Head Office (Mumbai) : National Insurance Building,
204, Dadabhoy Naoroji Road, Fort, Mumbai - 400 001
Tel. : 2207 7941 / 2207 4260
E-mail : info@batliboipurohit.com
Website : www.batliboipurohit.com

12 February 2022

To
The Board of Directors
Life Insurance Corporation of India

Re: Proposed initial public offering of equity shares of Life Insurance Corporation of India

Dear Sirs,

We have verified the translated version of the audited financial statements of Life Insurance Corporation (Singapore) Pte. Limited for the year ended December 31, 2019. These Financials statements have been translated by the Company in Indian Rupees in accordance with Ind AS 21, "The Effect of Changes in Foreign Currency Rates".

The work carried out by us is in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed upon Procedures regarding Financial Information" issued by the Institute of Chartered Accountants of India.

As required under Schedule VI Part A Item No. (11)(l)(A)(ii)(b) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), we have verified the translated financial information contained in the Annexure attached to this Certificate which is proposed to be uploaded on the website of Life Insurance Corporation of India in connection with its proposed initial public offering of equity shares (the "Offer").

We did not audit the financial statements of Life Insurance Corporation (Singapore) Pte. Limited. These financial statements have been audited by other audit firms, whose reports have been furnished to us by the Company.

These translated financials should not in any way be construed as a reissuance or re-dating of any of the previous audit reports, nor should these be construed as a new opinion on any of the audited consolidated financial statements referred to herein.

These translated financials are intended solely for use of the management for uploading on website of Life Insurance Corporation of India in connection with its proposed initial public offering of equity shares.

Based on our examination, we confirm that the information in this certificate is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

BRANCHES :
NAVI MUMBAI : 302 / 304 Arenja Corner, Sector 17, Vashi, Navi Mumbai - 400 703. • Tel. : +91-22-2766 6478
DELHI : 505, Nirmal Tower, 26, Barakhamba Road, New Delhi -110 001. • Tel. : +91-11-4019 0200

Restriction on use

This certificate has been provided by us, at the request of the Life Insurance Corporation of India and solely for the information of Axis Capital Limited, Kotak Mahindra Capital Company Limited, BofA Securities India Limited, Citigroup Global Markets India Private Limited, Goldman Sachs (India) Securities Private Limited, ICICI Securities Limited, JM Financial Limited, J.P. Morgan, Nomura Financial Advisory and Securities (India) Private Limited and SBI Capital Markets Limited, book running lead managers appointed by Life Insurance Corporation of India (Collectively referred to as the "Book Running Lead Managers" or the "BRLMs") to assist them in conducting their due-diligence and documenting their investigations of the affairs of Life Insurance Corporation of India in connection with the proposed offer. This certificate may be relied on by the BRLMs, their affiliates and legal counsel in relation to the Offer.

This certificate is not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior consent in writing, other than the purpose stated above. We, however, hereby give consent for inclusion of our name and this information (in full or in part) in the Draft Red Herring Prospectus, Updated Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus proposed to be filed by Life Insurance Corporation of India with the Securities and Exchange Board of India ("SEBI"), the National Stock Exchange Limited and BSE Limited (the "Stock Exchanges") and the Insurance Development and Regulatory Authority of India ("IRDAI") and any other material used in connection with the Offer and submission of this certificate to SEBI, Stock Exchanges, or IRDAI in connection with the proposed Offer, as the case may be. Additionally, we hereby give our consent for the submission of this certificate to any other regulatory authority as may be required under applicable law in connection with the proposed Offer, as the case may be.

For Batliboi & Purohit
Chartered Accountants
FRN: 101048W

RAMAN DEVRAM HANGEKAR

Digitally signed by RAMAN DEVRAM HANGEKAR
Date: 2022.02.12 19:14:35 +05'30'

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * MUMBAI

Raman Hangekar
Parner
Membership No: 030615

Date: Mumbai
Place: 12-02-2022
UDIN: 22030615ABPIEQ5298

LIFE INSURANCE CORPORATION (SINGAPORE) PTE LTD

STATEMENT OF FINANCIAL POSITION
December 31, 2019

	Note	2019 $	2019 INR
Assets			
Plant and equipment	6	238,225	12,657,323
Debt securities	7	73,346,391	3,897,025,777
Right-of-use assets	8	1,069,490	56,823,929
Other receivables	9	754,277	40,076,095
Cash and cash equivalents	10	8,556,246	454,608,751
Total assets		83,964,629	4,461,191,875
Equity			
Share capital	11	43,930,000	2,166,686,735
Accumulated losses		(17,659,683)	(770,897,506)
Total equity		26,270,317	1,395,789,229
Liabilities			
Insurance contract liabilities	12	56,363,266	2,994,681,776
Lease liabilities	13	1,090,315	57,930,399
Accrued expenses and other payables	14	240,731	12,790,471
Total liabilities		57,694,312	3,065,402,646
Total equity and liabilities		83,964,629	4,461,191,875

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

See accompanying notes to financial statements.

