants  
CA S Sundara Raman  
Partner  
Membership No. 022137G. Kumar  
Partner  
Membership No.023082  
Chennai  
Date: 17.02.2021

**UNITED INDIA INSURANCE COMPANY LIMITED**

Registration No.:545  
 Date of Renewal with the IRDAI: January 24, 2020  
**BALANCE SHEET AS AT 30TH SEPTEMBER 2020**

Particulars	Schedule	30-09-2020	30-09-2019
		(₹'000)	(₹'000)
<b>SOURCES OF FUNDS</b>			
SHARE CAPITAL	5	12800000	1500000
RESERVES AND SURPLUS	6	14792685	17038358
FAIR VALUE CHANGE ACCOUNT - SHAREHOLDERS'		473887	2310533
FAIR VALUE CHANGE ACCOUNT - POLICYHOLDERS'		4985639	19991910
BORROWINGS	7	9000000	9000000
<b>TOTAL</b>		<b>42052211</b>	<b>49840801</b>
<b>APPLICATION OF FUNDS</b>			
INVESTMENTS - SHAREHOLDERS'	8	27483126	32234974
INVESTMENTS - POLICYHOLDERS'	8A	289142751	278913424
LOANS	9	1832531	1610218
FIXED ASSETS	10	2613646	2509316
<b>CURRENT ASSETS</b>			
CASH AND BANK BALANCES	11	17845830	13426043
ADVANCES AND OTHER ASSETS	12	48752269	45615135
<b>SUB-TOTAL (A)</b>		<b>66598099</b>	<b>59041178</b>
<b>CURRENT LIABILITIES</b>			
PROVISIONS	13	267747650	246719167
	14	77870292	77749142
<b>SUB-TOTAL (B)</b>		<b>345617942</b>	<b>324468309</b>
<b>NET CURRENT ASSETS (C) = (A - B)</b>		<b>-279019843</b>	<b>-265427131</b>
<b>MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)</b>			
	15	0	0
DEBIT BALANCE IN PROFIT AND LOSS ACCOUNT		0	0
<b>TOTAL</b>		<b>42052211</b>	<b>49840801</b>

*Anagha Deshpande*  
 ANAGHA DESHPANDE  
 COMPANY SECRETARY

*G Sundara Raman*  
 G SUNDARA RAMAN  
 CHIEF FINANCIAL OFFICER

*Girish Radhakrishnan*  
 GIRISH RADHAKRISHNAN  
 CHAIRMAN CUM MANAGING DIRECTOR

Vide our report of date attached  
 For A John Moris & Co  
 ICAI FRN :007220S  
 Chartered Accountants

CA. G. Kumar  
 Partner  
 Membership No.023082

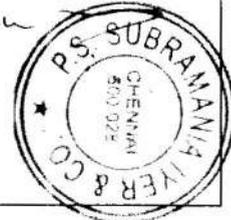
Place: - Chennai  
 Date: - 17.02.2021

For A V Deven & Co  
 ICAI FRN :006726S  
 Chartered Accountants

CA. R. Raghuraman  
 Partner  
 Membership No.201760

For P. S. Subramania Iyer & Co  
 ICAI FRN : 004104S  
 Chartered Accountants

CA. S Sundara Raman  
 Partner  
 Membership No. 022137





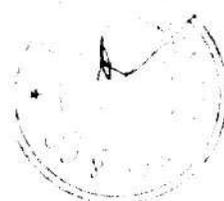
## UNITED INDIA INSURANCE COMPANY LIMITED

REGD OFFICE: 24, WHITES ROAD, CHENNAI

### Notes to accounts for the half year ended 30<sup>th</sup> September 2020

1. The Statements for the six-month period ended 30.09.2020 have been prepared following the same accounting policies as those followed in the annual financial statements for the year ended 31.03.2020
2. Employer's Liability towards Retirement Benefits (AS 15) has been made on an estimated basis.
3. A) Balances Due from / Due to other persons or bodies carrying on Insurance business, are settled periodically. However, confirmations of balance are not obtained for quarterly balances.  
B) In respect of Reinsurance, settlements are effected to brokers /reinsurers based on statement of accounts. However, confirmations of balance are not obtained for quarterly balances.  
In the opinion of the Company, the effect of the above point no. 3 (A) and 3 (B) will not be material.
4. Reconciliation of Inter-Office accounts is in progress and in the opinion of the Company, the effect of the difference, if any, will not be material.
5. The Company has made provisions in respect of the following non -performing assets (Debentures) as per IRDAI regulations on Income recognition, Asset classification, provisioning and other related matters:

- a. IL&FS group companies – Provision as on 30.09.2020 is Rs. 951168 thousands (Corresponding period of the Previous year Rs.275232 thousands) against total exposure of Rs.2752315 thousands (Corresponding period of the Previous year Rs.2752315 thousands). Provision has been made at 100% for unsecured portion of Rs.500881 thousands and provision made at 20% in respect of secured portion of Rs.2251434 thousands.
- b. DHFL - Provision as on 30.09.2020 is Rs. 185000 thousands (Corresponding period of the Previous year Nil) against total exposure of Rs.500000 thousands (Corresponding period of the Previous year Rs.500000 thousands). Provision made as on 31.03.2020 was Rs.50000 thousands. Additional provision of Rs. 135000 thousands was made during the current year. Provision has been made at 100% for unsecured portion of Rs.150000 thousands and provision made at 10% in respect of secured portion of Rs.350000 thousands.



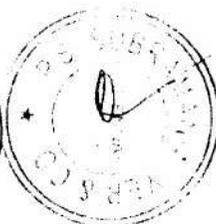


## UNITED INDIA INSURANCE COMPANY LIMITED

REGD OFFICE: 24, WHITES ROAD, CHENNAI

- c. Reliance Home Finance - Provision as on 30.09.2020 is Rs. 654750 thousands (Corresponding period of the Previous year NIL) against total exposure of Rs. 1149750 thousands (Corresponding period of the Previous year Rs.1149750 thousands). Provision made as on 31.03.2020 was Rs.114975 thousands. Additional provision of Rs.539775 thousands was made during the current year. Provision has been made at 100% for unsecured portion of Rs.599750 thousands and provision made at 10% in respect of secured portion of Rs.550000 thousands.
- d. Reliance Capital - Provision as on 30.09.2020 is Rs.700000 thousands (Corresponding period of the Previous year NIL) against total exposure of Rs.700000 thousands (Corresponding period of the Previous year Rs.700000 thousands). Provision made as on 31.03.2020 was Rs.70000 thousands. Additional provision of Rs.630000 thousands was made during the current year. Provision has been made at 100% for unsecured portion (total exposure) of Rs.700000 thousands.
- e. Yes Bank (Perpetual) (AT1 bonds) - Provision of Rs. 100000 thousands made has been reversed and the amount has been written off during the quarter ending September 2020 against total exposure in Yes Bank (AT1 bonds) of Rs.100000 thousands (Corresponding period of the Previous year Rs.100000 thousands).
- f. Simplex Infrastructures Ltd – Provision as on 30.09.2020 is Rs. 10000 thousands (Corresponding period of the Previous year NIL) against total exposure of Rs. 100000 thousands (Corresponding period of the Previous year Rs. 100000 thousands). Provision made as on 31.03.2020 – NIL.
6. Government of India vide gazette notification no 1627(E) dated 23.04.2019 approved a final option to the Retired and existing Employees who have joined the services of the Company before 1995 to opt for Pension under General Insurance Employees' Pension Scheme 1995. Arising out of the same, the Actuarial valuation of the future liability in respect of existing employees who have opted for pension under this scheme is Rs.12655948 thousand.

Insurance Regulatory and Development Authority of India, vide its letter Ref 411/F&A(NL)/Amort-EB/2019-20/125 dated 07.07.2020, has allowed amortization, of additional future Pension Liability of Rs.12655948 thousands arising out of extension of Pension Scheme 1995 to the existing employees of the company, over a period of five years with effect from financial year 2019-20. Accordingly, the company has absorbed one fifth of the total liability, amounting to Rs.2531190 thousand during the year 2019-20.





## UNITED INDIA INSURANCE COMPANY LIMITED

REGD OFFICE: 24, WHITES ROAD, CHENNAI

The Company has absorbed one fifth of the total liability for the year 2020-2021 arising out of One More Option for Pension (OMOP), amounting to Rs.2531190 thousand during the first quarter of 2020-21 itself. The unabsorbed amount of future liability carried over is Rs.7593569 thousand.

7. The solvency margin as on 30<sup>th</sup> September 2020 is 0.86 after taking into account the entire balance in Fair Value Change Account as per approval of IRDAI. The solvency margin would have been 0.73, had such forbearance not been considered. The Government of India has infused capital of Rs. 1080 crores in July 2020.

