



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### SCHEDULE 16

Significant accounting policies and notes forming part of the accounts for the year ended March 31, 2020

#### A. Corporate Information and Nature of Operations

SBI Life Insurance Company limited ('the Company') established as a joint venture between State Bank of India (SBI) and BNP Paribas Cardif SA, incorporated on October 11, 2000 as a Company under the Companies Act. The Company is registered with the Insurance Regulatory and Development Authority of India ('IRDAI') and is carrying on the business of life insurance and annuity. The Company's life insurance business comprises of individual life and group business, including participating, non-participating, pension, group gratuity, group leave encashment, group superannuation, group immediate annuity, unit-linked insurance products, variable insurance products, health and micro insurance. Some of these policies have riders such as accident and disability benefit, level term and critical illness. The equity shares of the Company are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

#### B. Basis of Preparation and Significant Accounting Policies

##### a. Basis of preparation and presentation

The Financial Statements are prepared under the historical cost convention, on accrual basis in accordance with the generally accepted accounting principles in India (Indian GAAP) and in compliance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Company (Accounts) Rules, 2014, further amended by Companies (Accounting Standards) Amendment Rules, 2016, to the extent applicable, the provisions of the Insurance Act, 1938, as amended by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Act, 1999, the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations, 2002 (the Accounting Regulations), the Master Circular on Preparation of Financial Statements and Filing of Returns of Life Insurance Business dated December 11, 2013 and various circulars and notifications issued by the Insurance Regulatory and Development Authority of India thereafter.

The accounting policies followed are consistent with those followed in the previous year.

##### Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as of the date of the financial statements. The reliance upon estimates and assumptions used in the accompanying financial statements are based on management's evaluation

of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Difference between the actual and estimates are recognised in the period in which the actual results materialise or are known. Any revision to accounting estimates is recognised prospectively in current and future periods.

#### b. Revenue recognition

##### i. Premium Income

Premium of non-linked business is recognised as income (net of goods and service tax) when due from policyholders. In respect of linked business, premium income is recognised when the associated units are allotted. In case of variable insurance products (VIPs), premium income is recognised on the date when the Policy Account Value is credited. Uncollected premium from lapsed policies is not recognised as income until such policies are revived.

Top up premiums are considered as single premium.

##### ii. Income from Linked funds

Income from linked funds which includes fund management charges, policy administration charges, mortality charges, etc. are recovered from linked fund in accordance with terms and conditions of policy and recognised when recovered.

##### iii. Investment Income

Dividend income for quoted shares is recognised on ex-dividend date, for non-quoted shares the dividend is recognised when the right to receive dividend is established.

Interest income is recognised on accrual basis. Pre-acquisition interest paid/received to/from counterparty on purchase/sale transaction is debited/credited to interest accrued and not due account. Accretion of discount and amortisation of premium in respect of debt securities are effected over the remaining term of such instruments on the basis of the related Yield-to-Maturity.

Realised gains and losses in respect of equity securities and units of mutual funds are calculated as the difference between the net sales proceeds and their cost. In respect of debt securities, the realised gains and losses are calculated as difference between net sales proceeds or redemption proceeds and weighted average amortised cost. Cost in respect of equity shares and units of mutual fund are computed using the weighted average method.

Fees received on lending of equity shares under Securities lending and borrowing scheme (SLB)

is recognised as income over the period of the lending on straight-line basis.

##### iv. Income from loans

Interest income on loans is recognised on an accrual basis. Loan processing fee is recognised on receipt basis.

##### v. Rental Income

Rental income is recognised in the income statement on the straight line basis over the lease period.

##### c. Reinsurance premium ceded

Premium ceded on re-insurance is accounted in accordance with the terms of the re-insurance treaty or in-principle arrangement with the re-insurer.

##### d. Liability for life policies (Policy liabilities)

The actuarial liability of all the life insurance policies has been calculated by the Appointed Actuary in accordance with the Insurance Act 1938, and as per the rules & regulations and circulars issued by IRDAI from time to time and the relevant Guidance Notes (GN) and / or Actuarial Practice Standards (APS) issued by the Institute of Actuaries of India.

Non-linked business is reserved using a prospective gross premium valuation method. Mathematical reserves are calculated based on future assumptions having regard to current and future experience e.g. interest rates, mortality and expenses.

For participating products, vested bonuses are those which were distributed by the company consequent to the actuarial valuations carried out annually at the end of each financial year dated March 31, 2002 to March 31, 2020. For participating pension products, special one-time bonus declared during financial year 2003-04 and 2004-05 have been taken into account. Appropriate future bonus assumptions have been made.

For Group-Par-Pension, the reserve is the Accumulated Fund Value.

For Non-Linked – Individual fund-based products and Non-Linked – Group fund-based products, the policy liability in respect of savings portion is equal to the fund value as on the date of valuation.

The unit liability in respect of Individual – Linked and Group – Linked business has been considered as the value of the units standing to the credit of the policy holders, using the net asset value (NAV) as on the valuation date.

The adequacy of charges under individual unit linked policies to meet future expenses has been tested and provision made as appropriate. Provision has also been made for the cost of guarantee under Unit Linked products offered with Guarantee.

Variable insurance policies (VIPs) have also been valued in a manner similar to the ULIP business by

considering liability as the policy account standing to the credit of the policyholders plus additional provisions for adequacy of charges to meet expenses.

Appointed Actuary is satisfied that the nature and extent of re-insurance arrangements require no additional reserve to be set aside apart from reinsurance reserves set aside based on Unearned Premium Reserve (UPR) methodology.

Considering the prudence of the valuation basis and the margins in the assumptions, our assessment is that, the reserve set aside is sufficient to meet all future policy outgoes under adverse conditions.

##### e. Funds for future appropriation

For non-linked participating business, the balance in the funds for future appropriations account represents funds, the allocation of which, either to participating policyholders' or to shareholders', has not been determined at the Balance Sheet date. Transfers to and from the fund reflect the excess or deficit of income over expenses and appropriations in each accounting period arising in the Company's policyholders' fund. In respect of participating policies any allocation to the policyholder would also give rise to a shareholder transfer in the required proportion.

The fund for future appropriations held in the unit-linked funds, represents surplus that has arisen from lapsed policies unlikely to be revived. This surplus is required to be held within the policyholders' fund till the point at which the policyholders' can no longer revive their policy.

##### f. Benefits paid

i. Claims cost consist of the policy benefit amounts and claims settlement costs, where applicable.

ii. Claims by death and rider are accounted when intimated. Intimations up to the end of the period are considered for accounting of such claims.

iii. Claims by maturity are accounted on the policy maturity date.

iv. Survival and annuity benefit claims are accounted when due.

v. Surrenders and withdrawals are accounted as and when intimated. Benefits paid also includes amount payable on lapsed policies which are accounted for as and when due. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.

vi. Repudiated claims disputed before judicial authorities are provided for based on management prudence considering the facts and evidences available in respect of such claims.

vii. Amount recoverable from re-insurers are accounted for in the same period as the related claim and are reduced from claims.



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### g. Acquisition costs

Acquisition costs such as commission, medical fees, etc. are costs that are primarily related to the acquisition of new and renewal insurance contracts. The same are expensed in the period in which they are incurred.

### h. Fixed assets, intangibles and depreciation

#### Fixed assets

Fixed assets are stated at cost, less accumulated depreciation and impairment, if any. Cost includes the purchase price and any other cost which can be directly attributed to bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on existing fixed assets is expensed out except where such expenditure increases the future economic benefits from the existing assets.

#### Intangibles

Intangible assets are stated at cost, less accumulated amortisation and impairment, if any. Expenditure incurred on major application software and their customisation or further development is recognised as an intangible asset. The same is capitalised under fixed assets if such expenditure results in a benefit of enduring nature. Other software expenses are expensed in the period in which they are incurred. Subsequent expenditure incurred on existing assets is expensed out except where such expenditure increases the future economic benefits from the existing assets, in which case the expenditure is amortised over the remaining useful life of the original asset.

#### Capital work in progress

Costs of assets as at the Balance sheet date not ready for its intended use are disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets and intangibles at the Balance Sheet date are disclosed as capital work-in-progress.

#### Depreciation/ amortisation

The Company is following straight line method of depreciation provided on pro rata (monthly) basis for period of use for the following type of assets based on useful life as prescribed under Part "C" of Schedule II to the Companies Act, 2013:

Nature of Asset	Useful life
Furniture & fittings	10 Years
Office equipments	5 Years
Vehicles	8 Years
Building	60 Years
Information technology equipment	3 Years
Servers & Networks	6 Years

Software expenses are amortised over a maximum period of 3 years.

Leasehold improvements are amortised equally over the period of lease. Capital expenditure on individual assets up to ₹ 1,000 are not capitalized and expensed

out as revenue expenditure. Assets individually costing more than ₹ 1,000 and up to ₹ 20,000 are fully depreciated in the month of acquisition.

Depreciation is charged to Revenue and Profit & Loss Account based on the "put to use" criteria as per IRDAI guidelines.

### i. Impairment of fixed assets

The carrying values of assets at each Balance Sheet date are reviewed for impairment. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived by discounting the estimated future cash flows to their present value based on an appropriate discount factor. If at the Balance sheet date, there is an indication that an impairment loss recognised for an asset in earlier accounting periods is no longer required or has decreased; reversal of impairment loss is recognised. The recoverable amount is reassessed and the asset is reflected at recoverable amount, subject to a maximum of depreciable historical cost.

### j. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.

Monetary assets and liabilities in foreign currency as at the Balance Sheet date are converted at the exchange rates prevailing on that date.

Non-monetary items like fixed assets which are recorded at historical cost are reported using the exchange rate at the date of transaction.

Non-monetary items other than fixed assets, which are recognised at fair value or other similar valuation are reported using exchange rate at the date when such value was determined.

Exchange differences either on settlement or on translation are recognised in the Revenue Account or Profit and Loss Account, as the case may be.

### k. Investments

Investments are made and accounted in accordance with the Insurance Act, 1938, Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, and Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, Investment Policy of the Company and various other circulars/ notifications as issued by IRDAI from time to time.

Investments are recorded on the trade date at cost, which includes brokerage, security transaction tax, education cess and stamp duty, wherever applicable and excludes interest paid, if any, on purchase.

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

Bonus entitlements are recognised as investments on the 'ex- bonus date'. Rights entitlements are recognised as investments on the 'ex-rights date'.

### i. Classification of Investments

Investments maturing within twelve months from balance sheet date and investments made with the specific intention to dispose-off within twelve months from balance sheet date shall be classified as short-term investments.

Investments other than Short-term investments are classified as "Long-term investments".

### ii. Valuation – shareholders' investments and non-linked policyholders' investments

#### Debt securities

Debt securities, including Government securities and money market securities are stated at historical cost subject to amortisation of premium or accretion of discount over a period of holding/ maturity on yield to maturity basis.

Investments in Fixed Deposits with banks and Reverse Repo are valued at cost.

#### Equity, equity related instruments & preference shares

Listed equity shares, equity related instruments & preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, the closing price at primary exchange i.e. NSE is considered.

If NSE closing price is not available for any security, then BSE closing price is used for valuation.

Unlisted equity shares, equity related instruments & preference shares are measured at historical cost.

In case of Security Lending & Borrowing ('SLB'), Equity Shares lent are valued as per valuation policy for equity shares as mentioned above.