LIFE INSURANCE CORPORATION (SINGAPORE) PTE LTD

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended December 31, 2019

	Note	2019 $	2019 INR
Insurance premiums		11,755,000	608,838,470
Net investment income		2,616,418	135,514,754
Net income before claims, benefits and expenses		14,371,418	744,353,224
Net benefits and claims	12	(13,772,791)	(713,347,937)
Commission and distribution costs		(61,450)	(3,182,741)
Staff costs		(516,602)	(26,756,884)
Depreciation expenses	6	(120,868)	(6,260,237)
Other expenses		(1,984,485)	(102,784,416)
Claims, benefits and expenses		(16,456,196)	(852,332,215)
Loss before tax	15	(2,084,778)	(107,978,992)
Tax Expense		-	
Translation Difference			41,518,913
Loss and total comprehensive income for the year		(2,084,778)	(66,460,079)

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * MUMBAI

See accompanying notes to financial statements.

LIFE INSURANCE CORPORATION (SINGAPORE) PTE LTD

STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2019

	Note	Share capital	Accumulated losses	Total
		$	$	$
Balance at December 31, 2018		33,930,000	(15,574,905)	18,355,095
Total comprehensive income for the year				
Loss for the year, representing total comprehensive income for the year		-	(2,084,778)	(2,084,778)
Issue of share capital	11	10,000,000	-	10,000,000
Balance at December 31, 2019		43,930,000	(17,659,683)	26,270,317

	Note	Share capital	Accumulated losses	Total
		INR	INR	INR
Balance at December 31, 2018		1,643,186,735	-704,437,427	938,749,308
Total comprehensive income for the year				
Loss for the year, representing total comprehensive income for the year		0	-107,978,992	-107,978,992
Issue of share capital	11	523,500,000	0	523,500,000
Translation Difference		0	41,518,913	41,518,913
Balance at December 31, 2019		2,166,686,735	-770,897,506	1,395,789,229

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

See accompanying notes to financial statements.

LIFE INSURANCE CORPORATION (SINGAPORE) PTE LTD

STATEMENT OF CASH FLOWS
Year ended December 31, 2019

	Note	2019 $	2019 INR
Operating activities			
Loss before tax		(2,084,778)	(107,978,992)
Adjustments for:			
Movement in insurance contract provision	12	11,407,466	590,838,294
Gain on disposal of investments	7	(113,958)	(5,902,341)
Loss on disposal of investments	7	62,350	3,229,356
Amortisation of investment in debt securities	7	-	-
Fair value change of investments in debt securities	7	(766,790)	(39,715,121)
Depreciation of plant and equipment	6	120,867	6,260,185
Depreciation of Right-of-use assets	8	396,395	20,530,883
Intererst expense on lease liabilities	15	51,691	2,677,284
Interest income		(1,898,662)	(98,339,300)
Operating cash flows before movements in working capital		7,174,581	371,600,248
Changes in working capital			
Other receivables		(167,564)	(8,678,810)
Other payables and accruals		(35,210)	(1,823,667)
Cash generated from operations		6,971,807	361,097,772
Interest paid		(51,691)	(2,677,284)
Net cash from operating activities		6,920,116	358,420,488
Investing activities			
Purchase of investments	7	(74,950,437)	(3,881,982,934)
Purchase of plant and equipment	6	(281,542)	(14,582,186)
Interest received		1,898,662	98,339,300
Proceeds from sale of investments	7	55,224,409	2,860,293,040
Net cash used in investing activities		(18,108,908)	(937,932,781)
Financing activity			
Repayments of lease liabilities		(375,570)	(19,452,273)
Issue of share capital	11	10,000,000	523,500,000
Net cash from financing activity		9,624,430	504,047,727
Net (decrease)/increase in cash and cash		(1,564,362)	(75,464,565)

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

equivalents

Translation difference		-	12,466,965
Net (decrease)/increase in cash and cash equivalents after translation difference		(1,564,362)	(62,997,600)
Cash and cash equivalents at beginning of year		10,120,608	517,606,351
Cash and cash equivalents at end of year	10	8,556,246	454,608,751

See accompanying notes to financial statements.

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

1 GENERAL

The Company (Registration No. 201210695E) is incorporated in Singapore with its principal place of business and registered office at 3 Raffles Place, #07-01, Bharat Building, Singapore 048617. The financial statements are expressed in Singapore dollars.

The immediate and ultimate holding company is Life Insurance Corporation of India, set-up in India by an Act of Parliament in 1956.

The Company was registered as a direct insurer on April 30, 2012 under the Insurance Act, Chapter 142 ("Insurance Act") to carry on life insurance business.

The financial statements of the Company for the year ended December 31, 2019 were authorised for issue by the Board of Directors on March 23, 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 116*Leases*, and measurements have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than the quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 ADOPTION OF NEW AND REVISED STANDARDS–On January 1, 2019, the Company has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRS, and amendments to FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current or prior year except as disclosed below:

Amendments to FRS 104 *Insurance Contracts: Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts*

The amendments introduce two optional approaches for entities that issue insurance contracts within the scope of FRS104 *Insurance Contracts*, which provides some entities with a temporary exemption from application of FRS 109 (the "deferral approach") for annual periods beginning before January 1, 2021; and gives all entities with insurance contracts the option, following full adoption of FRS 109, to present changes in fair value on qualifying designated financial assets in other comprehensive income (OCI) instead of profit or loss (the "overlay approach"). The Company has adopted the deferral approach.