For and on behalf of Board

COMPANY SECRETARY

CHIEF FINANCIAL OFFICER

CHAIRMAN-CUM-MANAGING  
DIRECTOR

Vide our report of even date attached

For A John Moris & Co  
Chartered Accountants  
FRN :007220S

CA G Kumar  
Partner  
Membership No.023082



For A V Deven & Co  
Chartered Accountants  
FRN : 000726S

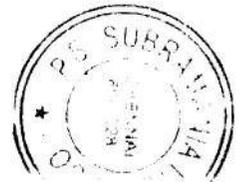
CA R Raghuraman  
Partner  
Membership No.201760



For P S Subramania Iyer & Co  
Chartered Accountants  
FRN :004104S

CA S Sundara Raman  
Partner  
Membership No.022137

Place: Chennai  
Date: 17.02.2021



A John Moris & Co., Chartered Accountants, No.5, Lakshmipuram, 1 <sup>st</sup> Street, Deivasigamani Road, (Near Music Academy), Royapettah, Chennai – 600 014. Phone: 044 - 28116003	A V Deven & Co Chartered Accountants “NU-TECH JANAKI”, Flat E, 3 <sup>rd</sup> Floor, No.9 (Old No.1) 27 <sup>th</sup> Street, Ashok Nagar, Chennai-600 083 Phone: 044-24743394	P S Subramania Iyer & Co Chartered Accountants Jayshree Apartments, New No.60, Old No.39, Second Main Road, Raja Annamalaipuram, Chennai-600028 Phone: 044-24353020
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### Limited Review Report

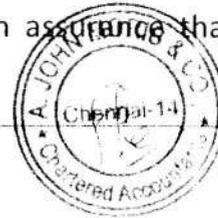
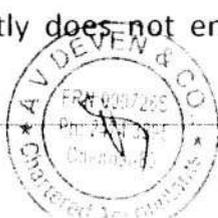
To,  
The Board of Directors  
United India Insurance Co. Ltd  
Head Office,  
24, Whites road,  
Chennai – 600014.

#### **INTRODUCTION**

We have reviewed the accompanying statements of unaudited financial results (hereinafter referred to as “Statements”) of United India Insurance Company Limited (“the Company”), which comprise of Balance Sheet as at September 30, 2020, the Fire, Marine and Miscellaneous Revenue Accounts, the Profit and Loss Account for the Half Year ended September 30, 2020 and notes to accounts thereon. Management is responsible for the preparation and fair presentation of these statements in accordance with the guidelines of Insurance Regulatory and Development Authority Regulations, 2000. Our responsibility is to express a conclusion on these statements based on our review.

#### **SCOPE OF REVIEW**

We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Institute of Chartered Accountants of India. We have not reviewed the statements/returns of Direct Offices which comprises of Micro/Branches/DOs/ROs/LCBs/Foreign Office. A review of interim financial results consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would

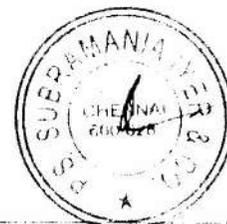
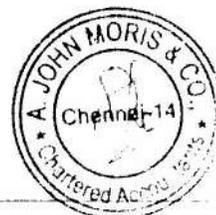


A John Moris & Co., Chartered Accountants, No.5, Lakshmipuram, 1 <sup>st</sup> Street, Deivasigamani Road, (Near Music Academy), Royapettah, Chennai – 600 014. Phone: 044 - 28116003	A V Deven & Co Chartered Accountants “NU-TECH JANAKI”, Flat E, 3 <sup>rd</sup> Floor, No.9 (Old No.1) 27 <sup>th</sup> Street, Ashok Nagar, Chennai-600 083 Phone: 044-24743394	P S Subramania Iyer & Co Chartered Accountants Jayshree Apartments, New No.60, Old No.39, Second Main Road, Raja Annamalaipuram, Chennai-600028 Phone: 044-24353020
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become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Basis for qualified Conclusion**

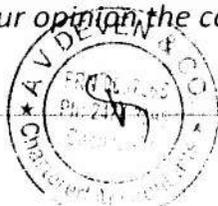
1. *Note no. 3(A) and 3(B) to the statements, which describes non-receipt of confirmation from other insurance companies, consequential impact on the financials, if any, of adjustment/ reconciliation is not ascertainable.*
  
2. *Note No. 5(i) to the statement, regarding the investment in Non-Convertible Debentures to the tune of Rs. 2752315 thousands (Rs. 2752315 thousands) of IL & FS Group as on September 30, 2020. The Companies in IL & FS Group have defaulted on interest payments and principal repayments which were due till September 30, 2020. The company has treated its entire investment in IL & FS group as Non-Performing Asset (NPA) and classified it as Doubtful I Category asset as per income recognition, asset classification, provisioning and other related matters on investments in Master Circular IRDAI (Investment) Regulation 2016 and has made a provision of Rs. 951168 thousands (Rs.275232 thousands) on non-convertible debentures in the books of accounts. The credit rating of the IL & FS and its group entities has also been downgraded and the matter pertaining to the initiation of corporate insolvency resolution process for IL & FS group is pending before NCLT indicating substantial erosion of security. The Company is yet to ascertain the realisable value of the security charged to secure these debentures as the reference to NCLT has not yielded any road map for the resolution of NPA (Loss Assets). The company has already provided for 100% of the unsecured exposure of Rs. 500881 thousands and in our opinion the company is required to make an additional provision to the extent of 100% on the secured exposure also. This has resulted in understatement of provision by Rs. 1801147 thousands and consequent overstatement of profit to the same extent for the period ended 30<sup>th</sup> September 2020.*



