



**HDFC STANDARD LIFE INSURANCE COMPANY LIMITED**

Our Company was incorporated at Mumbai on August 14, 2000 as "HDFC Standard Life Insurance Company Limited" a public limited company under the Companies Act, 1956. Our Company obtained a certificate of commencement of business on October 12, 2000 and the certificate of registration from the Insurance Regulatory and Development Authority of India ("IRDAI") to undertake life insurance business on October 23, 2000.

**Registered Office:** 13<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai – 400 011. **Corporate Office:** 12<sup>th</sup>, 13<sup>th</sup>, and 14<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai – 400 011. For details of changes to the address of the registered office of our Company, please see "History and Certain Corporate Matters" on page 260 of this Red Herring Prospectus.

**Telephone:** +91 (22) 6751 6666; **Facsimile:** +91 (22) 6751 6861  
**Contact Person:** Narendra Gangan, Company Secretary and Compliance Officer;  
**Email:** investor.service@hdfclife.com; **Website:** www.hdfclife.com;

**Corporate Identity Number:** U99999MH2000PLC128245; **IRDAI Registration Number:** 101

**PROMOTERS OF OUR COMPANY: HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED, STANDARD LIFE (MAURITIUS HOLDINGS) 2006 LIMITED AND STANDARD LIFE ABERDEEN PLC**

INITIAL PUBLIC OFFERING OF UP TO 299,827,818 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF HDFC STANDARD LIFE INSURANCE COMPANY LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE, AGGREGATING UP TO ₹ [●] MILLION THROUGH AN OFFER FOR SALE OF 191,246,050 EQUITY SHARES BY HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED AND UP TO 108,581,768 EQUITY SHARES BY STANDARD LIFE (MAURITIUS HOLDINGS) 2006 LIMITED ("THE PROMOTER SELLING SHAREHOLDERS" AND SUCH OFFERING, "THE OFFER"). THE OFFER COMPRISES A NET OFFER TO THE PUBLIC OF UP TO 266,895,517 EQUITY SHARES ("NET OFFER"), A RESERVATION OF UP TO 2,144,520 EQUITY SHARES (CONSTITUTING UP TO 0.11% OF OUR POST OFFER PAID UP EQUITY SHARE CAPITAL) FOR PURCHASE BY THE ELIGIBLE HDFC LIFE EMPLOYEES (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") AGGREGATING UP TO ₹ [●] MILLION ("HDFC LIFE EMPLOYEE RESERVATION PORTION"), RESERVATION OF UP TO 805,000 EQUITY SHARES (CONSTITUTING UP TO 0.04% OF OUR POST OFFER PAID UP EQUITY SHARE CAPITAL) FOR PURCHASE BY THE ELIGIBLE HDFC EMPLOYEES (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") AGGREGATING UP TO ₹ [●] MILLION ("HDFC EMPLOYEE RESERVATION PORTION") AND A RESERVATION OF UP TO 29,982,781 EQUITY SHARES (CONSTITUTING UP TO 1.49% OF OUR POST-OFFER PAID UP EQUITY SHARE CAPITAL FOR PURCHASE BY ELIGIBLE HDFC SHAREHOLDERS (AS DEFINED IN "DEFINITIONS AND ABBREVIATIONS") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE AGGREGATING UPTO ₹ [●] MILLION ("HDFC SHAREHOLDERS RESERVATION PORTION"). THE OFFER SHALL CONSTITUTE 14.92% OF THE FULLY DILUTED POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY, I.E., ASSUMING EXERCISE OF ALL VESTED EMPLOYEE STOCK OPTIONS AND THE NET OFFER SHALL CONSTITUTE 13.28% OF THE FULLY DILUTED POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY, I.E., ASSUMING EXERCISE OF ALL VESTED EMPLOYEE STOCK OPTIONS. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE PROMOTER SELLING SHAREHOLDERS IN CONSULTATION WITH THE MANAGERS, AND ADVERTISED IN ALL EDITIONS OF BUSINESS STANDARD (WHICH IS A WIDELY CIRCULATED ENGLISH AND HINDI NEWSPAPER AND MUMBAI EDITION OF NAVSHAKTI (WHICH IS A WIDELY CIRCULATED MARATHI NEWSPAPER, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA, WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST FIVE WORKING DAYS PRIOR TO THE OFFER OPENING DATE IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "ICDR REGULATIONS") AND SUCH ADVERTISEMENT SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.

In case of a revision in the Price Band, the Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Offer Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a press release and also by indicating the change on the websites of the Managers and at the terminals of the Syndicate Members.

The Offer is being made in compliance with the requirements of the Insurance Regulatory and Development Authority of India (Issuance of Capital by Indian Insurance Companies transacting Life Insurance Business) Regulations, 2015, as amended ("IRDAI Issuance of Capital Regulations").

Furthermore, in terms of Rule 19(2)(b)(iii) of the Securities Contracts Regulations Rules, 1957, as amended ("SCRR") read with Regulation 41 of the ICDR Regulations, this is an Offer for at least 10% of the post-Offer paid-up equity share capital of our Company, on a fully diluted basis. The Offer is being made through the Book Building Process, in accordance with Regulation 26(1) of the ICDR Regulations, wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Provided that our Company and the Promoter Selling Shareholders, in consultation with the Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Investors, in accordance with the ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, 2,144,520 Equity Shares will be available for Allocation to Eligible HDFC Life Employees, 805,000 Equity Shares will be available for Allocation to Eligible HDFC Employees, and 29,982,781 Equity Shares will be available for Allocation to Eligible HDFC Shareholders, subject to valid Bids being received from them at or above the Offer Price. All Bidders, other than Anchor Investors, are required to mandatorily utilize the Application Supported by Blocked Amount ("ASBA") process providing details of their respective bank accounts which will be blocked by the Self Certified Syndicate Banks ("SCSBs"), to participate in this Offer. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For details, please see "Offer Procedure" on page 709 of this Red Herring Prospectus.

**RISKS IN RELATION TO FIRST OFFER**

This being the first public offer of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 each. The Floor Price is [●] times the face value of the Equity Shares and the Cap Price is [●] times the face value of the Equity Shares. The Offer Price (as has been determined by our Company and the Promoter Selling Shareholders in consultation with the Managers, and justified as stated in the section "Basis for Offer Price" on page 153 of this Red Herring Prospectus) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investment in equity and equity-related securities involves a degree of risk and Bidders should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Bidders are advised to read the Risk Factors carefully before taking an investment decision in the Offer. For taking an investment decision, Bidders must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Red Herring Prospectus. Specific attention of the Bidders is invited to the section "Risk Factors" on page 23 of this Red Herring Prospectus.

**DISCLAIMER CLAUSE OF THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (THE "IRDAI")**

THE INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA ("IRDAI") DOES NOT UNDERTAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF OUR COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS CONNECTION. ANY APPROVAL BY THE IRDAI UNDER THE IRDAI ISSUANCE OF CAPITAL REGULATIONS SHALL NOT IN ANY MANNER BE DEEMED TO BE OR SERVE AS A VALIDATION OF THE REPRESENTATIONS BY OUR COMPANY IN THE OFFER DOCUMENT.

**COMPANY'S AND THE PROMOTER SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Offer, which is material in the context of the Offer, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each of the Promoter Selling Shareholders, severally and not jointly, accept responsibility only for the statements made by such Promoter Selling Shareholder in this Red Herring Prospectus as a Promoter Selling Shareholder in the context of the Offer and the Equity Shares offered by such Promoter Selling Shareholder in the Offer and that such statements are true and correct in all material respects and are not misleading in any material respect.

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company received "in-principle" approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated September 4, 2017 and August 29, 2017, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be NSE. A copy of this Red Herring Prospectus and the Prospectus shall be delivered to the ROC for registration in accordance with the Companies Act, 2013. For details of the material contracts and documents that will be available for inspection from the date of this Red Herring Prospectus up to the Offer Closing Date, please see "Material Contracts and Documents for Inspection" on page 799 of this Red Herring Prospectus.

**GLOBAL CO-ORDINATORS AND BOOK RUNNING LEAD MANAGERS**

 <b>Morgan Stanley</b> We understand your world	 <b>HDFC BANK</b> We understand your world	 <b>CREDIT SUISSE</b>	 <b>CITIC CLSA</b> Securities	 <b>NOMURA</b>
<b>Morgan Stanley India Company Private Limited</b> 18F, Tower 2, One Indiabulls Centre, 841, Senapati Bapat Marg, Lower Parel Mumbai - 400 013 Maharashtra, India Telephone: +91 (22) 6118 1770 Facsimile: +91 (22) 6118 1031 Email: ipo.hdfclife@morganstanley.com Website: https://www.morganstanley.com/about-us/global-offices/india Investor Grievance ID: investors_india@morganstanley.com Contact Person: Mr. Rahul Jain SEBI Registration No.: INM000011203	<b>HDFC Bank Limited</b> Investment Banking Group, Unit No. 401 & 402, 4 <sup>th</sup> Floor, Tower B, Peninsula Business Park, Lower Parel Mumbai - 400 013 Maharashtra, India Telephone: +91 (22) 339 58021 Facsimile: +91 (22) 3078 8584 Email: hdfclife.ipo@hdfcbank.com Website: www.hdfcbank.com Investor Grievance ID: investor.redressal@hdfcbank.com Contact Person: Mr. Rakesh Bhutani/ Mr. Kunal Datt SEBI Registration No.: INM000011252	<b>Credit Suisse Securities (India) Private Limited</b> Ceejay House, 9 <sup>th</sup> Floor Plot F, Shivsagar Estate Dr. Annie Besant Road Worli, Mumbai - 400 018 Maharashtra, India Telephone: +91 (22) 6777 3885 Facsimile: +91 (22) 6777 3820 Email: list.hdfcstandardlifeipo@credit-suisse.com Website: https://www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html Investor Grievance ID: ig.cse@credit-suisse.com Contact Person: Mr. Abhay Agarwal SEBI Registration No.: INM000011161	<b>CLSA India Private Limited</b> 8/F Dalamal House Nariman Point Mumbai - 400 021 Telephone: +91 (22) 6650 5050 Facsimile: +91 (22) 2284 0271 E-mail: hdfcstandardlife.ipo@citicclsa.com Website: www.india.clsa.com Investor Grievance ID: investor.helpdesk@clsa.com Contact Person: Anurag Agarwal SEBI registration number: INM000010619	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11, Plot F, Shivsagar Estate, Dr. Annie Besant Marg, Worli Mumbai - 400 018 Maharashtra, India Telephone: +91 (22) 4037 4037 Facsimile: +91 (22) 4037 4111 Email: hdfclifeipo@nomura.com Website: www.nomuraholdings.com/company/group/asia/india/index.html Investor Grievance ID: investorgrievances-in@nomura.com Contact Person: Mr. Sumit Sukhramani / Mr. Sandeep Baid SEBI registration number: INM000011419

**BOOK RUNNING LEAD MANAGERS**

 <b>Edelweiss</b> Ideas create, values protect	 <b>海通國際</b> <b>HAITONG</b>	 <b>IDFC BANK</b>	 <b>IIFL</b>	 <b>UBS</b>	 <b>KARVY</b> ComputerShare
<b>Edelweiss Financial Services Limited</b> 14 <sup>th</sup> Floor, Edelweiss House Centre, 841, Senapati Bapat Marg, Mumbai - 400 098, India Telephone: +91 (22) 4009 4400 Facsimile: +91 (22) 4086 3610 Website: www.edelweissfin.com Email: hdfclife.ipo@edelweissfin.com Investor Grievance ID: customerservice.mb@edelweissfin.com Contact Person: Mr. Pradeep Tewani/ Mr. Kunal Malkan SEBI registration number: INM000010650	<b>Haitong Securities India Private Limited</b> 1203A, Floor 12A, Tower 2A, One Indiabulls Centre, 841, Senapati Bapat Marg, Elphinstone Road, Mumbai - 400 013 Maharashtra, India Telephone: +91 (22) 4315 6859 Facsimile: +91 (22) 2421 6327 Email: hdfclife.ipo@htsec.com Website: http://www.htsec.com/en-us/haitong-india Investor Grievance ID: India.Compliance@htsec.com Contact Person: Mr. Himanshu Kashyap SEBI Registration No.: INM000012045	<b>IDFC Bank Limited</b> Naman Chambers, C-32 G Block, Bandra Kurla Complex Bandra (East), Mumbai - 400 051 Maharashtra, India Telephone: +91 (22) 6622 2600 Facsimile: +91 (22) 6622 2501 Email: hdfclife.ipo@idfcbank.com Website: www.idfcbank.com Investor Grievance ID: mb.ig@idfcbank.com Contact Person: Mr. Akshay Bhandari SEBI Registration No.: MB/INM000012250	<b>IIFL Holdings Limited</b> 11 <sup>th</sup> Floor, IIFL Centre Kamala City, Senapati Bapat Marg, Lower Parel (West) Mumbai - 400 013 Maharashtra, India Telephone: +91 (22) 4646 4600 Facsimile: +91 (22) 2493 1073 Email: hdfclife.ipo@iiflcap.com Website: www.iiflcap.com Investor Grievance ID: ig_ib@iiflcap.com Contact Person: Pinak Rudra Bhattacharyya / Pranay Doshi SEBI Registration No.: INM000010940	<b>UBS Securities India Private Limited</b> 2/F, 2 North Avenue, Maker Maxity Bandra Kurla Complex, Bandra (East) Mumbai - 400 051 Maharashtra, India Telephone: +91 (22) 6155 6000 Facsimile: +91 (22) 6155 6292 Email: OL-HDFCLIFEIPO@ubs.com Website: www.ubs.com/indianoffers Investor Grievance ID: customercare@ubs.com Contact Person: Ms. Jasmine Kaur SEBI Registration No.: INM000010809	<b>Karvy Computershare Private Limited</b> Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda Hyderabad - 500 032 Andhra Pradesh, India Telephone: +91 (40) 6716 2222 Facsimile: +91 (40) 2343 1551 Email: einward.ris@karvy.com Website: https://karisma.karvy.com/ Investor Grievance ID: hdfclife.ipo@karvy.com Contact Person: Mr. M. Murali Krishna SEBI Registration No. INR000000221

**OFFER PROGRAMME**

FOR ALL BIDDERS, OFFER OPENS ON\*\*

NOVEMBER 7, 2017

OFFER CLOSING ON

NOVEMBER 9, 2017

\*In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 5(3) of the ICDR Regulations, HDFC Bank Limited will be involved as a merchant banker only in marketing of the Offer.

\*\*Our Company and the Promoter Selling Shareholders in consultation with the Managers may consider participation by Anchor Investors in accordance with the ICDR Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Offer Opening Date i.e. November 6, 2017.

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## SECTION I: GENERAL

### DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise implies or requires, the terms and abbreviations stated hereunder shall have the meaning as assigned below. References to statutes, rules, regulations, guidelines and policies will, unless the context otherwise requires, be deemed to include all amendments, modifications and replacements notified thereto as of the date of this Red Herring Prospectus.

#### Company and Promoter Selling Shareholders' related terms

Term	Description
“Company”, “our Company”, “HDFC Standard Life” or “Issuer”	HDFC Standard Life Insurance Company Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 13 <sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai 400 011.
“we”, “us”, or “our”	Unless the context otherwise requires or implies, HDFC Standard Life Insurance Company Limited and its Subsidiaries, on a consolidated basis
“Appointed Actuary”	The appointed actuary of our Company, Mr. Srinivasan Parthasarathy
“Articles” or “Articles of Association”	The articles of association of our Company, as amended
“Auditors” or “Joint Statutory Auditors”	The joint statutory auditors of our Company, being M/s. Price Waterhouse Chartered Accountants LLP, Chartered Accountants and M/s. G.M. Kapadia & Co., Chartered Accountants
“Audit Committee”	The audit committee of our Board constituted in accordance with the Companies Act, 2013, along with the Listing Regulations and IRDAI CG Guidelines
“Board” or “Board of Directors”	The board of directors of our Company, including any committees thereof
“Chief Financial Officer”	The chief financial officer of our Company, Ms. Vibha Padalkar
“Compliance Officer”	The compliance officer of our Company, Mr. Narendra Gangan
“Corporate Office”	The corporate office of our Company, situated at 12 <sup>th</sup> , 13 <sup>th</sup> and 14 <sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai 400 011
“CSR Committee”	The corporate social responsibility committee of our Board constituted in accordance with the Companies Act, 2013
“Director(s)”	Director(s) on the Board of our Company
“Equity Shares”	Equity shares of our Company of face value of ₹ 10 each
“ESOS 2005”	Employee Stock Option Scheme, 2005
“ESOS 2010”	Employee Stock Option Scheme, 2010
“ESOS 2010-II”	Employee Stock Option Scheme, 2010-II
“ESOS 2011”	Employee Stock Option Scheme, 2011
“ESOS 2012”	Employee Stock Option Scheme, 2012
“ESOS 2014”	Employee Stock Option Scheme, 2014
“ESOS 2015”	Employee Stock Option Scheme, 2015
“ESOS 2016”	Employee Stock Option Scheme, 2016
“ESOS Scheme(s)”	ESOS 2005, ESOS 2010, ESOS 2010-II, ESOS 2011, ESOS 2012, ESOS 2014, ESOS 2015, and ESOS 2016 collectively
“ESOS Trust”	HDFC Standard Life Employees Stock Options Trust
“Executive Committee”	The committee of our Board constituted pursuant to a resolution dated April 26, 2012 and formerly known as the IPO Committee
“Executive Director”	An executive director of our Company
“Group”	Our Company and Subsidiaries on a consolidated basis
“Group Companies”	Such companies as covered under the applicable accounting standards and also other companies as considered material by our Board pursuant to a policy on materiality of group companies approved by our Board on August 16, 2017 and as disclosed in “ <i>Our Promoters, Promoter Group and Group Companies</i> ” on page 312 of this Red Herring Prospectus
“GRUH”	GRUH Finance Limited
“HDFC”	Housing Development Finance Corporation Limited
“HDFC International”	HDFC International Life and Re Company Limited
“HDFC Pension”	HDFC Pension Management Company Limited
“HDFC Trust”	HDFC Employees Welfare Trust
“Independent Actuary”	Richard Holloway, a partner in Milliman Advisors LLP, has acted as the Independent Actuary in accordance with the IRDAI Issuance of Capital Regulations
“Independent Director”	A non-executive, independent director of our Company appointed as per the Companies Act,

<b>Term</b>	<b>Description</b>
	2013 and the Listing Regulations
“KMP” or “Key Management Personnel”	Key management personnel of our Company in terms of the ICDR Regulations and the IRDAI CG Guidelines, as disclosed in “ <i>Our Management</i> ” on page 290 of this Red Herring Prospectus
“MD & CEO” or “Managing Director and Chief Executive Officer”	The managing director and chief executive officer of our Company, Mr. Amitabh Chaudhry
“Memorandum” or “Memorandum of Association”	The memorandum of association of our Company, as amended
“Name Usage Agreement”	The name usage agreement entered into between our Company and HDFC on October 20, 2015
“Nomination and Remuneration Committee”	The nomination and remuneration committee of our Board constituted in accordance with the Companies Act, 2013 along with the Listing Regulations and IRDAI CG Guidelines
“Non-Executive Director”	A Director not being an Executive Director
“Nominee Director”	Non-Executive Directors of our Company appointed on the Board of Directors pursuant to the Shareholders’ Agreement
“Promoters”	The promoters of our Company, namely, Housing Development Finance Corporation Limited, Standard Life (Mauritius Holdings) 2006 Limited and Standard Life Aberdeen plc
“Promoter Group”	Such persons and entities which constitute the promoter group of our Company pursuant to Regulation 2 (1)(zb) of the ICDR Regulations
“Registered Office”	The registered office of our Company located at 13 <sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai 400 011
“Registrar of Companies” or “RoC”	Registrar of Companies, Maharashtra situated at Everest, 100, Marine Drive, Mumbai 400 002
“Restated Consolidated Financial Information”	The restated consolidated financial information of our Group for the Fiscals 2013, 2014, 2015, 2016, 2017 and the six months ended September 30, 2017 prepared in accordance with the Companies Act and restated in accordance with the requirements of the ICDR Regulations and the relevant provisions of the IRDAI Issuance of Capital Regulations
“Restated Financial Information”	Restated Consolidated Financial Information and Restated Standalone Financial Information collectively.
“Restated Standalone Financial Information”	The restated standalone financial information of our Company for the Fiscals 2013, 2014, 2015, 2016, 2017 and the six months ended September 30, 2017 prepared in accordance with Companies Act and restated in accordance with the requirements of the ICDR Regulations and the relevant provisions of the IRDAI Issuance of Capital Regulations
“Risk Management Committee”	The risk management committee of our Board constituted in accordance with the Listing Regulations and the IRDAI CG Guidelines
“Shareholder(s)”	Shareholders of our Company, from time to time
“Shareholders’ Agreement” or “SHA”	Shareholders’ agreement entered into between HDFC and The Standard Life Assurance Company 2006 ( <i>formerly known as The Standard Life Assurance Company</i> ) on January 15, 2002, as amended by the amendment agreement entered into between our Company, HDFC and Standard Life Mauritius on November 16, 2015 and amended pursuant to the termination agreement dated August 18, 2017
“Stakeholders’ Relationship Committee”	The stakeholders’ relationship committee of our Board constituted in accordance with the Companies Act, 2013 along with the Listing Regulations
“Standard Life”	Standard Life Mauritius and Standard Life Aberdeen
“Standard Life Assurance”	The Standard Life Assurance Company 2006 formerly known as The Standard Life Assurance Company
“Standard Life Mauritius”	Standard Life (Mauritius Holdings) 2006 Limited
“Standard Life Aberdeen”	Standard Life Aberdeen plc formerly known as Standard Life plc
“Subsidiary” or “Subsidiaries”	A subsidiary of our Company as of the date of this Red Herring Prospectus, in accordance with the Companies Act, 2013, and as set out in “ <i>Our Promoters, Promoter Group and Group Companies - Subsidiaries</i> ” on page 318 of this Red Herring Prospectus
“Trademark Agreement”	The trademark agreement entered into between our Company, Standard Life Mauritius and Standard Life Employee Services Limited on October 18, 2017
“With Profits Committee”	A committee of the Directors of our Company constituted in accordance with the IRDAI (Non-Linked Insurance Products) Regulations, 2013

## Offer Related Terms

Term	Description
“Acknowledgement Slip”	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
“Allot”, “Allotment” or “Allotted”	Unless the context otherwise requires, the transfer of Equity Shares to successful Bidders by the Promoter Selling Shareholders pursuant to the Offer
“Allotment Advice”	A note or advice or intimation of Allotment, sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
“Allottee”	A successful Bidder to whom the Equity Shares are Allotted
“Anchor Investor”	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified under the ICDR Regulations and this Red Herring Prospectus
“Anchor Investor Allocation Price”	The price at which Equity Shares will be allocated to the Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Promoter Selling Shareholders in consultation with the Managers
“Anchor Investor Bidding Date”	The day, one Working Day prior to the Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
“Anchor Investor Form”	The form used by an Anchor Investor to Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of this Red Herring Prospectus and the Prospectus
“Anchor Investor Offer Price”	The final price at which Equity Shares will be Allotted to Anchor Investors in terms of this Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company and the Promoter Selling Shareholders in consultation with the Managers
“Anchor Investor Portion”	Up to 60% of the QIB Portion, which may be allocated by our Company and the Promoter Selling Shareholders, in consultation with the Managers, to Anchor Investors on a discretionary basis in accordance with the ICDR Regulations, out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
“Application Supported by Blocked Amount” or “ASBA”	An application, whether physical or electronic, used by ASBA Bidders to make a Bid authorising an SCSB to block the Bid Amount in the ASBA Account
“ASBA Account”	A bank account maintained with an SCSB and specified in the ASBA Form submitted by an ASBA Bidder, which will be blocked by such SCSB to the extent of the Bid Amount specified in the ASBA Form
“ASBA Bidder”	All bidders except Anchor Investors
“ASBA Form”	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of this Red Herring Prospectus and the Prospectus
“Banker to the Offer”	The Escrow Collection Bank, Public Offer Account Bank and Refund Bank, collectively
“Basis of Allotment”	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, as described in “Offer Procedure – Allotment Procedure and Basis of Allotment” on page 749 of this Red Herring Prospectus
“Bid”	An indication to make an offer during the Offer Period by an ASBA Bidder, or on the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of a Bid cum Application Form, to purchase, the Equity Shares at a price within the Price Band, including all revisions thereto as permitted under the ICDR Regulations, and the term “Bidding” shall be construed accordingly
“Bid Amount”	In relation to each Bid shall mean the highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder, or blocked in the ASBA Account of the ASBA Bidders, as the case maybe, upon submission of the Bid in the Offer
“Bid cum Application Form”	Anchor Investor Form or the ASBA Form, as the context requires
“Bid Lot”	[●] Equity Shares
“Bidder”	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
“Bidding Centres”	Centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
“Book Building Process”	The book building process as described in Part A, Schedule XI of the ICDR Regulations, in terms of which the Offer is being made
“Book Running Lead Manager(s) or	The book running lead managers being Edelweiss Financial Services Limited, Haitong Securities India Private Limited, IDFC Bank Limited, IIFL Holdings Limited and UBS Securities India Private Limited

Term	Description
BRLM(s)	
“Broker Centre”	Broker centres notified by the Stock Exchanges where ASBA Bidders can submit the ASBA Forms to Registered Brokers and details of which, along with the names and contact details of the Registered Broker are available on the websites of the respective Stock Exchanges as below: <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="https://www.nseindia.com/">https://www.nseindia.com/</a>
“CAN” or “Confirmation of Allocation Note”	The note or advice or intimation of allocation sent to Anchor Investors who have been allocated Equity Shares after the Anchor Investor Bidding Date
“Cap Price”	The higher end of the Price Band, i.e. ₹ [●], above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
“Cash Escrow Agreement”	The agreement entered into amongst our Company, the Registrar to the Offer, the Syndicate, the Promoter Selling Shareholders, the Escrow Collection Bank, the Public Offer Account Bank, and the Refund Bank for, amongst other things, collection of the Bid Amounts from Anchor Investors and where applicable, refunds of the amounts collected on the terms and conditions thereof
“Client ID”	Client identification number maintained with one of the Depositories in relation to the demat account
“CLSA”	CLSA India Private Limited
“Collecting Depository Participant” or “CDP”	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
“CS”	Credit Suisse Securities (India) Private Limited
“Cut-off Price”	The Offer Price, as finalised by our Company and the Promoter Selling Shareholders in consultation with the Managers.  Only Retail Individual Investors, Eligible HDFC Life Employees Bidding under the HDFC Life Employee Reservation Portion, Eligible HDFC Employees Bidding under the HDFC Employees Reservation Portion and Eligible HDFC Shareholders Bidding under the HDFC Shareholders Reservation Portion are entitled to Bid at the Cut-off Price.
“Demographic Details”	The demographic details of the Bidders such as their respective addresses, occupation, PAN, name of the Bidder’s father/ husband, investor status, MICR Code and bank account details
“Designated Branches”	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of the SEBI at ( <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> ) and updated from time to time, and at such other websites as may be prescribed by SEBI from time to time
“Designated CDP Locations”	Such locations of the CDPs where ASBA Bidders can submit the ASBA Forms, a list of which, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the websites of the respective Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="https://www.nseindia.com/">https://www.nseindia.com/</a> )
“Designated Date”	The date, after approval of the Basis of Allotment by the Designated Stock Exchanges, on which funds are transferred from the Escrow Accounts to the Public Offer Account or the Refund Account, as appropriate, or the funds blocked by the SCSBs are transferred from the ASBA Accounts to the Public Offer Account, as the case may be, after the Prospectus is filed with the RoC
“Designated Intermediaries”	The members of the Syndicate, Sub-Syndicate/agents, SCSBs, Registered Brokers, the CDPs and RTAs, who are authorised to collect Bid cum Application Forms from the Bidders, in relation to the Offer
“Designated RTA Locations”	Such locations of the RTAs where ASBA Bidders can submit the ASBA Forms to RTAs, a list of which, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="https://www.nseindia.com/">https://www.nseindia.com/</a> )
“Designated Stock Exchange”	NSE
“Draft Red Herring Prospectus” or “DRHP”	The draft red herring prospectus dated August 18, 2017, along with the corrigendum dated August 23, 2017 issued in accordance with the ICDR Regulations, which did not contain complete particulars of the Offer, including the price at which the Equity Shares will be Allotted and the size of the Offer
“Edelweiss”	Edelweiss Financial Services Limited
“Eligible HDFC Employees”	A permanent and full time employee of our holding company, i.e. HDFC, as of the date of registering this Red Herring Prospectus with RoC, and who continues to be an employee of HDFC at the time of submission of the Bid cum Application Form (excluding such employees who are not eligible to invest in the Offer under applicable laws)  The maximum Bid Amount under the HDFC Employee Reservation Portion by an Eligible HDFC Employee shall not exceed ₹ 500,000. However, the initial Allotment to an Eligible HDFC Employee in the HDFC Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of an under-subscription in the HDFC Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible HDFC Employees Bidding in the HDFC

Term	Description
	Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible HDFC Employee not exceeding ₹ 500,000.
“Eligible HDFC Life Employee(s)”	<p>A permanent and full time employee of our Company as of the date of registering the Red Herring Prospectus with RoC, and who continues to be an employee of our Company at the time of submission of the Bid cum Application Form (excluding such employees who are not eligible to invest in the Offer under applicable laws)</p> <p>The maximum Bid Amount under the HDFC Life Employee Reservation Portion by an Eligible HDFC Life Employee shall not exceed ₹ 500,000. However, the initial Allotment to an Eligible HDFC Life Employee in the HDFC Life Employee Reservation Portion shall not exceed ₹ 200,000. Only in the event of an under-subscription in the HDFC Life Employee Reservation Portion post the initial Allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible HDFC Life Employees Bidding in the HDFC Life Employee Reservation Portion, for a value in excess of ₹ 200,000, subject to the total Allotment to an Eligible HDFC Life Employee not exceeding ₹ 500,000</p>
“Eligible HDFC Shareholders”	<p>Individuals and HUFs who were the public equity shareholders of HDFC, one of our Promoters and Group Companies (excluding such persons who are not eligible to invest in the Offer under applicable laws) as on the date of the Draft Red Herring Prospectus, i.e, August 18, 2017.</p> <p>The maximum Bid Amount under the HDFC Shareholders Reservation Portion by an Eligible HDFC Shareholder shall not exceed ₹ 200,000</p>
“Eligible FPIs”	FPIs from such jurisdictions outside India where it is not unlawful to make an offer / invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby
“Eligible NRIs”	NRIs from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and this Red Herring Prospectus will constitute an invitation to purchase the Equity Shares offered thereby
“Escrow Account(s)”	Accounts opened with the Escrow Collection Bank(s) in whose favour Anchor Investors will transfer money through direct credit/ NACH/ NEFT/ RTGS in respect of Bid Amounts when submitting a Bid
“Escrow Collection Bank”	The banks which are clearing members and registered with SEBI under the BTI Regulations, with whom the Escrow Account(s) will be opened, being HDFC Bank
“First Bidder”	The Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
“Floor Price”	The lower end of the Price Band, i.e., ₹ [●] subject to any revisions thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
“General Information Document” or “GID”	The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI, suitably modified and included in “Offer Procedure” on page 725 of this Red Herring Prospectus
“Global Co-ordinators and Book Running Lead Managers” or “GCBRLM(s)”	The Global Co-ordinators and Book Running Lead Managers, being Morgan Stanley India Company Private Limited, HDFC Bank Limited, Credit Suisse Securities (India) Private Limited, CLSA India Private Limited, Nomura Financial Advisory and Securities (India) Private Limited
“Haitong”	Haitong Securities India Private Limited
“HDFC Bank”	HDFC Bank Limited
“HDFC Employee Reservation Portion”	Portion of the Offer, being 805,000 Equity Shares aggregating up to ₹ [●] million, available for allocation to Eligible HDFC Employees, on a proportionate basis
“HDFC Shareholders Reservation Portion”	Portion of the Offer being 29,982,781 Equity Shares aggregating up to ₹ [●] million available for allocation to Eligible HDFC Shareholders, on a proportionate basis
“HDFC Life Employee Reservation Portion”	Portion of the Offer, being 2,144,520 Equity Shares, aggregating up to ₹ [●] million, available for allocation to Eligible HDFC Life Employees, on a proportionate basis
“IDFC”	IDFC Bank Limited
“IIFL”	IIFL Holdings Limited
“IRDAI Application”	Application dated July 18, 2017 made by our Company for seeking prior approval of the IRDAI for the Offer in terms of the IRDAI Issuance of Capital Regulations
“IRDAI Approval”	Approval received from the IRDAI for the Offer pursuant to requirements of the IRDAI Issuance of Capital Regulations by way of its in-principle approval (conveyed by way of letter no. 102.7/1/F&A-Life/HDFC-IPO/119/2017 dated August 14, 2017) and final approval (conveyed by way of letter no. 102.7/1/F&A-Life/HDFC-IPO/2017-18/148 dated October 11, 2017)

<b>Term</b>	<b>Description</b>
“Managers”	Collectively, the Global Co-ordinators and Book Running Lead Managers and the Book Running Lead Managers.
“Maximum RII Allottees”	Maximum number of Retail Individual Investors who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot
“Morgan Stanley”	Morgan Stanley India Company Private Limited
“Mutual Fund Portion”	Up to 5% of the QIB Portion (other than Anchor Investor Portion) available for allocation to Mutual Funds only, subject to valid Bids being received at or above the Offer Price
“Net Offer”	The Offer less the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion
“Nomura”	Nomura Financial Advisory and Securities (India) Private Limited
“Non-Institutional Investors”	All Bidders, including Category III FPIs, that are not QIBs or Retail Individual Investors who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
“Non-Institutional Portion”	The portion of the Offer being not less than 15% of the Net Offer available for allocation to Non-Institutional Investors on a proportionate basis, subject to valid Bids being received at or above the Offer Price
“Offer”	Initial public offering of up to 299,827,818 Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share), aggregating up to ₹ [●] million consisting of an offer for sale of 191,246,050 Equity Shares by HDFC and up to 108,581,768 Equity Shares by Standard Life Mauritius. The Offer includes a reservation of up to 2,144,520 Equity Shares in favour of Eligible HDFC Life Employees under the HDFC Life Employee Reservation Portion, 805,000 Equity Shares in favour of Eligible HDFC Employees under the HDFC Employee Reservation Portion and a reservation of up to 29,982,781 Equity Shares in favour of Eligible HDFC Shareholders under the HDFC Shareholders Reservation Portion for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ [●] million. The Offer constitutes 14.92% of the fully diluted post-Offer paid-up Equity Share capital of our Company and the Net Offer constitutes 13.28% of the fully diluted post-Offer paid-up Equity Share capital of our Company
“Offer Agreement”	The agreement entered into on August 18, 2017 amongst our Company, the Promoter Selling Shareholders and the Managers (including any addendum thereto), pursuant to the ICDR Regulations, based on which certain arrangements are agreed to in relation to the Offer
“Offer Closing Date”	Except in relation to Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in in all editions of Business Standard (which is a widely circulated English and Hindi newspaper), and in the Mumbai Edition of Navshakti (which is a widely circulated Marathi newspaper), Marathi being the regional language of Maharashtra, where our Registered Office is located.
“Offer Opening Date”	Except in relation to Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in all editions of Business Standard (which is a widely circulated English and Hindi newspaper), and in the Mumbai Edition of Navshakti (which is a widely circulated Marathi newspaper), Marathi being the regional language of Maharashtra, where our Registered Office is located
“Offer Period”	Except in relation to Bids received from the Anchor Investors, the period from and including the Offer Opening Date to and including the Offer Closing Date during which ASBA Bidders can submit their Bids, including any revisions thereto. The Offer Period will comprise of Working Days only
“Offer Price”	The final price at which the Equity Shares will be Allotted to Bidders other than Anchor Investors in terms of this Red Herring Prospectus. The Offer Price will be decided by our Company and the Promoter Selling Shareholders in consultation with the Managers, on the Pricing Date
“Price Band”	Any price between and including the Floor Price and the Cap Price, inclusive of the Floor Price and the Cap Price, and includes revisions thereof  The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Promoter Selling Shareholders in consultation with the Managers and will be advertised in in all editions of Business Standard (which is a widely circulated English and Hindi newspaper), and in the Mumbai Edition of Navshakti (which is a widely circulated Marathi newspaper), Marathi being the regional language of Maharashtra, where our Registered Office is located), at least five Working Days prior to the Offer Opening Date
“Pricing Date”	The date on which our Company and the Promoter Selling Shareholders in consultation with the Managers, will finalise the Offer Price
“Promoter Selling Shareholders”	Housing Development Finance Corporation Limited and Standard Life Mauritius
“Prospectus”	The prospectus to be filed with the RoC in accordance with the Companies Act, 2013 and the ICDR Regulations, containing, <i>inter-alia</i> , the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
“Public Offer Account”	A bank account opened in accordance with the provisions of the Companies Act, 2013, with the Public Offer Account Bank(s) to receive money from the Escrow Accounts and from the ASBA Accounts on

Term	Description
	the Designated Date
“Public Offer Account Bank”	The banks which are clearing members and registered with SEBI under the BTI Regulations, with whom the Public Offer Account will be opened, being HDFC Bank
“Qualified Institutional Buyers” or “QIB”	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the ICDR Regulations
“QIB Portion”	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Net Offer which shall be allocated to QIBs, including the Anchor Investors (which allocation shall be on a discretionary basis, as determined by our Company and the Promoter Selling Shareholders, in consultation with the Managers) subject to valid Bids being received at or above the Offer Price
“Red Herring Prospectus”	This red herring prospectus dated October 25, 2017 issued by our Company in accordance with the Companies Act, 2013, and the ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto
“Refund Account”	The account opened with the Refund Bank, from which refunds to unsuccessful Anchor Investors, if any, of the whole or part of the Bid Amount shall be made
“Refund Bank”	The banks which are clearing members and registered with SEBI under the BTI Regulations with whom the Refund Account will be opened and in this case being HDFC Bank
“Registered Broker”	Stock brokers registered with the stock exchanges having nationwide terminals other than the Syndicate, and eligible to procure Bids from ASBA Bidders in terms of the circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
“Registrar” or “Registrar to the Offer”	Karvy Computershare Private Limited
“Registrar and Share Transfer Agents” or “RTAs”	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
“Registrar Agreement”	The agreement dated August 18, 2017 entered into amongst our Company, Promoter Selling Shareholders and the Registrar to the Offer
“Retail Individual Investors”/ “RII(s)”	Individual Bidders (including HUFs applying through their <i>karta</i> and Eligible NRIs) who have submitted a Bid for Equity Shares for an amount of not more than ₹ 200,000 in any of the bidding options in the Offer
“Retail Portion”	The portion of the Offer being not less than 35% of the Net Offer available for allocation to Retail Individual Investor(s) in accordance with the ICDR Regulations, subject to valid Bids being received at or above the Offer Price
“Revision Form”	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in their Bid cum Application Forms or any prior Revision Form(s), as applicable. QIBs and Non-Institutional Investors are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. RIIs, Eligible HDFC Life Employees, Eligible HDFC Employees and Eligible HDFC Shareholders who are RIIs can revise their Bids during the Offer Period and withdraw their Bids until Offer Closing Date
“Self Certified Syndicate Bank(s)” or “SCSB(s)”	Banks which are registered with SEBI under the BTI Regulations, which offer the facility of ASBA, a list of which is available on the website of the SEBI at ( <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> ) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
“Share Escrow Agent”	Karvy Computershare Private Limited appointed pursuant to the Share Escrow Agreement
“Share Escrow Agreement”	The agreement to be entered into amongst our Company, the Promoter Selling Shareholders and the Share Escrow Agent for deposit of the Promoter Selling Shareholders’ offered Equity Shares in escrow
“Specified Cities” or “Specified Locations”	Bidding centres where the Syndicate shall accept ASBA Forms from ASBA Bidders, a list of which is available on the website of the SEBI ( <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> ) and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
“Sub Syndicate”	The sub-syndicate members, if any, appointed by the Managers and the Syndicate Members, to collect Bid cum Application Forms
“Syndicate” or “member of the Syndicate”	The Managers and the Syndicate Members
“Syndicate Agreement”	The agreement entered into amongst the Syndicate, our Company and the Promoter Selling Shareholders in relation to collection of Bids by the Syndicate
“Syndicate Bidding Centres”	Syndicate and Sub Syndicate centres established for acceptance of the Bid cum Application Form and Revision Forms
“Syndicate Members”	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, Edelweiss Securities Limited, HDFC Securities Limited, IDFC Securities Limited, India Infoline Limited and Sharekhan Limited

<b>Term</b>	<b>Description</b>
“UBS”	UBS Securities India Private Limited
“Underwriters”	GCBRLMs, BRLMs and Syndicate Members
“Underwriting Agreement”	The agreement to be entered into amongst the Underwriters, our Company and the Promoter Selling Shareholders on or after the Pricing Date
“Working Day”	All days other than second and fourth Saturdays of the month, Sundays or public holidays, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Offer Period, shall mean all days, except Saturday, Sunday and public holidays on which commercial banks in Mumbai are open for business; and (c) the time period between the Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

### Industry related terms

<b>Term</b>	<b>Description</b>
“Accretion of discount / amortisation of premium”	Premium/ discount refers to the difference between the price paid for a debt security and the par value of that debt security. This premium /discount is spread over the remaining life of the debt security and is called amortisation of premium/accretion of discount respectively
“Acquisition Cost”	Costs, including commission, that vary with and are primarily related to the acquisition of insurance contracts
“Affiliated investments”	Investments made to parties related to insurers
“Annuity Business”	The business of effecting contracts to provide for a series of payments to be made at regular intervals for a certain period or for life.  An immediate annuity is a contract that pays out a regular stream of payments that starts immediately in return for a lump sum paid at the start of the contract.  A deferred annuity is a contract that pays out a regular stream of payments that starts after the deferment period (vesting period) is completed in return for either a lump sum paid at the start of the contract or regular premiums paid during the deferment period.
“APE (Annualised Premium Equivalent)”	APE (Annualised Premium Equivalent) is the sum of annualised first year premiums on regular premium policies, and ten percent of single premiums, on the new business written during any period from both our individual and group customers. The APE is adjusted for any new business cancellations effected during the period.
“Asset – Liability Management”	It refers to the management of an insurer’s assets with specific reference to the characteristics of its liabilities so as to optimise the balance between risk and return. It is the ongoing process of formulating, implementing, monitoring and revising strategies related to assets and liabilities to achieve an insurer’s financial objective, given the insurer’s risk tolerance and other constraints
“Asset share”	The accumulation of premiums at the actual investment returns less deductions related to expenses, commission, cost of benefits provided, cost of capital, cost of guarantee, tax etc.
“Assets under management (AUM)”	AUM refers to the carrying value of investments managed by our Company and includes investment loans and net current assets pertaining to Unit Linked investments. Unless otherwise stated, AUM refers to Standalone AUM of our Company
“Bancassurance”	An arrangement entered into by a financial institution (such as banks, non-banking financial companies, micro-finance institutions and small finance banks) and an insurance company (either through corporate agency or as a master policyholder), through which such financial institution sells/ enrolls the insurance products of the Company to its client base.
“Basic Earning Per Share”	In accordance with Accounting Standard 20 on “Earnings per share”, “basic earning per share” is calculated as net profit after tax for the period attributable to equity shareholders divided by the weighted average number of equity shares outstanding during the period
“Bonus (to policyholders)”	The non guaranteed benefits added to a participating policy and represents the share of surplus distributed to the policyholders
“Certificate of Registration”	Certificate granted by the IRDAI under the IRDAI Registration Regulations, registering an insurance company to transact the classes of business specified therein
“Certificate of Renewal of registration”	Renewal of certificate of registration of an insurer issued on an annual basis in form IRDA/R6
“Conservation ratio”	It is the ratio of renewal premium received in any given year/period as a percentage of first year and renewal premium received in the previous year/corresponding period of previous year
“Cost or total cost” or “Expense of Management”	Cost or total cost refers to total expenses including commission and including provision for doubtful debts and bad debts

<b>Term</b>	<b>Description</b>
“Credit Risk”	Risk of default of a counterparty or obligor, including the risk of default of risk mitigating contracts like reinsurance and financial derivatives
“Creditors”/ “Sundry Creditors”	Sundry creditors include payables to vendors providing goods and services including inter group payable but does not include payables on account of insurance contract liabilities
“CRISIL”	CRISIL Research, a division of CRISIL Limited
“CRNHR”	Cost of Residual Non Hedgeable Risks is an allowance for risks to shareholder value to the extent that these are not already allowed for in the Time Value of Options and Guarantees or in the present value of future profits
“Death Benefit”	Amount of benefit which is payable on death as specified in the policy document. This is stated at the inception of the contract
“Debtors”/ “Sundry Debtors”	Debtors include investment debtors
“Debt investment”	Debt investment means investment other than in equity instruments, equity mutual funds, and investment in subsidiary, Venture Capital Equity, Infrastructure Investment Trust Units, Additional Tier 1 Bonds and investment property. It includes fixed income securities, discounted securities and money market instruments issued by government, public sector undertakings and corporates. It also includes investment in debt and liquid mutual funds, Venture Capital Debt and Security Receipts
“Diluted Earning Per Share”	In accordance with Accounting Standard 20 on “Earnings per Share”, “diluted earnings per share” is calculated as net profit after tax for the period attributable to equity shareholders divided by the weighted average number of equity shares adjusted for the effects of all dilutive potential equity shares, outstanding during the period
“Discontinued Policy Fund / Funds for discontinued policies”	A segregated fund of the insurer that is set aside in respect of all discontinued policies in accordance with the IRDA (Linked Insurance Products) Regulations, 2013
“Dividend Cover”	A measure of the ability of an insurance company to pay its dividend. It is calculated as operating profit after tax divided by the total dividend paid for a particular financial year
“Economic Capital”	Economic Capital is the amount of capital required to cover potential losses, at a given risk tolerance level, over a specified time horizon
“Embedded Value (EV)”	The measure of the consolidated value of shareholders’ interest in the existing life insurance business. It represents the present value of shareholders’ interests in the earnings distributable from the assets allocated to the business after sufficient allowance for the aggregate risks in the business and is generally expressed as a sum of Adjusted Net worth and Value of In-force of business. Embedded value determined as per the requirements and principles prescribed in the Actuarial Practice Standard 10 issued by the Institute of Actuaries of India is referred to as Indian Embedded Value
“Embedded Value Operating Profit (EVOP)/ Embedded Value Operating Earnings (EVOE)”	Embedded Value Operating Profit (“EVOP”) is a measure of the change in the EV during any given period due to matters that can be influenced by management. It includes value created due to writing of new business and positive (or negative) operating variance due to, for example, better (or worse) persistency and mortality experience, better (or worse) expense efficiencies etc. It excludes changes in the EV due to external factors like changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs. It is also referred to as Embedded Value Operating Earnings (EVOE)
“Operating Return on Embedded Value”	Operating Return on Embedded Value is the ratio of EVOP for any given period to the EV at the beginning of that period
“Embedded Value Report”	The Embedded Value Report dated October 18, 2017 prepared by Richard Holloway, partner at Milliman Advisors LLP and acting as Reporting Actuary in accordance with Actuarial Practice Standard 10 issued by the Institute of Actuaries of India
“Facultative arrangement”	An arrangement under which the insurer is free to place the reinsurance with any reinsurer. Similarly, the reinsurer may accept or reject the reinsurance offered
“Fair value change ” (Unit Linked)	Unrealised gains / losses arising due to changes in the fair value of investment assets including listed equity shares, mutual funds and debt securities
“Fair value change” (Other than Unit Linked and Shareholders)	Unrealised gains/ losses arising due to changes in the fair value of equity investments, Additional Tier 1 Bonds and mutual funds
“First Year Premium”	Insurance premium that is due for the first policy year of a life insurance contract
“Funds for Future Appropriation”	The Funds for Future Appropriation (the “FFA”), comprise funds in the participating segment which have not been explicitly allocated either to policyholders or to shareholders at the valuation date
“Funds for Future Appropriation” – provision for lapsed policies unlikely to be revived	It represents the lapse/surrender charges on unit linked policies that are within the revival period and retained within the policyholder segments, which would be transferred to the shareholders after the revival period on these policies is completed
“Health Insurance Business”	The effecting of contracts which provide for sickness benefits or medical, surgical or hospital expense benefits, whether in-patient or out-patient travel cover and personal accident cover, on an indemnity, reimbursement, service, pre-paid, hospital or other plans

Term	Description
	basis, including assured benefits and long-term care
“Industry Report”	CRISIL’s report titled “ <i>Analysis of life insurance industry in India</i> ”
“Indian Insurance Company”	<p>Under the Insurance Act, any insurer being a company which is limited by shares and:</p> <ul style="list-style-type: none"> <li>• which is formed and registered under the Companies Act, 2013 as a public company or is converted into such a company within one year of the commencement of the Insurance Laws (Amendment) Act, 2015;</li> <li>• in which the aggregate holdings of equity shares by foreign investors, including portfolio investors, do not exceed forty-nine per cent of the paid up equity capital of such Indian insurance company, which is Indian owned and controlled, in such manner as may be prescribed;</li> </ul> <p>Explanation: For the purposes of (b) above, the expression “control” shall include the right to appoint a majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements</p> <ul style="list-style-type: none"> <li>• whose sole purpose is to carry on life insurance business or general insurance business or re-insurance business or health insurance business</li> </ul>
“In-Force”	An insurance policy or contract, reflected on records, that has not lapsed/discontinued, expired, matured or otherwise been surrendered or terminated
“Insurance Penetration”	The Insurance premium as % of GDP for any given period
“Insurance Premium”	It is the consideration the policyholder will have to pay in order to secure the benefits offered by the insurance policy
“Insurance Profit”	It relates to the part of shareholder profits that arises from the core insurance business reflected by the net surplus in the underlying policyholder segments
“Insurance Underwriting”	The process by which an insurance company determines whether or not and on what basis it will accept an application for insurance
“Insurer”	<p>It means:</p> <p>(a) an Indian Insurance Company, or</p> <p>(b) a statutory body established by an Act of Parliament to carry on insurance business, or</p> <p>(c) an insurance co-operative society, or</p> <p>(d) a foreign company engaged in re-insurance business through a branch established in India.</p> <p>Explanation – For the purposes of this sub-clause, the expression “foreign company” shall mean a company or body established or incorporated under a law of any country outside India and includes Lloyd’s established under the Lloyd’s Act, 1871 (United Kingdom) or any of its members</p>
“Interim Bonus”	As bonuses are allocated at the end of the financial period, for policies exiting during the financial year by death/maturity or surrender, interim bonus for the period from end of previous financial year to the date of exit (subject to eligibility conditions) is paid
“Investment Assets”	All investments made out of shareholders funds representing solvency margin, non-unit reserves of unit linked insurance business, participating and non-participating funds of policyholders; policyholders' funds of pension and general annuity fund at their carrying value; and policyholders unit reserves of unit linked insurance business at their market value
“Investment Yield”	This refers to income earned from the investments. It is usually expressed as a percentage of the acquisition cost of investment
“Lapse”	A life insurance contract lapses if the premiums falling due within the minimum period required are not paid within the grace period as specified in the IRDA (Non-Linked Insurance Products) Regulation, 2013 and IRDA (Linked Insurance Products) Regulations, 2013
“Life Insurance Business”	<p>Life Insurance Business means the business of effecting contracts of insurance upon human life, including any contract whereby the payment of money is assured on death (except death by accident only) or the happening of any contingency dependent on human life, and any contract which is subject to payment of premiums for a term dependent on human life and shall be deemed to include –</p> <p>(a) the granting of disability and double or triple indemnity accident benefits, if so</p>

<b>Term</b>	<b>Description</b>
	<p>provided in the contract of insurance;</p> <p>(b) the granting of annuities upon human life, and</p> <p>(c) the granting of superannuation allowances and benefit payable out of any fund applicable solely to the relief and maintenance of persons engaged or who have been engaged in any particular profession, trade or employment or of the dependents of such persons.</p> <p>Explanation: For the removal of doubts, it is hereby declared that “life insurance business” shall include any unit linked insurance policy or scrips or any such instrument or unit, by whatever name called, which provides a component of investment and a component of insurance issued by an insurer (as defined under the Insurance Act).</p>
“Linked liabilities (fund reserves)”	This represents the liability for units held under the contracts and is part of the liability that is held under unit-linked business
“Mathematical Reserves”	The provision made by an insurer to cover liabilities arising under or in connection with policies or contracts for life insurance business. Mathematical reserves also include specific provision for adverse deviations in experience from the assumptions, such as mortality and morbidity rates, interest rates, and expense rates, and any explicit provisions made, in the valuation of liabilities, in accordance with the regulations made by the IRDAI for this purpose. Please also see “ – Policy Liabilities”
“Maturity Benefit”	The amount of benefit which is payable on maturity i.e. at the end of the term, as specified in the policy document and is stated at the time of inception of the policy
“Maturity Date”	The stipulated date on which the term of the insurance contract gets completed and the maturity benefit is payable.
“Morbidity Rate”	It is an estimate of the number of persons that are expected to suffer a disease, illness, injury, or sickness and could vary by age or other factor such as occupation, health etc
“Mortality Charges”	The risk charges that are deducted from the unit fund of a policy to provide for the mortality benefit to the policyholder
“Mortality Rate”	An estimate of the number of deaths, varying by such parameters as age, gender and health, used in pricing and computing policy liabilities
“NAV / Net Asset Value”	NAV in the context of the equity shares is computed as the closing net worth of a company, divided by the closing outstanding number of fully paid up equity share. In the context of the unit linked business of our Company and the investments made in mutual funds by our Company, it represents the value of one unit held by the policyholder/us and is computed as total assets of the fund/scheme divided by number of units outstanding
“Net Premium”	Net premium during any period represents net inflow from policyholders and is computed as total premiums received less benefits paid (gross of reinsurance claims) to policyholders
“Net worth”	Unless otherwise stated, net worth is as defined in IRDAI circular on ‘Public Disclosures by Insurers’ and it represents the shareholders’ funds computed as sum of share capital including share application money and reserves and surplus including share premium, fair value change account with respect to shareholders equities investment as reduced by aggregate of debit balance in profit and loss account and miscellaneous expenditure (to the extent not adjusted or written off)
“Net tangible assets”	Net tangible assets mean the sum of all net assets of the issuer, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India.
“New business strain”	New business strain arises when the premium paid at the commencement of a contract is not sufficient to cover the initial expenses including acquisition costs and any mathematical reserve that our Company needs to set up at that point.
“Non-linked Business”	Business other than unit linked business
“Non-Participating Product / Policy”	Policies without participation in profits, means policies which are not entitled to any share in surplus (profits) during the term of the policy
“Non-unit liabilities”	Non-unit liabilities are liabilities held in addition to Linked liabilities (fund reserves) under unit-linked business and represents liabilities in respect of future expenses and benefits in excess of the unit fund. These form part of the mathematical reserves
“Obligatory arrangement”	An arrangement under which both the insurer and reinsurer are obliged to place and accept the risk
“Operating expense ratio”	Operating expenses (excluding commission) divided by total premium
“Paid up”	It is one of the non-forfeiture options given to the policyholder in case premiums are not paid within the grace period, after premiums have been paid for the minimum required period.
“Paid up Sum Assured”	The reduced Sum assured under a paid-up policy, wherein sum assured is proportionately reduced to an amount which bears the same ratio to the full sum assured as the number of premiums actually paid bears to the total number originally payable in the policy
“Participating Product / Policy”	A life insurance policy where the policyholder is entitled to share of the surplus emerging in participating fund. The current minimum share that the policyholders are entitled to, as

Term	Description
	per the IRDAI regulations, is 90%
“Pension Business”	Pension business includes business of effecting contracts to invest for retirement benefits or manage investments of pension funds or superannuation schemes
“Persistence Ratio”	The ratio of policies remaining in force to all policies issued in the period 13 month/25 month etc, prior to the date of measurement and is referred to as 13th month/25th month persistency etc. It is the percentage of policies that have not discontinued paying premiums or surrendered. It can be measured in terms of number of policies or in terms of premium
“Policy Liabilities”	The policy liabilities under an insurance contract are the benefits an insurance company has contractually agreed to pay to the policyholders, plus its future expenses less future premiums. Please also see “Mathematical Reserves”
“Present Value of Future Profits” or “PVFP”	Present value of projected distributable profits to shareholders arising from the in-force covered business, determined by projecting the post taxation shareholder cash flows from the in-force covered business and the assets backing the associated liabilities
“Pre-tax Operating Profit/Loss”	Pre – tax Operating Profits means Profit Before Tax as per restated summary statement of Profit and Loss Account (Shareholders’ Account / Non-Technical Account)
“Protection Gap”	As defined in the Swiss Re, Economic Research & Consulting “Mortality Protection Gap Asia-Pacific 2015”, the protection gap is measured as the difference between the resources needed and the resources already available for dependents to maintain their living standards following the death of a working family member
“Quota Share arrangement”	An arrangement under which the reinsurer covers a specified percentage of the sum at risk
“Regular Premium Product”	Life insurance product which requires regular periodic payment of premium year of a life insurance contract
“Reinsurance ceded/accepted”	Reinsurance means an insurance contract between one insurance company (cedant) and another insurance company (reinsurer) wherein mortality/morbidity risks above a specified limit is transferred by the cedant to the reinsurer in exchange for a consideration. The consideration paid/received is termed as reinsurance premium on reinsurance ceded/accepted.
“Renewal Premium”	Life insurance premiums falling due in the years subsequent to the first year of the policy
“Required Solvency Margin, Available Solvency Margin and Solvency Ratio”	Every insurer is required to maintain an excess of the value of assets over the amount of liabilities of not less than an amount prescribed by the IRDAI, which is referred to as a Required Solvency Margin. The actual excess of assets over liabilities, in both policyholders’ funds and shareholders’ funds maintained by the insurer is referred to as Available Solvency Margin. Solvency ratio is Actual Solvency Margin divided by Required Solvency Margin.
“Return on Equity/ Return on Networth”	Profit/(loss) after tax, as restated / average of the restated net worth at the beginning and end of the period
“Return on Invested capital”	Profit/(loss) after tax, as restated / average of the restated share capital and share premium at the beginning and end of the period
“Rider”	The add-on benefits which are in addition to the benefits under a basic policy
“Single premium”	Insurance premium where only a single lump sum payment is received for all policy year of a life insurance contract
“Single Premium Policy”	Those policies that require only a single lump sum payment from the policyholder
“Sum Assured”	An absolute amount of benefit which is guaranteed to become payable on death of the life assured in accordance with the terms and conditions of the policy or an absolute amount of benefit which is available to meet the health cover
“Supplementary Embedded Value Report”	A report dated October 18, 2017 prepared by Richard Holloway, who is a partner in Milliman Advisors LLP, on the Embedded Value of our Company as at September 30, 2017.
“Surplus”	The excess of the value placed on a life insurance company's assets over the value placed on its liabilities
“Surplus reinsurance arrangement”	An arrangement under which the reinsurer covers the surplus of the sum at risk exceeding the ceding company's retention limits as laid out in the agreement between the reinsurer and the ceding company
“Surrender”	Complete withdrawal/ termination of the entire policy
“Surrender Penalty”	In case of linked contracts, surrender penalty is the unit value to the credit of the policyholder less what is actually paid out at the time of surrender
“Surrender Value”	An amount, if any, that becomes payable in case of surrender in accordance with the terms and conditions of the policy
“Term Assurance”	A contract which pays the Sum insured only in the event of death of the insured during the specified period.
“Terminal Bonus”	Terminal bonus is the bonus paid on participating policies, in addition to the reversionary and interim bonus on maturity, upon death or surrender of the policy based on the terminal bonus rates declared and if policies satisfy the eligibility criteria such as the minimum duration required at time of death /surrender.

<b>Term</b>	<b>Description</b>
“Time Value of Financial Options and Guarantees” or “TVFOG”	Reflects the value of the additional cost to shareholders that may arise from the embedded financial options and guarantees attaching to the covered business. The intrinsic value of such options and guarantees is reflected in the PVFP
“Top-Up Premium”	An additional amount (s) of premium paid, if any, over and above the contractual basic premiums stipulated in the terms and conditions, at irregular intervals during the period of contract
“Total premium” (“Gross Premium”)	Measure of premiums received on both retail and group products and is the sum of first year and renewal premiums on regular premium policies and single premiums received by our Company during any given period
“Total New business premium”	First year premiums on regular premium policies and single premiums, on the new business written during any period from both our individual and group customers. For the purposes of the Total New business premium calculation, we consider all premiums received in our group business and any top-up premiums as single premiums.
“ULIP”	Unit linked insurance plan
“Unit linked business”	Business of effecting life insurance, pension or health insurance contracts under which benefits are wholly or partly to be determined by reference to the value of underlying assets or any approved index
“Unit Linked Fund”	A unit linked fund pools together the premiums paid by policyholders and invests in a portfolio of assets to achieve the fund(s) objective. The price of each unit in a fund depends on how the investments in that fund perform
“Unit linked products”	A life insurance contract or health insurance contract under which benefits are wholly or partly to be determined by reference to the value of underlying assets or any approved index
“Value of new business (VNB)” and “VNB margin”	VNB is the present value of expected future earnings from new policies written during any given period and it reflects the additional value to shareholders expected to be generated through the activity of writing new policies during any given period. VNB for any period reflects actual acquisition costs incurred during that period VNB margin is the ratio of VNB to APE for any given period and is a measure of the expected profitability of new business

### Conventional or general terms and abbreviations

<b>Term</b>	<b>Description</b>
“A/c”	Account
“AGM”	Annual general meeting
“AIFs”	Alternative investment funds as defined in and registered with SEBI under the AIF Regulations
“AIF Regulations”	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
“AML”	Anti Money Laundering
“APS”	Actuarial practice standards issued by the Institute of Actuaries of India
“AS” or “Accounting Standards”	Accounting standards issued by the Institute of Chartered Accountants of India, as notified by the Companies (Accounting Standards ) Rules, 2006
“A.Y.”	Assessment year
“Bankruptcy Code”	Insolvency and Bankruptcy Code, 2016
“Bn/bn”	Billion
“BPLR”	Benchmark prime lending rate
“BSE”	BSE Limited
“BTI Regulations”	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994
“CAGR”	Compounded Annual Growth Rate
“Calendar Year” or “year”	Unless the context otherwise requires, shall refer to the twelve month period ending December 31
“Category I Foreign Portfolio Investors” or “Category I FPIs”	FPIs who are registered as “Category I foreign portfolio investors” under the FPI Regulations
“Category II Foreign Portfolio Investors” or “Category II FPIs”	FPIs who are registered as “Category II foreign portfolio investors” under the FPI Regulations
“Category III Foreign Portfolio Investors” or “Category III FPIs”	FPIs who are registered as “Category III foreign portfolio investors” under the FPI Regulations
“CCI”	Competition Commission of India
“CDSL”	Central Depository Services (India) Limited
“CFO”	Chief Financial Officer
“CIN”	Corporate Identity Number
“CP”	Credit Protect

<b>Term</b>	<b>Description</b>
“Combination Regulations”	Provisions under the Competition Act in relation to combinations
“Companies Act”	Companies Act, 1956, to the extent not repealed, and/or the Companies Act, 2013
“Companies Act, 1956”	Companies Act, 1956, and the rules, regulations, modifications and clarifications made thereunder, as the context requires
“Companies Act, 2013”	Companies Act, 2013 and the rules, regulations, modifications and clarifications thereunder, to the extent notified
“Competition Act”	Competition Act, 2002, as amended
“CrPC”	The Code of Criminal Procedure, 1973
“CSR”	Corporate social responsibility
“Depositories Act”	Depositories Act, 1996, as amended
“Depository” or “Depositories”	NSDL and CDSL
“DIFC”	Dubai International Financial Centre
“DIN”	Director Identification Number
“DIPP”	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India
“DP” or “Depository Participant”	A depository participant as defined under the Depositories Act
“DP ID”	Depository Participant’s identity number
“ECB”	External commercial borrowing
“EBITDA”	Earnings Before Interest, Tax, Depreciation and Amortisation
“EGM”	Extraordinary general meeting
“EPS”	Earnings per share (as calculated in accordance with AS-20)
“Euro” or “€”	Euro
“FDI”	Foreign direct investment
“FDI Policy”	Consolidated Foreign Direct Investment Policy notified by the DIPP under D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017, effective from August 28, 2017
“FEMA”	Foreign Exchange Management Act, 1999, including the rules and regulations thereunder
“FEMA Regulations”	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended
“File and Use Guidelines”	File and Use Guidelines issued by the IRDAI by way of circular no. IRDA/ACTL/FUP/VER 2.0/Dec 2001 dated December 12, 2001
“Financial Year”, “Fiscal”, “FY” or “F.Y.”	Period of twelve months ending on March 31 of that particular year, unless stated otherwise
“FII(s)”	Foreign Institutional Investor, as defined under the FII Regulations
“FII Regulations”	Erstwhile Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
“Finance Act”	Finance Act, 1994, as amended
“FIPB”	Foreign Investment Promotion Board
“FPI(s)”	Foreign Portfolio Investor, as defined under the FPI Regulations, including FIIs and Qualified Foreign Investors, which are deemed to be foreign portfolio investors
“FPI Regulations”	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
“Foreign Investment Rules”	Indian Insurance Companies (Foreign Investment) Rules, 2015 dated February 19, 2015, as amended
“FVCI”	Foreign venture capital investors, as defined and registered with SEBI under the FVCI Regulations
“FVCI Regulations”	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended
“GAAR”	General Anti-Avoidance Rules
“GBP” or “£”	Pound Sterling
“GDP”	Gross domestic product
“GIR Number”	General index registration number
“GoI” or “Government of India” or “Central Government”	Government of India
“GST”	Goods and services tax
“GTI”	Group Term Insurance
“HUF”	Hindu undivided family
“IAI”	The Institute of Actuaries of India
“ICAI”	The Institute of Chartered Accountants of India
“ICDR Regulations”	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

<b>Term</b>	<b>Description</b>
	Regulations, 2009, as amended
“ICDS”	Income Computation and Disclosure Standards
“ICSI”	The Institute of Company Secretaries of India
“IFRS”	International Financial Reporting Standards
“IND AS”	Indian Accounting Standards
“India”	Republic of India
“Insurance Act”	The Insurance Act, 1938, as amended
“Insurance Amendment Act”	The Insurance Laws (Amendment) Act, 2015, notified on March 23, 2015, by the Government of India
“Insurance Ombudsman”	The insurance ombudsman established under the Insurance Ombudsman Rules, 2017
“Indian GAAP”	Generally accepted accounting principles in India
“Indian Insurance Company”	An Indian insurance company as defined under section 2(7A) of the Insurance Act
“Insider Trading Regulations”	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
“Investor”	An “investor” as defined under regulation 2(f) of the IRDAI Transfer Regulations
“IPC”	The Indian Penal Code, 1860, as amended
“IPR”	Intellectual property rights
“IPO”	Initial public offer
“IRDAI”	Insurance Regulatory and Development Authority of India
“IRDAI Act”	The Insurance Regulatory and Development Authority Act, 1999, as amended
“IRDAI Actuarial Report and Abstract Regulations”	Insurance Regulatory and Development Authority of India (Actuarial Report and Abstract for Life Insurance Business) Regulations, 2016 dated April 13, 2016, as amended
“IRDAI Appointed Actuary Regulations”	Insurance Regulatory and Development Authority of India (Appointed Actuary) Regulations, 2017 dated April 27, 2017, as amended
“IRDAI Assets, Liabilities and Solvency Margin of Insurers Regulations”	Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2016 dated April 13, 2016, as amended.
“IRDAI CG Guidelines”	Guidelines for corporate governance for insurers in India issued by the IRDAI by way of circular no. IRDA/F&A/GDL/CG/100/05/2016 dated May 18, 2016
“IRDAI Distribution of Surplus Regulations”	Insurance Regulatory and Development Authority (Distribution of Surplus) Regulations, 2002 dated December 13, 2002, as amended
“IRDAI Financial Statements Regulations”	Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor’s Report of Insurance Companies) Regulations, 2002 dated March 30, 2002, as amended
“IRDAI Health Insurance Regulations”	Insurance Regulatory and Development Authority of India (Health Insurance) Regulations, 2016 dated July 12, 2016, as amended
“IRDAI Insurance Advertisements and Disclosure Regulations”	Insurance Regulatory and Development Authority (Insurance Advertisements and Disclosure) Regulations, 2000 dated July 14, 2000, as amended
“IRDAI Investment Regulations”	Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 dated August 1, 2016, as amended
“IRDAI Issuance of Capital Regulations”	Insurance Regulatory and Development Authority of India (Issuance of Capital by Indian Insurance Companies transacting Life Insurance Business) Regulations, 2015 dated December 17, 2015, as amended
“IRDAI Linked Insurance Products Regulations”	Insurance Regulatory and Development Authority (Linked Insurance Products) Regulations, 2013 dated February 16, 2013, as amended
“IRDAI Non-Linked Insurance Products Regulations”	The Insurance Regulatory and Development Authority (Non-Linked Insurance Products) Regulations, 2013 dated February 16, 2013, as amended
“IRDAI O & C Guidelines”	Guidelines on “Indian Owned and Controlled” issued by the IRDAI by way of a circular no. IRDA/F&A/GDL/GLD/180/10/2015 dated October 19, 2015, as amended
“IRDAI Obligations of Insurers to Rural and Social Sectors Regulations”	Insurance Regulatory and Development Authority of India (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015 dated August 24, 2015, as amended
“IRDAI (Other Forms of Capital) Regulations”	Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015 dated November 13, 2015, as amended.

<b>Term</b>	<b>Description</b>
“IRDAI Outsourcing Regulations”	Insurance Regulatory and Development Authority of India (Outsourcing of Activities by Indian Insurers) Regulations, 2017 dated April 20, 2017
“IRDAI Policyholders’ Regulations”	The Insurance Regulatory and Development Authority of India (Protection of Policyholders’ Interests) Regulations, 2017 dated June 22, 2017, as amended
“IRDAI Registration Regulations”	Unless the context otherwise requires, the Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000 dated July 14, 2000, including all amendments thereto
“IRDAI Registration of Corporate Agents Regulations”	Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 dated August 20, 2015, as amended.
“IRDAI Transfer Regulations”	Insurance Regulatory and Development Authority of India (Transfer of Equity Shares of Insurance Companies) Regulations, 2015 dated April 15, 2015, as amended
“IST”	Indian Standard Time
“IT”	Information Technology
“I.T. Act”	The Income Tax Act, 1961, as amended
“ITAT”	Income Tax Appellate Tribunal
“KYC”	Know your Customer
“LIBOR”	London Interbank Offered Rate
“Listing Agreement”	The equity listing agreement to be entered into by our Company with each of the Stock Exchanges
“Listed Insurance Company Guidelines”	Insurance Regulatory and Development Authority of India (Listed Indian Insurance Companies) Guidelines, 2016 dated August 5, 2016
“Listing Regulations”	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
“MAT”	Minimum Alternate Tax
“MCA”	Ministry of Corporate Affairs, Government of India
“MICR”	Magnetic ink character recognition
“MPH”	Master Policy Holder
“Mn” or “mn”	Million
“Mutual Fund”	A mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
“N.A.”	Not applicable
“NACH”	National automated clearing house
“NEFT”	National electronic fund transfer
“Negotiable Instruments Act”	Negotiable Instruments Act, 1881, as amended
“NHB”	National Housing Bank
“NHB Act”	National Housing Bank Act, 1987, as amended
“NOC”	No objection certificate
“NOP”	Number of policies
“Non-Resident” or “NR”	A person resident outside India, as defined under FEMA and includes a non-resident Indian
“NRE Account”	Non resident external account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, as amended
“NRI” or “Non-Resident Indian”	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016, as amended or is an ‘Overseas Citizen of India’ cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
“NRO Account”	Non resident ordinary account established in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, as amended
“NSDL”	National Securities Depository Limited
“NSE”	National Stock Exchange of India Limited
“OCB” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer
“Ombudsman Rules”	Insurance Ombudsman Rules, 2017, dated April 25, 2017, as amended
“P/E Ratio”	Price/earnings ratio
“PFRDA”	Pension Fund Regulatory and Development Authority
“PAN”	Permanent account number allotted under the I.T. Act
“PAT”	Profit After Tax
“PLR”	Prime Lending Rate
“PMLA”	Prevention of Money Laundering Act, 2002, as amended

<b>Term</b>	<b>Description</b>
“PSUs”	Public Sector Undertakings (government-owned corporations)
“PPT”	Premium Paying Term
“RBI”	Reserve Bank of India
“Remuneration Guidelines”	Guidelines on Remuneration of Non-executive Directors and Managing Director/Chief Executive Officer/Whole-time Directors of Insurers, 2016, dated August 5, 2016 as amended
“RONW”	Return on Net Worth
“Rs.”, “Rupees”, “₹” or “INR”	Indian Rupees
“RTGS”	Real time gross settlement
“SCRA”	Securities Contracts (Regulation) Act, 1956
“SCR”	Securities Contracts (Regulation) Rules, 1957
“SEBI”	Securities and Exchange Board of India constituted under the SEBI Act
“SEBI Act”	Securities and Exchange Board of India Act, 1992, as amended
“SEBI ESOS Regulations”	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
“Securities Act”	U.S. Securities Act of 1933, as amended
“SIA”	Secretariat of industrial assistance
“SI NBFC”	Systemically important non-banking financial company, as defined under Regulation 2(zla) of the ICDR Regulations.
“STT”	Securities Transaction Tax
“State Government”	Government of a state in the Republic of India
“Stock Exchange(s)”	NSE and BSE
“Takeover Regulations”	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
“Trademarks Act”	Trademarks Act, 1999, as amended and the rules thereunder
“UAE”	United Arab Emirates
“UK”	United Kingdom
“US” or “USA” or “United States”	United States of America
“USD” or “\$” or “US \$”	United States Dollar
“US GAAP”	Generally accepted accounting principles in the US
“U.S. Person”	As defined in Regulation S under the Securities Act
“U.S. QIBs”	Qualified Institutional Buyers, as defined in Rule 144A under the Securities Act
“VAT”	Value added tax
“VCFs”	Venture capital funds as defined in, and registered with SEBI under, the VCF Regulations
“VCF Regulations”	The erstwhile Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996

Unless the content otherwise requires, the words and expressions used but not defined in this Red Herring Prospectus will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SCRA, the Depositories Act, the Insurance Act and the rules and regulations made thereunder.

In “*Main Provisions of Articles of Association*” beginning on page 762 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association. In “*Statement of Tax Benefits*” beginning on page 157 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Statement of Tax Benefits. In “*Financial Information*” beginning on page 332 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Financial Statements.

Notwithstanding the foregoing, terms specifically defined in this Red Herring Prospectus, shall have the meanings given to such terms in the sections where specifically defined.

## **CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

All references to “India” contained in this Red Herring Prospectus are to the Republic of India, all references to the “U.S.,” “USA” or “United States” are to the United States of America, all references to “U.K.”, or “United Kingdom” are to the United Kingdom of Great Britain and Northern Ireland and all references to “U.A.E.” are to the United Arab Emirates.

Unless stated otherwise, all references to page numbers in this Red Herring Prospectus are to the page numbers of this Red Herring Prospectus.

### **Financial Data**

Unless the context requires otherwise, the financial data in this Red Herring Prospectus is derived from our Restated Financial Information. The Restated Financial Information has been prepared by the management of our Company in accordance with the requirements of Section 26 of the Companies Act, 2013, read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended, Paragraph 1 and 2 of Schedule I Part (c) of the IRDAI Issuance of Capital Regulations issued by the IRDAI and item (IX) of Part A of Schedule VIII of the ICDR Regulations.

Our Company’s Financial Year commences on April 1 and ends on March 31 of the following year and accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year.

Certain figures contained in this Red Herring Prospectus, including financial information, have been subject to rounding adjustments. Unless set out otherwise, all figures in decimals, including percentage figures, have been rounded off to two decimal points. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the Restated Financial Information included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Indian GAAP, the Insurance Act, the IRDAI Act, regulations framed and circulars issued thereunder, the Companies Act and the ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. Our Company does not provide a reconciliation of its financial statements to IFRS or U.S. GAAP financial statements. For details in connection with risks involving differences between Indian GAAP and IFRS, please see “*Risk Factors –71*” on page 60 of this Red Herring Prospectus. Our Company has obtained the Embedded Value Report and the Supplementary Embedded Value Report from an Independent Actuary, Richard Holloway, who is a partner in Milliman Advisors LLP, in accordance with the IRDAI Issuance of Capital Regulations. For further details, see “*Embedded Value Report*” and “*Supplementary Embedded Value Report*” on pages 591 and 630 of this Red Herring Prospectus.

Our Company has obtained a certificate dated October 25, 2017, from the Appointed Actuary in relation to actuarial report and abstract for the Fiscal 2017, under the Insurance Act and the IRDAI Actuarial Report and Abstract Regulations.

Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 23, 201 and 551 of this Red Herring Prospectus, respectively, and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our Restated Financial Information.

### **Currency and units of presentation**

All references to:

- “Rupees” or “Rs.” or “₹” are to Indian Rupees, the official currency of the Republic of India.
- “US Dollars” or “US\$” or “USD” are to United States Dollars, the official currency of the United States of America.

- “Dirham” or “AED” are to the United Arab Emirates Dirham, official currency of the United Arab Emirates.
- “GBP” or “£” are to the Pound Sterling, official currency of the United Kingdom.

In this Red Herring Prospectus, our Company has presented certain numerical information in “million” and “billion” units. One million represents 1,000,000 and one billion represents 1,000,000,000.

## **Industry and Market Data**

Unless stated otherwise, industry and market data used throughout this Red Herring Prospectus has been obtained or derived from publicly available information as well as industry publications and sources.

Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that the industry and market data used in this Red Herring Prospectus is reliable, it has not been independently verified by us, our Directors, our Promoters, the Promoter Selling Shareholders, the Managers or any of their respective affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable.

Further, the extent to which the industry and market data presented in this Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in “*Risk Factors*” on page 23 of this Red Herring Prospectus. Accordingly, investment decisions should not be based solely on such information.

The sections entitled “*Summary of Industry*”, and “*Industry Overview*” on pages 72 and 168 of this Red Herring Prospectus, respectively and other information in this Red Herring Prospectus cited to CRISIL have been derived or extracted from the Industry Report, which contains the following disclaimer:

*“CRISIL Research, a division of CRISIL Limited (“CRISIL”) has taken due care and caution in preparing this report (the “Report”) based on the Information obtained by CRISIL from sources which it considers reliable (the “Data”). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. HDFC Standard Life Insurance Company Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL’s Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL’s prior written approval.”*

## **Disclaimer in the Embedded Value Report and the Supplementary Embedded Value Report from the Independent Actuary**

*“References to the Embedded Value Report are to the report from the Independent Actuary dated October 18, 2017 and titled “Report on Indian Embedded Value as at 31 March 2017” and references to the Supplementary Embedded Value Report are to the report dated October 18, 2017 and titled “Results of Indian Embedded Value as at 30 September, 2017”. References to the Embedded Value Report and the Supplementary Embedded Value Report should be read in conjunction with reports in their entirety and in conjunction with the disclaimers, context and assumptions set forth therein.”*

## Exchange Rates

This Red Herring Prospectus contains conversions of US\$, GBP and AED currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all.

The exchange rates between the Rupee and the respective foreign currencies are provided below:

*(in ₹)*

Currency	As on September 30, 2017 <sup>(1)</sup>	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015	As on March 28, 2014 <sup>(1)</sup>	As on March 28, 2013 <sup>(2)</sup>
USD	65.36	64.84	66.33	62.59	60.10	54.39
GBP	87.71	80.88	95.09	92.46	99.85	82.32
AED	17.78	17.65	18.03	16.97	16.30	14.83

Source: RBI website and Bloomberg

<sup>(1)</sup> Not available on September 30, 2017 on account of this being a non-trading day; Exchange rate as of September 29, 2017 considered.

<sup>(2)</sup> Not available from March 29, 2014 to March 31, 2014 on account of these being non-trading days; Exchange rate as of March 28, 2014 considered.

<sup>(3)</sup> Not available from March 29, 2013 to March 31, 2013 on account of these being non-trading days; Exchange rate as of March 28, 2013 considered.

## FORWARD-LOOKING STATEMENTS

This Red Herring Prospectus contains certain “forward-looking statements.” These forward-looking statements include statements with respect to our business strategy, objectives, plans, prospects or goals. Bidders can generally identify forward-looking statements by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. All forward-looking statements (whether made by us or any third party) are predictions and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Forward looking statements reflect our current views with respect to future events as of the date of this Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Further, the actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which we have our businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India, which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in our industry and incidence of any natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

1. We may be unable to implement our growth strategies and develop and distribute an appropriate product mix for specific customer segments through our multiple distribution channels.
2. Any termination of, or any adverse change to, our relationships with or performance of our bancassurance partners, including HDFC Bank, could have a material adverse impact on our business, profitability, results of operations and financial condition.
3. Changes in regulation and compliance requirements could have a material adverse effect on our business, financial condition, results of operations and prospects.
4. Misconduct by our agents, employees, distribution partners or other third parties is difficult to detect and deter and could harm our brand and our reputation, or lead to regulatory sanctions or litigation against us.
5. Our Company and certain of our Subsidiaries, Directors, Promoters and Group Companies are involved in certain legal proceedings which, if determined against us, may adversely affect our business and financial condition.
6. Our results are dependent on the strength of our brand and reputation, as well as the brand and reputation of other HDFC group entities.
7. Variation in our persistency experience from our estimates, as well as concentrated surrenders, may materially and adversely affect our cash flows, results of operations and financial condition.
8. If actual claims experience and other parameters are different from the assumptions used in pricing our products and setting reserves for our products, could have a material adverse effect on our business, results of operations and financial condition.
9. Following the listing of the Equity Shares in the Offer, our Promoters will collectively control, directly or indirectly, approximately 81.04% of our outstanding Equity Shares (assuming full subscription to the Offer) and have the ability to nominate directors on our Board after the listing, subject to shareholder approval.
10. We depend on our leadership and key management and our actuarial, information technology, investment management, finance, frontline sales staff, underwriting and other personnel, and our business would suffer if we lose their services and are unable to adequately replace them.

For further discussion on factors that could cause our actual results to differ from expectations, please see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 23, 201 and 551 of this Red Herring Prospectus, respectively. Further, as required under the IRDAI Issuance of Capital Regulations, the Embedded Value Report and the Supplementary Embedded Value Report have been included in this Red Herring Prospectus, which contains certain assumptions for the future, including assessment of appropriate assumptions for future experience. By their nature, certain market risk related

disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure Bidders that the expectation reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

We, our Directors, our Promoters, the Promoter Selling Shareholders, the Syndicate and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the ICDR Regulations, our Company will ensure that investors in India are informed of material developments from the date of this Red Herring Prospectus until such time as the grant of listing and trading permissions by the Stock Exchanges. Each Promoter Selling Shareholder will ensure that investors are informed of material developments in relation to the statements and undertakings about each of them in the capacity of a Promoter Selling Shareholder from the date of this Red Herring Prospectus until such time as the grant of listing and trading permissions by the Stock Exchanges.

## SECTION II: RISK FACTORS

*An investment in our Equity Shares involves a high degree of risk. You should carefully consider the risks described below as well as other information as may be disclosed in this Red Herring Prospectus before making an investment in our Equity Shares. The risks described in this section are those that we consider to be the most significant to our business, results of operations and financial condition as at the date of this Red Herring Prospectus. In addition, the risks set out in this section may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. If any or a combination of the following risks or other risks that are not currently known or are now deemed immaterial actually occur, our business, prospects, results of operations and financial condition could suffer, the trading price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Any potential investor in the Equity Shares should pay particular attention to the fact that we are subject to a regulatory environment in India which may differ significantly from that in other jurisdictions. In making an investment decision, prospective investors must rely on their own examinations of us on a consolidated basis and the terms of the Offer, including the merits and the risks involved. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. For further details, see “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, the Embedded Value Report and the Supplementary Embedded Value Report on pages 201, 551, 591 and 630, respectively, as well as the other financial and statistical information contained in this Red Herring Prospectus.*

*This Red Herring Prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Red Herring Prospectus. See “Forward Looking Statements” on page 21 of this Red Herring Prospectus.*

*Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Statements.*

### INTERNAL RISKS

#### Risks Related to Our Business

**1. We may be unable to implement our growth strategies and develop and distribute an appropriate product mix for specific customer segments through our multiple distribution channels.**

The Indian life insurance sector is highly competitive, and we may not be able to sustain our growth amidst intense competitive pressures, consolidation among competitors, or due to macroeconomic and other factors beyond our control. Any decrease in our growth rates, whether in absolute terms or relative to industry standards, could adversely affect our market share and future prospects. Any of the foregoing events may materially and adversely affect our business, financial condition and results of operations.