Management has concluded that the Company is qualified for the temporary exemption as the Company has not previously applied FRS 109 and its activities are predominantly connected with insurance. As at December 31, 2019, the carrying amount of its liabilities arising from contracts within the scope of FRS 104 is significant as compared to the total carrying amount of all its liabilities, and the percentage of the total carrying amount of its liabilities connected with insurance is greater than 90% of the total carrying amount of all its liabilities.

The table below presents an analysis of the fair value of classes of financial assets as at December 31, 2019, as well as the corresponding change in fair value during the financial year. The financial assets are divided into two categories:

- Assets for which their contractual cash flows represent solely payments of principal and interest ("SPPI financial assets"), excluding any financial assets that are held for trading or that are managed and whose performance is evaluated on a fair value basis; and

- All financial assets other than those specified in SPPI above ("Other financial assets") (i.e. those for which contractual cash flows do not represent SPPI, assets that are held for trading and assets that are managed and whose performance is evaluated on a fair value basis). As at December 31, 2019, the Company does not hold financial assets in this category.

		SPPI financial assets	
	FRS 39 classification	Fair value as at December 31, 2019	Fair value changes
		$	$
December 31, 2019			
Debt securities	Amortised cost	73,346,391	766,790
Cash, bank balances and fixed deposits	Amortised cost	8,556,246	-
Other receivables	Amortised cost	598,345	-

December 31, 2018	FRS 39 classification	Fair value as at December 31, 2019	Fair value changes
		INR	INR
Debt securities	Amortised cost	3,897,025,777	40,740,933
Cash, bank balances and fixed deposits	Amortised cost	454,608,751	-
Other receivables	Amortised cost	31,791,147	-

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The carrying amount under FRS 39 for SPPI financial assets analysed by credit risk rating are disclosed in Note 4 (a). As at December 31, 2019, the fair value and carrying amount of SPPI financial assets that do not have low credit risk are insignificant.

FRS 116 Leases

FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of FRS 116 on the Company's financial statements is described below.

The date of initial application of FRS 116 for the Company is January 1, 2019.

The Company has applied FRS 116 using the cumulative catch-up approach which:

- requires the Company to recognise the cumulative effect of initially applying FRS 116 as an adjustment to the opening balance of retained earnings at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under FRS 17 and INT FRS 104.

(a) Impact of the new definition of a lease

The Company has made use of the practical expedient available on transition to FRS 116 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with FRS 17 and INT FRS 104 will continue to be applied to those leases entered or changed before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in FRS 17 and INT FRS 104.

The Company applies the definition of a lease and related guidance set out in FRS 116 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in FRS 116 does not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on lessee accounting

Former operating leases

FRS 116 changes how the Company accounts for leases previously classified as operating leases under FRS 17, which were off-balance-sheet.

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Applying FRS 116, of all leases, the Company:

(a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with FRS 116.C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;

(b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and

(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under FRS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under FRS 116, right-of-use assets are tested for impairment in accordance with FRS 36 Impairment of Assets.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Company has opted to recognise a lease expense on a straight-line basis as permitted by FRS 116. This expense is presented within other operating expenses in the statement of profit or loss.

The Company has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying FRS 17.

- The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Company has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under FRS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Company has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Company has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Company has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * MUMBAI

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Former finance leases

For leases that were classified as finance leases applying FRS 17, the carrying amount of the leased assets and obligations under finance leases measured applying FRS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying FRS 116 from January 1, 2019.

(c) Financial impact of initial application of FRS 116

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on January 1, 2019 is 4.25%.

The following table shows the operating lease commitments disclosed applying FRS 17 at December 31, 2018, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	2019	2019
	$	INR
Lease liabilities recognised as at January 1, 2019	1,465,885	74,970,929

The Company has assessed that there is no tax impact arising from the application of FRS 116.

The company has adopted transition option to measure asset at amount equal to liabilities using incremental borrowing rate at the date of initial application of IFRS 116.

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * MUMBAI

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

At the date of authorisation of these financial statements, the following FRSs were issued but not effective and are expected to have an impact to the Company in the periods of their initial application:

Effective for annual periods beginning on or after January 1, 2021

FRS 117 *Insurance Contracts*-FRS 117 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes FRS 104 Insurance Contracts.

The Standard outlines a Building Block Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty; it takes into account market interest rates and the impact of policyholders' options and guarantees.

Profit from selling insurance policies is deferred in a separate liability component on day 1 and aggregated in groups of insurance contracts; it is then reported systematically through profit or loss over the period during which insurers provide cover after making adjustments from changes in assumptions relating to future coverage.

Management anticipates that the initial application of the FRS 117will result changes to the accounting policies relating to insurance contract liabilities. Additional disclosures will also be made with respect of insurance contract liabilities, including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Company's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 117.

