Batliboi & Purohit
CHARTERED ACCOUNTANTS

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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, 2020. 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 19:15:05 +05'30'

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Raman Hangekar
Partner
Membership No: 030615

Date: Mumbai
Place: 12-02-2022
UDIN: 22030615ABPJLT6062

LIFE INSURANCE CORPORATION (SINGAPORE) PTE LTD

STATEMENT OF FINANCIAL POSITION
December 31, 2020

	Note	2020 $	2020 INR
Assets			
Plant and equipment	6	93,762	5,102,050
Debt securities	7	75,527,165	4,109,803,131
Right-of-use assets	8	845,176	45,990,167
Other receivables and prepayments	9	678,694	36,931,066
Cash and bank balances	10	5,049,693	274,778,540
Total assets		82,194,490	4,472,604,954
Equity			
Share capital	11	43,930,000	2,166,686,735
Accumulated losses		(19,121,076)	(816,711,616)
Total equity		24,808,924	1,349,975,119
Liabilities			
Insurance contract liabilities	12	56,157,086	3,055,782,219
Lease liabilities	13	874,696	47,596,495
Other payables and accruals	14	353,784	19,251,121
Total liabilities		57,385,566	3,122,629,835
Total equity and liabilities		82,194,490	4,472,604,954

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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, 2020

	Note	2020	2020
		$	INR
Insurance premiums		3,063,027	166,422,221
Net investment income		2,581,202	140,243,416
Net income before claims, benefits and expenses		5,644,229	306,665,637
Net benefits and claims	12	(4,305,290)	(233,917,599)
Commission and distribution costs		(12,850)	(698,174)
Staff costs		(502,850)	(27,321,148)
Depreciation expenses	6	(164,429)	(8,933,855)
Other expenses		(2,120,203)	(115,196,142)
Claims, benefits and expenses		(7,105,622)	(386,066,918)
Loss before tax	15	(1,461,393)	(79,401,281)
Tax expense	16	-	-
Translation Difference			33,587,171
Loss and total comprehensive income for the year		(1,461,393)	45,814,110

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See accompanying notes to financial statements.

LIFE INSURANCE CORPORATION (SINGAPORE) PTE LTD

STATEMENT OF CHANGES IN EQUITY
Year ended December 31, 2020

	Note	Share capital	Accumulated losses	Total
		$	$	$
Balance at January 1, 2020		43,930,000	(17,659,683)	26,270,317
Total comprehensive income for the year				
Loss for the year, representing total comprehensive income for the year		-	(1,461,393)	(1,461,393)
Balance at December 31, 2020		43,930,000	(19,121,076)	24,808,924

	Note	Share capital	Accumulated losses	Total
		INR	INR	INR
Balance at January 1, 2020		2,166,686,735	(770,897,506)	1,395,789,229
Total comprehensive income for the year				
Loss for the year, representing total comprehensive income for the year			(79,401,281)	(79,401,281)
Translation Difference			33,587,171	33,587,171
Balance at December 31, 2020		2,166,686,735	(816,711,616)	1,349,975,119

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See accompanying notes to financial statements.