We have a broad, diversified product portfolio, covering five principal segments across the individual and group categories, namely participating, non-participating protection term, non-participating protection health insurance, other non-participating and unit-linked insurance products. As our capital requirements, pricing assumptions reserving requirements, profitability, and the profit patterns vary across our products, changes in the product mix for new business may affect our financial condition and results of operations. While we have strategically focused on certain products, such as protection, health and annuity products, and endeavour to create an optimal mix between participating and unit-linked products, there can be no assurance that our strategies will improve profitability and increase the value of our new business. An inability to continue to grow our product portfolio, achieve an increase in the relative proportion of our high margin products in our new business, maintain the proportion of products critical for our profitability or maintain our overall growth levels while developing additional products may adversely affect our market position, profitability and our VNB.

Our ability to develop and distribute appropriate insurance products for specific customer segments through our multiple distribution channels on a timely basis affects our business prospects and financial performance. We typically incur losses in the initial period of new life insurance policies when much of our development and marketing costs are incurred, while the profits, if any, from such policies emerge over the

term of the insurance contract. A significant growth in new business, while potentially beneficial for our business in the long term, could result in us incurring significant losses in the short term, thereby affecting our results of operations and financial condition.

**2. Any termination of, or any adverse change to, our relationships with or performance of our bancassurance partners, including HDFC Bank, could have a material adverse impact on our business, profitability, results of operations and financial condition.**

Although we have developed a multi-channel distribution platform over the years, bancassurance remains the most significant distribution channel. Our bancassurance distribution channel contributed 69.6%, 71.5%, 68.2% and 66.6% of our annualised premium equivalent for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. Prior to April 1, 2016, a bank was only permitted to act as a corporate agent to solicit and service insurance business for one life insurance company, and we had an exclusive bancassurance arrangement with HDFC Bank. We have historically relied significantly on HDFC Bank's contribution to our annualised premium equivalent. HDFC Bank contributed 64.8%, 65.6%, 59.0% and 54.3% of our annualised premium equivalent for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

Pursuant to the IRDAI Registration of Corporate Agents Regulations, which became effective on April 1, 2016, the Indian life insurance industry has transitioned into an open architecture environment. Each bank can now act as a non-exclusive corporate agent for up to three life insurers, three general insurers and three health insurers. Accordingly, any of our existing bancassurance partners may simultaneously act as a corporate agent of our competitors. Our bancassurance arrangement with HDFC Bank is no longer exclusive in nature, and HDFC Bank has entered into bancassurance arrangements with other life insurers. In addition, unlike certain of our competitors whose promoters are their main distributors, HDFC Bank does not have a direct interest in our Company's profitability and results of operations. Any of our other existing corporate agents have the option of ceasing to act as our exclusive corporate agent and may choose to act as a corporate agent of our competitors. Any failure to maintain our non-exclusive distribution arrangements with our new and existing bancassurance partners could significantly reduce the distribution of our products through our bancassurance channel. Further, our competitors may offer more favourable terms to our corporate agents, leading to a larger share of our competitors' products being sold. Certain of our corporate agency agreements and/or bancassurance partnerships can be terminated without cause by our corporate agents and/or bancassurance partners.

The termination of, disruption to, or any other adverse change to, our relationships with our bancassurance partners with whom we have corporate agency agreements, or the formation of any preferred partnership between our bancassurance partners and any of our competitors, could significantly reduce the sales of our products and our growth opportunities. We may also have to pay higher commissions to our bancassurance partners (subject to any statutory or regulatory limits) to remain competitive, which could increase our sales costs and adversely affect the profitability of our products. In particular, the success of our bancassurance channel is significantly dependent upon our ability to provide our bancassurance partners with an integrated information technology platform for the distribution of our products. If we are unable to upgrade our information technology platforms and introduce innovative digitisation tools in order to keep pace with increasing digitisation, our business could be adversely affected. In addition, we may need to invest substantial amounts of time and resources to develop relationships and integrate our information technology platforms with those of our new corporate agents.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

**3. Changes in regulation and compliance requirements could have a material adverse effect on our business, financial condition, results of operations and prospects.**

The regulatory and policy environment in which we operate continues to evolve and remains subject to changes which may be beyond our control. Our business, financial condition, results of operations and prospects may be affected if we are unable to suitably respond to and comply with changes in applicable law and policy.

Our business and product offerings have been affected by a number of regulatory changes pertaining to the insurance industry in India. In 2010, IRDAI overhauled the regulations affecting unit-linked insurance

products and required insurance companies to cap charges and use prescribed minimum levels of sum assured, which caused a decrease in new business premiums across the Indian life insurance sector.

Health insurance regulations issued in 2016 prohibited life insurance companies from offering indemnity-based products, compelling us to withdraw HDFC Life *Health Assure*, one of our key health insurance products. The expenses of management regulations issued in 2016 (which specify expense limits for various categories of products) have allowed only 10% expenses (including commissions) for deferred annuity products, which has resulted in the pension business in our participating segment being unprofitable. Such changes have also affected other life insurance companies in India.

Other recent regulatory changes may have an impact on our business. The IRDAI (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations, 2016 limits our ability to incentivise our insurance agents and insurance intermediaries by imposing limits on the payment of commission or remuneration. The IRDAI (Outsourcing of Activities by Indian Insurers) Regulations, 2017 limits our ability to outsource certain activities to third party service providers which could adversely impact costs. The IRDAI (Protection of Policyholders Interests) Regulations, 2017 prescribe the form and content in relation to, *inter alia*, policy documents and proposal forms, and specify procedures for expeditiously settling claims. The IRDAI Master Circular on Unclaimed Amount of Policyholders, issued in July 2017, requires our Company to transfer unclaimed amounts (that have remained outstanding for more than ten years) of policyholders to the Senior Citizens' Welfare Fund. For further details, see "*Regulations and Policies*" on page 244 of this Red Herring Prospectus.

The introduction of the Insurance Amendment Act and various regulations and guidelines issued thereafter by the IRDAI, such as the Listed Insurance Company Guidelines, IRDAI CG Guidelines, IRDAI Guidelines on Insurance e-commerce and IRDAI Registration of Corporate Agents Regulations, affect the industry in which we operate, including our operating flexibility, our operating expenses, and our ability to introduce new products. For further details of insurance regulations and guidelines, see "*Regulations and Policies*" on page 244 of this Red Herring Prospectus. Future regulatory changes may require us to commit significant management resources, require significant changes to our business practices and could have a material adverse effect on our business, financial condition, results of operations and prospects.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent, may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Any inability or failure by us to comply with, or adapt adequately or promptly to, changes in our regulatory environment may have an adverse impact on our ability to remain competitive and have an adverse impact on our results of operations and profitability.

**4. Misconduct by our agents, employees, distribution partners or other third parties is difficult to detect and deter and could harm our brand and our reputation, or lead to regulatory sanctions or litigation against us.**

Misconduct by our agents, employees, distribution partners or other third parties could result in violations of law, regulatory sanctions, litigation or serious reputational or financial loss to us, as well as financial loss to our customers. Such misconduct could include:

- engaging in mis-selling, misrepresentation or fraudulent, deceptive or otherwise improper activities when marketing or selling products;
- binding us to transactions that exceed authorised limits;
- hiding unauthorised or unsuccessful activities, such as insider trading, resulting in unknown and unmanaged risks or losses;
- improperly using or disclosing confidential information;
- making illegal or improper payments;

- falsifying documents or data;
- recommending products, services or transactions that are not suitable for our customers;
- misappropriation of funds;
- engaging in unauthorised or excessive transactions to the detriment of our customers; or
- otherwise not complying with applicable laws or our internal policies and procedures.

Based on criminal complaints filed by our Company in Fiscal 2016 and Fiscal 2017, certain former employees of our Company were interrogated by investigating agencies for misappropriating insurance premiums from a number of our customers and others. We have cooperated fully with the investigating authorities in these matters, which remain ongoing. While we have taken steps to reduce instances of fraud, mis-selling and other forms of misconduct by our agents, employees and distribution partners, including taking action against malpractices, conducting training programs for employees and distributors and performing verifications prior to policy issuance, there can be no assurance that these measures will succeed in detecting or deterring misconduct or to provide sufficient evidence to conclude investigations of misconduct.

We may be subject to fraud and other misconduct committed by our customers or other third parties. In the past, we experienced a higher than expected number of claims in relation to our *Click2Protect* product, some of which were fraudulent. We created an internal council to prevent and investigate such claims, a majority of which were ultimately repudiated. While we have implemented specific initiatives to reduce the likelihood of such situations recurring in future, including enhanced due diligence measures for high risk cases and additional verification measures during the customer on-boarding process, there can be no assurance that we will not be subjected to fraudulent claims in the future. We may be also subjected to fraudulent behaviour and disclosures by customers and third parties in respect of other areas of operations, including money laundering and forgery, which may negatively impact our ability to comply with applicable regulations and have an adverse impact on our results of operations, profitability and reputation.

While we have implemented, and continue to implement, measures aimed at detecting and preventing fraud and other misconduct, we may not be able to detect or prevent such fraud or misconduct in a timely fashion, which may harm our reputation and adversely affect our business, results of operations and financial condition. For further details, please see “*Outstanding Litigation and Material Developments*”, “*Outstanding Litigation and Material Developments - Material frauds against our Company in the last five years immediately preceding the year of this RHP*” and “*an extract from the FMR Report of each financial year*” on pages 636, 643 and 644, respectively of this Red Herring Prospectus.

**5. Our Company and certain of our Subsidiaries, Directors, Promoters and Group Companies are involved in certain legal proceedings which, if determined against us, may adversely affect our business and financial condition.**

Our Company and certain of our Subsidiaries, Directors, Promoters and Group Companies are involved in certain legal proceedings at different levels of adjudication before various courts, tribunals and appellate authorities. We face a significant risk of litigation, regulatory investigations and similar actions in the ordinary course of our business, including the risk of lawsuits and other legal actions relating to suitability, sales or underwriting practices, claims payments and procedures, product design, distribution, disclosure, administration, denial or delay of benefits and breaches of fiduciary or other duties. Any such action may include claims for substantial or unspecified compensatory and punitive damages, as well as civil, regulatory or criminal proceedings against our directors, officers or employees, and the probability and amount of liability, if any, may be significant or remain unknown for significant periods of time. We are also subject to various regulatory inquiries, such as information requests and books and records examinations, from regulators and other authorities in the geographical markets in which we operate.

In the event of adverse rulings in these proceedings or consequent actions by regulatory and other statutory authorities, our Company, Subsidiaries, Promoters or Group Companies may need to make payments or provisions for future payments, be subject to other liabilities, harm our reputation or adversely affect our

business, financial condition and results of operations. For further details, see “*Outstanding Litigation and Material Developments*” on page 636 of this Red Herring Prospectus.

A summary of the proceedings involving our Company, Subsidiaries, Directors, Promoters and Group Companies as of the date of this Red Herring Prospectus is provided below:

### **I. Company**

#### ***Filed against the Company***

No.	Nature of litigation	Number of cases	Approximate amount involved (in ₹ millions)
1.	Criminal matters	12	-
2.	Direct tax matters	17	48,912 <sup>#</sup>
3.	Indirect tax matters	36	2,909 <sup>*</sup>
4.	Action by regulatory/ statutory authorities	40	19.27
5.	Awards given by the Insurance Ombudsman during the last three years	810	141.01
6.	Civil Litigation	1 <sup>@</sup>	Nil

<sup>@</sup> Excluding all civil litigation not considered material

<sup>#</sup> Excluding claims towards costs of proceedings

<sup>\*</sup> Excluding claims towards interest or costs of proceedings

### **II. Subsidiaries**

#### ***Filed against the Subsidiaries***

No.	Nature of litigation	Number of cases	Approximate amount involved (in ₹ millions)
1.	Criminal matters	Nil	Nil
2.	Direct tax matters	Nil	Nil
3.	Indirect tax matters	Nil	Nil
4.	Action by regulatory/ statutory authorities	Nil	Nil
5.	Matters considered material	Nil	Nil

### **III. Directors**

#### ***Litigation against Directors***

No.	Name of Director	Nature of litigation	Number of cases	Approximate amount involved (in ₹ millions)
1.	Mr. Deepak Parekh	Criminal	1	-
2.	Mr. Keki Mistry	Criminal	2	-
3.	Ms. Renu Karnad	Criminal	1	-

### **IV. Promoters**

#### ***Litigation against the Promoters***

No.	Name of Promoter	Nature of litigation	Number of cases	Approximate amount involved (in ₹ millions)
1.	HDFC	Criminal	5	0.19 <sup>*</sup>

No.	Name of Promoter	Nature of litigation	Number of cases	Approximate amount involved (in ₹ millions)
2.	HDFC	Actions by statutory or regulatory authorities	1	0.07

\*Includes amounts to the extent quantifiable

## V. Group Companies

### *Litigation against the Group Companies*

No.	Name of Group Company	Nature of litigation	Number of cases	Approximate amount involved (in ₹ millions)
1.	HDFC Bank	Criminal	380	214.74
2.	HDFC Bank	Actions by statutory or regulatory authorities	3	470.5
3.	GRUH Finance Limited	Actions by statutory or regulatory authorities	1	3.66
4.	HDFC Developers Limited	Actions by statutory or regulatory authorities	1	0.03
5.	HDFC Asset Management Company Limited	Actions by statutory or regulatory authorities	1	69.69
6.	HDFC Ergo General Insurance Company Limited	Actions by statutory or regulatory authorities	4	7.50
7.	HDFC Sales Private Limited	Actions by statutory or regulatory authorities	1	0.02
8.	HDFC Trustee Company Limited	Actions by statutory or regulatory authorities	1	69.69

For further details of these matters, see “*Outstanding Litigation and Material Developments*” on page 636 of this Red Herring Prospectus. Any decision against us may have an adverse effect on our profitability and results of operations.

Responding to or defending these regulatory or legal proceedings, regardless of their ultimate outcome, is time-consuming and expensive and can divert the time and effort of our senior management from our business. Moreover, our provisions for regulatory or legal proceedings may be inadequate. Given the uncertainties and complexity of many of these regulatory or legal proceedings, their outcome generally cannot be predicted with any reasonable degree of certainty.

A substantial liability arising from a lawsuit judgment or a significant regulatory action against us or a disruption in our business arising from adverse adjudications in proceedings against our directors, officers or employees could have a material adverse effect on our liquidity, business, financial condition and results of operations. Moreover, even if we ultimately prevail in the litigation, regulatory action or investigation, we could suffer significant harm to our reputation, which could materially affect our prospects and future growth, including our ability to attract new customers, retain current customers and recruit and retain employees and agents.

### **6. Our results are dependent on the strength of our brand and reputation, as well as the brand and reputation of other HDFC group entities.**

Our results are, to a certain extent, dependent on the strength of our brand and reputation, as well as the brand and reputation of other HDFC group entities. While our brand is well-recognized, we can be vulnerable to adverse market and customer perception, particularly in an industry where integrity, trust and customer confidence are paramount. We are exposed to the risk that litigation, misconduct, operational failure, negative publicity (including through social media channels) or press speculation could harm our

brand and reputation. Our reputation could also be adversely affected if our products or services do not perform as expected, whether or not the expectations are founded. In addition, our reputation could be affected by the conduct or performance of third parties over which we have no control, such as other entities that are part of our Promoter Group, including HDFC group entities. For example, in Fiscal 2014, the RBI imposed penalties on HDFC Bank and many other banks for certain irregularities and violations discovered by the RBI during its scrutiny conducted in the first half of 2013, such as non-adherence to KYC rules for walk-in customers (non-customers). Similarly, on July 26, 2016, RBI levied a fine on HDFC Bank for not complying with KYC rules. For details, please see “*Outstanding Litigation and Material Developments*” on page 636 of the Red Herring Prospectus. As the “HDFC” brand is closely linked to our “HDFC Life” brand, any reputational harm to HDFC group entities may also negatively impact our brand and reputation.

We may also be exposed to adverse publicity relating to the insurance industry as a whole. An incident related to us, or the conduct of a competitor unrelated to us may taint the reputation of the industry as a whole and may affect the perception of customers, investors and the attitude of regulators. Further, negative publicity may result in greater regulatory scrutiny of our operations and of the industry generally. If we are unable to maintain our brand name and our reputation, or there is reputational harm to other HDFC group entities or the insurance industry as a whole, our business, financial condition and results of operations could be materially and adversely impacted.

**7. Variation in our persistency experience from our estimates, as well as concentrated surrenders, may materially and adversely affect our cash flows, results of operations and financial condition.**

Our product pricing and expected future profitability of our business is based on assumptions of future persistency of the policies. These estimates are based on our historical experience and the product features. Our historical experience of persistency is reflected in the persistency ratios disclosed in the section of this Red Herring Prospectus titled “*Our Business*” on page 201 of this Red Herring Prospectus and the discontinued fund details disclosed in the Restated Financial Information. For further details on our funds for discontinued policies, please see “*Annexure - I: Restated Consolidated Statement of Assets and Liabilities*” on page 448 of this Red Herring Prospectus. If the actual persistency of our policies is different from our persistency assumptions, it could have a material adverse impact on our business, profitability and financial condition.

Under normal circumstances, it is generally possible for us to estimate the overall amount of surrenders in a given period. However, the occurrence of emergency events that have significant impact, such as sharp declines in customer income due to a severe deterioration in economic conditions, radical changes in relevant government policies, volatility in capital markets, loss of customer confidence in the insurance industry due to the weakening of the financial strength of one or more insurance companies or the severe weakening of our financial strength, may trigger massive surrenders of insurance policies. In addition, if we do not achieve satisfactory investment returns or underperform in relation to our competitors in the future, or if the market environment changes such that our products become less attractive, or there is an actual or perceived deterioration in our financial strength (whether due to a reduction in our solvency ratio, our relationship with HDFC and/or Standard Life Aberdeen group (including any downgrade in the credit ratings of HDFC and/or Standard Life Aberdeen group) or some other factor), existing customers may decide to surrender their policies.

If any of these were to occur, we would have to dispose of our investment assets, possibly at unfavourable prices, in order to make the significant amount of surrender payments. However, some of our investment assets, such as investments categorised as held-to-maturity debt securities and equity investments in private companies, have low liquidity, and we may be unable to sell our investment assets at favourable prices or in a timely manner to cover the significant level of surrender payments, which could materially and adversely affect our cash flows, results of operations and financial condition.

In the past, we have experienced instances of concentrated surrenders in certain unit-linked products, even when the performance of our investment funds has been good, thus providing the policyholder with an option to surrender the product without paying any surrender penalty. While the probability of higher surrenders at the end of the lock-in period (when policyholders no longer have to pay surrender penalties) for unit-linked policies has been included in the actuarial assumptions used for the calculation of expected profitability, we may, encounter higher than expected surrenders as well as experience concentrated surrenders at times other than at the end of such lock-in period, which may lead to lower expected

profitability or, in extreme cases, an operating loss for a particular period. For further details, please refer to the sensitivity analysis in the Embedded Value Report on page 591 of this Red Herring Prospectus.

**8. If actual claims experience and other parameters are different from the assumptions used in pricing our products and setting reserves for our products, could have a material adverse effect on our business, results of operations and financial condition.**

As is customary in the life insurance industry, our product pricing is based on assumptions and estimates for future claim payments and these assumptions are derived from our historical experience, industry data and data from reinsurers. If our actual claim payments are higher than expected, then the financial results from our operations could be adversely affected. While we derive information from industry sources, historical experience and market and industry data, the quality of information available to us at the time of pricing may not be independently verifiable. In addition, there is a higher degree of uncertainty in the assumptions used in some of our new products such as *Cancer Care*, *Easy Health*, *Group Health Shield* and optional benefits under our *Click2Protect 3D Plus* as these have only been recently introduced and may be the first of their kind in the India insurance market. Consequently, we do not have significant amounts of historical data in relation to policyholders of such products. If actual outcomes are not consistent with the historical data or our actual investment performance is worse than the underlying assumptions, our profitability may be materially and adversely affected, which may in turn cause negative variance in our Embedded Value, and have a material adverse effect on our business, results of operations and financial condition.

We establish and carry reserves as balance sheet liabilities to pay future policyholder benefits and claims. Due to the nature of the underlying risks and the high degree of uncertainty associated with the determination of the liabilities for unpaid benefits and claims, we cannot precisely determine the amount that we will ultimately pay to settle these liabilities. These amounts may vary from the estimated amounts, particularly when payments may not occur until well into the future. In addition, actual experience, such as lapse, mortality, expense and morbidity, can be different from the assumptions used when we establish reserves for and price our products or otherwise use such assumptions in the conduct of our business. Significant deviations in actual experience from our assumptions could materially and adversely reduce our profitability.

**9. Following the listing of the Equity Shares in the Offer, our Promoters will collectively control, directly or indirectly, approximately 81.04% of our outstanding Equity Shares (assuming full subscription to the Offer) and have the ability to nominate directors on our Board after the listing, subject to shareholder approval.**

Our Promoters and Promoter Group will continue to control a significant number of Equity Shares of our Company after the Offer. In view of this, HDFC individually, or together with Standard Life Mauritius, will, subject to applicable laws, have the ability to exercise, directly or indirectly, a controlling influence over our business, including matters relating to management, business strategies and policies, the timing and amount of the distribution of dividends, the issuance of new Equity Shares, the election of directors, any plans relating to mergers, acquisitions, joint ventures, investments or divestitures and amendments to the Articles of Association. In addition, under the Articles of Association, after listing and subject to shareholder approval, each of HDFC and Standard Life Mauritius shall have the right to: (i) nominate one Director on the Board of our Company for so long as it holds 10% or more (but less than 20%) of the paid up equity share capital of our Company; and (ii) nominate up to two Directors on the Board of our Company for so long as it holds 20% or more of the paid up equity share capital of our Company. In order to comply with the IRDAI requirements of being 'Indian owned and controlled', so long as these nomination rights are available to HDFC and Standard Life Mauritius, the total number of Directors nominated by HDFC to the Board of our Company shall be at least one more than the total number of Directors nominated by Standard Life Mauritius. Neither HDFC nor Standard Life Mauritius shall be entitled to these nomination rights upon their shareholding in our Company falling below 10% of the paid up equity share capital. These director nomination rights will be available to HDFC and Standard Life Mauritius subject to receipt of approval by the shareholders of our Company, including HDFC and Standard Life Mauritius, by way of a special resolution in a general meeting, following the listing of the Equity Shares in the Offer.

The interests of our Promoters as controlling shareholders of our Company could be in conflict with the interests of our other shareholders. We cannot assure you that our Promoters and Promoter Group will act to resolve any conflicts of interest in favour of our Company or the other shareholders. To the extent that the interests of our Promoters and Promoter Group differ from your interests, you may be disadvantaged by any

action that our Promoters and Promoter Group may seek to pursue. For more information, see “*Main Provisions of the Articles of Association*” and “*History and Other Corporate Matters—Details regarding material agreements, acquisition of business/undertakings, mergers, amalgamation and revaluation of assets—Material agreements—Shareholders’ Agreement*” on pages 762 and 262 of this Red Herring Prospectus, respectively.

**10. We depend on our leadership and key management and our actuarial, information technology, investment management, finance, frontline sales staff, underwriting and other personnel, and our business would suffer if we lose their services and are unable to adequately replace them.**

Our success is substantially dependent on our ability to attract and retain key personnel who have in-depth knowledge and understanding of our business, including members of our senior management, information technology specialists, experienced investment managers and finance professionals, frontline sales staff and other personnel. We also rely on the sound underwriting, product development, risk control, business development, investments and actuarial expertise of our senior management members and skilled actuarial, underwriting and other personnel. Our business could suffer if we lose the services of our personnel and cannot replace them adequately and on a timely basis.

As at September 30, 2017, we employed 16,544 full-time employees, including 11,623 frontline sales staff. Having a committed, competent pool of frontline sales staff is a key factor in our ability to increase our sales volumes and drive our business growth. Our Company, as with other companies within the life insurance industry in India, continues to experience high attrition levels among frontline sales staff. Therefore, we cannot assure you that we will be able to attract and retain qualified personnel or that they will not retire or otherwise leave us in the near future. Any replacement employees hired require substantial amounts of time and resources to train prior to deployment in our offices. Any loss of our employees could also lead to key management and operational positions remaining vacant for extended periods which may not allow us to provide services to our clients in a timely manner and may lead to us having a reduced capacity to promote or distribute our products.

In particular, we rely on a limited number of actuarial personnel, including our Appointed Actuary. Actuaries work in a specialised profession and there are a limited number of persons qualified to practice as an actuary in India, given the stringent eligibility requirements prescribed for appointed actuaries under the IRDAI Regulations, including the recent IRDAI (Appointed Actuary) Regulations, 2017. Any failure on our part to attract, retain or find suitable replacements for any our actuarial personnel, including our Appointed Actuary, could have a material adverse effect on our business.

Moreover, we may be required to substantially increase the number of our qualified personnel in connection with any future growth plans, and we may face difficulty in doing so due to the intense competition in the Indian life insurance industry for such personnel. In addition, we may need to increase employee compensation levels in order to retain our existing officers and employees and attract any additional personnel we may require. Any of these factors may result in an increase in our operating costs and may adversely affect our business and results of operations.

**11. Adverse market fluctuations and economic conditions would have a material adverse effect on our business, financial condition, results of operations and prospects.**

Our business, financial condition, results of operations and prospects are significantly affected by market fluctuations and general economic conditions, particularly macroeconomic conditions in India, where we conduct most of our business and generate substantially all of our income. Our business depends on consumer confidence in the overall economy, and the life insurance sector in particular, as well as overall economic growth rates, household savings rates, consumer attitudes towards financial savings and demographic profile. We may be constrained in our ability to adjust to market changes and trends to mitigate market risk as we are subject to regulatory requirements on the asset categories and instruments we are permitted to invest in.

Adverse macroeconomic conditions in India may increase the number of policy surrenders and withdrawals, reduce the returns from our investment activities and otherwise adversely affect our results of operations, including in the following ways:

- ***Decreased sales of our products.*** An economic downturn or other adverse events may result in higher

unemployment levels, lower family income, decreased corporate earnings and reduced business investment and consumer spending, which could in turn significantly reduce the demand for our products, particularly our participating products and non-participating protection products. In addition, our ability to sell certain investment products may be materially and adversely affected by excessive volatility in Indian or global capital markets.

- ***Losses from bonds and other secured instruments.*** An economic downturn or other adverse events may result in financial difficulties or default of issuers of bonds held in our investment portfolios. In addition, credit spread and benchmark interest rate variations could also reduce the fair value of these bonds. Under these circumstances, we may have to impair these bonds or may recognise losses realised upon their sale. Moreover, shareholders' equity and earnings and policyholders' funds may be affected by fair value re-valuations of the bonds held in our investment portfolios.
- ***Loan portfolio defaults and delinquencies.*** We may suffer losses due to delinquencies or defaults on our loans included in our investment portfolio. See "*Risk Factors—Risks Related to our Group and our Industry—We are subject to the credit risk of our investment counterparties, including the issuers or borrowers whose securities or loans we hold*".
- ***Equity price declines.*** We may suffer declines in the value of the equity securities held in our investment portfolio as a result of declining equity market conditions. For example, the decline in the BSE Sensex during Fiscal 2015 caused a decline in the value of our AUM, resulting in a corresponding decrease in our revenue from fund management charges from managing our unit-linked funds, which are valued marked to market.

## **12. Interest rate fluctuations may materially and adversely affect our profitability.**

We are exposed to fluctuations in interest rates. As at September 30, 2017, our fixed income securities portfolio represented 58.2% of our total AUM. Under the IRDAI Investment Regulations, we are required to invest our investment assets forming part of our controlled fund in certain specified categories of assets and instruments, subject to thresholds prescribed for each category of investment. Given the prescribed limits on the manner in which our assets are held and in which our investments can be made, we may not be able to mitigate market risks, while making investments, in the same manner as non-insurance companies. Changes in prevailing interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) could reduce our investment returns and spread and thus materially and adversely affect our insurance businesses and investment returns, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Some of our insurance and investment contracts have guaranteed features. These contracts carry the risk that interest income from the financial assets backing such liabilities are insufficient to fund the guaranteed benefits payable as interest rates fall or fail to meet customer expectations for participating and non-participating products. During periods of declining interest rates, we may not be able to fully meet the guaranteed liabilities of our non-participating contracts. While we have hedging arrangements in place to mitigate this risk, it is possible that the impact may not be fully offset in a rapidly declining interest rate scenario, particularly where we experience a significant increase in the new business through products with guaranteed benefits. Additionally, an increase in hedging costs may also affect our profitability. For participating contracts, a decline in interest rates may result in lower bonus rates for policyholders, which may lead to policyholder dissatisfaction and therefore increased surrenders and decreased new business sales.

Increasing interest rates could result in the reduction in the fair value of our investments and generate unrealised losses, which could adversely affect our shareholders' equity and results of operations. Rising interest rates could also lead to higher levels of surrenders and withdrawals of existing policies as policyholders seek to buy products with perceived higher returns, which may require us to sell our invested assets and make cash payments to policyholders at a time when those prices of those assets are declining, which may result in realised losses.

In addition, we use assumptions on the future investment returns when pricing our products and setting our reserves. Actual investment returns that are lower than those projected could lead to us suffering significant losses on certain products and also cause us to increase the price of our products in the future, thereby affecting future business.

A sustained reduction or sharp decline in the interest rates may result in us reducing the interest rate assumption used for calculation of our policy liabilities thus increasing the reserves we need to hold for meeting these liabilities. Such increase in reserves could materially impact our financials and results of our operations and could require a contribution from our shareholders, to fund any such deficit in reserves.

Interest rates are highly sensitive to many factors, including monetary and tax policies, domestic and international economic and political considerations, inflationary factors, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond our control. For example, between January 2015 and July 2017, the RBI reduced interest rates seven times, resulting in a reduction of the repurchase rate from 8.0% to 6.0%. The RBI or the Government of India may implement further measures in response to changes in the macroeconomic environment, which may have a material adverse effect on our business, financial condition, results of operations and prospects. For further details on the impact of the actual experience being different from that assumed on the Company's Embedded Value and the Value of new business, please see the sensitivity analysis in the Embedded Value Report on page 591 of this Red Herring Prospectus.

**13. Our Embedded Value and VNB information is based on several assumptions and may not be comparable to similar information reported by our peers.**

In order to provide investors with an additional tool to understand our economic value and business results, information regarding our Embedded Value, as discussed in "*Embedded Value Report*" and "*Supplementary Embedded Value Report*", has been included in this Red Herring Prospectus. While we have obtained such reports from an Independent Actuary, there is significant technical complexity involved in embedded value calculations and the estimates used in such Embedded Value Report and Supplementary Embedded Value Report may vary materially if key assumptions are changed or if experience is different from assumptions. For example, based on our internal estimates, we reported an EV of ₹123,890 million at March 31, 2017. The difference between such figure and the EV of ₹124,705 million as reported by the Independent Actuary as set forth in the Embedded Value Report in this Red Herring Prospectus is primarily due to changes in the methodology for calculating the time value of financial options and guarantees and cost of non-hedgeable risk. In addition, regardless of the appropriateness of the assumptions, there may be a risk that the model used to calculate Embedded Value itself may not be appropriate in spite of taking due care to ensure that models are appropriate as set out in section 4.3 of the Embedded Value Report on page 605 of this Red Herring Prospectus. The Independent Actuary has determined our embedded value as at March 31, 2016, March 31, 2017 and September 30, 2017 using different assumptions and methodology than we used in the past.

In the future, the embedded value calculations may be performed internally by us. Moreover, the Indian Embedded Value method used to calculate our Embedded Value differs from the methodology used in other jurisdictions (including the European Embedded Value method or the Market Consistent Embedded Value method adopted by some European insurers) and may not be comparable to the Embedded Value methodology adopted by our peers. As a result, our Embedded Value results may not be comparable with those of other insurers.

In addition, the model used to calculate our VNB may be incorrect or our future experience may be different from the assumptions used in calculating our VNB. Therefore, care must be exercised when reading and interpreting the VNB presented in this Red Herring Prospectus and the report of the Independent Actuary.

Since our actual market value is determined by investors based on a variety of information available to them, our Embedded Value and our VNB should not be construed as a direct reflection of our actual market value and performance, nor should they be construed to have any correlation with the price of our Equity Shares. Investors should read the discussion in "*Embedded Value Report*", "*Supplementary Embedded Value Report*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance Indicators*" on pages 591, 630 and 557 of this Red Herring Prospectus, use special care when interpreting Embedded Value and VNB results and should not place undue reliance on them. The inclusion of these values in this Red Herring Prospectus should not be regarded as a representation of our future profitability by us, the Independent Actuary, the BRLMs or any other person. Furthermore, we do not intend to update or otherwise revise these values in the future, whether as a result of new information, future events or otherwise. References to the Embedded Value Report are to the report from the Independent Actuary dated October 18, 2017 and titled "Report on Indian Embedded Value as at 31 March, 2017" and references to the Supplementary Embedded Value Report are to the report dated October 18, 2017 and titled

“Results of Indian Embedded Value as at 30 September, 2017”. References to the Embedded Value Report and the Supplementary Embedded Value Report should read with the reports in their entirety and in conjunction with the disclaimers, context and assumptions set forth therein. See also “*Forward Looking Statements*” on page 21 of this Red Herring Prospectus.

**14. Our risk management policies and procedures and internal controls, as well as the risk management tools available to us, may not be adequate or effective.**

We have historically established a risk management system by developing internal control systems comprising an organisational framework, policies, procedures and methods to help us identify risks and develop mitigating measures that we consider to be appropriate for the scale of our business operations, and we have been dedicated to continuously improving these systems. For more details, see “*Our Business—Risk Management*” on page 237 of this Red Herring Prospectus.

However, due to the inherent limitations in the design and implementation of such a system, including internal control environment, risk identification and evaluation, effectiveness of risk control, and information communication, our systems may not be adequate or effective in identifying or mitigating our risk exposure in all market environments or against all types of risks. These methods may also fail to predict future risk exposures, which could be significantly greater than those indicated by historical measures. In particular, some methods of managing risk are based upon observed historical market behaviour and claims experience. Other risk management methods depend upon an evaluation of available information regarding operating and market conditions and other matters. This information may not be accurate, complete, up-to-date or properly evaluated. Moreover, the information and experience data that we rely on may quickly become obsolete as a result of market and regulatory developments, and our historical data may not be able to adequately reflect risks that may emerge from time to time in the future.

Management of operational, legal and regulatory risks requires, among other things, policies and procedures to properly record and verify a large number of transactions and events, as well as appropriate and consistently applied internal control systems. As part of our risk management procedures, we use models that rely on assumptions and projections that are inherently uncertain. These policies, procedures, internal controls and assumptions may not be adequate or effective, and our business, financial condition and results of operations could be materially and adversely affected by the corresponding increase in our risk exposure and actual losses experienced as a direct or indirect result of failures of our risk management policies and internal controls. Any hedging programmes that we may utilise may also not be fully effective or may not adequately cover our liabilities and may leave us exposed to unidentified and unanticipated risks.

We are mainly in the business of being paid to accept certain risks and provide relevant protection. Our employees and agents who conduct our business, including management, sales and product managers, sales agents and investment professionals, among others, do so in part by taking decisions that expose us to risks. These decisions include setting underwriting guidelines and standards, product design and pricing, investment decisions, and pursuit of business opportunities, among others. In addition, our employees and agents may make decisions beyond their scope of authority and that exposes us to excessive risks. Although we endeavour, in the design and implementation of our compensation and incentive plans and internal control system, to avoid giving our employees and agents incentives to take excessive risks, they may make decisions that expose us to risks regardless of the structure of our compensation and incentive plans and internal control systems. Similarly, due to the large size of our operations and the large number of our branches, we cannot assure that we will always be able to effectively monitor and control excessive risks taken by our employees and agents. For instance, in Fiscal 2012, our Company was censured by the IRDAI owing to, amongst other things, our inability to furnish copies of approvals granted to us by the IRDAI (in accordance with applicable regulations) for opening/closing branches in India. While charges were not pressed by the IRDAI, the impact of similar risks or mistakes could have a material adverse effect on our business, financial condition, results of operations and prospects. Copies of approvals of certain branches are not available with the Company and we cannot assure you that the IRDAI will not initiate action against us in the future.

Any future expansion and diversification in our insurance product offerings and investments will require us to continue to enhance our risk management and internal control capabilities. Our failure to timely adapt our risk management and internal control policies and procedures to our developing business could have a material adverse effect on our business, financial condition, results of operations and prospects.

**15. Regulatory and statutory actions against us or our distributors could have a material adverse effect on our business, financial condition, results of operations and prospects and cause us reputational harm.**

We are subject to extensive laws and regulations issued by the IRDAI and other regulatory and/or statutory authorities in India, and, from time to time, we may be subjected to regulatory actions. Our Company has in the past received, and has been receiving, various queries and clarifications from the IRDAI, including in relation to inspection of policyholders' grievances, compliance with investment limits specified under the IRDAI Investment Regulations, alleged deficiencies observed by the IRDAI during an onsite inspection of our corporate agents, excessive payments by our Company to certain corporate agents, compliance with anti-money laundering laws, discrepancies in audited year end statistics submitted by our Company with the IRDAI and corporate governance compliance status reports. Failure to satisfactorily address these queries and clarifications in a timely manner or at all may result in our Company being subject to regulatory actions by the IRDAI and penalties. Further, responding to these regulatory actions, regardless of their ultimate outcome, requires a significant investment of resources and management's time and effort. Moreover, our provisions for regulatory actions may be inadequate. Given the uncertainties and complexity of many of these regulatory actions, their outcome generally cannot be predicted with any reasonable degree of certainty.

We are subject to periodic examinations by the IRDAI and other Indian governmental authorities. The IRDAI may issue directions or advices to the Company from time to time which may require certain expenses to be borne by the shareholders, such as remuneration to executive directors above ₹15 million per annum and penalties imposed by the IRDAI. The regulators may impose penalties and/or sanctions on us for non-compliance. For more details, see "*Our Business—Legal Proceedings*", "*Outstanding Litigation and Material Developments*" and "*Regulations and Policies—Certain guidelines and circulars prescribed by the IRDAI*" on pages 242, 636 and 244 of this Red Herring Prospectus, respectively. Pursuant to the Insurance Act and the File and Use Guidelines, every insurance product offered by us, including the terms and pricing, as well as benefits payable under these products, is subject to prior approval by IRDAI.

For further details, please refer to "*Outstanding Litigation and Material Developments—Actions by statutory or regulatory authorities against our Company (pending actions or any actions taken in the past five years)*" on page 638 of this Red Herring Prospectus. There can be no assurance that similar events will not occur in future, which may result in imposition of penalties by IRDAI or other regulators for failure to comply with applicable regulations. These and future examinations or proceedings by regulatory authorities may result in the imposition of penalties and/or sanctions, withdrawal of products that contribute significantly to our VNB and/or Total New Business Premium, as appropriate, or issuance of negative reports or opinions, that could have a material adverse effect on our business, financial condition, results of operations and prospects. These government examinations or proceedings may also result in negative publicity, which could significantly harm our corporate image and reputation.

In addition, our corporate agents, brokers and other intermediaries are also subject to regulatory oversight of the IRDAI, in addition to any other regulators within their industries. Any regulatory action against such partners could reduce our ability to distribute our products through them, harm our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

Additionally, if any new developments arise, including a change in Indian laws or regulations or decisions adverse to us by the appellate courts or tribunals, we may face losses and we may have to make further provisions in our financial statements, which could increase our expenses and our liabilities. Decisions in such proceedings adverse to our interests may have a material adverse effect on our business, financial condition, results of operations and cash flows.

To the extent that we enter new geographies or new product markets, the complexity of our regulatory environment will increase, potentially increasing the cost of compliance and the risk of non-compliance. For further details, please see "*Our Business – Claims management*" on page 228 of this Red Herring Prospectus.

**16. Failure to secure new distribution relationships, as well as any termination or disruption of our existing distribution relationships, may have a material adverse effect on our competitiveness and result in a material impact on our financial condition and results of operations.**

Apart from our bancassurance distribution channel, we have increasingly focused on developing our sales through our individual agents, direct, and brokers and others distribution channels. As these distribution channels become increasingly important in the Indian life insurance industry, if we fail to secure new distribution relationships or to maintain our existing relationships, our competitiveness may be materially and adversely affected. Many of our distribution relationships are non-exclusive.

We face intense competition to attract and retain our individual agents, and we compete with other companies for their services, primarily on the basis of our reputation, product range, compensation and retirement benefits, training, support services and financial position. We may not always be successful in attracting individual agents, and we cannot assure you that we will be successful in retaining our existing individual agents in light of the intense competition for talented individual insurance agents as a result of the rapid development of the Indian life insurance industry. In addition, in order to protect the policyholders' interests, the IRDAI has prescribed caps on the commissions payable to individual agents in respect of sales of unit-linked and traditional insurance products, which have led to an exit of individual agents from the Indian insurance industry. If we are unsuccessful in attracting and retaining individual agents, our ability to effectively market and distribute our products may be affected, which would in turn have a material adverse effect on our financial condition and results of operations. It is also time consuming and costly to recruit, train and deploy individual agents. Our direct distribution channel could be adversely impacted by the loss of frontline sales staff, improper activities when selling insurance products, mishandling of customer complaints, changing regulation and suspension of our direct marketing programmes. To the extent we are not able to maintain our existing distribution relationships or secure new distribution relationships, we may not be able to maintain or grow our premiums, and our financial condition and results of operations may be materially and adversely impacted.

**17. Our operations could be disrupted by unexpected network interruptions caused by system failures, natural disasters, terrorist attacks, unauthorised tampering or security breaches of our information technology systems.**

We, like all insurance companies, are exposed to many types of operational risk, and there can be no assurance that we will not suffer losses from operational risks in the future, and our reputation could be adversely affected by the occurrence of any such events. Our key operational risks include:

- human and systems errors when executing complex and high volume transactions;
- incorrect calculations of our net asset values;
- failure of technology in our processes causing errors or disrupting our operations;
- inadequate technology infrastructure or inappropriate systems architecture;
- failure to adequately monitor and control our various distributor partners;
- failure to replace end-of-life systems;
- failure to implement sufficient information security controls;
- an interruption in services by our service providers; and
- damage to physical assets, either IT assets or non-IT assets.

If any such operational risks, including any of the foregoing, were to occur, it could have a material adverse effect on our business, financial condition, results of operations and prospects. Although, there have not been any major instances where operational risks have caused a material adverse effect on our business operations during the past three years, we cannot assure you that such instances may not occur in the future.

**18. Failures of or inadequacies in our information technology systems could have a material adverse effect on our business, financial position, results of operations and prospects.**

Our business depends heavily on the ability of our information technology systems to timely process a large number of transactions across different distribution channels and numerous product lines. In particular, transaction processes have become increasingly complex and the volume of transactions continues to grow at a significant rate.

The proper functioning of our financial controls, accounting, customer database, customer service and other data processing systems, including those relating to sales, underwriting and claims processing functions, together with the communications systems linking our headquarters, local operating units and main information technology centres, is critical to our operations and to our ability to compete effectively. Our business activities would be materially disrupted in the event of a partial or complete failure of any of these information technology or communications systems. These failures could be caused by, among other things, software bugs, computer virus attacks, malware and cybersecurity attacks, conversion errors due to system upgrading, failure to successfully implement ongoing information technology initiatives, natural disasters such as earthquakes and floods, war, terrorist attacks and unanticipated problems at our existing and future facilities. Between Fiscal 2015 to Fiscal 2017, we experienced three cybersecurity-related incidents. In May 2015, we experienced a denial-of-service attack on our web server. In May 2016, we discovered a payment manipulation gap in one of our front-end systems relating to our HDFC Life Click2Retire product. In July 2016, we experienced a virus infection on eight non-critical systems (including servers and desktops). During all three incidents, we were able to quarantine our systems and implement responsive measures in accordance with our cybersecurity response plan. For more information on our cybersecurity measures, see “*Business – Technology and Digital Initiatives*” beginning on page 221 of this Red Herring Prospectus. As part of our business continuity planning and framework, we maintain disaster recovery facilities for critical systems in Chennai designed to be activated in the event of a system failure and maintain tape back-ups on a daily basis. However, we cannot assure you that our business activities would not be materially disrupted in the event of a partial or complete failure of any of these or other information technology systems or related processes.

We may be unable to prevent or address, any disruption to the operation of our information technology system in a timely manner, or upgrade our information technology or communications systems. Any such failure could result in our inability to perform, or result in prolonged delays in the performance of, critical business and operational functions, the loss of key business information and customer data, or a failure to comply with regulatory requirements. Any such failure could also affect our risk management and customer service functions, resulting in a material adverse effect on our business, prospects, financial condition and results of operations. A failure of our information technology or communications systems could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.

**19. Higher expenses than expected could have a material adverse effect on our business, financial position and results of operations.**

We price our products based on assumptions for expenses we expect to incur. The assumptions for expenses include policy issuance cost, infrastructure related costs, employee costs, policy maintenance cost and other support costs. Expenses may be higher than expected due to specific events and changes in macroeconomic conditions including inflation, changes in the regulatory framework, competition dynamics, distributor pressures, people and other factors. In addition, significant variation of actual inflation from our assumptions could also result in higher than expected expenses. If actual incurred expenses exceed the priced levels, it could have a material adverse effect on our business, financial condition and results of operations. There can be no assurance that we will be able to control or maintain our costs due to low productivity or increased competition. Any of these could cause higher than expected expenses and could have a material adverse effect on our business, financial condition and results of operations. The ability to absorb expenses in the pricing of our various products differs across products. Hence any shift in product mix could impact our segment level expense ratios and hence our financial condition and results of operations. In addition, since a portion of our expenses are fixed, if future sales are lower than expected, our expenses may not fall proportionally, or at all. This could adversely affect our margins, and thereby, our financial condition and results of operations.

**20. We operate in a regulated industry and any changes in the regulations or enforcement thereof may affect our business.**

Laws and regulations governing the insurance industry have become increasingly complex governing a wide variety of issues, including foreign investment, liquidity, capital adequacy, investments, money laundering, privacy, record keeping, marketing and selling practices. Any change in IRDAI policy, including in relation to investment or provisioning or rural and social sector obligations or norms, may result in our inability to meet such increased or changed requirements as well as require us to increase our coverage to relatively riskier segments.

There are a number of regulations under the Insurance Act, which may impact our operational efficiency and investors' shareholding or rights. These include the following:

- **Investment restrictions:** In terms of the Investment Regulations, we are bound to invest a fixed percentage of our controlled fund for certain products in certain specified categories of assets and instruments, including bonds and securities issued by various government institutions. For example our Company is required to invest a minimum of 50% of our life fund (funds other than those relating to our pension, general annuity and group businesses and unit reserves of all categories of our unit-linked business) in government securities and a minimum of 15% of our life funds in housing and infrastructure sectors. Additionally, IRDAI issues from time to time exposure norms and prudential norms which govern the types and categories of securities in which we are permitted to invest;
- **Foreign investment and transfer restrictions:** The total foreign investment in our Company is currently limited to 49%, and there are certain restrictions on transfers of Equity Shares of our Company. For further information, see "*There are restrictions on transfers under the Insurance Act and the relevant IRDAI regulations*" on page 700 of this Red Herring Prospectus;
- **Restrictions on place of business:** The Insurance Act and the IRDAI (Places of Business) Regulations, 2015 require that approval of the IRDAI be obtained prior to opening an office or branch inside or outside India;
- **Approval for appointment of certain KMPs and the Remuneration Guidelines:** Pursuant to Section 34A of the Insurance Act, no appointment, re-appointment or termination of appointment, or amendment to the terms of remuneration of a managing or whole time director, manager or a chief executive officer, of an insurance company may be effected without the prior approval of IRDAI. The IRDAI has also issued the Remuneration Guidelines which are guidelines on remuneration payable to non-executive directors, chief executive officers, whole time directors and managing directors. Further, in terms of the IRDAI Guidelines on 'Indian Owned and Controlled' dated October 19, 2015, the right to appoint any chairman who exercises a casting vote is required to be retained and exercised by the Indian promoters and/or investors and the appointment of any chief executive officer is required to be through the Board of Directors or by the Indian promoter/ investor;
- **Obligations to rural and social sectors:** The IRDAI (Obligation of Insurers to Rural and Social Sectors) Regulations, 2015, require an insurer to undertake certain insurance related business in rural and social sectors; and
- **Format of Financial Statements:** The IRDA (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 require insurance companies to prepare financial statements in a prescribed format.

Further, the ICDR Regulations require the Company to disclose Restated Financial Information in this Red Herring Prospectus. The form and format of the Restated Financial Information prescribed under the ICDR Regulations are different from the form and format prescribed under the insurance laws and regulations and thus, the Company has complied with the said requirements of the ICDR Regulations to the extent applicable. The IRDAI Issuance of Capital Regulations also require additional financial information to be presented to it for a life insurer going public. Similarly, the Listing Regulations will be applicable to our Company immediately upon the listing of the Equity Shares with the Stock Exchanges. Upon listing, we will be required to comply with provisions pertaining to preparation of financial statements as provided therein. The form and format of the financial statements required under the Listing Regulations may be different

from the form and format prescribed under the insurance laws and regulations. Additionally, compliance with Regulation 40 of the Listing Regulations with respect to effecting transfer of securities, shall be subject to the restrictions stipulated under insurance laws and regulations (including the Insurance Act and Listed Indian Insurance Companies Guidelines).

Ensuring compliance with these laws and regulations and the enforcement thereof could have a material adverse effect on the manner in which business is carried on thereby affecting our financial condition and results of operations. Future changes in laws and regulations and failure or the apparent failure to address any regulatory changes or enforcement initiatives could have an adverse impact on our business, our future financial performance and our shareholders' funds or policyholders' funds, harm our reputation, subject us to penalties, fines, disciplinary actions or suspensions of any kind or increase our litigation risks and have an adverse effect on the price of our Equity Shares.

**21. Our Company is currently not in possession of certain of its secretarial records and filings for the period since its incorporation until 2010. There have also been inadvertent discrepancies in relation to certain secretarial records and filings by our Company. Accordingly, we cannot assure you that our Company will not be subject to any action, including monetary penalties, by the relevant regulatory authority in this regard.**

We manage our internal compliance by monitoring and evaluating internal controls, and ensuring all applicable statutory and regulatory compliances. However, there can be no assurance that deficiencies in our internal controls will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all.

For instance, our Company is currently not in possession of certain of its secretarial records and filings for the period since its incorporation until 2010. Accordingly, some of the information included in the section "*Capital Structure*" on page 112 of this Red Herring Prospectus is based on other documentation available with our Company, including annual returns and alternate secretarial records and filings. While we believe that these secretarial records and filings were prepared and submitted to the relevant regulatory authority by our Company, wherever applicable, we cannot assure you we will be able to locate these secretarial records and filings in the future. There have also been inadvertent discrepancies in relation to certain secretarial records and filings by our Company. Accordingly, we cannot assure you that our Company will not be subject to any action, including monetary penalties by the relevant regulatory authority on account of any inadvertent discrepancies in, or non-availability of, any of its secretarial records and filings, which may adversely affect our reputation.

**22. The actuarial valuations of policies with outstanding liabilities are not required to be audited and if such valuation is incorrect, it could have an adverse impact on our financial position.**

The actuarial valuation presented in our financial statements and elsewhere of liabilities for our policies with outstanding liabilities are performed by our Appointed Actuary. In India, the appointed actuary of an insurance company certifies such valuation and that in his/her opinion, the assumptions for such valuation are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI. Our auditors rely upon our Appointed Actuary's certificate and do not review or audit such valuation independently, which might differ from practices in other jurisdictions. If the assumptions and/or models used to conduct such an actuarial valuation of our liabilities are incorrect, or if there is an error in a calculation, it could have an adverse impact on our financial condition, given that there is no independent assurance on the actuarial liabilities through an audit process.

We regularly monitor the assumptions used in the calculation of reserves such as discount rates, mortality, morbidity, expenses including expense inflation and persistency. If we, based on the review of assumptions, conclude that our assumptions need to be revised which may require us to increase our reserves and incur income statement charges for the period during which we make the determination, as well as lead to an increase in our pricing of certain products. Any of these changes could have material adverse effect on our business, financial condition and results of operations.

**23. We have limited experience investing in certain asset classes that have only recently been permitted by IRDAI and investing in other asset classes that may be permitted in the future.**

In recent years, IRDAI has significantly expanded the scope of permitted investments for Indian insurance companies. For example, IRDAI has recently allowed insurance companies to invest in real estate investment trusts and infrastructure investment trusts. We expect that IRDAI will continue to expand the list of permitted investments to include newer types of securities. When making investments in such new asset classes, we may face new and heightened risks due in part to our limited experience in investing in such asset classes. The risk and liquidity profiles of these new asset classes may be significantly different from those of the asset classes that we traditionally invest in, and investments in these asset classes may increase the overall risk exposure of our investment portfolio. While we have an investment management framework in place, our lack of investment experience in certain new asset classes could reduce our investment returns and cause our investment returns to fall below expectations, which could in turn have a material adverse effect on our business, financial condition, results of operations and prospects. For further details, please see “*Our Business – Our Investment Fund Performance*” and “*Our Business – Our Investment Portfolio*,” respectively on pages 234 and 235 of this Red Herring Prospectus.

**24. We are subject to the credit risk of our investment counterparties, including the issuers or borrowers whose securities or loans we hold.**

Issuers or borrowers whose securities or loans we hold may default on their obligations to us. Any default in the payment of interest or repayment of the principal by the issuer of such instruments may have an adverse impact on our financial condition and cash flows. We are also subject to credit risk with the counterparties and clearing houses we transact with in the market.

Although we attempt to minimise the risks associated with investments through diversification, improving our credit analysis capability, monitoring current interest rate trends and using clearing houses for the settlement of equity, debt, money market and derivatives transactions, we cannot assure you that we are able to identify and mitigate credit risks successfully. As a result, the losses in fair value or realised losses we could incur on investments we hold as well as a significant downgrade in the credit rating of the debt securities owned by us could have a material adverse effect on our business, financial condition, results of operations and prospects. Furthermore, the counterparties in our investments, including issuers of securities we hold, banks that hold our deposits and any such entity which has a financial obligation to us, may default on their obligations to us due to bankruptcy, lack of liquidity, economic downturns, operational failure, fraud or other reasons. We are also subject to the risk that our rights against these counterparties may not be enforceable in all circumstances.

**25. Concentration of our investment portfolio in any particular asset class, market or industry may increase our risk of suffering investment losses.**

Events or developments that have a negative effect on any particular industry, asset class, group of related industries, country or geographic region may have a greater negative effect on our investment portfolio to the extent that our portfolio is concentrated. These types of concentrations in our investment portfolio increase the risk that, in the event we experience a significant loss in any of these investments, our financial condition and results of operations would be materially and adversely affected. As at September 30, 2017, fixed income securities portfolio represented 58.2% of our total AUM, and we hold significant amounts of government and governmental agency bonds and corporate bonds. As a result, we have significant credit exposure to sovereign and corporate issuers.

We are not permitted to invest any of our policyholders’ or shareholders’ funds outside India, whether directly or indirectly. The performance of our fixed income securities investment portfolio is therefore particularly sensitive to market and macroeconomic conditions in India, including the financial performance and repayment ability of certain Indian state-related entities, some of which may depend on government support. As at September 30, 2017, 51.3% and 32.1% of our corporate bonds were held in the infrastructure facilities, and the financial and insurance activities sectors, respectively. In particular, since the financial and insurance activities sector is significantly dependent on macroeconomic conditions, such concentration could have an adverse impact especially during periods of economic volatility.

In addition, if we become subject to additional restrictions in future with regard to the asset classes that we are permitted to invest in, our portfolio may not be sufficiently diversified to mitigate the effects of potential

concentration risk. For further details on the regulation of our investments, see “*Regulations and Policies in India*” on page 244 of this Red Herring Prospectus.

**26. We are obliged to collect certain information in relation to our customers and counterparties and depend on the accuracy and completeness of information provided by or on behalf of such persons.**

In deciding whether to issue policies to customers, pay out claims or enter into other transactions with counterparties, we necessarily have to rely on information furnished to us by or on behalf of our customers and counterparties, including personal details, their medical histories, income statements and other financial information. Our financial condition and results of operations could be negatively affected by relying on any incorrect, misleading or incomplete information sourced from customers and counterparties. Such information might include non-disclosure of pre-existing medical conditions, inaccurate, incomplete or forged income and financial statements, KYC documents, thereby leading to violation of laws including the anti-money laundering related laws. In the past, our Company has been subjected to caution by the IRDAI in connection with lapses in our Company’s KYC and anti-money laundering (“**AML**”) processes. In early 2013, online magazine Cobrapost accused us and several other financial institutions in India of deficient anti-money laundering practices. Pursuant to such accusations, IRDAI conducted inspections at certain of our branches and issued a show cause notice directing us to respond to charges of failing to comply with the Anti Money Laundering Guidelines issued by IRDAI. Thereafter, by way of an order dated February 11, 2014, IRDAI highlighted certain instances of non-compliance by us in respect of the AML Guidelines and directed us to maintain vigilance and comply strictly with the provisions of the AML Guidelines, including strengthening of KYC norms and STR monitoring.

In addition, pursuant to an amendment to Section 45 of the Insurance Act, all life insurance companies are prohibited from calling in to question a life insurance policy on any grounds, including misstatement of facts or fraud, at any time after three years from the date of the policy, i.e., the later of (i) date of issuance of policy, (ii) commencement of risk or (iii) revival of policy (or any rider to the policy). If we are unable to detect any such misstatement or fraud within the stipulated period, we could be subjected to higher morbidity, mortality and credit risks than those we have assumed. This could lead to higher claim payments to customers and could have a material adverse effect on our business, financial condition and results of operations.

While we are implementing measures aimed at minimising the inaccuracy and incompleteness of information provided by or on behalf of our customers and counterparties, improving detection and prevention of employees’ and external parties’ frauds, sales misrepresentations, money laundering and other misconduct, we may not be able to timely detect or prevent such misconduct, which could harm our reputation and have a material adverse effect on our business, financial condition, results of operations and prospects. We also cannot assure you that such incidents will not recur, and any such recurrences could have a material adverse effect on our business, financial condition, results of operations and reputation.

**27. We have entered into certain related party transactions in the past and may continue to do so in the future.**

We have entered into transactions with related parties, including our Promoters and with certain Group Companies, pursuant to which we have made payments including commission expense, purchase of investments, payments towards display of publicity materials and space sharing at locations, dividends paid, name usage fees, income for sharing of resources, property valuation services and insurance premium expenses, on an arm’s length basis. For more information on our related party transactions, see “*Related Party Transactions*” on page 330 of this Red Herring Prospectus.

Certain related party transactions also require the approval of our shareholders (where the related parties are required to abstain from voting on such resolutions). There can be no assurance that such transactions will be approved. There can also be no assurance that we will be able to maintain existing terms, or in case of any future transactions with related parties, that such transactions will be on terms favourable to us in future. While we believe that all of our related party transactions have been conducted on an arm’s length basis, we cannot assure you that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. In addition, it is highly likely that we will enter into further related party transactions in the future. Any future transactions with our related parties could potentially involve conflict of interests. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations.

**28. We rely on third-party service providers in several areas integral to our operations and hence do not have full control over the services provided to us or our customers.**

Our outsourcing activities are regulated by the IRDAI and we are not permitted to outsource certain activities. We rely on third parties in several areas of our operations on a regular basis. In particular, we have outsourced a portion of our operations, such as information technology, human resources, facility management, marketing and call centre services, to third parties, in compliance with applicable regulations. If any of these third parties were to terminate their contractual relationships with us, or fail to provide services to us for any reason, whether as a result of a lack of robust business continuity planning processes on their part or otherwise, and we were unable to secure an adequate alternative, our business and results of operations could be materially disrupted and our financial condition could be materially affected. In addition, if we or our third-party service providers fail to operate in compliance with regulations or corporate standards, we could suffer reputational harm and may also be subjected to regulatory actions, which could cause a material adverse effect on our business, financial condition, results of operations and prospects.

**29. Data privacy laws, rules and regulations could have a material adverse effect on our business, financial condition and results of operations.**

We are subject to data privacy laws, rules and regulations that regulate the use of customer data. Compliance with these laws, rules and regulations may restrict our business activities, require us to incur increased expense and devote considerable time to compliance efforts. For example, data privacy laws, rules and regulations could limit our ability to leverage our large customer base, as well as the customer base of our distribution partners, to develop cross-selling opportunities. Applicable data privacy laws, rules and regulations could also adversely impact our distribution channels, such as our direct distribution channel, and limit our ability to use third-party firms in connection with customer data. Certain of our corporate agency agreements include provisions providing for the sharing of customer data between us and our bancassurance partners, which will be done in accordance with applicable laws, rules and regulations relating to data privacy.

Certain of these laws, rules and regulations are relatively new and their interpretation and application remain uncertain. Data privacy laws, rules and regulations are also subject to change and may become more restrictive in the future. For example, the Telecom Commercial Communications Customer Preference (Thirteenth Amendment) Regulations, 2013 issued by TRAI regulate unsolicited commercial communications received by consumers and has imposed restrictions, among others, on marketing and commercial calls made by insurance agents and other third parties. This has had a significant impact on the volume of marketing and commercial calls made by insurance agents and other third parties acting on our behalf. Changes or further restrictions in data privacy laws, rules and regulations could have a material adverse effect on our business, financial condition and results of operations.

**30. There is a risk that customer data could be lost or misused.**

As a financial services group, we maintain significant amounts of highly sensitive customer data, both online and offline. Despite the security measures we have put in place, there remains a risk that such data could be lost and/or misused as a result of an intentional or unintentional act by internal or external parties. For example, we are exposed to cyber threats such as (a) phishing and Trojans-targeting our customers, where fraudsters send unsolicited mails to our customers seeking sensitive customer information or infect customer machines to search and attempt ex-filtration of sensitive customer information; (b) hacking, where attackers seek to hack into our website with the primary intention of causing reputational damage to us by disrupting our services; and (c) data theft, where cyber criminals may attempt to intrude into our network with the intention of stealing our data or information. Attempted cyber threats fluctuate in frequency but are generally not decreasing in frequency. See “- *Failures of or inadequacies in our information technology systems could have a material adverse effect on our business, financial position, results of operations and prospects*” on page 37 of this Red Herring Prospectus

Any security breach, data theft, unauthorised access, unauthorised usage, virus or similar breach or disruption could result in loss or disclosure of confidential information, damage to our reputation, litigation, regulatory investigations or other liabilities. Actual or perceived concerns that our systems may be vulnerable to such attacks or disruptions may deter our customers from using services and result in negative publicity.

There is also the risk that our customers may incorrectly blame us and terminate their relationships with us for a cyber-incident or data theft which might have occurred on their own system or that was due to the acts of an unrelated third party. Any such loss or misuse of customer data could result in increased regulatory scrutiny, fines, the need to compensate customers, remediation costs and a negative impact on our reputation, with a consequential impact on sales volumes and persistency levels, and hence adversely impact our business, financial condition and results of operations.

**31. In the event that HDFC and/or Standard Life Mauritius reduce the percentage of their respective shareholding in our Company, or the Name Usage Agreement or the Trademark Agreement is terminated, we may not be permitted to use the “HDFC” and/or “Standard Life” trademarks as part of our brand and name for our business.**

“HDFC Life” and our other product names and intellectual property rights are important assets to us. Pursuant to the Shareholders’ Agreement, HDFC and Standard Life Mauritius had permitted us to use the word “HDFC” and “Standard Life” trademarks solely as part of our corporate or trading name, for no consideration. Subsequently, we entered into a Memorandum of Understanding with HDFC dated September 29, 2015 and a Name Usage Agreement with HDFC dated October 20, 2015 (the “**Name Usage Agreement**”), pursuant to which HDFC granted to our Company, a non-exclusive, non-transferrable and non-assignable license subject to certain conditions, to use and continue to use HDFC’s name and logo as a part of our corporate name or identity or as our brand/name/logo for any purpose related to our business or operations (and whether with or without conjunction with our Promoter’s brand/name/logo) and in the course of promoting, canvassing and publicising our products and services. Further, our Company has the right to use HDFC’s name and HDFC’s logo for the business and operations of its wholly owned subsidiaries or other group companies. The Name Usage Agreement is valid for an initial term of three years from October 20, 2015, and shall be renewed for subsequent three-year terms, unless specifically terminated in accordance with the terms of Name Usage Agreement, for a consideration (payable from April 1, 2015) of 0.3% to 0.5% of premiums earned by our Company, subject to a maximum of ₹1,000 million. The payment of consideration by our Company under the Name Usage Agreement is also subject to receipt of shareholder approval in accordance with the Companies Act in the event the actual amount to be paid as consideration, for a given Fiscal Year, exceeds the payment limits prescribed for such transactions under the Companies Act. For further details on the Name Usage Agreement, see “*History and Certain Corporate Matters—Material Agreements—Other Agreements—Name Usage Agreement*” on page 263 of this Red Herring Prospectus.

In the event that the Name Usage Agreement expires or is terminated, we may not be permitted to use “HDFC” as part of our brand and name for our and our subsidiaries’ business. Additionally, our right under the Shareholders’ Agreement to use the name “Standard Life” as a part of our corporate name or trading name will terminate with the termination of the Shareholders’ Agreement upon the receipt of listing and trading approval from the Stock Exchanges pursuant to the Offer. In this regard, we entered into a trademark agreement with Standard Life Mauritius and Standard Life Employee Services Limited dated October 18, 2017 (“**Trademark Agreement**”), by way of which our Company agreed to use ‘Standard Life’ (“**Standard Life Name**”) from the effective date of the Trademark Agreement, i.e. October 18, 2017, solely (i) as part of its corporate or trading name, and (ii) use the Standard Life Name (or any variation thereof) as part of the name of certain existing products only for such reasonable period of time which is absolutely necessary or as mandated by the law. For further details on the Trademark Agreement, see “*History and Certain Corporate Matters—Material Agreements—Other Agreements—Trademark Agreement*” on page 264 of this Red Herring Prospectus. In the event that the Trademark Agreement expires or is terminated, we may not be permitted to use the Standard Life Name as part of our corporate or trading name, or use the Standard Life Name (or any variation thereof) as part of the name of certain existing products. This could require us to expend significant resources to establish new branding and name recognition in the market as well as undertake efforts to rebrand our branches and our digital presence. This could have a material adverse effect on our financial performance.

For further information, see “*Our results are dependent on the strength of our brand and reputation, as well as the brand and reputation of other HDFC group entities*” on page 28 of this Red Herring Prospectus.

**32. We cannot ensure that our intellectual property is protected from copy or use by others, including our competitors, and intellectual property infringement actions may be brought against us.**

We have made applications for the registration of various trademarks associated with our business and operations. As at September 30, 2017, we had 24 trademark applications pending registration, and have registered the “HDFC Life” logo under the Trademarks Act. For complete details of our pending trademark applications and registrations, please see “*Government and Other Approvals*” on page 665 of this Red Herring Prospectus.

We cannot assure you that we will be able to register all of the trademarks applied for in our name, and such failure may materially and adversely affect our business prospects, reputation and goodwill. Pending completion of registration proceedings, any third-party claim on our “HDFC Life” brand or our other intellectual property may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly, and a favourable outcome cannot be assured. Even if our trademarks are registered, we may not be able to detect any unauthorised use or infringement or take appropriate and timely steps to enforce or protect our intellectual property, nor can we provide any assurance that any unauthorised use or infringement will not cause material damage to our business prospects, reputation and goodwill. There is no assurance, however, that we will not receive an objection to the pending trademark applications. Any claim in relation to the use of the current “HDFC Life” logo by our Group in the future, regardless of its merits, may give rise to increased trademark prosecution and potential litigation costs.

We may also be subject to claims that we have breached our licensed use of software or otherwise infringed on the intellectual property of third parties, including infringement by service providers who use such licences to provide services to us.

Any of the above matters could have a material adverse effect on our business, results of operations, financial performance and the trading price of our Equity Shares.

**33. Catastrophic events, such as natural disasters, which are often unpredictable, may materially and adversely affect our claims experience, investment portfolio, financial condition and results of operations.**

Even though our business is largely conducted in India, the threat of epidemics, international tensions in many parts of the world, terrorism, ongoing and future military and other actions, heightened security measures in response to these threats, natural disasters, climate change or other catastrophes may cause disruptions to commerce, reduced economic activity and market volatility.

The occurrence and severity of many catastrophic events is inherently unpredictable. Our insurance business exposes us to claims arising out of such events and catastrophes affecting a large segment of the population. In our group insurance business, a localised event that affects the workplace of one or more of our group insurance customers could cause a significant loss due to mortality or morbidity claims. In particular, our life insurance business is exposed to the risk of catastrophic mortality, such as an epidemic or other events that cause a large number of deaths. The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophes are restricted to small geographic areas; however, pandemics, hurricanes, earthquakes and man-made catastrophes may produce significant damage in larger areas, especially those that are heavily populated. Catastrophic events could also harm the financial condition of our reinsurers and thereby increase the probability of default on reinsurance recoveries and could also reduce our ability to write new business. Furthermore, pandemics, natural disasters, terrorism and fires could disrupt our operations and result in significant loss of property, key personnel and information about our clients and their respective businesses if their business continuity plans fail to cope with the scale or nature of the catastrophe. Such events could adversely affect our business, results of operations, corporate reputation and financial condition for a substantial period of time.

Although we have reinsurance cover to reduce our exposure to catastrophic losses, such reinsurance may not be sufficient to adequately protect us against losses due to limitations in the underwriting capacity, terms and conditions of the reinsurance market and difficulties in assessing our exposure to catastrophes. If catastrophic events covered by our insurance occur with greater frequency and severity than expected,

claims arising from such catastrophic events could materially reduce our profits and cash flows and have a material adverse effect on our business, financial condition and results of operations. In addition, our investment portfolio, which consists primarily of debt and equity securities, comprises a significant portion of our assets, and catastrophic events may materially and adversely affect market prices for these investments, thereby causing decreased asset values during a period in which we may also experience increases in claims incurred. A decrease in asset value could result in, among other things, a write-down in the fair value of assets and other changes to our earnings, which would reduce our profitability.

**34. We may be unable to obtain external reinsurance on a timely basis at reasonable costs and could be exposed to concentration risk with individual reinsurers.**

We currently utilise the reinsurance markets primarily to limit our risk, support our growth and manage our capital more efficiently. We are exposed to concentration risk with individual reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. For the six months ended September 30, 2017, our proportion of reinsurance ceded based on the sum at risk, with our largest reinsurance counterparty, Swiss Re Insurance Company, Singapore Branch, was ₹526.7 million, which accounted for 59.0% of our total reinsurance ceded. Reinsurance exposures are aggregated with other exposures to ensure that the overall counterparty risk is within appetite.

Our ability to obtain external reinsurance on a timely basis and at a reasonable cost is subject to a number of factors, many of which are beyond our control. In particular, certain risks that we are subject to, such as epidemics, are difficult to reinsure. While reinsurance agreements generally bind the reinsurer for the life of the business reinsured at generally fixed pricing, market conditions beyond our control determine the availability and cost of the reinsurance protection for new business. In certain circumstances, the price of reinsurance for business already reinsured may also increase. If we are unable to renew any expiring external coverage or obtain acceptable new external reinsurance coverage on terms that would provide us with adequate protection, our net risk exposure could increase or, if we are unwilling to bear an increase in net risk exposure, our overall underwriting capacity and the amount of risk we are able to underwrite would decrease. To the extent that we are unable to utilise external reinsurance successfully, our business, financial condition and results of operations may be materially and adversely affected.

In addition, although a reinsurer would be liable to us for the risk transferred pursuant to a reinsurance arrangement, such an arrangement does not discharge our primary liability to our policyholders. As a result, we are exposed to credit risk with respect to our current and future reinsurers. In particular, our reinsurers may default on their obligations to us under our reinsurance arrangements due to bankruptcy, lack of liquidity, downturns in the economy, operational failure, fraud or other reasons. We are also subject to the risk that our rights against our reinsurers may not be enforceable in all circumstances. As a result, although we seek reinsurance arrangements only with reputable and creditworthy reinsurers, a default by a reinsurer or the unenforceability of our rights against such reinsurer would increase the financial losses arising out of a risk we have insured, which would reduce our profitability and may have a material adverse effect on our liquidity position. We cannot assure you that our reinsurers will always be able to meet their obligations under our reinsurance arrangements on a timely basis, if at all. However, if our reinsurers fail to pay us on a timely basis, or at all, our business, financial condition and results of operations may be materially and adversely affected.

**35. A significant proportion of our total new business premiums are generated by unit-linked products and participating products. Any regulatory changes or market developments that adversely impacts sales of such products could have a material adverse effect on our business, financial condition, results of operations and prospects.**

Sales of unit-linked products contributed 57.5%, 53.8%, 51.7% and 54.0% to our total individual new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. While the contribution of unit-linked products to our total new business premium has decreased over the past few years, sales of unit-linked products continue to be a significant contributor to our business. If our unit-linked funds underperform their respective benchmarks or significantly underperform products offered by our peers, or if there is a significant decline in equity markets, we may not be able to market these products in the future and may be in a disadvantageous position as compared to our competitors. In addition, sales of participating products contributed 18.9%, 26.7%, 29.7% and 25.0% to our total individual new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. If our participating products generated lower than expected returns to

policyholders, this may result in increased surrenders which would have an adverse impact on our new business premiums.

We cannot be certain that there will be no changes in regulations or customer preferences restricting or limiting the sale or marketing of these products in the future or that in the event of such changes, we would be able to suitably redevelop our product strategy. If we are unable to anticipate market developments, develop and exploit opportunities and create new products, we might be significantly disadvantaged as compared to our competitors willing to offer more attractive products in case of such changes.

Such changes, in the product categories that are significant for us currently or are likely to become significant to our new business in the future, could have a material adverse effect on our business, financial condition, results of operations and prospects. For further details, please see “*Financial statements - Annexure XXVIII: Restated Consolidated Statement on Segment Disclosures*” on page 541 of this Red Herring Prospectus.

**36. As a significant portion of our business is generated from relatively few regions, we are susceptible to economic and other trends and developments, in these areas.**

The states of Maharashtra, Gujarat, Karnataka, Tamil Nadu and Delhi accounted for 58.5% and 63.8% of the total received premium from new business retail policies in Fiscal 2017 and the six months ended September 30, 2017, respectively. A decline in local economic conditions which affects the demand for insurance products, affects the ability of consumers to maintain their premium payments or affects the ability of our agents or partners in those regions to conduct their business, may have a greater effect on our financial condition, business and prospects than businesses that are more geographically diverse. Given our geographic concentrations, negative publicity regarding any of our products in these areas could have a material adverse effect on our ability to attract new customers. Other regional occurrences, such as local strikes, terrorist attacks, increases in energy prices, natural or man-made disasters or more stringent state and local laws and regulations, to the extent these affect the demand of insurance products, affect the ability for customers to make their premium payments, prevent our agents from consummating sales or cause concentrated surrenders could also have a material adverse effect on our business, financial condition, results of operations and prospects.

**37. Our business and growth plans will depend on how successful we are in implementing our strategies and managing our future growth.**

The India life insurance market in India has experienced significant growth in recent years, with total premium growing at a CAGR of 17% from Fiscal 2001 to Fiscal 2017, according to CRISIL. Implementing our strategies and managing our growth to date has required, and is likely to continue to require, significant management and operational resources. We intend to expand our business and operations, and the successful management of any such future growth will require us to, among other things:

- maintain stringent cost controls and a sufficient capital base;
- increase our marketing and sales activities;
- implement appropriate digital initiatives to improve our distribution value proposition and customer experience;
- hire and train sufficient numbers of new employees and agents;
- develop new products and review our existing products to keep pace with consumer trends and demands;
- continue to strengthen our financial and management controls and information technology systems; and
- continue to develop adequate underwriting and claim handling capabilities and skills.

We cannot assure you that we will be successful in implementing our strategies or managing future growth. If we are not able to implement our strategies or manage future growth successfully, our business and prospects may be materially and adversely affected.

**38. Our business could be adversely affected if we are unable to obtain regulatory approvals or licenses in the future, or maintain or renew our existing regulatory approvals or licenses.**

We require certain approvals, licenses, registrations and permissions for operating our business. Our Company has currently made applications to various governmental authorities in lieu of licenses and approvals that have expired. While we believe that our Company has applied for and obtained the requisite regulatory approvals for opening each of our branch offices, our Company is currently unable to locate certain of these approvals. For further information, please refer to “*Government and Other Approvals*” on page 664 of this Red Herring Prospectus and “*Outstanding Litigation and Material Developments*” on page 636 of this Red Herring Prospectus.

The failure to obtain or renew licenses required in relation to our business, may materially affect our ability to carry on or conduct our business. Further, any failure to obtain relevant licenses or to comply with the terms of any licenses that we are currently required to maintain, could subject us to penalties and restrict our ability to conduct certain lines of business.

**39. We have obtained certain incentives under the ITES Policy, which may cease to apply if we do not obtain necessary approvals.**

Our Registered and Corporate Office are located in Lodha Excelus, which is a 100% private sector Information Technology Park developed under the Maharashtra Information Technology / Information Technology Enabled Services Policy (IT / ITES) prevalent in state of Maharashtra from time to time (“**ITES Policy**”). Further, our Subsidiary, HDFC Pension, is also based out of the same office. We currently own the 11<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup> floors of the building and have obtained certain incentives under the ITES Policy which is valid for a period of three years from January 1, 2016. If we fail to renew the relevant certifications under the ITES Policy, we may lose our ability to use our Corporate and Registered Offices and may incur substantial time and cost in order to obtain alternate office space.

**40. Some of our distribution partners, including individual agents, corporate agents, insurance brokers and distributors, may not have obtained the requisite qualifications, licenses or registrations.**

The distribution of insurance products is regulated in India. We engage a range of individuals and entities to distribute our products, including individual agents, corporate agents, brokers and other distributors, who are subject to strict eligibility criteria and qualifications and are also required to obtain a valid license or registration from IRDAI prior to distributing insurance products. Despite our internal guidelines and processes to confirm the qualifications of our distributors, the failure of our distributors to meet these requirements has subjected us to penalties in the past, and could subject us to penalties in the future. In addition, we may have to terminate our relationship with distributors who do not meet these requirements. Any of these could materially and adversely affect our business, results of operations and financial condition.

**41. Our investment portfolio is subject to liquidity risk, which could lead to fluctuations in its value.**

Some of our investments may not have sufficient liquidity as a result of a number of factors, including a lack of suitable buyers and market makers, market sentiment and volatility, and size of our investments. Due to the significant size of some of our fixed income investments, relative to the trading volume/size and liquidity of the relevant types of investment in relevant markets, our ability to sell certain bonds without significantly depressing market prices, or at all, may be limited. As a large institutional investor in India, we may also hold significant positions in many of the listed stocks that we directly invest in, and any decision to sell or any perception in the market that we intend to sell could adversely affect the liquidity and market price of such security and, in turn, our returns on investments in such security. We also hold investments in unlisted equity and other investments which are not readily tradable on the market. As at September 30, 2017, unlisted equity comprised 0.51% of our total AUM. If we were required to dispose of these or other potentially illiquid assets on short notice due to significant insurance claims to be paid, surrenders and withdrawals of existing life and health insurance policies or other reasons, we could be forced to sell such assets at prices significantly lower than the prices we have recorded in our consolidated financial statements.

As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

**42. Consolidation of distributors of insurance, investment and pension products may have a material adverse effect on the insurance industry and the profitability of our business.**

Many of our products are distributed through other financial institutions, such as banks, non-banking finance companies, micro-finance institutions and small finance banks. As industry consolidation increases, the number of financial institutions suitable for distributing our products decreases. A reduction in distributors of insurance, investment and pension products may negatively impact the industry's sales, increase competition for access to distributors, result in greater distribution expenses and potentially impair our ability to market our products to our current customer base or to expand our customer base. In addition, some banks and financial institutions in India are increasingly expanding into the origination, development and sale of insurance products in direct competition with us.

**43. If we do not meet solvency ratio requirements, our Company could be subject to regulatory actions and could be forced to raise additional capital.**

Indian laws and regulations require us to maintain a control level of solvency. The solvency ratio is the ratio of the excess of assets over liabilities to the required capital. If we fail to meet the relevant control level of solvency requirements, we may be required to submit a financial plan to the IRDAI, indicating a plan of action to correct the deficiency within a specified period not exceeding six months. The IRDAI may propose modifications to the financial plan so submitted if the IRDAI considers the same inadequate, and in such an eventuality, the IRDAI may impose such restrictions as it may deem necessary, including restrictions with regard to transacting any new business or appointment of administrator with respect to our business, or both. In certain exceptional circumstances, this could also potentially result in a suspension of our certificate of registration as a life insurance company. As at March 31, 2015, March 31, 2016, March 31, 2017 and September 30, 2017, our solvency ratio was 196.1%, 198.4%, 191.6% and 200.5%, respectively.

Our solvency ratio is affected by factors such as our amount of capital, product mix, business growth, inadmissible assets and profitability. If our share capital and profit cannot continue to support the growth of our business in the future, if the statutorily required solvency margin increases, if our financial condition or results of operations deteriorate, or for other reasons we cannot comply with the statutory solvency ratio requirements, we may need to raise additional capital in order to meet such requirements. In addition, the IRDAI may raise the control level of solvency or change the solvency regime from the current regime. Any such change, including a change to a risk-based solvency regime, could subject us to significant compliance costs and we may need to raise additional capital in order to achieve compliance with the changed requirement.

Finally, our solvency regime, including the type of assets that can be included in our calculation of available solvency margin, is different from those of other countries. Therefore our solvency ratio might not be comparable to that of insurance companies in other countries with which an investor in the Equity Shares might be familiar.

**44. We may need additional capital in the future, and we cannot assure you that we will be able to obtain such capital on acceptable terms or at all.**

We may require additional capital in the future in order for us to maintain our solvency ratio, remain competitive, enter new businesses, pay operating expenses, conduct investment activities, meet our liquidity needs, expand our base of operations and offer new products and services. To the extent our existing sources of capital are not sufficient to satisfy our needs, we may have to seek external sources. Our ability to obtain additional capital from external sources in the future is subject to a variety of uncertainties, including:

- our future financial condition, results of operations and cash flows;
- our ability to obtain the necessary regulatory approvals on a timely basis;
- any tightening of credit markets and general market conditions for debt and equity raising activities by insurance companies and other financial institutions; and

- economic, political and social conditions in the geographical markets in which we operate and elsewhere.

We cannot assure you that we will be able to obtain additional capital in a timely manner or on acceptable terms, if at all. In addition, the IRDAI (Other Forms of Capital) Regulations, 2015 provide a limit upto which insurers can raise capital in forms other than equity. See “*Regulations and Policies in India*” on page 244 of this Red Herring Prospectus. Future debt financing could include terms that restrict our financial flexibility or restrict our ability to manage our business freely. Furthermore, the terms and amount of any additional capital raised through issuances of equity securities may result in significant dilution to our shareholders’ equity interests.

**45. HDFC is a regulated entity. Any regulation could impact capital contribution and such other support that IRDAI prescribes from promoters.**

Indian laws and regulations require us to maintain a certain level of solvency. The IRDAI typically requires, through conditions specified under the certificate of registration or otherwise through regulatory approvals, the shareholders of a life insurance company to contribute capital towards maintaining this prescribed solvency ratio.

Our Promoter, HDFC, is a regulated entity and is required to comply with various regulatory requirements prescribed by the National Housing Bank (“**NHB**”).

Our other Promoters, Standard Life Mauritius and Standard Life Aberdeen, are not individually regulated entities. Standard Life Aberdeen is the unregulated holding company of the Standard Life Aberdeen group of companies, which is a financial services group containing multiple regulated entities. The Standard Life Aberdeen group is subject to group supervision by the UK’s Prudential Regulation Authority in accordance with Solvency II, as implemented or applicable in the UK.

Regulations which limit the ability of our Promoters to provide capital contribution or such other support as permitted by the IRDAI may impact our ability to meet the prescribed solvency or other regulatory requirements. An inability to maintain the required control level of solvency could lead to regulatory action, which could affect our ability to continue our operations, acquire new business, or implement our growth strategies, thereby adversely affecting our business, financial condition and results of operations.