Additional Tier 1 (Basel III Compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from Credit Rating Information Services of India Limited ('CRISIL').

Unrealised gains or losses arising due to change in the fair value of equity shares are recognised in the Balance Sheet under "Fair value change account".

On each balance sheet date, the Company assess whether impairment of listed equity securities has occurred. Any impairment loss is recognised as an expense in the Revenue or Profit and Loss Account to the extent of the difference between the re-measured fair value of the security or investment and its weighted average cost as reduced by any previous impairment loss

recognised as an expense in the Revenue or Profit and Loss Account. Any reversal of impairment loss, earlier recognised in Revenue or Profit and Loss Account, is recognised in the Revenue or Profit and Loss Account.

#### Mutual funds

Investments in mutual funds are valued at the previous day's Net Asset Value (NAV). Unrealised gains or losses arising due to change in the fair value of mutual fund units are recognised in the Balance Sheet under "Fair value change account".

#### Alternative Investment Funds (AIFs)

Investments in Alternative Investment Funds (AIFs) are valued at latest available NAV. Unrealised gains or losses arising due to change in the fair value of Alternative Investment Funds (AIFs) are recognised in the Balance Sheet under "Fair value change account".

### iii. Valuation – Linked business

#### Debt securities

Debt securities including Government securities with remaining maturity of more than one year are valued at prices obtained from CRISIL.

Debt securities including government securities with remaining maturity of less than one year are valued on yield to maturity basis, where yield is derived using market price provided by CRISIL on the day when security is classified as short term. If security is purchased during its short term tenor, it is valued at amortized cost using yield to maturity method. In case of securities with options, earliest Call Option / Put Option date will be taken as maturity date for this purpose.

Money market securities are valued at historical cost subject to amortisation of premium or accretion of discount on yield to maturity basis.

Investments in Fixed Deposits with banks and Reverse Repo are valued at cost.

#### Equity, equity related instruments & preference shares

Listed equity shares, equity related instruments & preference shares are measured at fair value on the Balance Sheet date. For the purpose of determining fair value, closing price at primary exchange i.e. NSE is considered.

If NSE closing price is not available for any security, then BSE closing price is used for valuation.

Unlisted equity shares, equity related instruments & preference shares are measured at historical cost.

In case of Security Lending & Borrowing (SLB), Equity Shares lent are valued as per valuation policy for equity shares as mentioned above.



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

Additional Tier 1 (Basel III Compliant) Perpetual Bonds classified under "Equity" as specified by IRDAI, are valued at prices obtained from CRISIL.

Unrealised gains or losses arising due to change in the fair value are recognised in the Revenue Account.

### Mutual funds

Investments in mutual funds are valued at the previous day's Net Asset Value (NAV). Unrealised gains or losses arising due to change in the fair value of mutual fund units are recognised in the Revenue Account.

#### iv. Transfer of investments

In the case of deficit in Revenue Account, transfer of securities from shareholders to policyholders is done as below:

- (i) Debt securities are transferred at lower of net amortised cost or market value on the date of transfer;
- (ii) Equity securities are transferred at lower of cost or market value on the date of transfer.

In the case of surplus in Revenue Account, transfer of securities from policyholders' to shareholders' is done as below:

- (i) Debt securities are transferred at net amortised cost;
- (ii) Equity securities are transferred at market value on the date of transfer.

No transfer of investments is carried out between non-linked policyholders' funds. In case of unit linked fund, inter schemes transfers are affected at prevailing market value at the time of transfer.

#### v. Impairment of Investments

On each balance sheet date, the Company assesses whether there is any indication of impairment of investments or reversal of impairment loss recognised in prior periods. Any impairment loss is recognised as an expense in the Revenue or Profit and Loss Account to the extent of the difference between the re-measured fair value of the security or investment and its weighted average cost as reduced by any previous impairment loss recognised as an expense in the Revenue or Profit and Loss Account. Any reversal of impairment loss, earlier recognised in Revenue or Profit and Loss Account, is recognised in the Revenue or Profit and Loss Account.

#### vi. Provision for Non-Performing Assets (NPAs)

All assets where the interest and/or principal repayment remain overdue for more than 90 days at the Balance Sheet date are classified as NPA and provided for in accordance with the requirement of applicable IRDAI Regulations/circulars.

#### i. Loans

Investments in Loans are stated at historical cost, less repayments, subject to provision for impairment losses & non-performing asset (NPA) provision, if any.

#### m. Provision for Standard Assets

In accordance with the IRDAI guidelines on 'Prudential norms for income recognition, asset classification, provisioning and other related matters in respect of debt portfolio' vide the Master circular, adequate provisions are made for estimated loss arising on account from/under recovery of loans and advances (other than loans and advances granted against insurance policies issued by the insurer) outstanding at the balance sheet date in respect of standard assets.

#### n. Employee benefits

##### (i) Post-employment benefit

###### Defined benefit plans

###### Provident Fund

The Company makes contribution towards provident fund, a defined benefit retirement plan. The provident fund is administered by the trustees of the SBI Life Insurance Company Limited Employees PF Trust. The contribution paid or payable under the schemes is charged to the Revenue Account during the period in which the employee renders the related service. Further, an actuarial valuation is conducted annually by an independent actuary to recognise the deficiency, if any, in the interest payable on the contributions as compared to the interest liability as per the statutory rate.

###### Gratuity

The Company has incorporated a gratuity trust. The Company makes contribution to a Gratuity Fund administered by trustees of SBI Life Insurance Company Limited Employees Gratuity Fund. The plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's salary and the years of employment with the Company.

The Company accounts for the liability for future gratuity benefits based in accordance with Accounting Standard - 15 (Revised). The net present value of the Company's obligation towards the same is actuarially determined based on the projected unit credit method as at the Balance Sheet date. Actuarial gains and losses are recognised in the Revenue Account.

##### (ii) Other long-term employee benefits

Compensated Absences and Long Term Service Awards  
Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

related services are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date.

Long Term Service Awards are recognised as a liability at the present value of the defined benefit obligation at the Balance Sheet date.

The Company accrues the liability for compensated absences and long term service awards in accordance with Accounting Standard - 15 (Revised). The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.

#### (iii) Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid for the services rendered by employees is recognised during the period when the employees renders the service. These benefits include salaries and bonuses, short term compensated absences, premium for staff medical insurance (hospitalization), premium for employee group term insurance scheme etc.

#### (iv) Employee share based payments

The Company follows the intrinsic value method to account for its share-based employee compensation plans in accordance with the Guidance Note on Accounting for Employee Share based Payments, issued by the Institute of Chartered Accountants of India (ICAI). The intrinsic value is measured as the excess, if any, of the fair market price of the underlying stock over the exercise price on the grant date. The intrinsic value of options, if any, at the grant date is amortised over the vesting period. The fair market price is the latest closing price, immediately prior to the grant date, on the stock exchange on which the shares of the Company are listed. If the shares are listed on more than one stock exchange, then, the stock exchange which records the highest trading volume on the date, immediately prior to the grant date is considered.

#### o. Accounting for Leases

##### (i) Operating Lease

###### Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the lease term are classified as operating leases. Operating lease rentals are recognised as an expense over the lease period on a straight line basis.

###### Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including

depreciation are recognised as expense in the Profit and Loss Account.

#### (ii) Finance Lease

Leases under which the Company assumes substantially all the risk and rewards of ownership of the asset are classified as finance leases. Such leased asset acquired are capitalised at fair value of the asset or present value of the minimum lease rental payments at the inception of the lease, whichever is lower.

#### p. Taxation

##### Direct Taxes

Provision for current income tax, if any, is made on an accrual basis after taking credit for all allowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred income tax is recognised for future tax consequences attributable to timing differences between income as determined by the financial statements and the recognition for tax purposes. The effect of deferred tax asset or liability of a change in the tax rates are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets or liabilities are reviewed as at each Balance Sheet date and written down or written up to reflect the amount that is reasonably or virtually certain to be realised.

##### Indirect Taxes

Goods and service tax liability on output service is set-off against the input tax credits available from tax paid on input services. Unutilised credits, if any, are carried forward under "Advances and other assets" for future set off and are deferred for recognition to the extent there is reasonable certainty that the assets can be realised in future.

#### q. Segmental reporting

As per Accounting Standard 17 on "Segmental Reporting" read with IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002, the Company has classified and disclosed segmental information in to participating, non-participating and linked businesses, which are further segmented into Individual life, group, health, pension, variable and annuity.

#### r. Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Loss contingencies arising from litigation etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Contingent assets are neither recognised nor disclosed.

### s. Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period in the shareholders' account by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### t. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Receipts and Payments Account comprises of cash and cheques in hand, bank balances, deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

## C. Notes to Accounts

### 1. Contingent Liabilities

Sr. No	Particulars	₹ ('000)	
		As at March 31, 2020	As at March 31, 2019
1	Partly paid – up investments	8,600,000	6,550,000
2	Claims, other than against policies, not acknowledged as debts by the Company (Refer Note 4)	5,601	10,819
3	Underwriting commitments outstanding (in respect of shares and securities)	-	-
4	Guarantees given by or on behalf of the Company	-	-
5	Statutory demands or liabilities in dispute, not provided (Refer Note 1)	-	-
6	Reinsurance obligations to the extent not provided for in accounts	-	-
7	Others:		
	- Insurance claims disputed by the Company, to the extent not provided or reserved (Refer Note 1 & 4)	1,495,749	1,043,530
	- Directions issued by IRDAI under section 34(1) of Insurance Act, 1938 (Refer Note 2)	1,044,294	3,723,263
	<b>Total</b>	<b>11,145,644</b>	<b>11,327,612</b>

#### Notes:

##### Note 1:

Show cause notices issued by various Government Authorities are not considered as an obligation. When any order or notice is raised by the authorities for which the Company is in appeal under adjudication, these are disclosed as contingent liability except in cases where the probability of any financial outflow is remote.

##### Note 2:

(a) IRDAI has issued directions under Section 34 (1) of the Insurance Act, 1938 to distribute the administrative charges paid to master policyholders amounting to ₹ 843,174 thousands (previous year ended March 31, 2019: ₹ 843,174 thousands) vide order no. IRDA/Life/ORD/Misc/228/10/2012 dated October 5, 2012. The Company had filed an appeal against the said order with the Ministry of Finance, Government of India, which remanded the case back to IRDAI on November 4, 2015. Thereafter, IRDAI issued further directions dated January 11, 2017 reiterating the directions issued on October 5, 2012. The Company has filed an appeal against the said directions/ orders with the Securities Appellate Tribunal, which is pending final determination.

(b) IRDAI has issued directions under section 34 (1) of the Insurance Act, 1938 to refund the excess commission paid to corporate agents to the members or the beneficiaries amounting to ₹ 2,752,948 thousands (previous year ended March 31, 2019: ₹ 2,752,948 thousands) vide order no. IRDA/Life/ORD/Misc/083/03/2014 dated March 11, 2014 has been set aside by order dated January 29, 2020 made by the Securities Appellate Tribunal (SAT). The SAT has remitted the matter to IRDAI to recalculate the interest earned on advance premium collected. The IRDAI recalculation, if any, has not been received by the Company.