LIFE INSURANCE CORPORATION (SINGAPORE) PTE LTD

STATEMENT OF CASH FLOWS
Year ended December 31, 2020

	Note	2020	2020
		$	INR
Operating activities			
Loss before tax		(1,461,393)	(79,401,281)
Adjustments for:			
Movement in insurance contract provision	12	(206,180)	(11,202,295)
Gain on disposal of investments	7	(140,026)	(7,607,977)
Loss on disposal of investments	7	301,815	16,398,394
Fair value change of investments in debt securities	7	(736,580)	(40,020,307)
Depreciation of plant and equipment	6	164,429	8,933,855
Depreciation of Right-of-use assets	8	412,662	22,420,999
Interest expense on lease liabilities	15	41,820	2,272,189
Interest income		(2,127,212)	(115,576,959)
Operating cash flows before movements in working capital		(3,750,665)	(203,783,381)
Changes in working capital			
Other receivables and prepayments		75,583	4,106,621
Other payables and accruals		113,053	6,142,463
Net cash (used in)/from operating activities		(3,562,029)	(193,534,297)
Investing activities			
Purchase of investments	7	(59,560,292)	(3,236,065,521)
Purchase of plant and equipment	6	(19,966)	(1,084,805)
Interest received		2,127,212	115,576,959
Proceeds from sale of investments	7	57,954,309	3,148,808,289
Net cash from/(used in) investing activities		501,263	27,234,922
Financing activities			
Repayments of lease liabilities		(445,787)	(24,220,767)
Net cash (used in)/from financing activities		(445,787)	(24,220,767)
Net decrease in cash and bank balances		(3,506,553)	(190,520,142)
Translation difference			10,689,930
Net decrease in cash and bank balances			(179,830,212)
Cash and bank balances at beginning of year		8,556,246	454,608,751
Cash and bank balances at end of year	10	5,049,693	274,778,540

See accompanying notes to financial statements.

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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, 2020 were authorised for issue by the Board of Directors on March 24, 2021.

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 116Leases, 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, 2020, 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 FRSs, 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, 2023; 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, 2020, 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, 2020, 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, 2020, the Company does not hold financial assets in this category.

		SPPI financial assets	
	FRS 39 classification	Fair value as at December 31, 2020	Fair value changes
		$	$
December 31, 2020			
Debt securities	Amortised cost	75,527,165	736,580
Cash, bank balances and fixed deposits	Amortised cost	5,049,693	-
Other receivables	Amortised cost	548,453	-

	FRS 39 classification	Fair value as at December 31, 2020	Fair value changes
		INR	INR
December 31,2020			
Debt securities	Amortised cost	4,109,803,131	40,080,927
Cash, bank balances and fixed deposits	Amortised cost	274,778,540	
Other receivables	Amortised cost	29,844,015	

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, 2020, the fair value and carrying amount of SPPI financial assets that do not have low credit risk are insignificant.

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:

<u>Effective for annual periods beginning on or after January 1, 2021</u>

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 117 will 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.

<u>Deferral of the date of initial application of IFRS 17 by two years</u>

On March 17, 2020, The International Accounting Standards Board (IASB) has decided that the effective date of IFRS 17 Insurance Contracts will be deferred to annual reporting periods beginning on or after 1 January 2023. The IASB also decided to extend the exemption currently in place for some insurers regarding the application of IFRS 9 Financial Instruments to enable them to implement both IFRS 9 and IFRS 17 at the same time.

The IASB expects to issue the amendments to IFRS 17 in the second quarter of 2020. 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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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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 bank balances and other receivables.

(b) Cash and bank balances

Cash and bank balances comprise cash, bank balances and fixed deposits with financial institution.

(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.

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.

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5.2 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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Lease

The Company as lessee

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.

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;

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a. 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.

b. 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 translated into Singapore dollars at rates of exchange closely approximating those ruling at end of each reporting period. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the date of initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Transactions in foreign currencies are recorded at rates prevailing on transaction dates. Exchange differences arising on the settlement of monetary item or on translating monetary item at end of each reporting period are recognised in profit or loss.

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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. 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.

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3 CRITICAL ACCOUNTING JUDGEMENTS AND 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 profit/loss
		$	$
Lowering of discount rate	-25bps	+252,233	-252,233
Worsening of base renewal expense level	+10%	+179,314	-179,314
Worsening of lapse rate	-10%	+8,455	-8,455
Worsening of mortality	+10%	-71	+71

Variable	Change in variable	Change in liability	Change in profit/loss
		INR	INR
Lowering of discount rate	-25bps	+13,704,475	-13,704,475
Worsening of base renewal expense level	+10%	+9,742,596	-9,742,596
Worsening of lapse rate	-10%	+459,382	-459,382
Worsening of mortality	+10%	-3,858	3,858

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 25 bps down in the discount rate sensitivity.