**46. Our Promoters, Directors and Key Management Personnel have interests in us other than reimbursement of expenses incurred or normal remuneration or benefits.**

Our Promoters are interested in our Company to the extent of any transactions entered into between them and their shareholding and dividend entitlement in our Company. Some of our Directors are also directors of companies in the Promoter Group. Our Company has entered into a Corporate Agency Agreement with HDFC, wherein HDFC is interested to the extent of receiving commissions in the capacity of a corporate agent from our Company. Our Company has also entered into a Name Usage Agreement to use and continue to use HDFC’s name and logo as a part of our corporate name or identity or as our brand/name/logo for any purpose related to our business or operations. For further details, see “*Our Promoters, Promoter Group and Group Companies*” and “*Financial Statements— Statement of Related Parties and Related Party Transactions*” on pages 293, 436 and 547 of this Red Herring Prospectus, respectively.

Additionally, our Directors and Key Management Personnel are interested in our Company to the extent of remuneration paid to them for services rendered as Directors of our Company and reimbursement of expenses payable to them. Our Directors and Key Management Personnel may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners. Additionally, our Directors and Key Management Personnel may be interested in the Equity Shares held by them or entities with which they are associated as promoters, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoters, directors, partners, proprietors, members or trustees, pursuant to this Offer. For further details, see “*Our Management*” and “*Financial Statements— Statement of Related Parties and Related Party Transactions*” on pages 266, 436 and 547 of this Red Herring Prospectus, respectively.

**47. We may undertake investments, acquisitions, distribution arrangements, partnerships and new business lines and strategies, which may not be successful.**

As part of our overall strategy, we may acquire certain businesses, assets and technologies, as well as develop new products, distribution arrangements and operating procedures that are complementary to our business, whether in India, UAE or in other overseas jurisdictions.

Pursuant to Sections 35 to 37A of the Insurance Act, no insurance business can be transferred or amalgamated with the insurance business of another insurer other than in accordance with a scheme of arrangement and with the approval of IRDAI. Further, IRDAI has the authority to prepare and submit a scheme of arrangement between insurers, (i) in the public interest, (ii) in the interests of the policy-holders, (iii) in order to secure the proper management of an insurer; or (iv) in the interests of insurance business of the country as a whole, for amongst others, the transfer of the business, properties, assets and liabilities of one insurer on such terms and conditions as may be specified in the scheme. On August 8, 2016, we entered into an agreement to amalgamate our business with the life insurance business of Max Life and Max Financial. This transaction was mutually terminated on July 31, 2017 since the parties did not receive the requisite regulatory approvals.

Such transactions and initiatives could require that our management develop expertise in new areas, manage new business relationships and attract new types of customers. This may require significant attention from our management, and the diversion of our management's attention and resources could have a material adverse effect on our ability to manage our business. For example, between August 2016 and July 2017, the then-ongoing proposed amalgamation with Max Life and Max Financial demanded a significant amount of our resources and management attention, including resources and attention that would otherwise have been utilised to further our ongoing corporate initiatives. In addition, we cannot assure you that we will receive regulatory approvals for any future acquisitions or investments.

Even if we are successful in completing any investments or acquisitions, we may experience difficulties integrating any investments, acquisitions, distribution arrangements and/or partnerships into our existing business and operations. We cannot assure you that we will be able to successfully implement these initiatives or that we will be able to identify successful initiatives in the future. If we fail to successfully identify or undertake future investments, acquisitions, distribution arrangements, partnerships and new business lines and strategies, we may experience a material adverse effect on our business, financial condition and results of operations.

**48. Our Promoters, HDFC, Standard Life Mauritius and Standard Life Aberdeen, and/or certain of our Directors may be subject to conflicts of interest because of their interests in another insurance company which could have a material adverse effect on our business, financial condition, results of operations and prospects.**

One of our Promoters, HDFC and/or certain of our Directors and related entities hold direct and indirect interests in HDFC ERGO General Insurance Company Limited (which is engaged in the general insurance and health insurance business) and HDFC Asset Management Company Limited (which is engaged in the fund management business). IRDAI permits general insurance companies and life insurance companies to offer products with health insurance features. Additionally, one of our Promoters, Standard Life Aberdeen, through its subsidiaries, is involved in the life insurance and pension business (through Standard Life Assurance Limited and its subsidiaries) and asset management business (through Aberdeen Asset Management PLC and Standard Life Investments (Holdings) Limited and their respective subsidiaries).

It is possible that certain of our Promoters' affiliates may seek to offer life insurance products in some of our future geographical markets and compete with our life insurance business. Due to such conflicts of interest, our Promoters or some of our Directors may make decisions regarding our operations, financial structure or commercial transactions that may not be in our or other shareholders' best interests. They may also enable a competitor to take advantage of a corporate opportunity at our expense. Such decisions could have a material adverse effect on our business, financial condition, results of operations and prospects. If competitive pressure posed to us by any of our Promoters' affiliates were to increase in the future and we were unable to compete effectively, our business and prospects could be materially harmed.

**49. Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditures and applicable Indian legal provisions, as well as the terms of our financing arrangements we may enter into in future.**

Any dividends to be declared and paid in the future are required to be recommended by our Company's Board of Directors and approved by its Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act and the Insurance Act. Our ability to pay dividends will depend on our earnings, financial condition and capital requirements, and applicable Indian legal provisions. Our business is capital intensive and we may incur additional expenses to grow and sustain our business. Our historical payment of dividends is not indicative of any payments of dividends in the future. We may be unable to pay dividends in the near or medium term and our future dividend policy will depend on our capital requirements, financial condition and results of operations. For further details, see "Dividend Policy" on page 331 of this Red Herring Prospectus.

**50. Contingent liabilities could adversely affect our financial condition.**

The table below sets forth our contingent liabilities as at September 30, 2017.

	<b>As at September 30, 2017 (₹in millions)</b>
Partly paid-up investments	8,850.0
Claims, other than against policies, not acknowledged as debts by the Company	7.7
Guarantees given by or on behalf of the Company	3.4
Statutory demands and liabilities in dispute, not provided for	997.3
<b>Total contingent liabilities</b>	<b>9,858.4</b>

For further details regarding our contingent liabilities, see "Financial Statements" and "Management's Discussion and Analysis on Financial Position and Results of Operations—Provisions, Contingent Liabilities and Contingent Assets—Contingent Liabilities" on pages 332 and 587 of this Red Herring Prospectus respectively.

Our contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities materialise, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

**51. The leave and license agreements entered into by our Company in relation to certain of our Company's branches may be inadequately stamped and may not have been registered and as a consequence we may not be able to enforce our rights under such agreements, which could impair our operations, and which, in turn, could adversely affect our financial condition, cash flows and results of operation.**

Certain of the leave and license agreements entered into by our Company in relation to certain of our Company's branches may be inadequately stamped. As a result, these agreements may be inadmissible as evidence before a court of law. Documents which are insufficiently stamped are also capable of being impounded by a public offer. Further, certain of the leave and license agreements entered into by our Company in relation to certain of our Company's branches may not have been registered. Accordingly, we cannot assure you that we would be able to enforce our rights under such agreements or in respect of such immovable properties on which such branches are located, and any inability to do so, could impair our operations, which could, in turn, adversely affect our financial condition, cash flows and results of operation.

**52. Certain of our Group Companies have incurred losses in the preceding fiscal year and may incur losses in the future. One of our Group Companies may also have unsecured loans.**

Certain of our Group Companies incurred losses in Fiscal 2015, Fiscal 2016 and Fiscal 2017. For further details of our loss making Group Companies, see "Our Promoters, Promoter Group and Group Companies—Loss making Group Companies" on page 329 of this Red Herring Prospectus. There can be no assurance that our Group Companies will not incur losses in the future.

One of our Group Companies, Pentagram Properties Private Limited, has entered into borrowing arrangements with entities pursuant to which it has unsecured debt outstanding which are repayable on demand. There can be no assurance that the lenders will not recall such borrowings or our Group Companies will be able to repay loans advanced to them in a timely manner or at all.

**53. This Red Herring Prospectus contains information from the Industry Report which we have commissioned from CRISIL.**

The information in the sections entitled “*Summary of Industry*”, “*Summary of Business*”, “*Our Business*” and “*Industry Overview*” on pages 72, 82, and 201 of this Red Herring Prospectus includes information that is derived from the Industry Report. We commissioned this report for the purpose of confirming our understanding of the industry in connection with the Offer. Neither we, any of the Promoter Selling Shareholders, any of the GC BRLMs or BRLMs, nor their associates or affiliates, nor any other person connected with the Offer has verified the information in the Industry Report. CRISIL has advised that while it has taken due care and caution in preparing the report based on information obtained from sources which it considers reliable, it does not guarantee the accuracy, adequacy or completeness of the Industry Report or the data therein and is not responsible for any errors or omissions or for the results obtained from the use of Industry Report or the data therein. The Industry Report highlights certain industry and market data relating to the Company and its competitors. Such data is subject to many assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that CRISIL’s assumptions are correct or will not change and accordingly our position in the market may differ from that presented in this Red Herring Prospectus. Further, the Industry Report is not a recommendation to invest or disinvest in our Company or any company covered in the Industry Report. CRISIL has stated that it is not responsible for any loss or damage arising from the use of the Industry Report. Prospective investors are advised not to unduly rely on the Industry Report when making their investment decision.

**54. We have in the last 12 months issued Equity Shares at a price that could be lower than the Offer Price.**

We have in the last twelve months prior to filing this Red Herring Prospectus, issued Equity Shares at prices that could be lower than the Offer Price. For further details regarding such issuances of Equity Shares, see “*Capital Structure—Notes to Capital Structure*” on page 113 of this Red Herring Prospectus. Going forward, our Company may continue to issue Equity Shares, including under the ESOS Scheme(s), at prices that may be lower than the Offer Price.

**55. Our limited operating history in the pension fund management and reinsurance sectors makes it difficult to evaluate our results of operations and prospects. In addition, our newly-established reinsurance business exposes us to risks associated with international activities.**

Our subsidiary, HDFC Pension, was only established on June 20, 2011 and has a limited operating history. HDFC Pension’s operating history makes the prediction of its future results of operations difficult and, therefore, past revenue growth experienced by HDFC Pension should not be taken as indicative of its future performance. Prospective investors should consider HDFC Pension’s business and prospects in light of the risks, uncertainties, expenses and challenges that it faces as an early-stage pension management company operating in a new, rapidly evolving and challenging market.

Our reinsurance subsidiary, HDFC International, was only incorporated on January 10, 2016 in the DIFC. We have limited experience operating in international sectors and in the reinsurance business, which may involve risks that are not generally encountered when doing business only in India. These risks include, but are not limited to:

- limited loss history and information regarding claims in the life insurance and reinsurance markets in the UAE and other countries in the Middle East;
- changes in foreign currency exchange rates and financial risks arising from transactions in multiple currencies;

- difficulty in developing, managing and staffing international operations because of distance, language and cultural differences;
- higher-than-anticipated labour costs due to high wage inflation across different international locations, differences in general employment conditions and the degree of employee unionisation and activism;
- business, political and economic instability in foreign locations, including actual or threatened terrorist activities, and military action;
- adverse laws and regulatory requirements, including a regulatory framework that is different from India;
- limitations on cross border insurance or currency controls;
- potentially more restrictive data privacy requirements;
- governmental policies or actions, such as consumer protection, labour welfare and trade protection measures;
- stringent competition and high barriers of entry; and
- taxes, restrictions on foreign investment, and limits on the repatriation of funds.

Any of the foregoing risks may adversely affect our ability to enter into new markets and to conduct and grow our business internationally.

**56. A majority of our business operations are being conducted on leased premises. Our inability to seek renewal or extension of such leases may materially affect our business operations.**

A majority of our business operations are being conducted on premises leased from various third parties. We may also enter into such transactions with third parties in the future. Any adverse impact on the title, ownership rights, development rights of the owners from whose premises we operate, breach of the contractual terms of any lease, leave and license agreements, or any inability to renew such agreements on acceptable terms may materially affect our business operations.

**57. We have made delayed regulatory filings in the past and we cannot assure you that we will, going forward, be able to make the requisite regulatory filings within the required time period or at all.**

Our Company had delayed in reporting certain inward remittances and filing certain forms with the RBI in relation to allotments of certain Equity Shares between Fiscal 2001 and Fiscal 2010, for which our Company had applied to the RBI for compounding of these offences under the Foreign Exchange Management Act, 1999 and the regulations issued thereunder. Subsequently, by way of an order dated May 4, 2010, the RBI compounded these contraventions. For further details in this regard, please refer to “Capital Structure - Notes to Capital Structure – Share Capital History - History of share capital of our Company” on page 113 of this Red Herring Prospectus.

We cannot assure you that we will, going forward, be able to make the requisite regulatory filings within the required time period or at all. Delayed or non-submission of such regulatory filings may subject us to penalties, which could adversely affect our business and results of operations.

**Risks relating to the Indian insurance industry**

**58. We face significant competition and our business and prospects will be materially harmed if we are not able to compete effectively.**

We face significant competition in India in respect of our life insurance business and pension business. Our ability to compete is based on a number of factors, including premiums charged and other terms and conditions of coverage, product features, investment performance, services provided, distribution

capabilities, scale, experience, commission structure, brand strength and name recognition, information technology and actual or perceived financial strength.

Our primary competitors include private and public life insurance companies in India. The Life Insurance Corporation of India (LIC) is the only public sector life insurance company in India, and enjoys competitive advantages in the Indian insurance market due to various factors, including its large customer base, extensive nationwide individual agent network, brand recognition and the sovereign guarantee issued by the Government of India for the sums assured under all policies issued by the LIC, including any bonuses declared in respect thereof. Our other competitors include non-life insurance companies (to the extent that they distribute health insurance products), health insurance companies, pension funds, mutual fund companies, reinsurance companies, banks and other financial services providers. We also face potential competition from commercial banks, which are permitted to invest in, or form alliances with, insurance companies to offer insurance products and services that compete against those offered by us. Closer integration between the insurance and banking sectors may potentially better align their economic interests and increase incentives for banks to distribute insurance products and services of their insurance business affiliates and partners instead of ours. Such potential competitors may further increase the competitive pressures we expect to face, especially in our bancassurance business.

In addition, insurance companies owned by public sector undertakings could increase competition in the life insurance market as their financial strength improves. Some of these companies have greater financial, management and other resources than we do, and may be able to offer a broader range of products and services than us. Consolidation, including acquisitions of insurance and other financial services companies in India, could result in additional competitors with strong financial resources, marketing and distribution capabilities and brand identities. The increased competitive pressures resulting from these and other factors may materially harm our business and prospects, as well as materially reduce our profitability and prospects by, among other things, reducing our market share, decreasing our margins and spreads, reducing the growth of our customer base and increasing our policy acquisition costs, operating expenses and turnover of management and frontline sales staff.

A decline in our competitive position could have a material adverse effect on our business, financial condition, results of operations and prospects.

**59. Customer preferences and demographic trends for insurance, health and pension products may change and we may not be able to respond appropriately or in time to sustain our business or our market share in the geographical markets in which we operate.**

The life insurance, health and pension markets are constantly evolving along with our customer preferences. As a result, we must continually respond to changes in these markets, as well as and customer preferences and demographic trends, to remain competitive, grow our business and maintain market share in the geographical markets in which we operate. We face many risks when introducing new products. Our new products may also be rendered obsolete or uneconomical by competition or developments in the life insurance, health and pension industries. Furthermore, even if our current and anticipated product offerings respond to changing market demand, we may be unable to commercialise them. We also generally increase our marketing efforts in connection with the introduction of new products and advertising in regional languages to reach out to more people, which increases the costs associated with our business. These costs are likely to lead to initial losses that could have an adverse impact on our results. The failure of new products to be profitable or become profitable over time may adversely affect our business, financial condition, results of operations and cash flows.

Moreover, potential products may fail to receive necessary regulatory approvals, be difficult to market on a large scale, be uneconomical to introduce, fail to achieve market acceptance or be precluded from commercialisation by proprietary rights of third parties. An inability to commercialise our products would materially impair the viability of our business. Accordingly, our future success will depend on our ability to adapt to changing customer preferences, demographic trends, industry standards and new product offerings and services. Any of these changes may require us to re-evaluate our business model and adopt significant changes to our strategies and business plan. Any inability to adapt to these changes would have a material adverse effect on our business, financial condition and results of operations.

**60. The rate of growth of the life insurance and pension industries in India, as well as other countries in which we may operate in future, may not be as high or as sustainable as we anticipate.**

Asia is the largest continent in terms of market share for life insurance, accounting for 38% of premiums collected, according to CRISIL. India's share of approximately 2.4% indicates vast potential for growth in India's life insurance industry, according to CRISIL. We expect the life insurance market in India to continue to expand and the insurance penetration and insurance density to continue to rise with the continued growth of the Indian economy, the reform of the social welfare system, favourable demographic patterns and rise in household financial savings.

The rate of growth of the life insurance and pension industries in India, as well as other countries in which we may operate in future, may not be as high or as sustainable as we anticipate. In particular, the insurance industry in India may not expand, and the low penetration rate of life insurance in India does not necessarily mean that a market has growth potential or that we will succeed in increasing our penetration into that market. According to CRISIL, life insurance penetration in India declined between fiscal 2010 to 2016 from approximately 4.4% to 2.7% mainly due to GDP growing at a greater pace as compared to growth in premiums. The growth and development of the life insurance and pension industries in India is subject to a number of industry trends and uncertainties that are beyond our control.

**61. Changes in taxation relating to our business and policies may materially and adversely affect our business, financial condition and results of operations.**

Any adverse development in fiscal laws, such as increase in the concessional corporate tax rates of 14.42% (including surcharge and education cess) applicable to insurance companies, discontinuance of tax exemptions in relation to pension income, dividend income, tax free bonds, change in applicability of minimum alternate tax rates and any discontinuance of tax benefits to customers on purchase of insurance products, may materially and adversely affect our results of operations and financial condition.

In respect of the specific provisions under the I.T. Act governing the taxation of policyholders in respect of the life insurance products and pension products, section 80C of the I.T. Act currently permits deductions of up to ₹150,000 per Fiscal year for premiums paid under life insurance products / schemes and section 80CCC of the I.T. Act which currently permits deduction up to ₹150,000 per fiscal year for contributions made to pension plans/schemes. Amendments to existing tax laws, particularly if there is withdrawal of any tax relief, or an increase in tax rates, or the introduction of new rules, may result in such levels of deductions being no longer available to policyholders, which may affect the future long-term business and the decisions of policyholders. We are unable to accurately predict the impact of future changes in tax law on the taxation of life insurance and pension policies in the hands of policyholders.

The Government of India has introduced a comprehensive unified GST regime with effect from July 1, 2017 that has combined various indirect taxes and levies by the central and state governments into one unified tax system. Introduction of GST, among other things, has increased the prices of life insurance services and also increased our operational / compliance burden, which could have an adverse impact on our business, financial condition and results of operations. GST compliance is complex and highly dependent on IT systems, thereby increasing our risks of statutory non-compliance and litigation. Any future increase in GST rate may affect the overall tax efficiency of companies operating in India including us.

The provisions of Chapter X-A (sections 95 to 102) of the I.T. Act, 1961, relating to GAAR, are applicable with effect from assessment year 2018-2019 (Fiscal 2017 to Fiscal 2018). The GAAR provisions propose to identify any arrangement with the primary purpose or one of the main purposes of such arrangement is to obtain a tax benefit, and satisfies at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between parties dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, that is not ordinarily engaged for bona fide purposes. If GAAR provisions are invoked, the tax authorities will have wider powers, including denial of tax benefit or a benefit under a tax treaty. In the absence of any precedents on the subject, the impact of the application of these provisions is uncertain.

In addition, if international tax reforms such as the base erosion and profit sharing measures of the Organisation for Economic Co-operation and Development are adopted by India, we may be subject to enhanced disclosure and compliance requirements and a resultant increase in our costs related to such

compliance. As the taxation regime in India is undergoing a significant overhaul, its consequent effects on the insurance industry cannot be determined at present and there can be no assurance that such effects would not adversely affect our business and future financial performance.

Changes in tax laws, tax regulations, interpretations of such laws or regulations or failure to comply with procedures laid down under the tax laws may have a material adverse effect on our business, financial condition and results of operations. If, as a result of a particular tax risk materialising, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of those transactions. In addition, the design of our life insurance products takes into account a number of factors, including risks and taxation. The design of long-term insurance products is based on the tax laws in force at that time. Changes in tax laws or in the interpretation of tax laws may therefore, when applied to such products, have a material adverse effect on the financial condition of the relevant long-term business fund of the company in which the business was written and could also materially reduce the sales of certain of our products.

We cannot predict whether any tax laws or regulations impacting insurance products will be enacted, the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have a material adverse effect on our business, financial condition and results of operations.

**62. Our Restated Financial Information and other non-GAAP performance metrics included in this Red Herring Prospectus differ significantly from those of non-insurance companies and may be difficult to understand.**

As our Restated Financial Information have been prepared in accordance with the Companies Act, the IRDAI Issuance of Capital Regulations, regulations framed and circulars issued thereunder by IRDAI and restated under the ICDR Regulations. Our Restated Financial Information, and the financial statements which will be prepared for the future accounting periods will, differ significantly from those of non-insurance companies and may be difficult to understand. In particular, while financial statements of non-insurance companies typically comprise an income statement, a balance sheet and a statement of cash flows, our financial statements comprise a revenue account (also known as the “policyholders’ account” or the “technical account”), the profit and loss account (also known as the “shareholders’ account” or “non-technical account”), balance sheet and our Receipts and Payments Account. Because of the technical complexity involved in our financial statements as compared to those of non-insurance companies, an investor may find them difficult to understand or interpret, and it may cause the investor to make a choice to invest in us which he or she would not otherwise make with a more complete understanding. Investors should read the Auditor’s Report attached to our Restated Financial Information and the notes thereto on pages 333 and 441 of this Red Herring Prospectus carefully.

Our performance metrics, including APE, EV and VNB, are non-GAAP financial measures and are significantly different from those of non-insurance companies and may require certain estimates and assumptions in their calculation. These performance metrics are not part of our Restated Financial Information and are unaudited. Even among insurance companies, these metrics may be calculated differently by different companies. In addition, we present information related to the contribution of lapses to our profitability in this Red Herring Prospectus due to the IRDAI requirements. There is no standard definition as to what constitutes profitability due to lapses and these have been calculated with certain estimates and assumptions. There can be no assurance that such estimates and assumptions are accurate or valid, or that such information accurately represents the profitability from lapses. An investor must exercise caution before relying on these metrics and these must be read along with our Restated Financial Information.

**63. Financial information for our Subsidiaries used for the preparation of our Restated Consolidated Financial Information included in this Red Herring Prospectus has not been examined by our Auditors.**

Restated financial information in relation to our Subsidiaries is based on financial statements which were audited by the auditors of our respective Subsidiaries, which have not been examined by our Auditors for the purposes of preparation of our Restated Consolidated Financial Information included in this Red Herring Prospectus. Please see the examination report of our Auditors on the Restated Consolidated Financial Information on page 441 of this Red Herring Prospectus.

While we do not regard the total net assets, revenue, net profit/loss or net cash flows of the unexamined financial information of our Subsidiaries to be material, we may face risks associated with such financial information not being examined by our Auditors, as a result of which, adjustments and modifications may have arisen during the course of the examination process by our Auditors, which could have resulted in differences, though not material, compared to those unexamined financial information which were furnished and relied on for preparation of our Restated Consolidated Financial Information.

**64. The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action.**

We and our Promoters are subject to a wide variety of banking, insurance and financial services laws, regulations and regulatory policies and a large number of regulatory and enforcement authorities. We are subject to regulatory oversight by a number of financial services, insurance, securities and related regulators. Collectively, these regulators oversee our operations and because of the distinct requirements of these regulators, we may be occasionally subject to overlapping, conflicting or expanding regulations. Regulators in general have intensified their review, supervision and scrutiny of many financial institutions. Regulators are increasingly viewing financial institutions as presenting a higher risk profile than in the past, in a range of areas. This increased review and scrutiny or any changes in the existing regulatory supervision framework, increases the possibility that we or our Promoters may face adverse legal or regulatory actions. These regulators have broad authority over our business, including our ownership control, shareholding structure, corporate governance, capital, solvency and reserving requirements, investment portfolio allocations, our ability to declare dividends and other distributions (including the timing of dividends and distributions), and any decisions to expand our operations, enter certain lines of business and markets, offer new products, underwrite certain risks, price our products and enter into certain distribution and outsourcing arrangements. Regulatory or government action may require us to underwrite certain unprofitable risks or restrict our ability to set product prices aligned with our product pricing and profitability criteria. There can be no guarantee that all regulators will agree with our and our Promoters' internal assessments of asset quality, provisions, risk management, capital and management functioning, other measures of the safety and soundness of our and their operations or compliance with applicable laws, regulations, accounting norms or regulatory policies. Regulators may find that we or our Promoters are not in compliance with applicable laws, regulations, accounting norms or regulatory policies, and may take actions in respect of the same. If we or our Promoters fail to manage legal and regulatory risk, our business could suffer, our reputation could be harmed and we would be subject to additional risks. We cannot predict the timing or form of any current or future regulatory or law enforcement initiatives, which are increasingly common for all financial institutions.

In addition, there could be a substantial increase in government regulation and supervision of the financial services and insurance industries in the future. For example, the Government may introduce unified legislation such as the Indian Financial Code of 2015, a draft of which was released by the Government in July 2015. The code proposed to merge regulation of all financial products which are presently regulated by sector specific regulators under a single financial services authority or regulator. The transition process from a sector specific regulator to a single regulator will involve various administrative and procedural challenges for us. Conversely, there may be significant delays in the implementation of regulations that could be beneficial to our industry and our business. We cannot assure you that any regulatory or government action would not have a material adverse effect on our business, financial condition and results of operations.

**65. The limited amounts and types of long-term fixed income products in the Indian capital markets and the legal and regulatory requirements on the types of investment and amount of investment assets that insurance companies are permitted to make could severely limit our ability to closely match the duration of our assets and liabilities.**

We seek to manage interest rate risk by matching, to the extent commercially practicable, the average duration of our investment assets and the corresponding insurance policy liabilities they support. Matching the duration of our assets to the corresponding liabilities reduces our exposure to changes in interest rates, because the effect of the changes could largely be offset against each other. However, restrictions under Indian insurance laws and related regulations, including the IRDAI (Investment) Regulations, 2016, as amended, on the type of investments and amount of investment assets in which we may invest, as well as the limited amounts and types of long-term investment assets in the Indian capital markets capable of matching the duration of our liabilities, may result in a shorter duration of assets than liabilities with respect to certain of our investments. Our exposure to interest rate risk may also worsen as we expand our business. We

cannot assure you that the investment restrictions imposed on insurance companies in India will not be strengthened or the sizes and types of long-term fixed income products available in the Indian securities market may increase in the future. Our failure to closely match the duration of our assets to that of the corresponding liabilities will continue to expose us to risks related to interest rate changes, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

**66. The insurance sector is subject to seasonal changes, which may cause fluctuations in our revenue and cash flows.**

Our results of operations and cash flows typically fluctuate due to seasonal variations. Insurance volumes typically increase significantly in the last quarter of each fiscal year, which coincides with the end of the tax year in India, due to customers capitalising on income tax advantages that life insurance products offer. For the same reason, we typically experience lower business volumes in the first quarter of each fiscal year. Accordingly, the results of any given period are not necessarily indicative of annual results or continuing trends, and may vary.

**67. Some of our Directors do not have documents evidencing certain of their qualifications.**

We do not have all the documents evidencing the biographies of some of our Directors under the section “*Our Management*” on page 270 of this Red Herring Prospectus. The information included in the section are based on the details provided by the Director and, to the extent that the relevant documentation is not available, are supported by way of an affidavit and/or certificate executed by each Director certifying the authenticity of the information provided. However, in the absence of original documents, we cannot assure you of the accuracy of all information relating to such Directors included in the section “*Our Management*” on page 266 of the Red Herring Prospectus.

## **EXTERNAL RISKS**

### **Risks relating to India**

**68. Political, economic and social developments in India could adversely affect our business.**

Our current operations are conducted primarily in India and are subject to special considerations and significant risks typical for India. These include risks associated with, among others, the political, economic and legal environments and foreign currency exchange rate fluctuations.

Our results may be adversely affected by changes in the political and social conditions in India, and by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things. Volatility in social and political conditions in India may interrupt, limit or otherwise affect our operations. We continue to experience sporadic disruptions and disturbances at our branches located in certain states in India which tend to be more prone to protests or union activity involving persons other than our employees. Additionally, we cannot ensure that our employees may not join such unions in future. This could have an adverse effect on our business and results of operations in those states. For instance, our branches in Kerala experienced a strike by the Bharatiya Mazdoor Sangh in relation to the termination of two ex-employees of our Company, pursuant to which our Company filed a writ petition before the High Court of Kerala praying that the concerned police authorities be directed to provide protection to the employees, customers and the property of our Company from the Bharatiya Mazdoor Sangh and certain ex-employees. For further details, please refer to “*Outstanding Litigation and Material Developments - Civil litigation involving our Company*” on page 637 of this Red Herring Prospectus.

The central and state governments serve multiple roles in the Indian economy, including as producers, consumers and regulators, which have significant influence on the insurance industry and us. Economic liberalisation policies have encouraged foreign investment in the insurance sector, and changes in these governmental policies could have a significant impact on the business and economic conditions in India in general and the insurance sector in particular, which in turn could adversely affect our business, future financial condition and results of operations. In addition, any military activity, terrorist attacks or other adverse social, economic and political events could adversely impact our business prospects. The occurrence of any of these events may result in a loss of investor confidence, which could potentially lead to economic

recession and generally have an adverse effect on our business, results of operations and financial condition. Our insurance policies do not cover loss of business from terrorist attacks, war or civil unrest.

Any political instability in India may adversely affect the Indian securities markets in general, which could also adversely affect the trading price of our Equity Shares.

**69. The Indian economy continues to sustain high levels of inflation.**

India has experienced some of the highest levels of inflation measured by consumer price index of any of the 34 member states of the Organisation for Economic Cooperation and Development (“OECD”), during the period from 2012 through 2014, according to the OECD. The inflation rate in India was 3.85% (provisional) for the month of April 2017 (over April, 2016) as compared to 5.29% (provisional) for the previous month and (1.09)% during April 2016 (*Source: Index Numbers of Wholesale Price in India, Review for the month of April 2017, published on May 12, 2017 by Government of India, Ministry of Commerce and Industry*). Although the Government has initiated several economic measures to curb the rise in inflation rates, it is unclear at this stage whether these measures will have the desired effect. A rise in inflation rates may adversely affect growth in the Indian economy and our results of operations.

**70. It may not be possible for you to enforce a judgment obtained outside India, including in the United States, against our Company or any of our Directors and executive officers that are resident in India, except by way of a suit in India on such judgment.**

We are incorporated under the laws of India and most of our Directors and executive officers reside in India. Furthermore, substantially all of our Company’s assets are located in India. As a result, you may be unable to effect service of process in jurisdictions outside India, including in the United States, upon our Company or enforce in Indian courts judgments obtained in courts of jurisdictions outside India against our Company, including judgments predicated upon the civil liability provisions of securities laws of jurisdictions outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended, or the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognise the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

**71. Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition.**

Our Restated Financial Information included in the Red Herring Prospectus are prepared and presented in conformity with compliance to the Companies Act, the IRDAI Issuance of Capital Regulations and restated under the ICDR Regulations, consistently applied during the periods stated, except as provided therein, and no attempt has been made to reconcile any of the information given in this Red Herring Prospectus to U.S. GAAP or IFRS or any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, including U.S. GAAP or IFRS.

Accordingly, the degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is dependent on your familiarity with Indian GAAP, Insurance Act, Insurance Regulatory and Development Authority of India Act, 1999, the Companies Act, the IRDAI Issuance of Capital Regulations and the ICDR Regulations. Any reliance by persons not familiar with Indian GAAP, or these laws and regulations, on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

In addition, our Promoter, HDFC, discloses certain financial information regarding our Company in Indian GAAP. In the past, our Promoters have also disclosed information regarding our business at different times than us and any such disclosure may not have the same presentation as any disclosure by us. We cannot assure you that our Promoters will not in the future disclose information regarding our business that we have not disclosed and with a different presentation from what investors in the Equity Shares are used to. All consideration of financial, and other, information with regard to an investor's decision whether or not to invest in this Offering should be made on the basis of the Restated Financial Information and other information herein presented and not to any documents published by our Promoters.

**72. Changes in the accounting standards used in the reporting of our financial statements due to new pronouncements such as Ind-AS, interpretations, migration to new standards or even due to our own decision to change accounting policies may significantly affect our financial statements for the future years, and may materially and adversely affect our financial condition.**

We currently prepare our statutory financial statements in accordance with accounting principles generally accepted in India (Indian GAAP), in compliance with the accounting standards notified under section 133 of the Companies Act, 2013 further amended by Companies (Accounting Standards) Amendment Rules, 2016, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and in accordance with the provisions of the Insurance Act, 1938 (amended by the Insurance Laws (Amendment) Act, 2015), Insurance Regulatory and Development Authority Act, 1999, and the regulations framed thereunder, various circulars issued by the IRDAI and the practices prevailing within the insurance industry in India.

The Ministry of Corporate Affairs (the "MCA"), in its press release dated January 18, 2016, issued a roadmap for implementation of Ind-AS converged with IFRS for scheduled commercial banks, insurance companies and non-banking financial companies. Subsequently, MCA issued the Companies (Accounting Standards) Amendment Rules, 2016 dated March 30, 2016 ("Amendment Rules") applicable for accounting periods commencing on or after March 30, 2016. The Amendment Rules require insurance companies to apply Ind-AS for the preparation and presentation of financial statements as notified by the IRDAI. Subsequently, pursuant to the IRDAI circular dated June 28, 2017, implementation of Ind-AS in the insurance sector has been deferred and will be applicable with effect from April 1, 2020.

The manner of application of certain Ind-AS accounting standards, particularly with respect to insurance companies, is somewhat uncertain, and further guidance on such application is expected to be provided by the IRDAI. In the absence of requisite guidance from the IRDAI on the interpretation and application of Ind-AS accounting standards and policies to insurance companies with effect from April 1, 2020, we are unable to determine with any degree of certainty the impact that the adoption of Ind-AS will have on the preparation and presentation of our financial statements. In the absence of established practice in India regarding the implementation and application of Ind-AS to insurance companies, we may encounter technical difficulties in implementing and enhancing our management information systems in the context of our transition to Ind-AS. In addition, there is increasing competition for the small number of Ind-AS-experienced accounting personnel available as more Indian companies begin to prepare Ind-AS financial statements.

From Fiscal 2019, our Promoter and holding company, HDFC, will be required to prepare its financial statements in accordance with Ind-AS and we will consequently be required to prepare special purpose financial statements in accordance with Ind-AS for consolidation with the financial statements of HDFC Limited. These special purpose Ind-AS financial statements may be significantly different from our Indian GAAP financial statements.

In this Red Herring Prospectus, we have not made any attempt to quantify or identify the impact of the differences between Ind-AS and Indian GAAP as applied to our historical financial statements and there can be no assurance that the adoption of Ind-AS will not materially affect the preparation and presentation of our financial statements in the future. In addition, any future changes to accounting standards or related regulations, which may have a significant impact on our financial condition.

**73. Any anticipated measures undertaken by the Government of India or any regulatory authority such as the recent demonetisation measures may adversely affect our business, financial condition and results of operations.**

On November 8, 2016, the Government of India announced phasing out of large-denomination currency notes (₹500 and ₹1,000, representing the bulk of the total currency in circulation) as legal tender. These were immediately replaced with new ₹500 and ₹2,000 currency notes. Unexpected demonetisation weighed on economic growth in the third quarter of Fiscal 2017 and, to a certain extent, on the growth of some of our distribution partners. Any such unanticipated measures undertaken by the Government of India or any regulatory authority may adversely affect our business, financial condition and results of operations.

**74. Public companies in India, including our Company, are required to compute income tax under the ICDS. The transition to ICDS in India is very recent and we may be negatively affected by such transition.**

The Ministry of Finance had issued a notification dated March 31, 2015 notifying ICDS which creates a new framework for the computation of taxable income. The ICDS were to take effect from April 1, 2015. However, in view of the representations from stakeholders, the Central Board of Direct Taxes, Ministry of Finance, according to its press release dated July 6, 2016, has deferred the applicability of ICDS to Financial Year 2017 onwards, 2017 being the first assessment year. This will have an impact on computation of taxable income for Fiscal Year 2017 onwards. ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind-AS. For example, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind-AS-based concepts, the ICDS-based calculations have the effect of requiring taxable income to be recognised earlier, increasing overall levels of taxation or both. On March 23, 2017, the Central Board of Direct Taxes issued a circular to clarify that life insurance companies were exempt from certain ICDS provisions, wherein ICDS is currently not applicable for life insurance companies. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operation and financial condition.

**75. Our business and activities are regulated by the Competition Act, 2002.**

The Competition Act, 2002, as amended (“**Competition Act**”), regulates practices having an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (“**CCI**”). Additionally, on May 11, 2011, the CCI issued Competition Commission of

India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for the implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India.

### **Risks Relating to the Offer and Investments in Our Equity Shares**

#### **76. The trading volume and market price of the Equity Shares may be volatile following the Offer and could adversely affect the price of the Equity Shares.**

The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control:

- quarterly variations in our results of operations;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates by research analysts and investors;
- conditions in financial markets, including those outside India;
- a change in research analysts' recommendations;
- announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments;
- announcements by third parties or governmental entities of significant claims or proceedings against us;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- changes in exchange rates;
- fluctuations in stock market prices and volume; and
- general economic and stock market conditions.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

#### **77. Indian laws limit our ability to raise capital outside India and, therefore, limits the ability of non-Indian companies to acquire us.**

The Insurance Act limits our ability to raise capital outside India through the issuance of equity or convertible debt securities and, therefore, limits the ability of non-Indian companies to acquire us.

Aggregate foreign investment from all sources in an insurance company, is permitted up to 49% of the paid up capital under the automatic route, subject to verification by IRDAI. Pursuant to the Guidelines on 'Indian owned and controlled' issued by IRDAI on October 9, 2015, control of an insurance company, including the right to nominate the majority of directors (excluding independents), and appointment of the chairman of the board of directors, who enjoys a casting vote, must be necessarily retained and exercised by Indian promoters and/or investors. The Guidelines on 'Indian owned and controlled' also require that the chief executive officer's appointment should be either through the Board of Directors or by the Indian promoters and/or investors.

For further details on the prescriptions applicable to the insurance sector, see "*Regulations and Policies*" on page 244 of this Red Herring Prospectus.

Further, in raising funding in the international capital markets, we will be required to comply with the unfamiliar capital markets laws of such countries.

#### **78. There are approval requirements for transfer of Equity Shares exceeding certain thresholds under the Insurance Act and the relevant IRDAI regulations.**

Under the Insurance Act and the IRDAI Transfer of Equity Shares Regulations, no transfer or issuance of Equity Shares which would result in change in our shareholding can be made, where (a) after the transfer, the total paid up holding of the transferee is likely to exceed 5% of our paid-up equity share capital, or (b) the nominal value of Equity Shares intended to be transferred by any individual, firm, group, constituents of a group, or body corporate under the same management, jointly or severally exceeds 1% of our paid-up equity share capital, unless the previous approval of the IRDAI has been obtained for the transfer. Additionally, the IRDAI on August 5, 2016 issued the Listed Indian Insurance Companies Guidelines. These guidelines are applicable to all insurance companies whose equity shares are listed on the stock exchanges and to the allotment process pursuant to a public issue. The guidelines, inter alia, propose self-certification of fit and proper criteria by a person intending to acquire equity shares of an insurer amounting to 1% or more, but less than 5%, of the paid up equity share capital of the insurer. However, if the person proposing to acquire equity shares is likely to result in (i) the aggregate holding of such person, his relatives, associate enterprises and persons acting in concert, increasing to 5% or more of the paid up equity share capital of the insurer or the total voting rights of the insurer, or the aggregate holding of such person along with the persons acting in concert, increasing to in excess of 10%, each such acquisition would require prior approval of the IRDAI. Investors intending to acquire Equity Shares amounting to 1% or more, up to 5%, of the paid up equity share capital of our Company in the Offer would be required to comply with the self-certification of fit and proper criteria set out in the Red Herring Prospectus. Additionally, investors intending to acquire Equity Shares in the Offer such that (i) the aggregate holding of such investor, his relatives, associate enterprises and persons acting in concert, would increase to 5% or more of the paid up equity share capital of our Company or the total voting rights of our Company, or (ii) the aggregate holding of the investor along with the persons acting in concert, increasing to in excess of 10% of the paid up equity share capital of our Company or the total voting rights of our Company, would require prior approval of the IRDAI.

There can be no assurance that the IRDAI will grant the requisite approvals, whether on terms favourable to the concerned shareholders, or in a timely manner, or at all. Possible delays in obtaining requisite approvals, could prevent investors in the Equity Shares from realising gains during periods of price increases or limiting losses during periods of price declines.

Additionally, these requirements for approvals could negatively affect the price of the Equity Shares and could limit the ability of the investors to trade the Equity Shares in the market. These limitations could also have a negative impact on our ability to raise further capital to meet capital adequacy requirements or to fund future growth through future issuances of additional equity shares, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any transfer or acquisition of Equity Shares in breach of regulations prescribed by the IRDAI may result in voiding of the trade and may not be given effect to by our Company. There can be no assurance that any such instances of violation would not occur and that our Company and any shareholder or investor who breaches such limits, would not be subjected to penalties by IRDAI, which includes suspension of our license to carry on the insurance business.

**79. Any future issuance of our Equity Shares may dilute prospective investors' shareholding, and sales of our Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of our Equity Shares.**

We may be required to finance our growth through future equity offerings. Any future equity issuances by our Company, including a primary offering, may lead to the dilution of investors' shareholdings in the Company. Upon completion of the Offer, our Promoters will continue to own an aggregate of 81.04% of our Equity Shares. Any future issuances of Equity Shares (including under our ESOS Scheme(s)) or the disposal of Equity Shares by our Promoters or any of our other principal shareholders or the perception that such issuance or sales may occur, including to comply with the minimum public shareholding norms applicable to listed companies in India, may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of the Equity Shares. Any future issuances could also dilute the value of your investment in the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares.

**80. Foreign investors are subject to foreign investment limits prescribed under Indian laws that may limit our ability to attract foreign investors, which may have a material adverse impact on the market price of the Equity Shares.**

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure investors that any required approval from the RBI or any other government agency can be obtained on any particular terms or at all.

In addition, the Insurance Act has introduced a revision in the cap on aggregate holdings of equity shares by foreign investors, including portfolio investors, from 26% to 49% of paid-up equity share capital, provided the insurer is an Indian owned and controlled entity. The FDI Policy also permits total foreign investment up to 49% of the paid up equity capital of Indian insurance companies, under the automatic route, subject to verification by the IRDAI. For further details on the cap on foreign investment and calculation of foreign investment in insurers, see “*Restrictions on Foreign Ownership of Indian Securities*” on page 702 of this Red Herring Prospectus. If the Company reaches the cap, our ability to attract further foreign investors would be curtailed, which may have a material adverse impact on the market price of the Equity Shares.

**81. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.**

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

**82. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.**

Indian legal principles related to corporate procedures, directors’ fiduciary duties and liabilities, and shareholders’ rights may differ from those that would apply to a company in another jurisdiction. Shareholders’ rights under Indian law may not be as extensive as shareholders’ rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

**83. We will not receive any proceeds from the Offer for Sale. Our Promoters, HDFC and Standard Life Mauritius, are the Promoter Selling Shareholders and will receive the entire proceeds of the Offer for Sale.**

This Offer is being undertaken as an Offer of Equity Shares by the Promoter Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to two of our Promoters, namely, HDFC and Standard Life Mauritius, and our Company will not receive any proceeds of the Offer. For further details, see “*Capital Structure*” and “*Objects of the Offer*” on pages 112 and 151 of this Red Herring Prospectus, respectively.

**84. The Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer.**

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares cannot be ensured. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. The market price of the Equity Shares may be subject to significant fluctuations in response to, among other factors, variations in our operating results, market conditions specific to the industry we operate in, developments relating to India, volatility in the Stock Exchanges, securities markets in other jurisdictions and changes in economic, legal and other regulatory factors.

**85. The average cost of acquisition of the Equity Shares for HDFC and Standard Life Mauritius may be lesser than the lower end of the Price Band**

The average cost of acquisition of Equity Shares for HDFC and Standard Life Mauritius is ₹10.71 and ₹41.79 per Equity Share, respectively. If the average cost of acquisition of the Equity Shares for HDFC and/or Standard Life Mauritius is lesser than the lower end of the Price Band, investors who purchase the Equity Shares would do so at a cost that is higher than the average cost of acquisition of the Equity Shares for HDFC and/or Standard Life Mauritius (as applicable) even if the Equity Shares are acquired at the lower end of the Price Band.

**86. You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.**

Under current Indian tax laws, capital gains arising from the sale of equity shares within 12 months in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction tax (“STT”) has been paid on the transaction STT is levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on which no STT has been paid, is subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of equity shares are exempt from taxation in India where an exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.

**87. Payments on the Equity Shares may be subject to FATCA withholding after December 31, 2018.**

Provisions under the U.S. Internal Revenue Code of 1986, as amended, (the “Code”) and U.S. Treasury regulations promulgated thereunder commonly known as “FATCA” may impose a withholding tax on certain “foreign passthru payments” made by a non-U.S. financial institution (including an intermediary) that has entered into an agreement with the U.S. Internal Revenue Service (the “IRS”) to perform certain diligence and reporting obligations (each such non-U.S. financial institution, a “Participating Foreign Financial Institution”). If payments on the Equity Shares are made by a Participating Foreign Financial Institution (including an intermediary), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not a Participating Foreign Financial Institution and is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payor, to the extent such payments are considered “foreign passthru payments”. Under current guidance, the term “foreign passthru payment” is not defined and it is therefore not clear whether or to what extent payments on the Equity Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before January 1, 2019.

The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. The Company has registered with the IRS as a financial institution pursuant to the intergovernmental agreement between the United States and India. It is

not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address “foreign passthru payments” and whether such agreements will require the Company or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as foreign passthru payments. Prospective investors should consult their tax advisors regarding the application of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

**88. If we are classified as a passive foreign investment company (“PFIC”) for U.S. Federal income tax purposes, U.S. investors may incur adverse tax consequences.**

We believe that we were not a PFIC for taxable year ending March 31, 2017, and do not expect to be a PFIC for the current year or any future years. The determination of whether the Company is a PFIC is a factual determination made annually after the end of each taxable year, and there can be no assurance that the Company will not be considered a PFIC in the current taxable year or any future taxable year because, among other reasons, (i) the composition of the Company’s and its subsidiaries income and assets will vary over time, and (ii) the manner of the application of relevant rules, including the circumstances under which a non-U.S. company will be treated as predominantly engaged in an insurance business as the case maybe, is uncertain in several respects. If we are considered a PFIC, U.S. investors may suffer material adverse tax consequences, including with respect to any “excess distribution” received from us and any gain from a sale or other disposition of the Equity Shares.

**Prominent Notes**

- Public offer of up to 299,827,818 Equity Shares at a price of ₹[●] for cash, by way of an offer for sale of up to 299,827,818 Equity Shares by the Promoter Selling Shareholders aggregating up to ₹[●] million.
- As at September 30, 2017, our Company’s net worth was ₹44,760.9 million as per our Company’s Restated Standalone Financial Information and ₹44,636.4 million as per our Group’s Restated Consolidated Financial Information.
- The average cost of acquisition per Equity Share by our Promoters is:

Name of Promoter	Number of Equity Shares Held	Average cost of acquisition (in ₹)
HDFC	1,229,760,125	10.71
Standard Life Mauritius	698,208,033	41.79

- As at September 30, 2017, the net asset value per Equity Share was ₹22.3 as per our Company’s Restated Standalone Financial Information and was ₹22.3 as per our Group’s Restated Consolidated Financial Information and the book value per Equity Share was ₹22.3 as per our Company’s Restated Standalone Financial Information and was ₹22.3 as per our Company’s Restated Consolidated Financial Information.
- Except as disclosed in this Red Herring Prospectus, none of our Group Companies have any business or other interests in our Company.
- There has been no financing arrangement whereby the members of our Promoter Group, directors of our Promoters, our Directors, or any of their respective relatives have financed the purchase by any other person of securities of our Company other than in the ordinary course of their business during the six months preceding the date of this Red Herring Prospectus and the date of the Draft Red Herring Prospectus.
- There have been no changes in the name of our Company since incorporation.
- We have entered into certain related party transactions. For details of these related party transactions entered into by our Company, see “*Related Party Transactions*” on page 330 of this Red Herring Prospectus.
- Investors may contact any of the Managers who have submitted the due diligence certificate to SEBI for any complaints pertaining to the Offer.

- The aggregate short term loan and advances given to related parties and its values as a percentage of the net worth of the Company for the six months ended September 30, 2017 and the last five fiscal years is as follows:

(In ₹ million)

Particulars	As at	As at				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Aggregate short term loans and advances given to related parties	1.0	0.5	0.6	0.6	0.5	0.3
Net worth	44,636.40	38,263.10	31,034.90	25,412.80	19,280.70	13,371.80
Aggregate short term loans and advances given to related parties as a % of Net Worth	0.002%	0.001%	0.002%	0.002%	0.003%	0.002%

- The aggregate related party revenue from operations and its value as a percentage of revenue of the Company for the six months ended September 30, 2017 and the last five fiscal years is as follows:

(In ₹ million)

Particulars	As at	As at				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Aggregate related party revenue from operations*	24.8	138.3	169.9	79.3	80.2	49.7
Revenue from operations*	91,403.00	194,454.80	163,129.70	148,299.00	120,629.10	115,022.40
Aggregate related party revenue from operations as a % of Revenue from operations*	0.030%	0.070%	0.100%	0.050%	0.070%	0.040%

\* Revenue from operations is restricted to the gross premium income only

A tabular summary setting out the disclosure of the risk factors as required pursuant to Schedule 1 of the IRDAI Issuance of Capital Regulations is set out below:

Requirement as per IRDAI Issuance of Capital Regulations	Disclosure in Red Herring Prospectus	Page No.
Insurance Risk	Risk Factor #7: Variation in our persistency experience from our estimates, as well as concentrated surrenders, may materially and adversely affect our cash flows, results of operations and financial condition.	29

<b>Requirement as per IRDAI Issuance of Capital Regulations</b>	<b>Disclosure in Red Herring Prospectus</b>	<b>Page No.</b>
	Risk Factor #8: If actual claims experience and other parameters are different from the assumptions used in pricing our products and setting reserves for our products, could have a material adverse effect on our business, results of operations and financial condition.	30
Market Risk	Risk Factor #11: Adverse market fluctuations and economic conditions would have a material adverse effect on our business, financial condition, results of operations and prospects.	31
Credit Risk	Risk Factor #24: We are subject to the credit risk of our investment counterparties, including the issuers or borrowers whose securities or loans we hold.	40
	Risk Factor #25: Concentration of our investment portfolio in any particular asset class, market or industry may increase our risk of suffering investment losses.	40
Operational Risk	Risk Factor #14: Our risk management policies and procedures and internal controls, as well as the risk management tools available to us, may not be adequate or effective.	34
	Risk Factor #17: Our operations could be disrupted by unexpected network interruptions caused by system failures, natural disasters, terrorist attacks, unauthorised tampering or security breaches of our information technology systems.	36
	Risk Factor #18: Failures of or inadequacies in our information technology systems could have a material adverse effect on our business, financial position, results of operations and prospects.	37
	Risk Factor #28: We rely on third-party service providers in several areas integral to our operations and hence do not have full control over the services provided to us or our customers.	42
Liquidity Risk	Risk Factor #7: Variation in our persistency experience from our estimates, as well as concentrated surrenders, may materially and adversely affect our cash flows, results of operations and financial condition.	29
	Risk Factor #23: We have limited experience investing in certain asset classes that have only recently been permitted by IRDAI and investing in other asset classes that may be permitted in the future.	40
	Risk Factor #41: Our investment portfolio is subject to liquidity risk, which could lead to fluctuations in its value.	47
Catastrophic Losses Risk	Risk Factor #33: Catastrophic events, such as natural disasters, which are often unpredictable, may materially and adversely affect our claims experience, investment portfolio, financial condition and results of operations.	44

<b>Requirement as per IRDAI Issuance of Capital Regulations</b>	<b>Disclosure in Red Herring Prospectus</b>	<b>Page No.</b>
Reinsurance Risk	Risk Factor #33: Catastrophic events, such as natural disasters, which are often unpredictable, may materially and adversely affect our claims experience, investment portfolio, financial condition and results of operations.	44
	Risk Factor #34: We may be unable to obtain external reinsurance on a timely basis at reasonable costs and could be exposed to concentration risk with individual reinsurers.	45
Embedded Value Risk	Risk Factor #8: If actual claims experience and other parameters are different from the assumptions used in pricing our products and setting reserves for our products, could have a material adverse effect on our business, results of operations and financial condition.	30
	Risk Factor #13: Our Embedded Value and VNB information is based on several assumptions and may not be comparable to similar information reported by our peers.	33
Regulatory Risks	Risk Factor #3: Changes in regulation and compliance requirements could have a material adverse effect on our business, financial condition, results of operations and prospects.	24
	Risk Factor #4: Misconduct by our agents, employees, distribution partners or other third parties is difficult to detect and deter and could harm our brand and our reputation, or lead to regulatory sanctions or litigation against us.	25
	Risk Factor #5: Our Company and certain of our Subsidiaries Directors, Promoters and Group Companies are involved in certain legal proceedings which, if determined against us, may adversely affect our business and financial condition.	26
	Risk Factor #15: Regulatory and statutory actions against us or our distributors could have a material adverse effect on our business, financial condition, results of operations and prospects and cause us reputational harm.	35
	Risk Factor #20: We operate in a regulated industry and any changes in the regulations or enforcement thereof may affect our business.	38
	Risk Factor #29: Data privacy laws, rules and regulations could have a material adverse effect on our business, financial condition and results of operations.	42
	Risk Factor #38: Our business could be adversely affected if we are unable to obtain regulatory approvals or licenses in the future, or maintain or renew our existing regulatory approvals or licenses.	47

<b>Requirement as per IRDAI Issuance of Capital Regulations</b>	<b>Disclosure in Red Herring Prospectus</b>	<b>Page No.</b>
	Risk Factor #64: The enhanced supervisory and compliance environment in the financial sector increases the risk of regulatory action.	57
Market Growth Risk	Risk Factor #1: We may be unable to implement our growth strategies and develop and distribute an appropriate product mix for specific customer segments through our multiple distribution channels.	23
	Risk Factor #37: Our business and growth plans will depend on how successful we are in implementing our strategies and managing our future growth.	46
	Risk Factor #60: The rate of growth of the life insurance and pension industries in India, as well as other countries in which we may operate in future, may not be as high or as sustainable as we anticipate.	55
Distribution Risks	Risk Factor #2: Any termination of, or any adverse change to, our relationships with or performance of our bancassurance partners, including HDFC Bank, could have a material adverse impact on our business, profitability, results of operations and financial condition.	24
	Risk Factor #16: Failure to secure new distribution relationships, as well as any termination or disruption of our existing distribution relationships, may have a material adverse effect on our competitiveness and result in a material impact on our financial condition and results of operations.	35
	Risk Factor #40: Some of our distribution partners, including individual agents, corporate agents, insurance brokers and distributors, may not have obtained the requisite qualifications, licenses or registrations.	47
	Risk Factor #47: We may undertake investments, acquisitions, distribution arrangements, partnerships and new business lines and strategies, which may not be successful.	50
Other Risks	Risk Factor #6: Our results are dependent on the strength of our brand and reputation, as well as the brand and reputation of other HDFC group entities.	28
	Risk Factor #9: Following the listing of the Equity Shares in the Offer, our Promoters will collectively control, directly or indirectly, approximately 81.04% of our outstanding Equity Shares (assuming full subscription to the Offer) and have the ability to nominate directors on our Board after the listing, subject to shareholder approval.	30
	Risk Factor #10: We depend on our leadership and key management and our actuarial, information technology, investment management, finance, frontline sales staff, underwriting and other personnel, and our business would	31

Requirement as per IRDAI Issuance of Capital Regulations	Disclosure in Red Herring Prospectus	Page No.
	suffer if we lose their services and are unable to adequately replace them.	
	Risk Factor #12: Interest rate fluctuations may materially and adversely affect our profitability.	32
	Risk Factor #19: Higher expenses than expected could have a material adverse effect on our business, financial position and results of operations.	37
	Risk Factor #22: The actuarial valuations of policies with outstanding liabilities are not required to be audited and if such valuation is incorrect, it could have an adverse impact on our financial position.	39
	Risk Factor #35: A significant proportion of our total new business premiums are generated by unit-linked products and participating products. Any regulatory changes or market developments that adversely impacts sales of such products could have a material adverse effect on our business, financial condition, results of operations and prospects.	45
	Risk Factor #36: As a significant portion of our business is generated from relatively few regions, we are susceptible to economic and other trends and developments, in these areas.	46
	Risk Factor #43: If we do not meet solvency ratio requirements, our Company could be subject to regulatory actions and could be forced to raise additional capital.	48
	Risk Factor #62: Our Restated Financial Information and other non-GAAP performance metrics included in this Red Herring Prospectus differ significantly from those of non-insurance companies and may be difficult to understand.	56
	Risk Factor #66: The insurance sector is subject to seasonal changes, which may cause fluctuations in our revenue and cash flows.	58

## SECTION III: INTRODUCTION

### SUMMARY OF INDUSTRY

*Investors should note that this is only a summary of the industry in which our Company operates and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this Red Herring Prospectus, including the information in “Industry Overview” and “Financial Statements” beginning on pages 168 and 332, respectively. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, see “Risk Factors” beginning on page 23.*

#### **Global Life Insurance Industry**

The growth in total premium of the global insurance industry has been subdued since the 2008 global financial crisis, compared with the total premium CAGR of 4% (in dollar, nominal terms) between 2003 and 2007. In advanced economies, total premium growth has stagnated since then. In 2016, total premium for advanced economies grew 0.7%, compared with 2.5% in 2015.

As per Swiss Re Institute sigma No 3/2017 report, in 2016, global life premiums are estimated to have increased 2.5%; premium growth declined in the advanced markets by 50 bps, but accelerated in the emerging markets.

Life premiums in the emerging markets grew 17% in 2016 versus 12% in 2015, well above the overall growth of 2.5%.

In terms of the market share of life insurance, Asia is the largest continent, accounting for 38% of premium collected. The share of emerging markets<sup>1</sup> in the life insurance industry has also increased, from just 3% in 1995 to around 19% in 2016. Emerging markets in Asia recorded improved performance in 2016, partly due to strong growth in China, India and Hong Kong, with the main contributor being China, where premium growth accelerated to 20.6% in 2016, from 20% in 2015.

India’s share is just about 2.4% in the global life insurance market as of 2016, indicating the vast potential for growth in India’s life insurance industry. In India, the recovery over the past year was propelled by both linked and non-linked products, with linked and non-linked products growing 12% and 14% y-o-y respectively in FY17.

#### **Penetration & Density of Life Insurance**

In the global insurance industry, around 55% of premium comes from life insurance and the rest from the non-life segment; in emerging markets, around 54% of premium comes from life insurance. By contrast, the share of life insurance is over 78% for India. Despite this, indicators, such as insurance penetration (premium as a percentage of GDP), insurance density (premium per capita) and sum assured to GDP indicate that the Indian market is still significantly underinsured.

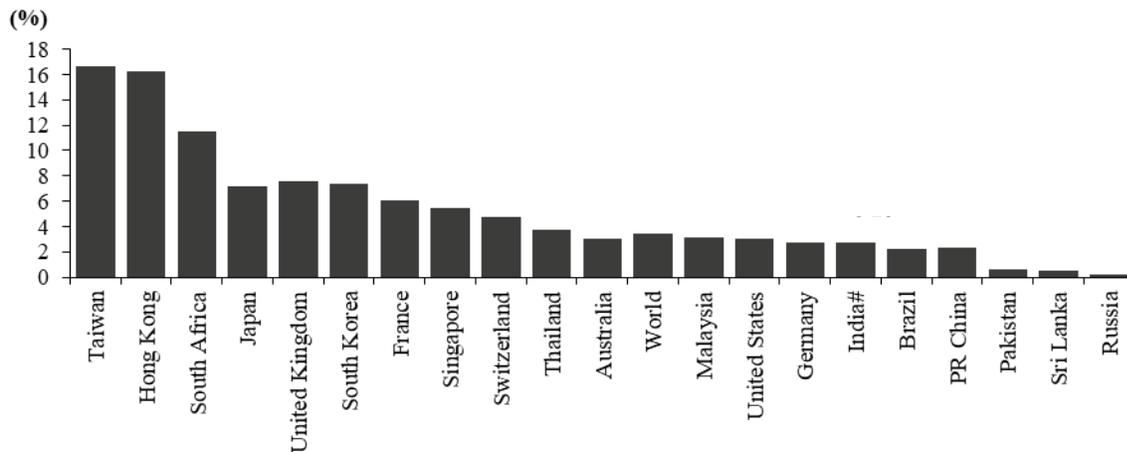
India’s life insurance penetration stood at ~2.7% in 2016, compared with ~4.4% in 2009-10. Although overall premiums increased from 2010 to 2016, there was a decline in life insurance penetration between 2010 to 2016 due to GDP growing at a faster pace compared to growth in premiums. The average penetration for the life insurance industry globally is 3.5% as of 2016 which is 75 bps more than the Indian life insurance industry. Among comparable Asian counterparts, life insurance penetration for Thailand, Singapore and South Korea stood at 3.7%, 5.5% and 7.4%, respectively, as of 2016, much higher compared with India. This indicates the untapped potential of the Indian life insurance market. Also, the penetration for Indian industry is strictly not comparable to the developed markets, such as US and Australia, as mandatory pension contributions in the US and Australia are not included in the insurance pie.

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<sup>1</sup> Advanced economies include the US, Canada, Western Europe (excluding Turkey), Israel, Oceania, Japan and the other advanced Asian economies (Hong Kong, Singapore, South Korea and Taiwan). All other countries are classified as “emerging” and generally correspond to the IMF’s “emerging and developing” economies

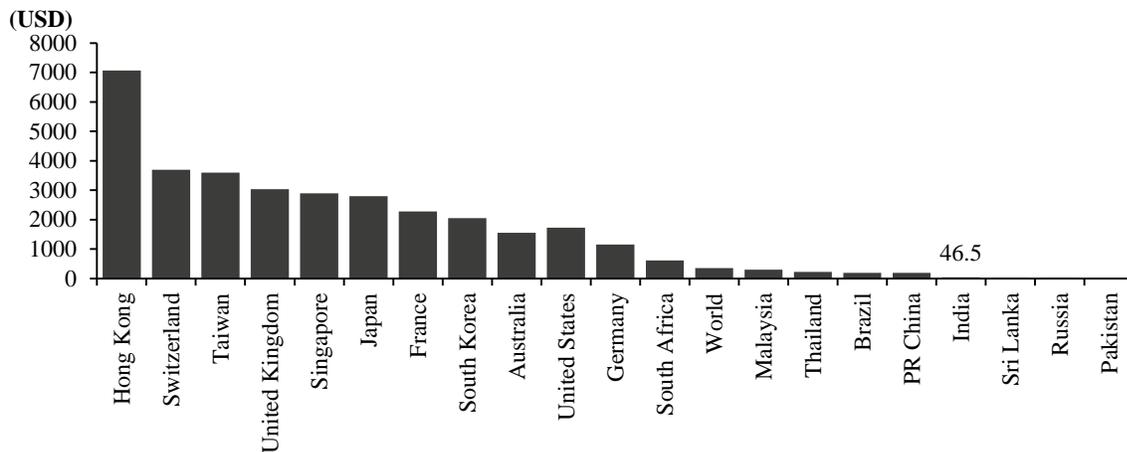
Further, due to higher share of savings than protection in the premium, CRISIL Research believes the actual protection provided by insurance in India would be much lower compared with even other developing markets. The average insurance penetration in emerging markets increased to 3.2% in 2016 from 2.9% in 2015. The insurance density in India, at US\$ 46.5 in 2016, remains low as compared to that of other developed and emerging market economies.

### Life insurance industry penetration (2016)



Source: Swiss Re Institute sigma No 3/2017 report

### Life insurance industry density (2016)

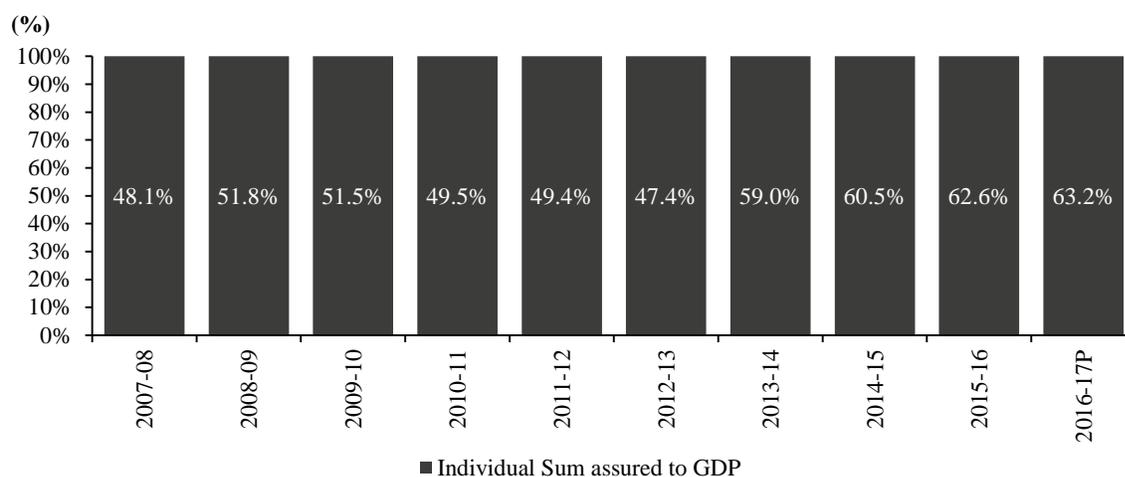


Source: Swiss Re Institute sigma No 3/2017 report

### Life insurance coverage has increased appreciably

The total sum assured under the individual life insurance business was Rs 96 trillion as of fiscal 2017 in India. The sum assured for the individual insurance is estimated to have increased at a CAGR of 16% from fiscals 2011 to 2017. The total number of individual policies in force were 322 million as of fiscal 2017.

## Individual Sum assured to GDP for India



Source: IRDAI, Life insurance council, CRISIL Research estimates

## Outlook

### *Life insurance industry outlook*

#### *New business premium to grow at robust pace*

Current low penetration (2.72% in 2016) and density (USD 46.5 in 2016) of Indian insurance market offers large growth potential. Going forward, the new business premium of life insurers is expected to grow at 11-13% CAGR to Rs 3,000-3,100 billion over the next five years. This growth is expected to be propelled by high historical nominal GDP growth, moderate-to-low inflation, improvement in the financial savings rate, initiatives undertaken by the government to ensure adequate social security, favourable demographics, growing awareness of insurance and regulatory changes, such as the increase in the foreign direct investment limit from 26% to 49% in 2015, which will bolster the financial position of existing players and open up the market for new players.

#### *Share of ULIPs to improve*

An improving economy and performance of corporate India is likely to have a positive impact on the country's stock markets. This will increase the demand for ULIPs, as it is highly correlated to the performance of the stock markets. Also, today, with operating expenses quite low and transparency in charges, ULIPs have become comparable to mutual fund investments, in terms of attractiveness. The enhanced value proposition for ULIPs is also because of lower discontinuous charges up to the fifth year, zero surrender penalty after the fifth year, and customised choice of risk allocation to suit the risk appetite of the customer.

Over the next few years, the performance of the stock markets is expected to improve on the back of healthy economic growth and an improvement in industrial performance. Consequently, the share of linked products is expected to rise gradually.

#### *Improved cost efficiency, better cash flows to lift profit*

In the medium-to-long term, new business premium is expected to grow at a healthy pace, propelled by an upswing in economic growth, higher financial savings aided by rising disposable income and benign inflation. Consequently, players with optimal scale of operations, better operating efficiency (as reflected in lower expense ratios), more efficient usage of distribution channels and healthy persistency ratios are likely to see a profitable rise.

### ***Bancassurance increasingly driving business of private players***

For private players, the share of bancassurance in new business premium has been growing steadily over the past few years. In fact, players are increasingly using the synergies accruing from banking operations of their parent group to reach out to customers, minimise cost and improve efficiency. Even for other players, bancassurance is becoming strategically important. With bancassurance increasingly driving the business of many players, presence in rural and far-flung areas will prove to be a strategic asset for the business (for details, see distribution trends).

### ***Steady Growth in FDI & Share of Private Players***

When the sector was opened up to foreign investment, the foreign direct investment (FDI) limit was capped at 26%. Post privatisation, the number of life insurance companies zoomed to 24 in 2015-16 from a mere 5 in 2000-01. LIC is the only public player, with the remaining being private entities. Of the 23 private life insurance companies, 21 are joint ventures with foreign players. In 2015, the Parliament approved a hike in the FDI limit to 49% with the aim of expanding the sector and infusing much-needed capital for many players. Since then, many foreign players have increased their stakes. On Individual WRP basis, their market share rose from 38% in 2013-14 to 54% in 2016-17.

### **Drivers**

#### ***Key Recent Macro Trends***

India is amongst top countries (3rd) when ranked on basis of GDP (PPP) and has been one of the fast growing countries in the world, aided by strong fundamentals like falling inflation, rising disposable income, largest working age population. Going forward, the IMF expects India's economy to grow at 7.7% in 2018 from an estimated 7.2% in 2017. The improvement in growth is expected to be driven by a rebound in consumption demand, which got postponed after demonetisation. Also, the demonetisation has resulted in increased customer deposits with bank. In addition, innovations in operating architecture based on the JAM (JanDhan-Aadhar-Mobile) and e-KYC is expected to improve reach of insurance products and efficiency.

With rising income and inflation under control, the household savings rate (household savings as a percentage of GDP) is likely to increase gradually. Though the share of household savings has remained subdued since fiscal 2012, the proportion of financial savings has increased significantly during the period. In the past too, strong real income growth and low inflation had a positive spin-off effect on financial savings. During fiscals 2000 to 2008, the share of financial savings in household savings increased from 47% to 52%. Consequently, the share dipped sharply to 33% by fiscal 2012, due to rising risk aversion in the aftermath of the 2008 financial crisis and heightened inflationary pressures.

Furthermore, benign inflationary pressures would diminish the attractiveness of gold and real estate – which represent physical savings of households – as investment alternatives. Consequently, the share of financial savings within household savings is likely to rise further from 43% in fiscal 2016. The government's measures to curb black money will also help increase the share of financial savings, which would further aid the life insurance industry

CRISIL Research expects average CPI to stay around 4% this fiscal, assuming a favourable monsoon, especially in terms of adequate temporal and spatial distribution. CRISIL Research also expects lower food inflation resulting from normal monsoon to offset higher services inflation. Risks to inflation could emanate from 1) high protein inflation, which has recorded double-digit growth for 12 consecutive months; 2) service inflation, especially in rural areas, which is keeping core inflation high and sticky; 3) unfavourable temporal and spatial distribution of rainfall; and, 4) oil prices.

### **Demographic advantage**

India is the world's second most populous nation, after China. More importantly, it is a nation of mostly young people. India had 356 million people in the 10-24 year age group, nearly 87 million more than in China, according to the United Nations Population Fund's State of the World Population report - 2014. A report by the IRIS Knowledge Foundation in collaboration with UN HABITAT in 2013 estimated that 63% of India's population will be in the working age group by 2020.

India's population increased at a compounded annual growth rate (CAGR) of 2% from 439.2 million in 1961 to 1,210.9 million in 2011. The decadal CAGRs in 1971-1991, 2001 and 2011 were 2.2%, 2.0% and 1.6%,

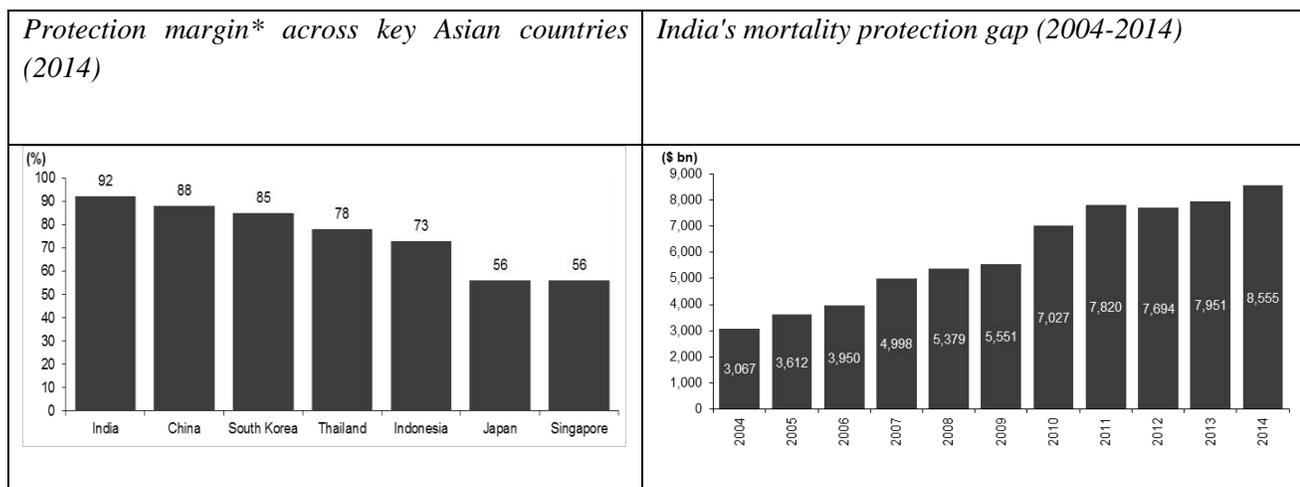
respectively. Going forward, as per an estimate by United Nations Department of Economic and Social Affairs, over 2011-2020E the population is estimated to increase at a CAGR of 1.5%.

In all the censuses held in India so far, including the latest 2011 census, the 0-14 year age group has always had the largest share of the population pie, with about 36.4% of the overall population falling in that age group in 1991, 33.2% in 2001 and 29.6% in 2011. Going forward, as per an estimate by United Nations Department of Economic and Social Affairs, the share of population within 15-59 is estimated to increase to 63% by 2020E from 62% in 2011 and for 60+ it is estimated to increase to 9.5% by 2020E from 8.4% in 2011.

This demographic advantage is what sets apart Asia’s third-largest economy from other leading global economies, which are ageing fast. For life insurance companies, this is a compelling opportunity as the next few years are expected to represent a “pay-in” period because of the large percentage of people in the ‘below 59’ age groups. Steady economic revival shall also improve household incomes and put more disposable income in the hands of people, particularly in rural areas. India’s middle class population is also expected to grow steadily in the years ahead.

**Significant protection gap**

As per Swiss Re Institute sigma No 3/2017 report, the protection gap for India stood at \$8.5 trillion as of 2014, which was much higher compared with its Asian counterparts. The protection margin (measured as ratio between protection gap and protection needs as per Swiss Re Institute) for India at 92% was highest among all the countries in Asia Pacific as per the report. This means that for \$100 of insurance protection requirement, only \$8 was actually insured as of 2014. This indicates the absence or inadequacy of pure protection coverage (term insurance) for a large part of the population. Further, the penetration of retail loan products is also low in India and, with asset quality of corporate loans being poor, financiers are aggressively focusing on retail credit, the growth of which will support insurance offtake.



Source: Swiss Re Institute Mortality Protection Gap report; \* Protection margin is measured as the ratio between protection gap and protection needs as per Swiss Re Institute

The decline in term-insurance premium rates, smoother onboarding process, increasing importance of online sales and product innovations, such as providing term products with a health wrapper, are expected to further drive the penetration of protection premiums.

**Key Recent Trends:**

*Digitisation*

The mobile and internet connectivity revolution is radically transforming the way of life all over the world and India is no different. India currently has over one billion mobile users and recently surpassed the US as the world’s second-largest market in terms of internet subscriber base. Its telecom subscriber base has also soared over the past few years and the country is today one of the biggest markets for smartphones in the world.

New technologies are also being developed at an exponential pace and triggering changes in the way in which industries operate. Also the demonetisation measures that were implemented by the Indian government from November 2016 have accelerated the adoption of digital platforms across the financial services sector. The insurance industry is no exception. In fact, being a push product, insurance is an industry where digitisation can act as a growth multiplier.

In India, two major factors are driving digitisation: the government's ambitious financial inclusion agenda, and increasing use of new technologies to deliver products and services to citizens.

The government's financial inclusion agenda is powered by the realisation that as GDP growth gathers pace in years ahead, the best way to ensure equitable distribution of wealth and lift the average level of prosperity among the populace is inclusive growth.

The task is particularly daunting when one considers that currently more than a fifth of India's population is still living below the poverty line, and hundreds of millions have very little awareness and/or access to financial services.

Using technology, the government is developing three mass access channels, namely mobile banking, Aadhaar, and Jan Dhan Yojana, to propel financial inclusion, improve governance and vastly expand the reach of basic services. This will be supplemented by an overlay of innovations by the National Payment Corporation of India, such as Rupay cards and Immediate Payment System to substantially augment currency circulation through formal channels.

The key programs are discussed below.

#### *Aadhaar: A force multiplier for financial inclusion*

The Aadhaar identification program, started in 2012, has been kept in fast-forward mode by the Modi government. According to the Unique Identification Authority of India, the nodal agency for the program's implementation, 1.01 billion Aadhaar cards have been issued so far, covering about 93% of the population. According to 2016 Economic Survey of India, Aadhaar cards were issued in 2015 at the rate of 4 million cards per week. The Aadhaar Bill has also now been passed by both houses of Parliament, and will allow for smoother transfer of government subsidies to households.

#### *PMJDY: Furthering financial inclusion*

The PMJDY, announced in the first year of the Modi government, envisages universal access to formal banking by ensuring at least one basic bank account for each household. The program has had good success with 287.5 million Jan Dhan accounts being opened across the country as of May 2017.

Zero-balance accounts have decreased steadily since the launch of PMJDY mainly because of the government's move to route subsidies through this channel. Also, increased availability of low-cost financial instruments is popularising formal financial institutions among the previously unbanked. Since the launch of the Jan Suraksha schemes of insurance and pension in August 2015, the proportion of dormant accounts has fallen. According to a recent survey by Microsave, nearly a fifth of PMJDY account holders use it to access insurance at low costs.

Another positive is that a greater proportion of Jan Dhan accounts have been opened in poorer states such as Uttar Pradesh, Bihar, and Madhya Pradesh. Increasing access to banking through the program can also help reduce inter-state income divide.

#### *Insurance initiatives linked to financial inclusion*

To encourage people to open savings bank accounts, the PMJJBY was announced in Union Budget 2015. It is a one-year life insurance scheme, renewable from year to year, offering coverage for death due to any reason to people in the 18-50 age group (life cover up to age 55), who have a savings bank account and who consent to join and enable auto debit. For those who enrolled, the risk cover commenced from June 1, 2015. At a premium of Rs 330 per annum, one can avail a cover of Rs 2 lakh. One can exit and re-join the scheme in future years by paying the annual premium and submitting a self-declaration of good health.

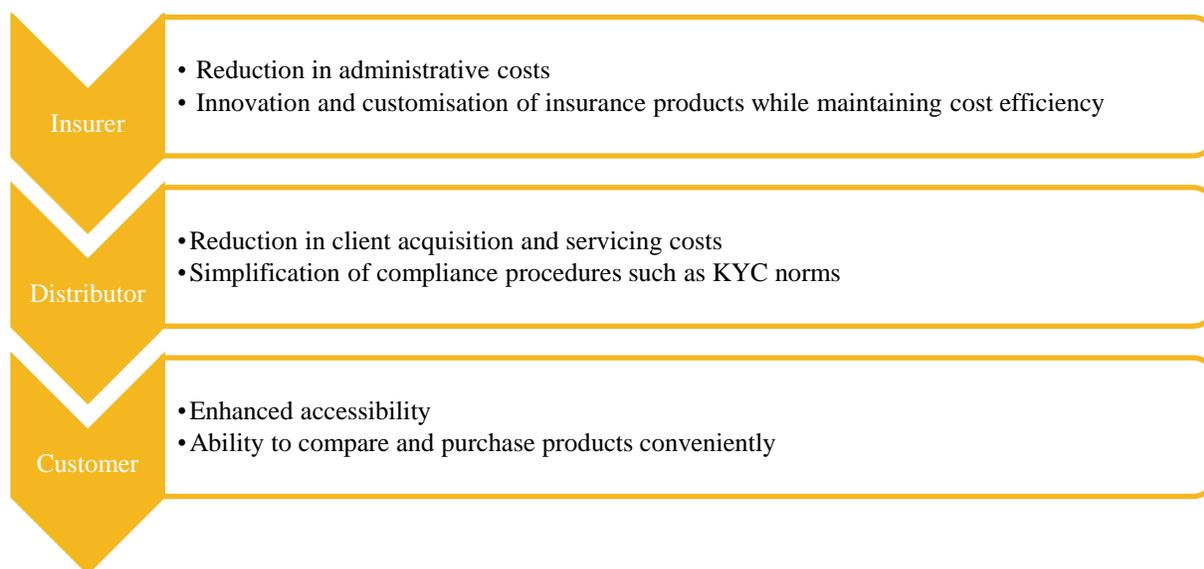
With the launch of insurance initiatives such as PMJJBY, PMSBY, RSBY, and Universal Health Insurance Scheme (UHS), the government has broadened the insurance market. By working towards financial inclusion, it has also not only brought the lower strata of society into the financial system but also initiated the spread of financial literacy among them.

Apart from the government, LIC and private players are also taking various initiatives linked to financial inclusion. Examples include LIC's Bima Bachat Yojana and group insurance platforms. The companies are also leveraging social media to launch initiatives to convey different themes like safety of parents and children.

However, while making premiums more affordable, there is also a need to improve access in rural areas, create insurance awareness, simplify products for the masses, design tailor-made products for different target audiences and focus on reviving and strengthening existing social security schemes.

#### *Digitisation to benefit all stakeholders*

With customers becoming more tech savvy, the launch of initiatives like mobile banking and trading, and tablet-based investments have helped further financial inclusion, including in the insurance field. Whether technological platforms are created in-house or via third party platforms, overall efficiency and decline in costs can be attained through the adoption of better technological processes.



Being a push product, insurance needs more effective on-the-ground distribution channels and personalised interaction. This has major implications for the insurance industry. In fact, digitisation will change the way the industry deals with customers, generates sales and handles day-to-day operations.

Not just customers, digitisation will also critically impact the way industry interacts with intermediaries. Digital platforms can make access to a large number of agents and intermediaries more efficient while lowering costs. Providing brokers, for instance, up to date information on products, and even tools to generate quotes, monitor claims, issue policies online and even communicate socially is much more efficiently managed through an agent portal, with many insurers offering hand-held devices with facilities to do precisely that. The portals can also be accessed securely via the internet across a range of mobile devices, including laptops, tablets and smart phones.

In many advanced countries, through digitisation, medical insurers are already registering, approving and paying hospital and medical claims online by simply swiping the insured patient's medical insurance card at the point of sale. Even in India, leading private players are rapidly scaling up their digital presence and hoping to shift a significant part of their business to e-commerce.

The government's digital India program thus has the potential to significantly improve awareness about financial savings and protection instruments and increase insurance penetration and density in the long term.