##### Note 3:

There has been a Supreme Court judgment dated February 28, 2019 relating to components of salary structure that need to be considered while computing provident fund contribution under the Employees' Provident Funds and Miscellaneous Provident Act, 1952. The Company has prospectively included the component of salary in the definition of basic salary and

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

accordingly deducted PF in line with the said judgement of Supreme Court. However, there are other interpretive aspects related to the judgment which require clarification. The Company will continue to assess any further development in this matter for the implication on the financial statements, if any on receiving additional clarity on the subject.

### Note 4:

These cases pertain to litigation pending with various appellate forums/courts.

### 2. Pending Litigation

The Company's pending litigations comprise of claims against the company primarily by customers and proceedings pending with tax authorities. The company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liability (refer note 1 of Schedule 16 (C)) where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial results as at March 31, 2020.

### 3. Encumbrances on assets

The Assets of the company are free from any encumbrances as at March 31, 2020 except for:

#### a. Securities or cash deposited as margin for investment trade obligations of the company:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Book Value	Market Value	Book Value	Market Value
<b>1) Clearing Corporation of India Ltd.- Securities Segment</b>				
i) Government Securities	2,302,520	2,431,553	2,225,154	2,309,288
ii) Cash	165,100	165,100	165,100	165,100
<b>Sub Total</b>	<b>2,467,620</b>	<b>2,596,653</b>	<b>2,390,254</b>	<b>2,474,388</b>
<b>2) Clearing Corporation of India Ltd.- TREP Segment</b>				
i) Government Securities	526,097	551,532	479,579	493,483
ii) Cash	5,100	5,100	5,100	5,100
<b>Sub Total</b>	<b>531,197</b>	<b>556,632</b>	<b>484,679</b>	<b>498,583</b>
<b>3) National Securities Clearing Corporation Limited NSCCL – Capital Market Segment</b>				
i) Fixed Deposit	200,000	200,000	200,000	200,000
ii) Cash	-	-	51,278	51,278
<b>Sub Total</b>	<b>200,000</b>	<b>200,000</b>	<b>251,278</b>	<b>251,278</b>
<b>4) Indian Clearing Corporation Limited ICCL - Capital Market Segment</b>				
i) Fixed Deposit	-	-	70,000	70,000
ii) Cash	-	-	-	-
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>70,000</b>	<b>70,000</b>
<b>Grand Total</b>	<b>3,198,817</b>	<b>3,353,285</b>	<b>3,196,211</b>	<b>3,294,249</b>

#### Notes:

- Physical custody of the securities is with respective clearing houses; however, company has a right on the contractual cash flows of these investments. These investments can be invoked by the clearing houses in case of any default by the Company in settlement of trades.
- No Securities or cash deposited as margin for investment trade obligations are issued outside India.

#### b. Other assets

Particulars	₹ ('000)	
	As at March 31, 2020	As at March 31, 2019
<b>1) Sales Tax Department – Jammu as security deposit for registration</b>		
Fixed Deposit	250	250
<b>2) State Bank of India – Bahrain</b>		
Cash at Bank	9,934	8,896
<b>3) Bank guarantee issued to Post office department and UIDAI</b>		
Fixed Deposit	33,600	33,100
<b>Total</b>	<b>43,784</b>	<b>42,246</b>



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 4. Capital commitments

Particulars	(₹'000)	
	As at March 31, 2020	As at March 31, 2019
Commitments made and outstanding for loans and investment	3,535,303	3,477,299
Estimated amount of contracts remaining to be executed on capital account, to the extent not provided for (net of advances)	193,682	243,363

### 5. Actuarial assumptions

The assumptions used in valuation of liabilities are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with IRDAI.

The actuarial assumptions certified by the Appointed Actuary whose services are as extended by IRDAI as a very special case upto September 30, 2020 or review of appointed actuary's report by the Authority for the financial year 2019-20, whichever is earlier, are as under:

- a. In the actuarial valuation all the policies, which were in the books of the Company and where there is a liability as at March 31, 2020 have been taken into account.

The portfolio consists of Participating, Non-Participating and Linked segments.

'Participating' segment is further classified in to the following Lines of Businesses (LoBs): Individual - Life - Participating, Individual - Pension - Participating, Group - Pension - Participating and Individual - VIP - Participating.

'Non-Participating' segment is further classified in to the following LoBs: Individual - Life - Non-Participating, Individual - Pension - Non-Participating, Group Savings - Non-Participating, Group One Year Renewable Group Term Assurance (OYRGTA) - Non-Participating, Group Other - Non-Participating, Annuity - Non-Participating (Individual and Group), Health - Non-Participating (Individual and Group), and VIP - Non-Participating (Individual and Group).

'Linked' segment is further classified in to the following LoBs: Individual - Life - Linked, Group - Linked and Individual - Pension - Linked.

- b. For policies which are likely to get cancelled during their "free look period", premium less stamp duty and medical expenses as per the policy contract need to be refunded. Adequate provision is kept for such policies.
- c. The following parametric values are used to carry out the actuarial valuation:

For mortality assumption under life business 'Indian Assured Lives (2012-2014) Ultimate Mortality table' and under general annuity business 'Mortality for Annuitants-LIC (a) (1996-98) Ultimate Rates' has been used. For Morbidity assumption, the Morbidity Tables provided by re-insurers has been used with suitable adjustment.

The interest rate for valuation lies in the range of 5.50% to 6.00% per annum as shown in the table below. While allocating expenses for the current year, the entire policyholders' expenses have been allocated product-wise.

Line of Business	Valuation basis as on March 31, 2020	Valuation basis as on March 31, 2019
Participating	5.95%	5.95%
Non-Participating	5.50%	5.50%
Unit Linked	5.50%	5.50%
Annuity	6.00%	6.00%
Health	5.50%	5.50%

As regard for future expenses, on the basis of experience available, fixed expenses are considered separately for single premium products and regular premium products.

Segment / Product	Fixed Expenses Assumptions (Amounts in ₹)	
	Regular Premium	Single Premium
<b>Participating</b> - Individual Life, Individual Pension, Individual VIP		
<b>Non-Participating</b> - Individual Life, Individual Pension, Annuity (Individual and Group), Health (Individual)	Ranging from 105 to 610 based on the nature of product	Ranging from 80 to 505 based on the nature of product
<b>Linked</b> - Individual Life, Individual Pension	700	525

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

Segment / Product	Fixed Expenses Assumptions (Amounts in ₹)	
	Regular Premium	Single Premium
<b>Non-Participating</b> - Group Other, Group Savings -Swarnaganga, Health (Group)	Ranging from 4.25 to 350 based on the nature of product	Ranging from 50 to 260 based on the nature of product
<b>Linked</b> - Group (Per life basis)		

For fully paid-up and reduced paid-up policies, fixed expenses are considered same as for single premium policies. An inflation rate of 5.50% per annum (previous year ended March 31, 2019: 5.50% per annum) has been assumed while estimating future expenses.

For participating products, the vested bonuses are those which were distributed by the Company consequent to the actuarial valuations carried out annually at the end of each financial year dated March 31, 2002 to March 31, 2020. Regarding bonus provisions for the current financial year and bonus provision for future years, the bonus rates have been assessed by carrying out Bonus Earning Capacity (BEC)/ asset share investigations and taking into consideration the policyholder's reasonable expectations.

Margin for Adverse Deviation (MAD) has been separately provided, wherever applicable and required.

In addition to this, Incurred but Not Reported (IBNR) claims reserve is also provided wherever required.

The above parameters and the MAD provision have been observed to ensure prudence and are in accordance with the GN / APS issued by the Institute of Actuaries of India and in concurrence with the Regulations and circulars of IRDAI.

The Surplus emerged from Non-participating segment has been transferred to Profit & Loss Account for the year ended March 31, 2020 based on the recommendation of the Appointed Actuary and the necessary fund transfer will be made after the year end on the basis of Audited financials with required recommendations by the Appointed Actuary.

#### Funds for Future Appropriation

As at March 31, 2020, the Funds for Future Appropriation (FFA) in non-linked participating segments is ₹ 7,136,661 thousands (previous year ended March 31, 2019 ₹ 2,816,206 thousands).

There is no FFA under any other segment.

### 6. Cost of guarantee

Provision of ₹ 3,895,095 thousands (previous year ended March 31, 2019 - ₹ 4,492,317 thousands) has also been made for the cost of guarantee under Individual unit linked policies with guarantee and provision of ₹ 17,388 thousands (previous year ended March 31, 2019 - ₹ 14,890 thousands) has also been made for the cost of guarantee under Group unit linked policies.

### 7. Policy liabilities

The non-linked policy liability after reinsurance of ₹ 761,230,063 thousands as on March 31, 2020 (previous year ended March 31, 2019: ₹ 649,543,916 thousands) includes the following non-unit reserve held for linked liabilities:

Particulars	(₹ '000)	
	As at March 31, 2020	As at March 31, 2019
ULIP - Individual	9,395,421	9,238,217
ULIP - Group	43,971	37,581
ULIP - Pension	955,154	662,998
<b>Total</b>	<b>10,394,547</b>	<b>9,938,796</b>

The total linked liabilities (excluding non-unit reserve) stands at ₹ 785,653,270 thousands as at March 31, 2020 (previous year ended March 31, 2019: ₹ 691,290,804 thousands).



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 8. Reinsurance or Risk retention

In the normal course of its business, the Company seeks to reduce risk exposure by reinsuring certain levels of risk in various areas of exposure with re-insurers. An asset or liability is recorded in the Balance Sheet representing premiums due to or payments due from re-insurers and share of claims recoverable from re-insurers. Extent of risk retained and reinsured is given below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Sum Assured (₹ '000)	%	Sum Assured (₹ '000)	%
<b>Individual Business</b>				
Risk Retained	4,109,452,746	80.82%	3,493,700,215	81.10%
Risk Reinsured	974,979,716	19.18%	814,017,286	18.90%
<b>Group Business</b>				
Risk Retained	5,404,740,051	64.25%	5,058,810,981	76.72%
Risk Reinsured	3,007,869,271	35.75%	1,534,852,796	23.28%
<b>Total</b>				
Risk Retained	9,514,192,798	70.49%	8,552,511,196	78.45%
Risk Reinsured	3,982,848,987	29.51%	2,348,870,082	21.55%

### 9. Benefit payable

The claims settled and remaining unpaid for a period of more than 6 months on the Balance Sheet date

Particulars	As at March 31, 2020		As at March 31, 2019	
	Count	Amount	Count	Amount
	Claims	539	49,175	13

All the claims are payable in India.

### 10. Investments

- Investments have been made in accordance with the Insurance Act, 1938, and Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, as amended from time to time.
- All investments of the Company are performing investments except as disclosed in Note no. 21(B) of Schedule 16 (C).
- Value of contracts in relation to investments for:

Particulars	As at March 31, 2020			As at March 31, 2019		
	Shareholder	Non Linked Policyholder	Linked Policyholder	Shareholder	Non Linked Policyholder	Linked Policyholder
Purchases where payment is not made and deliveries are pending	-	226,720	2,541,223	7,858	2,636,111	4,973,522
Purchases where payment is made and deliveries are pending	-	-	-	-	-	-
Sales where receivables are pending*	-	444,970	1,297,688	13,920	259,687	2,925,573

\*No payments are overdue.