Deferral of the date of initial application of IFRS 17 by one year

The International Accounting Standards Board (IASB) proposes to amend the mandatory effective date of IFRS 17, so that entities would be required to apply IFRS 17 for annual periods beginning on or after 1 January 2023. The IASB believed that the uncertainty about the amendments proposed in Exposure Draft ED/2019/4 could disrupt the progress of implementing IFRS 17. This uncertainty, together with the significant change in accounting that IFRS 17 creates, represents an exceptional circumstance and so justifies a delay in the effective date. The IASB decided that a deferral of one year would be sufficient to address any implementation concerns.

At the same time, the IASB proposes to amend the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2022. The Accounting Standards Council ("ASC")'s policy position has been to align Singapore accounting standards with IFRS and plans to apply the same effective date.

2.3 Classification of insurance contracts

Insurance contracts are those contracts under which the Company accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event adversely affects the policyholder or other beneficiary. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Insurance contracts

(a) Premiums and commission

Premiums is recognised as income when due from policyholders. Premiums not received on the due date are recognised as revenue with the corresponding outstanding premiums recognised in the balance sheet. The corresponding commission payable is accountable for on the same basis.

The Company does not recognise deferring acquisition costs for its insurance contracts as it is assessed to be immaterial.

(b) Claims and benefits incurred

Claims include maturities, annuities, surrenders, deaths and other claim events. Maturity claims are recorded on the policy maturity date. Annuity claims are recorded when the annuity becomes due for payment. Surrenders are recorded when paid, death claims and payments on other claim events are recorded when notified.

Benefits are recorded as an expense when they are incurred.

(c) Reinsurance

Assets, liabilities, income and expense arising from reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Company from its direct obligations to its policyholders.

An asset or liability is recognised in the balance sheet representing premiums due to or payments due from reinsurers and the share of benefits and claims recoverable from reinsurers. The net amount is presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The measurement of reinsurance assets is consistent with the measurement of the underlying insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS *

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D))

(d) *Insurance contract liabilities*

A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is measured using assumptions considered to be appropriate for the policies in force. The actuarial valuation basis is determined by the Appointed Actuary and complies with the Insurance Act, Cap. 142 and Insurance (Valuation and Capital) Regulations and guidance notes issued by the Singapore Actuarial Society ("SAS") "GN L01" and "GN L02".

Additional provision is made in the valuation assumptions to allow for any adverse deviation from the best estimate experience. Provision for adverse deviation ("PAD") is reviewed annually by the Appointed Actuary to assess its appropriateness and sufficiency.

(e) *Liability adequacy test*

At each reporting date, liability adequacy tests are assessed on each insurance fund to assess the adequacy of the insurance contract liabilities. In performing these tests, current best estimates of discounted contractual cash flows and claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Where a shortfall is identified, additional provision is made and the deficiency is charged to profit or loss in the statement of comprehensive income.

2.5 Financial instruments

2.5.1 *Non-derivative financial assets*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The Company's non-derivative financial assets comprise loans and receivables.

The Company classifies non-derivative financial assets into the following categories: loans and receivables, financial assets at fair value through profit or loss and held-to-maturity financial assets.

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D))

(a) *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables of the Company comprise of cash and cash equivalents and other receivables.

(b) *Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances.

(c) *Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

As disclosed in Note 7, some of the debt securities held by the Company are designated at fair value through profit or loss.

(d) *Held-to-maturity financial assets*

If the Company has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. As disclosed in note 7, held-to-maturity financial assets comprise certain debt securities.

2.5.2 *Non-derivative financial liabilities*

Financial liabilities are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5.2 *Non-derivative financial liabilities (Cont'd)*

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Non-derivative financial liabilities of the Company comprise accrued expenses and other payables.

2.5.3 *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.6 Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain and loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and is recognised net within other income/other expenses in profit or loss.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * MUMBAI

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Plant and equipment (Cont'd)

The estimated useful life is as follows:

Furniture	-	5 years
Office equipment	-	5 years
Computers	-	3 years
Renovation	-	2 years

Fully depreciated assets are retained in the financial statement until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.7 Impairment

2.7.1 *Impairment of non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, or indications that a debtor will enter bankruptcy.

2.7.2 *Loans and receivables*

The Company considers evidence of impairment for loans and at both a specific asset and collective level. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

In assessing collective impairment, the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity financial assets. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7.3 *Impairment of non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of assets recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2.8 Employee benefits

2.8.1 *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.8.2 *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.8.3 *Short-term compensated absences*

Short-term accumulating compensated absences are recognised when the employees render service that increases their entitlement to future compensated absences.