#### *Healthcare market offers significant opportunities*

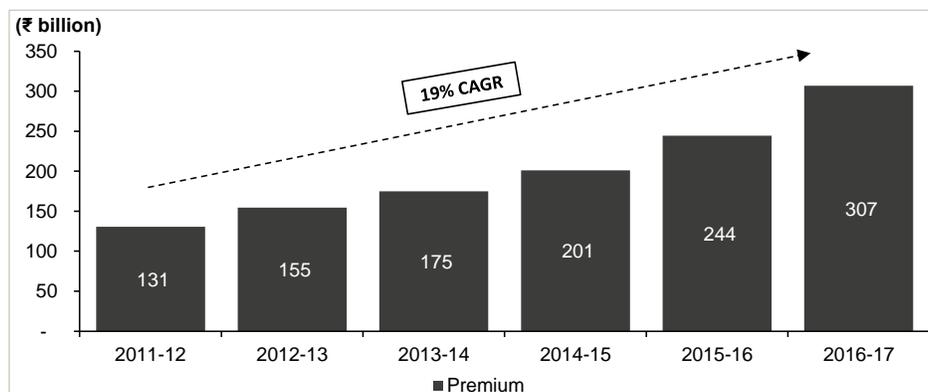
##### **More health insurance products launched as healthcare costs rise**

In India, the insurance business is divided into four classes: Life, fire, marine, and miscellaneous insurance. While life insurers deal with life insurance, general insurers deal with the rest. Health insurance comes under miscellaneous insurance and is also now being increasingly offered by life insurance companies.

The health insurance business in India is classified into group health insurance (other than government sponsored), government sponsored health insurance and individual health insurance. The non-life health insurance industry grew at 19% CAGR during fiscals 2011 to 2017, outpacing the overall insurance industry. Over the past years, there has been a marked increase in the share of individual health insurance premium (including family floater) in total health insurance premium; it went up to 42% in fiscal 2016 from 37% in fiscal 2012.

On the other hand, the share of government-sponsored health insurance business in the total health insurance premium dropped to ~10% in fiscal 2016 from ~17% in fiscal 2012. The share of group health insurance business (other than government business) in total health insurance premium stood at 44-48% during this period.

### Trend in health insurance premium



Source: IRDAI

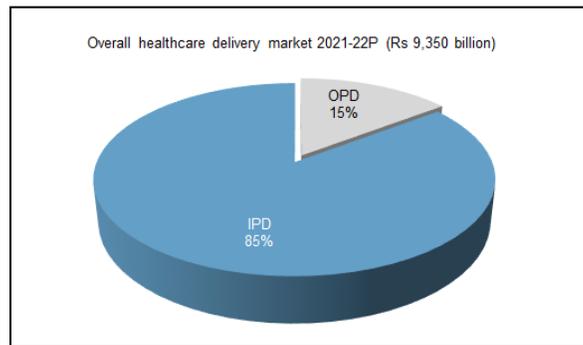
Today, many life insurance companies offer a variety of health insurance plans that offer protection against numerous critical illnesses. Although the basic concept of health insurance plans offered by life insurers is the same as the mediclaim policies offered by general insurers or the government's Employees' State Insurance (ESI), health insurance policies offered by life insurers are more broad-based.

The key feature of mediclaim is cover for hospitalisation and treatment towards accident and pre-specified illnesses for a specific sum assured limit. The mediclaim premium is based on the sum assured. The amount paid towards mediclaim premium for self/spouse/children provides tax exemption under section 80D of the Income Tax Act 1961 for a maximum of Rs 25,000 (Rs 30,000 in case of senior citizens) with another Rs 25,000 benefit on mediclaim premium for parents (Rs 30,000 if parent(s) is/are senior citizens).

On the other hand, health insurance plans sold by life insurers include features such as comprehensive health cover against critical illnesses (as many as 30 illnesses in certain plans), discount on premium if sum assured exceeds a particular limit, flexibility to reduce premium/sum assured/policy term after a specified period. Like medical insurance, health insurance premium is also exempted from tax under section 80D of the Income Tax Act 1961.

Based on health indicators for India released by the World Health Organisation's world health statistics survey, CRISIL Research estimates the size of the Indian healthcare delivery industry in fiscal 2017 at 3 billion treatments in volume terms and Rs 4.8 trillion in value terms.

## Overall healthcare delivery market in fiscal 2022



Source: CRISIL Research

In-patient department (IPD) comprised 84% share of the healthcare delivery industry as of FY2017 and out-patient department the balance.

CRISIL Research expects the healthcare delivery market to grow 14% CAGR to Rs 9.35 trillion by fiscal 2022 as a change in age demographics and rising incomes, improvement in health awareness, increase in life-related ailments, rising penetration of health insurance and increasing opportunities from medical tourism propel demand for healthcare facilities in India.

We expect expansion plans by major private players to be skewed towards illnesses related to IPD. Hence, the share of IPD by value is expected to increase from 84% in fiscal 2017 (estimated) to 85% in fiscal 2022. During the period, average cost for IPD treatments is forecast to increase at nearly 8% CAGR. For most households, out-of-pocket financing comprises a large chunk of their overall healthcare expenditure.

Hence, in the long run, there are vast opportunities for players who are able to evolve innovative healthcare plans for out-patient expenses.

According to IRDAI, only 359 million people had health insurance coverage, as of fiscal 2016. Only ~24% of this health insurance coverage is provided by non-government providers. The rest are covered under central or state government sponsored schemes, such as Central Government Health Scheme and Employee State Insurance Scheme. Low penetration levels, rising cost of healthcare, constraints on the ability of governments to spend, increasing demand for quality healthcare with rising income underscore the massive opportunity in health insurance for commercial insurance providers.

In the amendment to the Insurance Act in 2015, to increase the focus on the healthcare sector, the government has also mandated insurance players to record health insurance business as a standalone business.

### ***Pension market a looming opportunity***

A CRISIL Research study on the need to build pension net indicates that the number of people aged over 60 in India will triple from 112 million in 2014 to 300 million by 2050. Most of them will be financially insecure in their sunset years in the absence of a social security net. And, if a large number of the old end up having no pension by 2030, the government will have to bear the heavy fiscal burden of providing minimum sustenance to them. Our estimates indicate that the fiscal burden of providing pension would be high at 3.4-4.1% of GDP by 2030, and most of this outgo would be towards private sector workforce.

As of 2014, only around 8% of retirees within the private sector receive a pension; therefore, a multi-fold increase in pension coverage to the private sector workforce is an imperative. If 70% of private sector retirees are adequately covered by 2030, their retirement assets will rise to around 26% of GDP in 2030. And, if the entire private sector workforce, which will be over 60 in 2030, has an adequate retirement cover, then the size of the retirement corpus will rise to nearly Rs 276 trillion (or 38% of GDP) by 2050 and Rs 3,626 trillion (or over 74% of GDP) by 2050. The provision of additional tax benefits to the extent of employers' contribution in the New Pension scheme is expected to provide an opportunity for growth of pension premium; however, there are further challenges in terms of annuity taxation.

### ***Government push to boost awareness***

In recent years, there have been a number of measures to increase the reach of life insurance, particularly to the people who are unable to afford it. In the past two years, the government introduced the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), a life insurance policy, and the Pradhan Mantri Jeevan Suraksha Bima Yojana (PMJSBY), an accidental death and disability cover. Earlier, in 2014, it launched the Pradhan Mantri Jan Dhan Yojana (PMJDY), which provided insurance and health cover for people aged between 18 and 50, and having a savings bank account. As of May 2017, the enrolment across PMJJBY and PMJSBY had crossed 131 million.

Other government sponsored life insurance schemes include the Aam Aadmi Bima Yojana, the postal rural life insurance scheme, and health insurance schemes such as ESIS and Rashtriya Swasthya Bima Yojana (RSBY).

In the years ahead, the government's massive push for greater financial inclusion through schemes such as Jan Dhan Yojana will increase awareness about the need, and benefits of life and health insurance, and support growth of life insurance.

## SUMMARY OF OUR BUSINESS

*Investors should note that this is only a summary of our business and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Red Herring Prospectus, including the information in the sections “Risk Factors”, “Our Business” and “Financial Information” on pages 23, 201 and 332, respectively. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section “Risk Factors” beginning on page 23.*

### Overview

We were one of the most profitable life insurers, based on Value of New Business (VNB) margin, among the top five private life insurers in India (measured on total new business premium) in Fiscal 2016 and Fiscal 2017, according to CRISIL. Besides consistently being among the top three private life insurers in terms of profitability based on VNB margin, we have also consistently been among the top three private life insurers in terms of market share based on total new business premium between Fiscal 2015 and Fiscal 2017, according to CRISIL. Our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, was ₹54,921.0 million, ₹64,872.2 million, ₹86,963.6 million and ₹44,029.0 million. Between Fiscal 2015 and Fiscal 2017, our annualised premium equivalent grew by a CAGR of 14.5%. Our 13<sup>th</sup> month individual persistency ratio was 73.3%, 78.9%, 80.9% and 82.2% for the period ended March 31, 2015, March 31, 2016, March 31, 2017 and September 30, 2017, respectively.

We have a healthy balance sheet with total net worth of ₹44.6 billion and a solvency ratio of 200.5% as at September 30, 2017, above the minimum 150.0% solvency ratio required under IRDAI regulations. We generated Profit After Tax of ₹8,869.2 million and delivered a Return on Equity of 25.6%, Return on Invested Capital of 40.7% and Operating Return on Embedded Value of 21.7% during Fiscal 2017. As at September 30, 2017, we had total AUM of ₹995.3 billion and Indian Embedded Value of ₹140.1 billion. We have a track record of consistently delivering shareholder returns across business cycles. We are sufficiently capitalised and have not raised any capital during the last six years (except through issuance of ESOPs under our ESOS scheme(s)), while paying dividends (including dividend distribution tax) totalling ₹7.6 billion between our first dividend in Fiscal 2014 to Fiscal 2017.

We believe that our strong parentage and our trusted brand enhances our appeal to consumers. We were one of the first private life insurance company to register in India and were established as a joint venture between HDFC (one of India’s leading housing finance institutions) and Standard Life Aberdeen plc (one of the world’s largest investment companies), initially through its wholly owned subsidiary The Standard Life Assurance Company and now through its wholly owned subsidiary, Standard Life Mauritius.

Our focus on creating a multi-channel distribution platform has resulted in our market share among private life insurers in India in terms of total new business premium increasing from 15.8% in Fiscal 2015 to 17.2% in Fiscal 2017, according to CRISIL. We believe that we offer an attractive value proposition for our distribution partners, as demonstrated by our longstanding, successful relationships with our bancassurance partners through corporate agency or master policyholder arrangements. Our oldest bancassurance partner relationship was established in 2002. Our bancassurance partners include banks, non-banking financial companies, micro-finance institutions and small finance banks in India. Our number of major bancassurance partners grew from 31 as at March 31, 2015 to 125 as at September 30, 2017. Our top 15 bancassurance partners (in terms of total new business premium sourced for the period ended September 30, 2017) had over 11,200 branches across India as at September 30, 2017. We had 66,372 individual agents as at September 30, 2017, which comprise 6.8% of the all private agents in the Indian life insurance industry. We have a pan-India presence, comprising 414 branches and spokes across India as at September 30, 2017, supported by a dedicated workforce of 16,544 full-time employees.

We have a broad, diversified product portfolio covering five principal segments across the individual and group categories, namely participating, non-participating protection term, non-participating protection health, other non-participating and unit-linked insurance products. As at September 30, 2017, our product portfolio comprised 32 individual and ten group products, as well as eight optional rider benefits. Our wide product suite caters to specific needs of customers during each stage of their lives. It also provides us with the flexibility to operate successfully across business cycles, work with diverse sets of distribution partners and serve a range of consumers from mass market to high net worth individuals. It also provides us with the flexibility to adapt to changes in the regulatory landscape and mitigate concentration risk in respect of particular categories or types of products. We have a proven

track record in identifying and tapping niche customer segments (such as with our *HDFC Life Cancer Care* product) through our innovative product solutions that have continued to draw strong customer demand.

In Fiscal 2012, we established our wholly-owned subsidiary, HDFC Pension, to operate our pension fund business under the National Pension System. As at March 31, 2017, HDFC Pension had approximately ₹11,629.8 million of AUM from customers enrolled under the National Pension System. HDFC Pension is the second largest private pension fund management company in India in terms of assets under management and subscribers in Fiscal 2017, according to CRISIL. In Fiscal 2016, we established our first international subsidiary in the UAE, HDFC International, to operate our reinsurance business. HDFC International has signed reinsurance treaties for two distinct lines of individual life business and entered into arrangements to offer reinsurance for group and credit life schemes. We expect our pension and reinsurance business to help us diversify our sources of revenue and profitability in future.

Going forward, we aim to continue to consolidate our position as a long-term player in the industry with our focus on better customer service, strong product propositions and steady profitability.

### **Our Competitive Strengths**

We are positioned as a leading life insurer in one of the fastest growing economies in the world with a growing and under-penetrated life insurance market. With our focus on delivering consistent and profitable growth, which is supported by our customer-centric product development and sales approach, we have demonstrated an ability to deliver value to our customers, shareholders and distribution partners.

#### ***Strong parentage and a trusted brand that enhances our appeal to consumers***

Our Company was established in 2000 as a joint venture between HDFC (one of India's leading housing finance institutions) and Standard Life Aberdeen plc (one of the world's largest investment companies), initially through its wholly owned subsidiary The Standard Life Assurance Company and now through its wholly owned subsidiary, Standard Life Mauritius. HDFC and Standard Life Mauritius respectively hold 61.21% and 34.75% of our Equity Shares as at the date of this Red Herring Prospectus.

Both HDFC and Standard Life Aberdeen are well known in their respective business areas. HDFC is listed on the NSE and BSE. Over the years, the HDFC group has emerged as a recognised financial services conglomerate and was ranked as one of the best Indian brands in 2014 (according to Interbrand) with a presence in banking, life and general insurance, asset management and venture capital. Standard Life Aberdeen is headquartered in Scotland and is listed on the London Stock Exchange. The Standard Life Aberdeen group was formed by the merger of Standard Life plc and Aberdeen Asset Management PLC on August 14, 2017.

We believe that we have strong brand recall among Indian consumers. We have been selected as a Superbrand in India for three consecutive years from 2014 to 2016. We have also been declared as one of the most valuable brands in India, according to the BrandZ Top 50 Most Valuable Indian Brands list in 2016. See "*Business—Brand Strength and Marketing*" on page 239 of this Red Herring Prospectus.

#### ***Strong financial performance defined by consistent and profitable growth***

We believe that our focused execution has continued to deliver consistent and profitable growth to our stakeholders. We have a healthy balance sheet and delivered a Return on Equity of 25.6%, Return on Invested Capital of 40.7% and Operating Return on Embedded Value of 21.7% during Fiscal 2017. As at September 30, 2017, we had a solvency ratio of 200.5%, above the minimum 150% solvency ratio required under IRDAI regulations.

Our flexibility and ability to adapt to changes in the Indian life insurance industry has allowed our business to grow and our profitability to improve. Between Fiscal 2015 and Fiscal 2017, our overall total premium grew by a CAGR of 14.5% to ₹194.45 billion, driven by a CAGR of 12.6%, 43.6% and 7.3% in individual new business premiums, group new business premiums and renewal premiums, respectively. We have 64.5 million lives insured across our individual and group customers as at September 30, 2017. In addition, we improved our VNB margins from 18.5% in Fiscal 2015 to 22.0% in Fiscal 2017 by improving cost efficiencies, increasing our persistency ratios and selling a balanced product mix. Our share of protection in the individual and group new business premium increased from 12.0% in Fiscal 2015 to 21.8% for Fiscal 2017. Our Profit After Tax increased by a CAGR of 6.3% from ₹7,855.1

million in Fiscal 2015 to ₹8,869.2 million in Fiscal 2017. Our insurance profit increased by a CAGR of 9.7% between Fiscal 2015 and Fiscal 2017.

We believe our profitability and high VNB margins have allowed our business to be self-sustaining. Between Fiscal 2015 and Fiscal 2017, the consistent increase in our VNB reflects our focus on long-term profitable growth. We are sufficiently capitalised and have not raised any capital during the last six years (except through issuance of ESOPs under the relevant ESOS scheme(s)), while paying dividends (including dividend distribution tax) totalling ₹7.6 billion between our first dividend in Fiscal 2014 to Fiscal 2017.

We believe that our strong financial performance and leading position in the industry will allow us to take advantage of growth opportunities in the under-penetrated Indian life insurance sector.

***Growing and profitable multi-channel distribution footprint that provides market access across various consumer segments in India***

We offer our individual and group customers access to our products through our diversified distribution network which comprises four distribution channels, namely bancassurance, individual agents, direct, and brokers and others. Our multi-channel distribution network provides us with the flexibility to adapt to changes in the regulatory landscape and mitigate the risk of over-reliance on any single channel. All our distribution channels have been independently profitable for each of Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017.

Bancassurance remained our most significant distribution channel, generating 50.4%, 53.5%, 50.7% and 54.1% of our total new business premiums for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. We have longstanding, successful relationships with our bancassurance partners through corporate agency or master policyholder arrangements. Our oldest bancassurance partner relationship was established in 2002. Our bancassurance partners include banks, non-banking financial companies, micro-finance institutions and small finance banks in India. Many of our bancassurance partners possess extensive distribution networks across India, providing us with significant opportunities to expand our market reach, access our bancassurance partners' customers and tap on their existing branch infrastructure. Our number of major bancassurance partners grew from 31 as at March 31, 2015 to 125 as at September 30, 2017. Our top 15 bancassurance partners (in terms of total new business premium sourced for the six months ended September 30, 2017) had over 11,200 branches across India as at September 30, 2017.

Our individual agent network generated 10.0%, 7.6%, 7.5% and 6.2% of our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. As at September 30, 2017, we had 66,372 individual agents (which comprise 6.8% of the all private agents in the Indian life insurance industry) who exclusively sell our life insurance products across our branches. Our individual agents network has been profitable for each of Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017 and the quality of new business has improved. Each individual agent generated an average of ₹119,363 in terms of new business premium and sold an average of 2.3 new insurance policies during Fiscal 2017.

Our direct sales channel generated 37.0%, 36.8%, 39.8% and 37.5% of our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

Our brokers and others distribution channel generated 2.6%, 2.1%, 2.1% and 2.3% of our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. As at September 30, 2017, we had over 45 broker and other tie-ups, comprising 21 significant insurance brokers and 29 Insurance Marketing Firms.

We believe that our distribution model within each distribution channel gives us a significant footprint across customer segments. As a result of our focus on customer needs and distribution efficiencies, we have managed to build economies of scale across most of our distribution channels, while consistently maintaining profitability for each distribution channel between Fiscal 2015 to Fiscal 2017 and the six months ended September 30, 2017.

***Focus on customer centricity enabling growth across business cycles***

We are committed to providing a differentiated and superior customer service experience to our customers across the life of an insurance policy, from product development to customer on-boarding and policy issuance to customer service and claims settlement. Our commitment to customer centricity has resulted in long-term profitable growth,

as reflected in the consistent increase in our EV at a CAGR of 18.4% from ₹88,882 million in Fiscal 2015 to ₹124,705 million in Fiscal 2017.

Our integrated customer on-boarding process has enabled our frontlines sales team to facilitate customer convenience and includes “straight-through processing” of customer proposal forms, instant secure customer verification processes through our mobile applications and an automated underwriting engine which enables us to obtain key underwriting information from customers during customer on-boarding, reduces the documentation requirements from customers and helps us to improve our underwriting efficiency. These initiatives have resulted in improved turnaround times for the issuance of new policies. We believe that these initiatives have also resulted in higher customer satisfaction and have contributed to higher operating margins.

We strive to create one-on-one relationships with our customers by responding to their queries promptly and efficiently across traditional and non-traditional customer service channels. Our ability to provide quality customer service is supported by our increasingly automated service platform, which is available to our customers 24 hours a day, seven days a week. Our digital customer service platforms include our online customer portal, customer service mobile application and email service. We recently introduced additional automated elements, including a natural language-processing automation engine to respond to customer requests received by email, which have resulted in improved response times and contributed to providing a consistent customer service experience. We also have a separate service recovery team to address customer complaints. In Fiscal 2017, 99.0% of our customer complaints were resolved within the 15 calendar days turnaround time as prescribed by IRDAI. Our service recovery team also conducts a root cause analysis, which is shared with our senior management and distribution partners, in order to prevent recurring complaints of a similar nature. This is demonstrated by a decrease in the number of customer complaints per 10,000 new policies from 498 in Fiscal 2013 to 81 in Fiscal 2017.

Claimants can submit claims through various channels, including our existing branches, the branches of our distribution partners, our website, call centre and emails. We use rule engines and predictive technology to achieve accuracy and consistency in claims categorisation and processing, and have implemented a tiered authorisation system to manage claims of differing value and complexity and to facilitate rapid claims processing. The efficiency of our claims settlement has improved from Fiscal 2015 to Fiscal 2017, with the average turnaround time for claims settlement decreasing from ten days in Fiscal 2015 to five days in Fiscal 2017, upon receipt of all supporting documentation. For the three months ended June 30, 2017, 95.5% and 54.1% of our non-investigative claims were settled within three days and one day, respectively, upon our receipt of all supporting documentation. We had an individual claims settlement ratio of 97.62% and a group claims settlement ratio of 99.67% for Fiscal 2017. Our overall claims settlement ratio of 99.16% for Fiscal 2017 is among the best in the Indian life insurance industry. This is a testament to the quality of our customer service and customer on-boarding and underwriting processes. See “*Industry section – Industry Comparison*” on page 195 of this Red Herring Prospectus for average turnaround time for claims settlement for our peers.

Our Product Management Council consists of representatives across various key functions of our Company and analyses the needs of our prospective customers based on interactions with distribution partners and industry trends, which helps to guide our needs-based, innovative and customer-centric product development and sales strategy. As at September 30, 2017, our product portfolio comprised 32 individual and ten group products, as well as eight optional rider benefits. Our wide product suite caters to specific needs of customers during each stage of their lives.

We have a proven track record in proactively identifying and tapping niche customer segments through our competitive, innovative product solutions for such segments, which have continued to draw strong customer demand. We also have a specialised health insurance segment, and we believe this segment is under-penetrated compared to the life segment and provides significant opportunities for our distributors and customers. In Fiscal 2016, we launched our *HDFC Life Cancer Care* product, an award winning health insurance product in the Indian life and health insurance industry, which provides financial protection in the event of early and major stages of cancer. As at September 30, 2017, approximately 245,000 lives are insured through our *HDFC Life Cancer Care* product.

We identified the need to focus on the increasing protection requirements of Indian consumers. We launched our first online term product, *HDFC Life Click 2 Protect*, in Fiscal 2012. Our range of *Click2Series* products sold through our online channel collectively generated annualised premium equivalent of ₹593.6 million, ₹905.0 million, ₹1,009.4 million and ₹866.9 million, in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

Our continued efforts to improve the quality of our new business, focus on needs-based selling, strong commitment to customer service and our efforts to streamline the renewal premium payment process, has resulted in an overall improvement in our persistency ratio. Our 13<sup>th</sup> month persistency increased from 73.3% for the period ended March 31, 2015 to 80.9% for the period ended March 31, 2017 and our 61<sup>st</sup> month persistency increased from 39.8% for the period ended March 31, 2015 to 56.8% for the period ended March 31, 2017.

In recognition of our success, we were awarded the *Finnoviti 2016 Award for innovations in BFSI* for our *HDFC Life Cancer Care* product, as well as the *Golden Peacock Innovative Product Award 2015* and *Indian Insurance Awards 2014 — Best Product Innovation (Life Insurance)* for our *HDFC Life Click2Invest* product.

### ***Leading digital platform that provides a superior experience for customers and distributors***

We believe that we have developed a leading digital platform that gives us a competitive edge across various distribution channels and customer segments. Given our focus on and investments in our digital platform, we believe that we are uniquely positioned to capitalise on the increasing digitisation of the Indian economy.

We have undertaken several initiatives and developed a mobility platform to streamline and digitise our customer on-boarding and policy issuance processes, with the aim of making such processes convenient and simple for our customers. Mobility initiatives have been successfully implemented across the value chain, resulting in improvements to the productivity of our distribution partners. During Fiscal 2017, 48.0% of our new applications were sourced through mobile devices. We have an advanced digital platform that is user-friendly, customer-centric and capable of guiding our customers and distribution partners from on-boarding to policy issuance within four days, which we believe has been a key contributor to our increased digital sales over the years. Introduction of new products and increased customer traffic can be managed through our digital platform with limited additional investment. This provides us with the requisite flexibility and headroom for exponential future growth in a rapidly evolving online space. Our annualised premium equivalent earned through online channels increased at a CAGR of 27.9% between Fiscal 2015 to Fiscal 2017.

We aim to enhance revenue earned by our distributors, while continuing to pursue profitable growth by improving sales productivity and efficiency, including through equipping our distribution partners with advanced online and digital sales solutions. We believe that we have developed a scalable distribution platform which can be implemented rapidly and efficiently by numerous distribution partners across various channels. Our “plug-and-play” on-boarding process has made it easier for our bancassurance partners to start selling our products, while providing us with access to their wide distribution networks. We believe that we offer our distributors an attractive value proposition through leveraging our information technology systems, investing in our sales support systems, creating a wider, customer-centric product suite, and providing our strong brand name to enable them to cross-sell and up-sell our products to their customer base.

Our information technology initiatives have received various industry awards, including the CIO 100 Asia award for achievements in strategic enterprise IT deployment, the CIO 100 International honoree award for innovation in IT development and the DL Shah Quality Award.

For details, see “*Business—Operations*” and “*Business—Technology and Digital Initiatives*” on pages 222 and 221 of this Red Herring Prospectus, respectively.

### ***Independent and experienced leadership team***

We have an independent and experienced leadership team with capabilities and know-how across the banking, financial services and insurance sectors. None of our Key Management Personnel has been seconded by or transferred from our Promoters, which we believe contributes to the stability of our Key Management Personnel. As at September 30, 2017, our Key Management Personnel had an average of over ten years of experience in the financial services sector.

Our leadership team is committed to growing our business, as demonstrated by our track record in delivering consistent results across business cycles. Our Board of Directors evaluates our performance based on an objective range of performance indicators that we believe encourages us to calibrate our business strategies towards achieving long-term profitable growth.

We believe that the strength of our management team is a key competitive advantage and will help us implement our business strategies and adapt to evolving consumer preferences and changes in our business and regulatory environment.

## **Our Strategies**

The India life insurance market is and will continue to be a growing and attractive market and offers significant headroom for growth. Indicators such as insurance penetration, insurance density and protection gap indicate that the Indian life insurance market is still significantly underinsured, according to CRISIL. The future growth of India's life insurance market is supported by high historical real GDP growth, with an average growth rate of 7.1% between Fiscal 2013 and Fiscal 2016, increased levels of financial savings and initiatives undertaken by the Government to ensure adequate social security for its citizens. The Government's emphasis on financial inclusion and growth opportunities will continue to drive the growth of the Indian life insurance sector. According to CRISIL, the demonetisation measures implemented by the Government have also resulted in increased customer deposits with banks, which we believe will further drive the penetration of life and health insurance. In addition, innovations in operating architecture based on the JAM (JanDhan-Aadhaar-Mobile) trinity and eKYC are expected to improve reach of insurance products and efficiency, according to CRISIL.

Our overall business strategy is to deliver profitable growth to our shareholders consistently across business cycles and to build a high quality, customer-centric franchise that provides superior value to our policyholders. We believe increasing distribution reach and strengthening our position as a leader in certain product niches is the key to capturing customer segments and improving our profitability. Given our track record of strong financial performance and investments made over the years, we believe we are well-positioned to be a multi-channel distribution specialist and a preferred partner for distributors. We believe that we will be able to capitalise on the increasing numbers of consumers who have a preference for purchasing insurance through non-traditional channels, such as our website, mobile applications and other e-commerce channels. We aim to drive innovation in product development and improve our distribution value proposition, which we believe will further increase our market share across product categories, as well as improve our profitability. We intend to leverage technology and automation and build economies of scale to further drive cost efficiencies.

We have successfully navigated through a changing business and regulatory environment in the past, and we believe that we are well-equipped to overcome future challenges in the Indian life insurance industry.

### ***Reinforce our agile, multi-channel distribution platform to fortify and diversify our revenue mix across business cycles***

We intend to continue expanding the number of our partnerships and diversifying our sources of new business premiums. We aim to stay ahead of the curve in forming alliances with a variety of distribution partners, including banks, non-banking financial companies, micro-finance institutions and other non-financial services companies. We plan to reinforce our multi-channel distribution platform by increasing our reach across non-traditional distribution channels, while strengthening existing channels and relationships, in order to reduce dependency on any single distribution channel or partner. Our agile distribution platform and our key account managers have the ability to support the requirements of both traditional and non-traditional distribution partners. We intend to pursue increased profitability by improving the productivity and efficiency of our various distribution channels through the implementation of tailored strategy for each of the channels, while maintaining our quality and risk management standards. We will continue to engage with our distributors to enhance our distribution value proposition and to ensure that it stays relevant and competitive. In the evolving regulatory landscape of open architecture and greater choice, we will strive to be a preferred partner across all our distribution channels.

We believe that we can leverage the large network of potential customers from our various distribution partners to distribute and cross-sell our products. In addition, we believe that our large and varied base of individual and group customers provides significant growth opportunities from increased cross-selling and up-selling. We intend to leverage our access to more than 59.0 million lives insured under our group products (as at September 30, 2017) to cross-sell individual products and riders that provide enhanced coverage for individuals, over and above the coverage provided by group insurance policies. Our distribution partners can leverage our unified customer and distributor interaction platform, which includes a database of customer information that can be accessed by each of our distribution partners. We also use analytics tools to identify target customers and to aid our distribution partners in determining the suitability of additional products for our customers, which facilitates cross-selling efforts by our distribution partners to our customers.

During Fiscal 2017, we began partnering with non-traditional players to distribute our products through their platforms. We have developed customised distribution methods with customer loyalty platforms, online payment and fintech companies. As at September 30, 2017, we have entered into partnerships with 14 companies across various non-traditional sectors and expect to increase the contribution of new business premiums through this distribution sub-channel over the next few years. We believe that non-traditional distribution partnerships have the potential to contribute to our business going forward, given the significantly under-penetrated life insurance market across cities in India, and that our innovative product sales strategies within non-traditional distribution channels will continue to be a key competitive advantage for us.

For further details, see “*Business—Distribution—Our distribution value proposition*” and “*Business—Customers*” on pages 217 and 229 of this Red Herring Prospectus, respectively.

### ***Drive innovation in product sales to enhance customer value proposition and to capture niche segments***

Our product strategy is designed to achieve an optimum balance between the needs of our relevant stakeholders including our customers, distributors and shareholders. We aim to offer needs-based and customer-centric products which address the core needs of our customers across each stage of their lives. Our track record has provided us with significant experience and know-how to develop and provide insurance products across various customer segments, economic conditions and market scenarios.

We intend to adopt the following initiatives as part of our product development pipeline.

- ***Protection.*** We intend to build on our position as a proactive provider of protection plans in both life and health segments to attract new consumers and appeal to the younger population. This will help us cross-sell and up-sell our savings and investments products, together with our policy riders, to our younger consumers across key stages of their lives. Our latest term product, *HDFC Life Click 2 Protect 3D Plus*, is an award-winning product and provides comprehensive cover against death, disability and disease, along with competitive premium prices and flexible features such as whole life coverage, various income options and a top-up option that increases coverage against the inflation rate.
- ***Health.*** Given the low penetration of health insurance in India, we intend to explore further opportunities in this space in order to increase the spectrum of cover for other diseases. We intend to leverage on our existing individual and group customers to cross-sell appropriate health insurance products, while exploring alliances with specialist healthcare providers to expand our distribution opportunities. Following changes in regulations by IRDAI in Fiscal 2017 permitting life insurance companies to only sell fixed benefit health insurance products, launched our *Click 2 Protect Health* product in August 2017, a joint product in partnership with Apollo Munich. This combines our *HDFC Life Click 2 Protect 3D Plus* product and Apollo Munich’s *Optima Restore* health indemnity plan, which are both leading products in their respective categories. Customers can purchase *Click2Protect Health* at a discount to the aggregate price of both products while having the benefit of both life and health indemnity protection. We are the lead insurer (as defined by IRDAI) for *Click2Protect Health*, which is a combination product, and are in charge of product development, marketing and distribution of the product. We expect the health insurance segment to continue be a key focus area of our business.
- ***Retirement.*** The number of people aged over 60 in India will triple from 112 million in 2014 to 300 million by 2050, and approximately 8% of retirees within the private sector receive pension benefits as at 2014, according to CRISIL. We believe that there is strong business potential in the retirement segment, particularly for non-government employees in India who do not have Government pension benefits, given the Government’s intention for India to transition into a pensioned society. We believe our annuity and pension plans will continue to gain popularity in the life insurance market and have established a dedicated pension fund management subsidiary, HDFC Pension, to sell National Pension System products.

In line with the Government’s and IRDAI’s goal of increasing life and health insurance penetration in India, we intend to continue to collaborate with small finance banks, non-banking financial companies and micro-finance institutions to develop additional individual and group products for the mass market segment in tier-two and tier-three cities in India.

As we continue to grow our product range, we believe that our ability to create innovative methods to sell our products will provide us with a competitive advantage. Our mobile technology platform has transformed the sales process for our frontline sales staff and has created a foundation for future innovation in our product sales. We

intend to further integrate our mobile technology platforms with our distributors in order to make the sales process more convenient for both our distributors and customers.

We will continue to obtain feedback from our key distribution partners and customers, and widen our product offerings appropriately to stay relevant to distributors and customers. We believe that our innovative product offerings and sales strategies will help us strengthen and enhance our customer value proposition.

### ***Invest in digital platforms to establish leadership in the growing digital space***

We believe that digital distribution will continue to be a key, growing trend in the Indian life insurance industry and that smartphones and mobile devices will become a more integral part of how our customers purchase our products in the coming years. India currently has a total wireless subscriber base of approximately 1,187 million, out of which nearly 356 million are smartphone users. The number of smartphone users is likely to increase exponentially over the next five years owing to steep growth in 3G and 4G subscribers as well as increasing smartphone penetration, according to CRISIL. In addition, the demonetisation measures that were implemented by the Government in November 2016 have accelerated the adoption of digital platforms across the financial services sector. Many of these customers are younger than our average insurance customers and we believe that building a relationship with such customers will provide us with multiple opportunities to meet their insurance needs across key stages of their life.

We believe that maintaining our superior digital infrastructure will continue to be a key contributor to the growth of our business. Since Fiscal 2016, we have adopted a “mobile first” approach to the creation and design of all website and applications. We have implemented various digital initiatives in order to facilitate a seamless customer on-boarding process, provide a superior customer experience through increasing our customer service capabilities across multiple channels and enhance our operating efficiencies across the value chain. We intend to continue making substantial but targeted investments in areas such as mobility platforms, data science and analytics, cognitive automation and cloud computing. Our vision is to be a leader in the effective use of technology to meet the needs of our customers, our employees and our distribution partners. During Fiscal 2017, we evaluated the suitability of robotics and artificial intelligence solutions. We have since deployed these solutions across some of our back-office processes. We intend to introduce new digital platforms and mobile solutions to increase our outreach to customers, integrate our platforms with our distributors, rationalise our branch infrastructure and improve productivity of our individual agents and frontline sales staff. In addition, we have implemented multiple initiatives to provide skills development opportunities for our employees and have hired employees with specific e-commerce and digital experience to help us improve our technology platforms and reinforce our digital initiatives such as data analytics and robotics.

We intend to continue building on our strong brand recall in the online space and driving traffic to our website [www.hdfclife.com](http://www.hdfclife.com) by expanding our use of digital marketing tools, such as Facebook, YouTube, LinkedIn™, Twitter and other social media websites. We believe that digital media provides us with a low cost opportunity to engage significant numbers of consumers using multi-lingual content, which we intend to continue to leverage. We will continue to emphasise measures such as expanding our online product range and cross-selling and up-selling our products to customers by leveraging analytics tools to determine customer preferences. By communicating the benefits of buying online and digital insurance products to a wider range of customers, we aim to create scale and build on our strong market position within the digital space.

### ***Continue to build economies of scale to ensure profitability and cost leadership***

We have a proven track record of consistently growing our total premium and VNB over the past few years. We have increased our efficiency and reduced sales costs through implementing our strategies, including our productivity and cost savings initiatives. We aim to continue adding economic value to our shareholders by increasing total premium and VNB, while reducing our total operating cost ratio across business cycles. We intend to undertake appropriate investments to strengthen our sources of competitive advantage and make our business resilient and adaptable by building on intangible assets which cannot be easily replicated by our competitors, such as our brand, product offerings to customers and integrated distribution processes. An expanding universe of partners will also help create a wider customer base and reduce unit costs per policyholder, which we expect will improve our total operating cost ratio and allow us to continue to build scale across our business.

We will continue exploring organic and inorganic opportunities to improve our operating margins through scale and synergies, expand our distribution reach and improve our financial performance. Over time, we believe that our scale of operations will help us operate at lower operating costs than the industry average, ensure cost and

profitability leadership and provide us with the necessary heft to forge additional distribution partnerships and invest in further customer-centric initiatives.

**SUMMARY OF FINANCIAL INFORMATION**

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Restated Standalone Statement of Assets and Liabilities						
(₹ 'in Millions)						
Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>SOURCES OF FUNDS</b>						
<i>SHAREHOLDERS' FUNDS:</i>						
Share Capital	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Share application money received pending allotment of shares	10.3	-	-	-	-	-
Reserves and Surplus	24,204.6	18,079.0	11,545.5	5,489.8	1,654.4	1,961.8
Credit / (Debit) Fair Value Change Account	490.5	323.1	(412.4)	(20.1)	27.3	(102.8)
<b>Sub-Total</b>	<b>44,760.9</b>	<b>38,386.9</b>	<b>31,086.0</b>	<b>25,418.5</b>	<b>21,630.5</b>	<b>21,807.8</b>
<b>BORROWINGS</b>						
<i>POLICYHOLDERS' FUNDS:</i>						
Credit / (Debit) Fair Value Change Account	5,671.0	3,981.4	536.1	612.6	310.5	(784.2)
Policy Liabilities	365,340.4	323,819.3	244,006.4	192,792.0	143,396.7	101,555.8
Insurance Reserves	-	-	-	-	-	-
Provision for Linked Liabilities	441,437.9	430,289.7	385,599.8	334,744.1	302,079.0	275,489.5
Add: Fair value change	87,947.7	77,774.9	41,938.4	86,657.5	25,278.1	2,456.9
<b>Provision for Linked Liabilities</b>	<b>529,385.6</b>	<b>508,064.6</b>	<b>427,538.2</b>	<b>421,401.6</b>	<b>327,357.1</b>	<b>277,946.4</b>
Funds for discontinued policies						
i) Discontinued on account of non-payment of premium	31,779.7	29,791.6	29,528.4	27,525.7	14,546.7	5,332.4
ii) Others	143.6	148.7	203.6	276.2	170.0	52.1
<b>Total Provision for Linked &amp; Discontinued Policyholders Liabilities</b>	<b>561,308.9</b>	<b>538,004.9</b>	<b>457,270.2</b>	<b>449,203.5</b>	<b>342,073.8</b>	<b>283,330.9</b>
<b>Sub-Total</b>	<b>932,320.3</b>	<b>865,805.6</b>	<b>701,812.7</b>	<b>642,608.1</b>	<b>485,781.0</b>	<b>384,102.5</b>
Funds for Future Appropriations	9,291.1	8,667.8	7,054.8	4,154.6	2,258.6	3,436.8
Funds for future appropriation - Provision for lapsed policies unlikely to be revived	-	-	-	486.8	870.9	3,048.9
<b>TOTAL</b>	<b>986,372.3</b>	<b>912,860.3</b>	<b>739,953.5</b>	<b>672,668.0</b>	<b>510,541.0</b>	<b>412,396.0</b>
<b>APPLICATION OF FUNDS</b>						
<b>INVESTMENTS:</b>						
Shareholders'	37,169.2	32,455.9	26,401.6	21,962.2	16,156.4	8,563.1
Policyholders'	396,862.2	346,915.3	258,628.8	199,084.9	147,062.4	112,151.8
Assets held to cover Linked Liabilities	561,308.9	538,004.9	457,270.2	449,203.5	342,073.8	283,330.9
<b>LOANS</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>
<b>FIXED ASSETS</b>	<b>3,436.1</b>	<b>3,529.1</b>	<b>3,463.4</b>	<b>3,519.0</b>	<b>2,886.9</b>	<b>2,818.1</b>
<b>CURRENT ASSETS:</b>						
Cash and Bank Balances	2,788.2	7,965.0	6,466.0	5,723.7	4,449.1	4,638.5
Advances and Other Assets	20,604.2	21,712.7	12,326.2	12,335.8	9,646.9	6,898.2
<b>Sub-Total (A)</b>	<b>23,392.4</b>	<b>29,677.7</b>	<b>18,792.2</b>	<b>18,059.5</b>	<b>14,096.0</b>	<b>11,536.7</b>
<b>CURRENT LIABILITIES</b>						
<b>PROVISIONS</b>	<b>35,549.4</b>	<b>37,735.7</b>	<b>25,118.6</b>	<b>20,086.4</b>	<b>14,281.7</b>	<b>14,930.4</b>
	409.4	465.5	414.8	331.1	273.7	286.5
<b>Sub-Total (B)</b>	<b>35,958.8</b>	<b>38,201.2</b>	<b>25,533.4</b>	<b>20,417.5</b>	<b>14,555.4</b>	<b>15,216.9</b>
<b>NET CURRENT ASSETS (C) = (A - B)</b>	<b>(12,566.4)</b>	<b>(8,523.5)</b>	<b>(6,741.2)</b>	<b>(2,358.0)</b>	<b>(459.4)</b>	<b>(3,680.2)</b>
Miscellaneous Expenditure (to the extent not written off or Adjusted)	-	-	-	-	-	-
Debit Balance in Profit and Loss Account (Shareholders' Account)	-	-	-	-	2,344.1	8,430.1
Deficit in the Revenue Account (Policyholders' Account)	-	-	-	-	-	-
<b>TOTAL</b>	<b>986,372.3</b>	<b>912,860.3</b>	<b>739,953.5</b>	<b>672,668.0</b>	<b>510,541.0</b>	<b>412,396.0</b>

Restated Standalone Statement of Revenue Account (Policyholders' Account/Technical Account)						
Particulars	(₹ 'in Millions)					
	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Premiums earned (net)						
(a) Premium	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
(b) Reinsurance ceded	(893.4)	(1,706.2)	(1,342.0)	(674.5)	(864.7)	(561.9)
(c) Reinsurance accepted	-	-	-	-	-	-
<b>Sub-Total</b>	<b>90,509.6</b>	<b>192,748.6</b>	<b>161,787.7</b>	<b>147,624.5</b>	<b>119,764.4</b>	<b>114,460.5</b>
Income from Investments						
(a) Interest, Dividends & Rent - Gross	23,569.4	40,676.1	34,725.2	28,606.8	23,539.4	17,784.9
(b) Profit on sale / redemption of investments	20,573.8	38,940.7	37,552.5	38,074.4	12,969.4	15,953.3
(c) (Loss on sale / redemption of investments)	(1,292.0)	(3,900.1)	(9,849.4)	(5,920.8)	(8,815.2)	(6,547.6)
(d) Transfer / Gain on revaluation / Change in Fair value*	10,172.7	35,836.6	(44,710.5)	61,402.7	22,834.2	(1,976.0)
(e) Amortisation of (premium)/discount on investments	(241.1)	(146.9)	187.9	329.6	203.0	211.9
<b>Sub-Total</b>	<b>52,782.8</b>	<b>111,406.4</b>	<b>17,905.7</b>	<b>122,492.7</b>	<b>50,730.8</b>	<b>25,426.5</b>
Other Income	536.7	419.0	591.1	322.1	238.8	256.6
Income on Unclaimed amount of Policyholders	246.5	616.3	-	-	-	-
Contribution from the Shareholders' Account	74.2	353.9	380.0	466.9	2,173.3	19.0
<b>Sub-Total</b>	<b>857.4</b>	<b>1,389.2</b>	<b>971.1</b>	<b>789.0</b>	<b>2,412.1</b>	<b>275.6</b>
<b>TOTAL (A)</b>	<b>144,149.8</b>	<b>305,544.2</b>	<b>180,664.5</b>	<b>270,906.2</b>	<b>172,907.3</b>	<b>140,162.6</b>
Commission	4,037.2	7,920.2	7,018.5	6,234.7	5,141.0	6,472.6
Operating Expenses related to Insurance Business	12,826.2	23,852.8	18,718.3	14,888.3	12,805.2	12,160.1
Provision for doubtful debts	-	-	-	-	-	-
Bad debts written off	-	-	-	-	-	-
Provision for tax	223.6	1,519.8	1,745.5	1,193.4	1,516.0	509.2
Provisions (other than taxation)						
(a) For diminution in the value of investments (net)	(5.0)	122.4	(20.4)	(71.6)	256.3	-
(b) Others - Provision for standard and non-standard assets	(59.5)	(59.7)	52.2	46.5	18.8	-
Goods and Services Tax / Service tax on linked charges	1,317.3	2,160.7	1,853.9	1,531.8	1,340.0	1,279.8
<b>TOTAL (B)</b>	<b>18,339.8</b>	<b>35,516.2</b>	<b>29,368.0</b>	<b>23,823.1</b>	<b>21,077.3</b>	<b>20,421.7</b>
Benefits Paid (Net)	54,856.2	98,421.8	81,769.0	81,623.8	46,619.2	39,028.4
Interim Bonuses Paid	76.8	152.4	77.9	98.2	46.1	25.1
Terminal Bonuses Paid	870.6	1,429.8	572.6	615.6	283.1	161.9
Change in valuation of liability in respect of life policies						
(a) Gross **	44,880.3	80,312.0	48,638.1	51,191.4	47,133.9	36,255.4
(b) Amount ceded in Reinsurance	(3,359.2)	(499.1)	2,576.3	(1,796.1)	(5,293.0)	(9,339.0)
(c) Amount accepted in Reinsurance	-	-	-	-	-	-
(d) Unit Reserve	21,321.0	80,526.4	6,136.6	94,044.5	49,410.7	42,901.7
(e) Funds for Discontinued Policies	1,983.0	208.3	1,930.1	13,085.2	9,332.2	4,331.2
<b>TOTAL (C)</b>	<b>120,628.7</b>	<b>260,551.6</b>	<b>141,700.6</b>	<b>238,862.6</b>	<b>147,532.2</b>	<b>113,364.7</b>
<b>SURPLUS / (DEFICIT) (D) = (A) - (B) - (C)</b>	<b>5,181.3</b>	<b>9,476.4</b>	<b>9,595.9</b>	<b>8,220.5</b>	<b>4,297.8</b>	<b>6,376.2</b>
<b>APPROPRIATIONS</b>						
Transfer to Shareholders' Account	4,558.0	7,863.4	7,182.5	6,708.6	7,654.0	3,900.1
Transfer to Other Reserves	-	-	-	-	-	-
Funds for future Appropriation - Provision for lapsed policies unlikely to be revived	-	-	(486.8)	(384.1)	(2,178.0)	(303.6)
Balance being Funds for Future Appropriations	623.3	1,613.0	2,900.2	1,896.0	(1,178.2)	2,178.4
Transfer to Balance Sheet being "Deficit in the Revenue Account (Policyholders' Account)"	-	-	-	-	-	601.3
	<b>5,181.3</b>	<b>9,476.4</b>	<b>9,595.9</b>	<b>8,220.5</b>	<b>4,297.8</b>	<b>6,376.2</b>
Notes:						
* Represents the deemed realised gain as per norms specified by the Authority						
** Represents Mathematical Reserves after allocation of bonus						
The total surplus as mentioned below :						
(a) Interim Bonuses Paid	76.8	152.4	77.9	98.2	46.1	25.1
(b) Terminal Bonuses Paid	870.6	1,429.8	572.6	615.6	283.1	161.9
(c) Allocation of Bonus to policyholders	-	5,918.0	5,570.8	4,681.6	3,897.2	3,425.4
(d) Surplus shown in the Revenue Account	5,181.3	9,476.4	9,595.9	8,220.5	4,297.8	6,376.2
<b>(e) Total Surplus :[(a)+(b)+(c)+(d)]</b>	<b>6,128.7</b>	<b>16,976.6</b>	<b>15,817.2</b>	<b>13,615.9</b>	<b>8,524.2</b>	<b>9,986.6</b>

Restated Standalone Statement of Profit and Loss Account (Shareholders' Account/Non-Technical Account)							(₹ 'in Millions)
Particulars	For the six months ended		For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	
Amounts transferred from the Policyholders' Account (Technical Account)	4,558.0	7,863.4	7,182.5	6,708.6	7,654.0	3,900.1	
Income from Investments							
(a) Interest, Dividends & Rent - Gross	1,053.8	1,833.1	1,639.4	1,486.3	990.8	484.8	
(b) Profit on sale / redemption of investments	525.0	619.8	136.3	545.7	149.4	229.8	
(c) (Loss) on sale / redemption of investments	(334.7)	(153.1)	(85.2)	(29.4)	(1.4)	-	
(d) Amortisation of (premium) /discount on investments	(32.6)	(31.2)	(2.2)	6.6	1.6	(3.2)	
<b>Sub-Total</b>	<b>1,211.5</b>	<b>2,268.6</b>	<b>1,688.3</b>	<b>2,009.2</b>	<b>1,140.4</b>	<b>711.4</b>	
Other Income	130.2	-	105.5	-	-	-	
<b>TOTAL (A)</b>	<b>5,899.7</b>	<b>10,132.0</b>	<b>8,976.3</b>	<b>8,717.8</b>	<b>8,794.4</b>	<b>4,611.5</b>	
Expenses other than those directly related to the insurance business	111.9	680.2	213.7	206.1	137.3	72.8	
Bad debts written off	-	-	-	-	-	-	
Provisions (Other than taxation)							
(a) For diminution in the value of investments (net)	(2.7)	(43.5)	32.6	(0.5)	58.6	-	
(b) Provision for doubtful debts	-	-	-	-	-	-	
(c) Others - Provision for standard and non-standard assets	0.1	-	0.1	(0.5)	-	-	
Contribution to the Policyholders' Fund	74.2	353.9	380.0	466.9	2,173.3	19.0	
<b>TOTAL (B)</b>	<b>183.5</b>	<b>990.6</b>	<b>626.4</b>	<b>672.0</b>	<b>2,369.2</b>	<b>91.8</b>	
Profit / (Loss) before tax	5,716.2	9,141.4	8,349.9	8,045.8	6,425.2	4,519.7	
Provision for Taxation	167.7	220.1	165.9	190.7	(827.7)	42.4	
Profit / (Loss) after tax	<b>5,548.5</b>	<b>8,921.3</b>	<b>8,184.0</b>	<b>7,855.1</b>	<b>7,252.9</b>	<b>4,477.3</b>	
<b>APPROPRIATIONS</b>							
(a) Balance at the beginning of the year	16,135.0	9,858.5	3,835.4	(2,344.1)	(8,430.1)	(12,907.4)	
(b) Interim dividends paid during the year	-	(2,197.4)	(1,795.4)	(1,396.4)	(997.4)	-	
(c) Proposed final dividend	-	-	-	-	-	-	
(d) Dividend distribution tax	-	(447.4)	(365.5)	(279.2)	(169.5)	-	
<b>Profit / (Loss) carried forward to the Balance Sheet</b>	<b>21,683.5</b>	<b>16,135.0</b>	<b>9,858.5</b>	<b>3,835.4</b>	<b>(2,344.1)</b>	<b>(8,430.1)</b>	
Earnings Per Share - Basic (₹)	2.77	4.47	4.10	3.94	3.64	2.24	
Earnings Per Share - Diluted (₹)	2.76	4.44	4.10	3.93	3.64	2.24	
Nominal Value of Share (₹)	10.00	10.00	10.00	10.00	10.00	10.00	

**Restated Standalone Statement of Receipts and Payments Account**

(₹ 'in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Cash Flows from the operating activities:</b>						
Premium received from policyholders, including advance receipts	94,665.0	199,931.3	165,500.4	150,845.0	122,568.7	115,390.0
Other receipts	935.2	427.1	695.9	333.0	238.7	267.7
Payments to the re-insurers, net of commissions and claims/ Benefits	(243.9)	(578.3)	(434.0)	(260.4)	(586.3)	(335.1)
Payments of claims/benefits	(53,856.6)	(99,733.9)	(77,547.6)	(80,884.0)	(46,512.1)	(38,711.2)
Payments of commission and brokerage	(4,995.3)	(8,342.0)	(7,281.4)	(7,103.3)	(5,793.0)	(7,416.5)
Payments of other operating expenses	(13,883.6)	(23,387.4)	(19,337.6)	(14,337.9)	(13,466.1)	(12,618.3)
Preliminary and pre-operative expenses	-	-	-	-	-	-
Deposits, advances and staff loans	298.1	(88.0)	245.8	(480.6)	20.0	224.8
Income taxes paid (Net)	(1,398.3)	(2,114.3)	(2,166.1)	(1,540.4)	(835.5)	(714.3)
Goods and Services Tax / Service tax paid	(2,310.7)	(3,725.6)	(2,772.2)	(1,957.9)	(1,395.7)	(672.4)
Other payments	-	-	-	-	-	-
Cash flows before extraordinary items	<b>19,209.9</b>	<b>62,388.9</b>	<b>56,903.2</b>	<b>44,613.5</b>	<b>54,238.7</b>	<b>55,414.7</b>
Cash flow from extraordinary operations	-	-	-	-	-	-
<b>Net cash flow from operating activities</b>	<b>19,209.9</b>	<b>62,388.9</b>	<b>56,903.2</b>	<b>44,613.5</b>	<b>54,238.7</b>	<b>55,414.7</b>
<b>Cash flows from investing activities:</b>						
Purchase of fixed assets	(121.9)	(478.9)	(334.8)	(1,080.3)	(395.9)	(661.7)
Proceeds from sale of fixed assets	4.4	3.6	7.6	4.9	12.2	12.5
Purchases of investments	(329,318.2)	(1,423,541.4)	(459,159.8)	(412,863.2)	(335,976.3)	(254,255.6)
Loans disbursed	-	-	-	(990.9)	(105.0)	(500.0)
Loan against policies (Net of Repayment)	(32.4)	(1.2)	(34.3)	(23.3)	(6.8)	9.6
Sales of investments	288,816.6	1,332,209.1	384,410.2	350,952.5	258,333.2	189,171.6
Repayments received	348.5	453.4	359.9	234.6	420.4	25.9
Rents/Interests/ Dividends received	23,596.5	40,329.1	34,329.3	28,640.3	22,706.1	16,628.5
Investments in money market instruments and in liquid mutual funds (Net)	-	-	-	-	-	-
Expenses related to investments	(7.3)	(36.3)	(31.4)	(39.5)	(33.6)	(29.1)
<b>Net cash flow from investing activities</b>	<b>(16,713.8)</b>	<b>(51,062.6)</b>	<b>(40,453.3)</b>	<b>(35,164.9)</b>	<b>(55,045.7)</b>	<b>(49,598.3)</b>
<b>Cash flows from financing activities:</b>						
Proceeds from issuance of share capital	70.7	31.9	4.1	-	-	-
Share Application money pending allotment	10.3	-	-	-	-	-
Share Premium	577.1	257.0	32.6	-	-	-
Proceeds from borrowing	-	-	-	-	-	-
Repayments of borrowing	-	-	-	-	-	-
Interest/dividends paid	-	(2,644.8)	(2,161.0)	(1,675.6)	(1,166.9)	-
<b>Net cash flow from financing activities</b>	<b>658.1</b>	<b>(2,355.9)</b>	<b>(2,124.3)</b>	<b>(1,675.6)</b>	<b>(1,166.9)</b>	<b>-</b>
<b>Effect of foreign exchange rates on cash and cash equivalents, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents:</b>	<b>3,154.2</b>	<b>8,970.4</b>	<b>14,325.6</b>	<b>7,773.0</b>	<b>(1,973.9)</b>	<b>5,816.4</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>46,792.3</b>	<b>37,821.9</b>	<b>23,496.3</b>	<b>15,723.3</b>	<b>17,697.2</b>	<b>11,880.8</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>49,946.5</b>	<b>46,792.3</b>	<b>37,821.9</b>	<b>23,496.3</b>	<b>15,723.3</b>	<b>17,697.2</b>
<b>Note - Components of Cash and cash equivalents at end of the period</b>						
Cash and cheques in hand	637.1	1,906.4	1,889.7	1,951.2	1,680.0	1,662.0
Bank Balances *	2,147.7	6,057.7	4,575.3	3,771.5	2,768.3	2,975.7
Fixed Deposit (less than 3 months)	-	-	820.0	-	-	300.0
Money Market Instruments	47,161.7	38,828.2	30,536.9	17,773.6	11,275.0	12,759.5
<b>Total Cash and cash equivalents</b>	<b>49,946.5</b>	<b>46,792.3</b>	<b>37,821.9</b>	<b>23,496.3</b>	<b>15,723.3</b>	<b>17,697.2</b>
<b>Reconciliation of Cash &amp; Cash Equivalents with Cash &amp; Bank Balance:</b>						
Cash & Cash Equivalents	49,946.5	46,792.3	37,821.9	23,496.3	15,723.3	17,697.2
Add: Deposit Account - Others	3.4	0.9	1.0	1.0	0.8	0.8
Less: FDs less than 3 months	-	-	(820.0)	-	-	(300.0)
Less: Money market instruments	(47,161.7)	(38,828.2)	(30,536.9)	(17,773.6)	(11,275.0)	(12,759.5)
<b>Cash &amp; Bank Balances</b>	<b>2,788.2</b>	<b>7,965.0</b>	<b>6,466.0</b>	<b>5,723.7</b>	<b>4,449.1</b>	<b>4,638.5</b>
<b>Note :</b>						
Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
* Bank balance includes unclaimed dividend	0.2	0.2	-	-	-	-

Restated Consolidated Statement of Assets and Liabilities						
						(₹ 'in Millions)
Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>SOURCES OF FUNDS</b>						
<i>SHAREHOLDERS' FUNDS:</i>						
Share Capital	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Share application money received pending allotment of shares	10.3	-	-	-	-	-
Reserves and Surplus	24,080.1	17,955.2	11,494.4	5,484.1	1,654.4	1,961.8
Credit / (Debit) Fair Value Change Account	490.5	323.1	(412.4)	(20.1)	27.3	(102.8)
<b>Sub-Total</b>	<b>44,636.4</b>	<b>38,263.1</b>	<b>31,034.9</b>	<b>25,412.8</b>	<b>21,630.5</b>	<b>21,807.8</b>
<b>BORROWINGS</b>						
<i>POLICYHOLDERS' FUNDS:</i>						
Credit / (Debit) Fair Value Change Account	5,671.0	3,981.4	536.1	612.6	310.5	(784.2)
Policy Liabilities						
i) relating to Life insurance business	365,340.4	323,819.3	244,006.4	192,792.0	143,396.7	101,555.8
ii) relating to Reinsurance business	35.2	7.7	-	-	-	-
Provision for Linked Liabilities	441,437.9	430,289.7	385,599.8	334,744.1	302,079.0	275,489.5
Add: Fair value change	87,947.7	77,774.9	41,938.4	86,657.5	25,278.1	2,456.9
<b>Provision for Linked Liabilities</b>	<b>529,385.6</b>	<b>508,064.6</b>	<b>427,538.2</b>	<b>421,401.6</b>	<b>327,357.1</b>	<b>277,946.4</b>
Funds for discontinued policies						
i) Discontinued on account of non-payment of premium	31,779.7	29,791.6	29,528.4	27,525.7	14,546.7	5,332.4
ii) Others	143.6	148.7	203.6	276.2	170.0	52.1
<b>Total Provision for Linked &amp; Discontinued Policyholders Liabilities</b>	<b>561,308.9</b>	<b>538,004.9</b>	<b>457,270.2</b>	<b>449,203.5</b>	<b>342,073.8</b>	<b>283,330.9</b>
<b>Sub-Total</b>	<b>932,355.5</b>	<b>865,813.3</b>	<b>701,812.7</b>	<b>642,608.1</b>	<b>485,781.0</b>	<b>384,102.5</b>
Funds for Future Appropriations	9,291.1	8,667.8	7,054.8	4,154.6	2,258.6	3,436.8
Funds for future appropriation - Provision for lapsed policies unlikely to be revived	-	-	-	486.8	870.9	3,048.9
<b>TOTAL</b>	<b>986,283.0</b>	<b>912,744.2</b>	<b>739,902.4</b>	<b>672,662.3</b>	<b>510,541.0</b>	<b>412,396.0</b>
<b>APPLICATION OF FUNDS</b>						
<i>INVESTMENTS:</i>						
Shareholders'	37,027.2	32,314.1	25,537.8	21,947.2	16,135.0	8,557.3
Policyholders'	396,862.2	346,915.3	258,628.8	199,084.9	147,062.4	112,151.8
Assets held to cover Linked Liabilities	561,308.9	538,004.9	457,270.2	449,203.5	342,073.8	283,330.9
<b>LOANS</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>
<b>FIXED ASSETS</b>	<b>3,440.4</b>	<b>3,534.9</b>	<b>3,473.6</b>	<b>3,524.7</b>	<b>2,895.1</b>	<b>2,818.1</b>
<i>CURRENT ASSETS:</i>						
Cash and Bank Balances	2,799.9	7,973.8	7,273.9	5,725.0	4,450.4	4,640.9
Advances and Other Assets	20,669.4	21,744.4	12,328.8	12,343.5	9,655.2	6,898.2
<b>Sub-Total (A)</b>	<b>23,469.3</b>	<b>29,718.2</b>	<b>19,602.7</b>	<b>18,068.5</b>	<b>14,105.6</b>	<b>11,539.1</b>
<b>CURRENT LIABILITIES</b>						
<b>PROVISIONS</b>	<b>35,575.9</b>	<b>37,754.7</b>	<b>25,125.4</b>	<b>20,090.9</b>	<b>14,283.3</b>	<b>14,932.9</b>
	411.4	467.1	416.0	332.0	274.2	286.5
<b>Sub-Total (B)</b>	<b>35,987.3</b>	<b>38,221.8</b>	<b>25,541.4</b>	<b>20,422.9</b>	<b>14,557.5</b>	<b>15,219.4</b>
<b>NET CURRENT ASSETS (C) = (A - B)</b>	<b>(12,518.0)</b>	<b>(8,503.6)</b>	<b>(5,938.7)</b>	<b>(2,354.4)</b>	<b>(451.9)</b>	<b>(3,680.3)</b>
Miscellaneous Expenditure (to the extent not written off or Adjusted)	-	-	-	-	-	-
Debit Balance in Profit and Loss Account (Shareholders' Account)	-	-	-	-	2,349.8	8,436.0
Deficit in the Revenue Account (Policyholders' Account)	-	-	-	-	-	-
<b>TOTAL</b>	<b>986,283.0</b>	<b>912,744.2</b>	<b>739,902.4</b>	<b>672,662.3</b>	<b>510,541.0</b>	<b>412,396.0</b>

Restated Consolidated Statement of Revenue Account (Policyholders' Account/Technical Account)						
Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	(₹ 'in Millions)					
Premiums earned (net)						
(a) Premium	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
(b) Reinsurance ceded	(893.4)	(1,706.2)	(1,342.0)	(674.5)	(864.7)	(561.9)
(c) Reinsurance accepted	-	-	-	-	-	-
<b>Sub-Total</b>	<b>90,509.6</b>	<b>192,748.6</b>	<b>161,787.7</b>	<b>147,624.5</b>	<b>119,764.4</b>	<b>114,460.5</b>
Income from Investments						
(a) Interest, Dividends & Rent - Gross	23,569.4	40,676.1	34,725.2	28,606.8	23,539.4	17,784.9
(b) Profit on sale / redemption of investments	20,573.8	38,940.7	37,552.5	38,074.4	12,969.4	15,953.3
(c) (Loss on sale / redemption of investments)	(1,292.0)	(3,900.1)	(9,849.4)	(5,920.8)	(8,815.2)	(6,547.6)
(d) Transfer / Gain on revaluation / Change in Fair value*	10,172.7	35,836.6	(44,710.5)	61,402.7	22,834.2	(1,976.0)
(e) Amortisation of (premium)/discount on investments	(241.1)	(146.9)	187.9	329.6	203.0	211.9
<b>Sub-Total</b>	<b>52,782.8</b>	<b>111,406.4</b>	<b>17,905.7</b>	<b>122,492.7</b>	<b>50,730.8</b>	<b>25,426.5</b>
Other Income	536.7	419.0	591.1	322.1	238.8	256.6
Income on Unclaimed amount of Policyholders	246.5	616.3	-	-	-	-
Contribution from the Shareholders' Account	74.2	353.9	380.0	466.9	2,173.3	19.0
<b>Sub-Total</b>	<b>857.4</b>	<b>1,389.2</b>	<b>971.1</b>	<b>789.0</b>	<b>2,412.1</b>	<b>275.6</b>
<b>TOTAL (A)</b>	<b>144,149.8</b>	<b>305,544.2</b>	<b>180,664.5</b>	<b>270,906.2</b>	<b>172,907.3</b>	<b>140,162.6</b>
Commission	4,037.2	7,920.2	7,018.5	6,234.7	5,141.0	6,472.6
Operating Expenses related to Insurance Business	12,826.2	23,852.8	18,718.3	14,888.3	12,805.2	12,160.1
Provision for doubtful debts	-	-	-	-	-	-
Bad debts written off	-	-	-	-	-	-
Provision for tax	223.6	1,519.8	1,745.5	1,193.4	1,516.0	509.2
Provisions (other than taxation)						
(a) For diminution in the value of investments (net)	(5.0)	122.4	(20.4)	(71.6)	256.3	-
(b) Others - Provision for standard and non-standard assets	(59.5)	(59.7)	52.2	46.5	18.8	-
Service tax/Goods & Services Tax on linked charges	1,317.3	2,160.7	1,853.9	1,531.8	1,340.0	1,279.8
<b>TOTAL (B)</b>	<b>18,339.8</b>	<b>35,516.2</b>	<b>29,368.0</b>	<b>23,823.1</b>	<b>21,077.3</b>	<b>20,421.7</b>
Benefits Paid (Net)	54,856.2	98,421.8	81,769.0	81,623.8	46,619.2	39,028.4
Interim Bonuses Paid	76.8	152.4	77.9	98.2	46.1	25.1
Terminal Bonuses Paid	870.6	1,429.8	572.6	615.6	283.1	161.9
Change in valuation of liability in respect of life policies						
(a) Gross **	44,880.3	80,312.0	48,638.1	51,191.4	47,133.9	36,255.4
(b) Amount ceded in Reinsurance	(3,359.2)	(499.1)	2,576.3	(1,796.1)	(5,293.0)	(9,339.0)
(c) Amount accepted in Reinsurance	-	-	-	-	-	-
(d) Unit Reserve	21,321.0	80,526.4	6,136.6	94,044.5	49,410.7	42,901.7
(e) Funds for Discontinued Policies	1,983.0	208.3	1,930.1	13,085.2	9,332.2	4,331.2
<b>TOTAL (C)</b>	<b>120,628.7</b>	<b>260,551.6</b>	<b>141,700.6</b>	<b>238,862.6</b>	<b>147,532.2</b>	<b>113,364.7</b>
<b>SURPLUS / (DEFICIT) (D) = (A) - (B) - (C)</b>	<b>5,181.3</b>	<b>9,476.4</b>	<b>9,595.9</b>	<b>8,220.5</b>	<b>4,297.8</b>	<b>6,376.2</b>
<b>APPROPRIATIONS</b>						
Transfer to Shareholders' Account	4,558.0	7,863.4	7,182.5	6,708.6	7,654.0	3,900.1
Transfer to Other Reserves	-	-	-	-	-	-
Funds for future Appropriation - Provision for lapsed policies unlikely to be revived	-	-	(486.8)	(384.1)	(2,178.0)	(303.6)
Balance being Funds for Future Appropriations	623.3	1,613.0	2,900.2	1,896.0	(1,178.2)	2,178.4
Transfer to Balance Sheet being "Deficit in the Revenue Account (Policyholders' Account)"	-	-	-	-	-	601.3
<b>TOTAL (D)</b>	<b>5,181.3</b>	<b>9,476.4</b>	<b>9,595.9</b>	<b>8,220.5</b>	<b>4,297.8</b>	<b>6,376.2</b>
Notes:						
* Represents the deemed realised gain as per norms specified by the Authority						
** Represents Mathematical Reserves after allocation of bonus						
The total surplus as mentioned below :						
(a) Interim Bonuses Paid	76.8	152.4	77.9	98.2	46.1	25.1
(b) Terminal Bonuses Paid	870.6	1,429.8	572.6	615.6	283.1	161.9
(c) Allocation of Bonus to policyholders	-	5,918.0	5,570.8	4,681.6	3,897.2	3,425.4
(d) Surplus shown in the Revenue Account	5,181.3	9,476.4	9,595.9	8,220.5	4,297.8	6,376.2
<b>(e) Total Surplus : [(a)+(b)+(c)+(d)]</b>	<b>6,128.7</b>	<b>16,976.6</b>	<b>15,817.2</b>	<b>13,615.9</b>	<b>8,524.2</b>	<b>9,988.6</b>

Restated Consolidated Statement of Profit and Loss Account (Shareholders' Account/Non-Technical Account)						
(₹ 'in Millions)						
Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amounts transferred from the Policyholders' Account (Technical Account)	4,558.0	7,863.4	7,182.5	6,708.6	7,654.0	3,900.1
Income from Investments						
(a) Interest, Dividends & Rent - Gross	1,073.1	1,867.5	1,662.2	1,508.0	997.9	484.8
(b) Profit on sale / redemption of investments	525.4	620.6	137.1	546.6	156.5	229.8
(c) (Loss) on sale / redemption of investments	(334.7)	(153.1)	(85.2)	(29.4)	(2.1)	-
(d) Amortisation of (premium) / discount on investments	(33.1)	(32.0)	(2.0)	7.8	8.4	(3.2)
<b>Sub-Total</b>	<b>1,230.7</b>	<b>2,303.0</b>	<b>1,712.1</b>	<b>2,033.0</b>	<b>1,160.7</b>	<b>711.4</b>
Other Income	133.4	0.8	105.7	0.1	-	-
<b>TOTAL (A)</b>	<b>5,922.1</b>	<b>10,167.2</b>	<b>9,000.3</b>	<b>8,741.7</b>	<b>8,814.7</b>	<b>4,611.5</b>
Expenses other than those directly related to the insurance business	141.4	767.5	253.8	230.0	157.4	77.8
Bad debts written off	-	-	-	-	-	-
Provisions (Other than taxation)						
(a) For diminution in the value of investments (net)	(2.7)	(43.5)	32.6	(0.5)	58.6	-
(b) Provision for doubtful debts	-	-	-	-	-	-
(c) Others - Provision for standard and non-standard assets	0.1	-	0.1	(0.5)	-	-
Contribution to the Policyholders' Fund	74.2	353.9	380.0	466.9	2,173.3	19.0
<b>TOTAL (B)</b>	<b>213.0</b>	<b>1,077.9</b>	<b>666.5</b>	<b>695.9</b>	<b>2,389.3</b>	<b>96.8</b>
Profit / (Loss) before tax	5,709.1	9,089.3	8,333.8	8,045.8	6,425.4	4,514.7
Provision for Taxation	167.7	220.1	165.9	190.7	(827.7)	42.4
Profit / (Loss) after tax	<b>5,541.4</b>	<b>8,869.2</b>	<b>8,167.9</b>	<b>7,855.1</b>	<b>7,253.1</b>	<b>4,472.3</b>
<b>APPROPRIATIONS</b>						
(a) Balance at the beginning of the year	16,061.1	9,836.7	3,829.7	(2,349.8)	(8,436.0)	(12,908.3)
(b) Interim dividends paid during the year	-	(2,197.4)	(1,795.4)	(1,396.4)	(997.4)	-
(c) Proposed final dividend	-	-	-	-	-	-
(d) Dividend distribution tax	-	(447.4)	(365.5)	(279.2)	(169.5)	-
<b>Profit / (Loss) carried forward to the Balance Sheet</b>	<b>21,602.5</b>	<b>16,061.1</b>	<b>9,836.7</b>	<b>3,829.7</b>	<b>(2,349.8)</b>	<b>(8,436.0)</b>
Earnings Per Share - Basic (₹)	2.77	4.44	4.09	3.94	3.64	2.24
Earnings Per Share - Diluted (₹)	2.76	4.42	4.09	3.93	3.64	2.24
Nominal Value of Share (₹)	10.0	10.0	10.0	10.0	10.0	10.0



## THE OFFER

<b>Offer</b> <sup>(1) (2) (3)</sup>	Up to 299,827,818 Equity Shares aggregating up to ₹ [●] million
<i>of which:</i>	
HDFC Life Employee Reservation Portion	Up to 2,144,520 Equity Shares aggregating up to ₹ [●] million
HDFC Employee Reservation Portion	Up to 805,000 Equity Shares aggregating up to ₹ [●] million
HDFC Shareholders Reservation Portion	Up to 29,982,781 Equity Shares aggregating up to ₹ [●] million
Net Offer	Up to 266,895,517 Equity Shares
<i>of which</i>	
QIB Portion <sup>(4)(5)(6)</sup>	Up to 133,447,758 Equity Shares
<i>of which</i>	
Anchor Investor Portion	Up to 80,068,654 Equity Shares
Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)	53,379,104 Equity Shares
<i>of which</i>	
Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion))	Up to 2,668,956 Equity Shares
Balance of QIB Portion for all QIBs including Mutual Funds	Up to 50,710,148 Equity Shares
Non-Institutional Portion <sup>(4)(6)</sup>	Not less than 40,034,328 Equity Shares available for allocation on proportionate basis
Retail Portion <sup>(4)(6)</sup>	Not less than 93,413,431 Equity Shares available for allocation in accordance with the ICDR Regulations
<b>Equity Shares Pre and post Offer</b>	
Equity Shares outstanding prior to the Offer	2,008,973,222* Equity Shares
Equity Shares outstanding after the Offer	2,008,973,222 <sup>#</sup> Equity Shares
Use of proceeds from the Offer	Our Company will not receive any proceeds from the Offer since the Offer is being made through an offer for sale by the Promoter Selling Shareholders

\* This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

<sup>#</sup>This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

(1) The Offer has been authorised by our Board of Directors pursuant to its resolution passed at the meeting held on July 17, 2017 and the Executive Committee pursuant to its resolution dated July 28, 2017.

(2) Each of the Promoter Selling Shareholders confirms that its portion of the Offered Shares is eligible to be offered by way of the Offer in accordance with Regulation 26(6) of the ICDR Regulations. The offer of 191,246,050 Equity Shares in the Offer has been authorised by HDFC pursuant to a resolution passed by a committee of its directors on July 28, 2017 and consent letter dated July 28, 2017.

The offer of up to 108,581,768 Equity Shares in the Offer has been authorised by Standard Life Mauritius pursuant to its board resolution passed on July 28, 2017.

Further, our Executive Committee has approved this Red Herring Prospectus pursuant to its resolution dated October 25, 2017.

(3) Our Company and the Promoter Selling Shareholders, in consultation with the Managers may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be

*reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price.*

- (4) Allocation to all categories, except the Anchor Investor Portion, the Retail Portion, HDFC Life Employee Reservation Portion, HDFC Employee Reservation Portion and HDFC Shareholders Reservation Portion shall be made on a proportionate basis.*
- (5) In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion.*
- (6) Subject to valid Bids being received at or above the Offer Price, undersubscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company and the Promoter Selling Shareholders, in consultation with the Managers and the Designated Stock Exchange, subject to applicable law. The unsubscribed portion if any, in the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion shall be added back to the Net Offer. In case of under-subscription in the Net Offer, spill-over to the extent of such under subscription shall be permitted from the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion.*

Further, in terms of the Listed Insurance Company Guidelines, no person shall be Allotted Equity Shares representing 1% or more and less than 5% of the post-Offer paid up equity capital of our Company without satisfying the 'fit and proper' criteria set out by our Company, through a self-certification process. In addition, no person shall be Allotted Equity Shares representing 5% or more of the post-Offer paid up equity capital of our Company, unless prior approval of the IRDAI has been obtained by the Bidder in this regard. Accordingly, our Company shall not Allot Equity Shares to any Bidder, in the event the total post-Offer paid up capital held by such Bidder is likely to exceed 5% of the paid up capital of our Company after the Allotment without such approval. For further details, see "*Regulations and Policies*", "*Offer Procedure*" and "*Offer Structure*" on pages 244, 709 and 703 respectively of this Red Herring Prospectus.

In terms of the IRDAI Issuance of Capital Regulations, our Company had, on July 18, 2017, applied to the IRDAI for undertaking a public issue and has received IRDAI's (i) in-principle approval dated August 14, 2017 and (ii) final approval dated October 13, 2017. For further details, see "*Other Regulatory and Statutory Disclosures*", on page 667 of this Red Herring Prospectus.

## GENERAL INFORMATION

Our Company was incorporated at Mumbai on August 14, 2000 as HDFC Standard Life Insurance Company Limited, a public limited company under the Companies Act, 1956. Our Company obtained the certificate of commencement of business on October 12, 2000. Further, our Company obtained the certificate of registration from the IRDAI to undertake life insurance business on October 23, 2000.

For details of the business of our Company, please see “*Our Business*” on page 201 of this Red Herring Prospectus.

### Registered Office of our Company

13<sup>th</sup> Floor, Lodha Excelus  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai 400 011  
Maharashtra, India  
Telephone: +91 (22) 6751 6666  
Facsimile: +91 (22) 6751 6861  
Website: [www.hdfclife.com](http://www.hdfclife.com)  
Email: [investor.service@hdfclife.com](mailto:investor.service@hdfclife.com)  
CIN: U99999MH2000PLC128245  
IRDAI registration number: 101

For details relating to changes to the address of our Registered Office, please see “*History and Certain Corporate Matters - Changes to the address of the Registered Office of our Company*” on page 260 of this Red Herring Prospectus.

### Corporate Office of our Company

12<sup>th</sup>, 13<sup>th</sup> and 14<sup>th</sup> Floor, Lodha Excelus  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai 400 011  
Maharashtra, India  
Telephone: +91 (22) 6751 6666  
Facsimile: +91 (22) 6751 6861

### Address of the Registrar of Companies

Our Company is registered with the Registrar of Companies, Maharashtra, situated at Everest, 100, Marine Drive, Mumbai 400 002, Maharashtra, India.

### Board of Directors

The following table sets out the details regarding our Board as on the date of filing of this Red Herring Prospectus:

Name and Designation	DIN	Address
<i>Mr. Deepak Parekh</i> <i>Designation:</i> Nominee Director and Chairman	00009078	4607, The Imperial Tower, North, B B Nakashe Marg, Tardeo, Mumbai - 400 034, Maharashtra, India.
<i>Sir Gerald Grimstone</i> <i>Designation:</i> Nominee Director	01910890	34, Boscobel Place, London, SW1W 9PE, United Kingdom
<i>Mr. Keki Mistry</i> <i>Designation:</i> Nominee Director	00008886	Flat No. 2603, B Wing, 26 <sup>th</sup> Floor, Vivarea, Sane Guruji Marg, Jacob Circle, Mahalaxmi East, Mumbai – 400 011, Maharashtra, India
<i>Mr. Norman Keith Skeoch</i> <i>Designation:</i> Nominee Director	00165850	19 Lennox Street, Edinburgh, Scotland, EH4 1PY, United Kingdom

<b>Name and Designation</b>	<b>DIN</b>	<b>Address</b>
<b>Ms. Renu Karnad</b> <i>Designation: Nominee Director</i>	00008064	BB – 14, Greater Kailash Enclave Part II, New Delhi – 110 048, Delhi, India
<b>Dr. Jamshed J Irani</b> <i>Designation: Independent Director</i>	00311104	7, Beldih Lake, Northern Town, Jamshedpur - 831 001, Jharkhand, India
<b>Mr. AKT Chari</b> <i>Designation: Independent Director</i>	00746153	D - 804, Mantri Green, No.1 Sampige Road, Malleshwaram, Bangalore – 560 003, Karnataka, India
<b>Mr. Vegulaparanan Kasi Viswanathan</b> <i>Designation: Independent Director</i>	01782934	Apt #F-01,1 <sup>st</sup> Floor, Legacy Caldera, #56 SRT Road, Cunningham Cross Road, Bangalore - 560 052, Karnataka, India
<b>Mr. Prasad Chandran</b> <i>Designation: Independent Director</i>	00200379	Flat No. 302, Third Floor, Skyline Eternity Apartments, 4, Andree Road, Off Langford Road, Shantinagar, Bangalore – 560 027, Karnataka, India
<b>Mr. Sumit Bose</b> <i>Designation: Independent Director</i>	03340616	Flat No.902, Tower 21, Common Wealth Games Village, Near Akshardham, Laxmi Nagar, East Delhi, Delhi – 110 092, India
<b>Mr. Ranjan Mathai</b> <i>Designation: Independent Director</i>	07572976	60, National Media Center, Nathupur, DLF Phase 3, Gurgaon –122 002, Haryana, India
<b>Mr. Ketan Dalal</b> <i>Designation: Independent Director</i>	00003236	9A, Residences, 9 <sup>th</sup> Floor, Bomanji Petit Road, Mumbai – 400 026, Maharashtra, India
<b>Mr. Amitabh Chaudhry</b> <i>Designation: Managing Director and Chief Executive Officer</i>	00531120	Flat 4301, 43 <sup>rd</sup> Floor, Tower III, Electra, Planet Godrej, Near Jacob Circle, Saat Rasta, Mahalaxmi Mumbai – 400 011, Maharashtra, India
<b>Ms. Vibha Padalkar</b> <i>Designation: Executive Director and Chief Financial Officer</i>	01682810	6A & 7, Tarang, Plot no. 224, Tamil Sangham Marg, Sion (East), Mumbai – 400 022, Maharashtra, India

For further details in relation to our Directors, please see “*Our Management*” on page 266 of this Red Herring Prospectus.

#### **Company Secretary and Compliance Officer**

##### **Mr. Narendra Gangan**

13<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound  
N M Joshi Marg, Mahalaxmi  
Mumbai 400 011  
Maharashtra, India  
Telephone: +91 (22) 6751 6666  
Facsimile: +91 (22) 6751 6861  
Email: investor.service@hdfclife.com

#### **Chief Financial Officer**

##### **Ms. Vibha Padalkar**

13<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound  
N M Joshi Marg, Mahalaxmi  
Mumbai 400 011  
Maharashtra, India

Telephone: +91 (22) 6751 6666  
 Facsimile: +91 (22) 6751 6861  
 Email: investor.service@hdfclife.com

**Bidders can contact the Company Secretary and Compliance Officer, the Managers and / or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode.**

All grievances may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, quoting the full details such as the name and address of the sole or First Bidder, date and number of the Bid cum Application Form, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, name and address of the relevant Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the Bidders shall also enclose a copy of the Acknowledgement Slip duly received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

### Promoter Selling Shareholders

#### 1. Housing Development Finance Corporation Limited

Housing Development Finance Corporation Limited is a company incorporated under the laws of India. Its registered office is located at Ramon House, 169 Backbay Reclamation, H. T. Parekh Marg, Mumbai 400 020, Maharashtra, India.

#### 2. Standard Life (Mauritius Holdings) 2006 Limited

Standard Life (Mauritius Holdings) 2006 Limited is a company incorporated under the laws of Mauritius with the Registrar of Companies, Mauritius. Its registered office is located at C/o CIM Fund Services Ltd, 33, Edith Cavell Street, Port Louis, Mauritius.

For details of the Promoter Selling Shareholders, please see "Our Promoters, Promoter Group and Group Companies" on page 293 of this Red Herring Prospectus.

