

Date: July 16th 2019

Ref No: AMHI/BSE/Debt/2019-20/14

To
The Manager
Listing Department
Wholesale Debt Segment
BSE Limited
Phiroze Jeejeebhoy Tower, Dalal Street
Mumbai – 400 001

Ref: Script Code of Debt: BSE: 958265, ISIN: INE092V08028, Security ID: 1025AMHI28
Script Code of Debt: BSE: 956906, ISIN: INE092V08010, Security ID: 840AMHICL27

Sub: Intimation of Ratings obtained from Credit Rating Agency under Regulation 51 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Dear Sir/ Madam

In accordance with Regulation 51 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed credit rating letter issued by CARE Ratings Limited for the captioned Unsecured Subordinated Listed Non-Convertible Debentures (NCDs) of the Company.

Please note that Care Ratings Limited has placed the ratings on the captioned NCDs issued by the Company under “Credit Watch with developing implications”

This is for your necessary information and request to take the same on records.

Thanking you,

Yours faithfully,
For Apollo Munich Health Insurance Company Limited

Srikanth Kandikonda
CFO & Company Secretary



Apollo Munich Health Insurance Co. Ltd.

Central Processing Center, 2nd & 3rd Floor, iLABS Centre, Plot No. 404-405, Udyog Vihar, Phase-III, Gurugram - 122 016, Haryana **Corp. Office:** 1st Floor, SCF -19, Sector - 14, Gurugram - 122 001, Haryana. **Regd. Office:** Apollo Hospitals Complex, 8-2-293/82/J III/DH/900, Jubilee Hills, Hyderabad, Telangana - 500033, India. • **Tel:** +91 124 4584333 • **Fax:** +91 124 4584111
• **Website:** www.apollomunichinsurance.com • **Email:** customerservice@apollomunichinsurance.com • **IRDAI Reg. No.:** - 131
• **CIN:** U66030TG2006PLC051760

No. CARE/DRO/RL/2019-20/1566

Sanjay Kulshrestha
Chief Investment Officer,
Apollo Munich Health Insurance Company Limited
ILABS Centre, Plot No 404 - 405,
Udyog Vihar, Phase - III,
Gurgaon - 122016

June 28, 2019

Confidential

Dear Sir,

Credit rating for Long Term Instruments - Subordinate Bond Issue

On the basis of recent developments including the announcement by Apollo Munich Health Insurance Company Limited (AMHIC) vide its press release dated June 19, 2019, that its Board of Directors have approved the Share Purchase Agreement for the acquisition of up to 51.2% of the issued and paid-up share capital of AMHIC by HDFC Limited from Apollo Hospitals Enterprise Limited (AHEL), Apollo Energy Company Limited (AECL) and other shareholders and the in-principle draft scheme of arrangement and amalgamation for the merger of the company into and with the HDFC ERGO.

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Long term Instrument - Sub-ordinate Bonds	154.00 (Rupees One hundred Fifty four crore only)	CARE AA; (Double A) (Credit Watch with Developing Implications)	Placed on Credit Watch with developing Implications

- The NCDs are repayable as per schedule at Annexure 1.
- Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

- CARE will take a view on the ratings once the exact implications of the above on the credit risk profile of the company are clear.
- A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure-2. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure

¹ Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

[Handwritten Signature]

CARE Ratings Limited
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[Handwritten Signature]

that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by the end of the day we will proceed on the basis that you have no any comments to offer.

7. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
8. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the aforementioned rating actions in any manner considered appropriate by it, without reference to you.
9. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
10. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Yours faithfully,



[Arti Tahillani]

Manager

arti.tahillani@careratings.com



[Ankita Sehgal]

Sr. Manager

ankita.sehgal@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

Annexure-I

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)
Bonds-Subordinated	ISIN092V08010	18-Sep-2017	8.40%	17-Sep-2027	80.00
Bonds-Subordinated	INE092V08028	18-Sep-2018	10.25%	18-Sep-2028	74.00

Annexure
Press Release
Apollo Munich Health Insurance Company Limited

Ratings

Facilities	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Instrument - Sub-ordinate Bonds	154.00 (Rupees One hundred Fifty four crore only)	CARE AA; (Double A) (Credit Watch with Developing Implications)	Placed on Credit Watch with developing implications

Details of instruments/facilities in Annexure 1

CARE has rated the aforesaid Subordinated debt considering the regulatory conditions and in view of their sensitiveness to the company's solvency ratio and profitability due to the regulatory covenants during the long tenure of the instrument.