4 FINANCIAL RISK MANAGEMENT

General Information of the Insurance product launched during the year 2020:

The Company has launched following single premium and regular premium endowment type products during the year 2020 for various terms:

1. Grow Smart II– 2-pay Endowment Product (Non-Par) for 6 years term.

2. Secure Growth 2- Single Premium Endowment Product (Non-Par) for 3 years term.

3. Wealth Plus VI - Single Premium Endowment Product (Non-Par) for 5 years term.

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.

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Reinsurance contract

Reinsurance contract exists for all policies of Individual Whole Life Plan, Term Assurance Plan and their attaching riders. A total of 10 policies for Term Assurance Plan had been paid to reinsurer, amounting to $1,079. (INR 55,886.00)

4 FINANCIAL RISK MANAGEMENT (CONT'D)

Categories of financial instruments

	2020 $	2020 INR
Financial assets		
Debt securities	75,527,165	4,109,803,131
Other receivables	548,453	29,844,015
Cash and bank balances	5,049,693	274,778,540
Financial liabilities		
Other payables and accruals	353,784	19,251,121
Lease liabilities	874,696	47,596,495

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.

(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 evaluations 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.

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4 FINANCIAL RISK MANAGEMENT (CONT'D)

	Financial strength rating				
	AAA	A to AA	B to BBB	Not rated	Total
	$	$	$	$	$
2020					
Debt securities:					
Designated at fair value through profit or loss	18,539,582	35,992,438	20,995,145	-	75,527,165
Other receivables	-	-	-	548,453	548,453
Cash and bank balances	-	2,028,908	3,017,217	3,568	5,049,693
	18,539,582	38,021,346	24,012,362	552,021	81,125,311

	Financial strength rating				
	AAA	A to AA	AAA	Not rated	AAA
	INR	INR	INR	INR	INR
2020					
Debt securities:					
Designated at fair value through profit or loss	100,829,501	1,958,524,914	1,142,448,716	-	4,109,803,131
Other receivables	-	-	-	29,844,015	29,844,015
Cash and bank balances	-	110,402,826	164,181,561	194,152	274,778,539
	100,829,501	2,068,927,740	1,306,630,277	30,038,167	4,414,425,685

(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:

		Cash flows			
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$	$	$	$	$
2020					
Insurance contract provisions	56,157,086	56,789,803	8,023,941	48,670,510	95,352
Other payables and accruals	353,784	353,784	353,784	-	-
	56,510,870	57,143,587	8,377,725	48,670,510	95,352
	INR	INR	INR	INR	INR
2020					
Insurance contract provisions	3,055,782,219	3,090,211,451	436,621,947	2,648,400,935	5,188,570
Other payables and accruals	19,251,121	19,251,121	19,251,121	-	-
	3,075,033,340	3,109,462,572	455,873,068	2,648,400,935	5,188,570

4 FINANCIAL RISK MANAGEMENT (CONT'D)

(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 rate movements.

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	1 to 5 years	after 5 years	Non-interest bearing and no maturity date	Total
	%	$	$	$	$	$	$
2020							
Financial assets							
Debt securities	2.26	-	27,103,390	46,061,555	2,362,220	-	75,527,165
Other receivables	-	-	-	-	-	548,453	548,453
Cash and bank balances	0.12	-	5,049,693	-	-	-	5,049,693
			32,153,083	46,061,555	2,362,220	548,453	81,125,311

	Effective interest rate	Floating interest rate maturing within 1 to 5 years	Fixed interest rate maturing within 1 year	1 to 5 years	after 5 years	Non-interest bearing and no maturity date	Total
	%	INR	INR	INR	INR	INR	INR
2020							
Financial assets							
Debt securities	2.26	-	1,474,828,257	2,506,434,909	128,539,965	-	4,109,803,131
Other receivables	-	-	-	-	-	29,844,015	29,844,015
Cash and bank balances	0.12	-	274,778,540	-	-	-	274,778,540
		-	1,749,606,797	2,506,434,909	128,539,965	29,844,015	4,414,425,686

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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 between1.22% to 1.82%. Existing policy reserves are sufficient to ensure that guarantees may be met.