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Net investment income

Net investment income comprises interest income, investment related expenses, net gains/losses on the disposal financial assets, changes in the fair value of financial assets at fair value through profit or loss that are recognised in profit or loss and impairment losses recognised on financial assets that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

2.10 Lease

Leases (before January 1, 2019) - Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease

Leases (from January 1, 2019)

<u>The Company as lessee</u>

The *Company* assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate specific to the lessee.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Lease (Cont'd)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

those payments occurs and are included in the line 'Management expenses' in the statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Lease (Cont'd)

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.11 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.13 Foreign Currency

The Financial Statements are Presented in Singapore dollars, which is also the Company's functional currency. Monetary Assets and Liabilities in foreign currencies are

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

translated into Singapore Dollars at rates of Exchange closely approximating those ruling at the end of each reporting period Non-Monetary assets and liabilities that are measured in terms of historic cost in foreign currency are translated using exchange rate at the date of initial transaction. Non-Monetary assets and liabilities measured at fair value in foreign currency are translated using exchange rate at the date when the fair value the fair value was determined. Transaction in foreign currencies are recorded at the rates prevailing on transaction date. Exchange Difference arising on the settlement of monetary item or on the translating monetary item at the end of each reporting period are recognised in profit or loss.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Company's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements, except for those relating to insurance contract liabilities (refer to estimation uncertainty below). Management discussed with the directors the development, selection and disclosure of the company's critical accounting policies and estimates and the application of these policies and estimates.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Key assumptions used for deriving the insurance contract liabilities include mortality, voluntary terminations, administration expenses and discount rate. Given the Company was just established in 2012, experience is limited and therefore reliance has been placed on external benchmarks to set the assumptions. As the experience will unfold, appropriateness of these assumptions will be investigated. The Company bases the mortality assumptions on the reinsurers' mortality tables. Voluntary terminations are based on external benchmarks as the Company has limited experience currently. Estimates of administration expenses are determined in line with the expected costs in future. The derivation of the discount rate is in accordance with the MAS Notice 319 and guidance note issued by the Singapore Actuarial Society (SAS GNL02). It has been assumed that current tax legislation and rates continue substantially unaltered. In addition, an appropriate risk margin allowance for adverse deviation from the estimates is made.

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

(ii) Key sources of estimation uncertainty (Cont'd)

Sensitivity analysis

The following table presents the sensitivity of the value of insurance contract liabilities to movements in the variables used in the estimation of insurance contract liabilities.

Variable	Change in variable	Change in liability	Change in liability and profit/loss
		$	$
Lowering of discount rate	-50bps	+688,126	-688,126
Worsening of base renewal expense level	+10%	+243,768	-243,768
Worsening of lapse rate	-10%	+14,619	-14,619
Worsening of mortality	+10%	+142	-142

Variable	Change in variable	Change in liability	Change in liability and profit/loss
		INR	INR
Lowering of discount rate	-50bps	36,561,373	(35,640,798)
Worsening of base renewal expense level	+10%	12,951,833	(12,625,720)
Worsening of lapse rate	-10%	776,734	(757,176)
Worsening of mortality	+10%	7,545	(7,355)

The above analyses are based on a change in an assumption whilst not changing any other assumptions. The whole discount rate curve is assumed to incur a parallel shift of 50bps down in the discount rate sensitivity.

4 FINANCIAL RISK MANAGEMENT

General Information of the Insurance product launched during the year 2019:

The Company has launched following single premium and regular premium endowment type products during the year 2019 for various terms:

1. Wealth Plus IV - Single Premium Endowment Product (Non-Par) for 5 years' term.
2. New Secure Future Term (DPI and non-DPI)- Regular Premium Term Insurance Product (5,10,15,20, up till age 65 years).
3. Secure Growth- Single Premium Endowment Product (Non-Par) for 3 years' term.
4. Wealth Plus IV - Single Premium Endowment Product (Non-Par) for 5 years' term.

BATLIBOI & PUROHIT ★ MUMBAI ★ CHARTERED ACCOUNTANTS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

Life insurance non-par contracts

The life insurance non-par contracts consist of single premium and regular premium endowment policy.

The risk under any insurance contract is the possibility that the insured event occurs and thus the uncertainty of the amount of the resulting claim. However, considering the nature of the guaranteed benefits (guaranteed simple interest rate at 1.00 % to 2.40%) under the product, the key risk to the company is the investment return assumption.

Reinsurance contract

Reinsurance contract exists for all policies of Individual Whole Life Plan, Term Assurance Plan and their attaching riders which have not been sold by the company during the year.

Categories of financial instruments

	2019	2019
	$	INR
Financial assets		
Debt securities	73,346,391	3,897,025,777
Other receivables	598,345	31,791,147
Cash and cash equivalent	8,556,246	454,608,751
Financial liabilities		
Other payables and accruals	240,731	12,790,471

Financial risk management objectives and policies

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Company's business. The Company has established risk management policies and guidelines which set out its overall business strategies, its tolerance of risk and its general risk management philosophy. Such established policies are reviewed annually by the Company's management and periodic reviews are undertaken to ensure that the Company's policy guidelines are adhered to.

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * MUMBAI

4 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit ev0061luations are performed on all customers requiring credit over a certain amount. The Company does not require collateral in respect of financial assets.