<b>Global Co-ordinators and Book Running Lead Managers</b>	
<p><b>Morgan Stanley India Company Private Limited</b>            18F, Tower 2            One Indiabulls Centre            841, Senapati Bapat Marg,            Lower Parel            Mumbai 400 013            Maharashtra, India            Telephone: +91 (22) 6118 1770            Facsimile: +91 (22) 6118 1031            Email: ipo_hdfclife@morganstanley.com            Website: <a href="http://www.morganstanley.com/about-us/global-offices/india/">http://www.morganstanley.com/about-us/global-offices/india/</a>            Investor Grievance ID: <a href="mailto:investors_india@morganstanley.com">investors_india@morganstanley.com</a>            Contact Person: Mr. Rahul Jain            SEBI registration number: INM000011203</p>	<p><b>HDFC Bank Limited*</b>            Investment Banking Group Unit No. 401 &amp; 402            4th Floor, Tower B Peninsula Business Park            Lower Parel            Mumbai 400 013            Maharashtra, India            Telephone: +91 (22) 339 58021            Facsimile: +91 (22) 3078 8584            Email: hdfclife.ipo@hdfcbank.com            Website: <a href="http://www.hdfcbank.com">www.hdfcbank.com</a>            Investor Grievance ID: <a href="mailto:investor.redressal@hdfcbank.com">investor.redressal@hdfcbank.com</a>            Contact Person: Mr. Rakesh Bhunatar/ Mr. Kunal Datt            SEBI registration number: INM000011252</p>
<p><b>Credit Suisse Securities (India) Private Limited</b>            9th Floor, Ceejay House            Plot F, Shivsagar Estate            Dr. Annie Besant Road            Worli, Mumbai 400 018            Telephone: +91 (22) 6777 3885            Facsimile: +91 (22) 6777 3820            Email: hdfcstandardlifeipo@credit-suisse.com            Website: <a href="https://www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html">https://www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html</a>            Investor Grievance ID: <a href="mailto:list.icellmer-bnkg@credit-suisse.com">list.icellmer-bnkg@credit-suisse.com</a>            Contact Person: Mr. Abhay Agarwal</p>	<p><b>CLSA India Private Limited</b>            8/F Dalamal House            Nariman Point            Mumbai 400 021            Telephone: +91 (22) 6650 5050            Facsimile: +91 (22) 2284 0271            E-mail: hdfcstandardlife.ipo@citiclsa.com            Website: <a href="http://www.india.clsa.com">www.india.clsa.com</a>            Investor Grievance ID: <a href="mailto:investor.helpdesk@clsa.com">investor.helpdesk@clsa.com</a>            Contact person: Mr. Anurag Agarwal            SEBI registration number: INM000010619</p>

Global Co-ordinators and Book Running Lead Managers	
SEBI registration number: INM000011161	
<p><b>Nomura Financial Advisory and Securities (India) Private Limited</b>            Ceejay House, Level 11, Plot F, Shivsagar Estate,            Dr. Annie Besant Marg, Worli            Mumbai – 400 018            Maharashtra, India            Telephone: +91 (22) 4037 4037            Facsimile: +91 (22) 4037 4111            Email: <a href="mailto:hdfclifeipo@nomura.com">hdfclifeipo@nomura.com</a>            Website: <a href="http://www.nomuraholdings.com/company/group/asia/india/index.html">www.nomuraholdings.com/company/group/asia/india/index.html</a>            Investor Grievance ID: <a href="mailto:investorgrievances-in@nomura.com">investorgrievances-in@nomura.com</a>            Contact Person: Mr. Sumit Sukhramani / Mr. Sandeep Baid            SEBI registration number: INM000011419</p>	

<sup>+</sup> In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 5(3) of the ICDR Regulations, HDFC Bank Limited will be involved as a merchant banker only in marketing of the Offer.

Book Running Lead Managers	
<p><b>Edelweiss Financial Services Limited</b>            14th Floor, Edelweiss House            Off. C.S.T Road, Kalina            Mumbai 400 098, India            Telephone: + 91 (22) 4009 4400            Facsimile : +91 (22) 4086 3610            Email: <a href="mailto:hdfclife.ipo@edelweissfin.com">hdfclife.ipo@edelweissfin.com</a>            Website: <a href="http://www.edelweissfin.com">www.edelweissfin.com</a>            Investor Grievance ID: <a href="mailto:customerservice.mb@edelweissfin.com">customerservice.mb@edelweissfin.com</a>            Contact person: Mr. Pradeep Tewani/ Mr. Kunal Malkan            SEBI registration number: INM0000010650</p>	<p><b>Haitong Securities India Private Limited</b>            1203A, Floor 12A, Tower 2A, One Indiabulls Centre,            841 Senapati Bapat Marg, Elphinstone Road,            Mumbai – 400 013            Maharashtra, India            Telephone: +91 (22) 4315 6859            Facsimile: +91 (22) 2421 6327            Email: <a href="mailto:hdfclife.ipo@htisec.com">hdfclife.ipo@htisec.com</a>            Website: <a href="http://www.htisec.com/en-us/haitong-india">http://www.htisec.com/en-us/haitong-india</a>            Investor Grievance ID: <a href="mailto:India.Compliance@htisec.com">India.Compliance@htisec.com</a>            Contact Person: Mr. Himanshu Kashyap            SEBI Registration No.: INM000012045</p>
<p><b>IDFC Bank Limited</b>            Naman Chambers, C-32            G Block, Bandra Kurla Complex            Bandra (East), Mumbai 400 051            Maharashtra, India            Telephone: +91 (22) 6622 2600            Facsimile: +91 (22) 6622 2501            Email: <a href="mailto:hdfclife.ipo@idfcbank.com">hdfclife.ipo@idfcbank.com</a>            Website: <a href="http://www.idfcbank.com">www.idfcbank.com</a>            Investor Grievance ID: <a href="mailto:mb.ig@idfcbank.com">mb.ig@idfcbank.com</a>            Contact Person: Mr. Akshay Bhandari            SEBI Registration No.: MB/INM000012250</p>	<p><b>IIFL Holdings Limited</b>            10th Floor, IIFL Centre            Kamala City, Senapati Bapat Marg            Lower Parel (West)            Mumbai - 400 013            Maharashtra, India            Telephone: +91 (22) 4646 4600            Facsimile: +91 (22) 2493 1073            Email: <a href="mailto:hdfclife.ipo@iiflcap.com">hdfclife.ipo@iiflcap.com</a>            Website: <a href="http://www.iiflcap.com">www.iiflcap.com</a>            Investor Grievance ID: <a href="mailto:ig.ib@iiflcap.com">ig.ib@iiflcap.com</a>            Contact Person: Mr. Pinak Rudra Bhattacharyya / Pranay Doshi            SEBI registration number: INM000010940</p>
<p><b>UBS Securities India Private Limited</b>            2/F, 2 North Avenue, Maker Maxity            Bandra - Kurla Complex, Bandra (East)            Mumbai – 400 051            Maharashtra, India            Telephone: +91 (22) 6155 6000            Facsimile: +91 (22) 6155 6292            Email: <a href="mailto:OL-HDFCLifeIPO@ubs.com">OL-HDFCLifeIPO@ubs.com</a>            Website: <a href="http://www.ubs.com/indianoffers">www.ubs.com/indianoffers</a>            Investor Grievance ID: <a href="mailto:customercare@ubs.com">customercare@ubs.com</a>            Contact Person: Ms. Jasmine Kaur            SEBI Registration No.: INM000010809</p>	

Syndicate members					
<b>Edelweiss Securities Limited</b>	<b>IDFC Securities Limited</b>	<b>India Infoline Limited</b>	<b>HDFC Securities Limited</b>	<b>Sharekhan Limited</b>	
2 <sup>nd</sup> Floor, M.B. Towers, Plot No. 5, Road No. 2, Banjara Hills, Hyderabad - 500 034, Telangana,	Naman Chambers, C-32, G Block, Bandra Kurla Complex, Bandra (East), Mumbai - 400	IIFL Centre Kamala City Senapati Bapat Marg Lower Parel (West) Mumbai - 400 013 Maharashtra, India	I Think Techno Campus Building-B, “Alpha”, Office Floor 8, Opp. Crompton Greaves, Near Kanjurmarg Station	10 <sup>th</sup> Floor, Beta Building, Lodha iThink Techno Campus, Jogeshwari-Vikhroli Link Road, Next to	

<p>India Telephone: +91 (22) 4063 5569 Fascimile: +91 (22) 6747 1347 Email: <a href="mailto:hdfclife.ipo@edelweissfin.com">hdfclife.ipo@edelweissfin.com</a> Website: <a href="http://www.edelweissfin.com">www.edelweissfin.com</a> Investor Grievance ID: <a href="mailto:customerservice.mb@edelweissfin.com">customerservice.mb@edelweissfin.com</a> Contact Person: Mr. Prakash Boricha SEBI Registration No.: INB011193332; INB231193310; and INB261193396</p>	<p>051, Maharashtra, India Telephone: +91 (22) 6622 2585 Fascimile: +91 (22) 6622 2504 Email: <a href="mailto:idfcsec.ie@idfc.com">idfcsec.ie@idfc.com</a> Website: <a href="http://www.idfccapital.com">www.idfccapital.com</a> Investor Grievance ID: <a href="mailto:Investorgrievance@idfc.com">Investorgrievance@idfc.com</a> Contact Person: Mr. Amit Gangnaik SEBI Registration No.: INB231291437/INB 011291433</p>	<p>Telephone: +91 (22) 4249 9000 Fascimile: +91 (22) 2495 4313 Email: <a href="mailto:cs@indiainfoline.com">cs@indiainfoline.com</a> Website: <a href="http://www.indiainfoline.com">www.indiainfoline.com</a> Investor Grievance ID: customergrievances@indiainfoline.com Contact Person: Mr. Prasad Umarale SEBI Registration No.: INB011097533</p>	<p>Kanjurmarg(East), Mumbai - 400 042 Maharashtra, India. Telephone: +91 (22) 3075 3400 Fascimile: +91 (22) 3075 3435 Email: sharmila.kambli@hdfcsec.com Website: <a href="http://www.hdfcsec.com">www.hdfcsec.com</a> Investor Grievance ID: <a href="mailto:customercare@hdfcsec.com">customercare@hdfcsec.com</a> Contact Person: Ms. Sharmila Kambli SEBI Registration No.: INB231109431</p>	<p>Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai - 400 042, Maharashtra, India Telephone: +91 (22) 6115 0000 Fascimile: +91 (22) 6748 1899 Email: <a href="mailto:ipo@sharekhan.com">ipo@sharekhan.com</a> Website: www.sharekhan.com Investor Grievance ID: <a href="mailto:myaccount@sharekhan.com">myaccount@sharekhan.com</a> Contact Person: Mr. Pravin Darji/ Mr. Mehul Koradia SEBI Registration No.: INB011073351/INB 231073330</p>
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**Legal counsel to our Company and HDFC as to Indian law**

***AZB & Partners***

AZB House  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel, Mumbai 400 013  
Maharashtra, India  
Telephone: +91 (22) 6639 6880  
Facsimile: +91 (22) 6639 6888

**Legal counsel to the Managers as to Indian law**

***S&R Associates***

64, Okhla Industrial Estate Phase III  
New Delhi 110 020  
India  
Telephone: +91 (11) 4069 8000  
Facsimile: +91 (11) 4069 8001

**Legal counsel to the Managers as to international law**

***Latham & Watkins LLP***

9 Raffles Place  
#42-02 Republic Plaza  
Singapore 048 619  
Telephone: + (65) 6536 1161  
Facsimile: + (65) 6536 1171

**Legal counsel to Standard Life as to Indian law**

***Cyril Amarchand Mangaldas***

5<sup>th</sup> floor, Peninsula Chambers  
Peninsula Corporate Park  
Ganpatrao Kadam Marg  
Lower Parel, Mumbai 400 013  
Maharashtra, India  
Telephone: +91 (22) 2496 4455  
Facsimile: +91 (22) 2496 3666

**Registrar to the Offer****Karvy Computershare Private Limited**

Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District,  
Nanakramguda, Hyderabad 500 032, India  
Telephone: +91 (40) 6716 2222  
Facsimile: +91 (40) 2343 1551  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)  
Investor Grievance ID: [hdfclife.ipo@karvy.com](mailto:hdfclife.ipo@karvy.com)  
Website: [www.karisma.karvy.com](http://www.karisma.karvy.com)  
Contact Person: M Murali Krishna  
SEBI Registration No. INR000000221

**Escrow Collection Bank, Refund Bank and Public Offer Account Bank****HDFC Bank Limited**

FIG- OPS Department- Lodha,  
I Think Techno Campus O-3 Level,  
Next to Kanjurmarg, Railway Station,  
Kanjurmarg (East) Mumbai- 400 042  
Maharashtra, India  
Telephone: +91 (22) 3075 2927/28/2914  
Facsimile: +91 (22) 2579 9801  
Email: [Vincent.Dsouza@hdfcbank.com](mailto:Vincent.Dsouza@hdfcbank.com), [Siddharth.Jadhav@hdfcbank.com](mailto:Siddharth.Jadhav@hdfcbank.com), and [Prasanna.Uchil@hdfcbank.com](mailto:Prasanna.Uchil@hdfcbank.com)  
Website: [www.hdfcbank.com](http://www.hdfcbank.com)  
Contact Person: Mr. Vincent Dsouza, Mr. Siddharth Jadhav, and Mr. Prasanna Uchil  
SEBI Registration No.: INBI00000063

**Joint Statutory Auditors of our Company**

*M/s. Price Waterhouse Chartered Accountants LLP,*  
252, Veer Savarkar Marg,  
Shivaji Park, Dadar,  
Mumbai 400 028  
Maharashtra, India  
Telephone: +91 (22) 6669 1000  
Facsimile: +91 (22) 6654 7800  
Email: [ipo.gs@in.pwc.com](mailto:ipo.gs@in.pwc.com)  
Firm Registration No.: 012754N/N500016  
Peer Review No.: 007678

*M/s. G.M. Kapadia & Co., Chartered Accountants*  
1007, Raheja Chambers, 213 Nariman Point  
Mumbai – 400 021  
Maharashtra, India  
Telephone: +91 (22) – 6611 6611  
Facsimile: +91 (22) – 6611 6600  
Email: [pointmumbai@gmkco.com](mailto:pointmumbai@gmkco.com)  
Firm Registration No.: 104767W  
Peer Review No. 010341

**Banker to our Company****HDFC Bank Limited**

HDFC Bank House  
Senapati Bapat Marg  
Lower Parel  
Mumbai – 400 013  
Maharashtra, India  
Telephone: +91 (22) 3395 8190  
Facsimile: +91 (22) 3078 8579  
Email: [tusharbtambe@hdfcbank.com](mailto:tusharbtambe@hdfcbank.com)  
Website: [www.hdfcbank.com](http://www.hdfcbank.com)  
Contact person: Mr. Tushar Tambe

**Designated Intermediaries****Self Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as SCSBs under the BTI Regulations for the ASBA process in accordance with the ICDR Regulations is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> and updated from time to time. For details of the list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries and as updated from time to time, please refer to the above mentioned link.

### **Syndicate SCSB Branches**

In relation to Bids submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of ASBA Forms from the members of the Syndicate is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> and updated from time to time.

### **Registered Brokers/ Registrar and Share Transfer Agents/ CDPs**

The list of the Registered Brokers, Registrar and Share Transfer Agents and CDPs, eligible to accept ASBA Forms at the Broker Centres, Designated RTA Locations and Designated CDP Locations respectively, including details such as postal address, telephone number and email address, are provided on the websites of the BSE and the NSE at [http://www.bseindia.com/Markets/PublicIssues/brokercentres\\_new.aspx?expandable=3](http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3) and [http://www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm) for Registered Brokers and <http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6> and [https://www.nse-india.com/products/content/equities/ipos/asba\\_procedures.htm](https://www.nse-india.com/products/content/equities/ipos/asba_procedures.htm) for Registrar and Share Transfer Agents and CDPs, as updated from time to time.

For further details, please see “Offer Procedure” on page 709 of this Red Herring Prospectus.

### **Inter-se allocation of responsibilities:**

The responsibilities and co-ordination by the Managers for various activities in the Offer are as follows:

<b>Activity</b>	<b>Responsibility</b>	<b>Co-ordination</b>
Capital structuring with the relative components and formalities such as type of instruments, composition of debt and equity, size of the Offer, etc.	GCBRLMs, BRLMs**	Morgan Stanley
Due diligence of the Company’s operations/ management/ business plans/ legal, etc. Drafting and design of offer documents. The GCBRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, Registrar of Companies and SEBI including finalisation of the Prospectus and filing with the RoC.	GCBRLMs, BRLMs**	Morgan Stanley
Drafting and approval of statutory advertisements.	GCBRLMs, BRLMs**	CLSA
Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertisement, brochure, etc.	GCBRLMs, BRLMs	HDFC Bank*
Appointment of Registrar, bankers to the Offer, printers, advertising agency, any other intermediary.	GCBRLMs, BRLMs**	Morgan Stanley
Preparation and finalisation of road show marketing presentation and FAQs	GCBRLMs, BRLMs**	Morgan Stanley
International institutional marketing of the Offer, which will cover, inter alia, <ul style="list-style-type: none"> <li>Finalising the list and division of investors for one to one meetings; and</li> <li>Finalising road show schedule and investor meeting schedules</li> </ul>	GCBRLMs, BRLMs**	Morgan Stanley
Domestic institutional marketing of the Offer, which will cover, inter alia, <ul style="list-style-type: none"> <li>Finalising the list and division of investors for one to one meetings; and</li> <li>Finalising road show schedule and investor meeting schedules</li> </ul>	GCBRLMs, BRLMs	HDFC Bank*, CS, Nomura, CLSA
Retail and Non-Institutional marketing strategy which will cover, inter alia: <ul style="list-style-type: none"> <li>Formulating marketing strategies, preparation of publicity budget;</li> <li>Finalising media, marketing and public relations strategy including list of frequently asked questions at road shows;</li> <li>Finalising centres for holding conferences for brokers, etc.;</li> <li>Finalising collection centres and arranging for selection of underwriters and underwriting agreement; and</li> </ul>	GCBRLMs, BRLMs	HDFC Bank*

<b>Activity</b>	<b>Responsibility</b>	<b>Co-ordination</b>
<ul style="list-style-type: none"> <li>Follow-up on distribution of publicity and offer material including form, Prospectus and deciding on the quantum of the offer material</li> </ul>		
Coordination with stock exchanges for book building software, bidding terminals and mock trading	GCBRLMs, BRLMs**	Morgan Stanley
Finalising of Offer Price in consultation with the Company and the Promoter Selling Shareholders	GCBRLMs, BRLMs**	Morgan Stanley
Pricing and managing the book	GCBRLMs, BRLMs**	Morgan Stanley, CS, CLSA, Nomura
<p>Post bidding activities including management of Escrow Accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc.</p> <p>The post Offer activities of the Offer will involve essential follow up steps, which include finalisation of trading and dealing instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as Registrar to the Offer, bankers to the Offer and the bank handling refund business. The GCBRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge the responsibility through suitable agreements with the Company. The post Offer GCBRLMs shall also coordinate the Anchor Offer and finalisation of underwriting agreement.</p>	GCBRLMs, BRLMs**	CS
Payment of the applicable Securities Transaction Tax on sale of unlisted equity shares by the Promoter Selling Shareholders included in the Offer to the Government and filing of the STT return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004.	GCBRLMs, BRLMs**	CS

\* In compliance with the proviso to Regulation 21A(1) of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended, read with proviso to Regulation 5(3) of the ICDR Regulations, HDFC Bank Limited will be involved, as a merchant banker, only in marketing of the Offer.

\*\* Excluding HDFC Bank which will be involved as a merchant banker only in the marketing of the Offer.

## **Experts**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consents from each of its Joint Statutory Auditors, namely, M/s. Price Waterhouse Chartered Accountants LLP, Chartered Accountants and M/s. G.M. Kapadia & Co., Chartered Accountants, to include their respective names as required under Section 26 of the Companies Act, 2013 in this Red Herring Prospectus and to be named as an “Expert” as defined under the Companies Act, 2013 in respect of the reports of the Joint Statutory Auditors on the Restated Standalone Financial Information and on the Restated Consolidated Financial Information, both dated October 21, 2017 and Statement of Tax Benefits dated October 21, 2017, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act. A written consent under the provisions of the Companies Act, 2013 is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act which is applicable only to transactions involving securities registered under the U.S. Securities Act. As the Equity Shares are proposed to be offered as a part of an initial public offering in India and the Equity Shares have not been and will not be registered under the U.S. Securities Act, the Joint Statutory Auditors have not given consent under Section 7 of the U.S. Securities Act. In this regard, the Joint Statutory Auditors have given consent to be referred to as "experts" in this Red Herring Prospectus in accordance with the requirements of the Companies Act, 2013. The term “experts” as used in this Red Herring Prospectus is different from those defined under the U.S. Securities Act which is applicable only to transactions involving securities registered under the Securities Act. The reference to Joint Statutory Auditors as experts in this Red Herring Prospectus is not made in the context of the U.S. Securities Act but solely in the context of this initial public offering in India.

Our Company has obtained the Embedded Value Report and Supplementary Embedded Value Report from the Independent Actuary, Richard Holloway, who is a partner at Milliman Advisors LLP, in accordance with the IRDAI Issuance of Capital Regulations. Our Company has received written consent from Richard Holloway, partner at Milliman Advisors LLP, to include his name in this Red Herring Prospectus and to be named as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the Embedded Value Report and Supplementary Embedded Value Report and such consent has not been withdrawn as on the date of this Red Herring Prospectus. For further details, see “Embedded Value Report” and “Supplementary Embedded Value Report” on page 590 and of this Red Herring Prospectus.

### **Monitoring Agency**

The Offer, being an offer for sale, there is no requirement to appoint a monitoring agency for the Offer.

### **Appraising Entity**

The Offer, being an offer for sale, the objects of the Offer are not required to, and have not, been appraised.

### **Credit Rating**

As this is an offer for sale of equity shares, credit rating is not required.

### **Trustees**

As this is an offer for sale of equity shares, the appointment of trustees is not required.

### **Book Building Process**

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus and the Bid cum Application Forms within the Price Band. The Price Band and the minimum Bid Lot will be decided by our Company and the Promoter Selling Shareholders in consultation with the Managers, and advertised in all editions of Business Standard (which is a widely circulated English and Hindi newspaper), and in the Mumbai edition of Navshakti (which is a widely circulated Marathi newspaper), Marathi being the regional language of Maharashtra, where our Registered Office is located at least five Working Days prior to the Offer Opening Date. The Offer Price shall be determined by our Company and the Promoter Selling Shareholders in consultation with the Managers, after the Offer Closing Date.

**All Bidders, except for Anchor Investors, are mandatorily required to use the ASBA process.**

**In accordance with the ICDR Regulations, QIBs Bidding in the QIB Portion (other than Anchor Investor Portion) and Non-Institutional Investors bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bid(s) (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage and Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Retail Individual Investors can revise their Bids during the Offer Period and withdraw their Bids until the Offer Closing Date. Further, allocation to QIBs in the QIB Portion (other than Anchor Investor Portion) will be on proportionate basis and allocation to the Anchor Investors will be on a discretionary basis.**

For further details, please see “*Offer Procedure*” on page 709 of this Red Herring Prospectus.

Our Company and the Promoter Selling Shareholders will comply with the ICDR Regulations and any other ancillary directions issued by the SEBI for the Offer. Our Company and the Promoter Selling Shareholders have appointed the Managers to manage the Offer and procure Bids for the Offer.

**The Book Building Process and the Bidding process under the ICDR Regulations are subject to change from time to time. Investors are advised to make their own judgment through this process prior to submitting a Bid.**

For an illustration of the Book Building Process, please see “*Offer Procedure Part B - Illustration of the Book Building and Price Discovery Process*” on page 747 of this Red Herring Prospectus.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approval from the Stock Exchanges, which our Company shall apply for after Allotment.

Each Bidder, by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

For further details, please see “Offer Structure” and “Offer Procedure” on pages 703 and 709 of this Red Herring Prospectus, respectively.

### Offer Programme

For details on the Offer Programme, please see “Terms of the Offer” on page 698 of this Red Herring Prospectus.

### Underwriting Agreement

After the determination of the Offer Price and allocation of the Equity Shares, but prior to filing of the Prospectus with the RoC, our Company and the Promoter Selling Shareholders intend to enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)*

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]
[●]	[●]	[●]
[●]	[●]	[●]
Total	[●]	[●]

The above-mentioned amount is indicative and will be finalised after determination of the Offer Price and finalisation of the ‘Basis of Allotment’.

In the opinion of our Board, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under the SEBI Act or registered as brokers with the Stock Exchanges. Our Executive Committee/ Board of Directors, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above.

Notwithstanding the above, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to Bidders respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure purchases for or purchase the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

## CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Red Herring Prospectus, before and after the Offer, is set forth below:

(In ₹)

		Aggregate nominal value	Aggregate value at Offer Price
<b>A) AUTHORISED SHARE CAPITAL</b>			
	3,000,000,000 equity shares of face value ₹ 10 each (“ <b>Equity Shares</b> ”)	30,000,000,000	
<b>B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE OFFER</b>			
	2,008,973,222 Equity Shares	20,089,732,220	
<b>C) PRESENT OFFER IN TERMS OF THIS RED HERRING PROSPECTUS<sup>(1)</sup></b>			
	Offer for Sale of up to 299,827,818 Equity Shares aggregating up to ₹ [●] million <sup>(2)</sup>	2,998,278,180	[●]
	<i>Which includes</i>		
	HDFC Life Employee Reservation Portion of up to 2,144,520 Equity Shares	21,445,200	[●]
	HDFC Employee Reservation Portion of up to 805,000 Equity Shares	8,050,000	[●]
	HDFC Shareholders Reservation Portion of up to 29,982,781 Equity Shares	299,827,810	
<b>D) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER</b>			
	2,008,973,222 Equity Shares*	20,089,732,220	
<b>E) SECURITIES PREMIUM ACCOUNT</b>			
	Before the Offer	2,904,431,470*	-
	After the Offer	2,904,431,470*	-

\*This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

- (1) The Offer has been authorised by our Board pursuant to a resolution dated July 17, 2017 and by the Executive Committee pursuant to its resolution dated July 28, 2017.
- (2) Each of the Promoter Selling Shareholders, i.e., HDFC and Standard Life Mauritius have consented to the inclusion of 191,246,050 and 108,581,768 Equity Shares, respectively, in the Offer pursuant to their resolution of the committee of directors dated July 28, 2017 and board resolution dated July 28, 2017, respectively and the consent letter dated July 28, 2017 from HDFC.

The Promoter Selling Shareholders have, severally and not jointly, specifically confirmed that the Equity Shares proposed to be offered and sold by each of them in the Offer are eligible for being offered for sale in the Offer in terms of Regulation 26(6) of the ICDR Regulations.

- (a) Details of changes to our Company’s authorised share capital since incorporation:

S No.	Date of AGM/ EGM resolution	Change in authorised share capital
1.	October 29, 2002	The initial authorised share capital of ₹ 2,000,000,000 comprising 200,000,000 Equity Shares was increased to ₹ 2,200,000,000 comprising 220,000,000 Equity Shares.
2.	July 25, 2003	The authorised share capital of ₹ 2,200,000,000 comprising 220,000,000 Equity Shares was increased to ₹ 3,000,000,000 comprising 300,000,000 Equity Shares.
3.	February 1, 2005	The authorised share capital of ₹ 3,000,000,000 comprising 300,000,000 Equity Shares was increased to ₹ 3,200,000,000 comprising 320,000,000 Equity Shares.
4.	April 28, 2005	The authorised share capital of ₹ 3,200,000,000 comprising 320,000,000 Equity Shares was increased to ₹ 3,700,000,000 comprising 370,000,000 Equity Shares.
5.	July 8, 2005	The authorised share capital of ₹ 3,700,000,000 comprising 370,000,000 Equity Shares was increased to ₹ 5,500,000,000 comprising 550,000,000 Equity Shares.
6.	August 10, 2005	The authorised share capital of ₹ 5,500,000,000 comprising 550,000,000 Equity Shares was increased to ₹ 6,200,000,000 comprising 620,000,000 Equity Shares.
7.	January 25, 2006	The authorised share capital of ₹ 6,200,000,000 comprising 620,000,000 Equity Shares was increased to ₹ 15,000,000,000 comprising 1,500,000,000 Equity Shares.
8.	April 23, 2008	The authorised share capital of ₹ 15,000,000,000 comprising 1,500,000,000 Equity Shares was increased to ₹ 30,000,000,000 comprising 3,000,000,000 Equity Shares.

## Notes to Capital Structure

### 1. Share capital history

#### (a) History of share capital of our Company

The following table sets forth the history of the equity share capital of our Company:

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reasons for allotment	Cumulative number of Equity Shares	Cumulative paid up Equity Share capital (₹)
August 11, 2000	70	10	10	Cash	Subscription to Memorandum <sup>(1)</sup>	70	700
October 20, 2000	110,200,000	10	10	Cash	Preferential allotment <sup>(2)</sup>	110,200,070	1,102,000,700
November 6, 2000*	40,999,930	10	10	Cash	Preferential allotment <sup>(3)</sup>	151,200,000	1,512,000,000
November 6, 2000	16,800,000	10	10	Cash	Preferential allotment <sup>(4)</sup>	168,000,000	1,680,000,000
February 12, 2003*	50,000,000	10	10	Cash	Preferential allotment <sup>(5)</sup>	218,000,000	2,180,000,000
October 31, 2003*	37,500,000	10	10	Cash	Preferential allotment <sup>(6)</sup>	255,500,000	2,555,000,000
January 10, 2005	44,500,000	10	10	Cash	Preferential allotment <sup>(7)</sup>	300,000,000	3,000,000,000
March 30, 2005	20,000,000	10	10	Cash	Preferential allotment <sup>(8)</sup>	320,000,000	3,200,000,000
June 30, 2005*	50,000,000	10	10	Cash	Preferential allotment <sup>(9)</sup>	370,000,000	3,700,000,000
August 10, 2005*	50,000,000	10	10	Cash	Preferential allotment <sup>(10)</sup>	420,000,000	4,200,000,000
September 30, 2005*	20,000,000	10	10	Cash	Preferential allotment <sup>(11)</sup>	440,000,000	4,400,000,000
October 10, 2005*	20,000,000	10	10	Cash	Preferential allotment <sup>(12)</sup>	460,000,000	4,600,000,000
November 2, 2005*	75,000,000	10	10	Cash	Preferential allotment <sup>(13)</sup>	535,000,000	5,350,000,000
January 25, 2006*	85,000,000	10	10	Cash	Preferential allotment <sup>(14)</sup>	620,000,000	6,200,000,000
July 11, 2006*	60,000,000	10	10	Cash	Preferential allotment <sup>(15)</sup>	680,000,000	6,800,000,000
December 1, 2006	48,504,364	10	10	Cash	Preferential allotment <sup>(16)</sup>	728,504,364	7,285,043,640
February 20, 2007	72,756,546	10	10	Cash	Preferential allotment <sup>(17)</sup>	801,260,910	8,012,609,100
June 7, 2007	118,835,691	10	10	Cash	Preferential	920,096,601	9,200,966,010

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reasons for allotment	Cumulative number of Equity Shares	Cumulative paid up Equity Share capital (₹)
					allotment <sup>(18)</sup>		
August 29, 2007	118,835,691	10	10	Cash	Preferential allotment <sup>(19)</sup>	1,038,932,292	10,389,322,920
December 3, 2007*	85,067,708	10	10	Cash	Preferential allotment <sup>(20)</sup>	1,124,000,000	1,124,000,000
March 12, 2008*	147,000,000	10	10	Cash	Preferential allotment <sup>(21)</sup>	1,271,000,000	12,710,000,000
May 16, 2008*	175,000,000	10	10	Cash	Preferential allotment <sup>(22)</sup>	1,446,000,000	14,460,000,000
October 8, 2008*	175,000,000	10	10	Cash	Preferential allotment <sup>(23)</sup>	1,621,000,000	16,210,000,000
February 3, 2009*	175,000,000	10	10	Cash	Preferential allotment <sup>(24)</sup>	1,796,000,000	17,960,000,000
October 15, 2009*	50,000,000	10	10	Cash	Preferential allotment <sup>(25)</sup>	1,846,000,000	18,460,000,000
March 31, 2010	122,000,000	10	10	Cash	Preferential allotment <sup>(26)</sup>	1,968,000,000	19,680,000,000
June 30, 2010	1,300,000	10	26	Cash	Preferential allotment <sup>(27)</sup>	1,969,300,000	19,693,000,000
December 23, 2010	13,333,333	10	75	Cash	Preferential allotment <sup>(28)</sup>	1,982,633,333	19,826,333,330
March 7, 2011	2,913,430	10	65	Cash	Preferential allotment <sup>(29)</sup>	1,985,546,763	19,855,467,630
March 31, 2011	9,333,333	10	75	Cash	Preferential allotment <sup>(30)</sup>	1,994,880,096	19,948,800,960
December 14, 2015	12,600	10	90	Cash	Allotment under ESOS 2014 <sup>(31)</sup>	1,994,892,696	19,948,926,960
March 15, 2016	395,442	10	90	Cash	Allotment under ESOS 2014 <sup>(32)</sup>	1,995,288,138	19,952,881,380
June 28, 2016	1,795,126	10	90	Cash	Allotment under ESOS 2014 <sup>(33)</sup>	1,997,083,264	19,970,832,640
September 22, 2016	373,224	10	90	Cash	Allotment under ESOS 2014 <sup>(34)</sup>	1,997,456,488	19,974,564,880
December 9, 2016	21,000	10	90	Cash	Allotment under ESOS 2014 <sup>(35)</sup>	1,997,477,488	19,974,774,880
December 9, 2016	170,550	10	95	Cash	Allotment under ESOS 2015 <sup>(36)</sup>	1,997,648,038	19,976,480,380
March 14, 2017	583,645	10	90	Cash	Allotment under ESOS 2014 <sup>(37)</sup>	1,998,231,683	19,982,316,830
March 14, 2017	243,600	10	95	Cash	Allotment under ESOS 2015 <sup>(38)</sup>	1,998,475,283	19,984,752,830
June 15, 2017	261,630	10	90	Cash	Allotment under ESOS 2014 <sup>(39)</sup>	1,998,736,913	19,987,369,130
June 15, 2017	115,209	10	95	Cash	Allotment under ESOS	1,998,852,122	19,988,521,220

Date of allotment	Number of Equity Shares	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Reasons for allotment	Cumulative number of Equity Shares	Cumulative paid up Equity Share capital (₹)
					2015 <sup>(40)</sup>		
August 14, 2017	2,619,924	10	90	Cash	Allotment under ESOS 2014 <sup>(41)</sup>	2,001,472,046	20,014,720,460
August 14, 2017	1,146,500	10	95	Cash	Allotment under ESOS 2015 <sup>(42)</sup>	2,002,618,546	20,026,185,460
September 16, 2017	1,884,663	10	90	Cash	Allotment under ESOS 2014 <sup>(43)</sup>	2,004,503,209	20,045,032,090
September 16, 2017	1,042,161	10	95	Cash	Allotment under ESOS 2015 <sup>(44)</sup>	2,005,545,370	20,055,453,700
October 10, 2017	96,257	10	90	Cash	Allotment under ESOS 2014 <sup>(45)</sup>	2,005,641,627	20,056,416,270
October 10, 2017	2,359,370	10	95	Cash	Allotment under ESOS 2015 <sup>(46)</sup>	2,008,000,997	20,080,009,970
October 10, 2017	972,225	10	190	Cash	Allotment under ESOS 2016 <sup>(47)</sup>	2,008,973,222	20,089,732,220

\*There were delays in reporting inward remittances and filing forms with the RBI in relation to these allotments and that RBI compounded these contraventions pursuant to an order dated May 4, 2010.

- (1) Allotment of 70 Equity Shares to Mr. Deepak Parekh (10 Equity Shares), Mr. D.M. Satwalekar (10 Equity Shares), Mr. Keki Mistry (10 Equity Shares), Mr. Satish G. Mehta (10 Equity Shares), Mr. S.N Shroff (10 Equity Shares), Mr. Paresh S. Parasnis (10 Equity Shares) and Mr. Susir Kumar M (10 Equity Shares).
- (2) Preferential allotment of 110,200,000 Equity Shares to HDFC.
- (3) Preferential allotment of 9,751,930 Equity Shares to HDFC and 31,248,000 Equity Shares to Standard Life Assurance.
- (4) Preferential allotment of 8,400,000 Equity Shares to Mr. Deepak Parekh as trustee of HDFC Trust and 8,400,000 Equity Shares as trustee of ESOS Trust.
- (5) Preferential allotment of 40,700,000 Equity Shares to HDFC and 9,300,000 Equity Shares to Standard Life Assurance.
- (6) Preferential allotment of 30,525,000 Equity Shares to HDFC and 6,975,000 Equity Shares to Standard Life Assurance.
- (7) Preferential allotment of 43,036,000 Equity Shares to HDFC and 1,464,000 Equity Shares to HDFC Trust.
- (8) Preferential allotment of 20,000,000 Equity Shares to HDFC.
- (9) Preferential allotment of 43,797,704 Equity Shares to HDFC and 6,202,296 Equity Shares to Standard Life Assurance.
- (10) Preferential allotment of 42,362,838 Equity Shares to HDFC and 7,637,162 Equity Shares to Standard Life Assurance.
- (11) Preferential allotment of 16,945,135 Equity Shares to HDFC and 3,054,865 Equity Shares to Standard Life Assurance.
- (12) Preferential allotment of 16,945,135 Equity Shares to HDFC and 3,054,865 Equity Shares to Standard Life Assurance.
- (13) Preferential allotment of 63,544,257 Equity Shares to HDFC and 11,455,743 Equity Shares to Standard Life Assurance.
- (14) Preferential allotment of 72,016,825 Equity Shares to HDFC and 12,983,175 Equity Shares to Standard Life Assurance.
- (15) Preferential allotment of 49,012,000 Equity Shares to HDFC and 10,988,000 Equity Shares to Standard Life Assurance.
- (16) Preferential allotment of 48,504,364 Equity Shares to HDFC.
- (17) Preferential allotment of 72,756,546 Equity Shares to HDFC.
- (18) Preferential allotment of 118,835,691 Equity Shares to HDFC.
- (19) Preferential allotment of 118,835,691 Equity Shares to HDFC.
- (20) Preferential allotment of 85,067,708 Equity Shares to Standard Life Mauritius.
- (21) Preferential allotment of 108,780,000 Equity Shares to HDFC and 38,220,000 Equity Shares to Standard Life Mauritius.
- (22) Preferential allotment of 119,500,000 Equity Shares to HDFC, 45,500,000 Equity Shares to Standard Life Mauritius and 10,000,000 Equity Shares to HDFC Trust.
- (23) Preferential allotment of 129,500,000 Equity Shares to HDFC and 45,500,000 Equity Shares to Standard Life Mauritius.
- (24) Preferential allotment of 129,500,000 Equity Shares to HDFC and 45,500,000 Equity Shares to Standard Life Mauritius.
- (25) Preferential allotment of 37,000,000 Equity Shares to HDFC and 13,000,000 Equity Shares to Standard Life Mauritius.
- (26) Preferential allotment of 90,280,000 Equity Shares to HDFC and 31,720,000 Equity Shares to Standard Life Mauritius.
- (27) Preferential allotment of 1,300,000 Equity Shares to ESOS Trust.
- (28) Preferential allotment of 9,821,600 Equity Shares to HDFC and 3,511,733 Equity Shares to Standard Life Mauritius.
- (29) Preferential allotment of 2,913,430 Equity Shares to ESOS Trust.
- (30) Preferential allotment of 5,856,242 Equity Shares to HDFC and 3,477,091 Equity Shares to Standard Life Mauritius.

- (31) Allotment of 12,600 Equity Shares to an employee pursuant to ESOS 2014.  
(32) Allotment of 395,442 Equity Shares to 37^ employees pursuant to ESOS 2014.  
(33) Allotment of 1,795,126 Equity Shares to 100^ employees pursuant to ESOS 2014.  
(34) Allotment of 373,224 Equity Shares to 26^ employees pursuant to ESOS 2014.  
(35) Allotment of 21,000 Equity Shares to 3 employees pursuant to ESOS 2014.  
(36) Allotment of 170,550 Equity Shares to 35 employees pursuant to ESOS 2015.  
(37) Allotment of 583,645 Equity Shares to 54 employees pursuant to ESOS 2014.  
(38) Allotment of 243,600 Equity Shares to 31^ employees pursuant to ESOS 2015.  
(39) Allotment of 261,630 Equity Shares to 21^ employees pursuant to ESOS 2014.  
(40) Allotment of 115,209 Equity Shares to 14^ employees pursuant to ESOS 2015.  
(41) Allotment of 2,619,924 Equity Shares to 32^ employees pursuant to ESOS 2014.  
(42) Allotment of 1,146,500 Equity Shares to 26^ employees pursuant to ESOS 2015.  
(43) Allotment of 1,884,663 Equity Shares to 101^ employees pursuant to ESOS 2014.  
(44) Allotment of 1,042,161 Equity Shares to 97^ employees pursuant to ESOS 2015.  
(45) Allotment of 96,257 Equity Shares to 7^ employees pursuant to ESOS 2014.  
(46) Allotment of 2,359,370 Equity Shares to 162^ employees pursuant to ESOS 2015.  
(47) Allotment of 972,225 Equity Shares to 112^ employees pursuant to ESOS 2016.

^ Certain of these Equity Shares are being held by the employees jointly with their relatives.

Since incorporation our Company has not issued any preference shares.

As on the date of this Red Herring Prospectus, our Company has not issued any Equity Shares for consideration other than cash.

Except as disclosed above, in the last two years preceding the date of filing of the Red Herring Prospectus, our Company has not issued any Equity Shares.

## 2. History of Build up, Contribution and Lock-in of Promoters' Shareholding

### (a) Build up of Promoters' shareholding in our Company

Details of the build up of the shareholding of the Promoters in our Company are as follows:

Name of the Promoter	Date of transaction	Number of Equity Shares	Face value (₹)	Issue/ Acquisition /Sale Price per Equity Share (₹)	% of pre-Offer capital^	% of post-Offer capital#	Nature of consideration	Nature of transaction
HDFC (A)	October 20, 2000	110,200,000	10	10	5.49	5.49	Cash	Preferential allotment <sup>(*)</sup>
	November 6, 2000	9,751,930	10	10	0.49	0.49	Cash	Preferential allotment <sup>(*)</sup>
	December 20, 2000	70 <sup>(**)</sup>	10	10	0.0	0.0	Cash	Acquisition of beneficial interest; legal interest continues with subscribers to MoA
	February 12, 2003	40,700,000	10	10	2.03	2.03	Cash	Preferential allotment <sup>(*)</sup>
	October 31, 2003	30,525,000	10	10	1.52	1.52	Cash	Preferential allotment <sup>(*)</sup>
	January 10, 2005	43,036,000	10	10	2.14	2.14	Cash	Preferential allotment <sup>(*)</sup>
	March 30, 2005	20,000,000	10	10	1.0	1.0	Cash	Preferential allotment <sup>(*)</sup>
	June 30, 2005	43,797,704	10	10	2.18	2.18	Cash	Preferential allotment <sup>(*)</sup>
	August 10, 2005	42,362,838	10	10	2.11	2.11	Cash	Preferential allotment <sup>(*)</sup>
	September 30, 2005	16,945,135	10	10	0.84	0.84	Cash	Preferential allotment <sup>(*)</sup>

Name of the Promoter	Date of transaction	Number of Equity Shares	Face value (₹)	Issue/ Acquisition /Sale Price per Equity Share (₹)	% of pre- Offer capital <sup>^</sup>	% of post- Offer capital <sup>#</sup>	Nature of consideration	Nature of transaction
	October 10, 2005	16,945,135	10	10	0.84	0.84	Cash	Preferential allotment <sup>(*)</sup>
	November 2, 2005	63,544,257	10	10	3.16	3.16	Cash	Preferential allotment <sup>(*)</sup>
	January 25, 2006	72,016,825	10	10	3.58	3.58	Cash	Preferential allotment <sup>(*)</sup>
	March 24, 2006	(21,170,569)	10	19.53	1.05	1.05	Cash	Transfer <sup>(1)</sup>
	June 13, 2006	(2,714,931)	10	20.86	0.14	0.14	Cash	Transfer <sup>(2)</sup>
	July 11, 2006	49,012,000	10	10	2.44	2.44	Cash	Preferential allotment <sup>(*)</sup>
	December 1, 2006	48,504,364	10	10	2.41	2.41	Cash	Preferential allotment <sup>(*)</sup>
	February 20, 2007	72,756,546	10	10	3.62	3.62	Cash	Preferential allotment <sup>(*)</sup>
	June 7, 2007	118,835,691	10	10	5.92	5.92	Cash	Preferential allotment <sup>(*)</sup>
	August 29, 2007	118,835,691	10	10	5.92	5.92	Cash	Preferential allotment <sup>(*)</sup>
	December 31, 2007	(80,387,686)	10	25.04	4.0	4.0	Cash	Transfer <sup>(3)</sup>
	March 12, 2008	108,780,000	10	10	5.41	5.41	Cash	Preferential allotment <sup>(*)</sup>
	May 16, 2008	119,500,000	10	10	5.95	5.95	Cash	Preferential allotment <sup>(*)</sup>
	October 8, 2008	129,500,000	10	10	6.45	6.45	Cash	Preferential allotment <sup>(*)</sup>
	February 3, 2009	129,500,000	10	10	6.45	6.45	Cash	Preferential allotment <sup>(*)</sup>
	October 15, 2009	37,000,000	10	10	1.84	1.84	Cash	Preferential allotment <sup>(*)</sup>
	March 31, 2010	90,280,000	10	10	4.49	4.49	Cash	Preferential allotment <sup>(*)</sup>
	December 23, 2010	9,821,600	10	75	0.49	0.49	Cash	Preferential allotment <sup>(*)</sup>
	March 31, 2011	5,856,242	10	75	0.29	0.29	Cash	Preferential allotment <sup>(*)</sup>
	December 30, 2014	(11,969,000)	10	105	0.6	0.6	Cash	Transfer <sup>(4)</sup>
	January 15, 2015	(6,982,361)	10	105	0.35	0.35	Cash	Transfer <sup>(5)</sup>
	March 27, 2015	(15,483,147)	10	64	0.77	0.77	Cash	Transfer <sup>(6)</sup>
	April 20, 2016 <sup>(***)</sup>	(179,539,209)	10	95	8.94	8.94	Cash	Transfer <sup>(7)</sup>
<b>A (total)</b>		1,229,760,125	10		61.21	61.21		
<b>Standard Life Mauritius (B)</b>	December 3, 2007	85,067,708	10	10	4.23	4.23	Cash	Preferential allotment <sup>(*)</sup>
	December 31, 2007	126,784,606	10	11.80	6.31	6.31	Cash	Acquisition by way of transfer <sup>(8)</sup>
	December 31, 2007	80,387,686	10	25.04	4.00	4.00	Cash	Acquisition by way of transfer <sup>(9)</sup>
	March 12, 2008	38,220,000	10	10	1.90	1.90	Cash	Preferential allotment <sup>(*)</sup>

Name of the Promoter	Date of transaction	Number of Equity Shares	Face value (₹)	Issue/ Acquisition /Sale Price per Equity Share (₹)	% of pre- Offer capital <sup>^</sup>	% of post- Offer capital <sup>#</sup>	Nature of consideration	Nature of transaction
	May 16, 2008	45,500,000	10	10	2.26	2.26	Cash	Preferential allotment <sup>(*)</sup>
	October 8, 2008	45,500,000	10	10	2.26	2.26	Cash	Preferential allotment <sup>(*)</sup>
	February 3, 2009	45,500,000	10	10	2.26	2.26	Cash	Preferential allotment <sup>(*)</sup>
	October 15, 2009	13,000,000	10	10	0.65	0.65	Cash	Preferential allotment <sup>(*)</sup>
	March 31, 2010	31,720,000	10	10	1.58	1.58	Cash	Preferential allotment <sup>(*)</sup>
	December 23, 2010	3,511,733	10	75	0.17	0.17	Cash	Preferential allotment <sup>(*)</sup>
	March 31, 2011	3,477,091	10	75	0.17	0.17	Cash	Preferential allotment <sup>(*)</sup>
	April 20, 2016	179,539,209	10	95	8.94	8.94	Cash	Acquisition by way of transfer <sup>(10)</sup>
<b>B (total)</b>		698,208,033	10	-	34.75	34.75		-
<b>Total (A+B)</b>		1,927,968,158	10	-	95.97	95.97		-

\*Please see "Notes to Capital Structure – Share Capital History" on page 113 of this Red Herring Prospectus.

\*\*Title to these Equity Shares has been transferred to HDFC at a price of ₹210 per Equity Share, with effect from August 1, 2017.

\*\*\*These Equity Shares are locked-in until March 29, 2021 based on IRDAI's letter dated March 30, 2016.

<sup>^</sup>\*This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

<sup>#</sup>This assumes full subscription and excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding stock options.

- (1) Transfer of Equity Shares from HDFC to Standard Life Assurance.
- (2) Transfer of Equity Shares from HDFC to Standard Life Assurance.
- (3) Transfer of Equity Shares from HDFC to Standard Life Mauritius.
- (4) Transfer of Equity Shares from HDFC to Azim Premji Trust.
- (5) Transfer of Equity Shares from HDFC to Azim Premji Trust.
- (6) Transfer of Equity Shares from HDFC to Rajendra Ghag and Srinivasan Parthasarathy as trustees of the ESOS Trust.
- (7) Transfer of Equity Shares from HDFC to Standard Life Mauritius.
- (8) Transfer of Equity Shares from Standard Life Assurance to Standard Life Mauritius.
- (9) Transfer of Equity Shares from HDFC to Standard Life Assurance.
- (10) Transfer of Equity Shares from HDFC to Standard Life Mauritius.

None of the Equity Shares held by our Promoters are pledged. The Equity Shares allotted by our Company to our Promoters were fully paid up as on their respective dates of allotments.

**(a) Shareholding of our Promoters, Promoter Group and directors of our Promoters**

Details of the Equity Shares held by our Promoters, members of the Promoter Group and directors of our Promoters as of the date of this Red Herring Prospectus are as follows:

S No.	Name of shareholder	Pre-Offer*		Post-Offer**	
		Number of Equity Shares	%	Number of Equity Shares	%
<b>Promoters</b>					
1.	HDFC	1,229,760,125	61.21	1,038,514,075	51.69
2.	Standard Life Mauritius	698,208,033	34.75	589,626,265	29.35
<b>Promoter Group</b>					
3.	NIL	-	-	-	-
<b>Directors of HDFC**</b>					
4.	Mr. Deepak Parekh <sup>(1)</sup>	1,367,877	0.07	1,367,877***	0.07***
5.	Mr. Keki Mistry <sup>(2)</sup>	1,125,000	0.06	1,125,000***	0.06***
6.	Ms. Renu Karnad <sup>(3)</sup>	1,125,000	0.06	1,125,000***	0.06***
7.	Mr. V. S. Rangan <sup>(4)</sup>	192,263	0.01	192,263***	0.01***
8.	Mr. D. M. Sukthankar <sup>(5)</sup>	20,000	0.0	20,000***	0.0***
9.	Mr. B. S. Mehta	20,000	0.0	20,000***	0.0***

S No.	Name of shareholder	Pre-Offer*		Post-Offer**	
		Number of Equity Shares	%	Number of Equity Shares	%
10.	Mr. D. N. Ghosh <sup>(6)</sup>	20,000	0.0	20,000***	0.0***
11.	Mr. N. M. Munjee <sup>(7)</sup>	20,000	0.0	20,000***	0.0***

\*This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

\*\*This assumes full subscription and excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding stock options.

\*\*\*This may change based on any subscription that the directors may have pursuant to the Offer.

(1) Held jointly with Ms. Smita Deepak Parekh.

(2) Held jointly with Ms. Arnaaz Keki Mistry.

(3) Held jointly with Mr Bharat Karnad.

(4) Held jointly with Mrs. S Anuradha.

(5) Held jointly with Ms. Madhavi U Lad.

(6) Held jointly with Ms. Tapasi Ghosh.

(7) Held jointly with Subur Munjee.

**(b) The details of the shareholding of the Promoter Selling Shareholders are as follows:**

S No.	Name of shareholder	Pre-Offer*		Post-Offer**	
		Number of Equity Shares	%	Number of Equity Shares	%
1.	HDFC	1,229,760,125	61.21	1,038,514,075	51.69
2.	Standard Life Mauritius	698,208,033	34.75	589,626,265	29.35

\*This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

\*\*This assumes full subscription to the Offer and excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding stock options.

**(c) Details of Promoter's contribution and lock-in**

Pursuant to Regulation 36(a) of the ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer capital of our Company held by our Promoters, assuming exercise of all vested employee stock options, shall be locked-in for a period of three years from the date of Allotment ("**Promoters' Contribution**") and our Promoters' shareholding, other than the Equity Shares transferred pursuant to the Offer, in excess of Promoters' Contribution shall be locked in for a period of one year from the date of Allotment.

The lock-in of the Promoters' Contribution would be created as per applicable law and procedures and details of the same shall also be provided to the Stock Exchanges before listing of the Equity Shares.

Our Promoters, HDFC and Standard Life Mauritius, have confirmed the inclusion of such number of Equity Shares held by them, in aggregate, as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company .i.e. assuming exercise of all vested employee stock options, as Promoters' Contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber, in any manner, the Promoters' Contribution from the date of filing of this Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under ICDR Regulations. Details of the Promoters' Contribution are as provided below:

Name of the Promoter	Number of Equity Shares locked-in	Date of allotment/transfer*	Face value (₹)	Issue/Acquisition price per Equity Shares (₹)	Nature of transaction	Source of funds	% of the post-Offer Capital, assuming exercise of all vested employee stock options
HDFC	70	December 20, 2000	10	10	Acquisition of beneficial interest**	Internal accruals	0.0
	331,871	January 25, 2006	10	10	Preferential allotment	Internal accruals	0.02

Name of the Promoter	Number of Equity Shares locked-in	Date of allotment/transfer*	Face value (₹)	Issue/Acquisition price per Equity Shares (₹)	Nature of transaction	Source of funds	% of the post-Offer Capital, assuming exercise of all vested employee stock options
	49,012,000	July 11, 2006	10	10	Preferential allotment	Internal accruals	2.44
	48,504,364	December 1, 2006	10	10	Preferential allotment	Internal accruals	2.41
	72,756,546	February 20, 2007	10	10	Preferential allotment	Internal accruals	3.62
	85,829,049	June 7, 2007	10	10	Preferential allotment	Internal accruals	4.27
Standard Life Mauritius	145,500,113	April 20, 2016	10	95	Acquisition by way of transfer	New issue of equity capital and retained earnings	7.24
<b>Total</b>	<b>401,934,013</b>						<b>20.00</b>

\*Equity Shares were fully paid up on the date of allotment.

\*\*Title to these Equity Shares was transferred to HDFC with effect from August 1, 2017.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters, as required under the ICDR Regulations.

The Equity Shares that are being locked-in are not ineligible for computation of Promoters' Contribution under Regulation 33 of the ICDR Regulations. In this regard, we confirm that:

- (i) The Equity Shares offered towards Promoters' Contribution have not been acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalisation of intangible assets; or (b) arisen from bonus shares out of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares which are otherwise ineligible for computation of Promoters' Contribution;
- (ii) The Equity Shares offered towards Promoters' Contribution have not been acquired during the period of one year preceding the date of this Red Herring Prospectus, at a price lower than the price at which the Equity Shares will be offered to the public in the Offer;
- (iii) The Equity Shares held by the Promoters are not subject to any pledge;
- (iv) Our Company has not been formed by the conversion of a partnership firm into a company; and
- (v) All Equity Shares held by the Promoters and members of our Promoter Group as well as the Equity Shares offered for Promoters' Contribution are held in dematerialised form.

### 3. Details of Equity Share Capital locked-in for one year

Unless provided otherwise under applicable law, the entire pre-Offer capital of our Company shall be locked in for a period of one year from the date of Allotment, except for (a) the Promoters' Contribution which shall be locked in for three years, as set out above; (b) the Equity Shares which will be transferred by way of the Offer for Sale; (c) the Equity Shares held by the eligible employees of our Company or our subsidiaries, which were allotted to, and are currently held by, such employees (who continue to be such employees as on the date of Allotment) pursuant to exercise of options under the ESOS Schemes; (d) the Equity Shares which may be allotted, pursuant to exercise of options under the ESOS Schemes, to the eligible employees of our Company or our subsidiaries prior to completion of the Offer, who continue to be such employees as on the date of Allotment; (e) the Equity Shares held by the ESOS Trust, subject to the provisions of the ICDR Regulations and the SEBI ESOS Regulations; (f) Equity Shares held by VCFs, AIFs (category I or category II), or FVCIs

(provided that such Equity Shares shall be locked-in for a period of at least one year from the date of purchase by such VCF, AIF (category I or category II), or FVCI); and (g) 179,539,209 Equity Shares held by Standard Life Mauritius, locked-in for a period of five years until March 29, 2021 pursuant to IRDAI's letter dated March 30, 2016.

**4. Other requirements in respect of lock-in**

The Equity Shares held by our Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans. However, pursuant to the current IRDAI regulatory framework, our Promoters cannot encumber or pledge the Equity Shares held by them in any manner.

The Equity Shares held by our Promoters which are locked-in may be transferred to and amongst the Promoter Group entities or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations and the Insurance Act, as applicable, and compliance with any lock-in/ transfer restrictions prescribed by the IRDAI. In addition, post listing of the Equity Shares, such persons shall also be required to comply with the provisions of the Listed Insurance Company Guidelines, including the declaration on "fit and proper" status of such persons and approval of the IRDAI, as may be applicable.

*Lock-in of the Equity Shares to be Allotted, if any, to the Anchor Investors*

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.

**5. Shareholding pattern of our Company**

The table below represents the equity shareholding pattern of our Company as on the date of this Red Herring Prospectus:

Category (I)	Category of shareholder (II)	Nos. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII) = (IV)+(V)+(VI)	Shareholding as a % of total no. of shares (calculate as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible Securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) As a % of (A+B+C2)	Number of Locked-in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)
								No. of Voting Rights		Total as a % of (A+B+C)			No.(a)	As a % of total Shares held (b)	No.(a)	As a % of total Shares held (b)	
								Class eg.: X	Class eg.: Y								
(A)	Promoters & Promoter Group	2	1,927,968,158	-	-	1,927,968,158	95.97	1,927,968,158	1,927,968,158	95.97	-	179,539,209	9.31	-	-	1,927,968,158	
(B)	Public	3,225	79,726,341	-	-	79,726,341	3.97	79,726,341	79,726,341	3.97	-	-	6,984,569	8.76	-	79,726,341	
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C1)	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(C2)	Shares held by Employee Trust	2	1,278,723	-	-	1,278,723	0.06	1,278,723	1,278,723	0.06	-	-	-	-	-	1,278,723	
	<b>Total</b>	<b>3,229</b>	<b>2,008,973,222</b>	<b>-</b>	<b>-</b>	<b>2,008,973,222</b>	<b>100.00</b>	<b>2,008,973,222</b>	<b>2,008,973,222</b>	<b>100.00</b>	<b>-</b>	<b>179,539,209</b>	<b>8.94</b>	<b>6,984,569</b>	<b>0.35</b>	<b>2,008,973,222</b>	

Our Company will file the shareholding pattern, in the form prescribed under Regulation 31 of the Listing Regulations, one day prior to the listing of the Equity Shares. The shareholding pattern will be provided to the Stock Exchanges for uploading on the website of Stock Exchanges before the commencement of trading of the Equity Shares.

## 6. Shareholding of our Directors and/or Key Management Personnel

Except as set forth below, none of our Directors or Key Management Personnel hold any Equity Shares as on the date of this Red Herring Prospectus:

Sr. No.	Name of shareholder	Number of Equity Shares held	Pre Offer%*	Post Offer%**
<b>Directors</b>				
1.	Mr. Amitabh Chaudhry	4,564,087	0.22	0.22
2.	Mr. Deepak Parekh <sup>(1)</sup>	1,367,877	0.07	0.07
3.	Ms. Vibha Padalkar <sup>(2)</sup>	1,961,750	0.10	0.10
4.	Mr. Keki Mistry <sup>(3)</sup>	1,125,000	0.06	0.06
5.	Ms. Renu Karnad <sup>(4)</sup>	1,125,000	0.06	0.06
<b>Key Management Personnel</b>				
1.	Mr. Khushru Sidhwa <sup>(5)</sup>	304,500	0.01	0.01
2.	Mr. Prasun Gajri	666,000	0.03	0.03
3.	Mr. Rajendra Ghag	495,400	0.02	0.02
4.	Mr. Sanjeev Kapur <sup>(6)</sup>	582,700	0.03	0.03
5.	Mr. Sanjay Vij	602,200	0.03	0.03
6.	Mr. Suresh Badami	799,250	0.04	0.04
7.	Mr. Srinivasan Parthasarathy	627,100	0.03	0.03
8.	Mr. Subrat Mohanty	1,226,000	0.06	0.06
9.	Mr. Rajendra Ghag and Mr. Srinivasan Parthasarathy <sup>(7)</sup>	1,158,890	0.06	0.06
<b>Total</b>		<b>16,605,754</b>	<b>0.82</b>	<b>0.82</b>

\*This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

\*\*This assumes full subscription to the Offer, excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding stock options and may change based on any Equity Shares purchased by our Directors and Key Managerial Personnel pursuant to the Offer

- (1) Held jointly with Ms. Smita Deepak Parekh.  
(2) 985,000 Equity Shares held jointly with Mr. Umesh Jayant Padalkar.  
(3) Held jointly with Ms. Arnaaz Keki Mistry.  
(4) Held jointly with Mr Bharat Karnad.  
(5) 215,100 Equity Shares held jointly with Ms Tanaz Khushru Sidhwa.  
(6) 498,000 Equity Shares held jointly with Ms. Ushma Kapur.  
(7) Held as trustees of the ESOS Trust.

7. As on the date of this Red Herring Prospectus, our Company has 3,229 shareholders.

## 8. Top 10 shareholders

(a) Our top 10 Equity Shareholders and the number of Equity Shares held by them, as on the date of this Red Herring Prospectus are as follows:

S. No.	Shareholder	Pre-Offer*		Post-Offer**	
		Number of Equity Shares	Percentage (%)	Number of Equity Shares	Percentage (%)
1.	HDFC	1,229,760,125	61.21	1,038,514,075	51.69
2.	Standard Life Mauritius	698,208,033	34.75	589,626,265	29.35
3.	Azim Premji Trust	18,951,361	0.94	18,951,361	0.94
4.	Mr. Amitabh Chaudhry	4,564,087	0.22	4,564,087	0.22
5.	Ms. Vibha Padalkar <sup>(1)</sup>	1,961,750	0.10	1,961,750	0.10
6.	Mr. Deepak Parekh <sup>(2)</sup>	1,367,877	0.07	1,367,877	0.07
7.	Mr. Subrat Mohanty	1,226,000	0.06	1,226,000	0.06
8.	Mr. Rajendra Ghag and Mr. Srinivasan Parthasarathy	1,158,890	0.06	1,158,890	0.06

S. No.	Shareholder	Pre-Offer*		Post-Offer**	
		Number of Equity Shares	Percentage (%)	Number of Equity Shares	Percentage (%)
	(3)				
9.	Mr. Keki Mistry <sup>(4)</sup>	1,125,000	0.06	1,125,000	0.06
10.	Ms. Renu Karnad <sup>(5)</sup>	1,125,000	0.06	1,125,000	0.06
	<b>Total</b>	<b>1,959,448,123</b>	<b>97.53</b>	<b>1,659,620,305</b>	<b>82.61</b>

\*This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

\*\*This assumes full subscription to the Offer, excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding stock options and may change based on any Equity Shares purchased by such persons (other than the Promoters) pursuant to the Offer.

(1) 985,000 Equity Shares held jointly with Mr. Umesh Jayant Padalkar.

(2) Held jointly with Ms. Smita Deepak Parekh.

(3) Held as trustees of the ESOS Trust.

(4) Held jointly with Ms. Arnaaz Keki Mistry.

(5) Held jointly with Mr. Bharat Karnad.

(b) Our top 10 Equity Shareholders and the number of Equity Shares held by them 10 days prior to filing of this Red Herring Prospectus were as follows:

S. No.	Shareholder	Pre-Offer*	
		Number of Equity Shares	Percentage (%)
1.	HDFC	1,229,760,125	61.21
2.	Standard Life Mauritius	698,208,033	34.75
3.	Azim Premji Trust	18,951,361	0.94
4.	Mr. Amitabh Chaudhry	4,564,087	0.22
5.	Ms. Vibha Padalkar <sup>(1)</sup>	1,961,750	0.10
6.	Mr. Deepak Parekh <sup>(2)</sup>	1,367,877	0.07
7.	Mr. Subrat Mohanty	1,226,000	0.06
8.	Mr. Rajendra Ghag and Mr. Srinivasan Parthasarathy <sup>(3)</sup>	1,158,890	0.06
9.	Mr. Keki Mistry <sup>(4)</sup>	1,125,000	0.06
10.	Ms. Renu Karnad <sup>(5)</sup>	1,125,000	0.06
	<b>Total</b>	<b>1,959,448,123</b>	<b>97.53</b>

\*This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

(1) 985,000 Equity Shares held jointly with Mr. Umesh Jayant Padalkar.

(2) Held jointly with Ms. Smita Deepak Parekh.

(3) Held as trustees of the ESOS Trust.

(4) Held jointly with Ms. Arnaaz Keki Mistry.

(5) Held jointly with Mr. Bharat Karnad.

(c) Our top 10 Equity Shareholders two years prior to the date of filing of this Red Herring Prospectus were as follows:

S. No.	Shareholder	Pre-Offer*	
		Number of Equity Shares	Percentage (%)
1.	HDFC	1,409,299,264	70.65
2.	Standard Life Mauritius	518,668,824	26.0
3.	Azim Premji Trust	18,951,361	0.95
4.	ESOS Trust <sup>(1)</sup>	13,132,744	0.65
5.	Mr. Deepak Parekh <sup>(2)</sup>	1,367,877	0.07
6.	Mr. Keki Mistry <sup>(3)</sup>	1,125,000	0.06
7.	Ms. Renu Karnad <sup>(4)</sup>	1,125,000	0.06
8.	Mr. Amitabh Chaudhry	995,435	0.05
9.	Ms. Vibha Padalkar <sup>(5)</sup>	843,000	0.04
10.	Mr. Deepak Satwalekar <sup>(6)</sup>	520,000	0.02
	<b>Total</b>	<b>1,966,028,505</b>	<b>98.55</b>

\* This excludes adjustments on account of any further issuance of Equity Shares pursuant to exercise of outstanding employee stock options.

(1) These Equity Shares are jointly held by Mr. Rajendra Ghag and Mr. Srinivasan Parthasarathy as trustees of the ESOS Trust.

(2) Held jointly with Ms. Smita Deepak Parekh.

(3) Held jointly with Ms. Arnaaz Keki Mistry.

(4) Held jointly with Bharat Karnad.

- (5) Held jointly with Mr. Umesh Jayant Padalkar.  
(6) 354,000 Equity Shares held jointly with Ms. Maya Satwalekar.

## 9. Employees Stock Option Schemes

Our Company has implemented various employee stock option schemes.

Our Company, pursuant to resolutions passed by the Nomination and Remuneration Committee of Directors on August 10, 2005, June 23, 2010, October 24, 2011 and August 14, 2012 adopted ESOS 2005, ESOS 2010, ESOS 2010-II, ESOS 2011 and ESOS 2012 respectively (out of which ESOS 2005 has been exhausted as all options granted thereunder had already been exercised in due course). These ESOS Schemes were for a total of 34,150,960 Equity Shares for the eligible employees of our Company. In accordance with these schemes, each option on exercise would be eligible for one Equity Share on payment of exercise price.

Our Company, pursuant to the resolution passed by the Shareholders on June 24, 2014 and resolution passed by the Nomination and Remuneration Committee of Directors on September 19, 2014 adopted ESOS 2014. The ESOS 2014 was for a total of 15,210,043 Equity Shares for all the eligible employees of our Company. In accordance with the ESOS 2014, each option on exercise would be eligible for one Equity Share on payment of exercise price.

Thereafter, our Company, pursuant to the resolution passed by the Shareholders on July 21, 2015 and resolution passed by the Nomination and Remuneration Committee of Directors on September 22, 2015, adopted ESOS 2015. The ESOS 2015 was for a total of 10,000,000 Equity Shares for all the eligible employees of our Company. In accordance with the ESOS 2015, each option on exercise would be eligible for one Equity Share on payment of exercise price.

Thereafter, our Company pursuant to the resolution passed by the Shareholders on July 14, 2016 and resolution passed by the Nomination and Remuneration Committee of Directors on September 30, 2016, adopted ESOS 2016. The ESOS 2016 was for a total of 3,900,000 Equity Shares for all the eligible employees of our Company. In accordance with the ESOS 2016, each option on exercise would be eligible for one Equity Share on payment of exercise price.

Thereafter, the Shareholders of the Company at its Annual General Meeting held on July 17, 2017 have authorised the issuance of 4,500,000 stock options under ESOS scheme(s) to eligible employees of our Company and its subsidiaries. The Company has not yet formulated any new ESOS scheme in this regard.

Out of all ESOS Schemes, ESOS 2005, ESOS 2010, ESOS 2010-II, ESOS 2011 and ESOS 2012 have been implemented through ESOS Trust and the trust constitution/ trust deed for these schemes other than for ESOS 2005 has been aligned with the requirements of SEBI ESOP Regulations.

As on the date of this Red Herring Prospectus, our Company has granted 62,755,360 options under all the ESOS Schemes.

Details of grants, exercise and lapsing of options as on the date of this Red Herring Prospectus on a cumulative basis are as follows:

Particulars	Details
Total Options granted	62,755,360
Options forfeited/ lapsed/ cancelled	86,07,723
Options exercised	415,35,666
Total number of Equity Shares arising as a result of exercise of options	415,35,666
Options vested (including options that have been exercised)	436,05,020
Total number of options in force	126,12,421

During the course of time, certain employees who held granted and vested options under all the ESOS Schemes have ceased to be in employment/service due to reasons namely resignation, retirement, death, etc. All the ESOS Schemes provided for shorter exercise period in case of cessation of employment allowing such employees to exercise within a specified time period after cessation of employment e.g. in case of resignation, the exercise period was 3 months from last working day. However, pursuant to the resolution dated August 10, 2017 passed by the Board of Directors of the Company and the approval of the

Shareholders on September 22, 2017, among other alignments, the exercise period under all the ESOS Schemes were also amended with a view to ensure compliance with the SEBI ICDR Regulations and for acting in the interests of the former employees who held vested unexercised options prior to the date of the Draft Red Herring Prospectus. Pursuant to the aforementioned resolutions, the exercise period under all the ESOS Schemes was accelerated to enable such former employees or nominees of deceased former employees/option holders, as applicable, to exercise their outstanding vested options within a given time frame, being earlier than the date of filing of the Draft Red Herring Prospectus with SEBI. As such, as on date, there is no option outstanding with any former employees or nominees of deceased former employees/option holders.

For details with respect to the dilutive effect of, and the risk involved in relation to, the outstanding employee stock options, see “The Offer” and “Risk Factors - Any future issuance of Equity Shares may dilute your shareholding and sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares” on pages 100 and 64 respectively of the Red Herring Prospectus.

Our Company, being an unlisted company, was not required to be compliant with the SEBI ESOP Regulations. However, as of the date of this Red Herring Prospectus, all the ESOS Schemes (other than ESOS 2005, under which all options granted have expired and no new options will be granted) have been aligned with the SEBI ESOP Regulations to the extent applicable and relevant. All the ESOS Schemes have been framed and implemented in accordance with the guidance notes issued by ICAI and the relevant accounting standards.

**a) ESOS 2005:**

Particulars	Details for the financial year ended March31,			During the period April 1, 2017 to September 30, 2017
	2015	2016	2017	
Options granted	Nil	Nil	Nil	Nil
Pricing Formula	The options were granted at such exercise price not less than face value per Equity Share			
Vesting Details				
a) Vesting Portion	60%-40% for grant dated September 1, 2005 and 40%-30%-30% from the date of grant for all other grants			
b) Vesting period from date of grant	Vests over the period of 2 to 3 years			
c) Basis of vesting	Subject to continued employment with the Company and thus the options would vest on passage of time as per vesting period			
Options vested (including options Exercised)	203,490	11,370	Nil	Nil
Options Exercised	179,130	11,370	Nil	Nil
The total number of shares arising as a result of exercise of options (including options that have been exercised)	179,130	11,370	Nil	Nil
Options forfeited/lapsed/cancelled	12,990	Nil	Nil	Nil
Variation of terms of options	Nil			
Money realized by exercise of options (₹)	4,887,617	301,305	Nil	Nil
Total number of options in force	11,370	Nil	Nil	Nil
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20	Fully diluted EPS has been disclosed at Company level. For details, refer Note 1 below			
Method of Accounting followed for stock options granted to employees	Intrinsic value method of accounting has been followed for stock options granted to employees			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options				

and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)				
Impact on profits of the Company (₹ thousands)	Following details has been disclosed at Company level. Refer Note 1 below.			
Basic EPS (₹)				
Diluted EPS (₹)				
Weighted average exercise price of Options granted during the year:				
Exercise price equals market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
Weighted average fair value of Options granted during the year:				
Exercise price equals market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,	No Options granted during the year			No Options granted during the period
Risk free interest rate	NA	NA	NA	NA
Expected life	NA	NA	NA	NA
Expected volatility	NA	NA	NA	NA
Expected dividends	NA	NA	NA	NA
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Other than the employees listed in Note 2 below, the Company is not aware of the intention of any holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months of listing. However, please note that the intention of such employees may not fructify.			
Intention to sell Equity Shares arising out of the ESOS Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOS Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Number of equity shares intended to be sold by such employees within three months from the date of listing has been disclosed in Note 2 below.			

Employee wise details of options granted to

(i) Senior Managerial Personnel

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
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1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	200,000	200,000	-
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	25,000	25,000	-
3	Mr. Sanjeev Kapur	Senior Executive Vice President - Group Sales and Bancassurance	91,600	91,600	-
4	Mr. Sanjay Vij	Executive Vice President - Bancassurance	64,200	64,200	-

- (ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

- (iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

We further confirm the following details of all Equity Shares issued pursuant to ESOS 2005 since the date of first issuance of Equity Shares pursuant to ESOS 2005, being March 31, 2005, until date.

Quarter	Aggregate Number of Equity Shares Issued pursuant to ESOS 2005	Highest Price at which Equity Shares Issued for Quarter	Lowest Price at which Equity Shares Issued for Quarter
Q3 of 2005-06	143,640	17.05	17.05
Q4 of 2005-06	100,080	21.66	17.39
Q1 of 2006-07	5,400	17.76	17.76
Q2 of 2006-07	185,540	18.48	18.48
Q3 of 2006-07	247,140	18.85	18.48
Q4 of 2006-07	70,150	19.23	18.85
Q1 of 2007-08	12,740	19.61	19.61
Q2 of 2007-08	41,520	20.01	19.61
Q3 of 2007-08	128,105	20.41	19.23
Q4 of 2007-08	445,930	20.82	20.00
Q1 of 2008-09	327,330	21.23	20.41
Q2 of 2008-09	553,730	21.66	21.23
Q3 of 2008-09	768,620	22.75	20.41
Q4 of 2008-09	166,580	22.75	22.20
Q1 of 2009-10	116,160	22.75	23.32
Q2 of 2009-10	48,730	29.00	23.32
Q3 of 2009-10	624,950	29.85	22.20
Q4 of 2009-10	920,910	29.85	24.51
Q1 of 2010-11	195,460	25.74	25.11
Q2 of 2010-11	578,090	29.11	24.51
Q3 of 2010-11	503,520	29.87	29.00
Q4 of 2010-11	157,310	30.71	22.20
Q1 of 2011-12	201,720	30.71	28.49
Q2 of 2011-12	187,790	28.49	28.36
Q3 of 2011-12	43,770	28.36	28.13
Q4 of 2011-12	29,940	28.36	28.36
Q1 of 2012-13	41,020	28.36	28.13
Q2 of 2012-13	8,400	28.13	28.13
Q3 of 2012-13	23,400	28.36	27.93
Q4 of 2012-13	29,260	27.93	27.93
Q1 of 2013-14	30,390	27.93	27.93

Q3 of 2013-14	155,090	27.93	27.37
Q4 of 2013-14	12,180	27.37	27.37
Q1 of 2014-15	143,610	27.37	27.37
Q2 of 2014-15	23,970	27.37	26.87
Q3 of 2014-15	11,550	26.87	26.87
Q3 of 2015-16	11,370	26.50	26.50

**b) ESOS 2010**

Particulars	Details for the financial year ended March31,			During the period April 1, 2017 to September 30, 2017
	2015	2016	2017	
Options granted	Nil	Nil	Nil	Nil
Pricing Formula	The options were granted at such exercise price not less than face value per Equity Share			
Vesting Details				
a) Vesting Portion	33%-33%-34% from the second year of date of grant			
b) Vesting period from date of grant	Vests over 4 years			
c) Basis of vesting	Subject to continued employment with the Company and thus the options would vest on passage of time as per vesting period			
Options vested (including options Exercised)	968,600	119,050	78,600	65,000
Options Exercised	849,550	40,450	13,600	65,000
The total number of shares arising as a result of exercise of options (including options that have been exercised)	849,550	40,450	13,600	65,000
Options forfeited/lapsed/cancelled	Nil	Nil	Nil	Nil
Variation of terms of options	Nil			
Money realized by exercise of options (₹)	22,513,075	1,071,925	360,400	1,722,500
Total number of options in force	119,050	78,600	65,000	Nil
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20	Fully diluted EPS has been disclosed at Company level. For details, refer Note 1 below.			
Method of Accounting followed for stock options granted to employees	Intrinsic value method of accounting has been followed for stock options granted to employees			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)				
Impact on profits of the Company (₹ thousands)	Following details has been disclosed at Company level. Refer to Note 1 below			
Basic EPS (₹)				
Diluted EPS (₹)				
Weighted average exercise price of Options granted during the year:				
Exercise price equals market price on	Nil	Nil	Nil	Nil

the date of grant				
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
Weighted average fair value of Options granted during the year:				
Exercise price equals market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,	No Options granted during the year			No Options granted during the period
Risk free interest rate	NA	NA	NA	NA
Expected life	NA	NA	NA	NA
Expected volatility	NA	NA	NA	NA
Expected dividends	NA	NA	NA	NA
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Other than the employees listed in Note 2 below, the Company is not aware of the intention of any holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months of listing. However, please note that the intention of such employees may not fructify.			
Intention to sell Equity Shares arising out of the ESOS Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOS Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Number of equity shares intended to be sold by such employees within three months from the date of listing has been disclosed in Note 2 below.			

Employee wise details of options granted to

(i) Senior Managerial Personnel

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	300,000	300,000	-
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	185,000	185,000	-
3	Mr. Rajendra Ghag	Senior Executive Vice President and Chief Human Resource Officer	70,000	70,000	-
4	Mr. Sanjeev Kapur	Senior Executive Vice President - Group Sales and Bancassurance	40,000	40,000	-
5	Mr. Sanjay Vij	Executive Vice President - Bancassurance	40,000	40,000	-
6	Mr. Prasun Gajri	Chief Investment Officer	135,000	135,000	-
7	Mr. Subrat Mohanty	Senior Executive Vice President and Head-Strategy, Operations, Business Systems and Technology, Health and Online	65,000	65,000	-

- (ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

- (iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

We further confirm the following details of all Equity Shares issued pursuant to ESOS 2010 since the date of first issuance of Equity Shares pursuant to ESOS 2010, being March 31, 2012, until date.

Quarter	Aggregate Number of Equity Shares Issued pursuant to ESOS 2010	Highest Price at which Equity Shares Issued for Quarter	Lowest Price at which Equity Shares Issued for Quarter
Q2 of 2012-13	13,200	26.50	26.50
Q4 of 2012-13	79,200	26.50	26.50
Q1 of 2013-14	54,450	26.50	26.50
Q3 of 2013-14	44,550	26.50	26.50
Q4 of 2013-14	66,000	26.50	26.50
Q1 of 2014-15	268,950	26.50	26.50
Q2 of 2014-15	580,600	26.50	26.50
Q1 of 2015-16	40,450	26.50	26.50
Q1 of 2016-17	13,600	26.50	26.50
Q2 of 2017-18	65,000	26.50	26.50

**c) ESOS 2010 - II**

Particulars	Details for the financial year ended March31,			During the period April 1, 2017 to September 30, 2017
	2015	2016	2017	
Options granted	Nil	Nil	Nil	Nil
Pricing Formula	The options were granted at such exercise price not less than face value per Equity Share			
Vesting Details				
a) Vesting Portion	30%-30%-40% from the date of grant			
b) Vesting period from date of grant	Vests over 3 years			
c) Basis of vesting	Subject to continued employment with the Company and thus the options would vest on passage of time as per vesting period			
Options vested (including options Exercised)	2,386,755	1,784,910	1,220,540	543,840
Options Exercised	577,445	564,370	676,700	503,840
The total number of shares arising as a result of exercise of options (including options that have been exercised)	577,445	564,370	676,700	503,840
Options forfeited/lapsed/cancelled	24,400	Nil	Nil	Nil
Variation of terms of options	Nil			
Money realized by exercise of options (₹)	37,533,925	36,684,050	43,985,500	32,749,600
Total number of options in force	1,784,910	1,220,540	543,840	40,000
Fully diluted EPS pursuant to issue of	Fully diluted EPS has been disclosed at Company level. For details, refer to Note 1 below.			

shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20				
Method of Accounting followed for stock options granted to employees	Intrinsic value method of accounting has been followed for stock options granted to employees			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)				
Impact on profits of the Company (₹ thousands)	Following details has been disclosed at Company level. Refer to Note 1 below.			
Basic EPS (₹)				
Diluted EPS (₹)				
Weighted average exercise price of Options granted during the year:				
Exercise price equals market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
Weighted average fair value of Options granted during theyear:				
Exercise price equals market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,	No Options granted during the year			No Options granted during the period
Risk free interest rate	NA	NA	NA	NA
Expected life	NA	NA	NA	NA
Expected volatility	NA	NA	NA	NA
Expected dividends	NA	NA	NA	NA
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Other than the employees listed in Note 2 below, the Company is not aware of the intention of any holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months of listing. However, please note that the intention of such employees may not fructify.			
Intention to sell Equity Shares arising out of the ESOS Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOS Scheme, amounting to more than 1% of the issued capital (excluding outstanding	Number of equity shares intended to be sold by such employees within three months from the date of listing has been disclosed in Note 2 below.			

warrants and conversions)
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Employee wise details of options granted to

(i) Senior Managerial Personnel

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	300,000	300,000	-
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	150,000	150,000	-
3	Mr. Rajendra Ghag	Senior Executive Vice President and Chief Human Resource Officer	91,400	91,400	-
4	Mr. Khushru Sidhwa	Executive Vice President - Audit and Risk Management	50,000	50,000	-
5	Mr. Sanjay Vij	Executive Vice President - Bancassurance	55,000	55,000	-
6	Mr. Prasun Gajri	Chief Investment Officer	120,000	120,000	-
7	Mr. Subrat Mohanty	Senior Executive Vice President Head-Strategy, Operations, Business Systems and Technology, Health and Online	65,000	65,000	-

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

We further confirm the following details of all Equity Shares issued pursuant to ESOS 2010-II since the date of first issuance of Equity Shares pursuant to ESOS 2010-II, being March 31, 2011, until date.

Quarter	Aggregate Number of Equity Shares Issued pursuant to ESOS 2010-II	Highest Price at which Equity Shares Issued for Quarter	Lowest Price at which Equity Shares Issued for Quarter
Q3 of 2011-12	80,770	65.00	65.00
Q4 of 2011-12	46,750	65.00	65.00
Q1 of 2012-13	37,095	65.00	65.00
Q2 of 2012-13	4,500	65.00	65.00
Q4 of 2012-13	36,000	65.00	65.00
Q1 of 2013-14	85,200	65.00	65.00
Q3 of 2013-14	81,330	65.00	65.00
Q4 of 2013-14	37,030	65.00	65.00
Q1 of 2014-15	171,865	65.00	65.00
Q2 of 2014-15	353,180	65.00	65.00
Q3 of 2014-15	30,000	65.00	65.00
Q4 of 2014-15	22,400	65.00	65.00
Q1 of 2015-16	237,100	65.00	65.00
Q2 of 2015-16	110,400	65.00	65.00

Q3 of 2015-16	56,170	65.00	65.00
Q4 of 2015-16	160,700	65.00	65.00
Q1 of 2016-17	474,800	65.00	65.00
Q2 of 2016-17	182,060	65.00	65.00
Q3 of 2016-17	9,840	65.00	65.00
Q4 of 2016-17	10,000	65.00	65.00
Q1 of 2017-18	14,000	65.00	65.00
Q2 of 2017-18	489,840	65.00	65.00

**d) ESOS 2011**

Particulars	Details for the financial year ended March31,			During the period April 1, 2017 to September 30, 2017
	2015	2016	2017	
Options granted	Nil	Nil	Nil	Nil
Pricing Formula	The options were granted at such exercise price not less than face value per Equity Share			
Vesting Details				
a) Vesting Portion	30%-30%-40% from the date of grant			
b) Vesting period from date of grant	Vests over 3 years			
c) Basis of vesting	Subject to continued employment with the Company and thus the options would vest on passage of time as per vesting period			
Options vested (including options Exercised)	3,869,795	2,023,000	1,119,886	393,720
Options Exercised	1,654,575	903,114	726,166	368,720
The total number of shares arising as a result of exercise of options (including options that have been exercised)	1,654,575	903,114	726,166	368,720
Options forfeited/lapsed/cancelled	228,820	Nil	Nil	Nil
Variation of terms of options	Nil			
Money realized by exercise of options (₹)	99,274,500	54,186,840	43,569,960	22,123,200
Total number of options in force	2,023,000	1,119,886	393,720	25,000
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20	Fully diluted EPS has been disclosed at Company level. For details, refer to Note 1 below.			
Method of Accounting followed for stock options granted to employees	Intrinsic value method of accounting has been followed for stock options granted to employees			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)				
Impact on profits of the Company (₹ thousands)	Following details has been disclosed at Company level. Refer to Note 1 below.			
Basic EPS (₹)				
Diluted EPS (₹)				
Weighted average exercise price of				

Options granted during the year:				
Exercise price equals market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
Weighted average fair value of Options granted during the year:				
Exercise price equals market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,	No Options granted during the year			No Options granted during the period
Risk free interest rate	NA	NA	NA	NA
Expected life	NA	NA	NA	NA
Expected volatility	NA	NA	NA	NA
Expected dividends	NA	NA	NA	NA
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Other than the employees listed in Note 2 below, the Company is not aware of the intention of any holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months of listing. However, please note that the intention of such employees may not fructify.			
Intention to sell Equity Shares arising out of the ESOS Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOS Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Number of equity shares intended to be sold by such employees within three months from the date of listing has been disclosed in Note 2 below.			