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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
		$	$	$	$	$
2020						
Investments and loan		75,527,165	-	-	75,527,165	75,527,165
Other receivables		-	548,453	-	548,453	548,453
Cash and bank balances		-	5,049,693	-	5,049,693	5,049,693
		75,527,165	5,598,146	-	81,125,311	81,125,311
Other payables and accruals		-	-	(353,784)	(353,784)	(353,784)

	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
2020						
Investments and loan		4,109,803,131	-	-	4,109,803,131	4,109,803,131
Other receivables		-	29,844,015	-	29,844,015	29,844,015
Cash and bank balances		-	274,778,540	-	274,778,540	274,778,540
		4,109,803,131	304,622,555	-	4,414,425,686	4,414,425,686
Other Payables and accruals		-	-	(19,251,121)	(19,251,121)	(19,251,121)

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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 bank balances, 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

4 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial assets carried at fair value

	Level 1
	$
2020	
Financial assets designated at fair value through profit or loss	75,527,165

2020	INR
Financial assets designated at fair value through profit or loss	4,109,803,131

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.

The Company has entered into a Service Line Agreement ("SLA") on May 7, 2018 with the parent company, Life Insurance Corporation of India ("LICI") for the core business application and benefit illustration software with no costs or fees are required to be paid by the Company until May 2020.

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:

	2020	2020
	$	INR
Directors' remuneration and other employment benefits	140,740	7,646,770

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6 PLANT AND EQUIPMENT

	Furniture and Office Equipment	Computers	Renovation	Work-In-Progress	Total
	$	$	$	$	$
Cost					
At January 1, 2020	60,310	851,003	538,767	-	1,450,080
Additions	-	19,966	-	-	19,966
At December 31, 2020	60,310	870,969	538,767	-	1,470,046
Accumulated depreciation					
At January 1, 2020	59,491	723,147	429,217	-	1,211,855
Depreciation charge for the year	188	68,409	95,832	-	164,429
At December 31, 2020	59,679	791,556	525,049	-	1,376,284
Carrying amount:					
At December 31, 2020	631	79,413	13,718	-	93,762

	Furniture and Office Equipment	Computers	Renovation	Work-In-Progress	Total
	INR	INR	INR	INR	INR
Cost					
At January 1, 2020	3,204,379	45,215,321	28,625,660	-	77,045,360
Additions	-	1,084,805	-	-	1,084,805
Translation Difference	77,384	1,093,565	691,292	-	1,862,241
At December 31, 2020	3,281,763	47,393,691	29,316,952	-	79,992,406
Accumulated depreciation					
At January 1, 2020	3,160,864	38,422,102	22,805,072	-	64,388,038
Depreciation charge for the year	10,215	3,716,839	5,206,802	-	8,933,855
Translation Difference	76,348	933,500	558,615	-	1,568,463
At December 31, 2020	3,247,427	43,072,441	28,570,489	-	74,890,357

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Carrying amount:					
At December 31, 2020	34,336	4,321,250	746,463	-	5,102,050

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7 DEBT SECURITIES

	2020	2020
	$	INR
Debt securities		
Fair value through profit or loss	75,527,165	4,109,803,131

The current portion of debt securities, including MAS treasury bills, is $27,103,390 (INR 1,474,828,257) with the remaining being non-current portion of $48,423,775 (INR 2,634,974,874). The debt securities have stated interest rates of 0.00% to 4.75% and mature substantially over 1 year to 10 years.

The movement in debt securities:

	2020	2020
	$	INR
At beginning of year	73,346,391	3,897,025,777
Purchases	59,560,292	3,236,065,521
Disposals	(57,954,309)	(3,148,808,289)
Gain on disposal of investments	140,026	7,607,977
Loss on disposal of investments	(301,815)	(16,398,394)
Fair value through profit and loss	736,580	40,020,307
Translation Difference		94,290,232
At end of year	75,527,165	4,109,803,131

8 RIGHT-OF-USE ASSETS

The Company leases several assets including office space and lease rent of staffs. The average lease term is 3 years.