The Company is exposed to geographical concentration of risks as all its contracts originated in Singapore. At the reporting date, cash is placed with regulated financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

	Financial strength rating				
	AAA	A to AA	B to BBB	Not rated	Total
	$	$	$	$	$
2019					
Debt securities:					
Designated at fair value through profit or loss	13,588,711	26,800,968	32,956,712	-	73,346,391
Other receivables	-	-	-	598,345	598,345
Cash and cash equivalents	-	1,276,675	7,270,734	8,837	8,556,246
	13,588,711	28,077,643	40,227,446	607,182	82,500,982

	Financial strength rating				
	AAA	A to AA	B to BBB	Not rated	Total
	INR	INR	INR	INR	INR
Debt securities:					
Designated at fair value through profit or loss	721,992,675	1,423,983,672	1,751,049,431	-	3,897,025,777
Other receivables	-	-	-	31,791,147	31,791,147
Cash and cash equivalents	-	67,832,041	386,307,185	469,526	454,608,751
	721,992,675	1,491,815,712	2,137,356,615	32,260,673	4,383,425,675

4 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$	$	$	$	$
2019					
Insurance contract provisions	56,363,266	58,603,375	5,730,127	52,801,704	71,543
Other payables and Accruals	240,731	240,731	240,731	-	-
	56,603,997	58,844,106	5,970,858	52,801,704	71,543

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	INR	INR	INR	INR	INR
2019					
Insurance contract provisions	2,994,681,776	3,113,702,800	304,451,962	2,805,449,577	3,801,208
Other payables and Accruals	12,790,471	12,790,471	12,790,471	-	-
	3,007,472,247	3,126,493,271	317,242,433	2,805,449,577	3,801,208

(c) *Market risk*

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

At balance sheet date, the Company does not have any significant exposure to foreign currencies and equity price risks.

(d) *Interest rate risk*

The Company's exposure to changes in interest rates relates primarily to investment in debt securities. Substantially, the Company's exposure to market risk for changes in interest rate is concentrated in its investment portfolio and insurance liabilities. The Company monitors this exposure through periodic reviews of its asset and liability positions. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance liabilities, are modelled and reviewed regularly. The overall objective of these strategies is to limit the net changes in the value of assets and liabilities arising from interest ratemovements.

BATLIBOI & PUROHIT ★ MUMBAI ★ CHARTERED ACCOUNTANTS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing liabilities, the following table indicates their effective interest rate at the reporting date and the periods in which they reprice:

	Effective interest rate	Floating interest rate maturing within 1 to 5 years	Fixed interest rate maturing within 1 year	Fixed interest rate maturing 1 to 5 years	Fixed interest rate maturing after 5 years	No maturity date	Total
2019	%	$	$	$	$	$	$
Financial assets							
Debt securities	2.75	497,025	23,813,398	37,419,778	11,616,190	-	73,346,391
Other receivables	-	-	-	-	-	598,345	598,345
Cash and cash equivalents	1.32	-	8,556,246	-	-	-	8,556,246
		497,025	32,369,644	37,419,778	11,616,190	598,345	82,500,982

	Effective interest rate	Floating interest rate maturing within 1 to 5 years	Fixed interest rate maturing within 1 year	Fixed interest rate maturing 1 to 5 years	Fixed interest rate maturing after 5 years	No maturity date	Total
2019							
Financial assets							
Debt securities	2.75	26,407,833	1,265,248,700	1,988,180,161	617,189,084	0	3897025,777
Other receivables	-	-	-	-	-	31,791,147	31791147
Cash and cash equivalents	1.48	-	454,608,751	-	-	0	454608751
		26,407,833	1,719,857,451	1,988,180,161	617,189,084	31,791,147	4,383,425,675

Risk arising from guaranteed returns on insurance

On death or maturity, there is an effective guarantee under our insurance contracts. The Company pays the sum assured on death or maturity. The implicit guaranteed simple interest rate in our products ranges between 2.10% to 2.45%.Existing policy reserves are sufficient to ensure that guarantees may be met.

BATLIBOI & PUROHIT * MUMBAI * CHARTERED ACCOUNTANTS

4 FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classification and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Designated at fair value	Loans and receivables	Other financial liabilities within scope FRS 39	Total carrying amount	Fair value
		$	$	$	$	$
2019						
Investments and loan	7	73,346,391	-	-	73,346,391	73,346,391
Other receivables	9	-	598,345	-	598,345	598,345
Cash and cash equivalents	10	-	8,556,246	-	8,556,246	8,556,246
		73,346,391	9,154,591	-	82,500,982	82,500,982
Other payables and accruals	14	-	-	(240,731)	(240,731)	(240,731)

	Note	Designated at fair value	Loans and receivables	Other financial liabilities within scope FRS 39	Total carrying amount	Fair value
		INR	INR	INR	INR	INR
2019						
Investments and loan	7	3,897,025,777	-	-	3,897,025,777	3,897,025,777
Other receivables	9	-	31,791,147	-	31,791,147	31,791,147
Cash and cash equivalents	10	-	454,608,751	-	454,608,751	454,608,751
		3,897,025,777	486,399,898	-	4,383,425,675	4,383,425,675
Other payables and accruals	14	-	-	(12,790,471)	(12,790,471)	(12,790,471)

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * MUMBAI

4 FINANCIAL RISK MANAGEMENT (CONT'D)

Valuation processes applied by the Company

The Company established an investment committee which comprises the Chief Executive, certified actuary and finance manager.

The investment committee reviews monthly performance reports issued by fund manager. All investments held by the Company are quoted in the active market.

Investments in debt securities

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted closing bid prices at the reporting date.

Other financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents, and other payables and accruals) are assumed to approximate their fair values because of the short period to maturity.