Employee wise details of options granted to

(i) Senior Managerial Personnel

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	500,000	500,000	-
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	210,000	210,000	-
3	Mr. Rajendra Ghag	Senior Executive Vice President and Chief Human Resource Officer	105,000	105,000	-
4	Mr. Sanjeev Kapur	Senior Executive Vice President - Group Sales and Bancassurance	80,000	80,000	-
5	Mr. Khushru Sidhwa	Executive Vice President - Audit and Risk Management	70,900	70,900	-
6	Mr. Sanjay Vij	Executive Vice President - Bancassurance	65,000	65,000	-
7	Mr. Prasun Gajri	Chief Investment Officer	100,000	100,000	-
8	Mr. Subrat Mohanty	Senior Executive Vice President	120,000	120,000	-

		Head-Strategy, Operations, Business Systems and Technology, Health and Online			
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- (ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
	Nil				

- (iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
	Nil				

We further confirm the following details of all Equity Shares issued pursuant to ESOS 2011 since the date of first issuance of Equity Shares pursuant to ESOS 2011, being March 31, 2012, until date.

Quarter	Aggregate Number of Equity Shares Issued pursuant to ESOS 2011	Highest Price at which Equity Shares Issued for Quarter	Lowest Price at which Equity Shares Issued for Quarter
Q3 of 2012-13	4,500	60.00	60.00
Q4 of 2012-13	45,030	60.00	60.00
Q1 of 2013-14	85,020	60.00	60.00
Q3 of 2013-14	33,375	60.00	60.00
Q4 of 2013-14	68,910	60.00	60.00
Q1 of 2014-15	127,615	60.00	60.00
Q2 of 2014-15	1,216,700	60.00	60.00
Q3 of 2014-15	220,280	60.00	60.00
Q4 of 2014-15	89,980	60.00	60.00
Q1 of 2015-16	385,194	60.00	60.00
Q2 of 2015-16	227,310	60.00	60.00
Q3 of 2015-16	52,470	60.00	60.00
Q4 of 2015-16	238,140	60.00	60.00
Q1 of 2016-17	414,346	60.00	60.00
Q2 of 2016-17	295,220	60.00	60.00
Q4 of 2016-17	16,600	60.00	60.00
Q1 of 2017-18	23,600	60.00	60.00
Q2 of 2017-18	381,120	60.00	60.00

**e) ESOS 2012**

Particulars	Details for the financial year ended March31,			During the period April 1, 2017 to September 30, 2017
	2015	2016	2017	
Options granted	Nil	Nil	Nil	Nil
Pricing Formula	The options were granted at such exercise price not less than face value per Equity Share			
Vesting Details				
a) Vesting Portion	30%-30%-40% from the date of grant			
b) Vesting period from date of grant	Vests over 3 years			
c) Basis of vesting	Subject to continued employment with the Company and thus the options would vest on passage of time as per vesting period			
Options vested (including options Exercised)	5,650,740	8,052,608	7,941,755	4,165,864

Options Exercised	1,672,918	2,703,365	3,769,881	4,024,348
The total number of shares arising as a result of exercise of options (including options that have been exercised)	1,672,918	2,703,365	3,769,881	4,024,348
Options forfeited/lapsed/cancelled	960,921	149,553	108,138	13,160
Variation of terms of options	Nil			
Money realized by exercise of options (₹)	102,048,040	166,861,892	235,105,224	253,386,732
Total number of options in force	10,896,801	8,043,883	4,165,864	128,356
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20	Fully diluted EPS has been disclosed at Company level. For details, refer to Note 1 below.			
Method of Accounting followed for stock options granted to employees	Intrinsic value method of accounting has been followed for stock options granted to employees			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)				
Impact on profits of the Company (₹ thousands)	Following details has been disclosed at Company level. Refer to Note 1 below.			
Basic EPS (₹)				
Diluted EPS (₹)				
Weighted average exercise price of Options granted during the year:				
Exercise price equals market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
Weighted average fair value of Options granted during the year:				
Exercise price equals market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,	No Options granted during the year			No Options granted during the period
Method used for estimating Fair Value				
Risk free interest rate	NA	NA	NA	NA
Expected life	NA	NA	NA	NA
Expected volatility	NA	NA	NA	NA
Expected dividends	NA	NA	NA	NA
Price of underlying share in the market at the time of grant of option	NA	NA	NA	NA

(₹)			
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Other than the employees listed in Note 2 below, the Company is not aware of the intention of any holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months of listing. However, please note that the intention of such employees may not fructify.		
Intention to sell Equity Shares arising out of the ESOS Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOS Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Number of equity shares intended to be sold by such employees within three months from the date of listing has been disclosed in Note 2 below.		

Employee wise details of options granted to

(i) Senior Managerial Personnel

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	1,420,330	1,420,330	-
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	630,000	630,000	-
3	Mr. Suresh Badami	Chief Distribution Officer	225,000	225,000	-
4	Mr. Rajendra Ghag	Senior Executive Vice President and Chief Human Resource Officer	308,000	308,000	-
5	Mr. Sanjeev Kapur	Senior Executive Vice President - Group Sales and Bancassurance	210,000	210,000	-
6	Mr. Srinivasan Parthasarathy	Senior Executive Vice President, Chief Actuary and Appointed Actuary	290,000	290,000	-
7	Mr. Khushru Sidhwa	Executive Vice President - Audit and Risk Management	165,000	165,000	-
8	Mr. Sanjay Vij	Executive Vice President - Bancassurance	203,000	203,000	-
9	Mr. Prasun Gajri	Chief Investment Officer	140,000	140,000	-
10	Mr. Subrat Mohanty	Senior Executive Vice President Head-Strategy, Operations, Business Systems and Technology, Health and Online	415,500	415,500	-

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

We further confirm the following details of all Equity Shares issued pursuant to ESOS 2012 since the date of first issuance of Equity Shares pursuant to ESOS 2012, being March 31, 2013, until date.

Quarter	Aggregate Number of Equity Shares Issued pursuant to ESOS 2012	Highest Price at which Equity Shares Issued for Quarter	Lowest Price at which Equity Shares Issued for Quarter
Q3 of 2013-14	17,400	60.00	60.00
Q4 of 2013-14	47,910	60.00	60.00
Q1 of 2014-15	87,350	60.00	60.00
Q2 of 2014-15	817,898	60.00	60.00
Q3 of 2014-15	593,200	64.00	60.00
Q4 of 2014-15	174,470	64.00	60.00
Q1 of 2015-16	493,405	64.00	60.00
Q2 of 2015-16	435,034	64.00	60.00
Q3 of 2015-16	664,100	60.00	60.00
Q4 of 2015-16	1,110,826	64.00	60.00
Q1 of 2016-17	2,238,570	64.00	60.00
Q2 of 2016-17	707,355	64.00	60.00
Q3 of 2016-17	149,730	64.00	60.00
Q4 of 2016-17	674,176	64.00	60.00
Q1 of 2017-18	160,052	64.00	60.00
Q2 of 2017-18	3,864,296	64.00	60.00

f) **ESOS 2014:**

Particulars	Details for the financial year ended March31,			During the period April 1, 2017 to September 30, 2017
	2015	2016	2017	
Options granted	15,034,250	Nil	Nil	Nil
Pricing Formula	The options were granted at such exercise price not less than face value per Equity Share			
Vesting Details				
a) Vesting Portion	30%-30%-40% for grant dated December 1,2014 and 20%-30%-50% for grant dated February 1, 2015			
b) Vesting period from date of grant	Vests over 3 years			
c) Basis of vesting	Subject to continued employment with the Company and thus the options would vest on passage of time as per vesting period			
Options vested (including options Exercised)	Nil	4,031,427	7,823,343	5,030,236
Options Exercised	Nil	408,042	2,772,995	4,846,474
The total number of shares arising as a result of exercise of options (including options that have been exercised)	Nil	408,042	2,772,995	4,846,474
Options forfeited/lapsed/cancelled	72,000	371,040	404,192	392,664
Variation of terms of options	Nil			
Money realized by exercise of options (₹)	Nil	36,723,780	249,569,550	436,182,660
Total number of options in force	14,962,250	14,183,168	11,005,981	5,766,843
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20	Fully diluted EPS has been disclosed at Company level. For details, refer to Note 1 below.			
Method of Accounting followed for stock options granted to employees	Intrinsic value method of accounting has been followed for stock options granted to employees			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the				

profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)				
Impact on profits of the Company (₹ thousands)	Following details has been disclosed at Company level. Refer to Note 1 below.			
Basic EPS (₹)				
Diluted EPS (₹)				
Weighted average exercise price of Options granted during the year:				
Exercise price equals market price on the date of grant	90.00	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
Weighted average fair value of Options granted during the year:				
Exercise price equals market price on the date of grant	26.66	Nil	Nil	Nil
Exercise price is greater than market price on the date of grant	Nil	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	Nil	Nil	Nil	Nil
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,				No Options granted during the period
Method used for computing fair value of options	The Black Scholes valuation model has been used for computing fair value of options			
Risk free interest rate	8.10%	NA	NA	NA
Expected life	2.90	NA	NA	NA
Expected volatility	34.24%	NA	NA	NA
Expected dividends	1.06%	NA	NA	NA
Price of underlying share in the market at the time of grant of option (₹)	90.00	NA	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Other than the employees listed in Note 2 below, the Company is not aware of the intention of any holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months of listing. However, please note that the intention of such employees may not fructify.			
Intention to sell Equity Shares arising out of the ESOS Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOS Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Number of equity shares intended to be sold by such employees within three months from the date of listing has been disclosed in Note 2 below.			

Employee wise details of options granted to

(i) Senior Managerial Personnel

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	1,902,630	10,78,157	8,24,473
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	787,500	4,46,250	3,41,250
3	Mr. Suresh Badami	Chief Distribution Officer	772,500	4,37,750	3,34,750
4	Mr. Rajendra Ghag	Senior Executive Vice President and Chief Human Resource Officer	360,000	2,04,000	1,56,000
5	Mr. Sanjeev Kapur	Senior Executive Vice President - Group Sales and Bancassurance	140,000	84,000	56,000
6	Mr. Srinivasan Parthasarathy	Senior Executive Vice President, Chief Actuary and Appointed Actuary	345,000	1,95,500	1,49,500
7	Mr. Khushru Sidhwa	Executive Vice President - Audit and Risk Management	176,000	99,000	77,000
8	Mr. Sanjay Vij	Executive Vice President - Bancassurance	210,000	1,19,000	91,000
9	Mr. Prasun Gajri	Chief Investment Officer	100,000	60,000	40,000
10	Mr. Subrat Mohanty	Senior Executive Vice President Head-Strategy, Operations, Business Systems and Technology, Health and Online	555,000	3,14,500	2,40,500

- (ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	1,902,630	10,78,157	8,24,473
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	787,500	4,46,250	3,41,250
3	Mr. Suresh Badami	Chief Distribution Officer	772,500	4,37,750	3,34,750

- (iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

We further confirm the following details of all Equity Shares issued pursuant to ESOS 2014 since the date of first issuance of Equity Shares pursuant to ESOS 2014, being March 31, 2015, until date.

Quarter	Aggregate Number of Equity Shares Issued pursuant to ESOS 2014	Highest Price at which Equity Shares Issued for Quarter	Lowest Price at which Equity Shares Issued for Quarter
Q3 of 2015-16	12,600	90.00	90.00
Q4 of 2015-16	395,442	90.00	90.00
Q1 of 2016-17	1,795,126	90.00	90.00
Q2 of 2016-17	373,224	90.00	90.00
Q3 of 2016-17	21,000	90.00	90.00
Q4 of 2016-17	583,645	90.00	90.00
Q1 of 2017-18	261,630	90.00	90.00
Q2 of 2017-18	4,584,844	90.00	90.00

**g) ESOS 2015**

Particulars	Details for the financial year ended March31,	During the period April 1, 2017 to September 30,

				2017
	2015	2016	2017	
Options granted	NA	9,733,300	Nil	Nil
Pricing Formula	The options were granted at such exercise price not less than face value per Equity Share			
Vesting Details				
a) Vesting Portion	30%-30%-40% from the date of grant			
b) Vesting period from date of grant	Vests over 3 years			
c) Basis of vesting	Subject to continued employment with the Company and thus the options would vest on passage of time as per vesting period			
Options vested (including options Exercised)	NA	Nil	2,851,590	2,422,590
Options Exercised	NA	Nil	414,150	2,336,670
The total number of shares arising as a result of exercise of options (including options that have been exercised)	NA	Nil	414,150	2,336,670
Options forfeited/lapsed/cancelled	NA	73,000	240,200	331,880
Variation of terms of options	Nil			
Money realized by exercise of options (₹)	NA	Nil	39,344,250	221,983,650
Total number of options in force	NA	9,660,300	9,005,950	5,766,843
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20	Fully diluted EPS has been disclosed at Company level. For details, refer to Note 1 below.			
Method of Accounting followed for stock options granted to employees	Intrinsic value method of accounting has been followed for stock options granted to employees			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)				
Impact on profits of the Company (₹ thousands)	Following details has been disclosed at Company level. Refer to Note 1 below.			
Basic EPS (₹)				
Diluted EPS (₹)				
Weighted average exercise price of Options granted during the year:				
Exercise price equals market price on the date of grant	NA	95.00	Nil	Nil
Exercise price is greater than market price on the date of grant	NA	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	NA	Nil	Nil	Nil
Weighted average fair value of Options granted during the year:				
Exercise price equals market price on the date of grant	NA	24.56	Nil	Nil
Exercise price is greater than market price on the date of grant	NA	Nil	Nil	Nil
Exercise price is less than market price on the date of grant	NA	Nil	Nil	Nil
A description of the method and				No Options granted

significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,				during the period
Method used for computing fair value of options		The Black Scholes valuation model has been used for computing fair value of options		
Risk free interest rate	NA	7.59%	NA	NA
Expected life	NA	2.85	NA	NA
Expected volatility	NA	28.27%	NA	NA
Expected dividends	NA	1.04%	NA	NA
Price of underlying share in the market at the time of grant of option (₹)	NA	95.00	NA	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Other than the employees listed in Note 2 below, the Company is not aware of the intention of any holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months of listing. However, please note that the intention of such employees may not fructify.			
Intention to sell Equity Shares arising out of the ESOS Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOS Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Number of equity shares intended to be sold by such employees within three months from the date of listing has been disclosed in Note 2 below.			

Employee wise details of options granted to

(i) Senior Managerial Personnel

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	1,051,000	627,000	424,000
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	460,000	276,000	184,000
3	Mr. Suresh Badami	Chief Distribution Officer	455,000	1,36,500	3,18,500
4	Mr. Rajendra Ghag	Senior Executive Vice President and Chief Human Resource Officer	205,000	123,000	82,000
5	Mr. Sanjeev Kapur	Senior Executive Vice President - Group Sales and Bancassurance	111,000	66,600	44,400
6	Mr. Srinivasan Parthasarathy	Senior Executive Vice President, Chief Actuary and Appointed Actuary	195,000	117,000	78,000
7	Mr. Khushru Sidhwa	Executive Vice President - Audit and Risk Management	96,000	57,600	38,400
8	Mr. Sanjay Vij	Executive Vice President - Bancassurance	140,000	84,000	56,000
9	Mr. Prasun Gajri	Chief Investment Officer	160,000	96,000	64,000
10	Mr. Subrat Mohanty	Senior Executive Vice President Head-Strategy, Operations, Business Systems and Technology, Health and Online	330,000	198,000	132,000

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	1,051,000	627,000	424,000

- (iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

We further confirm the following details of all Equity Shares issued pursuant to ESOS 2015 since the date of first issuance of Equity Shares pursuant to ESOS 2015, being March 31, 2016, until date.

Quarter	Aggregate Number of Equity Shares Issued pursuant to ESOS 2015	Highest Price at which Equity Shares Issued for Quarter	Lowest Price at which Equity Shares Issued for Quarter
Q3 of 2016-17	170,550	95.00	95.00
Q4 of 2016-17	243,600	95.00	95.00
Q1 of 2017-18	115,209	95.00	95.00
Q2 of 2017-18	2,221,461	95.00	95.00

#### h) ESOS 2016

Particulars	Details for the financial year ended March31,			During the period April 1, 2017 to September 30, 2017
	2015	2016	2017	
Options granted	NA	NA	3,836,850	Nil
Pricing Formula	The options were granted at such exercise price not less than face value per Equity Share			
Vesting Details				
a) Vesting Portion	30%-30%-40% each year from the date of grant			
b) Vesting period from date of grant	Vests over 3 years			
c) Basis of vesting	Subject to continued employment with the Company and thus the options would vest on passage of time as per vesting period			
Options vested (including options Exercised)	NA	NA	Nil	Nil
Options Exercised	NA	NA	Nil	Nil
The total number of shares arising as a result of exercise of options (including options that have been exercised)	NA	NA	Nil	Nil
Options forfeited/lapsed/cancelled	NA	NA	4,000	113,000
Variation of terms of options	Nil			
Money realized by exercise of options (₹)	NA	NA	Nil	Nil
Total number of options in force	NA	NA	3,832,850	3,719,850
Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20	Fully diluted EPS has been disclosed at Company level. For details, refer to Note 1 below.			
Method of Accounting followed for stock options granted to employees	Intrinsic value method of accounting has been followed for stock options granted to employees			
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost				

calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)				
Impact on profits of the Company (₹ thousands)	Following details has been disclosed at Company level. Refer to Note 1 below.			
Basic EPS (₹)				
Diluted EPS (₹)				
Weighted average exercise price of Options granted during the year:				
Exercise price equals market price on the date of grant	NA	NA	190.00	Nil
Exercise price is greater than market price on the date of grant	NA	NA	Nil	Nil
Exercise price is less than market price on the date of grant	NA	NA	Nil	Nil
Weighted average fair value of Options granted during the year:				
Exercise price equals market price on the date of grant	NA	NA	30.81	Nil
Exercise price is greater than market price on the date of grant	NA	NA	Nil	Nil
Exercise price is less than market price on the date of grant	NA	NA	Nil	Nil
A description of the method and significant assumptions used during the year to estimate the fair values of options, including weighted average information, namely,				No Options granted during the period
Method used for computing fair value of options			The Black Scholes valuation model has been used for computing fair value of options	
Risk free interest rate	NA	NA	6.75%	NA
Expected life	NA	NA	2.85	NA
Expected volatility	NA	NA	10.00	NA
Expected dividends	NA	NA	0.88%	NA
Price of underlying share in the market at the time of grant of option (₹)	NA	NA	190.00	NA
Intention of the holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	Other than the employees listed in Note 2 below, the Company is not aware of the intention of any holders of Equity Shares allotted on exercise of options to sell their Equity Shares within three months of listing. However, please note that the intention of such employees may not fructify.			
Intention to sell Equity Shares arising out of the ESOS Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOS Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Number of equity shares intended to be sold by such employees within three months from the date of listing has been disclosed in Note 2 below.			

Employee wise details of options granted to

## (i) Senior Managerial Personnel

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	450,000	135,000	315,000
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	215,000	64,500	150,500
3	Mr. Suresh Badami	Chief Distribution Officer	214,000	-	214,000
4	Mr. Rajendra Ghag	Senior Executive Vice President and Chief Human Resource Officer	80,000	24,000	56,000
5	Mr. Srinivasan Parthasarathy	Senior Executive Vice President, Chief Actuary and Appointed Actuary	82,000	24,600	57,400
6	Mr. Khushru Sidhwa	Executive Vice President - Audit and Risk Management	40,000	12,000	28,000
7	Mr. Sanjay Vij	Executive Vice President - Bancassurance	80,000	24,000	56,000
8	Mr. Prasun Gajri	Chief Investment Officer	50,000	15,000	35,000
9	Mr. Subrat Mohanty	Senior Executive Vice President Head-Strategy, Operations, Business Systems and Technology, Health and Online	160,000	48,000	112,000

(ii) Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	450,000	135,000	315,000
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	215,000	64,500	150,500
3	Mr. Suresh Badami	Chief Distribution Officer	214,000	-	214,000

(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant

Sr. No.	Name of Employee	Designation	No. of Options Granted	No. of Options Exercised	No. of Options Outstanding
Nil					

**Note 1:**

Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the relevant accounting standard i.e. Accounting Standard (AS) 20

Particulars	Details for the financial year ended March31,			During the period April 1, 2017 to September 30, 2017
	2015	2016	2017	
Fully diluted EPS (₹)	3.88	4.02	4.38	2.74

The Company follows the intrinsic value method of accounting for stock options granted to employees. Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and impact on the profits of our Company and on the EPS arising due to difference in accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the

intrinsic value of the stock options) The details of the impact for the previous three years on profits and earnings per share on account of accounting policies had the Company followed Fair Value accounting method specified in the SEBI ESOP Regulations are as follows:

Particulars	Details for the financial year ended March31,			During the period April 1, 2017 to September 30, 2017
	2015	2016	2017	
Impact on profits of the Company (₹ thousands)	142,810	266,023	224,706	89,328
Basic EPS (₹)	3.89	4.02	4.41	2.75
Diluted EPS (₹)	3.88	4.02	4.38	2.74

**Note 2:**

Intention to sell Equity Shares arising out of the ESOS Scheme within three months after the listing of Equity Shares by directors, senior management personnel and employees having Equity Shares arising out of the ESOS Scheme, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)

Sr. No.	Name of the employee	Designation	Total number of equity shares issued under all ESOS Scheme	Number of shares intended to sell within 3 months of listing
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	4,564,087	1,000,000
2	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer	1,986,750	900,000
3	Mr. Suresh Badami	Chief Distribution Officer	799,250	135,000
4	Mr. Rajendra Ghag	Senior Executive Vice President and Chief Human Resource Officer	925,400	170,000
5	Mr. Sanjeev Kapur	Senior Executive Vice President - Group Sales and Bancassurance	572,200	150,000
6	Mr. Srinivasan Parthasarathy	Senior Executive Vice President - Chief Actuary and Appointed Actuary	627,100	544,000
7	Mr. Sanjay Vij	Executive Vice President - Bancassurance	654,200	100,000
8	Mr. Khushru Sidhwa	Executive Vice President - Audit and Risk Management	454,500	263,700
9	Mr. Subrat Mohanty	Senior Executive Vice President and Head Strategy, Operations, Business Systems and Technology, Health and Online	1,226,000	400,000
10	Mr. Prasun Gajri	Chief Investment Officer	666,000	300,000

10. Our Company, our Directors and the Managers have not entered into any buy-back and/or standby and/or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.
11. As on the date of filing of this Red Herring Prospectus, none of the Managers or their respective associates, determined as per the definition of 'associate company' under Companies Act, 2013, hold any Equity Shares in our Company.
12. Our Company has not issued any Equity Shares out of revaluation reserves.
13. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Red Herring Prospectus.
14. Except for the stock options granted under the ESOS Schemes to employees, as defined under the ICDR Regulations, there are no outstanding warrants, options or rights to convert debentures, loans or other

instruments into Equity Shares, or any other right which would entitle any person any option to receive Equity Shares in our Company as on the date of this Red Herring Prospectus.

15. Except for any issue of Equity Shares pursuant to exercise of stock options granted under the ESOS Schemes, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.
16. Except as disclosed in “*History of Build up, Contribution and Lock-in of Promoters' Shareholding*” on page 116 of this Red Herring Prospectus, neither our Promoters, nor any of the members of our Promoter Group, nor directors of our Promoters nor our Directors, or their immediate relatives have purchased or sold any securities of our Company or its subsidiaries, during a period of six months preceding the date of filing this Red Herring Prospectus and the Draft Red Herring Prospectus with SEBI.
17. During the period of six months immediately preceding the date of filing of this Red Herring Prospectus and the Draft Red Herring Prospectus, except for any financing arrangements that may be provided by one of our Promoters, HDFC, in the ordinary course of its business, no financing arrangements existed whereby any of our Promoters, members of our Promoter Group, directors of our Promoters may have financed the purchase of securities of our Company by any other person. Further, except as disclosed below, our Directors and their relatives have not purchased, sold or financed the purchase of securities of our Company by any other person:

Mr. Amitabh Chaudhry

S. No	Transferor	Transferee	Date	Number of securities	Price per security (₹)
1.	ESOS Trust	Mr. Amitabh Chaudhry	July 21, 2017	163,000	60
2.	ESOS Trust	Mr. Amitabh Chaudhry	August 9, 2017	300,000	65
3.	ESOS Trust	Mr. Amitabh Chaudhry	August 9, 2017	495,565	60
4.	ESOS Trust	Mr. Amitabh Chaudhry	August 9, 2017	720,330	64
5.	Fresh allotments	Mr. Amitabh Chaudhry	August 14, 2017	921,157	90
6.	Fresh allotments	Mr. Amitabh Chaudhry	August 14, 2017	315,300	95
7.	Fresh Allotment	Mr. Amitabh Chaudhry	October 10, 2017	315,300	95
8.	Fresh Allotment	Mr. Amitabh Chaudhry	October 10, 2017	135,000	190

Ms. Vibha Padalkar

S. No	Transferor	Transferee	Date	Number of securities	Price per security (₹)
1.	Fresh allotments	Ms. Vibha Padalkar	March 14, 2017	25,000	90
2.	ESOS Trust	Ms. Vibha Padalkar	March 28, 2017	150,000	64
3.	Fresh allotments	Ms. Vibha Padalkar	June 15, 2017	34,000	90
4.	ESOS Trust	Ms. Vibha Padalkar	August 8, 2017	40,000	64
5.	Fresh allotments	Ms. Vibha Padalkar	August 14, 2017	177,250	90
6.	Fresh allotments	Ms. Vibha Padalkar	August 14, 2017	138,000	95
7.	Fresh Allotment	Ms. Vibha Padalkar	October 10, 2017	138,000	95
8.	Fresh Allotment	Ms. Vibha Padalkar	October 10, 2017	64,500	190

		Padalkar		
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18. In terms of Rule 19(2)(b)(iii) of the SCRR read with Regulation 41 of the ICDR Regulations and IRDAI Issuance of Capital Regulations, this is an Offer for at least 10% of the post-Offer capital. The Offer is being made through the Book Building Process, in reliance on Regulation 26(1) of the ICDR Regulations, wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to QIBs. Provided that our Company and the Promoter Selling Shareholders in consultation with the Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis out of which one third shall be reserved for domestic Mutual Funds only subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (other than Anchor Investor Portion) shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Investors and not less than 35% of the Net Offer shall be available for allocation, in accordance with the ICDR Regulations, to Retail Individual Investors, subject to valid Bids being received at or above the Offer Price. Further, 2,144,520 Equity Shares will be available for Allocation to Eligible HDFC Life Employees, 805,000 Equity Shares will be available for Allocation to Eligible HDFC Employees, and 29,982,781 Equity Shares will be available for Allocation to Eligible HDFC Shareholders, subject to valid Bids being received from them at or above the Offer Price.
19. Except for any issue of Equity Shares pursuant to exercise of stock options granted under the ESOS Schemes, our Company presently does not intend or propose to alter the capital structure for a period of six months from the Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or issue of bonus or rights or further public issue of specified securities or qualified institutions placement or otherwise. However, if our Company enters into acquisitions, joint ventures or other arrangements, our Company may, subject to necessary approvals, consider raising additional capital to fund such activity or use Equity Shares as currency for acquisitions or participation in such joint ventures or other arrangements.
20. Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or under Section 230 to Section 240 of the Companies Act, 2013.
21. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, including the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion, except the QIB Portion, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and Promoter Selling Shareholders in consultation with the Managers and the Designated Stock Exchange. The unsubscribed portion if any, in the HDFC Life Employee Reservation Portion, HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion shall be added back to the Net Offer.
22. The Equity Shares Allotted pursuant to the Offer shall be fully paid-up at the time of Allotment.
23. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
24. Our Company shall ensure that any transaction in the Equity Shares by the Promoters and the members of the Promoter Group during the period between the date of registering the Red Herring Prospectus with the RoC and the date of closure of the Offer shall be reported to the Stock Exchanges within 24 hours of such transaction.
25. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made by us or our Promoters or the Promoter Selling Shareholders to the persons who are Allotted Equity Shares pursuant to the Offer.
26. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.

27. As of the date of this Red Herring Prospectus, except for the allotments of Equity Shares pursuant to ESOS Schemes to employees of our Company and Subsidiaries on December 9, 2016, March 14, 2017, June 15, 2017, August 14, 2017, September 16, 2017 and October 10, 2017, there have been no Equity Shares issued by our Company at a price that may be lower than the Offer Price during the last one year. For further details in relation to these allotments, please see “*Capital Structure - Notes to Capital Structure – Share Capital History*” on page 113 of this Red Herring Prospectus.
28. Our Company shall comply with such disclosures and accounting norms as specified by SEBI from time to time.

## OBJECTS OF THE OFFER

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and to carry out the sale of Offered Shares by the Promoter Selling Shareholders. Since the initial public offering of HDFC Bank in the year 1995, this is the first initial public offering by a company promoted by HDFC and the listing of Equity Shares will enhance the “HDFC Life” brand name and provide liquidity to the existing Shareholders. The listing will also provide a public market for Equity Shares in India. Our Company will not receive any proceeds from the Offer.

### Offer Expenses

The total Offer-related expenses are estimated to be approximately ₹ [●] million. All expenses with respect to the Offer will be borne by the Promoter Selling Shareholders in proportion to their respective Offered Shares and in accordance with applicable law. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Promoter Selling Shareholders and such payments will be reimbursed by the Promoter Selling Shareholders to our Company in proportion to their respective Offered Shares. The following table sets forth details of the break-up for the Offer expenses:

Activity	Estimated Expense <sup>(1)</sup> ( million)	As a % of total estimated Offer expense <sup>(1)</sup>	As a % of total Offer size <sup>(1)</sup>
Fees payable to the Managers	[●]	[●]	[●]
Selling commission and processing fees for SCSBs <sup>(2)</sup>	[●]	[●]	[●]
Selling commission, brokerage, and bidding charges for the Syndicate Members, Registered Brokers, RTAs and CDPs <sup>(3)(4)</sup>	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Printing and stationery expenses	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Others:	[●]	[●]	[●]
(i) Listing fees			
(ii) SEBI and Stock Exchanges processing fees			
(iii) Book building fees payable to Stock Exchanges			
(iv) Fees payable to Auditors			
(v) Fees payable to legal counsels			
(vi) Miscellaneous.			
<b>Total Offer expenses</b>	[●]	[●]	[●]

<sup>(1)</sup> Amounts will be finalised at the time of filing the Prospectus and on determination of Offer Price and other details.

<sup>(2)</sup> Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Investors which are directly procured by the SCSBs, would be as follows:

Portion for Retail Individual Investors*	0.30% of the Amount Allotted (plus applicable GST and other applicable taxes)
Portion for Eligible HDFC Life Employees/ Eligible HDFC Employees/ Eligible HDFC Shareholders*	0.20% of the Amount Allotted (plus applicable GST and other applicable taxes)
Portion for Non-Institutional Investors*	0.15% of the Amount Allotted (plus applicable GST and other applicable taxes)

\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.

Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Investors which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking would be as follows:

Portion for Retail Individual Bidders*	Rs. 10 per valid application (plus applicable GST and other applicable taxes)
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<i>Portion for Eligible HDFC Life Employees/ Eligible HDFC Employees/ Eligible HDFC shareholders*</i>	<i>Rs. 10 per valid application (plus applicable GST and other applicable taxes)</i>
<i>Portion for Non-Institutional Investors*</i>	<i>Rs. 10 per valid application (plus applicable GST and other applicable taxes)</i>

*\* For each valid applications.*

*(3) Selling commission on the portion for Retail Individual Bidders and the portion for Non-Institutional Investors which are procured by Syndicate Members (including their sub Syndicate Members) would be as follows:*

<i>Portion for Retail Individual Bidders*</i>	<i>0.30% of the Amount Allotted (plus applicable GST and other applicable taxes)</i>
<i>Portion for Eligible HDFC Life Employees/ Eligible HDFC Employees/ Eligible HDFC shareholders*</i>	<i>0.20% of the Amount Allotted (plus applicable GST and other applicable taxes)</i>
<i>Portion for Non-Institutional Investors*</i>	<i>0.15% of the Amount Allotted (plus applicable GST and other applicable taxes)</i>

*\* Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

*Bidding Charges: Rs. 10 (plus applicable GST and other applicable taxes) per valid application bid by the Syndicate Members (including their Sub Syndicate Members).*

*(4) Bidding Charges payable to the Registered Brokers, RTAs and CDPs on the portion for Retail Individual Investors and Non-Institutional Investors which are directly procured by the Registered Broker or RTAs or CDPs and submitted to SCSB for processing, would be as follows:*

<i>Portion for Retail Individual Bidders*</i>	<i>Rs.10 per valid application (plus applicable GST and other applicable taxes)</i>
<i>Portion for Eligible HDFC Life Employees/ Eligible HDFC Employees/ Eligible HDFC shareholders*</i>	<i>Rs.10 per valid application (plus applicable GST and other applicable taxes)</i>
<i>Portion for Non-Institutional Investors*</i>	<i>Rs. 10 per valid application (plus applicable GST and other applicable taxes)</i>

*\* Based on valid applications.*

*\* Amount of bidding charges payable to Registered Brokers, RTAs / CDPs shall be determined on the basis of applications which have been considered eligible for the purpose of Allotment. In order to determine to which Registered Brokers, RTAs / CDPs the commission is payable to, the terminal from which the bid has been uploaded will be taken into account.*

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Promoter Selling Shareholders, in consultation with the Managers, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band. Investors should also refer to “*Our Business*”, “*Risk Factors*”, “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 201, 332, and 551 of this Red Herring Prospectus, respectively, to have an informed view before making an investment decision.

### Qualitative factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

- a. Strong parentage and a trusted brand that enhances our appeal to consumers;
- b. Strong financial performance defined by consistent and profitable growth;
- c. Growing and profitable multi-channel distribution footprint that provides market access across various consumer segments in India;
- d. Focus on customer centricity enabling growth across business cycles;
- e. Leading digital platform that provides a superior experience for customers and distributors; and
- f. Independent and experienced leadership team.

For further details, see “*Our Business – Our Competitive Strengths*” on page 202 of this Red Herring Prospectus.

### Quantitative factors

The information presented below relating to our Company is based on the Restated Consolidated Financial Information and Restated Standalone Financial Information. For further details, see “*Financial Statements*” beginning on page 332 of this Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Offer Price are as follows:

#### I. Basic and diluted earnings per share (“EPS”)

##### On a standalone basis:

	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2017	4.5	4.4	3
March 31, 2016	4.1	4.1	2
March 31, 2015	3.9	3.9	1
<b>Weighted Average</b>	<b>4.3</b>	<b>4.2</b>	

\* For the six months ended September 30, 2017, the basic and diluted EPS was 2.8 and 2.8, respectively.

##### On a consolidated basis:

	Basic EPS (₹)	Diluted EPS (₹)	Weight
March 31, 2017	4.4	4.4	3
March 31, 2016	4.1	4.1	2
March 31, 2015	3.9	3.9	1
<b>Weighted Average</b>	<b>4.2</b>	<b>4.2</b>	

\* For the six months ended September 30, 2017, the basic and diluted EPS was 2.8 and 2.8, respectively.

Basic earnings per share (₹) = Net profit or loss for the year/six months attributable to equity shareholders / weighted average number of equity shares outstanding during the year/six months.

Diluted earnings per share (₹) = Net profit or loss for the year/ six months attributable to equity shareholders / weighted average number of shares outstanding during the year/ six months adjusted for the effects of all dilutive potential equity shares.

## II. Price/Earning (“P/E”) ratio in relation to Price Band of ₹[●] to ₹[●] per Equity Share:

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)
Based on basic EPS for the year/period ended March 31, 2017	[●]	[●]
Based on diluted EPS for the year/period ended March 31, 2017	[●]	[●]

Industry P/E Ratio\*

Average: 51.4

Highest: 69.4

Lowest: 33.4

\* **Source:** The average highest and lowest Industry P/E shown above is based on the industry peer set provided below under “Comparison with Listed Industry Peers”. The industry composite has been calculated as the arithmetic average P/E of the Industry peer set provided below, based on consolidated EPS numbers. For further details, see “Basis for Offer Price - Comparison with Listed Industry Peers” hereunder.

## III. Average Return on Net Worth (“RoNW”)

### As per Restated Standalone Financial Information:

Fiscal/Period Ended	RoNW (%)	Weight
March 31, 2017	25.7%	3
March 31, 2016	29.0%	2
March 31, 2015	35.1%	1
<b>Weighted Average</b>	<b>28.4%</b>	

### As per Restated Consolidated Financial Information:

Fiscal/Period Ended	RoNW (%)	Weight
March 31, 2017	25.6%	3
March 31, 2016	28.9%	2
March 31, 2015	35.2%	1
<b>Weighted Average</b>	<b>28.3%</b>	

Return on net worth (%) = Profit/(loss) after tax, as restated / average of the restated net worth at the beginning and end of the period.

## IV. Minimum return on total net worth after the Offer, required for maintaining pre-Offer EPS as at September 30, 2017:

There will be no change in the Net Worth post-Offer, as the Offer is by way of Offer by the Promoter Selling Shareholders.

## V. Net asset value per Equity Share (face value of ₹ 10 each)

### As per Restated Standalone Financial Information:

Fiscal/Period Ended	Net Asset Value per Equity Share (₹)
March 31, 2017	19.2
March 31, 2016	15.6

March 31, 2015	12.7
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**As per Restated Consolidated Financial Information:**

Fiscal/Period Ended	Net Asset Value per Equity Share (₹)
March 31, 2017	19.1
March 31, 2016	15.6
March 31, 2015	12.7

Net asset value per Equity Share = Net worth at the end of the year / total number of Equity Shares outstanding at the end of year.

**VI. Comparison with listed industry peers**

Name of Company	Unconsolidated / Consolidated	Face Value (₹ per share)	EPS (₹ per Share) <sup>(4)</sup>		NAV (₹ per share) <sup>(5)</sup>	P/E <sup>(6)</sup>	RoNW <sup>(3,7)</sup>
			Basic	Diluted			
ICICI Prudential Insurance Company Limited <sup>(1)</sup>	Consolidated	10	11.7	11.7	44.6	33.4	28.7%
SBI Life Insurance Company Limited <sup>(2)</sup>	Consolidated	10	9.6	9.6	55.5	69.4	18.6%
<b>Industry Average</b>		<b>10</b>	<b>10.7</b>	<b>10.7</b>	<b>50.1</b>	<b>51.4</b>	<b>23.7</b>

Note:

1. Financials for ICICI Prudential Insurance Company Limited are sourced from its audited consolidated financial statements as on March 31, 2017 filed with the Stock Exchanges.
2. Financials for SBI Life Insurance Company Limited are sourced from its audited consolidated financial statements as on March 31, 2017 as part of the prospectus dated September 25, 2017.
3. Net worth for the companies has been computed as sum of share capital credit/(debit) fair value change account and reserves and surplus. Share Application Money pending allotment not included as part of Net Worth.
4. Basic and Diluted EPS refer to basic and diluted EPS sourced from the audited consolidated financial statements as on March 31, 2017 of ICICI Prudential Life Insurance Company Limited filed with the Stock Exchanges; Basic and Diluted EPS refer to the basic and diluted EPS sourced from the prospectus dated September 25, 2017 for SBI Life Insurance Company Limited
5. NAV is computed as the closing net worth of the companies, computed as per Note 2, divided by the closing outstanding number of fully paid up equity shares as sourced from the shareholding pattern as on March 31, 2017 filed with the Stock Exchanges.
6. P/E Ratio has been computed as the closing market price of ICICI Prudential Life Insurance Company Limited and SBI Life Insurance Company Limited on BSE sourced from BSE website as of October 24, 2017 divided by the basic EPS as described in Note 4.
7. RoNW for ICICI Prudential Life Insurance Company and SBI Life Insurance Company Limited has been computed as net profit after tax divided by the average net worth of preceding two Fiscals of these companies as per Note 3.

**VII. The Offer price is [●] times of the face value of the Equity Shares.**

The Offer Price of ₹ [●] has been determined by our Company and the Promoter Selling Shareholders in consultation with the Managers, on the basis of demand from investors for Equity Shares through the Book Building Process and, is justified in view of the above qualitative and quantitative parameters.

Investors should read the above mentioned information along with “*Risk Factors*”, “*Our Business*”, “*Management Discussion and Analysis of Financial Condition and Results of Operations*” and “*Financial Statements*” on pages 23, 201, 551 and 332 of this Red Herring Prospectus, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the “*Risk Factors*” and you may lose all or part of your investments.

**VIII. The average cost of acquisition of Equity Shares by our Promoters is as follows:**

<b>Name of the Promoter</b>	<b>Name of the Equity Shares held</b>	<b>Average cost of acquisition (in ₹)</b>
HDFC	1,229,760,125	10.71
Standard Life Mauritius	698,208,033	41.79

## STATEMENT OF TAX BENEFITS

### **Price Waterhouse Chartered Accountants LLP**

Chartered Accountants  
252, Veer Savarkar Marg,  
Shivaji Park, Dadar (West)  
Mumbai – 400028

### **G. M. Kapadia & Co.**

Chartered Accountants  
1007, Raheja Chambers,  
213 Nariman Point,  
Mumbai – 400021

To

The Board of Directors  
HDFC Standard Life Insurance Company Limited  
Lodha Excelus , 13th Floor,  
Apollo Mills Compound,  
Mahalaxmi,  
Mumbai 400 011

### **Auditors' Report on Statement of Possible Tax benefits available to HDFC Standard Life Insurance Company Limited and its shareholders**

1. This report is issued in accordance with the terms of Price Waterhouse Chartered Accountants LLP agreement dated August 16, 2017 and G. M. Kapadia & Co., Chartered Accountants agreement dated August 16, 2017.
2. The accompanying Statement of possible tax benefits (the "Statement") available to HDFC Standard Life Insurance Company Limited (the "Company") and its shareholders under the Income-Tax Act, 1961 (read with Income-tax Rules, circulars, notifications) as amended by Finance Act, 2017 (hereinafter referred to as the "Income Tax Regulations"), has been prepared by the Management of the Company, pursuant to Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 of the Companies Act, 2013, as amended (hereinafter referred to as the "Act") and item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI Regulations") issued by the Securities and Exchange Board of India (the "SEBI") in connection with the proposed Initial Public Offering of Equity Shares of the Company (the "Offer"), which we have initialed for identification purposes.

### **Management Responsibility for the Statement**

3. The preparation of the Statement as at the date of our report, which is to be included in the Red Herring Prospectus and Prospectus is the responsibility of the Management of the Company and has been approved by the Executive Committee of the Board of Directors of the Company, through resolution dated October 21, 2017 for the purpose set out in paragraph 9 below. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

### **Auditor's Responsibility**

4. Our work has been carried out in accordance with Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Our work has not been carried out in accordance with the auditing standards generally accepted in the United States of America ("U.S."), standards of the US Public Company Accounting Oversight Board and accordingly should not be relied upon by any one as if it had been carried out in accordance with those standards or any other standards besides the standards referred to in this report.
5. Pursuant to the SEBI Regulations and the Act, it is our responsibility to report whether the

Statement presents, in all material respects, the possible benefits available as of September 30, 2017 to the Company and its shareholders, in accordance with the Income Tax Regulations as at the date of our report.

6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Offer.

### **Inherent Limitations**

7. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information.

Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive.

The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Offer.

Further, we give no assurance that the Revenue authorities/ Courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

### **Opinion**

8. In our opinion, the Statement presents, in all material respects, the possible benefits available as of September 30, 2017 to the Company and its shareholders, in accordance with the Income Tax Regulations as at the date of our report.

Considering the matter referred to in paragraph 5 above, we are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or
- (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

### **Restriction of Use**

9. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Red Herring Prospectus and Prospectus, prepared in connection with the Offer, to be filed by the Company with the SEBI, IRDAI, the Registrar of Companies, Mumbai and the concerned stock exchanges.

For Price Waterhouse Chartered Accountants LLP  
Chartered Accountants  
Firm Registration No. 012754N/N500016

For G.M. Kapadia & Co.  
Chartered Accountants  
Firm Registration No. 104767W

Anish P. Amin  
Partner  
Membership No.: 040451

Rajen Ashar  
Partner  
Membership No.: 048243

Place: Mumbai  
Date: October 21, 2017

Place: Mumbai  
Date: October 21, 2017

## **STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

The tax benefits listed below are the possible benefits available under the Income-tax Act, 1961 ("the Act") presently in force in India for the financial year 2017-18. Several of these benefits are dependent on the Company or its shareholders fulfilling specified conditions set out under the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company or its shareholders may or may not choose to fulfill. This statement is only intended to list out the tax benefits which may be available to the Company and its shareholders in a general and summary manner and does not purport to be a complete analysis or listing of all the provisions or possible tax consequences of the subscription, purchase, ownership or disposal of shares in the company. In respect of non-residents, the tax rates and the consequent taxation mentioned below will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreement ("DTAA"), if any, between India and the country in which the non-resident has fiscal domicile. In view of the specific nature of tax consequences and the changing tax laws, each investor is advised to consult his / her own tax advisor with respect to specific tax implications arising out of their participation in the issue.

### **UNDER THE INCOME-TAX ACT, 1961**

#### **A. BENEFITS TO THE COMPANY UNDER THE ACT:**

##### **SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY UNDER THE ACT**

a. Taxability of insurance companies:

Section 44 of the Act deals with taxation of insurance companies. Section 44 overrides all other provisions relating to the computation of income under the various heads of income, and states that profits and gains of the insurance business are to be computed in accordance with the First Schedule to the Act.

Rule 2 in the First Schedule to the Act provides for the methodology of computation of income of a life insurance business. Section 115B of the Act provides that the income computed in accordance with section 44 read with rule 2 in the Act is taxable at the rate of 12.5% (plus applicable surcharge and cesses).

b. Minimum Alternate Tax ("MAT"):

By virtue of sub-section (5A) of section 115JB of the Act, the provisions relating MAT are not applicable to the income accruing or arising to the Company as it is in the business of life insurance.

c. Income from pension business:

Any income of a fund setup by the Company under a pension scheme approved by the Insurance Regulatory and Development Authority of India, is exempt from tax under section 10(23AAB) of the Act.

Subject to the fulfillment of conditions prescribed under the specified sections under the Act read with Income-tax Rules, 1962, the Company should be eligible for the following general tax benefits to the extent relevant:

d. Dividend income

- Section 10(34) of the Act exempts income received by the Company by way of dividends referred to in section 115-O of the Act.
- Further, the following incomes are exempt under section 10(35) of the Act, in the hands of the Company (except income arising on transfer of units):

- i. Income received in respect of units of a mutual fund specified under section 10(23D) of the Act;
  - ii. Income received in respect of units from the Administrator of the specified undertaking - Administrator as defined under the provisions of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002;
  - iii. Income received in respect of units from the company referred to in section 2(h) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002.
- e. Other exemptions/ deductions

Section 10(15)(iv)(h) of the Act exempts interest income earned by the Company in respect of tax free bonds issued by a public sector company.

- f. Disallowance under section 14A

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which does not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not a tax deductible expenditure. However, as per various judicial precedents, Section 14A is not applicable to life insurance companies.

- g. Carry forward and set-off of business losses

As per section 72 of the Act, the business loss of an insurance company arising in any assessment year can be carried forward for up to eight consecutive assessment years immediately succeeding the assessment year for which the loss was first computed and shall be eligible for set-off against the business income to be earned in those subsequent years.

## **B. GENERAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY**

- a. Dividends

Dividend income earned on shares of the Company is exempt in the hands of shareholders under section 10(34) of the Act.

It may however be noted that:

- Section 115BBDA of the Act provides that if the aggregate of dividends received on shares by specified assesseees is in excess of Rs. 10 lakh, the same would be taxed at the rate of 10 percent (plus applicable surcharge and cesses) in the hands of such specified assesseees on a gross basis, and no deduction will be available for any expenditure.
- Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be a tax deductible expenditure.
- As per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

- b. Capital gains

- (i) Computation of capital gains

- Under the Act, profits or gains arising from the transfer of capital assets will be chargeable to income-tax under the head 'capital gains'. As per section 2(42A) of the

Act, shares in a company listed on a recognised stock exchange in India will be considered short-term capital assets, if the period of holding of such listed shares is 12 months or less. If the period of holding of the listed shares is more than 12 months, the same would be considered as long-term capital assets as per section 2(29A) of the Act.

- Section 48 of the Act prescribes the mode of computation of capital gains and provides for deduction of cost of acquisition/ improvement and expenses incurred wholly and exclusively in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains.

However, in respect of long term capital gains, section 48 provides for substitution of cost of acquisition/ improvement with indexed cost of acquisition/ improvement, which adjusts the cost of acquisition/ improvement by a cost inflation index as prescribed from time to time.

- Any gains arising on transfer of shares of the Company, if held as investments, will be exempt under section 10(38) of the Act if the said shares are long-term capital assets (i.e. held for more than 12 months) and such transaction is chargeable to STT. However, except in certain specified situations as provided in a notification<sup>2</sup> issued by the Central Board of Direct Taxes, the exemption under section 10(38) of the Act would not be available in a case where the shares were acquired on or after October 1, 2004, and no STT was paid at the time of such acquisition.
- When a shareholder is liable to pay tax on book profits under section 115JB of the Act, i.e. MAT, the income exempt in terms of section 10(38) of the Act will form part of book profits while computing the book profits under section 115JB of the Act.
- In a case where exemption under section 10(38) of the Act is not available, the gains arising on the transfer of a long-term asset (being shares) are chargeable to tax in the hands of the shareholder at the rate of 20% (plus applicable surcharge and cesses) with indexation benefit. However, as per the proviso to section 112 of the Act, the tax on long-term capital gains resulting on transfer of listed securities shall be restricted at the rate of 10 percent (plus applicable surcharge and cesses) without indexation benefit.

In case of an individual or Hindu Undivided Family (HUF), where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the Act.

- Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cesses) as per the provisions of section 111A of the Act, if such transaction of sale is chargeable to STT.

In case of an individual or HUF, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the Act.

- Short-term capital gains arising on transfer of the shares of the Company is subject to tax as part of the total income at the applicable rates (plus applicable surcharge and cesses), in cases where the transaction is not chargeable to STT.

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<sup>2</sup> Notification no. 43/2017/F. No. 370142/09/2017-TPL

- In respect of a non-resident shareholder, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange [other than those exempt under section 10(38) of the Act] shall be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/ arising from every reinvestment thereafter.

The rate of exchange to be used for the conversion of Indian rupees into foreign currency and reversion of foreign currency into Indian rupees for the purpose of computation of capital gains under the first proviso to section 48 of the Act has been prescribed under Rule 115A.

- Short-term capital loss computed for a given year is allowed to be set-off against short-term/ long-term capital gains computed for the said year under section 70 of the Act. However, long-term capital loss computed for a given year [arising from a transaction other than that covered by section 10(38) of the Act] is allowed to be set-off only against the long-term capital gains computed for the said year. Further, as per section 71 of the Act, short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.

As per section 74 of the Act, the balance short-term capital loss, which is not set off under the provisions of section 70 of the Act, is allowed to be carried forward for the subsequent eight assessment years for being set off against the subsequent years' short-term as well as long-term capital gains. However, the balance long-term capital loss of any year is allowed to be carried forward and set-off only against the long-term capital gains of subsequent eight assessment years.

- Where the gains arising on the transfer of shares of the Company are included in the business income of an assessee assessable under the head 'Profits and gains from business or profession' and on which STT has been charged, such STT shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the Act.
- The characterisation of gains/ losses, arising from sale/ transfer of shares as capital gains or business income has been clarified by the CBDT *vide* circular no. 6/ 2016 dated February 29, 2016.
- Income arising to a shareholder on account of buy back of shares (not being listed on a recognized stock exchange) by a company as referred to in section 115QA of the Act will be exempt from tax under section 10(34A) of the Act. In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20% (plus applicable surcharge and cesses) on distributed income being difference between consideration and the amount received by the company for issue of shares.

(ii) Exemption of capital gains from income-tax:

- In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EC of the Act, long-term capital gains arising on transfer of the shares of the Company [other than those exempt under section 10(38) of the Act] shall be exempt from capital gains tax if the gains are invested in specified bonds within six months from the date of transfer in the purchase of long-term specified assets. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.

- In accordance with, and subject to the conditions, including ownership of not more than one residential house on the date of transfer (other than the new residential house referred hereinafter) and to the extent specified in section 54F of the Act, long-term capital gains arising on transfer of the shares of the Company [other than those exempt under section 10(38) of the Act] held by an individual or HUF shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years. If the whole of the net sales consideration is not so utilised, the exemption shall be allowed on a pro rata basis. Where the asset is transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.
- In accordance with, and subject to the conditions, including the limit of investment of Rs. 50 lakhs, and to the extent specified in section 54EE of the Act, long-term capital gains arising on transfer of the shares of the Company [other than those exempt under section 10(38) of the Act] shall be exempt from capital gains tax if the gains are invested in specified units within six months from the date of transfer of shares. In case the whole of the gains are not so invested, the exemption shall be allowed on a pro rata basis. Where the specified units are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer/ conversion.

c. Tax treaty benefits

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Tax Avoidance Agreement between India and the country of tax residence of the nonresident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

d. Non-resident Indian taxation

Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange.

- Non-Resident Indian (NRI) means a citizen of India or a person of Indian origin who is not a resident. Person is deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, were born in undivided India.
- Under section 115E of the Act, NRIs will be taxed at the rate of 10% (plus applicable surcharge and cesses) on long term capital gains [other than those exempt under section 10(38) of the Act] arising on sale of shares of the Company which are acquired in convertible foreign exchange.
- Under section 115F of the Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange [other than those exempt under section 10(38) of the Act] shall be exempt from capital gains tax, if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the Act. In case the whole of the net consideration is not so invested, the exemption shall be allowed on a pro rata basis.
- In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or

both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- In accordance with the provisions of section 115H of the Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
- As per the provisions of section 115-I of the Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly their total income for that assessment year will be computed in accordance with the other provisions of the Act. The said Chapter inter alia entitles NRIs to the benefits stated there under in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.

### **Benefits available to Foreign Institutional Investors/ Foreign Portfolio Investors<sup>3</sup> under the Act**

#### **a. Tax treaty benefits**

Under the provisions of section 90(2) of the Act, a non-resident will be governed by the provisions of the Double Tax Avoidance Agreement between India and the country of tax residence of the nonresident and the provisions of the Act apply to the extent they are more beneficial to the assessee.

#### **b. Dividend income**

Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the Act.

It may be noted that as per section 94(7) of the Act, losses arising from sale/ transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such losses do not exceed the amount of exempt dividend.

#### **c. Capital gains**

- As per section 2(14) of the Act, the definition of 'capital asset' includes any securities held by a FII which has invested in such securities in accordance with the SEBI regulations. Hence, any transfer/sale of such securities shall be subject to tax under the head 'capital gains'.
- Gains arising on transfer of shares of the Company will be exempt under section 10(38) of the Act if the said shares are long-term capital assets and such transfer is chargeable to STT. The shares are treated as long-term capital assets if they are held for more than 12 months. However, except in certain specified situations as provided in a notification<sup>4</sup> issued by the Central Board of Direct Taxes, the exemption under section 10(38) of the Act would not be available in a case where the shares were acquired on or after October 1, 2004, and no STT was paid at the time of such acquisition.

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<sup>3</sup> As per Notification No. 9/2014 dated 22 January 2014, the Central Government has specified Foreign Portfolio Investors registered under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as 'Foreign Institutional Investor' for the purposes of clause (a) of the Explanation to section 115AD of the Act.

<sup>4</sup> Notification no. 43/2017/F. No. 370142/09/2017-TPL

- Under section 115AD(1)(b)(iii) of the Act, income by way of long-term capital gains arising from the transfer of shares held in the Company [other than those exempt under section 10(38) of the Act] will be chargeable to tax at the rate of 10% (plus applicable surcharge and cesses).
  - Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and cesses) as per the provisions of section 111A of the Act if such transaction is chargeable to STT.
  - Under section 115AD(1)(b)(ii) of the Act, income by way of short-term capital gains arising from the transfer of shares held in the Company will be chargeable to tax at the rate of 30% (plus applicable surcharge and cesses).
  - Short-term capital loss computed for a given year is allowed to be set-off against short-term/ long-term capital gains computed for the said year under section 70 of the Act. However, long-term capital loss computed for a given year (arising from a transaction other than that covered by section 10(38) of the Act) is allowed to be set-off only against the long-term capital gains computed for the said year. Further, as per section 71 of the Act, short-term capital loss or long-term capital loss for the year cannot be set-off against income under any other heads for the same year.
  - As per section 74 of the Act, the balance short-term capital loss, which is not set off under the provisions of section 70 of the Act, is allowed to be carried forward for the subsequent eight assessment years for being set off against the subsequent years' short-term as well as long-term capital gains. However, the balance long-term capital loss of any year is allowed to be set off only against the long-term capital gains of subsequent eight assessment years.
  - As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to FII.
- d. Computation of book profits under section 115JB of the Act
- Capital gains (whether long-term or short-term) arising on transfer of shares by foreign companies will not be subject to MAT under section 115JB of the Act if conditions prescribed in Explanation 4 to section 115JB(2) of the Act are satisfied.

#### **Benefits available to Mutual Funds under the Act**

Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

#### **Benefits available to Alternative Investment Funds (Category I and II) under the Act**

Under section 10(23FBA) of the Act, income earned (other than income chargeable under the head 'Profits and gains from business or profession') by Category I and Category II Alternative Investment Funds is exempt from tax.

The income earned by the funds is taxable in the hands of the unit holder of such funds in the same manner as if it were the income accruing or arising to, or received, by such unit holder had the investments made by the funds been made directly by the unit holders.

#### **Alternative Investment Funds (Category III)**

There is no specific exemption provided under the Act for the income earned by the Category III Alternative Investment Fund. The taxability depends on the status of the Fund. In case the

Fund is set-up as a 'Trust', the principles of trust taxation should apply based on the nature of the trust.

### **General Anti-Avoidance Rule**

Under the Act, General Anti-Avoidance Rule ('GAAR') may be invoked by the income-tax authorities in case arrangements are found to be impermissible avoidance arrangements. A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four below mentioned elements:

- The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
- It results in directly / indirectly misuse or abuse of the Income-tax Act;
- It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
- It is entered into or carried out in a manner, which is not normally employed for bona fide purposes.

The provisions of GAAR are applicable with effect from financial year 2017-18 and onwards.

### **UNDER THE WEALTH TAX ACT, 1957**

The Finance Act, 2015, has abolished the levy of wealth tax under the Wealth Tax Act, 1957 with effect from financial year 2015-16.

#### **Notes:**

1. All the above benefits are as per the provisions of the Income-tax Act, 1961, read with the Income-tax Rules, 1962, circulars and notifications. They shall be available only to the sole/ first named holder in case the shares are held by the joint holders.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant DTAA, if any, entered into between India and the country in which the non-resident has fiscal domicile (subject to furnishing of Tax Residency Certificate / Form 10F).
3. In view of the specific nature of tax consequences, each investor is advised to consult his/ her / its own tax advisor with respect to specific tax consequences of his/her participation in the IPO.
4. The above Statement of Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
5. No assurance is given that the Revenue authorities/ Courts will concur with the content contained herein. The content herein is based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the contents consequent to such changes. We will not be liable to any other person in respect of this Statement.

## SECTION IV: ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

#### Introduction to Insurance

Insurance is a form of hedge against risk. By paying a small sum of money to an insurance company, a person can safeguard, in financial terms, against loss relating to life, disability, medical exigency, automobiles, housing and wealth. Not only is it a good risk management and wealth preservation tool, it is also an integral component of sound financial planning.

#### Overview of the insurance industry

Globally, the insurance industry can be broadly divided into two: life insurance and general insurance. While life insurance relates to risk cover for life or disability/accidents of an individual or a group of individuals, general insurance or non-life insurance covers risk to other insurable assets such as property, vehicles, health etc.

Many foreign and Indian life insurance players operated in India until 1956, when the government nationalised the life insurance industry. Consequently, there was only one player in life insurance - Life Insurance Corporation of India Ltd (LIC). In 1973, the general insurance industry was also nationalised. It was only in the 1990s that, as part of economic liberalisation, the industry was again thrown open to private players.

Since then, LIC remains the sole public player in life insurance. Private sector players have made substantial investments in capital, as reflected in the industry's net worth that soared from Rs 47 billion as of March 2005 to Rs 486 billion as of March 2016. After the Insurance Laws (Amendment) Act was passed in 2015, the foreign direct investment (FDI) limit in the insurance sector was increased from 26% to 49%; the FDI into the sector surged 764% y-o-y to US\$2.8 bn in April-December 2016.

The life insurance sector can be classified on the basis of products and customer segments. On the basis of products, they are divided into non-linked products and linked products. Non-linked products are traditional products, with protection and savings built in, or pure protection products. As the name suggests, linked products offer returns that are linked to the performance of debt and equity markets. Linked products started gaining traction from 2004.

Non-linked saving products can be further divided into participating insurance products and non-participating insurance products. Participatory products have their returns linked to the performance of the insurance company.

As of 2016-17, non-linked products were the most popular, accounting for 87% of total premium collected. However, the private players' share was only 56%

The industry provides both individual and group policies, and premium payments can be made at the outset in one shot (called single premium) or on a regular basis. Individual policies accounted for 44% of new business premium collected in 2016-17.

The life insurance players have also started to offer health insurance products covering individuals and groups. As of 2016-17, health insurance premium collections was Rs 307 bn.

#### The IRDAI

The Insurance Regulatory and Development Authority of India (IRDAI) was constituted as an autonomous body to regulate and develop the insurance industry in 1999 and received the statutory status in April 2000. The IRDAI opened up the insurance sector for private participation in 2000. Until 2000, there were only one life insurer and four general insurers in the country, all being from the public sector.

#### Global Life Insurance Industry

The growth in total premium of the global insurance industry has been subdued since the 2008 global financial crisis, compared with the total premium CAGR of 4% (in dollar, nominal terms) between 2003 and 2007. In advanced economies, total premium growth has stagnated since then. In 2016, total premium for advanced economies grew 0.7%, compared with 2.5% in 2015.

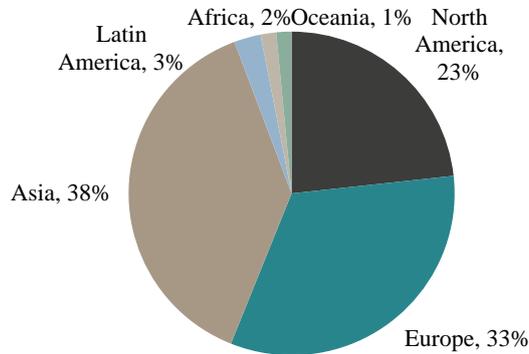
As per Swiss Re Institute sigma No 3/2017 report, in 2016, global life premiums are estimated to have increased 2.5%; premium growth declined in the advanced markets by 50 bps, but accelerated in the emerging markets.

Life premiums in the emerging markets grew 17% in 2016 versus 12% in 2015, well above the overall growth of 2.5%.

In terms of the market share of life insurance, Asia is the largest continent, accounting for 38% of premium collected. The share of emerging markets<sup>1</sup> in the life insurance industry has also increased, from just 3% in 1995 to around 19% in 2016. Emerging markets in Asia recorded improved performance in 2016, partly due to strong growth in China, India and Hong Kong, with the main contributor being China, where premium growth accelerated to 20.6% in 2016, from 20% in 2015.

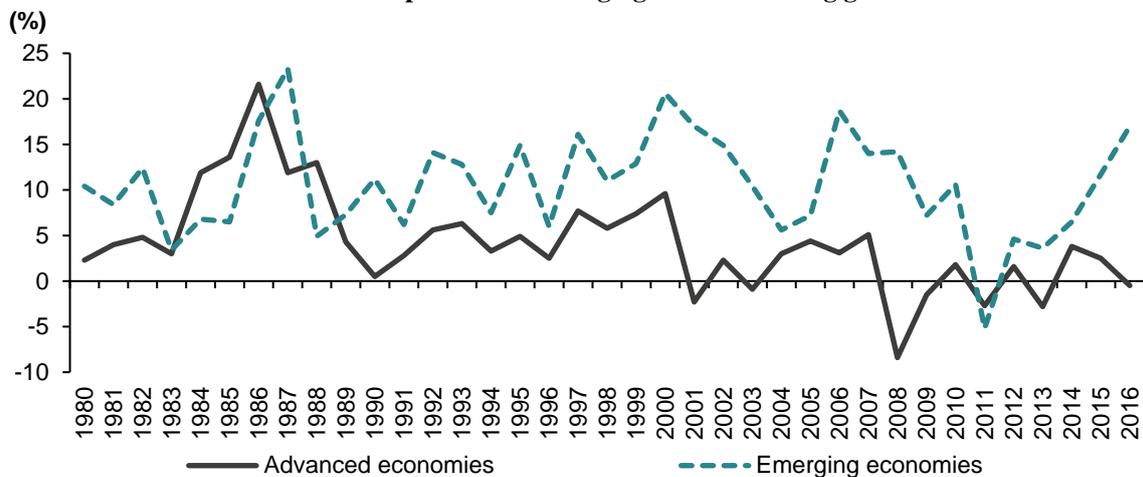
India's share is just about 2.4% in the global life insurance market as of 2016, indicating the vast potential for growth in India's life insurance industry. In India, the recovery over the past year was propelled by both linked and non-linked products, with linked and non-linked products growing 12% and 14% y-o-y respectively in FY17.

**Life insurance market share (2016) - Asia leads**



Source: Swiss Re Institute sigma No 3/2017 report

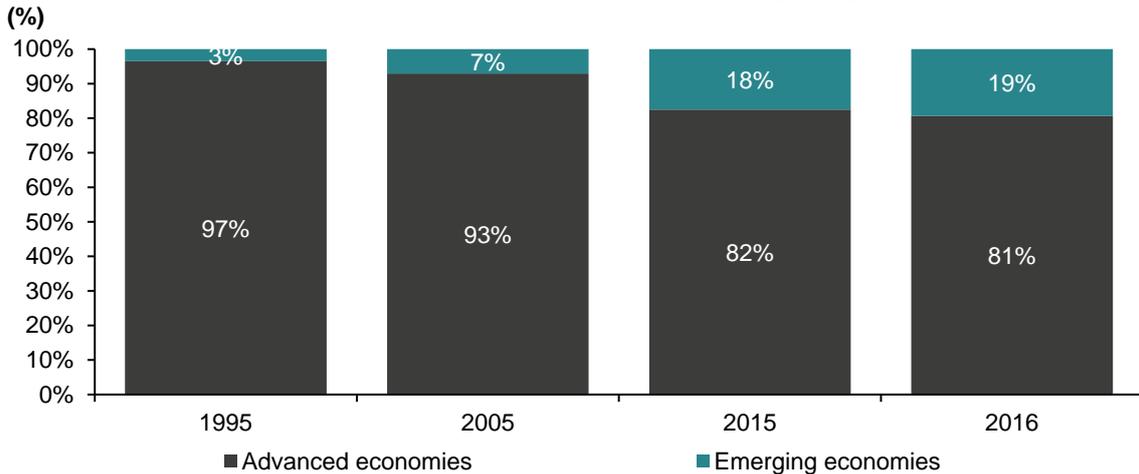
**Life insurance premium - Emerging markets driving growth**



Source: Swiss Re Institute sigma No 3/2017 report

<sup>1</sup> Advanced economies include the US, Canada, Western Europe (excluding Turkey), Israel, Oceania, Japan and the other advanced Asian economies (Hong Kong, Singapore, South Korea and Taiwan). All other countries are classified as “emerging” and generally correspond to the IMF’s “emerging and developing” economies

### Life insurance: Emerging markets increasingly gaining share



Source: Swiss Re Institute sigma No 3/2017 report

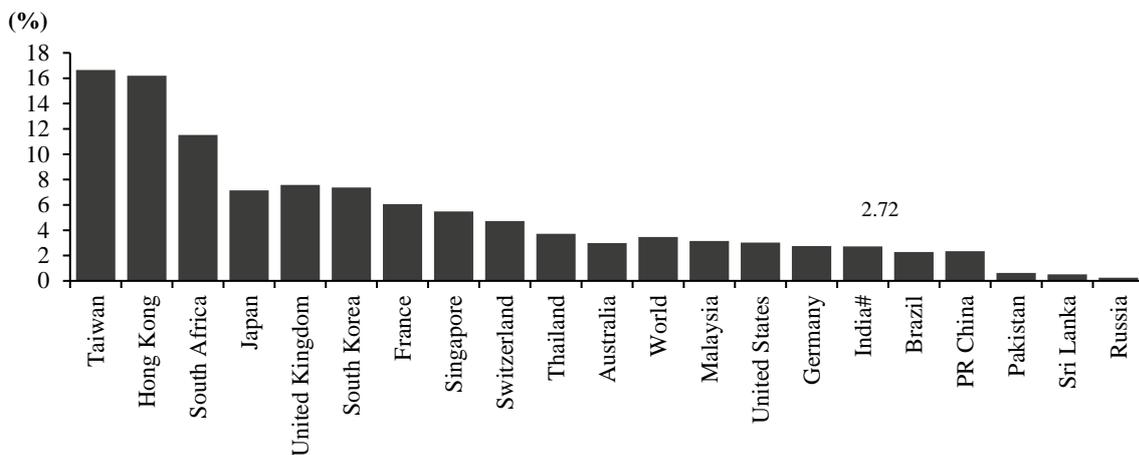
### Penetration & Density of Life Insurance:

In the global insurance industry, around 55% of premium comes from life insurance and the rest from the non-life segment; in emerging markets, around 54% of premium comes from life insurance. By contrast, the share of life insurance is over 78% for India. Despite this, indicators, such as insurance penetration (premium as a percentage of GDP), insurance density (premium per capita) and sum assured to GDP indicate that the Indian market is still significantly underinsured.

India's life insurance penetration stood at ~2.7% in 2016, compared with ~4.4% in 2009-10. Although overall premiums increased from 2010 to 2016, there was a decline in life insurance penetration between 2010 to 2016 due to GDP growing at a faster pace compared to growth in premiums. The average penetration for the life insurance industry globally is 3.5% as of 2016 which is 75 bps more than the Indian life insurance industry. Among comparable Asian counterparts, life insurance penetration for Thailand, Singapore and South Korea stood at 3.7%, 5.5% and 7.4%, respectively, as of 2016, much higher compared with India. This indicates the untapped potential of the Indian life insurance market. Also, the penetration for Indian industry is strictly not comparable to the developed markets, such as US and Australia, as mandatory pension contributions in the US and Australia are not included in the insurance pie.

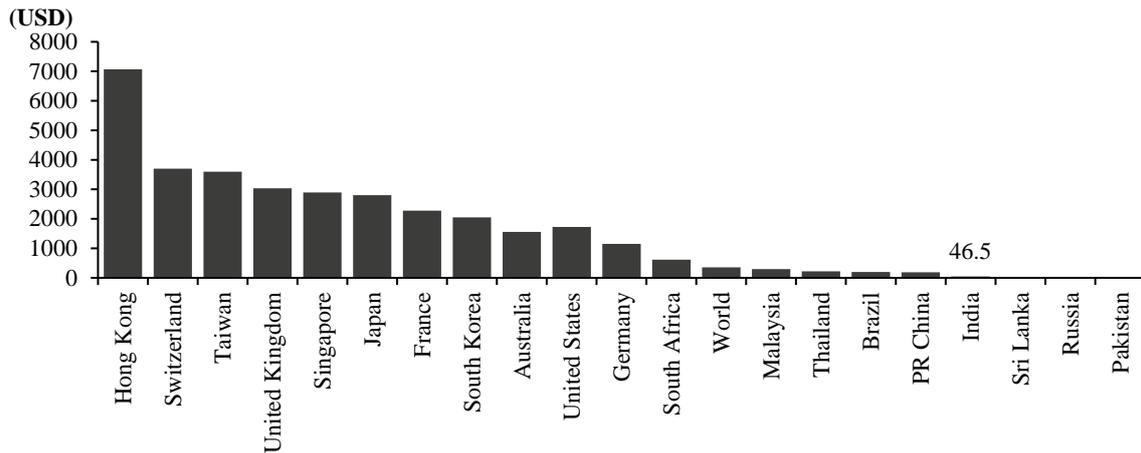
Further, due to higher share of savings than protection in the premium, CRISIL Research believes the actual protection provided by insurance in India would be much lower compared with even other developing markets. The average insurance penetration in emerging markets increased to 3.2% in 2016 from 2.9% in 2015. The insurance density in India, at US\$ 46.5 in 2016, remains low as compared to that of other developed and emerging market economies.

### Life insurance industry penetration (2016)



Source: Swiss Re Institute sigma No 3/2017 report

### Life insurance industry density (2016)

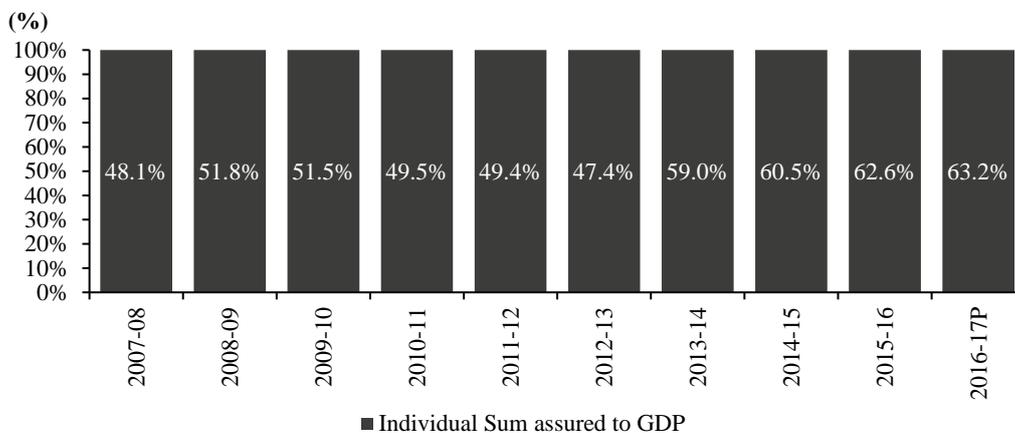


Source: Swiss Re Institute sigma No 3/2017 report

### Life insurance coverage has increased appreciably

The total sum assured under the individual life insurance business was Rs 96 trillion as of fiscal 2017 in India. The sum assured for the individual insurance is estimated to have increased at a CAGR of 16% from fiscals 2011 to 2017. The total number of individual policies in force were 322 million as of fiscal 2017.

### Individual Sum assured to GDP for India



Source: IRDAI, CRISIL Research estimates

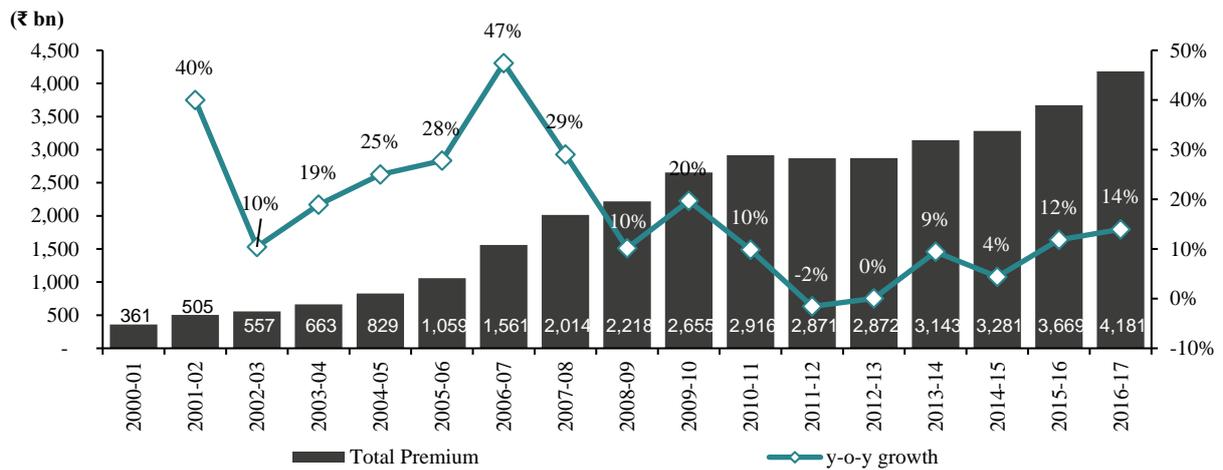
### Indian Life Insurance Industry

#### Historical Evolution

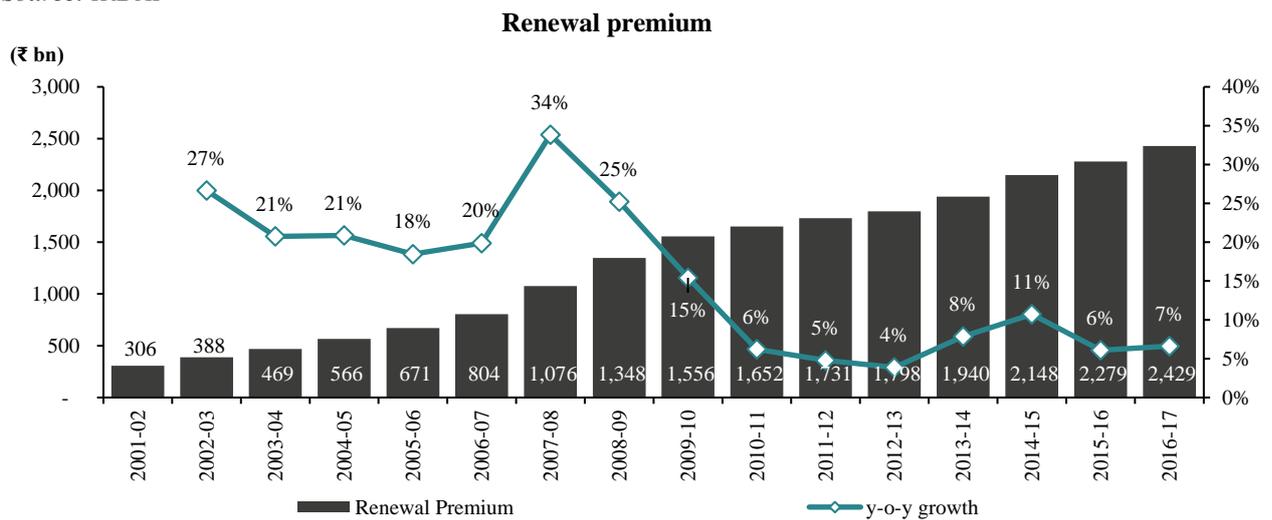
Life insurance in India is a Rs 4.2 trillion industry on total premium basis. New premium constituted ~42% of total business premium in 2016-17. The assets under management (AUM) of the industry increased at 19% CAGR during 2000-01 to 2016-17 to ~Rs 30 trillion. Total premium also grew at impressive ~17% CAGR during the period.

For the domestic life insurance industry, the period since the opening of the sector to private players in 1999, can be segregated into four phases: 2001-03, 2004-08, 2009-2014 and 2015 onwards.

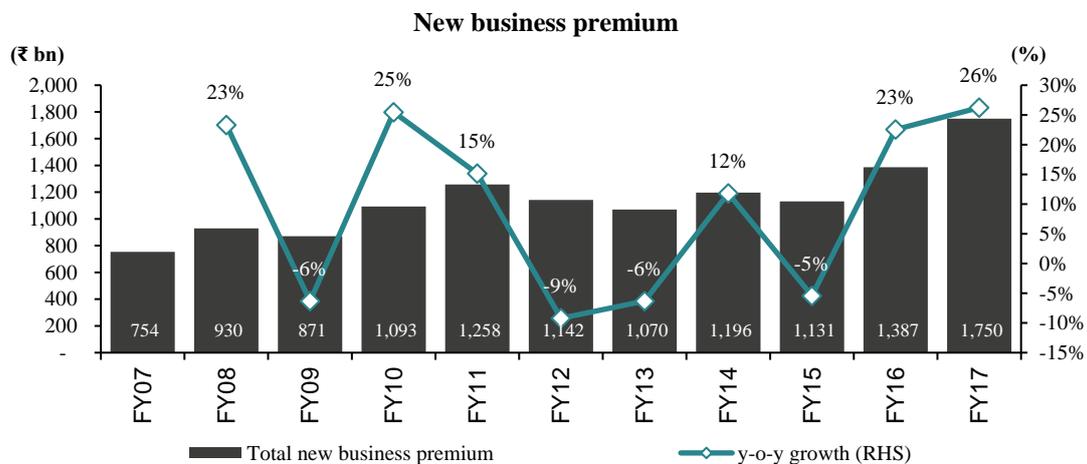
### Life insurance market on total premium basis



Source: IRDAI



Source: IRDAI



Source: IRDAI

### Phase I: Entry of private players 2001-03

The Indian life insurance industry consisted of only one player – LIC – during 1956 to 2000. Post privatisation in 2000, 10 private players entered the life insurance industry during 2000 to 2001. Among the leading players in the industry, HDFC Standard Life was one of the first private company to register in 2000.

## Phase II: Expansion of private players 2004-08

Total premium rose a sharp 32% CAGR between fiscals 2004 and 2008 owing to aggressive foray by private players. Growth for private players was driven by ULIP sales amid strong capital-market performance. Also, a favourable commission structure because of high upfront commission to agents led to higher sales of linked products. As of fiscal 2008, the industry mix for linked and non-linked products was 46% and 54%, respectively, based on total premiums. While, the mix for private players was 88% linked and 12% non-linked as of fiscal 2008 based on total premiums.

## Phase III: During 2009-14, new business premium shrunk following downturn in ULIPs

For about five years ending 2010, in line with the booming economy and soaring stock markets, the industry grew by leaps and bounds, driven by the launch of innovative linked-insurance products and aggressive marketing by private players.

In 2010, IRDAI released new guidelines on ULIPs that capped upfront charges, returns and commission, which severely affected the business dynamics of linked products. As a result, insurance companies reduced their focus on ULIPs and renewed their focus on traditional (non-linked) products.

A fall in household savings as a percentage of GDP, due to weak economic growth and subdued stock markets, also reduced the appetite for linked products among customers. The preference for traditional savings and protection products increased as ULIPs lost their shine due to downturn in the stock markets.