- Equity shares lent under the Securities Lending and Borrowing scheme (SLB) continue to be recognised in the Balance Sheet as the Company retains all the associated risk and rewards of these securities. The Fair value of equity shares lent by the Company under SLB and outstanding as at March 31, 2020 is ₹ Nil (March 31, 2019: ₹ Nil).
- Aggregate cost and market value of investments, which are valued at fair value:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Book Value	Market Value	Book Value	Market Value
Bonds & Debentures	175,542,370	182,609,579	148,163,778	149,422,476
Equity	386,827,456	336,563,280	275,348,802	328,963,436
Gilts	233,380,620	238,649,507	199,070,806	201,607,366
Mutual Funds	47,506,158	37,570,349	47,678,739	52,413,989
<b>Total</b>	<b>843,256,604</b>	<b>795,392,715</b>	<b>670,262,125</b>	<b>732,407,267</b>

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 11. Disclosure on Repo / Reverse Repo transactions

Disclosures pursuant to IRDAI notification IRDA/F&I/CIR/INV/250/12/2012 dated December 04, 2012 are detailed below:

#### As at March 31, 2020

Particulars	(₹ '000)			
	Minimum outstanding during the year ended March 31, 2020	Maximum outstanding during the year ended March 31, 2020	Daily average outstanding during the year ended March 31, 2020	Outstanding as at March 31, 2020
Securities Sold under Repo:				
i. Government Securities	Nil	Nil	Nil	Nil
ii. Corporate Debt Securities	Nil	Nil	Nil	Nil
Securities Purchased under Reverse Repo:				
i. Government Securities	16,567,018	55,219,119	33,667,341	33,813,508
ii. Corporate Debt Securities	Nil	Nil	Nil	Nil

#### As at March 31, 2019

Particulars	(₹ '000)			
	Minimum outstanding during the year ended March 31, 2019	Maximum outstanding during the year ended March 31, 2019	Daily average outstanding during the year ended March 31, 2019	Outstanding as at March 31, 2019
Securities Sold under Repo:				
i. Government Securities	Nil	Nil	Nil	Nil
ii. Corporate Debt Securities	Nil	Nil	Nil	Nil
Securities Purchased under Reverse Repo:				
i. Government Securities	17,659,751	49,100,663	33,026,625	32,566,644
ii. Corporate Debt Securities	Nil	Nil	Nil	Nil

### 12. Managerial remuneration

The Managing Director and CEO have been deputed from State Bank of India and his remuneration is included under "Employees remuneration and welfare benefits" under "Operating expenses related to insurance business." The details of managerial remuneration for current and previous year are as under:

Sr. No.	Particulars	(₹ '000)	
		Year ended March 31, 2020	Year ended March 31, 2019
		Mr. Sanjeev Nautiyal	Mr. Sanjeev Nautiyal
1	Salary and other allowances	4,345	3,895
2	Provident Fund, Pension fund and Gratuity	492	488
3	Perquisites	3,426	2,670
	<b>Total</b>	<b>8,263</b>	<b>7,053</b>

#### Notes:

- The appointment and remuneration of managerial personnel is in accordance with the requirements of section 34A of the Insurance Act, 1938 and has been approved by the IRDAI.
- The remuneration excludes leave encashment and leave travel allowance which would have been accrued in the books of or funded by State Bank of India.
- Effective March 10, 2018 Mr. Sanjeev Nautiyal was deputed from State Bank of India as the Managing Director and CEO of the Company. IRDAI has accorded its approval to this appointment.



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 13. Percentage of business sector wise

Sector	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Rural	Number of New Policies	381,906	362,377
	% of rural sector policies to total policies	24.61%	23.74%
	Premium Underwritten ₹ ('000)	21,250,514	16,070,149
Social	Number of New Policies (including group business)	556	1,264
	Number of New Lives	313,405	622,784
	Premium Underwritten ₹ ('000)	38,858	88,943
	Social sector lives as a % of total lives	3.50%	11.58%
	Social sector lives as a % of total lives of preceding financial year	5.83%	10.45%
Total	Number of New Policies	1,551,862	1,526,144
	Number of New Lives	8,959,280	5,377,267

#### Note:

IRDAI (Obligations of insurers to rural and social sectors) Regulations, 2015 mandates the Company to cover 5% of the total business procured in the preceding financial year (in terms of lives) under the social sector and 20% of the policies written in the respective year under rural sector.

### 14. Investments of funds and assets pertaining to policyholders' liabilities

#### a. Allocation of investments between policyholders' funds and shareholders' funds

Investments made out of the shareholders' and policyholders' funds are tracked from inception and income accordingly accounted for on the basis of records maintained. As and when necessary, transfers have been made from shareholders' investments to policyholders' investments. In respect of such transfers, the investment income is allocated from the date of transfer.

#### b. Policyholders' liabilities adequately backed by assets

Particulars	As at March 31, 2020			As at March 31, 2019		
	Non-Linked	Linked	Total	Non-Linked	Linked	Total
Policyholders' Liabilities*	752,494,779	785,653,270	1,538,148,049	662,923,985	691,290,804	1,354,214,789
Policyholders' Assets						
Investments	734,199,373	772,202,707	1,506,402,080	644,723,890	676,085,454	1,320,809,344
Loans	3,644,815	-	3,644,815	1,725,047	-	1,725,047
Net Current Assets	14,650,591	13,450,563	28,101,154	16,475,048	15,205,350	31,680,398
<b>Total Assets</b>	<b>752,494,779</b>	<b>785,653,270</b>	<b>1,538,148,049</b>	<b>662,923,985</b>	<b>691,290,804</b>	<b>1,354,214,789</b>

\* including funds for future appropriation and fair value change account

### 15. Taxation

The Company carries on life insurance business and hence the provisions of Section 44 and the first schedule of Income Tax Act, 1961, are applicable for computation of profits and gains of its business. Provision for taxation made in revenue and profit and loss account is as follows:-

Particulars	As at March 31,	
	2020	2019
Revenue Account	3,767,393	2,686,884
Profit and Loss Account	(86,336)	460,683
<b>Total</b>	<b>3,681,057</b>	<b>3,147,567</b>

### 16. Operating lease arrangements

#### (a) Assets taken on operating lease:

In accordance with Accounting Standard 19 on 'Leases', the details of leasing arrangements entered into by the Company are as under:

The Company has entered into agreements in the nature of lease or leave and licence with different lessors or licensors for residential premises, office premises and motor vehicles. These are in the nature of operating lease. Some of these lease arrangements contain provisions for renewal and escalation. There are no restrictions imposed by lease arrangements nor are there any options given to the Company to purchase the properties and the rent is not determined based on any contingency.

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

The operating lease rentals charged to the Revenue Account during the year and future minimum lease payments as at the Balance Sheet date are as follows:

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Total lease rental charged to Revenue Account	773,533	632,108

  

Particulars	As at	
	March 31, 2020	March 31, 2019
Lease obligation for:		
- Not later than 1 year	653,465	583,377
- Later than 1 year and not later than 5 years	2,150,108	1,881,477
- Later than 5 years	845,332	895,279

#### (b) Assets given on operating lease:

The Company has entered into an agreement in the nature of leave and licence for leased out some portion of office premises. This is in the nature of operating lease and lease arrangement contains provisions for renewal. There are no restrictions imposed by lease arrangement and the rent is not determined based on any contingency.

The total lease payments received in respect of such lease recognised in Profit and Loss Account for the year is as under:

Particulars	Year ended	
	March 31, 2020	March 31, 2019
Total lease rental recognised in Profit and Loss Account	61,364	79,044

### 17. Earnings per share

In accordance with Accounting Standard 20 on 'Earning per share', basic earnings per share are calculated by dividing the net profit or loss in the shareholders' account by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

The computation is set out below:

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	Net Profit after tax as per Profit & Loss Account available for both basic and diluted earnings per share ₹ ('000)	14,221,831	13,267,964
2	Weighted average number of equity shares		
	a. For basic earnings per share	1,000,003,338	1,000,000,000
	b. For diluted earnings per share		
	i) No of equity shares for basic earnings per share as per (a) above	1,000,003,338	1,000,000,000
	ii) Add: Weighted average outstanding options deemed to be issued for no consideration	402,050	34,102
3	Weighted average number of equity shares for Diluted Earnings per Share	1,000,405,387	1,000,034,102
4	Basic Earnings per share (₹) (1/2.a.)	14.22	13.27
5	Diluted Earnings per share (₹) (1/3)	14.22	13.27
6	Face value per share (₹)	10	10



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 18. Operating expense disclosure

The additional disclosure on operating expenses incurred pursuant to IRDA circular 067/IRDA/F&A/CIR/Mar-08 dated March 28, 2008 has been detailed below:

		(₹'000)	
Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	Outsourcing expenses	1,065,014	976,499
2	Business development	587,175	305,516
3	Marketing support and advertisement	942,596	811,463
	<b>Total</b>	<b>2,594,785</b>	<b>2,093,478</b>

### 19. Provision for staff benefit as per Accounting Standard 15 (Revised)

#### a. Defined Benefit Plans:

##### (i) Gratuity

This is a funded defined benefit plan for qualifying employees under which the Company makes a contribution to the SBI Life Insurance Company Limited Employees Gratuity Fund. The plan provides for a lump sum payment as determined in the manner specified under The Payment of Gratuity Act, 1972, to the vested employees either at retirement or on death while in employment or on termination of employment. The benefit vests after five years of continuous service. Defined benefit obligations are actuarially determined at each Balance Sheet date using the projected unit credit method (PUCM) as per Accounting Standard (AS) 15 (Revised), "Employee benefits". Actuarial gains and losses are recognised in the Revenue Account.

		(₹'000)	
Particulars	As at March 31, 2020	As at March 31, 2019	
<b>I. Change in benefit obligation :</b>			
Liability at the beginning of the year	1,034,875	841,074	
Interest cost	69,958	60,389	
Current service cost	103,586	88,764	
Past service cost (Non vested benefit)	-	-	
Past service cost (Vested benefit)	-	-	
Benefit paid	(58,352)	(35,372)	
Actuarial (gain) or loss on obligations	126,086	80,020	
Liability at the end of the year	1,276,153	1,034,875	
<b>II. Change in plan assets :</b>			
Fair value of plan assets at the beginning of the year	999,881	791,001	
Expected return on plan assets	67,592	56,794	
Contributions	163,133	165,873	
Benefits paid	(58,352)	(35,372)	
Actuarial Gain or (Losses) on plan assets	(6,773)	21,585	
Fair value of plan assets at the end of the year	1,165,482	999,881	
<b>III. Amount recognized in the Balance Sheet :</b>			
Liability at the end of the year	(1,276,153)	(1,034,875)	
Fair value of plan assets at the end of year	1,165,482	999,881	
Difference	(110,671)	(34,994)	
Unrecognized past service cost	-	-	
Unrecognized transition liability	-	-	
Net (Liability) or Asset recognized in the Balance Sheet	(110,671)	(34,994)	
<b>IV. Expenses recognized in the income statement :</b>			
Current service cost	103,586	88,764	
Interest cost	69,958	60,389	
Expected return on plan assets	(67,592)	(56,794)	
Past service cost (Non vested benefit) recognized	-	-	
Past service cost (Vested benefit) recognized	-	-	
Recognition of transition liability	-	-	
Actuarial (gain) or loss	132,859	58,435	