	Office Space & *Lease Rent of staff*	Office Space & *Lease Rent of staff*
	$	INR
Cost:		
At January 1, 2020	1,465,885	77,885,109
Additions	188,348	10,233,437
Translation Difference		1,896,377
At December 31, 2020	1,654,233	90,014,923
Accumulated depreciation:		
At January 1, 2020	396,395	21,061,180
Depreciation for the year	412,662	22,420,999
Translation Difference		542,577
At December 31, 2020	809,057	44,024,756
Carrying amount:		
At December 31, 2020	845,176	45,990,167

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During the financial year ended December 31, 2020, certain leases expired. The expired contracts were replaced by new leases for identical underlying assets.

9 OTHER RECEIVABLES AND PREPAYMENTS

	2020	2020
	$	INR
Deposits	56,324	3,064,865
Interest receivable	489,898	26,657,750
Sundry receivables	2,231	121,400
Loan and receivables	548,453	29,844,015
Prepayments	130,241	7,087,051
	678,694	36,931,066

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10 CASH AND BANK BALANCES

Cash and bank balances at end of the year comprise:

	2020	2020
	$	INR
Fixed deposits with financial institutions	3,017,217	164,181,561
Cash and bank balances	2,032,476	110,596,979
	5,049,693	274,778,540

The weighted average effective interest rates per annum relating to cash and bank balances at the reporting date is 0.12%.

11 SHARE CAPITAL

	2020	2020	2020
	Number of ordinary shares	$	INR
Issued and fully paid:			
At beginning of year	43,930,000	43,930,000	2,166,686,735
Issue of share capital	-	-	-
At end of year	43,930,000	43,930,000	2,166,686,735

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.

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

	2020	2020
	$	INR
Life insurance non-par contracts	56,157,086	3,055,782,219
Current portion	7,984,286	434,464,124
Non-current portion	48,172,800	2,621,318,095
	56,157,086	3,055,782,219

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Movements in insurance contract liabilities:

	2020 $	2020 INR
At end of year	56,157,086	3,055,782,219
At beginning of year	56,363,266	2,994,681,776
Gross change in insurance contract liabilities	(206,180)	(11,202,295)
Translation Difference		72,302,738
Gross benefits and claims paid	4,511,470	245,119,895
Gross Benefits and claims	4,305,290	233,917,599

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.

13 LEASE LIABILITIES

	2020 $	2020 INR
Maturity analysis:		
Year 1	372,074	20,246,370
Year 2	274,815	278,253
Year 3	227,807	446,152
	874,696	20,970,775
Analysed as:		
Current	372,074	20,246,370
on-Current	502,622	27,350,125
	874,696	475,964,495

Interest expense recognised in profit or loss relating to leases are amounting to $41,820 (INR 2,272,189). Repayments of lease liabilities arising from financing activities are amounting to $403,967(INR 21,948,577). Lease liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing 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

	2020 $	2020 INR
Other payables	327,413	17,816,146
Accrued expenses	26,371	1,434,975
Other payables and accruals	353,784	19,251,121

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

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15 LOSS BEFORE INCOME TAX

Loss before income tax includes the following charges:

	2020 $	2020 INR
Information system charges	437,026	23,744,759
Depreciation expense on right of use assets	412,662	22,420,999
Interest expense on lease liabilities	41,820	2,272,189
Professional fees	490,978	26,676,111
Net investment income		
Interest income:		
- debt securities	(2,091,534)	(113,638,480)
- fixed deposits	(35,678)	(1,938,479)
Gain on disposal of investments	(140,026)	(7,607,977)
Loss on disposal of investments	301,815	16,398,394
Fair value changes in investments	(736,580)	(40,020,307)

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% (2019: 17%) to profit before income tax as a result of the following differences:

Reconciliation of effective tax rate

	2020 $	2020 INR
Loss before tax	(1,461,393)	(79,401,281)
Tax calculated using Singapore tax rate at 17%	(248,437)	(13,498,228)
Expenses not deductible for tax purposes	30,824	1,674,748
Effect of deferred tax assets not recognised	217,613	11,823,480
	-	-

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 $16,612,509 (INR 902,600,806) 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.

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