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3. Note No. 5(ii) to the statement, regarding the investment in Non-Convertible Debentures to the tune of Rs. 500000 thousands issued by Dewan Housing Finance Limited (DHFL). DHFL have defaulted on interest payments and principal repayments which were due till September 30, 2020. The company has treated its entire investment in DHFL as Non-Performing Asset (NPA) and classified it as sub-standard category asset as per income recognition, asset classification, provisioning and other related matters on investments in Master Circular IRDAI (Investment) Regulation 2016 and has made a provision of Rs.185000 thousands on non-convertible debentures in the books of accounts. The credit rating of the DHFL has been downgraded and the matter pertaining to the initiation of corporate insolvency resolution process is pending before NCLT. The Company is yet to ascertain the realisable value of the security charged to secure these debentures as the matter is pursued by the debenture trustee on behalf of the debenture holders. The company has provided for 100% of the unsecured exposure of Rs. 150000 thousands and in our opinion the company is required to make an additional provision to the extent of 100% on the secured exposure also. This has resulted in understatement of provision by Rs. 315000 thousands and consequent overstatement of profit to the same extent for the period ended 30<sup>th</sup> September 2020.

4. Note No. 5(iii) to the statement, regarding the investment in Non-Convertible Debentures to the tune of Rs. 1149749 thousands issued by Reliance Home Finance Limited (RHFL). RHFL have defaulted on interest payments and principal repayments which were due till September 30, 2020. The company has treated its entire investment in DHFL as Non-Performing Asset (NPA) and classified it as sub-standard category asset as per income recognition, asset classification, provisioning and other related matters on investments in Master Circular IRDAI (Investment) Regulation 2016 and has made a provision of Rs. 654749 thousands on non-convertible debentures in the books of accounts. The Company is yet to ascertain the realisable value of the security charged to secure these debentures. The company has provided for 100% of the unsecured exposure of Rs. 599750 thousands and in our opinion, the company is also required to make an additional



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*provision to the extent of 100% on the secured exposure. This has resulted in understatement of provision by Rs. 495000 thousands and consequent overstatement of profit to the same extent for the period ended 30<sup>th</sup> September 2020.*

*Had the qualifications in respect of point no (2), (3) and (4) above been given effect to, provisions for the quarter ended 30<sup>th</sup> September 2020 would have been higher by Rs. 2611145 thousands and the profit for the quarter ended 30<sup>th</sup> September 2020 of the company would have been lower by Rs. 2611147 thousands. Further, the cumulative impact of the qualifications in points (2) and (3) above would result in the reduction of the Solvency Margin of the Company to 0.80.*

*The effect of qualification of point no (1) above is not ascertainable.*

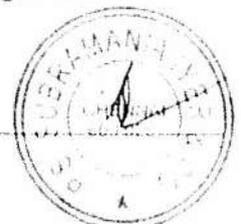
## CONCLUSION

Based on our review conducted as above, we report that, except for the effects of the matters described in the above basis for qualified conclusion, nothing has come to our attention that causes us to believe that the accompanying statements prepared in accordance with the guidelines of Insurance Regulatory and Development Authority Regulations, 2000, Accounting Standards and other recognized accounting practices and policies, has not disclosed any information required to be disclosed including the manner it is to be disclosed or that it contains any material misstatement.

## Emphasis of Matters

We draw attention to the following matters in the notes to the Statements.

1. The company has calculated solvency margin of 0.86 as on September 30, 2020, after taking into account the entire balance in Fair Value Change Account as per approval of IRDAI. Had such forbearance not been considered, the solvency margin would have been 0.73.



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2. Note No. 4 to the statements, which indicate non reconciliation of inter branch transactions and consequential impact on the financials, if any.
3. Note No. 6 regarding the absorption of the entire amount Rs. 2531190 thousand in the first quarter itself which is allocable for the financial year 2020-21 being 1/5th of total liability arising out of the One More option for pension (OMOP)

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

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Place: Chennai  
Date: 17.02.2021