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

Particulars	(₹'000)	
	As at March 31, 2020	As at March 31, 2019
Expense recognized in P & L	238,810	150,794
<b>V. Balance Sheet reconciliation :</b>		
Opening net liability	34,994	50,073
Expense as above	238,810	150,794
(Employers contribution)	(163,133)	(165,873)
Net Liability or (Asset) recognized in Balance Sheet	110,671	34,994
<b>VI. Actual return on plan assets</b>		
Expected return on plan assets	67,592	56,794
Actuarial gains / (losses) on plan assets	(6,773)	21,585
Actual return on plan assets	60,819	78,379
<b>VII. Expected contribution to fund during the next year (12 months)</b>	234,983	138,580
<b>VIII. Investment details of plan assets</b>		
The major categories of plan assets as a percentage of fair value of total plan assets:		
Insurer Managed Funds (₹)	1,165,482	999,881
<b>Fund I Investment Allocation Ratio</b>	50%	50%
Corporate Bonds	17%	30%
Equity Shares	25%	27%
Government of India assets	57%	43%
<b>Fund II Investment Allocation Ratio</b>	50%	50%
Corporate Bonds	31%	43%
Equity Shares	7%	11%
Fixed Deposit	1%	1%
Government of India assets	61%	45%
<b>IX. Actuarial assumptions used</b>		
Discount rate	5.45%	6.76%
Salary escalation rate	10% p.a. up to 5 years & 6% p.a. thereafter	10% p.a. up to 5 years & 6% p.a. thereafter
Expected rate of Return on Plan Assets	5.45%	6.76%
Attrition rate	25.00%	25.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate





## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### Notes:

- Discount rate is based on benchmark rate available on Government Securities for the estimated term of the obligations.
- The expected rate of return on plan assets is based on the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.
- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

### X. Experience adjustments

Particulars	(₹'000)				
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation	(1,276,153)	(1,034,875)	(841,074)	(681,197)	(537,025)
Plan assets	1,165,482	999,881	791,001	676,592	535,273
Surplus or (Deficit)	(110,671)	(34,994)	(50,073)	(4,605)	(1,752)
Experience adjustments on plan liabilities (gains) or losses	78,574	67,817	58,647	50,189	40,988
Experience adjustments on plan assets gain or (losses)	(6,773)	21,585	545	31,192	(9,190)

### (ii) Provident Fund

The rules of the Company's Provident Fund administered by a Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Based on an actuarial valuation conducted by an independent actuary, there is interest deficiency as at the Balance Sheet date.

Particulars	(₹'000)	
	As at March 31, 2020	As at March 31, 2019
<b>I. Change in benefit obligation :</b>		
Liability at the beginning of the year	4,407,968	3,640,237
Interest cost	405,041	324,671
Current service cost	279,939	219,731
Employee Contribution	566,633	435,546
Liability transferred in	49,542	32,742
Liability transferred out	(41,208)	(20,552)
Benefits paid	(222,882)	(224,407)
Actuarial (gain) or loss on obligations	115,712	-
Liability at the end of the year	5,560,743	4,407,968
<b>II. Change in plan assets :</b>		
Fair value of plan assets at the beginning of the year	4,505,998	3,717,436
Expected return on plan assets	405,041	324,671
Contributions	846,572	655,277
Transfer from other company	49,542	32,742
Transfer to other company	(41,208)	(20,552)
Benefits paid	(222,882)	(224,407)
Actuarial Gain or (Losses) on plan assets	(98,139)	20,831
Fair value of plan assets at the end of the year	5,444,923	4,505,998
<b>III. Amount recognized in the Balance Sheet :</b>		
Liability at the end of the year	(5,560,743)	(4,407,968)
Fair value of plan assets at the end of year	5,444,923	4,505,998
Funded status	(115,820)	98,030
Asset not recognized in balance sheet	-	98,030
(Shortfall) recognized in the balance sheet	(115,820)	-

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

Particulars	(₹'000)	
	As at March 31, 2020	As at March 31, 2019
<b>IV. Expenses recognized in the income statement :</b>		
Current service cost	279,939	219,731
Interest cost	405,041	324,671
Expected return on plan assets	(405,041)	(324,671)
Interest shortfall	115,820	-
Expense recognized in income statement	395,759	219,731
<b>V. Balance Sheet reconciliation :</b>		
Opening net liability	-	-
Expense as above	395,759	219,731
(Employer's contribution)	(279,939)	(219,731)
Shortfall recognized in the balance sheet	115,820	-
<b>VI. Actual return on plan assets</b>		
Expected return on plan assets	405,041	324,671
Actuarial gains / (losses) on plan assets	(98,139)	20,831
Actual return on plan assets	306,902	345,502
<b>VII. Investment details of plan assets</b>		
Central Government of India assets	1,373,672	1,060,008
State Government of India assets	1,660,577	1,402,497
Special deposits scheme	-	-
Public sector units	832,060	688,175
Private sector bonds	1,124,525	963,454
Short Term Debt Instruments	-	-
Others	232,663	180,166
Equity and related investments	221,427	211,698
<b>Total</b>	<b>5,444,923</b>	<b>4,505,998</b>
<b>VIII. Actuarial assumptions used</b>		
Discount rate	5.45%	6.76%
Expected rate of Return on Plan Assets	8.45%	8.98%
Attrition rate	25.00%	25.00%
Guaranteed interest rate	8.50%	8.65%
Whilst in service withdrawal	5.00%	5.00%
Reinvestment period on maturity	5 years	5 years
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

### IX. Experience adjustments

Particulars	(₹'000)				
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation	(5,560,743)	(4,407,968)	(3,640,237)	(2,994,017)	(2,497,942)
Plan assets	5,444,923	4,505,998	3,717,436	3,066,946	2,554,683
Asset not recognised in Balance Sheet	-	98,030	77,199	72,929	56,741
Experience adjustments on plan liabilities (gains) or losses	156,495	-	-	-	-
Experience adjustments on plan assets gain or (losses)	(98,139)	20,831	4,270	16,188	13,846



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### (iii) Other long term benefits

The Company accrues the liability for compensated absences and long term service awards in accordance with Accounting Standard – 15 (Revised). The net present value of the Company's obligation is determined based on the projected unit credit method as at the Balance Sheet date.

Particulars	Compensated Absences		Long Term Service Awards	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
	Defined benefit obligation	662,438	529,181	303,200
Expenses recognized in the income statement during the year	249,165	186,354	40,476	140,998
<b>Actuarial assumptions used</b>				
Discount rate	5.45%	6.76%	5.45%	6.76%
Salary escalation rate	10% p.a. upto 5 years & 6% p.a. thereafter	10% p.a. upto 5 years & 6% p.a. thereafter	10% p.a. upto 5 years & 6% p.a. thereafter	10% p.a. upto 5 years & 6% p.a. thereafter
Attrition rate	25.00%	25.00%	10.00%	25.00%
Mortality table	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

### b. Defined Contribution Plans:

Particulars	Year ended March 31, 2020	
	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to Pension Scheme	215,829	163,766
Contribution to National Pension Scheme	24,151	18,439
Contribution to Employee Deposit Linked Insurance (EDLI)	13,098	9,927
Contribution to Employees State Insurance Corporation (ESIC)	36,855	49,650
Contribution to Labour Welfare Fund	242	250

### (iv) Employee Stock Option Scheme ("ESOS")

The SBI Life Employee Stock Option Plan 2018 ('ESOP 2018') and SBI Life Employees Stock Option Scheme 2018 ('the Scheme' or 'ESOS 2018') has been approved by the shareholders of the Company in the Annual General Meeting (AGM) held on September 27, 2018 based on the recommendation of the Board Nomination & Remuneration Committee ('NRC') and Board of Directors ('Board') in their meetings held on August 31, 2018.

The maximum number of stock options granted to eligible employees in accordance with ESOP 2018 shall not exceed 30,000,000 shares. During any one year, no Employee shall be granted Options equal to or exceeding 1% of the issued share capital of the Company at the time of Grant of Options unless an approval from the Shareholders is taken by way of special resolution in a General Meeting. Further, the maximum number of Options in aggregate granted to an employee under this Plan shall not exceed 1,00,00,000 Options. The Exercise Price shall be determined by the Board Nomination & Remuneration Committee in concurrence with the Board of Directors of the Company on the date the Options are granted and provided in the letter of grant. During the year the NRC in its meeting held on July 23, 2019 has approved the grant of the Employee Stock Options ('Options') under the provisions of ESOS 2018.

The Scheme is directly administered by the Company and provides that eligible employees are granted options to subscribe to equity shares of the Company which vest in a graded manner. The vested options may be exercised within a specified period.

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

The salient features of ESOS 2018 are as stated below:

Particulars	2018-19	2019-20
Grant date	December 11, 2018	July 23, 2019
Number of options granted	1,041,510	9,59,350
Maximum term of options granted/ Contractual Life	7 years from the grant date	7 years from the grant date
Graded Vesting Period		
1st Year	30% of options granted	30% of options granted
2nd Year	30% of options granted	30% of options granted
3rd Year	40% of options granted	40% of options granted
Mode of settlement	Equity shares	Equity shares
Exercise Price	₹ 562.45	₹ 759.01

Vesting of the Options are subject to continued employment achieving a minimum annual performance rating as prescribed in the ESOS 2018.

A summary of status of Company's Employee Stock Option Scheme in terms of options granted, forfeited and exercised is given below:

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	1,038,610	562.45	-	-
Add: Granted during the year	959,350	759.01	1,041,510	562.45
Less: Forfeited/lapsed during the year	(31,489)	574.50	(2,900)	562.45
Less: Exercised during the year	(26,295)	562.45	-	-
Outstanding at the end of the year	1,940,176	659.45	1,038,610	562.45
Exercisable at the end of the year <sup>1</sup>	276,624	562.45	-	-

<sup>1</sup> vested options available for exercise at the end of the year.

The Company follows intrinsic value method to account for its share-based employee compensation plans. During the year ended March 31, 2020, the Company has granted 959,350 options to its eligible employees under ESOS 2018, of which no options are vested or exercised. Out of the total outstanding as at the end of the previous year ended March 31, 2019, 302,919 options are vested during the year ended March 31, 2020. During the year ended March 31, 2020 ₹ 14,790 thousands has been received on exercise of 26,295 options resulting in increase in paid-up equity share capital by ₹ 263 thousands and securities premium by ₹ 14,527 thousand. The Company has recognised a compensation cost of ₹ 1,126 thousands for the year ended March 31, 2020 (previous year ended March 31, 2019: ₹ Nil) since the intrinsic value of the options granted on July 23, 2019 is ₹ 3.14 per option.

The weighted average remaining contractual life of the options outstanding as at March 31, 2020 is 6.0 years (Previous year ended March 31, 2019: 6.7 years).

#### Fair value methodology

Method of computation of Fair Value of Options:

The fair value of options has been calculated using the Black-Scholes model. The key assumptions considered for calculating fair value of the options as on the grant date are as follows:

Particulars	Year ended March 31, 2020	Year ended March 31, 2019	Basis
Risk free interest rate	6.52%	7.30%	Determined based on G-Sec yield on the grant date corresponding to maturity period equal to expected life of options
Expected life of the options (years)	4.55	4.55	Average of the weighted-average time to vesting and the contractual life of options
Expected dividend yield	0.30%	0.36%	Calculated based on recent rate of dividend declared
Expected volatility	25%	26.78%	Based on historical stock prices using annualised standard deviation of daily change in stock price.