Fair value hierarchy

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

LIFE INSURANCE CORPORATION (SINGAPORE) PTE LTD

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019

4 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial assets and financial liabilities carried at fair value

2019	Level 1 $
Financial assets designated at fair value through profit or loss	73,346,391

2019	Level 1 INR
Financial assets designated at fair value through profit or loss	3,897,025,777

5 RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors of the Company are considered as key management personnel.

The remuneration of key management personnel compensation during the year was as follows:

	2019 $	2019 INR
Directors' remuneration and other employment benefits	170,250	8,817,929

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

6 PLANT AND EQUIPMENT

	Furniture and Office Equipment	Computers	Renovation	Work-In-Progress	Total
Cost	$	$	$	$	$
At December 31,2018	59,369	707,435	346,842	54,892	1,168,538
Additions	941	143,568	191,925	-	336,434
Disposals	-	-	-	54,892	54,892
At December 31, 2019	60,310	851,003	538,767	-	1,450,080
Accumulated depreciation					
At December 31,2018	59,369	684,777	346,842	-	1,090,988
Depreciation charge for the year	122	38,370	82,375	-	120,867
At December 31, 2019	59,491	723,147	429,217	-	1,211,855
Carrying amount:					
At December 31, 2019	819	127,856	109,550	-	238,225

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * MUMBAI

	Furniture and Office Equipment	Computers	Renovation	Work-In-Progress	Total
	INR	INR	INR	INR	INR
Cost					
At December 31, 2018	3,036,356	36,180,914	17,738,818	2,807,385	59,763,474
Additions	48,738	7,435,961	9,940,563	-	17,425,263
Disposals	-	-	2,843,076	(2,843,076)	-
Translation Difference	119,285	1,598,446	(1,896,797)	35,691	(143,376)
At December 31, 2019	3,204,379	45,215,321	28,625,660	-	77,045,361
Accumulated depreciation					
At December 31, 2018	3,036,356	35,022,098	17,738,818	-	55,797,272
Depreciation charge for the year	6,319	1,987,336	4,266,531	-	6,260,185
Translation Difference	118,189	1,412,668	799,723	-	2,330,580
At December 31, 2019	3,160,864	38,422,102	22,805,072	-	64,388,037
Carrying amount:					
At December 31, 2019	43,515	6,793,218	5,820,590	-	12,657,323

BATLIBOI & PUROHIT * CHARTERED ACCOUNTANTS * MUMBAI

7 DEBT SECURITIES

	2019	2018
	$	INR
Debt securities		
Fair value through profit or loss	73,346,391	3,897,025,777

The current portion of debt securities, including MAS treasury bills, is $ 23,813,398(INR 1,265,248,700)) with the remaining being non-current portion of $ 49,532,993 (INR 2,631,777,077). The debt securities have stated interest rates of0 % to 4.75% (2018:0.00% to 4.50%) and mature substantially over 1 year to 6years.

The movement in debt securities:

	2019	2019
	$	INR
At beginning of year	52,801,965	2,700,493,138
Purchases	74,950,437	3,881,982,934
Disposals	(55,224,409)	(2,860,293,040)
Gain on disposal of investments	113,958	5,902,341
Loss on disposal of investments	(62,350)	(3,229,356)
Amortisation cost of investments	-	-
Fair value change in investments	766,790	39,715,121
Translation Difference	-	132,454,639
At end of year	73,346,391	3,897,025,777

8 RIGHT-OF-USE ASSETS

The Company leases several assets including office space and lease rent of staff. The average lease term is 3 years (2018 :3 years).

	Office Space &*Lease Rent of staff*
	$
Cost:	
At January 1, 2019	1,465,885
Additions	-
At December 31, 2019	1,465,885
Accumulated depreciation:	
At January 1, 2019	-
Depreciation for the year	396,395
At December 31, 2019	396,395
Carrying amount:	
At December 31, 2019	1,069,490
At January 1, 2019	1,465,885

During the financial year ended December 31, 2019, certain leases expired. The expired contracts were replaced by new leases for identical underlying assets.

	Office Space & *Lease Rent of staff*
	INR
Cost:	
At January 1, 2019	74,970,929
Additions	
Translation Difference	2,914,180
At December 31, 2019	77,885,109
Accumulated depreciation:	
At January 1, 2019	
Depreciation for the year	20,530,883
Translation Difference	530,297
At December 31, 2019	21,061,180
Carrying amount:	
At December 31, 2019	56,823,928

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

9 OTHER RECEIVABLES

	2019 $	2019 INR
Deposits	56,724	3,013,848
Interest receivable	530,635	28,193,593
Sundry receivables	10,986	583,706
Loan and receivables	598,345	31,791,147
Prepayments	155,932	8,284,948
	754,277	40,076,095

10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at end of the year comprise:

	2019 $	2019 INR
Fixed deposits with financial institutions	7,270,734	386,307,185
Cash and bank balances	1,285,512	68,301,566
	8,556,246	454,608,751

The weighted average effective interest rates per annum relating to cash and cash equivalents at the reporting date is 1.32% (2018 :1.48%).