Interest payable on Subordinated debt shall be subject to the following:

- The Solvency of the Issuer remains as per regulatory stipulation,
- Where the impact of such payment may result in net loss or increase the net loss, prior approval of Authority for such payment shall be obtained

Any delay in payment of interest/principal (as the case may be) following the invocation of aforementioned covenants, would constitute an event of default as per CARE's definition of default and as such these instruments may exhibit sharper migration of rating

Detailed Rationale & Key Rating Drivers

The ratings assigned to long-term Instrument of Apollo Munich Health Insurance Company Ltd (AMHIC) have been placed on Credit Watch with Developing Implications.

AMHIC vide its press release dated June 19, 2019, announced that its Board of Directors have approved the Share Purchase Agreement for the acquisition of up to 51.2% of the issued and paid-up share capital of AMHIC by HDFC Limited from Apollo Hospitals Enterprise Limited (AHEL), Apollo Energy Company Limited (AECL) and other shareholders, subject to receipt of requisite approvals. Further, the Board of Directors of the company have approved the In-principle draft scheme of arrangement and amalgamation for the merger of the company into and with the HDFC ERGO, subject to finalization of the swap ratio and other terms, receipt of requisite approvals.

CARE Ratings believes that the proposed scheme of amalgamation would require approvals from multiple regulatory authorities and would continue to monitor the progress on the proposed amalgamation and would resolve the credit watch once it has significant clarity on the overall credit profile of the merged entity.

The ratings assigned to the long-term Instrument of Apollo Munich Health Insurance Company Ltd (AMHIC) factors in strong parentage and demonstrated track record of support from promoters. The rating further factors in AMHIC's market share in health insurance business in India, experienced management team, good asset quality of investment book, adequate solvency ratio & capital support expected from promoters, strong systems and processes as well as geographical diversification of business. The ratings, however, are constrained by concentration in risk with the company only being in the health insurance segment and moderate profitability levels.

The detailed description of the key rating factors is contained in the press release dated August 29, 2018.

Analytical approach: Standalone, factoring in the support of the promoters viz. Apollo Group entities (Apollo Energy

CARE Ratings Limited

(Formerly known as Credit Analysis & Research Limited)

¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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Company Limited and Apollo Hospitals Enterprise Limited) and Munich Health Holding AG.

Applicable Criteria

[Criteria on assigning Outlook to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Rating Methodology: Factoring Linkages in Ratings](#)

[Methodologies - Insurance Claim Paving Ability](#)

About the Company

Apollo Munich Health Insurance Company Limited (AMHIC), incorporated on November 22, 2006 originally as Apollo DKV Insurance Company Ltd is one of the leading private sector standalone health insurance company. The company is a joint venture between Munich Health Holding AG (48.59%) and Apollo group through its entities - Apollo Energy Company Limited (40.98%) and Apollo Hospitals Enterprise Limited (9.97%). The company obtained a license from the Insurance Regulatory and Development Authority (IRDAI) for carrying on the business on August 2007.

The company had a network of around 158 branches across India with over 3,671 employees as on March 31, 2018. The company currently has over 64.59 lakh policies in force as on March 31, 2018. The company sources business largely through the network of agents. The company provides Health, Personal Accident and Travel insurance products with Health Insurance being the major contributor with 91.2% of the GWP in FY18, followed by personal accident (7.6%) and balance 1.2% being travel insurance.

Brief Financials (Rs. crore)	FY17 (A)	FY18 (A)
Net premium written	1,068.77	1444.35
PAT	132.29	15.24
Combined ratio (%)#	89.10	100.7
Total Assets	1,226.54	1570.78
ROTA (%)\$	11.67	1.1

A: Audited

#Calculated as net claims paid, net commission, operating expenses /Net Premium Earned

\$Ratio computed based on average of annual opening and closing balances

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Bonds-Subordinated	ISIN092V08010	18-Sep-2017	8.40%	17-Sep-2027	80.00	CARE AA; (Double A) (Credit Watch with Developing Implications)
Bonds-Subordinated	INE092V08028	18-Sep-2018	10.25%	18-Sep-2028	74.00	CARE AA; (Double A) (Credit Watch with Developing Implications)

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017
1.	Bonds-Subordinated	LT	154.00	CARE AA; (Double A) (Credit Watch with Developing Implications)		1) CARE AA; Stable (29-Aug-18)	1) CARE AA; Stable (7-Sep-17)	-

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Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

Contact us

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About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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