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

Impact of the fair value method on the net profit and earnings per share:

Had the compensation cost for the Company's stock option plans been determined based on the fair value approach, the Company's net profit for the year and earnings per share (both basic and diluted) would have been as per the proforma amounts indicated below:

Sr. No.	Particulars	(₹'000)	
		Year ended March 31, 2020	Year ended March 31, 2019
1	Net Profit after tax as per Profit & Loss Account available for both basic and diluted earnings per share ₹ ('000)	14,221,831	13,267,964
	Add: Stock-based employee compensation expense under intrinsic value method ₹ ('000)	1,126	-
	Less: Stock-based compensation expense determined under fair value based ₹ ('000)	182,584	33,863
2	Net profit (proforma) ₹ ('000)	14,040,373	13,234,101
3	No of equity shares for basic earnings per share	1,000,003,338	1,000,000,000
	Add: Weighted average outstanding options deemed to be issued for no consideration	235,034	34,102
4	Weighted average number of equity shares for Diluted Earnings per Share	1,000,238,372	1,000,034,102
5	Basic Earnings per share (₹) (proforma) (2/3)	14.04	13.23
	Diluted Earnings per share (₹) (proforma) (3/4)	14.04	13.23

### 20. Accounting for diminution in valuation of equity investments

The Company has made the provision for diminution in value of investments on a prudent basis for loss on account of reduction in market values of long term investment in equities as under:

#### a. Diminution in the value of equity investments

Particulars	(₹'000)	
	As at March 31, 2020	As at March 31, 2019
Shareholders Account	246,829	166,654
Non linked Policyholders Account	1,719,968	1,014,741
<b>Total</b>	<b>1,966,796</b>	<b>1,181,394</b>

Note: Above provision for diminution has been adjusted with fair value change account under policyholders' fund and shareholders' fund in the Balance Sheet.

#### b. Provision for diminution for equity investments

Particulars	(₹'000)	
	Year ended March 31, 2020	Year ended March 31, 2019
In Revenue Account	705,227	960,782
In Profit & Loss Account	80,175	159,262
<b>Total</b>	<b>785,402</b>	<b>1,120,044</b>

Note: The figures in bracket, if any, indicates reversal of impairment loss earlier recognised in Revenue or Profit and Loss Account.

### 21. Provision for Standard assets and Non Standard assets for debt portfolio

In accordance with the 'Guidelines on Prudential norms for income recognition, Asset classification, Provisioning and other related matters in respect of Debt portfolio' as specified by IRDAI vide the Master Circular dated December 11, 2013, provision for standard assets and non-standard assets has been recognized as follows: -

#### A. Provision for Standard Asset on Loans other than against policy

##### i. Standard asset provision on loans other than against policy

Particulars	(₹'000)	
	As at March 31, 2020	As at March 31, 2019
In Revenue Account	11,750	5,150
In Profit & Loss Account	Nil	Nil

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### ii. Provision for standard assets on loans other than against policy

Particulars	(₹'000)	
	Year ended March 31, 2020	Year ended March 31, 2019
In Revenue Account	6,600	(800)
In Profit & Loss Account	Nil	Nil

Note: The figures in bracket, if any, indicates reversal of provision earlier recognised in Revenue Account or Profit and Loss Account.

### B. Provision for Non-Performing Assets (Non-standard asset)

Particulars	(₹'000)	
	Year ended March 31, 2020	Year ended March 31, 2019
In Revenue Account	525,790	Nil
In Revenue Account – Change in Fair Value	Nil	Nil
In Profit & Loss Account	Nil	Nil
<b>Total</b>	<b>525,790</b>	<b>Nil</b>

During the year ended March 31, 2020, the Company has classified its investment in Dewan Housing Finance Ltd.(DHFL) as NPA on account of default in interest and principal repayment of non-convertible debenture (NCDs) held in Unit Linked Funds. The provision of ₹525,790 thousands at 100% of face value and interest accrued till the date of default has been recognized in revenue account.

### 22. Micro, Small and Medium Enterprises Development Act, 2006

Under the Micro, Small and Medium Enterprises Development Act, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises.

According to information available with the management, on the basis of intimation received from suppliers, regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the Company has amounts due to Micro and Small Enterprises under the said Act as follows:

Particulars	(₹'000)	
	As at March 31, 2020	As at March 31, 2019
a) (i) Principal amount remaining unpaid to supplier under MSMED Act	16,146	1,149
(ii) Interest on (a) (i) above	Nil	Nil
b) (i) Amount of principal paid beyond the appointed date		
(ii) Amount of interest paid beyond the appointed date (as per Section 16)	Nil	Nil
c) Amount of interest due and payable for the period of delay in making payment, but without adding the interest specified under section 16 of the MSMED Act	Nil	Nil
d) Amount of interest accrued and due	Nil	Nil
e) Amount of further interest remaining due and payable even in succeeding years	Nil	Nil

### 23. Additional disclosure requirements as per Corporate Governance Guidelines

#### i. Quantitative and qualitative information on the insurer's financial and operating ratios, namely, incurred claim, commission and expenses ratios:

Refer summary of financial statement and ratios.

#### ii. Actual solvency margin details vis-à-vis the required solvency margin

The actual solvency margin of the Company as on March 31, 2020 stands at 1.95 times (previous year ended March 31, 2019: 2.13 times) as against regulatory requirement of 1.50. There has been no capital infusion after FY 2007-08.

#### iii. Persistency ratio

The persistency ratio (13<sup>th</sup> month) including single premium and fully paid up policies for the year ended March 31, 2020 is 86.14% (previous year ended March 31, 2019 is 85.07%) based on premium amount and 75.26% (previous year ended March 31, 2019 is 73.81%) based on number of policies.

#### iv. Financial performance including growth rate and current financial position of the insurer

Refer summary of financial statement and ratios.



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### v. A description of the risk management architecture

The Board has the ultimate responsibility for overseeing the management of risk within the Company. The Risk profile of the Company is reported to the Board by the Risk Management Committee of the Board (RMC-B) from time to time. The RMC-B is responsible for overseeing the Company's risk management program and for ensuring that significant risks to the Company are reported to the Board on a timely basis and apprise the Board of the various risk management strategies being adopted. The Company's Risk Appetite statement is reviewed by the Board so as to ensure that the business of the Company is carried out within the set risk limits.

The RMC-B is supported by Risk Management Committee of the Executives (RMC-E) and the Asset Liability Committee (ALCO). The RMC-E oversees the operational risk activities and the ALCO monitors insurance and investment risk portfolio. RMC-E is convened by Chief of Risk, Information and Cyber Security Management and consists of the Managing Director & Chief Executive Officer, Deputy Chief Executive Officer, President – Actuarial & Risk Management, Presidents (Zone I, II & III), President – Operations, IT & IB, President – Business Strategy, President & Chief Financial Officer, President & Chief Operating Officer, Appointed Actuary, Chief of HR & Management Services, Chief Audit Officer, Chief Information Officer and Chief Investments Officer. ALCO is chaired by Managing Director & Chief Executive Officer and consists of President – Actuarial & Risk Management, President – Business Strategy, President & Chief Financial Officer, Appointed Actuary, Head Pricing, Head Valuation, Head – ALM, Chief Investments Officer. ALCO is convened by the Appointed Actuary.

The Company has an Information Security Committee (ISC) consisting of President – Actuarial & Risk Management, President – Operations, IT & IB; President – Business Strategy, President & Chief Financial Officer, President & Chief Operating Officer, Chief Audit Officer, Chief of Risk, Information & Cyber Security Management, Chief Information Officer. The ISC is convened by the Chief Information Security Officer and it oversees all information and cyber security risks and its control. The Company also has a Risk Event Monitoring Committee (REMC) comprising of President – Actuarial & Risk Management, President

– Business Strategy, President & Chief Financial Officer, Head – Brand & Corporate Communication, Head – Legal and Compliance Officer. The REMC is convened by Chief of Risk, Information & Cyber Security Management and primarily oversees reputational risks and other significant external risks. Minutes of the ISC & REMC meetings are put up to RMC-E for information.

Chief of Risk, Information and Cyber Security Management is responsible and accountable for ensuring that a risk management program is established, implemented and maintained in accordance with Risk Management Policy so that risks are managed to an acceptable level. Chief of Risk, Information and Cyber Security Management reports to the MD & CEO of the Company, through the President – Actuarial & Risk Management and maintains functional relationships with all HoDs and Departmental Risk Officers.

SBI Life is moving towards a partnership model for risk management across the organization where the business, functional and risk management units work together to manage risks. The Departmental / Regional Heads are responsible for the management of risk in their areas of control and guide the Risk Officers in their Department. Risk Officer in each Department / Region is responsible for the identification, measurement, monitoring, and co-ordination of Risk Management activities in his / her Department / Region and cascade the Risk Management initiatives within the department / region. Functional risk limits are monitored through the departmental / regional risk appetite statements.

The Company has aligned its risk management practices with ISO 31000:2018 standard on Risk Management and has been awarded a 'Statement of compliance' in respect of the same by British Standards Institution (BSI). The Company's Business Continuity and Information Security activities are certified to ISO 22301 (Standard on Business Continuity Management) and ISO 27001 (Standard on Information Security Management) respectively.

The Company has set up a Data Protection team to address data privacy / protection. A Data Governance Committee has been constituted and the Company is in the process of formulating a Data Governance Framework consisting of Data Governance policy, procedures and standards.

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### vi. Details of number of claims intimated, disposed of and pending with details of duration

Particulars	As at	As at
	March 31, 2020	March 31, 2019
No. of claims outstanding at the beginning of the year	4,095	5,364
Add:		
No. of claims reported during the year	1,427,518	1,349,734
Less:		
No. of claims settled during the year	1,407,107	1,349,677
No. of claims repudiated during the year	1,441	1,126
No. of Claims rejected during the year	4	3
No. of claims written back	135	197
<b>No. of claims outstanding at the end of the year</b>	<b>22,926</b>	<b>4,095</b>
<b>Details of duration of outstanding claims</b>		
Less than 3 months	21,283	2,862
3 months to 6 months	1,104	1,220
6 months to 1 year	536	1
1 year and above	3	12

The Company is adhering various IRDAI guidelines for settlement of claims and is in the process of improving the claim submission process for timely recording and settlement of claims

### vii. Payments made to group entities from Policyholders Funds

Refer related party disclosure Point No 39.

### viii. Any other matters, which have material impact on the insurer's financial position

Nil

### ix. Disclosure on additional works given to auditors

Pursuant to clause 7.1 of Corporate Governance guidelines issued by IRDAI dated May 18, 2016, the additional works (other than statutory/ internal audit) given to the auditors are detailed below:

Particulars	Services rendered	('000)	
		Year ended March 31, 2020	Year ended March 31, 2019
Statutory Auditors	Certifications <sup>#</sup>	1,653	1,643
(M/s S C Bapna & Associates (Joined on August 01, 2019) and M/s R Devendra Kumar & Associates (Joined on January 14, 2020))	Report on restated financial statements, related certificates and the comfort letters in relation to offering of the Company's equity shares by certain selling shareholders*	-	-
(M/s GMJ & Co. - (Resigned on December 27, 2019) and M/s P S D & Associates - (retired on August 01, 2019))			
Concurrent Auditor (M/s Haribhakti & Co. LLP)	Certifications	60	60

<sup>#</sup> includes fees paid for quarterly limited review of financial statements

\* In accordance with SEBI rules, the fees disclosed above has been reimbursed by the selling shareholders and hence does not reflect as charge in Company's Profit and Loss account

### x. Deposits made under Local laws

The Company has no deposit as at March 31, 2020 (previous year ended March 31, 2019: Nil) made under local laws or otherwise encumbered in or outside India, except investments and deposits detailed in Note 3 of Schedule 16(B).