11 SHARE CAPITAL

	2019 Number of ordinary shares	2019 $	2019 INR
Issued and fully paid:			
At beginning of year	33,930,000	33,930,000	1,643,186,735
Issue of share capital	10,000,000	10,000,000	523,500,000
At end of year	43,930,000	43,930,000	2,166,686,735

On December 23, 2019 (2018: October 4, 2018), the Company has issued and fully paid for 10,000,000 (2018: 10,000,000) ordinary shares at $1.00 each to its parent company. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Company defines "capital" to be share capital and accumulated profits. The immediate and ultimate holding company ensure that the Company has adequate capital in order to meet its obligations and to sustain the operations of the Company.

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

All insurers and reinsurers that carry on insurance business in Singapore are registered with MAS and are subject to the prudential standards which set out the basis for calculating the fund solvency requirements (FSR) and capital adequacy requirement (CAR), which is a minimal level of capital that must be held to meet policyholders' obligations. The FSR and CAR apply a risk-based approach to capital adequacy and are determined to be the sum of the aggregate of the total risk requirement of all insurance funds established and maintained by the reinsurer under the Act. It is the Company's policy to hold capital levels in excess of FSR and CAR.

12 INSURANCE CONTRACT LIABILITIES

	2019 $	2019 INR
Life insurance non-par contracts	56,363,266	2,994,681,776
Current portion	5,686,350	302,126,011
Non-current portion	50,676,916	2,692,555,766
	56,363,266	2,994,681,776

Movements in insurance contract liabilities:

	2019 $	2019 INR
At end of year	56,363,266	2,994,681,776
At beginning of year	44,955,800	2,299,210,444
Translation Difference		(104,633,038)
Gross change in insurance contract liabilities	11,407,466	590,838,294
Gross benefits and claims paid	2,365,325	122,509,643
Net benefits and claims	13,772,791	713,347,937

Movements in insurance contract provisions include the aggregate of all the events giving rise to additional policyholder liabilities in the year. These include death claims, surrenders, lapses, the setting up of liability to policyholders at the initial inception of the policy, the declaration of bonuses and other amounts attributable to policyholders.

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

13 LEASE LIABILITIES

	2019 $	2019 INR
Maturity analysis:		
Year 1	365,910	19,441,457
Year 2	278,253	14,784,083
Year 3	446,152	23,704,859
	1,090,315	57,930,399
Analysed as:		
Current	365,910	19,441,457
Non-Current	724,405	38,488,942
	1,090,315	57,930,399

Interest expense recognised in profit or loss relating to leases are amounting to $51,691(INR 2,677,284)).Repayments of lease liabilities arising from financing activities are amounting to $375,570(INR 19,452,273).Lease liabilities arising from financing activities are those of which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows from fin acing activities.

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's finance function.

14 OTHER PAYABLES AND ACCRUALS

	2019 $	2019 INR
Other payables	216,692	11,513,236
Accrued expenses	24,039	1,277,235
Other payables and accruals	240,731	12,790,471

Other payables and accrued expenses are due within the next financial year.

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS

15 LOSS BEFORE INCOME TAX

Loss before income tax includes the following charges:

	2019 $	2019 INR
Information system charges	475,371	24,621,366
Operating lease expense	448,086	23,208,166
Professional fees	336,782	17,443,287
Net investment expenses/(income)		
Amortisation cost of investments	-	-
Interest income:		
- fair value through profit or loss	(1,807,639)	(93,624,854)
- held-for-maturity	-	-
- fixed deposits	(91,023)	(4,714,445)
- policy loans	-	-
Gain on disposal of investments	(113,958)	(5,902,341)
Loss on disposal of investments	62,350	3,229,356
Fair value changes in investments	(766,790)	(39,715,121)

16 INCOME TAX EXPENSE

The income tax expense varied from the amount of income tax expense determined by applying the Singapore tax rate of 17% (2018 : 17%) to profit before income tax as a result of the following differences:

Reconciliation of effective tax rate

	2019 $	2019 INR
Loss before tax	(2,084,778)	(107,978,992)
Tax calculated using Singapore tax rate at 17%	(354,412)	(18,356,415)
Expenses not deductible for tax purposes	22,464	1,163,500
Effect of deferred tax assets not recognised	331,948	17,192,915
	-	-

Deferred tax assets have not been recognised because it is not probable that future taxable profits will be available against which the Company can utilise the benefits.

Unutilised tax losses amounting to $15,683,067(INR 833,269,579) are available for set off against taxable profits of future years subject to compliance with the provisions of Section 37 of the Singapore Income Tax Act, Chapter 134 and the Inland Revenue Authority of Singapore.

BATLIBOI & PUROHIT MUMBAI CHARTERED ACCOUNTANTS

17 SUBSEQUENT EVENT

The recent global outbreak of the coronavirus ("COVID-19") has caused significant volatility within the economies and financial markets, for which the duration and spread of the outbreak and the resultant economic impact is uncertain and cannot be predicted. The effect of the impact of COVID-19 has not been reflected in these financial statements; such impact may affect the future results of the Company.

BATLIBOI & PUROHIT
MUMBAI
CHARTERED ACCOUNTANTS