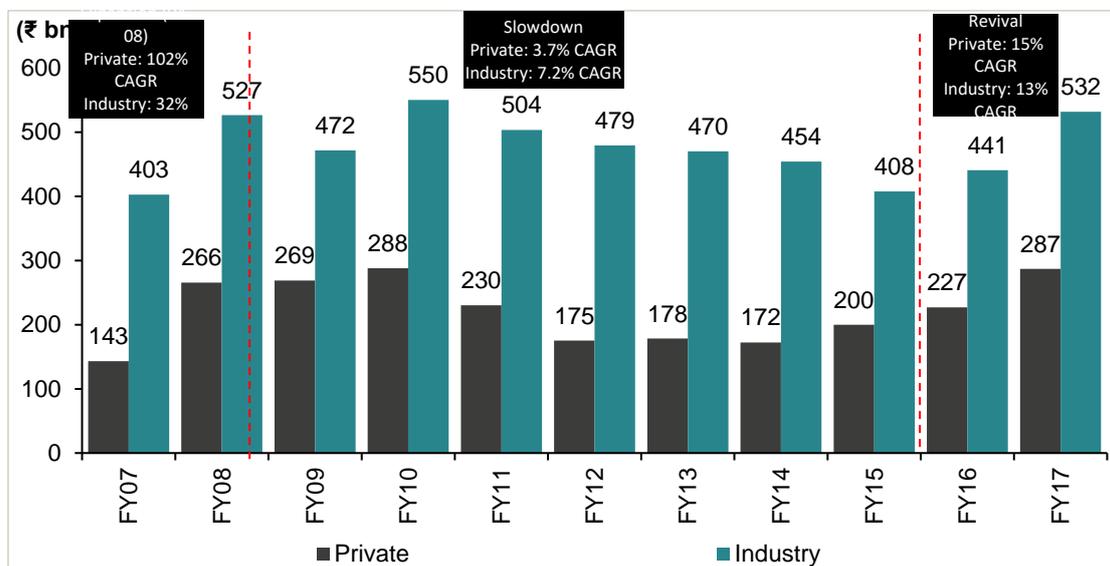
Consequently, total premium rose by 7.2% CAGR over FY09-14 (compared with 27.3% CAGR over FY04-09). The share of linked-insurance products in product mix for industry slumped from 41% in 2008-09 to 12% in 2013-14. For private players the slump was more prominent, the share of linked insurance products in product mix fell from 87% to 45% over the same period. Slowdown in economic growth and tepid returns from capital markets also impacted the demand of linked-insurance products.

## Phase IV: Revival in Growth post FY15

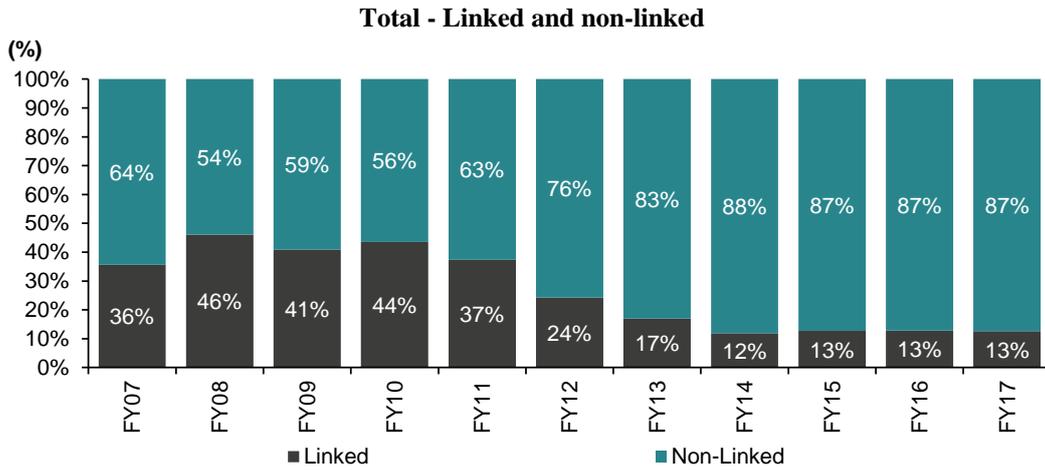
From 2014-15, the industry began showing signs of revival, primarily due to the improvement in performance of private players. For private players, Individual WRP (Individual Weighted Received Premium), which is an indicator of new retail business, grew by 16% on-year in 2014-15, 14% on-year in 2015-16, and 26% on-year in 2016-17.

The industry mix (based on total premium) for linked and non-linked products has largely remained the same over FY15-17, with 13% for linked products and 87% for non-linked products. Similarly, for private players the product mix has largely remained constant for the period (Linked ~45% and Non-linked ~55%). This growth has been driven by expectations of improvement in economic growth, cooling inflation, increase in financial savings, and healthy returns provided by equity and debt markets.

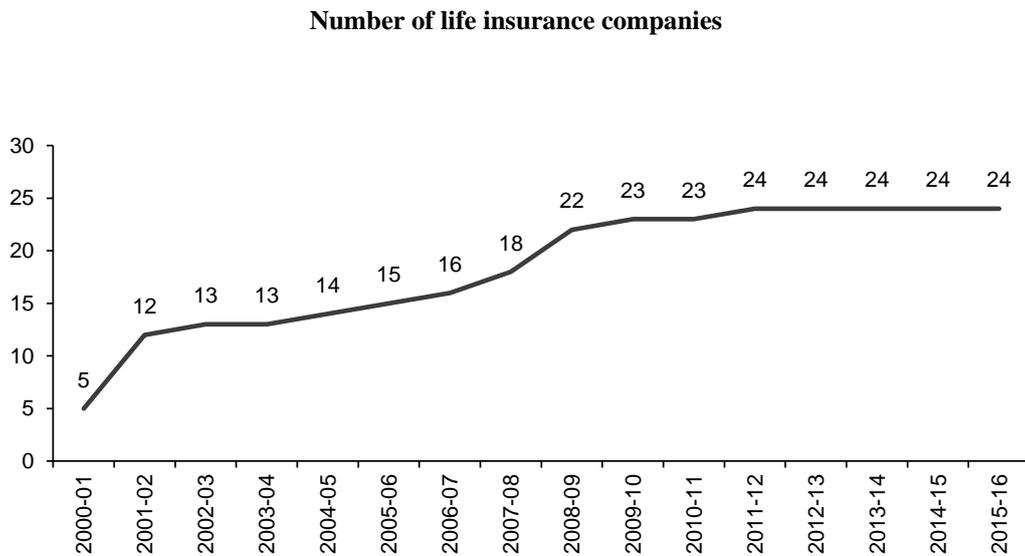
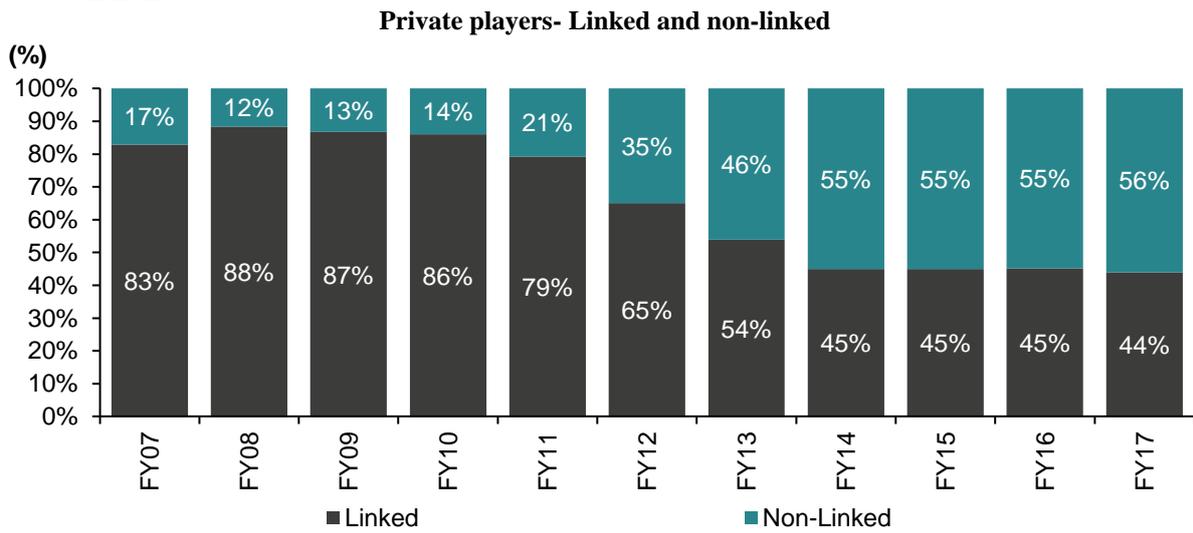
### Individual WRP



Source: IRDAI

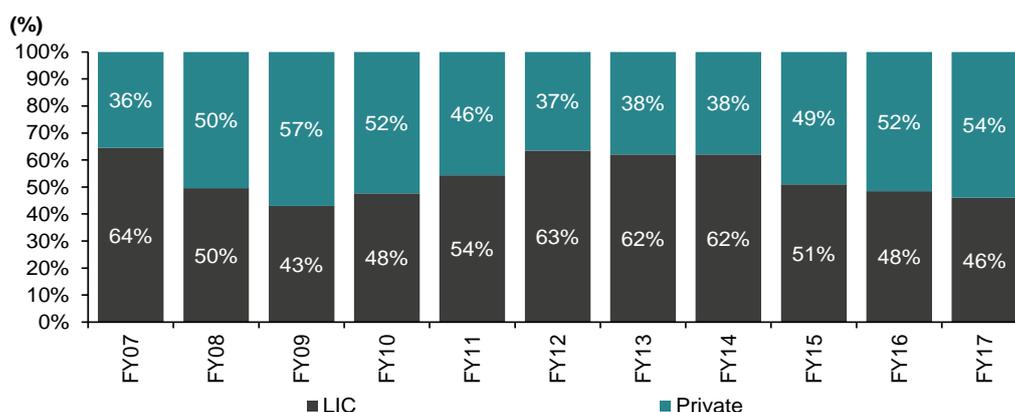


Source: IRDAI



Source: IRDAI

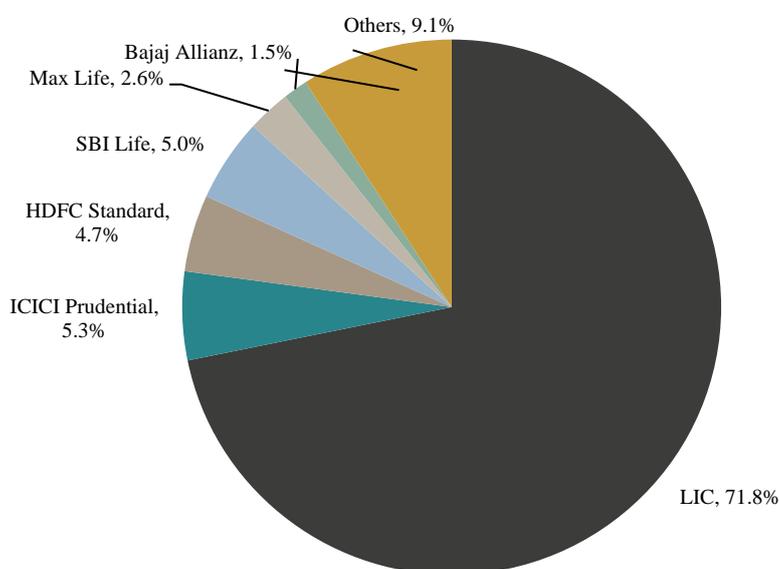
### Trend in market share – Individual WRP premium



Source: IRDAI

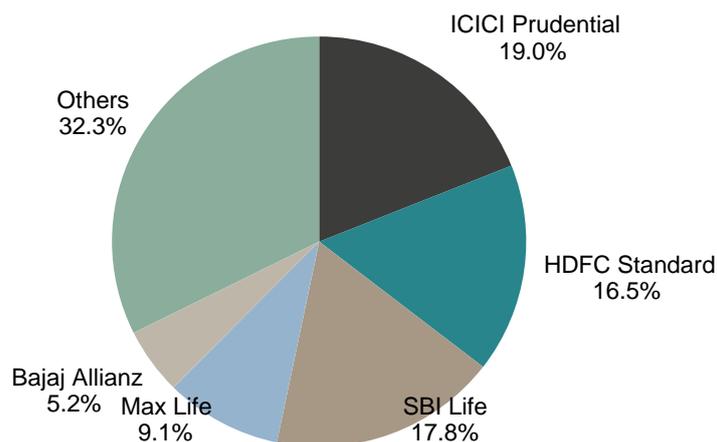
The top five players accounted for more than 60% of the total premium collected by the private sector in 2016-17. Their dominance has increased in the last few years due to the relative strength of their brands and wider distribution network. The top private players are mainly driven by bancassurance channel, as they have promoter banks which have established branches across the country, leading to extensive geographic reach.

### Market share (total industry) – Total premium (2016-17)

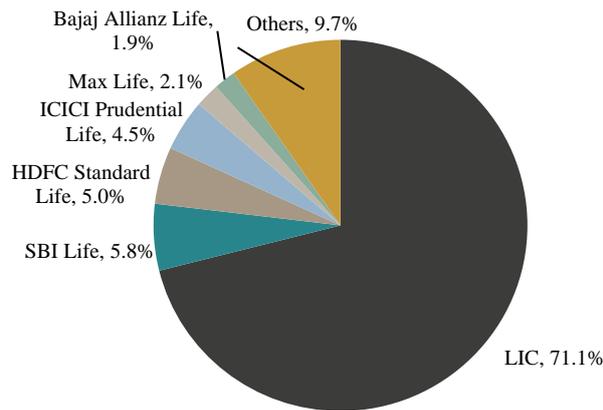


Source: IRDAI

### Market share (amongst private players) – Total premium (2016-17)

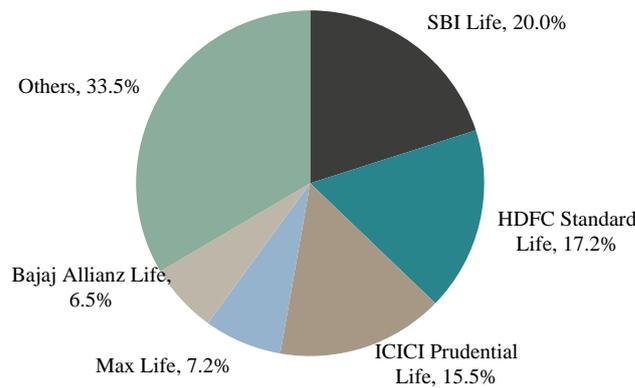


**Market share (industry) – NBP (2016-17)**



Source: IRDAI

**Market share (amongst private players) – NBP (2016-17)**



Source: IRDAI

**Classification of insurance policies**

Life insurance policies can be broadly divided into two types: whole life and term life. In a whole-life policy, premium is paid until the death of the policy holder. In a term-life insurance, the policy remains in force only for a fixed time period.

Insurance policies also can be divided in three ways, namely:

- Linked and non-linked
- Participatory and non-participatory
- Pure protection and savings (investment)/protection

**Linked and non-linked**

In linked policies, a part of the premium is allocated to different types of funds, such as debt, equity, money-market, hybrid instruments. The holders bear the risk of the investment, but also has the flexibility to invest as per their risk appetite and financial commitments. The investment strategy can also be changed.

Non-linked policies are conventional plans that are invested in low-risk instruments and offer guaranteed maturity proceeds and bonus. The funds are invested as per the insurance company’s strategy and discretion.

**Participatory and non-participatory**

Participating policies are those that provide not only the sum assured, but also allow the policyholder to participate in the company’s profit. Sum assured is the amount that the customer receives on completion of the policy term or upon the insured’s death, whichever is earlier. Premiums paid by the customers of participating policies are pooled to form a participating fund, which is invested by the insurance company. Based on the fund’s returns, the company pays out a proportionate share of the profit to the policyholders. However, this profit is not guaranteed

by the insurance company. Hence, participating policies are those that have both the guaranteed (sum assured) and non-guaranteed benefits.

Non-participating policies pay the policy holder the guaranteed benefit (except in unit-linked policies) when the policy term completes, i.e., the maturity benefit or the death benefit, in case of the death of the life insured. The customer does not participate in the profits of the company and is, therefore, not paid out bonuses or a share in profit.

### **Pure protection and savings (investment)/protection**

In pure protection policies, the sum assured, and any other benefits, are paid out on death or any health or critical ailment of the policyholder occurs during the policy term. If the policyholder survives, there is no pay-out. Hence, their premiums are far cheaper compared with savings/protection policies.

In savings/protection policies, the policyholder gets the sum assured plus other benefits in both eventualities: death or survival. Consequently, the premiums in such policies are far higher.

Accordingly, unit-linked insurance policies (ULIPs), which also include some endowment plans, are a type of linked products, whereas others are non-linked ones. Term insurance, health and annuity plans are pure protection products, whereas all others are savings (investment)-cum-protection products.

### **ULIPs**

ULIPs offer protection along with investments. A part of the monthly/yearly premium pay-out goes towards the insurance cover, whereas the rest is invested by the life insurance company in various types of funds that invest in debt and equity instruments. In that sense, ULIPs are more or less similar to mutual funds except that they offer the additional benefit of insurance.

#### ***The key features of ULIPs are:***

**Flexibility:** ULIPs offer high-, medium- and low-risk investment options under a single policy, and the choice is left to individuals, based on their risk appetite. Customers can also switch between fund options without any additional expense for a specified number of switches. There is also the flexibility to choose the sum assured and investment ratio in the annual targeted premium. Customers can also avail of a one-time increase in the investment portfolio through top-ups to capitalise on any investment opportunity that arises either due to the external environment or due to higher income.

**Transparency:** The charge structure, value of investment and expected internal rate of return (IRR) - based on 4% and 8% rates of return for the policy tenure - are shared with the customer before purchase of the policy. Similarly, the annual account statement, quarterly investment portfolio and daily NAV reporting ensure that customers are kept abreast of the status of their investment portfolio at all times. Most companies publish latest NAVs on their respective websites every day.

**Liquidity:** ULIPs offer the benefit of partial withdrawal to meet any exigency. Customers can withdraw funds from the ULIP after five years, retaining the stipulated amount.

**Other benefits:** (1) discipline in savings; (2) bundled benefits; and (3) risk diversification.

### **Term insurance**

These products are the most basic and affordable form of life insurance. They provide just life cover and offer no savings/profits components. Premiums are cheaper compared with those of other life insurance plans.

Most insurers now offer online term insurance plans as well, offering still lower premiums. A fixed amount (sum assured) is paid to the beneficiaries, if the policyholder expires during the policy term. On survival, there will not be any pay-out.

### **Endowment plans**

Maturity benefit is the key differentiating factor between endowment plans and from term plans. Term plans pay out the sum assured only in case of death (or in the event of any other riders) of the policyholder over the policy term. Endowment plans, on the other hand, pay out the sum assured in both scenarios – death and survival.

As a result, endowment plans charge higher fees/expenses, and thus higher premiums, for paying out the sum assured along with profits. The profits are an outcome of premiums invested in the equity and debt markets.

### **Whole-life policy**

A whole-life insurance policy covers a policyholder over the life. The main feature of a whole life policy is that the validity of the policy is not defined, so the individual enjoys the life cover throughout life. The policyholder

pays regular premiums until death, upon which the corpus is paid out to the family. The policy expires only in case of an eventuality, as there is no pre-defined policy tenure.

### **Money back policy**

A money back policy is a variant of endowment plans. It pays periodically over the policy term. To that end, a portion of the sum assured is paid out at regular intervals. If the policy holder survives the term, he gets the balance sum assured. In case of death during the policy term, the beneficiary gets the full sum assured (prescribed death benefit can be greater than sum assured).

### **Insurance Riders**

Riders offer additional protection and coverage via payment of a marginally higher premium. Any term insurance rider can be understood as an amendment to the actual term insurance policy. Riders are available for various purposes and can be chosen and attached to the base policy to reap extended benefits out of your term insurance policy

There are different types of riders

- *Accidental death/permanent disability benefit rider*- The policyholder receives benefits on an accident leading to death or permanent disability.
- *Critical illness rider*- The rider helps to protect the policy holder in the event of diagnosis of a critical illness during the term of the policy, where such illness are specified at the start of the contract.
- *Guaranteed insurability*: The rider allows the insured to increase the cover as per the terms and conditions of the policy without further medical examination.
- *Term rider*- Offers additional death benefit protection during the term of the rider benefit.
- *Waiver of premium rider*- The policyholder is not required to pay future premiums on the policy in the event of an accident or mishap as defined by the rider.
- *Spouse insurance rider*- This rider provides insurance coverage for the spouse without him or her having to purchase separate insurance policy

### **New insurance products**

705 products were in-force in the life industry as of March 2017, with 536 products in the individual segment and 169 products in the group business segment. In fiscal 2017, 74 new products were introduced, with 13 in the group business segment and 61 in the individual business segment. HDFC Standard Life provides the highest number of products in the individual segment (30), followed by SBI Life and Tata AIA Life (29). In the group business, Kotak Mahindra Old Mutual Life provides the maximum number of products (14) in the industry, followed by LIC (12)

### **Reinsurance-supported products to gain traction as market expands**

Reinsurance is an integral part of an insurance company's operations. For life insurance companies, reinsurance helps diversify risks, reduce liabilities and increase assets. This will enable them to provide a greater array of insurance coverage to consumers.

In India, GIC Re was the only domestic reinsurer until 2016. The Insurance Laws (Amendment) Act, 2015, permits foreign reinsurance companies to set up branch offices in India. So far, the Insurance Regulatory and Development Authority of India (IRDAI) has granted license to five global reinsurers for setting up branch offices in India.

To ensure that reinsurance capital remains within India, there are also restrictions on operations of foreign insurers. According to IRDAI, a foreign reinsurer branch cannot cede more than 50% of its total reinsurance placements made outside India with its parent company.

Current rules grant parity to all three parties, saying that every Indian insurer, in order of priority, should first offer an opportunity to the Indian reinsurer to participate in its reinsurance business or a foreign reinsurer who maintains a 50% minimum retention or to other Indian insurers.

In life insurance, keyman insurance (where key individuals in companies, or people who are critical to any operational activity are insured for high sums) is generally a reinsurance supported product. Reinsurers also provide a variety of life reinsurance products to life insurers, including individual and group life reinsurance, individual and group annuities reinsurance, individual and group major medical reinsurance, and individual and group long-term care and disability income reinsurance.

Through these products, life reinsurers provide insurers with mortality/morbidity risk transfer tools, lapse or surrender risk transfer tools, investment risk transfer tools, new business financing, risk selection assistance, specific product expertise, limits on catastrophic claims, limits on total claims, and capital planning and management. In addition, the life insurance company has access to the reinsurer's expertise.

The life reinsurance business is still at a nascent stage in India but is expected to grow steadily in the years ahead as business grows and more Indian and foreign players set up reinsurance operations

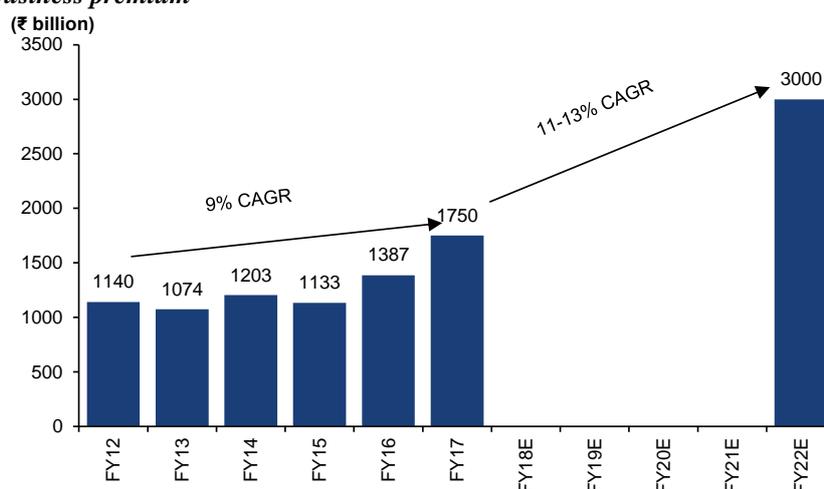
## Outlook

### *Life insurance industry outlook*

#### *New business premium to grow at robust pace*

Current low penetration (2.72% in 2016) and density (USD 46.5 in 2016) of Indian insurance market offers large growth potential. Going forward, the new business premium of life insurers is expected to grow at 11-13% CAGR to Rs 3,000-3,100 billion over the next five years. This growth is expected to be propelled by high historical nominal GDP growth, moderate-to-low inflation, improvement in the financial savings rate, initiatives undertaken by the government to ensure adequate social security, favourable demographics, growing awareness of insurance and regulatory changes, such as the increase in the foreign direct investment limit from 26% to 49% in 2015, which will bolster the financial position of existing players and open up the market for new players.

#### *Growth in new business premium*



E: Estimated; P: Projected

Source: IRDAI, CRISIL Research

#### *Share of ULIPs to improve*

An improving economy and performance of corporate India is likely to have a positive impact on the country's stock markets. This will increase the demand for ULIPs, as it is highly correlated to the performance of the stock markets. Also, today, with operating expenses quite low and transparency in charges, ULIPs have become comparable to mutual fund investments, in terms of attractiveness. The enhanced value proposition for ULIPs is also because of lower discontinuous charges up to the fifth year, zero surrender penalty after the fifth year, and customised choice of risk allocation to suit the risk appetite of the customer.

Over the next few years, the performance of the stock markets is expected to improve on the back of healthy economic growth and an improvement in industrial performance. Consequently, the share of linked products is expected to rise gradually.

#### *Improved cost efficiency, better cash flows to lift profit*

In the medium-to-long term, new business premium is expected to grow at a healthy pace, propelled by an upswing in economic growth, higher financial savings aided by rising disposable income and benign inflation. Consequently, players with optimal scale of operations, better operating efficiency (as reflected in lower expense ratios), more efficient usage of distribution channels and healthy persistency ratios are likely to see a profitable rise.

### ***Bancassurance increasingly driving business of private players***

For private players, the share of bancassurance in new business premium has been growing steadily over the past few years. In fact, players are increasingly using the synergies accruing from banking operations of their parent group to reach out to customers, minimise cost and improve efficiency. Even for other players, bancassurance is becoming strategically important. With bancassurance increasingly driving the business of many players, presence in rural and far-flung areas will prove to be a strategic asset for the business (*for details, see distribution trends*).

### ***Steady Growth in FDI & Share of Private Players***

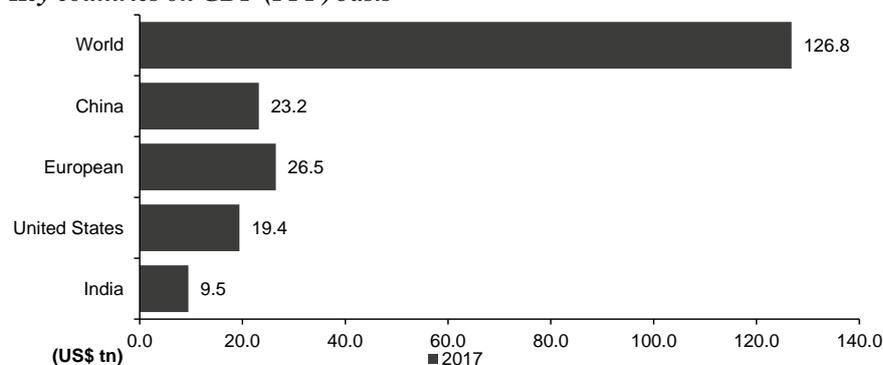
When the sector was opened up to foreign investment, the foreign direct investment (FDI) limit was capped at 26%. Post privatisation, the number of life insurance companies zoomed to 24 in 2015-16 from a mere 5 in 2000-01. LIC is the only public player, with the remaining being private entities. Of the 23 private life insurance companies, 21 are joint ventures with foreign players. In 2015, the Parliament approved a hike in the FDI limit to 49% with the aim of expanding the sector and infusing much-needed capital for many players. Since then, many foreign players have increased their stakes. On Individual WRP basis, their market share rose from 38% in 2013-14 to 54% in 2016-17.

### **Drivers**

#### ***Key Recent Macro Trends***

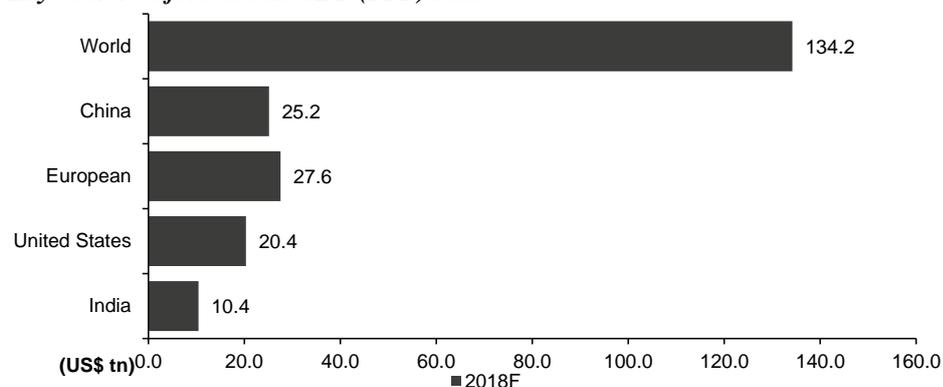
India is amongst top countries (3<sup>rd</sup>) when ranked on basis of GDP (PPP) and has been one of the fast growing countries in the world, aided by strong fundamentals like falling inflation, rising disposable income, largest working age population. Going forward, the IMF expects India's economy to grow at 7.7% in 2018 from an estimated 7.2% in 2017. The improvement in growth is expected to be driven by a rebound in consumption demand, which got postponed after demonetisation. Also, the demonetisation has resulted in increased customer deposits with bank. In addition, innovations in operating architecture based on the JAM (JanDhan-Aadhar-Mobile) and e-KYC is expected to improve reach of insurance products and efficiency.

#### ***Key countries on GDP (PPP) basis***



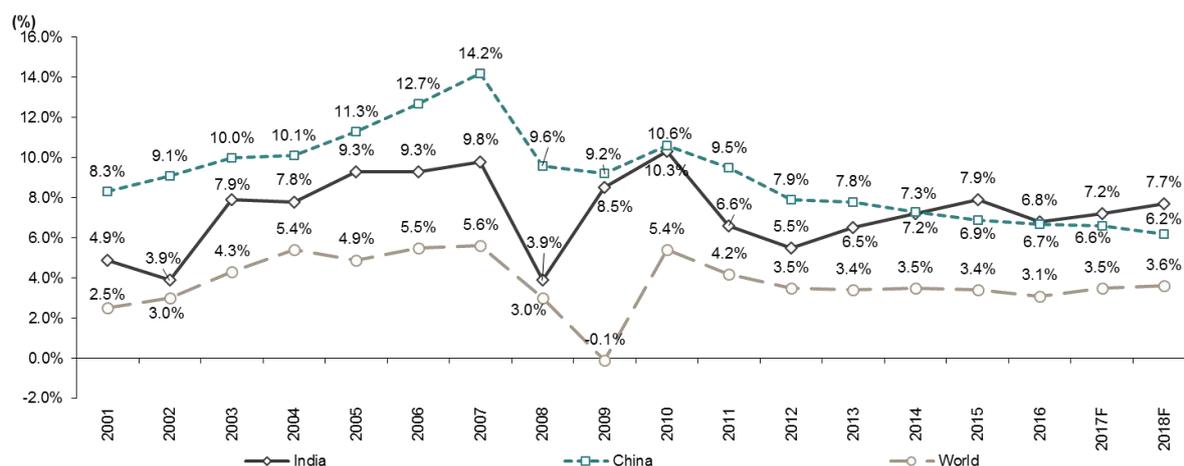
Source: IMF

#### ***Key countries forecast on GDP (PPP) basis***



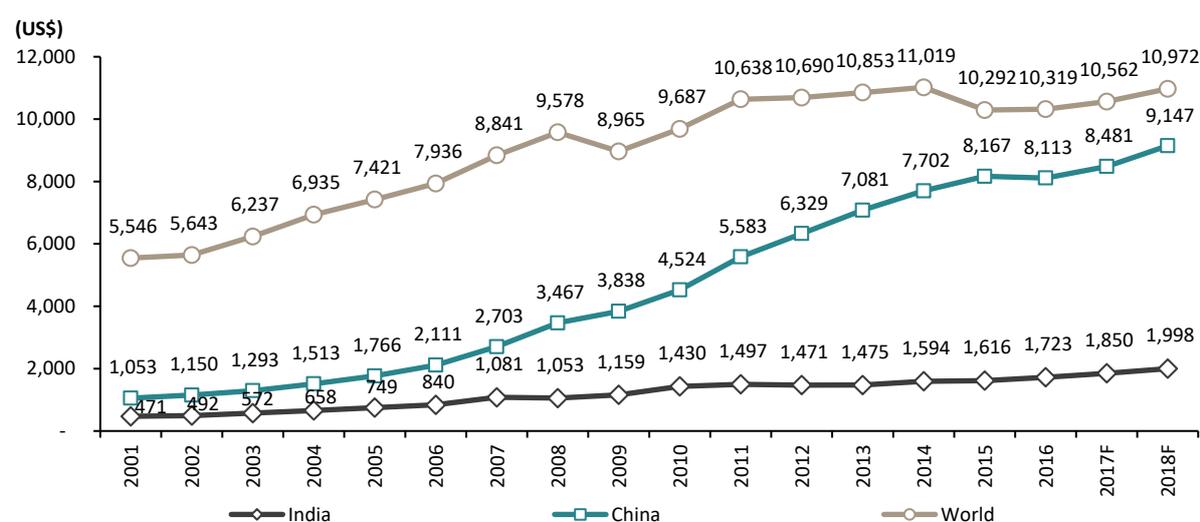
Source: IMF

## GDP (real) growth rate



Source: IMF

## GDP (real) per capita

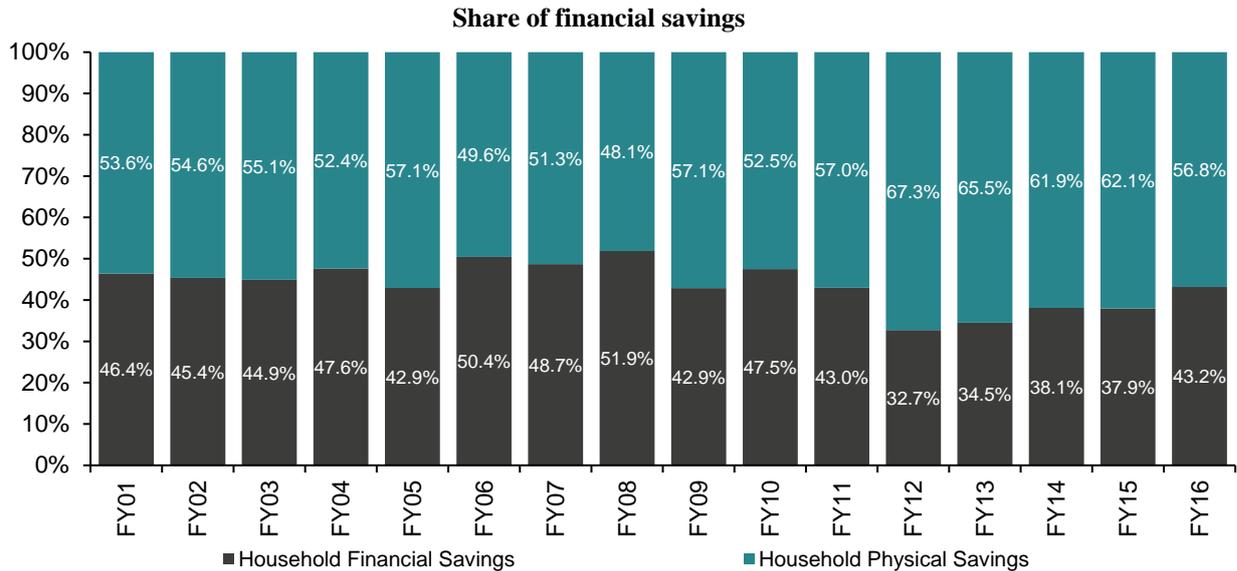


Source: IMF

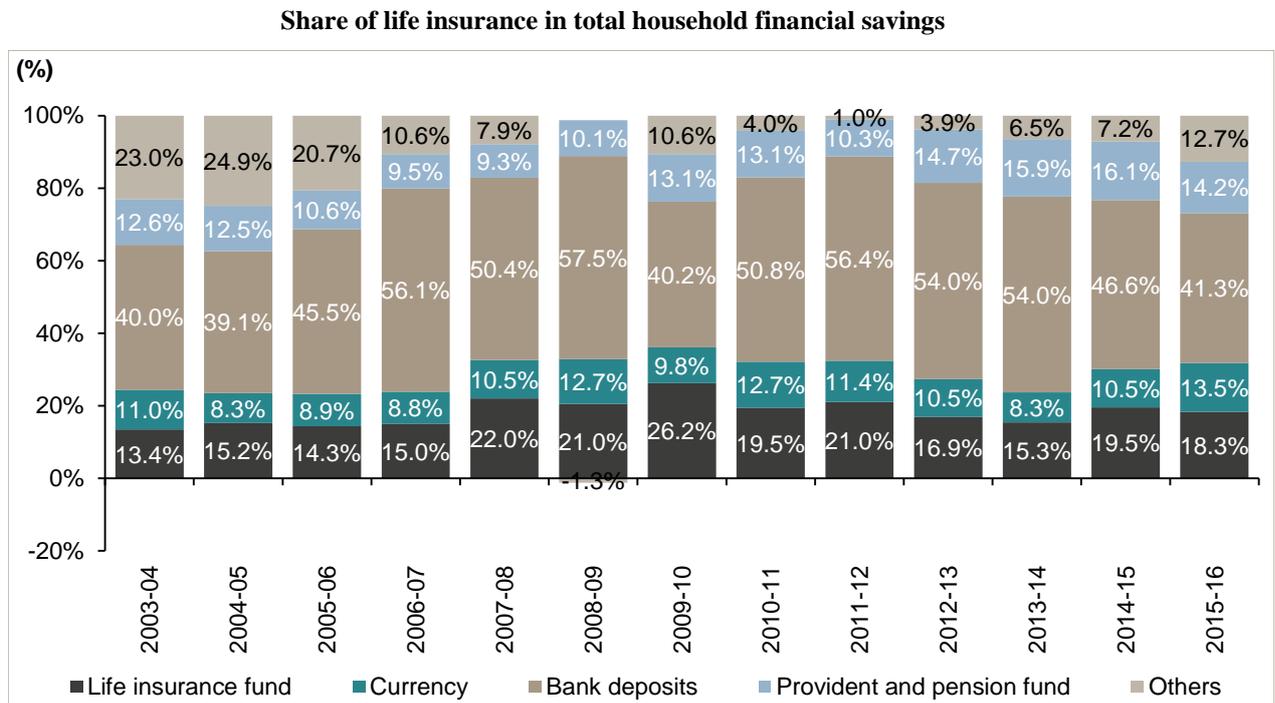
With rising income and inflation under control, the household savings rate (household savings as a percentage of GDP) is likely to increase gradually. Though the share of household savings has remained subdued since fiscal 2012, the proportion of financial savings has increased significantly during the period. In the past too, strong real income growth and low inflation had a positive spin-off effect on financial savings. During fiscals 2000 to 2008, the share of financial savings in household savings increased from 47% to 52%. Consequently, the share dipped sharply to 33% by fiscal 2012, due to rising risk aversion in the aftermath of the 2008 financial crisis and heightened inflationary pressures.

Furthermore, benign inflationary pressures would diminish the attractiveness of gold and real estate – which represent physical savings of households – as investment alternatives. Consequently, the share of financial savings within household savings is likely to rise further from 43% in fiscal 2016. The government's measures to curb black money will also help increase the share of financial savings, which would further aid the life insurance industry

CRISIL Research expects average CPI to stay around 4% this fiscal, assuming a favourable monsoon, especially in terms of adequate temporal and spatial distribution. CRISIL Research also expects lower food inflation resulting from normal monsoon to offset higher services inflation. Risks to inflation could emanate from 1) high protein inflation, which has recorded double-digit growth for 12 consecutive months; 2) service inflation, especially in rural areas, which is keeping core inflation high and sticky; 3) unfavourable temporal and spatial distribution of rainfall; and, 4) oil prices.



Source: RBI, CRISIL Research

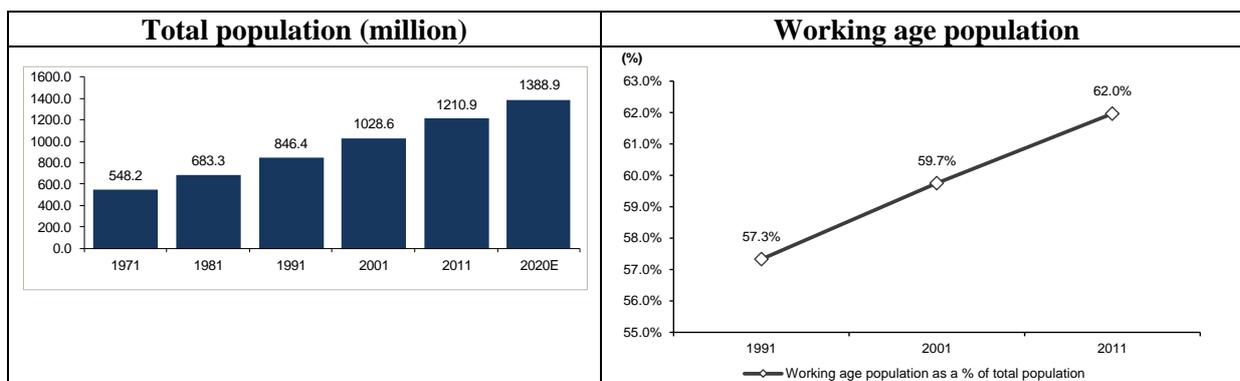


Source: RBI, CRISIL Research

**Demographic advantage**

India is the world’s second most populous nation, after China. More importantly, it is a nation of mostly young people. India had 356 million people in the 10-24 year age group, nearly 87 million more than in China, according to the United Nations Population Fund’s State of the World Population report - 2014. A report by the IRIS Knowledge Foundation in collaboration with UN HABITAT in 2013 estimated that 63% of India’s population will be in the working age group by 2020.

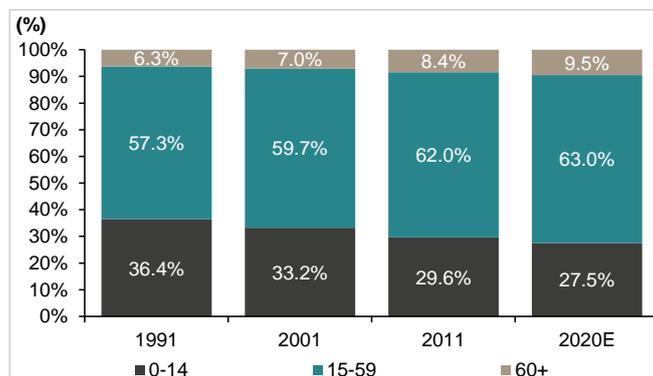
India’s population increased at a compounded annual growth rate (CAGR) of 2% from 439.2 million in 1961 to 1,210.9 million in 2011. The decadal CAGRs in 1971-1991, 2001 and 2011 were 2.2%, 2.0% and 1.6%, respectively. Going forward, as per an estimate by United Nations Department of Economic and Social Affairs, over 2011-2020E the population is estimated to increase at a CAGR of 1.5%.



Source: Census of India, United Nations Department of Economic and Social Affairs

In all the censuses held in India so far, including the latest 2011 census, the 0-14 year age group has always had the largest share of the population pie, with about 36.4% of the overall population falling in that age group in 1991, 33.2% in 2001 and 29.6% in 2011. Going forward, as per an estimate by United Nations Department of Economic and Social Affairs, the share of population within 15-59 is estimated to increase to 63% by 2020E from 62% in 2011 and for 60+ it is estimated to increase to 9.5% by 2020E from 8.4% in 2011.

### Age-wise population distribution in India

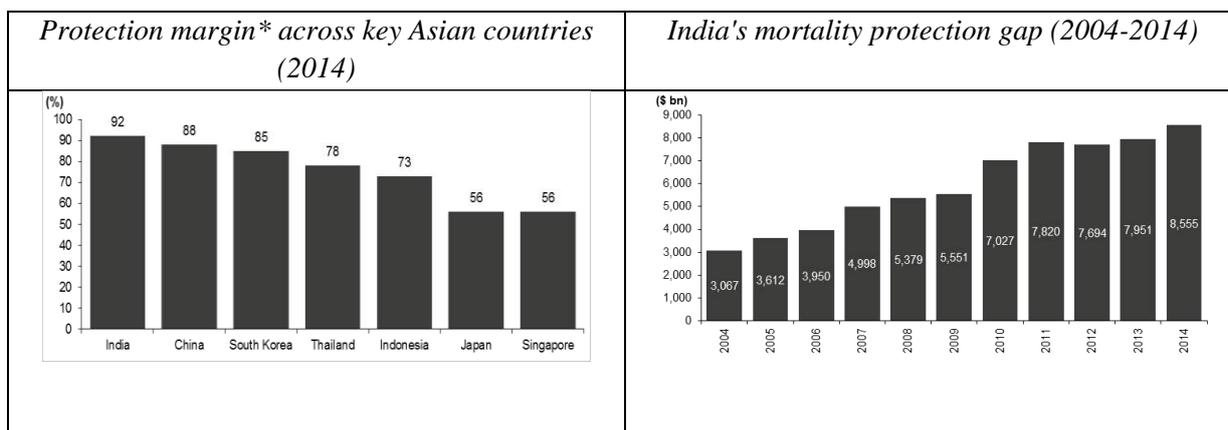


Source: Census of India, United Nations Department of Economic and Social Affairs

This demographic advantage is what sets apart Asia’s third-largest economy from other leading global economies, which are ageing fast. For life insurance companies, this is a compelling opportunity as the next few years are expected to represent a “pay-in” period because of the large percentage of people in the ‘below 59’ age groups. Steady economic revival shall also improve household incomes and put more disposable income in the hands of people, particularly in rural areas. India’s middle class population is also expected to grow steadily in the years ahead.

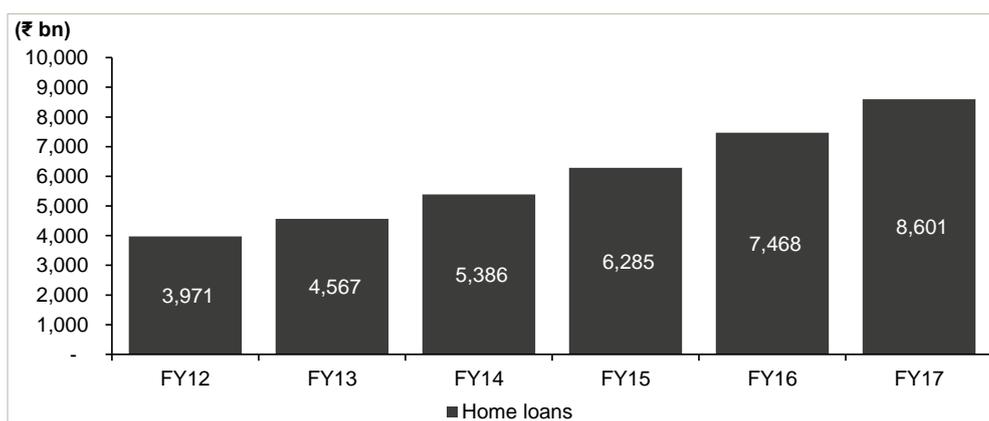
### Significant protection gap

As per Swiss Re Institute sigma No 3/2017 report, the protection gap for India stood at \$8.5 trillion as of 2014, which was much higher compared with its Asian counterparts. The protection margin (measured as ratio between protection gap and protection needs as per Swiss Re Institute) for India at 92% was highest among all the countries in Asia Pacific as per the report. This means that for \$100 of insurance protection requirement, only \$8 was actually insured as of 2014. This indicates the absence or inadequacy of pure protection coverage (term insurance) for a large part of the population. Further, the penetration of retail loan products is also low in India and, with asset quality of corporate loans being poor, financiers are aggressively focusing on retail credit, the growth of which will support insurance offtake.



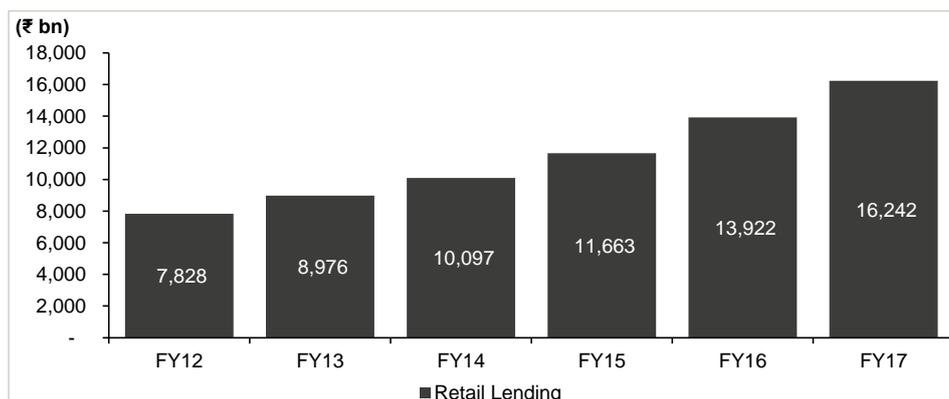
Source: Swiss Re Institute Mortality Protection Gap report; \* Protection margin is measured as the ratio between protection gap and protection needs as per Swiss Re Institute

### Total home loan credit by banks in India



Source: RBI

### Trend in overall retail credit by banks in India



Source: RBI

The decline in term-insurance premium rates, smoother on boarding process, increasing importance of online sales and product innovations, such as providing term products with a health wrapper, are expected to further drive the penetration of protection premiums.

### Regulations

#### *IRDAI is the statutory regulator for the life insurance business since 2000*

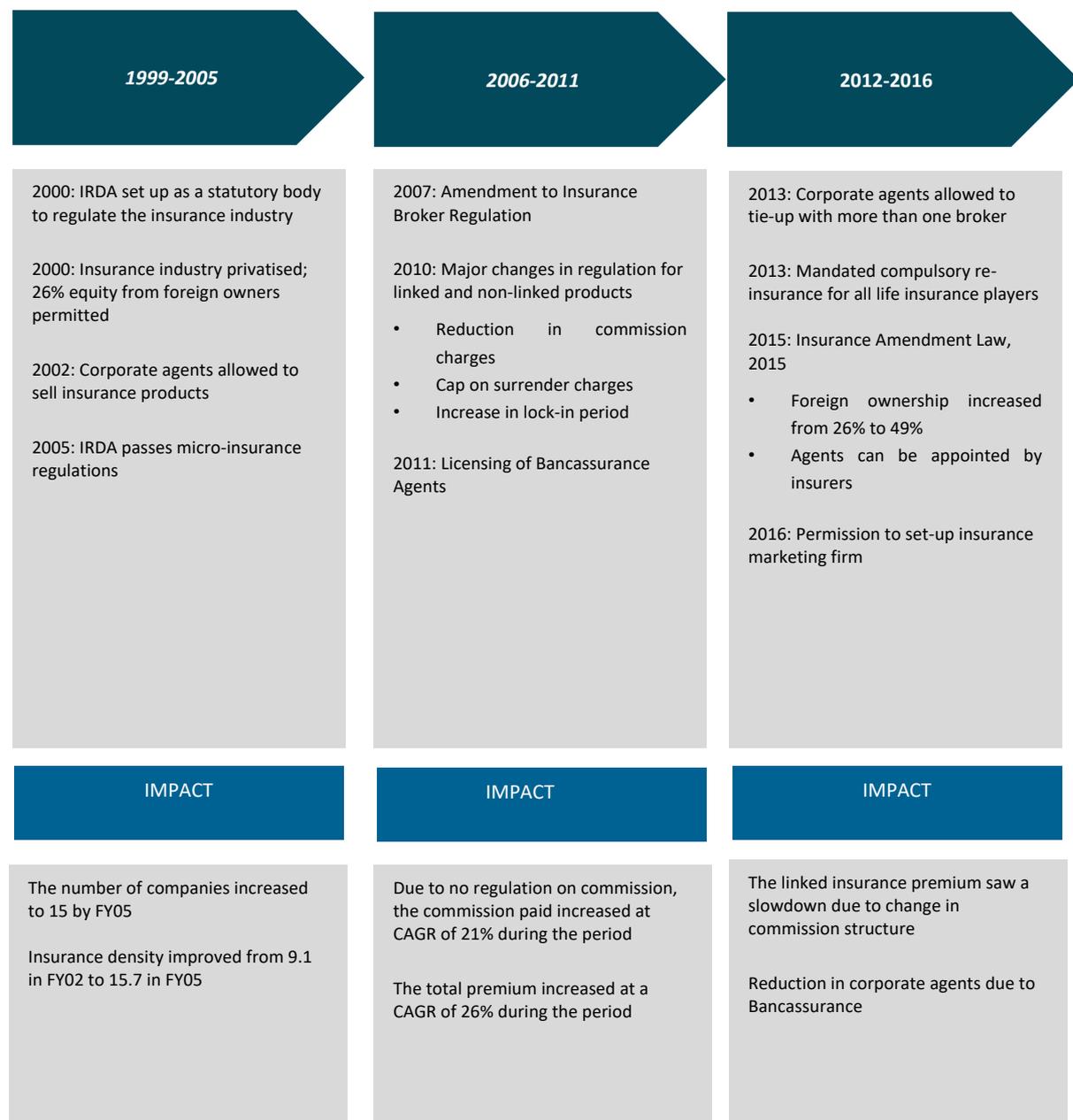
The life insurance industry is regulated by the Insurance Regulatory and Development Authority of India (IRDAI). In 1993, the government set up a committee led by the former RBI governor, RN Malhotra, to propose recommendations for reforms in the insurance sector. Based on the recommendations of the Malhotra committee report in 1999, IRDAI was formed as an autonomous body to regulate the insurance industry in India. IRDAI received statutory status in April 2000.

Before the 1990s, the life insurance business was directly controlled by the government under the Insurance Act, 1938, with only one player operating in the sector – Life Insurance Corporation of India (LIC). LIC had absorbed all the 245 Indian and foreign insurers operating in India in 1956, as the government passed an ordinance to nationalise the sector. It enjoyed total monopoly until the 1990s. However, the government began privatisation of the sector in 1990s and accordingly set up the Malhotra committee for recommendations on the life insurance sector.

**Numerous regulatory changes with the inception of IRDAI**

The key objective of IRDAI is to regulate and promote competition through the opening up of the insurance market and to protect the interest of policyholders. The government opened the industry to private participation in August 2000, allowing 26% foreign ownership in insurance companies. The regulation immediately led to the launch of four private life insurance companies in fiscal 2001, and 23 private life insurance companies eventually being set up by fiscal 2012. However, there have been no additions thereafter.

**Key regulations in the sector**



Source: IRDAI, CRISIL Research

### ***Passage of the Insurance Law (Amendment) Act, 2015:***

The government made certain key changes in the life insurance industry through the passage of the Insurance Law (Amendment) Act, 2015, in March 2015. This act aims to further open up the sector for foreign investments while ensuring management control remains in hands of the Indian partners. The Act also tried to bring clarity to certain regulatory aspects of the insurance sector. Some of its key features are:

- a. Increase in foreign ownership cap from 26 to 49%

The cap on aggregate shareholding of foreign investors, including foreign portfolio investors, was raised from 26 to 49% of paid-up equity capital. However, ownership and control would still remain with Indian shareholders, as the Indian partners would have the right to appoint a majority of the directors or to control management or policy decisions, including by virtue of their shareholding or management rights, shareholders agreement or voting agreements.

- b. Stricter norms for violations of required norms and regulations

The Act imposed stricter penalties on life insurance companies for failing to meet with rules mandated by IRDAI. Some of the violations, which attracted stricter penalties were:

- Failure to maintain required solvency margin;
- Non-disclosure of mandatory data with IRDAI;
- Payment of commission to unlicensed insurance agents; and
- Any false statement in documents furnished by the company.

- c. Omission of redundant clauses and amendment of some others

The Act also amended and omitted certain clauses such as the following:

- It omitted the clause which required Indian promoters to reduce their stake to 26% within 10 years of inception.
  - It included an amendment providing a facility to extend loans to the company's full-time employees.
  - The act introduced 'beneficiary nominees' and 'collector nominees'; previously, the nominee was only recipient of claims and not the beneficiary.
- d. Limitation of tie-ups for individual agents: The act limited any agent from doing business with more than one life insurer, and one general insurer, one health insurer, as well as one of each of other mono-line insurers.
  - e. Repudiation on insurance policy only for period of three years: The act limited any policy from being repudiated on any ground, including misstatement of facts, after three years, post the commencement of the policy by the company.
  - f. More powers to IRDAI: The Act empowered IRDAI to frame regulations to govern key aspects of the operations of an insurance company such as investments, solvency, commissions and expenses. However, as of May 2016, IRDAI is yet to spell out any changes in regulations pertaining to payment of commission and control over management expenses.

### ***Key regulatory changes pertaining to customers***

#### *Changes in regulations for linked and non-linked products*

In 2010, the IRDAI made the following amendments with respect to linked and non-linked insurance products to protect consumers:

- a. Increased the lock-in period for ULIPs from three to five years, making the product a long-term investment product.
- b. Reduced the front-loading of costs for linked products.
- c. Mandated a certain fixed return to be attributable to policyholders under the health cover or on death of the policyholder.

- d. Set a cap on charges to be borne by policyholders on discontinuation of policies.
- e. Discontinued the “Highest NAV Guarantee” products and also mandated that benefits for any linked product should not be linked to any other underlying fund and should be based on the product; and
- f. For non-linked products, the IRDAI mandated the minimum benefit on death of the policyholder; the policy on discontinuance was the same as mandated for linked-products.

The change in commission structure of the linked-insurance products led to a massive change in the portfolio mix for the industry. With the decline in commission and increase in the lock-in period, selling of linked products became a less-lucrative proposition for agents.

In December 2016, the IRDAI made further changes in the commission structure in order to bring more consistency into the commissions paid on regular premium based insurance products.

The commission on single premium was capped at 2% of the premium, and the premium on regular insurance products with a paying term of five years was capped at 15% in the first year and 7.5% thereafter.

In case of pension products, the commission was capped at 2% of the single premium and in case of regular insurance products, the commission was capped at 7.5% for the first year and 2% for each renewal.

Commission structure for regular premium based insurance products linked and non-linked

Premium paying Terms	Maximum Commission or Remuneration in any form as a % of premium	
	1 <sup>st</sup> Year	Renewal Premiums
5	15	7.5
6	18	7.5
7	21	7.5
8	24	7.5
9	27	7.5
10	30	7.5
11	33	7.5
12 years or more	35	7.5

Source: IRDAI

#### *Benefits illustration for life insurance products*

In 2013, IRDAI amended regulations and mandated all insurance products to provide illustration to the prospective policyholder about the guaranteed and non-guaranteed benefits at gross investment returns of 4% and 8%, respectively, or as specified by IRDAI or Life Insurance Council from time to time.

#### *Issuance of policies in electronic form on meeting laid-down criteria*

IRDAI issued a regulation in June 2016 on issuance of electronic insurance policies, wherein it made it mandatory for the players to issue policies in electronic form if the sum assured or annual premium exceeded a pre-set amount. IRDAI also permitted the players to offer discounts in the premium rates to policyholders for electronic insurance policies in accordance with the rates filed under the product-approval guidelines.

#### *Tightening of rules on expense management*

In order to control the expenses incurred by the life insurance company to acquire customers, the IRDAI issued “Expenses of management of insurers transacting life insurance business” in May 2016. For insurance companies in operation for more than ten years, the regulator capped the expense at 80% of first year premium and 15% of renewal premium. For players with less than 10 years of operations, the IRDAI provided a higher cap on expense due to high costs involved in the first few years of operations. The expense was capped at 90% of first year premium and 20% of renewal premium. As per the regulations, expenses involved on account of branch expansion should also be included under the expense of management.

#### **Expenses cap for insurance players**

Premium Payment Term		% of First Year Premium	% of Renewal Premium
<b>First ten years of operations</b>			
5 -7 Years		70	18
8-9 Years		80	19
10 and Above		90	20
<b>After ten years of operations</b>			

<b>5 -7 Years</b>		60	15
<b>8-9 Years</b>		70	15
<b>10 and Above</b>		80	15

Source: IRDAI

### **Key regulatory changes pertaining to distribution**

#### *Corporate agents allowed to tie-up with multiple insurance players*

IRDAI amended its “Registration of Corporate Agents” Regulation in August 2015. As per the new regulation, corporate agents will now be allowed to tie-up with up to three life insurance players, as against only one allowed earlier. The policy will be especially beneficial for players with limited tie-ups with corporate agents currently to sell policies.

#### *Introduction of web aggregators*

In order to monitor the content on the websites of web aggregator insurance companies, the IRDAI introduced the “Insurance Web Aggregators” regulations in May 2017. The web aggregators are companies registered under the Companies Act and approved by IRDAI, which maintain or own a website and provide information on insurance products of different insurers. There are a total 24 web aggregators registered with IRDAI.

#### *Duties and functions of web aggregators*

- a. Web aggregators shall display information pertaining to the insurers who have signed the agreement with them.
- b. Web aggregators are not allowed to promote or push any particular product of a particular company, either through its website or through distance marketing approaches.
- c. No charges are to be paid for generation of leads through web aggregators; in case of sales conversion, web aggregators will earn remuneration as applicable to insurance intermediaries.
- d. Use only RBI licensed payment gateways for collection and transfer of premium to insurers.
- e. Ensure the information systems (both hardware and software), including aggregation website(s) / portals, lead management systems and data centers hosting the website(s)/ LMS are in compliance with generally accepted information security standards.

### **Guidelines for corporate governance**

To facilitate prudent corporate governance among insurance companies, IRDAI put in place guidelines for the same in May 2016. The guidelines encompass structure and composition of the boards of insurance companies, committees of the board, their responsibilities and meetings, appointment of MD/CEO, directors and key management persons (KMPs), appointment of auditors, reporting and disclosure requirements. While several insurance companies have put in place mechanisms for effective corporate governance, IRDAI’s guidelines envisage harmonisation of corporate governance across insurance companies.

Some of the key features of the guidelines are:

- a. A minimum lock-in period of five years for transfer of shares from the date of commencement of business for the promoters.
- b. Mandatory committees for audit, investment, risk management, policyholder protection, nomination and remuneration and CSR for all the insurance players.
- c. Setting up a liability asset management committee is mandatory for life insurance companies.
- d. The board should have a minimum of three independent directors; this requirement though is relaxed to two independent directors for the initial five years from the grant of certificate of registration to insurers. Insurance companies that had less than three independent directors as on the date of notification of the guidelines were required to ensure that they complied with this requirement within one year.

- e. Mandatory to set up a ‘With Profits’ committee for life insurance companies comprising an independent director from the board, the chief executive officer, the appointed actuary of the company and an independent actuary. The With Profits committee will carry out functions to determine the following:
  - o The share of assets attributable to policyholders;
  - o Investment income attributable to the participating fund of policyholders; and
  - o Expenses allocated to policyholders
- f. The board of directors is required to formulate policies to control conflict of interest.

### ***Investment guidelines as per IRDAI***

#### *Prudential guidelines*

IRDAI has broadly defined two categories of investments: “approved investments” and “other investments.”

Life insurance companies in India are allowed to invest in four broad categories, namely:

- Government securities
- Other approved securities
- Infrastructure and social sector
- Any other investment conforming to prudential norms specified in Regulation 5

According to IRDAI, at least 50% of life insurance assets should be invested in government securities (G-secs) or government-approved securities; at least 25% of these assets must be in G-secs. For pension and annuity assets, at least 40% should be in G-secs or government-approved securities, of which at least 20% must be in G-secs.

At least 75% of investments in debt instruments must be in highly-rated securities (sovereign bonds, AAA-rated or equivalent); not more than 5% of investments should have rating of A or below.

Investments in infrastructure and social sector bonds cannot exceed 60% of pension and annuity assets and 5% of ULIP assets. At least 15% of life insurance assets should be in approved housing and infrastructure bonds; not more than 20% can be parked in other approved investments.

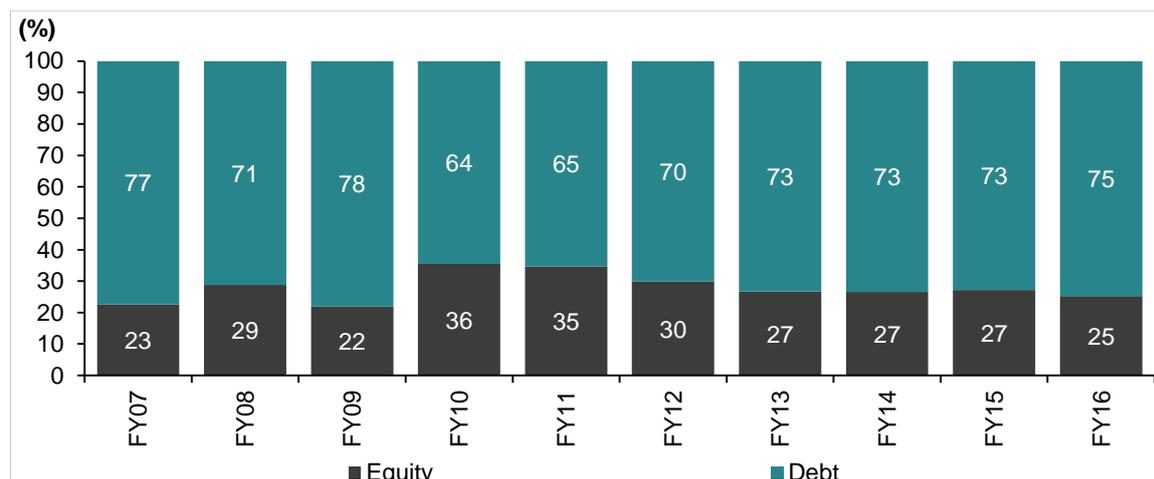
For life insurance assets, investments in instruments other than approved investments cannot exceed 15%; pension and annuity assets cannot be invested in anything other than approved investments. For ULIP assets, not more than 25% can be invested in instruments other than approved investments.

Life insurers can take exposure to stocks through exchange-traded funds (ETF) and investment in ETFs won’t be considered while calculating the overall exposure to a particular stock. There are also limits on how much exposure an insurance company can have in a particular stock. Life insurers cannot hold over 10-15% in any one company (10% is the limit for insurance companies with investment assets of up to Rs 50,000 crore, 12% for investment assets of less than Rs 250,000 crore and 15% for investment assets of above Rs 250,000 crore). Life insurers also cannot invest more than 10% of their total investment assets in securitised assets. Investment in immovable property also cannot exceed 5% of total investment assets

#### **Major portion of investment in debt for industry**

Share of investment in equity has declined gradually, from 36% in fiscal 2010 to ~25% in fiscal 2016. Share of debt has risen especially because of LIC. As of March 2016, LIC had 75-80% of its investments in debt against 55-60% by private players. Due to the long-term nature of the liabilities, the insurance companies invest large amounts in infrastructure bonds.

## Investment mix for Indian insurance industry



Source: IRDAI

The life insurance industry's total assets under management (AUM) grew nearly 18% on-year in fiscal 2017 to Rs 2,980,622 crore, significantly faster than 8% growth recorded in the preceding fiscal. As compared to the previous fiscal, when AUM growth for private insurers was slower than for LIC (7% vs. 9% respectively, in fiscal 2016), the growth for private insurers as well as LIC was 18% on-year in fiscal 2017. Also, share of ULIP fund narrowed to 14% of total AUM from 15% in fiscal 2016.

### Key Recent Trends:

#### Digitisation

The mobile and internet connectivity revolution is radically transforming the way of life all over the world and India is no different. India currently has over one billion mobile users and recently surpassed the US as the world's second-largest market in terms of internet subscriber base. Its telecom subscriber base has also soared over the past few years and the country is today one of the biggest markets for smartphones in the world.

New technologies are also being developed at an exponential pace and triggering changes in the way in which industries operate. Also the demonetisation measures that were implemented by the Indian government from November 2016 have accelerated the adoption of digital platforms across the financial services sector. The insurance industry is no exception. In fact, being a push product, insurance is an industry where digitisation can act as a growth multiplier.

In India, two major factors are driving digitisation: the government's ambitious financial inclusion agenda, and increasing use of new technologies to deliver products and services to citizens.

The government's financial inclusion agenda is powered by the realisation that as GDP growth gathers pace in years ahead, the best way to ensure equitable distribution of wealth and lift the average level of prosperity among the populace is inclusive growth.

The task is particularly daunting when one considers that currently more than a fifth of India's population is still living below the poverty line, and hundreds of millions have very little awareness and/or access to financial services.

Using technology, the government is developing three mass access channels, namely mobile banking, Aadhaar, and Jan Dhan Yojana, to propel financial inclusion, improve governance and vastly expand the reach of basic services. This will be supplemented by an overlay of innovations by the National Payment Corporation of India, such as Rupay cards and Immediate Payment System to substantially augment currency circulation through formal channels.

The key programs are discussed below.

#### Aadhaar: A force multiplier for financial inclusion

The Aadhaar identification program, started in 2012, has been kept in fast-forward mode by the Modi government. According to the Unique Identification Authority of India, the nodal agency for the program's implementation, 1.01 billion Aadhaar cards have been issued so far, covering about 93% of the population. According to 2016 Economic Survey of India, Aadhaar cards were issued in 2015 at the rate of 4 million cards per week. The Aadhaar

Bill has also now been passed by both houses of Parliament, and will allow for smoother transfer of government subsidies to households.

#### *PMJDY: Furthering financial inclusion*

The PMJDY, announced in the first year of the Modi government, envisages universal access to formal banking by ensuring at least one basic bank account for each household. The program has had good success with 287.5 million Jan Dhan accounts being opened across the country as of May 2017.

Zero-balance accounts have decreased steadily since the launch of PMJDY mainly because of the government's move to route subsidies through this channel. Also, increased availability of low-cost financial instruments is popularising formal financial institutions among the previously unbanked. Since the launch of the Jan Suraksha schemes of insurance and pension in August 2015, the proportion of dormant accounts has fallen. According to a recent survey by Microsave, nearly a fifth of PMJDY account holders use it to access insurance at low costs.

Another positive is that a greater proportion of Jan Dhan accounts have been opened in poorer states such as Uttar Pradesh, Bihar, and Madhya Pradesh. Increasing access to banking through the program can also help reduce inter-state income divide.

#### *Insurance initiatives linked to financial inclusion*

To encourage people to open savings bank accounts, the PMJJBY was announced in Union Budget 2015. It is a one-year life insurance scheme, renewable from year to year, offering coverage for death due to any reason to people in the 18-50 age group (life cover up to age 55), who have a savings bank account and who consent to join and enable auto debit. For those who enrolled, the risk cover commenced from June 1, 2015. At a premium of Rs 330 per annum, one can avail a cover of Rs 2 lakh. One can exit and re-join the scheme in future years by paying the annual premium and submitting a self-declaration of good health.

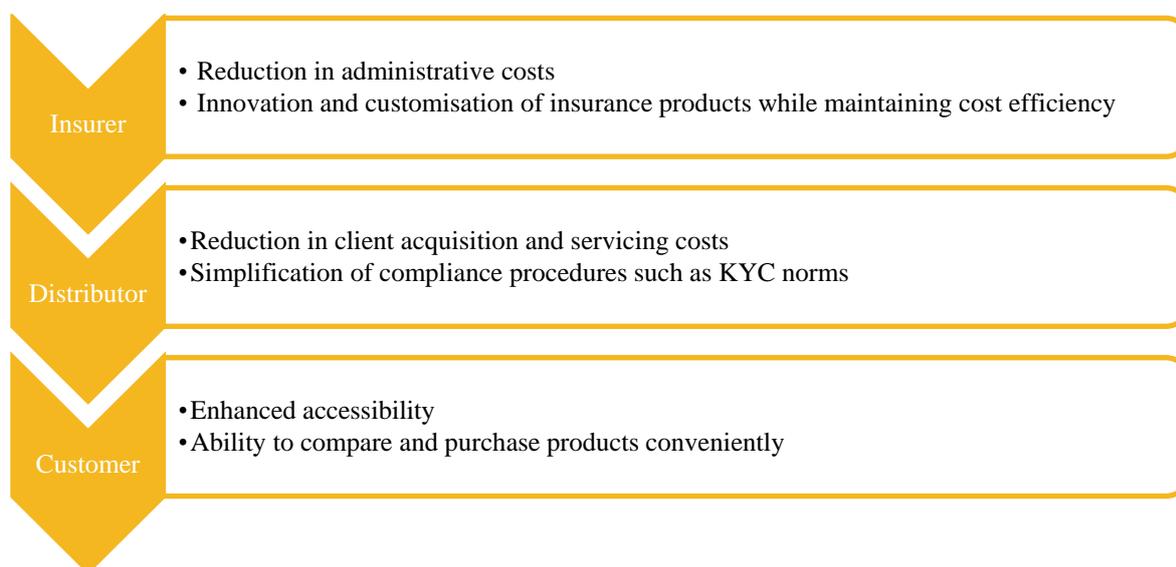
With the launch of insurance initiatives such as PMJJBY, PMSBY, RSBY, and Universal Health Insurance Scheme (UHIS), the government has broadened the insurance market. By working towards financial inclusion, it has also not only brought the lower strata of society into the financial system but also initiated the spread of financial literacy among them.

Apart from the government, LIC and private players are also taking various initiatives linked to financial inclusion. Examples include LIC's Bima Bachat Yojana and group insurance platforms. The companies are also leveraging social media to launch initiatives to convey different themes like safety of parents and children.

However, while making premiums more affordable, there is also a need to improve access in rural areas, create insurance awareness, simplify products for the masses, design tailor-made products for different target audiences and focus on reviving and strengthening existing social security schemes.

#### *Digitisation to benefit all stakeholders*

With customers becoming more tech savvy, the launch of initiatives like mobile banking and trading, and tablet-based investments have helped further financial inclusion, including in the insurance field. Whether technological platforms are created in-house or via third party platforms, overall efficiency and decline in costs can be attained through the adoption of better technological processes.



Being a push product, insurance needs more effective on-the-ground distribution channels and personalised interaction. This has major implications for the insurance industry. In fact, digitisation will change the way the industry deals with customers, generates sales and handles day-to-day operations.

Not just customers, digitisation will also critically impact the way industry interacts with intermediaries. Digital platforms can make access to a large number of agents and intermediaries more efficient while lowering costs. Providing brokers, for instance, up to date information on products, and even tools to generate quotes, monitor claims, issue policies online and even communicate socially is much more efficiently managed through an agent portal, with many insurers offering hand-held devices with facilities to do precisely that. The portals can also be accessed securely via the internet across a range of mobile devices, including laptops, tablets and smart phones.

In many advanced countries, through digitisation, medical insurers are already registering, approving and paying hospital and medical claims online by simply swiping the insured patient’s medical insurance card at the point of sale. Even in India, leading private players are rapidly scaling up their digital presence and hoping to shift a significant part of their business to e-commerce.

The government’s digital India program thus has the potential to significantly improve awareness about financial savings and protection instruments and increase insurance penetration and density in the long term.

### ***Healthcare market offers significant opportunities***

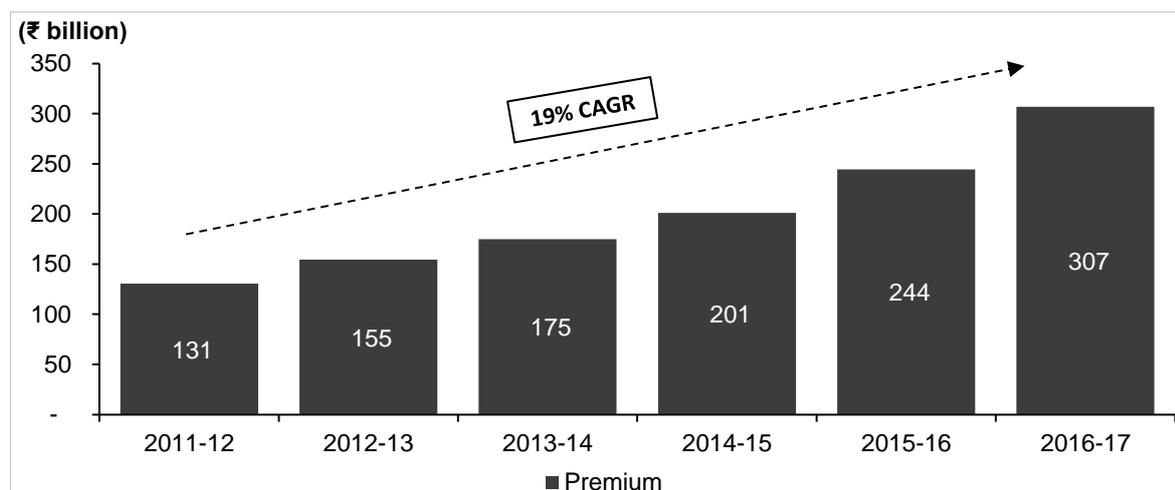
#### **More health insurance products launched as healthcare costs rise**

In India, the insurance business is divided into four classes: Life, fire, marine, and miscellaneous insurance. While life insurers deal with life insurance, general insurers deal with the rest. Health insurance comes under miscellaneous insurance and is also now being increasingly offered by life insurance companies.

The health insurance business in India is classified into group health insurance (other than government sponsored), government sponsored health insurance and individual health insurance. The non-life health insurance industry grew at 19% CAGR during fiscals 2011 to 2017, outpacing the overall insurance industry. Over the past years, there has been a marked increase in the share of individual health insurance premium (including family floater) in total health insurance premium; it went up to 42% in fiscal 2016 from 37% in fiscal 2012.

On the other hand, the share of government-sponsored health insurance business in the total health insurance premium dropped to ~10% in fiscal 2016 from ~17% in fiscal 2012. The share of group health insurance business (other than government business) in total health insurance premium stood at 44-48% during this period.

#### **Trend in health insurance premium**



Source: IRDAI

Today, many life insurance companies offer a variety of health insurance plans that offer protection against numerous critical illnesses. Although the basic concept of health insurance plans offered by life insurers is the same as the mediclaim policies offered by general insurers or the government’s Employees’ State Insurance (ESI), health insurance policies offered by life insurers are more broad-based.

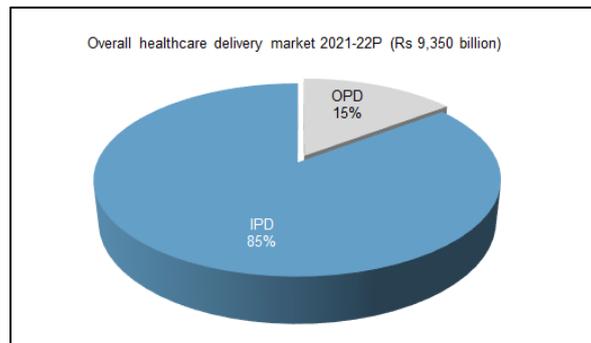
The key feature of mediclaim is cover for hospitalisation and treatment towards accident and pre-specified illnesses for a specific sum assured limit. The mediclaim premium is based on the sum assured. The amount paid towards mediclaim premium for self/spouse/children provides tax exemption under section 80D of the Income

Tax Act 1961 for a maximum of Rs 25,000 (Rs 30,000 in case of senior citizens) with another Rs 25,000 benefit on mediclaim premium for parents (Rs 30,000 if parent(s) is/are senior citizens).

On the other hand, health insurance plans sold by life insurers include features such as comprehensive health cover against critical illnesses (as many as 30 illnesses in certain plans), discount on premium if sum assured exceeds a particular limit, flexibility to reduce premium/sum assured/policy term after a specified period. Like medical insurance, health insurance premium is also exempted from tax under section 80D of the Income Tax Act 1961.

Based on health indicators for India released by the World Health Organisation's world health statistics survey, CRISIL Research estimates the size of the Indian healthcare delivery industry in fiscal 2017 at 3 billion treatments in volume terms and Rs 4.8 trillion in value terms.

### Overall healthcare delivery market in fiscal 2022



Source: CRISIL Research

In-patient department (IPD) comprised 84% share of the healthcare delivery industry as of FY2017 and out-patient department the balance.

CRISIL Research expects the healthcare delivery market to grow 14% CAGR to Rs 9.35 trillion by fiscal 2022 as a change in age demographics and rising incomes, improvement in health awareness, increase in life-related ailments, rising penetration of health insurance and increasing opportunities from medical tourism propel demand for healthcare facilities in India.

We expect expansion plans by major private players to be skewed towards illnesses related to IPD. Hence, the share of IPD by value is expected to increase from 84% in fiscal 2017 (estimated) to 85% in fiscal 2022. During the period, average cost for IPD treatments is forecast to increase at nearly 8% CAGR. For most households, out-of-pocket financing comprises a large chunk of their overall healthcare expenditure.

Hence, in the long run, there are vast opportunities for players who are able to evolve innovative healthcare plans for out-patient expenses.

According to IRDAI, only 359 million people had health insurance coverage, as of fiscal 2016. Only ~24% of this health insurance coverage is provided by non-government providers. The rest are covered under central or state government sponsored schemes, such as Central Government Health Scheme and Employee State Insurance Scheme. Low penetration levels, rising cost of healthcare, constraints on the ability of governments to spend, increasing demand for quality healthcare with rising income underscore the massive opportunity in health insurance for commercial insurance providers.

In the amendment to the Insurance Act in 2015, to increase the focus on the healthcare sector, the government has also mandated insurance players to record health insurance business as a standalone business.

### ***Pension market a looming opportunity***

A CRISIL Research study on the need to build pension net indicates that the number of people aged over 60 in India will triple from 112 million in 2014 to 300 million by 2050. Most of them will be financially insecure in their sunset years in the absence of a social security net. And, if a large number of the old end up having no pension by 2030, the government will have to bear the heavy fiscal burden of providing minimum sustenance to them. Our estimates indicate that the fiscal burden of providing pension would be high at 3.4-4.1% of GDP by 2030, and most of this outgo would be towards private sector workforce.

As of 2014, only around 8% of retirees within the private sector receive a pension; therefore, a multi-fold increase in pension coverage to the private sector workforce is an imperative. If 70% of private sector retirees are adequately covered by 2030, their retirement assets will rise to around 26% of GDP in 2030. And, if the entire private sector workforce, which will be over 60 in 2030, has an adequate retirement cover, then the size of the

retirement corpus will rise to nearly Rs 276 trillion (or 38% of GDP) by 2050 and Rs 3,626 trillion (or over 74% of GDP) by 2050. The provision of additional tax benefits to the extent of employers' contribution in the New Pension scheme is expected to provide an opportunity for growth of pension premium; however, there are further challenges in terms of annuity taxation.

**Summary of key players in the Pension market below:**

<b>Summary of Top 5 Pension Players (As of 31 March 2017)</b>						
<b>Funds</b>	<b>AUM (INR MM)</b>			<b>Subscribers<sup>(2)</sup></b>		
	<b>E (Tier I)</b>	<b>C (Tier I)</b>	<b>G (Tier I)</b>	<b>E (Tier I)</b>	<b>C (Tier I)</b>	<b>G (Tier I)</b>
SBI Pension Fund <sup>(1)</sup>	10,263.2	7,036.2	12,633.5	262,203	262,880	262,827
ICICI Pension Fund	5,446.6	3,659.5	4,224.4	128,455	128,633	124,824
HDFC Pension Fund	4,666.7	2,884.8	3,768.6	153,856	153,269	151,085
LIC Pension Fund <sup>(1)</sup>	1,998.2	1,247.0	1,449.6	55,406	55,619	57,050
UTI Retirement Solutions <sup>(1)</sup>	1,296.4	819.4	1,229.0	39,493	39,402	38,417

Source: NPS Trust

<b>Summary of Pension Returns for Top 5 Players Since Inception (As of 31 March 2017)</b>			
<b>Funds</b>	<b>% Since Inception Annualized Returns<sup>(3)</sup></b>		
	<b>E (Tier I)</b>	<b>C (Tier I)</b>	<b>G (Tier I)</b>
SBI Pension Fund <sup>(1)</sup>	9.5%	11.3%	10.2%
ICICI Pension Fund	11.8%	11.2%	9.1%
HDFC Pension Fund	16.6%	11.9%	11.4%
LIC Pension Fund <sup>(1)</sup>	13.7%	11.9%	12.7%
UTI Retirement Solutions <sup>(1)</sup>	11.6%	9.9%	8.9%

Source: NPS Trust

Note:

1. SBI Pension Fund, LIC Pension Fund, UTI Retirement Solutions are classified as public sector funds, given they are entitled to participate in Central & State Government schemes
2. Subscriber count is as of 4th August, 2017
3. The returns have been calculated on the basis of Net Asset Value (NAV) declared for the schemes by the Pension Funds

**Government push to boost awareness**

In recent years, there have been a number of measures to increase the reach of life insurance, particularly to the people who are unable to afford it. In the past two years, the government introduced the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), a life insurance policy, and the Pradhan Mantri Jeevan Suraksha Bima Yojana (PMJSBY), an accidental death and disability cover. Earlier, in 2014, it launched the Pradhan Mantri Jan Dhan Yojana (PMJDY), which provided insurance and health cover for people aged between 18 and 50, and having a savings bank account. As of May 2017, the enrolment across PMJJBY and PMJSBY had crossed 131 million.