### 24. Age-wise analysis for policyholders' - unclaimed amount

In accordance with IRDAI Master Circular on Unclaimed amounts of policyholders dated July 25, 2017, the Company maintains a single segregated fund to manage all unclaimed amounts. The amount is invested in money market instruments, liquid mutual funds and fixed deposits of scheduled banks.

The amount in the unclaimed fund has been disclosed in schedule 12 as "Assets held for unclaimed amount of policyholders" alongwith "Income accrued on unclaimed fund". Investment income accruing to the fund is disclosed in the revenue account. Such investment income net of fund management charges is disclosed in schedule 4 "Benefits paid as "interest on unclaimed amounts"



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

As per IRDA guidelines, the details of the unclaimed amounts of the policyholders or insured's are mentioned below:

As at March 31, 2020

Particulars	Total Amount	(₹ '000)						
		0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	36-120 months*
Claims settled but not paid to the policyholders or insured due to any reasons except under litigation from the insured or policyholders	162,055	-	11,640	26,469	21,568	13,019	75,826	13,532
Sum due to the insured or policyholders on maturity or otherwise*	1,446,882	-	220,198	318,633	95,997	286,133	157,028	368,893
Any excess collection of the premium or tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far*	227,651	-	42,649	37,046	14,688	18,545	6,526	108,198
Cheques issued but not encashed by the policyholder or insured*	1,435,191	-	90,587	98,100	68,236	65,133	51,583	1,061,550
<b>Total</b>	<b>3,271,779</b>	<b>-</b>	<b>365,075</b>	<b>480,247</b>	<b>200,490</b>	<b>382,830</b>	<b>290,963</b>	<b>1,552,173</b>

\* 36-120 months category includes amount of ₹ 15,928 thousands which is lying in Unclaimed Amounts for more than 120 months and is due for transfer to Senior Citizens' Welfare Fund in accordance with IRDAI Master Circular (Unclaimed Amounts of Policyholders) dated July 25, 2017. The same has completed a period of 10 years as at March 31, 2020 and is due for transfer to SCWF on or before March 01, 2021.

As at March 31, 2019

Particulars	Total Amount	(₹ '000)						
		0-6 months	7-12 months	13-18 months	19-24 months	25-30 months	31-36 months	36-120 months*
Claims settled but not paid to the policyholders or insured due to any reasons except under litigation from the insured or policyholders	172,279	-	33,356	13,008	99,746	6,589	3,668	15,912
Sum due to the insured or policyholders on maturity or otherwise	1,484,907	-	167,941	540,321	253,791	313,637	60,216	149,001
Any excess collection of the premium or tax or any other charges which is refundable to the policyholders either as terms of conditions of the policy or as per law or as may be directed by the Authority but not refunded so far*	366,740	-	23,973	76,008	46,245	57,189	55,900	107,425
Cheques issued but not encashed by the policyholder or insured*	2,233,114	-	202,378	116,030	103,590	234,730	162,283	1,414,103
<b>Total</b>	<b>4,257,040</b>	<b>-</b>	<b>427,648</b>	<b>745,367</b>	<b>503,372</b>	<b>612,145</b>	<b>282,067</b>	<b>1,686,441</b>

\* 36-120 months category includes amount of ₹ 13,271 thousands which is lying in Unclaimed Amounts for more than 120 months and is due for transfer to Senior Citizens' Welfare Fund in accordance with IRDAI Master Circular (Unclaimed Amounts of Policyholders) dated July 25, 2017. The same has completed a period of 10 years post September 30, 2018 and is due for transfer to SCWF on or before March 01, 2020.

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

Details of unclaimed amounts and investment income thereon are as follows:-

Particulars	(₹ '000)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>Opening Balance</b>	<b>4,257,040</b>	<b>6,785,903</b>
Add : Amount transferred to unclaimed amount	903,488	3,566,590
Add : Cheques issued out of the unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	969,271	208,875
Add: Investment Income	194,544	328,979
Less: Amount paid during the year	3,035,403	6,613,683
Less: Amount transferred to SCWF (net of claims paid in respect of amounts transferred earlier)	17,162	19,625
<b>Closing Balance of Unclaimed Amount</b>	<b>3,271,779</b>	<b>4,257,040</b>

### 25. Discontinued policies

Pursuant to IRDAI circular IRDA/Reg/2/52/2010 dated July 01, 2010, given below are the disclosures pertaining to discontinued policies:

a. Details of discontinued policies for ULIP are as follows:

Sr. No.	Particulars	(₹'000)	
		Year ended March 31, 2020	Year ended March 31, 2019
1	Number of policies discontinued	265,946	249,801
2	Number of the policies revived	62,052	47,149
3	Percentage of the policies revived	23.33%	18.87%
4	Charges imposed on account of discontinued policies ₹ ('000)	555,535	562,861
5	Charges readjusted on account of revival of discontinued policies ₹ ('000)	124,736	105,292

b. Details of discontinued policies for Traditional VIP are as follows:

Sr. No.	Particulars	(₹'000)	
		Year ended March 31, 2020	Year ended March 31, 2019
1	Number of policies discontinued	14,965	12,057
2	Number of the policies revived	2,614	2,454
3	Percentage of the policies revived	17.47%	20.35%
4	Charges imposed on account of discontinued policies ₹ ('000)	29,080	24,310
5	Charges readjusted on account of revival of discontinued policies ₹ ('000)	4,526	4,524

c. Percentage of policies discontinued to total policies (product wise - ULIP):

Sr. No.	Particulars	(₹'000)	
		Year ended March 31, 2020	Year ended March 31, 2019
1	Smart Performer	-	0.03
2	Smart Elite Plan	3.63	4.35
3	Smart Scholar	3.34	5.86
4	Smart Power Insurance	7.94	13.44
5	Smart Wealth Assure	0.00	0.02
6	Smart Wealth Builder	5.57	8.45
7	Smart Pension	-	0.26
8	Smart Privilege	5.06	5.10
9	Smart Horizon	-	3.89
10	Retire Smart	4.30	5.69
11	Unit Plus Super	-	1.09
12	Saral Maha Anand	7.56	11.61
13	eWealth Insurance	11.97	19.15
14	Smart InsureWealth Plus	10.52	-
15	Saral InsureWealth Plus	17.74	-



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

d. Percentage of policies discontinued to total policies (product wise – Traditional VIP):

Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
1	Flexi Smart Plus	5.45	6.20

e. Movement in funds for discontinued policies (Linked):

Particulars	(₹ '000)	
	As at March 31, 2020	As at March 31, 2019
Opening balance of funds for discontinued policies	33,763,710	22,722,894
Add: Fund of policies discontinued during the year	33,210,480	19,839,340
Less: Fund of policies revived during the year	(8,266,104)	(6,976,926)
Add: Net Income/ Gains on investment of the Fund	3,533,936	2,417,510
Less: Fund Management Charges	(226,043)	(150,835)
Less: Amount refunded to policyholders during the year	(10,764,936)	(4,088,273)
<b>Closing balance of funds for discontinued policies</b>	<b>51,251,044</b>	<b>33,763,710</b>

f. Movement in funds for discontinued policies (Traditional VIP):

Particulars	(₹ '000)	
	As at March 31, 2020	As at March 31, 2019
Opening balance of funds for discontinued policies	3,188,141	2,774,661
Add: Fund of policies discontinued during the year	2,071,964	1,170,290
Less: Fund of policies revived during the year	(379,953)	(576,309)
Add: Net Income/ Gains on investment of the Fund	242,280	239,551
Less: Fund Management Charges	(16,563)	(17,754)
Less: Amount refunded to policyholders during the year	(2,592,852)	(402,299)
<b>Closing balance of funds for discontinued policies</b>	<b>2,513,017</b>	<b>3,188,141</b>

g. Funds for discontinued policies (Traditional VIP):

Particulars	(₹ '000)	
	As at March 31, 2020	As at March 31, 2019
(i) Discontinued on account of non-payment of premium	2,499,259	3,152,876
(ii) Others	13,758	35,265
<b>Closing balance of funds for discontinued policies</b>	<b>2,513,017</b>	<b>3,188,141</b>

h. Funds for discontinued policies (ULIP):

As at March 31, 2020

Particulars	(₹ '000)		
	Life	Pension	Total
(i) Discontinued on account of non-payment of premium	44,452,720	6,051,643	50,504,363
(ii) Others	610,080	136,600	746,681
<b>Closing balance of funds for discontinued policies</b>	<b>45,062,800</b>	<b>6,188,244</b>	<b>51,251,044</b>

As at March 31, 2019

Particulars	(₹ '000)		
	Life	Pension	Total
(i) Discontinued on account of non-payment of premium	29,898,641	3,363,981	33,262,622
(ii) Others	404,752	96,335	501,087
<b>Closing balance of funds for discontinued policies</b>	<b>30,303,393</b>	<b>3,460,316</b>	<b>33,763,710</b>

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

26. Contribution made by the shareholders' to the policyholders' account

The contribution of ₹ 4,762,804 thousands (previous year ended March 31, 2019: ₹ 989,153 thousands) made by the shareholders' to the policyholders' account is irreversible in nature, and shall not be recouped to the shareholder's account at any point of time.

27. Foreign Exchange gain/ (loss)

The amount of foreign exchange gain/ (loss) in Revenue Account and Profit & Loss account is as follows

Particulars	(₹ '000)	
	As at March 31, 2020	As at March 31, 2019
Revenue Account	-	9
Profit and Loss Account	5,117	4,585
<b>Total</b>	<b>5,117</b>	<b>4,594</b>

28. Penalty

As per IRDA Master Circular on Preparation of Financial Statements and Filing of Returns of Life Insurance Business dated December 11, 2013, the details of various penal actions taken by various Government Authorities for the year ended March 31, 2020 are mentioned below:

Sr. No.	Authority	Non-Compliance or Violation	(₹ '000)		
			Penalty Awarded*	Penalty Paid	Penalty Waived or Reduced
1	Insurance Regulatory and Development Authority of India	A financial penalty for not completely or properly printing amended Section 41 and Section 45 in proposal forms, as per 'The Insurance Laws (Amendment) Act, 2015	400	400	Nil
2	GST/Service Tax Authorities	Nil	Nil	Nil	Nil
3	Income Tax Authorities	Nil	Nil	Nil	Nil
4	Any other Tax Authorities	Nil	Nil	Nil	Nil
5	Enforcement Directorate or Adjudicating Authority or Tribunal or any Authority under FEMA	Nil	Nil	Nil	Nil
6	Registrar of Companies or NCLT or CLB or Department of Corporate Affairs or any Authority under Companies Act, 1956/2013	Nil	Nil	Nil	Nil
7	Penalty awarded by any Court or Tribunal for any matter including claim settlement but excluding compensation	Nil	Nil	Nil	Nil
8	Securities and Exchange Board of India	Nil	Nil	Nil	Nil
9	Competition Commission of India	Nil	Nil	Nil	Nil
10	Any other Central or State or Local Government or Statutory Authority	Nil	Nil	Nil	Nil

\* does not include any penalties awarded under tax litigations which are currently in appeal under adjudication

29. Loan Assets restructured during the year are as follows

Sr. No.	Particulars	(₹ '000)	
		Year ended March 31, 2020	Year ended March 31, 2019
1	Total amount of Loan Assets subject to restructuring	Nil	Nil
2	Total amount of Standard Assets subject to restructuring	Nil	Nil
3	Total amount of Sub-Standard Assets subject to restructuring	Nil	Nil
4	Total amount of Doubtful Assets subject to restructuring	Nil	Nil



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 30. 'Net receivable to Unit linked Funds' in Schedule 8B represents unitization pending for investment in Unit linked Funds.

The corresponding 'Receivable from Unit linked Funds/ Unclaimed Funds' and 'Payable to Unit Linked Funds/ Unclaimed Funds' has been reported in schedule 12 and schedule 13 respectively as follows

(₹'000)				
Year	Particulars	Schedule 8B	Schedule 12	Schedule 13
As on March 31, 2020	Receivable from/ (Payable) to Unit Linked Funds	2,754,028	370,129	(3,124,157)
	Receivable from / (Payable) to Non Linked Funds	-	1,209,604	(1,209,604)
	<b>Sub Total</b>	<b>2,754,028</b>	<b>1,579,733</b>	<b>(4,333,761)</b>
	Receivable from/ (Payable) to Unclaimed Funds	-	37,730	(37,730)
	<b>Total</b>	<b>2,754,028</b>	<b>1,617,463</b>	<b>(4,371,491)</b>
	<b>Net receivable / (payable) in Unclaimed Funds</b>	<b>-</b>	<b>-</b>	<b>-</b>
As on March 31, 2019	Receivable from/ (Payable) to Unit Linked Funds	6,184,116	1,597,386	(7,781,502)
	Receivable from / (Payable) to Non Linked Funds	-	1,287,295	(1,287,295)
	<b>Sub Total</b>	<b>6,184,116</b>	<b>2,884,681</b>	<b>(9,068,797)</b>
	Receivable from/ (Payable) to Unclaimed Funds	-	78,171	-
	<b>Total</b>	<b>6,184,116</b>	<b>2,962,852</b>	<b>(9,068,797)</b>
	<b>Net receivable / (payable) in Unclaimed Funds</b>	<b>-</b>	<b>(78,171)</b>	<b>-</b>

### 31. Participation in Joint Lenders Forum formed under Reserve Bank of India (RBI) Guidelines

The Company has not participated in any Joint Lenders Forum formed under RBI guidelines for loan accounts which could turn into potential NPAs.

### 32. Statement containing names, descriptions, occupations of and directorships held by the persons in charge of management of the business under Section 11(3) of the Insurance Act, 1938.

Sr. No.	Name	Description	Directorship held	Occupation
1	Mr. Sanjeev Nautiyal	Managing Director & CEO	SBI Life Insurance Company Ltd. (Inducted w.e.f. from March 10, 2018 onwards)	Service

### 33. Long term contracts

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year end the Company has reviewed and ensured that adequate provisions as required under any law/ accounting standard for material foreseeable losses on such long term contracts has been made in the financial statements.

For insurance contracts, actuarial valuation of liabilities for all the policies which were in the books of the Company and where there is a liability as at March 31, 2020 is done by the appointed actuary of the company. The assumptions used in valuation of liabilities are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with IRDAI.

### 34. Interim Dividend

The Board has not declared any Interim dividend for the year ended March 31, 2020 (previous year ended March 31, 2019: ₹ 2.0 per share). Accordingly, no provision (previous year ended March 31, 2019: ₹ 2,411,106 thousands including dividend distribution tax of ₹ 411,106 thousands) have been made towards interim dividend in the accounts for the year ended March 31, 2020.

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 35. Corporate Social Responsibility

The Company has spent ₹ 221,697 thousands for the year ended March 31, 2020 (previous year ended March 31, 2019 ₹ 189,616 thousands) towards Corporate Social Responsibility activities mentioned in Schedule VII of The Companies Act, 2013.

		(₹'000)	
Sector in which project is covered	Project details	Year ended March 31, 2020	Year ended March 31, 2019
Education	The Company has provided support towards the cost of education, nutrition and overall development of underprivileged children from the society, to give equal opportunity of learning to all.	65,777	78,544
Education	The Company has contributed towards the infrastructure development of school premises, hostels, playgrounds and classrooms, digital equipment for building smart classrooms, sanitation facilities, kitchen facilities, transport facilities to various schools in rural areas	22,641	26,857
Education	The Company has provided for folding canes for the visually challenged, rehabilitation of the mentally and differently-abled children through education, training, speech & physio therapy, and multisensory stimulation that aid the overall learning of the underprivileged and differently-abled children.	30,344	11,772
Education	The Company has contributed towards vocational training and skill development of people from disadvantaged sections of the society in order to enhance their livelihood opportunities.	1,960	-
Healthcare	The Company has contributed towards procurement of various medical facilities improving infrastructure of the hospitals and healthcare institutes, preventive care measures for cancer and screening, and surgeries for the less fortunate children.	66,131	50,171
Environment	The Company has contributed towards making a greener planet by planting saplings and maintaining the plantations.	5,256	1,615
Rural Development	The Company has contributed towards providing basic amenities like sanitation facilities, safe drinking water, solar lights in the villages which are remotely located and training rural youth on financial literacy	-	637
Armed Forces	The Company has contributed towards infrastructural equipment for the Officers' Training Academy	-	649
PM relief and Disaster Relief	As a socially responsible company, SBI Life lend its hand in the hour of need by contributing towards disaster relief in the form of providing relief material to the victims of flash floods, arranging clean-up and disinfection drives, and providing warm clothes and other essentials. The contributions include amount paid to Covid PM Care Fund (₹ 15,000 thousands) and (Maharashtra Chief Minister's Relief Fund- Covid -19) (₹ 10,000 thousands). The Contribution towards CM (Maharashtra Covid-19 Relief Fund) is in accordance with the MCA circular dated March 23,2020 and subsequent legal advice received by the company.	29,071	19,371
Setting up of Old Age Home	The company has provided support towards setting up old age home / any other facility or measure to support old age citizens	517	-
<b>Total</b>		<b>221,697</b>	<b>189,616</b>

i. Gross amount required to be spent by the company for the year ended March 31, 2020 is ₹ 220,308 thousands (previous year ended March 31, 2019 ₹ 184,128 thousands)

ii. Amount spent during the year on –

(₹'000)				
Year	Particulars	In cash	Yet to be paid in cash	Total
Year ended March 31, 2020	Construction/ acquisition of any asset	Nil	Nil	Nil
	On purposes other than mentioned above	221,697	Nil	221,697
Year ended March 31, 2019	Construction/ acquisition of any asset	Nil	Nil	Nil
	On purposes other than mentioned above	189,616	Nil	189,616

iii. Amounts of related party transactions pertaining to CSR related activities for the year ended March 31, 2020 was ₹ Nil (previous year ended March 31, 2019 ₹ 30,000 thousands)



## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 36. Previous year figures regrouped

Previous year figures have been regrouped / reclassified / rearranged wherever necessary to make them comparable with current year's presentation.

Description	Year ended March 31, 2020		Year ended March 31, 2019		Amount ₹ ('000)	Reason
	Schedule	Sub-heading	Schedule	Sub-heading		
Accretion of discount / (amortisation of premium)	Revenue Account	Interest, Dividends & Rent - Net of Amortisation	Revenue Account	Accretion of discount / (amortisation of premium)	3,562,363	Accretion of discount / (amortisation of premium) regrouped (added to Interest, Dividend & Rent) for appropriate presentation
Accretion of discount / (amortisation of premium)	Profit and Loss Account	Interest, Dividend & Rent - Net of Amortisation	Profit and Loss Account	Accretion of discount / (amortisation of premium)	112,722	Accretion of discount / (amortisation of premium) regrouped (added to Interest, Dividend & Rent) for appropriate presentation
Business promotion expenses	Schedule 2 – Commission expenses	Rewards	Schedule 3 – Operating expenses relating to Insurance business	Business promotion expenses	305,516	Rewards regrouped to comply with the circular issued by IRDAI (Ref no. IRDA/F&A/CIR/MISC/184/10/2019).

### 37. Linked Business

Financial statements, for each segregated fund of the linked businesses, is presented in ULIP Disclosures as require by the Master Circular. Segregated funds represent funds maintained in accounts to meet specific investment objectives of policyholders who bear the investment risk. Investment income/ gains and losses generally accrue directly to the policyholders. The assets of each account are segregated and are not subject to claims that arise out of any other business of the insurer.

38. The Outbreak of COVID-19 virus continue to spread across the globe including India, resulting in significant impact on global and India's economic environment including volatility in the capital markets. This outbreak was declared as global pandemic by World Health Organisation (WHO) on March 11, 2020. The Company has assessed the overall impact of this pandemic on its business and financials, including valuation of assets, policy liabilities and solvency for the year ended March 31, 2020. Based on the evaluation, the company has made additional reserve amounting to INR 600,000 thousands resulting from COVID-19 pandemic over and above the policy level liabilities calculated based on prescribed IRDAI regulations and the same have been provided for as at 31/03/2020 in the actuarial liability. The Company will continue to closely monitor any future developments relating to COVID-19 which may have any impact on its business and financial position.

## SCHEDULES FORMING PART OF FINANCIAL STATEMENTS

### 39. Related party disclosures as per Accounting Standard 18

#### A. Related parties where control exists:

Sr. No.	Nature of relationship	Name of related party
1	Holding Company	State Bank of India

#### B. Related parties and nature of relationship:

Sr. No.	Nature of relationship	Name of related party
1	Holding Company	State Bank of India
2	Joint Venture Partner	BNP Paribas Cardif
3	Holding Company of Joint Venture Partner	BNP Paribas
4	Fellow Subsidiaries	SBI Capital Markets Ltd. SBI DFHI Ltd. SBI Funds Management Pvt. Ltd. SBI CAPS Ventures Ltd. SBI CAP Trustee Company Ltd. SBI CAP (UK) Ltd. SBI CAP (Singapore) Ltd. SBI Cards & Payment Services Pvt. Ltd. SBI Payment Services Pvt. Ltd. SBI Global Factors Ltd. SBICAP Securities Ltd. SBI Pension Funds Pvt. Ltd. SBI General Insurance Co. Ltd. SBI Funds Management (International) Pvt. Ltd. SBI Mutual Fund Trustee Company Pvt. Ltd. SBI-SG Global Securities Services Pvt. Ltd. State Bank of India (California) SBI Canada Bank SBI (Mauritius) Ltd. Commercial Bank of India LIC, Moscow PT Bank SBI Indonesia Nepal SBI Bank Ltd. Bank SBI Botswana Ltd. SBI Foundation SBI Servicos Limitada, Brazil SBI Infra Management Solutions Pvt Ltd SBI Business Process Management Services Pvt Ltd (Formerly known as GE Capital Business Process Management Services Pvt. Ltd.) State Bank of India (UK) Ltd
5	Significant Influence or Controlling Enterprise	SBI Life Insurance Company Limited Employee PF Trust SBI Life Insurance Company Limited Employees Gratuity Fund
6	Key Management Personnel	Mr. Sanjeev Nautiyal - MD & CEO
7	Relatives of KMP	Alka Nautiyal Pradeep Nautiyal Pramod Nautiyal Rekha Dhasmana Sujay Nautiyal Akshat Nautiyal