Other government sponsored life insurance schemes include the Aam Aadmi Bima Yojana, the postal rural life insurance scheme, and health insurance schemes such as ESIS and Rashtriya Swasthya Bima Yojana (RSBY).

In the years ahead, the government's massive push for greater financial inclusion through schemes such as Jan Dhan Yojana will increase awareness about the need, and benefits of life and health insurance, and support growth of life insurance.

## Industry comparison

		Units	ICICI Prudential Life	HDFC Standard Life	SBI Life	Max Life	Bajaj Allianz	Industry
<b>Business performance (FY17)</b>	New business premium (FY17)	Rs billion	78.6	87.0	101.5	36.8	32.9	1750.2
	5-year CAGR (till FY17)	%	9.1	17.8	9.2	14	3.9	8.9
	Individual-New business premium (FY17)	Rs billion	69.8	42.0	64.7	33.1	10.7	776.8
	5-year CAGR (till FY17)	%	18.0	7.7	14.1	14.1	-10.0	3.8
	Group-New business premium (FY17)	Rs billion	8.9	45.0	36.8	3.6	22.2	973.4
	5-year CAGR (till FY17)	%	-15.3	37.0	2.9	13.0	19.5	14.4
	Individual WRP (FY17)	Rs billion	64.1	36.4	59.4	26.4	10.1	532.2
	5-year CAGR (till FY17)	%	17.9	6.0	23.0	11.9	-5.1	2.1%
<b>Renewal premiums (FY17)</b>	Linked + non-linked	Rs billion	144.9	107.5	108.7	71.1	28.9	2,429
	5-year CAGR (till FY17)	%	8.6	11.0	10.5	9.6	-9.5	7.0
<b>Total Premium (FY17)</b>		Rs Billion	223.5	194.6	210.2	107.8	61.8	4181.1
<b>Costs (FY17)</b>	5-year CAGR (till FY17)	%	9.8	13.8	9.9	11.0	-3.7	7.8
	Commission ratio	%	3.4	4.1	3.7	8.7	2.4	5.3
<b>EV (FY17)<sup>2</sup></b>	Expense ratio^^	%	10.7	12.6	8.0	15.7	18.0	
		Rs billion	161.8	123.9	165.4	67.4	112.6	
<b>NBM (FY17)<sup>#</sup></b>		%	10.1	21.6	15.4	18.8	-4.3%	
<b>Persistence (FY17)</b>	13th month	%	85.7	80.9	81.1	80.4	68.2	
	25th month	%	73.9	73.3	73.9	70.4	51.1	
	37th month	%	66.8	63.9	67.4	59.7	43.9	
	49th month	%	59.3	58.3	62.5	54.9	38.2	
	61st month	%	56.2	56.8	67.2	53.0	31.6	
<b>Profitability</b>	ROE (Average FY15-17)	%	31.2	29.4	20.1	23.6	12.2	
	ROIC (Average FY15-17)	%	34.3	38.4	87.9	25.2	71.4	
<b>Market share (k) (FY17)*</b>	Industry level	%	12.0	6.8	11.2	5.0	1.9	
	Private sector	%	22.3	12.7	20.7	9.2	3.5	
<b>Product mix (NBP, FY17)</b>	Linked	%	79.1	35.2	50.5	24.4	41.7	12.1
	Non-linked	%	20.9	64.8	49.5	75.6	58.3	87.9
<b>No of products</b>	Individual	Number	19	30	29	18	23	536
	Group	Number	9	10	10	5	11	169
<b>AUM (FY17)</b>	Total	Rs billion	1,229	917	977	444	493	29,806
<b>5-year CAGR</b>		%	11.9	23.3	16.0	20.8	4.6	13.5
<b>Channel mix New Business Premium (Individual) (FY17)*</b>	Individual agents	%	23.5%	15.5%	34.1%	25.0%	84.7%	68.9%
	Corporate Agents-Banks	%	57.1%	61.1%	64.7%	61.8%	3.8%	23.6%
	Corporate Agents-Others	%	3.6%	4.3%	0.4%	3.2%	0.6%	1.3%
	Brokers	%	2.2%	4.2%	0.0%	0.3%	1.7%	1.2%
	Direct Business	%	13.6%	14.8%	0.8%	9.7%	9.2%	5.0%
<b>Claim ratio</b>								
	Claims settlement	%	97.2%	99.2%	98.0%	98.3%	99.2%	96.9 <sup>^</sup>
Claim Repudiation	%	2.4%	0.7%	1.6%	1.5%	0.8%	0.5 <sup>^</sup>	
Average turnaround time		Days	3.05 <sup>**</sup>	NA <sup>##</sup>	NA <sup>##</sup>	NA <sup>##</sup>	NA <sup>##</sup>	NA

Source: IRDAI, Company Disclosures, Industry

**Note:** <sup>^</sup>FY16; <sup>#</sup>calculated as (VNB/APE); \*figures are approximated and rounded off wherever required

<sup>^^</sup>Expense ratio= (Operating expense + shareholder expense)/total premium

<sup>15</sup> Year CAGR implies growth during FY12 to FY17

<sup>\*\*</sup> For non-investigated claims and from receipt of last requirement;

<sup>##</sup>not available in annual report

<sup>2</sup> ICICI Prudential and Bajaj Allianz computes embedded value using Indian Embedded Value (IEV) principles set out in Actuarial practice standard 10 SBI Life, Max Life and HDFC Standard Life compute its embedded value using MCEV (Market consistent embedded value) principle.

**Key banking partners of top players**

<b>ICICI Prudential Life</b>	<b>HDFC Standard Life</b>	<b>SBI Life</b>	<b>Max Life</b>	<b>Bajaj Allianz</b>
ICICI Bank (4850)	HDFC Bank (4715)	State Bank of India (24,017)	Axis Bank (3304)	Dhanlakshmi Bank (273)
Standard Chartered Bank (101)	Saraswat Co-operative Bank (296)		Yes Bank (1000)	Ujjivan SFB (52)
	RBL Bank (239)		Lakshmi Vilas Bank (481)	

*Note: Figures in brackets indicate number of branches Source: Company websites*

Market share (among entire industry)	Individual WRP				Group NBP				Total NBP received				Number of policies <sup>^</sup>			
	FY15	FY16	FY17	Q1FY18	FY15	FY16	FY17	Q1FY18	FY15	FY16	FY17	Q1FY18	FY15	FY16	FY17	Q1FY18
LIC	51.0%	48.5%	46.1%	45.5%	78.8%	80.7%	81.0%	81.9%	69.2%	70.4%	71.1%	70.2%	77.9%	76.8%	76.1%	75.1%
SBI Life	7.7%	9.7%	11.2%	10.3%	3.1%	2.6%	3.8%	3.2%	4.9%	5.1%	5.8%	5.4%	4.3%	4.8%	4.8%	4.7%
<b>HDFC Standard Life</b>	<b>7.3%</b>	<b>7.6%</b>	<b>6.8%</b>	<b>6.4%</b>	<b>3.8%</b>	<b>3.5%</b>	<b>4.6%</b>	<b>4.5%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>5.0%</b>	<b>4.9%</b>	<b>3.4%</b>	<b>4.3%</b>	<b>4.1%</b>	<b>3.8%</b>
ICICI Prudential Life	11.3%	11.3%	12.0%	15.3%	0.9%	1.8%	0.9%	0.8%	4.7%	4.9%	4.5%	6.0%	2.5%	2.2%	2.7%	3.7%
Max Life	4.8%	4.8%	5.0%	4.3%	0.4%	0.3%	0.4%	0.4%	2.3%	2.1%	2.1%	2.0%	1.9%	1.7%	1.9%	2.0%
Bajaj Allianz Life	1.9%	1.6%	1.9%	2.6%	2.8%	2.5%	2.3%	2.1%	2.4%	2.1%	1.9%	2.1%	1.1%	1.0%	1.0%	1.4%
Kotak Mahindra	1.5%	2.1%	2.3%	1.7%	1.4%	1.4%	1.5%	1.3%	1.4%	1.6%	1.6%	1.5%	0.7%	1.0%	1.1%	0.9%
Birla Sun Life	1.8%	1.5%	1.7%	1.5%	2.0%	1.9%	1.6%	1.4%	1.7%	1.6%	1.4%	1.3%	1.1%	1.1%	1.1%	1.0%
IndiaFirst Life	0.4%	0.5%	0.8%	0.9%	2.3%	1.5%	1.3%	0.7%	1.4%	1.1%	1.0%	0.7%	0.4%	0.4%	0.5%	0.6%
PNB Met Life	1.7%	2.1%	1.9%	1.8%	0.2%	0.1%	0.1%	0.2%	0.7%	0.7%	0.7%	0.7%	0.8%	0.9%	0.8%	0.8%
Tata AIA Life	0.6%	1.4%	2.0%	1.8%	0.1%	0.2%	0.1%	0.1%	0.3%	0.5%	0.6%	0.6%	0.3%	0.5%	0.7%	0.7%
Reliance Nippon Life	2.9%	2.0%	1.3%	1.3%	1.5%	0.8%	0.3%	0.2%	1.8%	1.1%	0.6%	0.6%	1.8%	1.4%	1.0%	1.0%
Canara HSBC OBC Life	0.8%	1.0%	1.2%	1.2%	0.3%	0.4%	0.4%	0.5%	0.4%	0.6%	0.6%	0.6%	0.2%	0.3%	0.3%	0.4%
DHFL Pramerica Life	0.3%	0.3%	0.3%	0.5%	0.8%	0.7%	0.7%	1.3%	0.5%	0.5%	0.5%	0.9%	0.2%	0.2%	0.2%	0.3%
Exide Life	1.1%	1.1%	1.2%	1.0%	0.0%	0.1%	0.0%	0.2%	0.6%	0.5%	0.5%	0.4%	0.6%	0.7%	0.7%	0.8%
IDBI Federal Life	0.6%	0.7%	0.8%	0.9%	0.2%	0.1%	0.2%	0.1%	0.4%	0.4%	0.5%	0.5%	0.3%	0.4%	0.5%	0.5%
Shriram Life	0.6%	0.8%	0.7%	0.7%	0.3%	0.4%	0.3%	0.5%	0.5%	0.5%	0.4%	0.5%	0.7%	1.0%	0.8%	0.9%
Star Union Dai-Ichi Life	1.0%	0.8%	1.1%	0.7%	0.3%	0.3%	0.0%	0.1%	0.6%	0.5%	0.4%	0.3%	0.4%	0.3%	0.5%	0.4%
Bharti Axa Life	0.9%	0.8%	0.7%	0.6%	0.2%	0.2%	0.2%	0.3%	0.4%	0.4%	0.3%	0.3%	0.4%	0.4%	0.4%	0.3%
Future Generali Life	0.3%	0.3%	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.1%	0.2%	0.2%
Aviva Life	0.7%	0.4%	0.3%	0.2%	0.4%	0.2%	0.1%	0.1%	0.5%	0.2%	0.1%	0.1%	0.3%	0.2%	0.1%	0.1%
Edelweiss Tokio Life	0.2%	0.3%	0.3%	0.2%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
Aegon Life	0.5%	0.3%	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.2%	0.1%	0.1%	0.1%	0.3%	0.2%	0.2%	0.2%
Sahara Life	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%

Source: IRDAI, Company Disclosures, Industry; <sup>^</sup>Number of policies is total (individual+group)

Market share (among private players)	Individual WRP				Group NBP				Total NBP received				Number of policies <sup>^</sup>			
	FY15	FY16	FY17	Q1FY18	FY15	FY16	FY17	Q1FY18	FY15	FY16	FY17	Q1FY18	FY15	FY16	FY17	Q1FY18
	SBI Life	15.6%	18.8%	20.7%	19.0%	14.5%	13.7%	19.8%	17.6%	15.9%	17.3%	20.0%	18.2%	19.6%	20.6%	20.2%
<b>HDFC Standard Life</b>	<b>14.8%</b>	<b>14.7%</b>	<b>12.7%</b>	11.8%	17.8%	18.3%	24.3%	25.0%	15.8%	15.8%	17.2%	16.4%	15.3%	18.6%	17.1%	15.1%
ICICI Prudential Life	23.0%	21.9%	22.3%	28.0%	4.2%	9.1%	4.8%	4.6%	15.3%	16.5%	15.5%	20.0%	11.1%	9.4%	11.1%	14.9%
Max Life	9.8%	9.3%	9.2%	7.8%	1.7%	1.7%	1.9%	2.2%	7.4%	7.0%	7.2%	6.7%	8.5%	7.4%	8.0%	8.0%
Bajaj Allianz Life	3.9%	3.2%	3.5%	4.8%	13.4%	12.9%	12.0%	11.8%	7.8%	7.0%	6.5%	6.9%	5.2%	4.2%	4.3%	5.6%
Kotak Mahindra	3.1%	4.1%	4.2%	3.2%	6.5%	7.4%	7.6%	7.3%	4.4%	5.4%	5.6%	4.9%	3.3%	4.2%	4.7%	3.7%
Birla Sun Life	3.7%	3.0%	3.2%	2.8%	9.6%	9.7%	8.5%	7.6%	5.6%	5.4%	5.0%	4.3%	5.0%	4.6%	4.8%	4.2%
IndiaFirst Life	0.8%	1.0%	1.4%	1.7%	10.9%	8.0%	6.8%	3.8%	4.4%	3.6%	3.3%	2.3%	1.6%	1.5%	2.0%	2.3%
PNB Met Life	3.6%	4.0%	3.5%	3.3%	0.9%	0.5%	0.6%	0.9%	2.4%	2.4%	2.3%	2.3%	3.5%	3.9%	3.4%	3.3%
Tata AIA Life	1.2%	2.7%	3.7%	3.3%	0.6%	0.8%	0.4%	0.3%	0.9%	1.8%	2.2%	2.1%	1.3%	2.2%	2.9%	2.7%
Reliance Nippon Life	6.0%	3.9%	2.4%	2.4%	6.9%	4.2%	1.8%	1.2%	5.9%	3.8%	2.1%	1.9%	8.3%	5.9%	4.3%	3.8%
Canara HSBC OBC Life	1.6%	1.9%	2.1%	2.2%	1.2%	2.3%	1.9%	2.6%	1.4%	2.1%	1.9%	2.2%	1.1%	1.2%	1.4%	1.4%
DHFL Pramerica Life	0.7%	0.7%	0.6%	1.0%	3.6%	3.5%	3.6%	7.0%	1.7%	1.8%	1.7%	3.0%	0.9%	0.9%	1.0%	1.3%
Exide Life	2.2%	2.1%	2.1%	1.8%	0.1%	0.6%	0.3%	1.0%	1.9%	1.5%	1.7%	1.5%	2.8%	3.1%	3.0%	3.1%
IDBI Federal Life	1.3%	1.4%	1.4%	1.6%	1.1%	0.7%	0.9%	0.6%	1.4%	1.4%	1.6%	1.6%	1.5%	1.8%	1.9%	2.1%
Shriram Life	1.3%	1.6%	1.3%	1.4%	1.3%	1.9%	1.6%	2.6%	1.5%	1.7%	1.5%	1.8%	3.3%	4.3%	3.2%	3.5%
Star Union Dai-ichi Life	2.0%	1.6%	2.1%	1.3%	1.6%	1.4%	0.2%	0.4%	1.8%	1.6%	1.4%	1.0%	1.7%	1.5%	1.9%	1.5%
Bharti Axa Life	1.8%	1.6%	1.4%	1.1%	1.0%	1.1%	1.1%	1.4%	1.4%	1.3%	1.2%	1.1%	1.6%	1.6%	1.8%	1.3%
Future Generali Life	0.7%	0.5%	0.6%	0.5%	0.9%	0.8%	1.2%	1.4%	0.7%	0.6%	0.8%	0.8%	0.7%	0.5%	0.7%	0.8%
Aviva Life	1.5%	0.7%	0.5%	0.4%	2.0%	1.0%	0.5%	0.4%	1.6%	0.8%	0.5%	0.4%	1.5%	0.8%	0.6%	0.6%
Edelweiss Tokio Life	0.5%	0.6%	0.6%	0.4%	0.2%	0.2%	0.2%	0.3%	0.4%	0.4%	0.5%	0.4%	0.5%	0.6%	0.7%	0.6%
Aegon Life	1.0%	0.6%	0.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.6%	0.3%	0.2%	0.2%	1.1%	0.9%	0.8%	0.9%
Sahara Life	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%	0.4%	0.3%	0.3%	0.1%

Source: IRDAI, Company Disclosures, Industry; <sup>^</sup>Number of policies is total (individual+group)

Ranking based on total new business premium received					
	FY13	FY14	FY15	FY16	FY17
SBI Life	1	1	1	1	1
<b>HDFC Standard Life</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>2</b>
ICICI Prudential Life	2	3	3	2	3
Max Life	5	5	5	5	4
Bajaj Allianz Life	4	4	4	4	5
Kotak Mahindra Old Mutual Life	9	9	8	7	6
Birla Sun Life	6	7	7	6	7
IndiaFirst Life	8	8	9	9	8
PNB Met Life	10	10	10	10	9
Tata AIA Life	15	15	19	12	10
Reliance Nippon Life	7	6	6	8	11
Canara HSBC OBC Life	14	11	17	11	12
DHFL Pramerica Life	20	20	13	13	13
Exide Life	13	13	11	16	14
IDBI Federal Life	17	18	16	17	15
Shriram Life	16	16	15	14	16
Star Union Dai-Ichi Life	11	14	12	15	17
Bharti Axa Life	18	17	18	18	18
Future Generali Life	19	19	20	20	19
Aviva Life	12	12	14	19	20
Edelweiss Tokio Life	23	22	22	21	21
Aegon Life	21	21	21	22	22
Sahara Life	22	23	23	23	23

Parameters (FY17)	ICICI Prudential Life	HDFC Standard Life	SBI Life	Max Life	Bajaj Allianz
<b>Profit / Surplus (₹ bn)* - Total</b>	<b>16.8</b>	<b>8.9</b>	<b>9.5</b>	<b>6.6</b>	<b>8.4</b>
<i>PH (Policy holder)</i>	11.3	7.5	5.9	5.5	2.3
<i>SH (Share holder)<sup>1</sup></i>	5.5	1.4	3.6	1.1	6.1
Sum assured (₹ bn)	2,940	3,888	2,186	1,395	1,982
Solvency ratio (%)	281	192	204	309	582
Dividend payout ratio	39.5%	29.6%	18.9%	25.5%	NA
Agent productivity (NBP, ₹) <sup>^</sup>	1,27,531	95,073	2,34,501	1,65,933	1,08,097
Number of individual agents <sup>2</sup>	1,36,114	54,516	95,355	54,283	77,097
<b>Average policy size - new business (Rs)</b>					
<i>Total</i>	111,897	80,286	79,540	72,845	120,167
<i>Individual</i>	99,418	38,817	50,778	65,781	38,953
<b>Portfolio mix</b>					
<i>Equity</i>	46.8%	41.0%	23.2%	NA	32.0%
<i>Debt</i>	53.2%	53.6%	68.2%	NA	61.1%
<i>Others</i>	0.0%	5.4%	8.6%	NA	6.9%
EV (₹ bn)	161.8	123.9	165.4	67.4	112.6
EVOP (₹ bn)	23.0	21.4	28.9	11.2	7.5
<b>Conservation ratio<sup>^^</sup></b>	<b>83.7</b>	<b>81.9</b>	<b>81.4</b>	<b>84.5</b>	<b>65.6</b>

\*HDFC life taken as per IGAAP standard.

For remaining players as per IRDAI classification, break up taken from revenue/profit and loss account.

<sup>^</sup>Agent Productivity = Premium through individual agents / (Average individuals agents)

<sup>^^</sup>Conservation ratio = current year renewal premium / (last year regular premium + renewal premium)

<sup>1</sup>Shareholders surplus is net of policyholder's profit

<sup>2</sup> As of March 31, 2017

## Additional data points

Additional data points	ICICI Prudential Life				HDFC Standard Life				SBI Life				Max Life				Bajaj Allianz			
	FY15	FY16	FY17	3-yr CAGR	FY15	FY16	FY17	3-yr CAGR	FY15	FY16	FY17	3-yr CAGR	FY15	FY16	FY17	3-yr CAGR	FY15	FY16	FY17	3-yr CAGR3
Total NBP (₹ bn)	53	68	79	27.9%	55	65	87	29.1%	55	71	101	26.0%	26	29	37	17.5%	27	29	33	8.3%
Market share (NBP)	4.7%	4.9%	4.5%		4.9%	4.7%	5.0%		4.9%	5.1%	5.8%		2.3%	2.1%	2.1%		2.4%	2.1%	1.9%	
AUM	1,002	1,039	1,229	15.7%	670	743	917	22.2%	713	798	977	18.9%	312	358	444	21.7%	436	441	493	8.5%
Expense ratio*	11.1%	10.0%	10.7%		10.2%	11.6%	12.6%		9.2%	9.4%	8.0%		15.5%	14.0%	15.7%		18.9%	19.5%	18.0%	
Commission ratio	3.6%	3.2%	3.4%		4.2%	4.3%	4.1%		4.7%	4.5%	3.7%		9.2%	8.9%	8.7%		3.5%	2.7%	2.4%	
EV - ₹ bn	137	139	162	11.2%	88	102	124	21.0%	NA	130	165	NM	52	56	67	15.3%	93	99	113	14.0%
Operating return on EV	15.4%	15.5%	16.5%		21.7%	20.6%	21.0%		NA	NA	23%		22.3%	17.0%	19.9%		8.4%	7.6%	7.5%	
VNB (₹ bn)	2.7	4.1	6.7		5.8	7.3	9.1		NA	NA	10.4		4.6	3.9	5.0		1.8	1.6	1.7	
VNB margin	5.7%	8.0%	10.1%		18.5%	19.9%	21.6%		NA	14.2%	15.4%		21.5%	17.9%	18.8%		-8.4%	-1.4%	-4.3%	
<b>Persistency ratio^(%)</b>																				
13	79.0	82.4	85.7		73.3	78.9	80.9		76.3	80.7	81.1		77	79	80.4		67.6	62.9	68.2	
61	14.5	46.0	56.2		37.4	50.0	56.8		9.9	53.8	67.2		32	43	53.0		7.6	15.6	31.6	
Claims settlement ratio (%)	94.6%	96.7%	97.2%		92.9%	97.4%	99.2%		92.3%	95.8%	98.0%		97.3%	97.2%	98.3%		96.7%	98.1%	99.2%	
No. of Individual policies ('000)	639	580	702	-3.4%	876	1,150	1,082	7.0%	1,126	1,273	1,274	7.0%	490	460	503	-1.5%	295	261	274	-15.6%
No. of Group policies	337	389	816	45.9%	637	634	903	15.0%	317	505	1,359	81.6%	529	427	390	-18.5%	561	219	226	-32.6%
Number of lives covered – group ('000)	921	1,230	2,059	31.2%	4,861	14,226	19,774	95.7%	1,057	7,916	3,669	56.0%	1,901	1,443	1,770	-14.9%	37,322	44,738	43,774	23.5%
Premium less benefits (₹ bn)	29.5	66.2	72.2	198.5%	65.8	80.6	94.8	8.8%	46.1	77.2	113.3	80.0%	46.3	60.3	69.3	17.3%	(22.6)	8.5	(0.3)	NM

Source: IRDAI, Company Filings. Note: 1) Premium less benefits on gross value. 2) VNM margins are post overrun; \*Expense ratio= (Operating expense + shareholder expense)/total premium; ^on premium basis

(₹ bn)	Industry			3-Year CAGR
	FY15	FY16	FY17	
Total premium	3281.0	3,666.5	4181.1	10.0
Total NBP	1131.1	1386.6	1750.2	13.5
Individual NBP	553.7	582.8	776.8	8.6
Group NBP	577.7	803.7	973.4	18.2
Renewal Premium	2147.7	2278.9	2429.3	7.0

Source: IRDAI, Company Filings

	FY13	FY14	FY15	FY16	FY17
Real GDP growth	6.5%	7.2%	7.9%	6.8%	7.2%

Source: IMF

## OUR BUSINESS

*We have included various operational and financial performance indicators in this Red Herring Prospectus, some of which may not be derived from our Restated Financial Information or otherwise subjected to an examination, audit or review by our auditors or any other expert. The manner in which some of the operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other insurance companies in India and other jurisdictions. For the purposes of this section of the document, for certain analysis we have used the historical methodology and internal categorisation to enable a consistent representation of our business. Some of these numbers may vary from similar information presented publicly in compliance with applicable regulations in India which is also reflected in our Restated Financial Information. Persistency ratios for period ending March and September have been calculated based on the relevant cohort of new business written from April to March and from September to August respectively measured with a one month lag to allow for grace period as per IRDAI regulations. The ratios may vary from similar information presented publicly either due to the cohort of business belonging to a different period or due to the methodology used in these information being based on regulations applicable at those points in time compared to the ratios in this Red Herring Prospectus being based on a consistent methodology applied across all periods. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.*

### Overview

We were one of the most profitable life insurers, based on Value of New Business (VNB) margin, among the top five private life insurers in India (measured on total new business premium) in Fiscal 2016 and Fiscal 2017, according to CRISIL. Besides consistently being among the top three private life insurers in terms of profitability based on VNB margin, we have also consistently been among the top three private life insurers in terms of market share based on total new business premium between Fiscal 2015 and Fiscal 2017, according to CRISIL. Our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, was ₹54,921.0 million, ₹64,872.2 million, ₹86,963.6 million and ₹44,029.0 million. Between Fiscal 2015 and Fiscal 2017, our annualised premium equivalent grew by a CAGR of 14.5%. Our 13<sup>th</sup> month individual persistency ratio was 73.3%, 78.9%, 80.9% and 82.2% for the period ended March 31, 2015, March 31, 2016, March 31, 2017 and September 30, 2017, respectively.

We have a healthy balance sheet with total net worth of ₹44.6 billion and a solvency ratio of 200.5% as at September 30, 2017, above the minimum 150.0% solvency ratio required under IRDAI regulations. We generated Profit After Tax of ₹8,869.2 million and delivered a Return on Equity of 25.6%, Return on Invested Capital of 40.7% and Operating Return on Embedded Value of 21.7% during Fiscal 2017. As at September 30, 2017, we had total AUM of ₹995.3 billion and Indian Embedded Value of ₹140.1 billion. We have a track record of consistently delivering shareholder returns across business cycles. We are sufficiently capitalised and have not raised any capital during the last six years (except through issuance of ESOPs under our ESOS scheme(s)), while paying dividends (including dividend distribution tax) totalling ₹7.6 billion between our first dividend in Fiscal 2014 to Fiscal 2017.

We believe that our strong parentage and our trusted brand enhances our appeal to consumers. We were one of the first private life insurance company to register in India and were established as a joint venture between HDFC (one of India's leading housing finance institutions) and Standard Life Aberdeen plc (one of the world's largest investment companies), initially through its wholly owned subsidiary The Standard Life Assurance Company and now through its wholly owned subsidiary, Standard Life Mauritius.

Our focus on creating a multi-channel distribution platform has resulted in our market share among private life insurers in India in terms of total new business premium increasing from 15.8% in Fiscal 2015 to 17.2% in Fiscal 2017, according to CRISIL. We believe that we offer an attractive value proposition for our distribution partners, as demonstrated by our longstanding, successful relationships with our bancassurance partners through corporate agency or master policyholder arrangements. Our oldest bancassurance partner relationship was established in 2002.

Our bancassurance partners include banks, non-banking financial companies, micro-finance institutions and small finance banks in India. Our number of major bancassurance partners grew from 31 as at March 31, 2015 to 125 as at September 30, 2017. Our top 15 bancassurance partners (in terms of total new business premium sourced for the period ended September 30, 2017) had over 11,200 branches across India as at September 30, 2017. We had 66,372 individual agents as at September 30, 2017, which comprise 6.8% of the all private agents in the Indian life insurance industry. We have a pan-India presence, comprising 414 branches and spokes across India as at September 30, 2017, supported by a dedicated workforce of 16,544 full-time employees.

We have a broad, diversified product portfolio covering five principal segments across the individual and group categories, namely participating, non-participating protection term, non-participating protection health, other non-participating and unit-linked insurance products. As at September 30, 2017, our product portfolio comprised 32 individual and ten group products, as well as eight optional rider benefits. Our wide product suite caters to specific needs of customers during each stage of their lives. It also provides us with the flexibility to operate successfully across business cycles, work with diverse sets of distribution partners and serve a range of consumers from mass market to high net worth individuals. It also provides us with the flexibility to adapt to changes in the regulatory landscape and mitigate concentration risk in respect of particular categories or types of products. We have a proven track record in identifying and tapping niche customer segments (such as with our *HDFC Life Cancer Care* product) through our innovative product solutions that have continued to draw strong customer demand.

In Fiscal 2012, we established our wholly-owned subsidiary, HDFC Pension, to operate our pension fund business under the National Pension System. As at March 31, 2017, HDFC Pension had approximately ₹11,629.8 million of AUM from customers enrolled under the National Pension System. HDFC Pension is the second largest private pension fund management company in India in terms of assets under management and subscribers in Fiscal 2017, according to CRISIL. In Fiscal 2016, we established our first international subsidiary in the UAE, HDFC International, to operate our reinsurance business. HDFC International has signed reinsurance treaties for two distinct lines of individual life business and entered into arrangements to offer reinsurance for group and credit life schemes. We expect our pension and reinsurance business to help us diversify our sources of revenue and profitability in future.

Going forward, we aim to continue to consolidate our position as a long-term player in the industry with our focus on better customer service, strong product propositions and steady profitability.

### **Our Competitive Strengths**

We are positioned as a leading life insurer in one of the fastest growing economies in the world with a growing and under-penetrated life insurance market. With our focus on delivering consistent and profitable growth, which is supported by our customer-centric product development and sales approach, we have demonstrated an ability to deliver value to our customers, shareholders and distribution partners.

#### ***Strong parentage and a trusted brand that enhances our appeal to consumers***

Our Company was established in 2000 as a joint venture between HDFC (one of India's leading housing finance institutions) and Standard Life Aberdeen plc (one of the world's largest investment companies), initially through its wholly owned subsidiary The Standard Life Assurance Company and now through its wholly owned subsidiary, Standard Life Mauritius. HDFC and Standard Life Mauritius respectively hold 61.21% and 34.75% of our Equity Shares as at the date of this Red Herring Prospectus.

Both HDFC and Standard Life Aberdeen are well known in their respective business areas. HDFC is listed on the NSE and BSE. Over the years, the HDFC group has emerged as a recognised financial services conglomerate and was ranked as one of the best Indian brands in 2014 (according to Interbrand) with a presence in banking, life and general insurance, asset management and venture capital. Standard Life Aberdeen is headquartered in Scotland and is listed on the London Stock Exchange. The Standard Life Aberdeen group was formed by the merger of Standard Life plc and Aberdeen Asset Management PLC on August 14, 2017.

We believe that we have strong brand recall among Indian consumers. We have been selected as a Superbrand in India for three consecutive years from 2014 to 2016. We have also been declared as one of the most valuable brands in India, according to the BrandZ Top 50 Most Valuable Indian Brands list in 2016. See “*Business—Brand Strength and Marketing*” on page 239 of this Red Herring Prospectus.

***Strong financial performance defined by consistent and profitable growth***

We believe that our focused execution has continued to deliver consistent and profitable growth to our stakeholders. We have a healthy balance sheet and delivered a Return on Equity of 25.6%, Return on Invested Capital of 40.7% and Operating Return on Embedded Value of 21.7% during Fiscal 2017. As at September 30, 2017, we had a solvency ratio of 200.5%, above the minimum 150% solvency ratio required under IRDAI regulations.

Our flexibility and ability to adapt to changes in the Indian life insurance industry has allowed our business to grow and our profitability to improve. Between Fiscal 2015 and Fiscal 2017, our overall total premium grew by a CAGR of 14.5% to ₹194.45 billion, driven by a CAGR of 12.6%, 43.6% and 7.3% in individual new business premiums, group new business premiums and renewal premiums, respectively. We have 64.5 million lives insured across our individual and group customers as at September 30, 2017. In addition, we improved our VNB margins from 18.5% in Fiscal 2015 to 22.0% in Fiscal 2017 by improving cost efficiencies, increasing our persistency ratios and selling a balanced product mix. Our share of protection in the individual and group new business premium increased from 12.0% in Fiscal 2015 to 21.8% for Fiscal 2017. Our Profit After Tax increased by a CAGR of 6.3% from ₹7,855.1 million in Fiscal 2015 to ₹8,869.2 million in Fiscal 2017. Our insurance profit increased by a CAGR of 9.7% between Fiscal 2015 and Fiscal 2017.

We believe our profitability and high VNB margins have allowed our business to be self-sustaining. Between Fiscal 2015 and Fiscal 2017, the consistent increase in our VNB reflects our focus on long-term profitable growth. We are sufficiently capitalised and have not raised any capital during the last six years (except through issuance of ESOPs under the relevant ESOS scheme(s)), while paying dividends (including dividend distribution tax) totalling ₹7.6 billion between our first dividend in Fiscal 2014 to Fiscal 2017.

We believe that our strong financial performance and leading position in the industry will allow us to take advantage of growth opportunities in the under-penetrated Indian life insurance sector.

***Growing and profitable multi-channel distribution footprint that provides market access across various consumer segments in India***

We offer our individual and group customers access to our products through our diversified distribution network which comprises four distribution channels, namely bancassurance, individual agents, direct, and brokers and others. Our multi-channel distribution network provides us with the flexibility to adapt to changes in the regulatory landscape and mitigate the risk of over-reliance on any single channel. All our distribution channels have been independently profitable for each of Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017.

Bancassurance remained our most significant distribution channel, generating 50.4%, 53.5%, 50.7% and 54.1% of our total new business premiums for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. We have longstanding, successful relationships with our bancassurance partners through corporate agency or master policyholder arrangements. Our oldest bancassurance partner relationship was established in 2002. Our bancassurance partners include banks, non-banking financial companies, micro-finance institutions and small finance banks in India. Many of our bancassurance partners possess extensive distribution networks across India, providing us with significant opportunities to expand our market reach, access our bancassurance partners’ customers and tap on their existing branch infrastructure. Our number of major bancassurance partners grew from 31 as at March 31, 2015 to 125 as at September 30, 2017. Our top 15 bancassurance partners (in terms of total new business premium sourced for the six months ended September 30, 2017) had over 11,200 branches across India as at September 30, 2017.

Our individual agent network generated 10.0%, 7.6%, 7.5% and 6.2% of our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. As at September 30, 2017, we had 66,372 individual agents (which comprise 6.8% of the all private agents in the Indian life insurance industry) who exclusively sell our life insurance products across our branches. Our individual agents network has been profitable for each of Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017 and the quality of new business has improved. Each individual agent generated an average of ₹119,363 in terms of new business premium and sold an average of 2.3 new insurance policies during Fiscal 2017.

Our direct sales channel generated 37.0%, 36.8%, 39.8% and 37.5% of our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

Our brokers and others distribution channel generated 2.6%, 2.1%, 2.1% and 2.3% of our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. As at September 30, 2017, we had over 45 broker and other tie-ups, comprising 21 significant insurance brokers and 29 Insurance Marketing Firms.

We believe that our distribution model within each distribution channel gives us a significant footprint across customer segments. As a result of our focus on customer needs and distribution efficiencies, we have managed to build economies of scale across most of our distribution channels, while consistently maintaining profitability for each distribution channel between Fiscal 2015 to Fiscal 2017 and the six months ended September 30, 2017.

#### ***Focus on customer centricity enabling growth across business cycles***

We are committed to providing a differentiated and superior customer service experience to our customers across the life of an insurance policy, from product development to customer on-boarding and policy issuance to customer service and claims settlement. Our commitment to customer centricity has resulted in long-term profitable growth, as reflected in the consistent increase in our EV at a CAGR of 18.4% from ₹88,882 million in Fiscal 2015 to ₹124,705 million in Fiscal 2017.

Our integrated customer on-boarding process has enabled our frontlines sales team to facilitate customer convenience and includes “straight-through processing” of customer proposal forms, instant secure customer verification processes through our mobile applications and an automated underwriting engine which enables us to obtain key underwriting information from customers during customer on-boarding, reduces the documentation requirements from customers and helps us to improve our underwriting efficiency. These initiatives have resulted in improved turnaround times for the issuance of new policies. We believe that these initiatives have also resulted in higher customer satisfaction and have contributed to higher operating margins.

We strive to create one-on-one relationships with our customers by responding to their queries promptly and efficiently across traditional and non-traditional customer service channels. Our ability to provide quality customer service is supported by our increasingly automated service platform, which is available to our customers 24 hours a day, seven days a week. Our digital customer service platforms include our online customer portal, customer service mobile application and email service. We recently introduced additional automated elements, including a natural language-processing automation engine to respond to customer requests received by email, which have resulted in improved response times and contributed to providing a consistent customer service experience. We also have a separate service recovery team to address customer complaints. In Fiscal 2017, 99.0% of our customer complaints were resolved within the 15 calendar days turnaround time as prescribed by IRDAI. Our service recovery team also conducts a root cause analysis, which is shared with our senior management and distribution partners, in order to prevent recurring complaints of a similar nature. This is demonstrated by a decrease in the number of customer complaints per 10,000 new policies from 498 in Fiscal 2013 to 81 in Fiscal 2017.

Claimants can submit claims through various channels, including our existing branches, the branches of our distribution partners, our website, call centre and emails. We use rule engines and predictive technology to achieve accuracy and consistency in claims categorisation and processing, and have implemented a tiered authorisation system to manage claims of differing value and complexity and to facilitate rapid claims processing. The efficiency of our claims settlement has improved from Fiscal 2015 to Fiscal 2017, with the average turnaround time for claims

settlement decreasing from ten days in Fiscal 2015 to five days in Fiscal 2017, upon receipt of all supporting documentation. For the three months ended June 30, 2017, 95.5% and 54.1% of our non-investigative claims were settled within three days and one day, respectively, upon our receipt of all supporting documentation. We had an individual claims settlement ratio of 97.62% and a group claims settlement ratio of 99.67% for Fiscal 2017. Our overall claims settlement ratio of 99.16% for Fiscal 2017 is among the best in the Indian life insurance industry. This is a testament to the quality of our customer service and customer on-boarding and underwriting processes. See “*Industry section – Industry Comparison*” on page 195 of this Red Herring Prospectus for average turnaround time for claims settlement for our peers.

Our Product Management Council consists of representatives across various key functions of our Company and analyses the needs of our prospective customers based on interactions with distribution partners and industry trends, which helps to guide our needs-based, innovative and customer-centric product development and sales strategy. As at September 30, 2017, our product portfolio comprised 32 individual and ten group products, as well as eight optional rider benefits. Our wide product suite caters to specific needs of customers during each stage of their lives.

We have a proven track record in proactively identifying and tapping niche customer segments through our competitive, innovative product solutions for such segments, which have continued to draw strong customer demand. We also have a specialised health insurance segment, and we believe this segment is under-penetrated compared to the life segment and provides significant opportunities for our distributors and customers. In Fiscal 2016, we launched our *HDFC Life Cancer Care* product, an award winning health insurance product in the Indian life and health insurance industry, which provides financial protection in the event of early and major stages of cancer. As at September 30, 2017, approximately 245,000 lives are insured through our *HDFC Life Cancer Care* product.

We identified the need to focus on the increasing protection requirements of Indian consumers. We launched our first online term product, *HDFC Life Click 2 Protect*, in Fiscal 2012. Our range of *Click2Series* products sold through our online channel collectively generated annualised premium equivalent of ₹593.6 million, ₹905.0 million, ₹1,009.4 million and ₹866.9 million, in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

Our continued efforts to improve the quality of our new business, focus on needs-based selling, strong commitment to customer service and our efforts to streamline the renewal premium payment process, has resulted in an overall improvement in our persistency ratio. Our 13<sup>th</sup> month persistency increased from 73.3% for the period ended March 31, 2015 to 80.9% for the period ended March 31, 2017 and our 61<sup>st</sup> month persistency increased from 39.8% for the period ended March 31, 2015 to 56.8% for the period ended March 31, 2017.

In recognition of our success, we were awarded the *Finnoviti 2016 Award for innovations in BFSI* for our *HDFC Life Cancer Care* product, as well as the *Golden Peacock Innovative Product Award 2015* and *Indian Insurance Awards 2014 — Best Product Innovation (Life Insurance)* for our *HDFC Life Click2Invest* product.

### ***Leading digital platform that provides a superior experience for customers and distributors***

We believe that we have developed a leading digital platform that gives us a competitive edge across various distribution channels and customer segments. Given our focus on and investments in our digital platform, we believe that we are uniquely positioned to capitalise on the increasing digitisation of the Indian economy.

We have undertaken several initiatives and developed a mobility platform to streamline and digitise our customer on-boarding and policy issuance processes, with the aim of making such processes convenient and simple for our customers. Mobility initiatives have been successfully implemented across the value chain, resulting in improvements to the productivity of our distribution partners. During Fiscal 2017, 48.0% of our new applications were sourced through mobile devices. We have an advanced digital platform that is user-friendly, customer-centric and capable of guiding our customers and distribution partners from on-boarding to policy issuance within four days, which we believe has been a key contributor to our increased digital sales over the years. Introduction of new products and increased customer traffic can be managed through our digital platform with limited additional investment. This provides us with the requisite flexibility and headroom for exponential future growth in a rapidly

evolving online space. Our annualised premium equivalent earned through online channels increased at a CAGR of 27.9% between Fiscal 2015 to Fiscal 2017.

We aim to enhance revenue earned by our distributors, while continuing to pursue profitable growth by improving sales productivity and efficiency, including through equipping our distribution partners with advanced online and digital sales solutions. We believe that we have developed a scalable distribution platform which can be implemented rapidly and efficiently by numerous distribution partners across various channels. Our “plug-and-play” on-boarding process has made it easier for our bancassurance partners to start selling our products, while providing us with access to their wide distribution networks. We believe that we offer our distributors an attractive value proposition through leveraging our information technology systems, investing in our sales support systems, creating a wider, customer-centric product suite, and providing our strong brand name to enable them to cross-sell and up-sell our products to their customer base.

Our information technology initiatives have received various industry awards, including the CIO 100 Asia award for achievements in strategic enterprise IT deployment, the CIO 100 International honoree award for innovation in IT development and the DL Shah Quality Award.

For details, see “*Business—Operations*” and “*Business—Technology and Digital Initiatives*” on pages 222 and 221 of this Red Herring Prospectus, respectively.

### ***Independent and experienced leadership team***

We have an independent and experienced leadership team with capabilities and know-how across the banking, financial services and insurance sectors. None of our Key Management Personnel has been seconded by or transferred from our Promoters, which we believe contributes to the stability of our Key Management Personnel. As at September 30, 2017, our Key Management Personnel had an average of over ten years of experience in the financial services sector.

Our leadership team is committed to growing our business, as demonstrated by our track record in delivering consistent results across business cycles. Our Board of Directors evaluates our performance based on an objective range of performance indicators that we believe encourages us to calibrate our business strategies towards achieving long-term profitable growth.

We believe that the strength of our management team is a key competitive advantage and will help us implement our business strategies and adapt to evolving consumer preferences and changes in our business and regulatory environment.

### **Our Strategies**

The India life insurance market is and will continue to be a growing and attractive market and offers significant headroom for growth. Indicators such as insurance penetration, insurance density and protection gap indicate that the Indian life insurance market is still significantly underinsured, according to CRISIL. The future growth of India’s life insurance market is supported by high historical real GDP growth, with an average growth rate of 7.1% between Fiscal 2013 and Fiscal 2016, increased levels of financial savings and initiatives undertaken by the Government to ensure adequate social security for its citizens. The Government’s emphasis on financial inclusion and growth opportunities will continue to drive the growth of the Indian life insurance sector. According to CRISIL, the demonetisation measures implemented by the Government have also resulted in increased customer deposits with banks, which we believe will further drive the penetration of life and health insurance. In addition, innovations in operating architecture based on the JAM (JanDhan-Aadhaar-Mobile) trinity and eKYC are expected to improve reach of insurance products and efficiency, according to CRISIL.

Our overall business strategy is to deliver profitable growth to our shareholders consistently across business cycles and to build a high quality, customer-centric franchise that provides superior value to our policyholders. We believe increasing distribution reach and strengthening our position as a leader in certain product niches is the key to capturing customer segments and improving our profitability. Given our track record of strong financial

performance and investments made over the years, we believe we are well-positioned to be a multi-channel distribution specialist and a preferred partner for distributors. We believe that we will be able to capitalise on the increasing numbers of consumers who have a preference for purchasing insurance through non-traditional channels, such as our website, mobile applications and other e-commerce channels. We aim to drive innovation in product development and improve our distribution value proposition, which we believe will further increase our market share across product categories, as well as improve our profitability. We intend to leverage technology and automation and build economies of scale to further drive cost efficiencies.

We have successfully navigated through a changing business and regulatory environment in the past, and we believe that we are well-equipped to overcome future challenges in the Indian life insurance industry.

***Reinforce our agile, multi-channel distribution platform to fortify and diversify our revenue mix across business cycles***

We intend to continue expanding the number of our partnerships and diversifying our sources of new business premiums. We aim to stay ahead of the curve in forming alliances with a variety of distribution partners, including banks, non-banking financial companies, micro-finance institutions and other non-financial services companies. We plan to reinforce our multi-channel distribution platform by increasing our reach across non-traditional distribution channels, while strengthening existing channels and relationships, in order to reduce dependency on any single distribution channel or partner. Our agile distribution platform and our key account managers have the ability to support the requirements of both traditional and non-traditional distribution partners. We intend to pursue increased profitability by improving the productivity and efficiency of our various distribution channels through the implementation of tailored strategy for each of the channels, while maintaining our quality and risk management standards. We will continue to engage with our distributors to enhance our distribution value proposition and to ensure that it stays relevant and competitive. In the evolving regulatory landscape of open architecture and greater choice, we will strive to be a preferred partner across all our distribution channels.

We believe that we can leverage the large network of potential customers from our various distribution partners to distribute and cross-sell our products. In addition, we believe that our large and varied base of individual and group customers provides significant growth opportunities from increased cross-selling and up-selling. We intend to leverage our access to more than 59.0 million lives insured under our group products (as at September 30, 2017) to cross-sell individual products and riders that provide enhanced coverage for individuals, over and above the coverage provided by group insurance policies. Our distribution partners can leverage our unified customer and distributor interaction platform, which includes a database of customer information that can be accessed by each of our distribution partners. We also use analytics tools to identify target customers and to aid our distribution partners in determining the suitability of additional products for our customers, which facilitates cross-selling efforts by our distribution partners to our customers.

During Fiscal 2017, we began partnering with non-traditional players to distribute our products through their platforms. We have developed customised distribution methods with customer loyalty platforms, online payment and fintech companies. As at September 30, 2017, we have entered into partnerships with 14 companies across various non-traditional sectors and expect to increase the contribution of new business premiums through this distribution sub-channel over the next few years. We believe that non-traditional distribution partnerships have the potential to contribute to our business going forward, given the significantly under-penetrated life insurance market across cities in India, and that our innovative product sales strategies within non-traditional distribution channels will continue to be a key competitive advantage for us.

For further details, see “*Business—Distribution—Our distribution value proposition*” and “*Business—Customers*” on pages 217 and 229 of this Red Herring Prospectus, respectively.

***Drive innovation in product sales to enhance customer value proposition and to capture niche segments***

Our product strategy is designed to achieve an optimum balance between the needs of our relevant stakeholders including our customers, distributors and shareholders. We aim to offer needs-based and customer-centric products which address the core needs of our customers across each stage of their lives. Our track record has provided us with

significant experience and know-how to develop and provide insurance products across various customer segments, economic conditions and market scenarios.

We intend to adopt the following initiatives as part of our product development pipeline.

- *Protection.* We intend to build on our position as a proactive provider of protection plans in both life and health segments to attract new consumers and appeal to the younger population. This will help us cross-sell and up-sell our savings and investments products, together with our policy riders, to our younger consumers across key stages of their lives. Our latest term product, *HDFC Life Click 2 Protect 3D Plus*, is an award-winning product and provides comprehensive cover against death, disability and disease, along with competitive premium prices and flexible features such as whole life coverage, various income options and a top-up option that increases coverage against the inflation rate.
- *Health.* Given the low penetration of health insurance in India, we intend to explore further opportunities in this space in order to increase the spectrum of cover for other diseases. We intend to leverage on our existing individual and group customers to cross-sell appropriate health insurance products, while exploring alliances with specialist healthcare providers to expand our distribution opportunities. Following changes in regulations by IRDAI in Fiscal 2017 permitting life insurance companies to only sell fixed benefit health insurance products, launched our *Click 2 Protect Health* product in August 2017, a joint product in partnership with Apollo Munich. This combines our *HDFC Life Click 2 Protect 3D Plus* product and Apollo Munich's *Optima Restore* health indemnity plan, which are both leading products in their respective categories. Customers can purchase *Click2Protect Health* at a discount to the aggregate price of both products while having the benefit of both life and health indemnity protection. We are the lead insurer (as defined by IRDAI) for *Click2Protect Health*, which is a combination product, and are in charge of product development, marketing and distribution of the product. We expect the health insurance segment to continue be a key focus area of our business.
- *Retirement.* The number of people aged over 60 in India will triple from 112 million in 2014 to 300 million by 2050, and approximately 8% of retirees within the private sector receive pension benefits as at 2014, according to CRISIL. We believe that there is strong business potential in the retirement segment, particularly for non-government employees in India who do not have Government pension benefits, given the Government's intention for India to transition into a pensioned society. We believe our annuity and pension plans will continue to gain popularity in the life insurance market and have established a dedicated pension fund management subsidiary, HDFC Pension, to sell National Pension System products.

In line with the Government's and IRDAI's goal of increasing life and health insurance penetration in India, we intend to continue to collaborate with small finance banks, non-banking financial companies and micro-finance institutions to develop additional individual and group products for the mass market segment in tier-two and tier-three cities in India.

As we continue to grow our product range, we believe that our ability to create innovative methods to sell our products will provide us with a competitive advantage. Our mobile technology platform has transformed the sales process for our frontline sales staff and has created a foundation for future innovation in our product sales. We intend to further integrate our mobile technology platforms with our distributors in order to make the sales process more convenient for both our distributors and customers.

We will continue to obtain feedback from our key distribution partners and customers, and widen our product offerings appropriately to stay relevant to distributors and customers. We believe that our innovative product offerings and sales strategies will help us strengthen and enhance our customer value proposition.

### ***Invest in digital platforms to establish leadership in the growing digital space***

We believe that digital distribution will continue to be a key, growing trend in the Indian life insurance industry and that smartphones and mobile devices will become a more integral part of how our customers purchase our products in the coming years. India currently has a total wireless subscriber base of approximately 1,187 million, out of which nearly 356 million are smartphone users. The number of smartphone users is likely to increase exponentially over

the next five years owing to steep growth in 3G and 4G subscribers as well as increasing smartphone penetration, according to CRISIL. In addition, the demonetisation measures that were implemented by the Government in November 2016 have accelerated the adoption of digital platforms across the financial services sector. Many of these customers are younger than our average insurance customers and we believe that building a relationship with such customers will provide us with multiple opportunities to meet their insurance needs across key stages of their life.

We believe that maintaining our superior digital infrastructure will continue to be a key contributor to the growth of our business. Since Fiscal 2016, we have adopted a “mobile first” approach to the creation and design of all website and applications. We have implemented various digital initiatives in order to facilitate a seamless customer onboarding process, provide a superior customer experience through increasing our customer service capabilities across multiple channels and enhance our operating efficiencies across the value chain. We intend to continue making substantial but targeted investments in areas such as mobility platforms, data science and analytics, cognitive automation and cloud computing. Our vision is to be a leader in the effective use of technology to meet the needs of our customers, our employees and our distribution partners. During Fiscal 2017, we evaluated the suitability of robotics and artificial intelligence solutions. We have since deployed these solutions across some of our back-office processes. We intend to introduce new digital platforms and mobile solutions to increase our outreach to customers, integrate our platforms with our distributors, rationalise our branch infrastructure and improve productivity of our individual agents and frontline sales staff. In addition, we have implemented multiple initiatives to provide skills development opportunities for our employees and have hired employees with specific e-commerce and digital experience to help us improve our technology platforms and reinforce our digital initiatives such as data analytics and robotics.

We intend to continue building on our strong brand recall in the online space and driving traffic to our website [www.hdfclife.com](http://www.hdfclife.com) by expanding our use of digital marketing tools, such as Facebook, YouTube, LinkedIn™, Twitter and other social media websites. We believe that digital media provides us with a low cost opportunity to engage significant numbers of consumers using multi-lingual content, which we intend to continue to leverage. We will continue to emphasise measures such as expanding our online product range and cross-selling and up-selling our products to customers by leveraging analytics tools to determine customer preferences. By communicating the benefits of buying online and digital insurance products to a wider range of customers, we aim to create scale and build on our strong market position within the digital space.

#### ***Continue to build economies of scale to ensure profitability and cost leadership***

We have a proven track record of consistently growing our total premium and VNB over the past few years. We have increased our efficiency and reduced sales costs through implementing our strategies, including our productivity and cost savings initiatives. We aim to continue adding economic value to our shareholders by increasing total premium and VNB, while reducing our total operating cost ratio across business cycles. We intend to undertake appropriate investments to strengthen our sources of competitive advantage and make our business resilient and adaptable by building on intangible assets which cannot be easily replicated by our competitors, such as our brand, product offerings to customers and integrated distribution processes. An expanding universe of partners will also help create a wider customer base and reduce unit costs per policyholder, which we expect will improve our total operating cost ratio and allow us to continue to build scale across our business.

We will continue exploring organic and inorganic opportunities to improve our operating margins through scale and synergies, expand our distribution reach and improve our financial performance. Over time, we believe that our scale of operations will help us operate at lower operating costs than the industry average, ensure cost and profitability leadership and provide us with the necessary heft to forge additional distribution partnerships and invest in further customer-centric initiatives.

#### **Our Products**

We have a broad, diversified product portfolio covering five principal segments across the individual and group categories, namely participating, non-participating protection term, non-participating protection health, other non-participating and unit-linked insurance products. As at September 30, 2017, our product portfolio comprised 32 individual and ten group products, as well as eight optional rider benefits.

Our wide product suite caters to specific needs of customers during each stage of their lives. It provides us with the flexibility to operate successfully across business cycles, work with diverse sets of distribution partners and serve a range of consumers from mass market to high net worth individuals. It also provides us with the flexibility to adapt to changes in the regulatory landscape and mitigate concentration risk in respect of particular categories or types of products.

The following table sets forth the breakdown of new business premium (individual), new business annualised premium equivalent (individual) and average annualised premium equivalent (individual) for the periods indicated.

	Fiscal Year Ended March 31,						Six Months Ended September 30,	
	2015		2016		2017		2017	
	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%
New business premium (individual)								
Participating products	6,246.1	18.9%	9,779.6	26.7%	12,460.3	29.7%	5,143.9	25.0%
Non-participating protection (term) products	1,140.3	3.4%	1,171.3	3.2%	1,093.9	2.6%	774.3	3.8%
Non-participating protection (health insurance) products	310.7	0.9%	623.8	1.7%	411.7	1.0%	172.9	0.8%
Other non-participating products <sup>(1)</sup>	6,374.1	19.2%	5,342.3	14.6%	6,310.5	15.0%	3,389.1	16.5%
Unit-linked insurance products	19,056.7	57.5%	19,656.8	53.8%	21,735.0	51.7%	11,107.4	54.0%
Total	33,128.0	100.0%	36,573.9	100.0%	42,011.3	100.0%	20,587.7	100.0%
New business annualised premium equivalent (individual) <sup>(2)</sup>								
Participating products	6,430.2	21.6%	10,283.7	30.0%	12,973.8	34.7%	5,366.0	29.0%
Non-participating protection (term) products	1,179.9	4.0%	1,156.5	3.4%	1,080.6	2.9%	834.2	4.5%
Non-participating protection (health insurance) products	305.3	1.0%	628.1	1.8%	420.5	1.1%	178.4	1.0%
Other non-participating products <sup>(1)</sup>	3,361.6	11.3%	2,923.1	8.5%	3,251.1	8.7%	1,462.0	7.9%
Unit-linked insurance products	18,489.4	62.1%	19,273.4	56.3%	19,660.4	52.6%	10,681.1	57.7%
Total	29,766.5	100.0%	34,264.8	100.0%	37,386.4	100.0%	18,521.7	100.0%
Average annualised premium equivalent (individual) <sup>(2)</sup> (₹)								
Participating products	37,787.0	-	39,915.5	-	47,005.0	-	47,008.3	-
Non-participating protection (term) products	13,640.2	-	16,429.5	-	15,966.3	-	17,496.2	-
Non-participating protection (health insurance) products	9,099.0	-	3,904.6	-	2,939.6	-	2,483.1	-
Other non-participating products <sup>(1)</sup>	59,472.6	-	68,472.3	-	73,401.6	-	77,172.4	-
Unit-linked insurance products	59,088.1	-	60,686.9	-	61,339.2	-	60,280.7	-
Total	45,123.3	-	40,350.4	-	43,904.7	-	43,093.9	-

Notes:

- (1) Including annuity products.
- (2) APE excludes rural policies. However, APE in the Embedded Value Report and Supplementary Embedded Value Report includes rural policies.

The following table sets forth the breakdown of our group business in terms of annualised premium equivalent for the periods indicated.

	Fiscal Year Ended March 31,						Six Months Ended September 30,	
	2015		2016		2017		2017	
	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%
Group non-participating protection products	516.2	23.7%	936.1	33.1%	1,745.8	38.8%	1,510.3	54.2%
Other group products	1,663.1	76.3%	1,893.7	66.9%	2,749.4	61.2%	1,275.0	45.8%
Total	2,179.3	100.0%	2,829.8	100.0%	4,495.2	100.0%	2,785.4	100.0%

Note: The Group APE figures for six months ended September 30, 2017 have been calculated based on the revised IRDAI guidelines for Group premium reporting issued in Fiscal 2018.

The following table sets forth the breakdown of our business in terms of total new business premium for the periods indicated.

	Fiscal Year Ended March 31,						Six Months Ended September 30,	
	2015		2016		2017		2017	
	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%
Protection products	6,612.8	12.0%	11,156.0	17.2%	18,963.8	21.8%	11,638.5	26.4%
Other products	48,308.1	88.0%	53,716.2	82.8%	67,999.7	78.2%	32,390.5	73.6%
Total	54,921.0	100.0%	64,872.2	100.0%	86,963.6	100.0%	44,029.0	100.0%

Note: The Group premium figures for six months ended September 30, 2017 have been calculated based on the revised IRDAI guidelines for Group premium reporting issued in Fiscal 2018.

### ***Product Strategy and Development***

We aim to offer needs-based and customer-centric products which address the core needs of our customers across each stage of their lives. Our products are designed to be easy for customers to understand and convenient for our distributors to sell. We also periodically evaluate our existing products to ensure that they meet our profitability, solvency and underwriting requirements and aim to achieve our targeted profitability through the designing and distributing the optimum product mix. Our product strategy is designed to achieve an optimum balance between the needs of our relevant stakeholders including our customers, distributors and shareholders.

We have a proven track record in proactively identifying and tapping niche customer segments through our competitive, innovative product solutions, which have continued to draw strong customer demand. We also have a specialised health insurance segment, and we believe this segment is under-penetrated compared to the life segment and provides significant opportunities for our distributors and customers. In Fiscal 2016, we also launched our *HDFC Life Cancer Care* product, a unique health insurance product in the Indian life and health insurance industry, which provides financial protection in the event of early and major stages of cancer. As at September 30, 2017, approximately 245,000 lives are insured through our *HDFC Life Cancer Care* product.

We identified the need to focus on the increasing protection needs of Indian consumers. We launched our *HDFC Life Credit Protect* and *HDFC Life Credit Protect Plus* products in Fiscal 2012 and Fiscal 2014, respectively, which provide protection term insurance coverage for loans obtained by retail customers. We developed such products to meet the needs of our customers, based on the increasing number of retail loans in India. We capitalised on our bancassurance relationships with institutions that focus on providing loans to retail consumers (including small finance banks, non-banking financial companies and micro-finance institutions) to distribute our *Credit Protect* products. We believe that we have since identified a niche for ourselves in the credit protection product segment.

In Fiscal 2012, we launched our first online term product, *HDFC Life Click 2 Protect*. Since then, we have expanded our range of *Click2Series* products, which are available online and offer a convenient and unique value proposition to our customers. In Fiscal 2015 and 2016, we launched two online unit-linked products, being *HDFC Life Click 2 Invest - ULIP* and *HDFC Life Click 2 Retire*, respectively, which provide returns that are better or comparable to those provided by mutual funds, in addition to providing life insurance coverage. Our range of *Click2Series* products sold through our online channel collectively generated annualised premium equivalent of ₹593.6 million, ₹905.0 million, ₹1,009.4 million and ₹866.9 million, in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. Customers who purchase our *Click2Series* products tend to be on average 36 years of age. We believe the popularity of our *Click2Series* products among this customer demographic provides us with significant potential to build long-term relationships with such customers and to provide them with customised insurance solutions across each stage of their lives. Our latest term product, *HDFC Life Click 2 Protect 3D Plus*, is an award-winning product and provides comprehensive cover against death, disability and disease, along with competitive premium prices and flexible features such as whole life coverage, various income options and a top-up option that increases coverage against the inflation rate.

In recognition of our success, we were awarded the *Finnoviti 2016 Award for innovations in BFSI* for our *HDFC Life Cancer Care* product, as well as the *Golden Peacock Innovative Product Award 2015* and *Indian Insurance Awards 2014 — Best Product Innovation (Life Insurance)* for our *HDFC Life Click2Invest* product.

### ***Product Categories***

#### *Participating products*

Participating products are contracts of insurance where the policyholders have a contractual right to receive a guaranteed sum insured, and a discretionary benefit in the form of bonuses. The bonuses consist of reversionary bonuses (being regular annual bonuses declared every year, based on the actuarial valuation of the assets and liabilities in the participating fund) and terminal bonuses (which are declared upon surrender or maturity of the policy, or the death of the policyholder, or upon the occurrence of certain specified events, provided such terminal bonus has been declared by our Company and such policyholder has held the policy for the minimum specified duration). In accordance with IRDAI regulations, surplus generated from participating funds is shared between policyholders and shareholders based on a 9:1 ratio.

Our range of participating products is available to meet both savings and retirement needs. We have both regular premium and limited premium payment options in our participating products, as well as varied benefit structures such as lump sum payment on maturity, benefit payments in instalments and benefit payments at certain milestones.

In Fiscal 2016 and 2017, we launched our *HDFC Life Uday* and *HDFC Life Pragati* savings plans, respectively, which have minimum monthly premiums of ₹500 and ₹100, respectively. This allowed us to tap the mass-market segment in tier-two and tier-three cities through individual agents, small finance banks, non-banking financial companies and micro-finance institutions.

As at September 30, 2017, we offered nine participating products, comprising eight individual products and one group product.

#### *Non-participating protection (term) products*

Individual non-participating protection (term) products offer a guaranteed lump sum benefit or an income stream (for a defined period) on the occurrence of a particular event (including the death, disability or illness of an individual) during the period of coverage. These are protection oriented products, and generally expire without value if the designated event does not occur.

We also offer group non-participating protection (term) products to banks and other financial institutions primarily to cover full or partial repayment of outstanding loan amounts in the event of death, disability or illness of the relevant individual borrowers. Beneficiaries of our *Credit Protect* products can apply the payouts from such products towards full or partial repayment of outstanding loan amounts in the event of death, disability or illness of the relevant individual borrowers. No benefits will be paid in the event of a loan default.

As at September 30, 2017, we offered nine non-participating protection (term) products, comprising three individual products and six group products.

#### *Non-participating protection (health insurance) products*

Our health insurance products provide morbidity or sickness benefits and include health and critical illness. Our health insurance products are in the form of fixed benefit plans (which offer fixed payouts in the event of critical illness and hospitalisation). In addition, *Click 2 Protect Health* product, launched in August 2017, combines our *HDFC Life Click 2 Protect 3D Plus* product and Apollo Munich's *Optima Restore* health indemnity plan, which are both leading products in their respective categories.

As at September 30, 2017, we offered three non-participating protection (health insurance) products for individuals.

### *Other non-participating products*

Our other non-participating products include savings, pension and annuity products.

Savings products offer benefits that are guaranteed in absolute terms at the beginning of the policy and do not provide any upside potential from the underlying fund performance. These products are more suitable for customers who generally prefer lower but guaranteed returns.

Annuity products help to fund retirement for individuals. Individuals may purchase annuity products where annuity payments continue during the lifetime of the policyholder or for a fixed period of time, in return for a certain lump sum paid up front. Group customers may purchase annuity products to fully or partially provide for existing and/or emerging annuity liabilities.

As at September 30, 2017, we offered five other non-participating products, comprising four individual products and one group product.

### *Unit-linked insurance*

We offer unit-linked insurance products where investment decisions and the risks associated with such investments are borne by the policyholders and non-investment risks such as mortality and morbidity are borne by us. Our unit-linked investment fund represents the investments allocated to different assets chosen by the policyholder. We provide insurance coverage for death, disability and critical illness. Charges for such services, which are subject to caps prescribed by IRDAI, are deducted from the unit-linked investment fund assets. The benefits payable to the policyholder will depend on the value of the underlying investments at the time of surrender, death or maturity of the policy. In addition, surrender benefits may be subject to surrender charges.

As at September 30, 2017, we offered 16 unit-linked insurance products, comprising 14 individual products and two group products.

### *Group insurance*

Group insurance, which is typically marketed to corporations, government entities and associations, has been a driver of both our product volume and profitability growth. Our group insurance products provide term cover for employees, offer protection to loans provided by financial institutions and build superannuation and gratuity benefits for employees on both unit-linked and traditional platforms.

Employers (corporate or government entities) typically arrange group insurance coverage for their employees. The employers typically pay premiums for basic policies such as group term life and group medical coverage. Companies use fund-based group insurance products as investment vehicles to back their pension and gratuity liabilities. We offer various plans on unit linked and traditional platform that help institutions (employer-employee or non employer-employee groups) to provide superannuation, gratuity and savings benefit to their members and/or customers.

As at September 30, 2017, we offered ten group insurance products across our participating, non-participating protection (term), other participating and unit-linked insurance product segments.

### *Riders*

We offer riders which are supplementary policies that can be attached to our individual as well as group life insurance products, such that additional death, disability or critical illness coverage can be provided to policyholders for a supplementary premium. Prospective customers or our policyholders can choose from any of the available riders to enhance their product benefits for an additional marginal cost.

As at September 30, 2017, we offered eight optional rider benefits, comprising three individual rider benefits and five group rider benefits.

*Product classification for customers*

As at September 30, 2017, we offered 32 individual products and ten group products, along with eight optional rider benefits. For the benefit of our customers, we classify our individual and group products as below.

<b>Products</b>	<b>Name of product</b>	<b>Primary customer need addressed</b>
Participating products	HDFC Life Super Income Plan	Income/Savings
	HDFC Life ClassicAssure Plus	Savings
	HDFC Life Sampoon Samridhi Plus	Savings
	HDFC Life Personal Pension Plus	Retirement/Pension
	HDFC Life Uday	Small Savings
	HDFC Life Pragati	Small Savings
	HDFC Life YoungStar Udaan	Child Education/Marriage
	HDFC Life Super Savings Plan	Savings
	HDFC Life Group Pension Plan	Retirement/Pension
Non-participating protection (term) products	HDFC Life Click 2 Protect 3D Plus	Protection
	HDFC Life Click 2 Protect Plus	Protection
	HDFC Life CSC Suraksha Plan	Protection
	HDFC Life Group Term Insurance Plan	Protection
	HDFC Life Group Credit Protect	Protection
	HDFC Life Group Credit Protect Plus Insurance Plan	Protection
	HDFC Life Group Credit Suraksha	Protection for micro loans
	HDFC Life Group Jeevan Suraksha	Protection for micro loans
	HDFC Life Pradhan Mantri Jeevan Jyoti Bima Yojna Plan	Protection
Non-participating protection (health insurance) products	HDFC Life Cancer Care	Health
	HDFC Life Easy Health	Health
	Click 2 Protect Health	Protection (Term plus Health)
Other non-participating products	HDFC Life Sanchay	Savings
	HDFC Life Guaranteed Pension Plan	Retirement/Pension
	HDFC SL Sarvgrameen Bachat Yojana	Savings for micro segment
	HDFC Life New Immediate Annuity Plan	Retirement/Pension
	HDFC Life Group Variable Employee Benefit Plan	Gratuity, leave encashment and superannuation
Unit-linked insurance products	HDFC Life Click 2 Invest – ULIP	Wealth Creation
	HDFC Life Click 2 Retire	Retirement/Pension
	HDFC Life ProGrowth Plus	Wealth Creation
	HDFC SL ProGrowth Super II*	Wealth Creation
	HDFC SL ProGrowth Flexi*	Wealth Creation
	HDFC Life Assured Pension Plan	Retirement/Pension
	HDFC Life Sampoon Nivesh	Wealth Creation
	HDFC Life Capital Shield	Wealth Creation
	HDFC SL Crest*	Wealth Creation
	HDFC SL YoungStar Super Premium*	Child Education/Marriage
	HDFC Life Smart Woman	Wealth Creation for Women
	HDFC Life Single Premium Pension Super	Retirement/Pension
	HDFC SL ProGrowth Maximiser*	Wealth Creation
	HDFC Life Pension Super Plus	Retirement/Pension
	HDFC Life New Group Unit Linked Plan	Gratuity and Leave encashment
HDFC Life Group Unit Linked Pension Plan	Superannuation	

Products	Name of product	Primary customer need addressed
Riders	Accidental Death Benefit	Protection (Individual)
	Total & Partial Permanent Disability Benefit	Health (Group)
	Total Permanent Disability Benefit	Health (Group)
	Critical Illness Benefit	Health (Group)
	Accident Death Benefit	Protection (Group)
	HDFC Life Income Benefit on Accidental Disability Rider	Health (Individual)
	HDFC Life Critical Illness Plus Rider	Health (Individual)
	HDFC Life Group Critical Illness Plus Rider	Health (Group)

Note: \* Few of our products that use “Standard Life” or any variation thereof in their names may be required to change their names pursuant to the trademark agreement dated October 18, 2017 among our Company, Standard Life Mauritius and Standard Life Employee Services Limited. For further details, please see “*History and Certain Corporate Matters*” and “*Risk Factors – In the event that HDFC and/or Standard Life Mauritius reduce the percentage shareholding in our Company, or the Name Usage Agreement is terminated, we may not be permitted to use the “HDFC” and/or Standard Life” trademarks as part of our brand and name for our business.*” on pages 264 and 43, respectively, of this Red Herring Prospectus.

We have received approval for two non-participating protection (health insurance) products, HDFC Life Group Health Shield and HDFC Life Cardiac Care. HDFC Life Group Health Shield was launched in October 2017. We expect to launch HDFC Life Cardiac Care during Fiscal 2018.

### ***HDFC Pension***

Our wholly-owned subsidiary, HDFC Pension, is licensed by the PFRDA as a pension fund manager under the National Pension System. For further details, see “*Our Promoters, Promoter Group and Group Companies—Subsidiaries*” on page 318 of this Red Herring Prospectus.

HDFC Pension’s total AUM was ₹ 11,629.8 million as at March 31, 2017, as compared to ₹ 3,762.3 million and ₹ 530.8 million at March 31, 2016 and March 31, 2015, respectively. HDFC Pension is the second largest private pension fund management company in India in terms of assets under management and subscribers in Fiscal 2017, according to CRISIL. As at March 31, 2017, the annualised returns since inception for all of HDFC Pension’s funds under the National Pension System schemes were ranked among the first or second among the top seven pension fund management companies in India (including LIC Pension), according to CRISIL.

HDFC Life is a licensed annuity service provider under the National Pension System. Subscribers of HDFC Pension have the option to purchase annuity products from HDFC Life for their retirement and pension needs.

### ***HDFC International***

In Fiscal 2016, we established our first international wholly-owned subsidiary in the UAE, HDFC International, to operate our reinsurance business. HDFC International has signed reinsurance treaties for two distinct lines of individual life business, with Orient Insurance (one of the largest local insurers in the UAE in terms of premium and net income, according to Standard & Poor). It has also entered into arrangements to offer reinsurance for group and credit life schemes with Orient Insurance and Al Ahlia Insurance (a leading insurer based in Bahrain).

HDFC International has applied for registration with the Egyptian Financial Supervisory Authority (“EFSA”) in September 2017 for offering reinsurance cover to insurance companies based in Egypt. The registration is mandatory to enable it to enter the reinsurance business with insurance entities based in Egypt. As at October 23, 2017, the application is under review by EFSA.

### **Distribution**

We offer our individual and group customers access to our products through our diversified distribution network which comprises four distribution channels, namely bancassurance, individual agents, direct, and brokers and others.

Our multi-channel distribution network provides us with the flexibility to adapt to changes in the regulatory landscape and mitigate the risk of over-reliance on any single channel. All our distribution channels have been independently profitable for each of Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017.

As at September 30, 2017, our distribution network comprised:

- 125 major bancassurance partners through corporate agency or master policyholder arrangements, comprising 21 banks, 80 non-banking financial companies, nine small finance banks and 15 micro-finance institutions;
- 66,372 individual agents, which comprise 6.8% of the all private agents in the Indian life insurance industry;
- over 1,200 frontline sales staff across our direct sales channels, including our group sales and online and digital sub-channels and web aggregators; and
- Over 45 broker and other tie-ups, comprising 21 significant insurance brokers and 29 Insurance Marketing Firms.

The following table sets forth the contributions of our distribution channels to our total new business premium for the periods indicated.

	Fiscal Year Ended March 31,			
	2013		2014	
	(₹ millions)	%	(₹ millions)	%
Bancassurance	24,579.6	55.4%	19,069.5	47.2%
Individual agents	5,471.0	12.3%	4,206.5	10.4%
Direct	12,585.0	28.4%	15,534.1	38.5%
Brokers and others	1,729.8	3.9%	1,579.2	3.9%
Total	44,365.4	100.0%	40,389.4	100.0%

	Fiscal Year Ended March 31,						Six months ended September 30,	
	2015		2016		2017		2017	
	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%
Bancassurance	27,698.1	50.4%	34,719.1	53.5%	44,083.7	50.7%	23,823.1	54.1%
Individual agents	5,468.9	10.0%	4,922.1	7.6%	6,507.2	7.5%	2,718.6	6.2%
Direct	20,302.2	37.0%	23,869.2	36.8%	34,580.1	39.8%	16,495.7	37.5%
Brokers and others	1,451.8	2.6%	1,361.8	2.1%	1,792.6	2.1%	991.6	2.3%
Total	54,921.0	100.0%	64,872.2	100.0%	86,963.6	100.0%	44,029.0	100.0%

The following table sets forth the contributions of our product mix across each distribution channel to our individual annualised premium equivalent (excluding rural policies) for the periods indicated.

	Fiscal Year Ended March 31,						Six months ended September 30,	
	2015		2016		2017		2017	
	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%
Bancassurance								
Participating products	2,232.7	10.3%	6,097.6	23.8%	7,971.1	29.6%	3,188.0	24.8%
Non-participating protection (term) products	294.5	1.4%	176.3	0.7%	184.6	0.7%	117.2	0.9%
Non-participating protection (health insurance) products	177.5	0.8%	300.6	1.2%	113.5	0.4%	45.6	0.4%
Other non-participating products	2,628.6	12.1%	2,258.6	8.8%	2,277.4	8.5%	1,040.1	8.1%
Unit-linked insurance products	16,430.2	75.5%	16,798.3	65.5%	16,368.9	60.8%	8,463.2	65.8%
Total	21,763.6	100.0%	25,631.3	100.0%	26,915.5	100.0%	12,854.1	100.0%
Individual agents								

	Fiscal Year Ended March 31,						Six months ended September 30,	
	2015		2016		2017		2017	
	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%	(₹ millions)	%
Participating products	2,143.9	54.8%	2,219.3	56.5%	2,537.1	56.7%	1,017.9	54.0%
Non-participating protection (term) products	387.2	9.9%	354.1	9.0%	346.4	7.7%	214.4	11.4%
Non-participating protection (health insurance) products	84.5	2.2%	161.6	4.1%	123.9	2.8%	25.6	1.4%
Other non-participating products	342.3	8.7%	222.9	5.7%	316.6	7.1%	142.9	7.6%
Unit-linked insurance products	956.1	24.4%	972.8	24.8%	1,148.4	25.7%	483.7	25.7%
Total	3,914.0	100.0%	3,930.6	100.0%	4,472.4	100.0%	1,884.6	100.0%
Direct								
Participating products	722.5	28.4%	783.5	24.2%	874.8	21.5%	325.1	12.2%
Non-participating protection (term) products	480.0	18.9%	592.0	18.3%	535.2	13.2%	491.5	18.4%
Non-participating protection (health insurance) products	42.9	1.7%	164.1	5.1%	182.1	4.5%	107.0	4.0%
Other non-participating products	241.7	9.5%	252.5	7.8%	532.3	13.1%	241.1	9.1%
Unit-linked insurance products	1,058.4	41.6%	1,448.2	44.7%	1,937.5	47.7%	1,499.3	56.3%
Total	2,545.5	100.0%	3,240.3	100.0%	4,061.8	100.0%	2,664.0	100.0%
Brokers and others								
Participating products	1,331.1	86.2%	1,183.2	80.9%	1,590.9	82.1%	835.1	74.6%
Non-participating protection (term) products	18.2	1.2%	34.1	2.3%	14.5	0.7%	11.0	1.0%
Non-participating protection (health insurance) products	0.4	0.0%	1.9	0.1%	0.9	0.0%	0.2	0.0%
Other non-participating products	148.9	9.6%	189.1	12.9%	124.9	6.4%	37.9	3.4%
Unit-linked insurance products	44.8	2.9%	54.1	3.7%	205.6	10.6%	234.9	21.0%
Total	1,543.5	100.0%	1,462.5	100.0%	1,936.7	100.0%	1,119.0	100.0%
Total								
Participating products	6,430.2	21.6%	10,283.7	30.0%	12,973.8	34.7%	5,366.0	29.0%
Non-participating protection (term) products	1,179.9	4.0%	1,156.5	3.4%	1,080.6	2.9%	834.2	4.5%
Non-participating protection (health insurance) products	305.4	1.0%	628.1	1.8%	420.5	1.1%	178.4	1.0%
Other non-participating products	3,361.6	11.3%	2,923.1	8.5%	3,251.1	8.7%	1,462.0	7.9%
Unit-linked insurance products	18,489.4	62.1%	19,273.4	56.2%	19,660.4	52.6%	10,681.1	57.7%
Total	29,766.6	100.0%	34,264.8	100.0%	37,386.4	100.0%	18,521.7	100.0%

Note: APE excludes rural policies. However, APE in the Embedded Value Report and Supplementary Embedded Value Report includes rural policies.

The following table sets forth the average ticket size of our products across each distribution channel as per our individual annualised premium equivalent (excluding rural policies) for the periods indicated.

	Fiscal Year Ended March 31,			Six months ended September 30,
	2015	2016	2017	2017
	(₹)			
Bancassurance	51,209	49,308	55,521	55,866
Individual agents	34,738	30,205	35,654	36,051
Direct	29,305	19,352	20,155	21,310
Brokers and others	43,915	46,006	48,672	49,896
Total	45,123	40,350	43,905	43,094

Note: APE excludes rural policies. However, APE in the Embedded Value Report and Supplementary Embedded Value Report includes rural policies.

### *Distribution value proposition*

Our distribution value proposition is centered on the needs of our distributors. We aim to enhance revenue earned by our distributors, while continuing to pursue profitable growth by improving sales productivity and efficiency. Our

distribution value proposition was formulated after a comprehensive assessment of the requirements of our distribution partners and is reviewed on an annual basis.

We believe that we have developed a scalable distribution platform which can be implemented rapidly and efficiently by numerous distribution partners across various channels. Our “plug-and-play” on-boarding process has made it easier for our bancassurance partners to start selling our products, while providing us with access to their wide distribution networks. All our key distribution partners are supported by account managers who manage our distribution partnerships and create further growth opportunities.

We have implemented several key initiatives to drive sales efficiency and customer convenience. Our “straight-through processing” functionality allows us to leverage the existing databases of client information held by our distribution partners, together with other government databases such as Permanent Account Number and the Aadhaar services platform. This allows our distribution partners to eliminate the need to obtain additional documents from such customers and complete the customer on-boarding process rapidly. This results in improved turnaround times, increased customer and business partner satisfaction and improves our cost efficiency. We strive to ensure that our customer information is managed in accordance with robust data security protocols and compliance norms.

We equip our distribution partners with appropriate sales tools and mobile applications, which allows our distribution partners to complete customer sales at any time and at any place. We have implemented a unique service-to-sales framework for customers across all services, ranging from renewals, collections, direct marketing, branch operations to payouts processing, with the aim of generating potential sales opportunities.

We have a central distribution, planning and programme management team that monitors the progress and profitability of all our distribution channels and provides real-time operational support for various activities such as business planning, sales management, technology enablement, people and partner management. It also manages incentives and rewards and recognition programs, which are designed and customised for each distribution channel. We also provide our distribution partners with end-to-end support throughout the process, from customer on-boarding to claims settlement.

We have a dedicated team of business development professionals who systematically pursue new distribution partnerships. Many of our business development professionals have experience and relationships within the banking, financial services and insurance industry, which can be leveraged to expand and strengthen our distribution partnerships.

### ***Bancassurance***

Bancassurance remained our most significant distribution channel, generating 50.4%, 53.5%, 50.7% and 54.1% of our total new business premiums for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

We have longstanding, successful relationships with our bancassurance partners through corporate agency or master policyholder arrangements. Our oldest bancassurance partner relationship was established in 2002. Our bancassurance partners include banks, non-banking financial companies, micro-finance institutions and small finance banks in India. Some of our bancassurance partners are Bajaj Finance Ltd., Capital Small Finance Bank, Catholic Syrian Bank Ltd., Chola Insurance Distributions Services Pvt. Ltd., Equitas Small Finance Bank Ltd., HDFC Bank Ltd., HDFC Credila Financial Services Pvt. Ltd., HDFC Sales Ltd., HDFC Securities Ltd., IDFC Bank Ltd., Indiabulls Housing Finance Ltd., Janalakshmi Financial Services Ltd., Manappuram Finance Ltd., PNB Housing Finance Ltd., RBL Bank Ltd., Saraswat Bank Ltd. and Suryoday Small Finance Bank Ltd. Our bancassurance partners market and distribute our insurance products to their customers through their specified persons, or through direct mail and telemarketing and support from our bancassurance account managers. These partners are paid remuneration in accordance with the relevant IRDAI regulations and our board approved policy. Many of our bancassurance partners possess extensive distribution networks across urban and rural areas in India. Our top 15 bancassurance partners (in terms of total new business premium sourced for the six months ended September 30, 2017) had over 11,200 branches across India as at September 30, 2017. This provides us with significant opportunities to expand our market reach, access our bancassurance partners’ customers and tap on their

existing branch infrastructure. Our partnerships with small finance banks and micro-finance institutions enable us to serve the under-penetrated mass-market segment in tier-two and tier-three cities and rural areas and further strengthen our multi-channel distribution platform.

We established our relationship with HDFC Bank Ltd. in 2002. This is our largest relationship in the bancassurance distribution channel in terms of annualised premium equivalent and contributed 64.8%, 65.6%, 59.0% and 54.3% of our total annualised premium equivalent (including group business) for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively, and 69.0%, 70.2%, 65.1% and 60.9% of our individual annualised premium equivalent for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively. Over the years, our life insurance products and innovative sales solutions have been embedded and integrated across HDFC Bank's traditional and digital platforms. We have over 4,400 people to manage sales staff through HDFC Bank for life insurance sales of our products as at September 30, 2017.

Our growing number of distribution partners is a testament to our reputation as a preferred bancassurance partner. The following table sets forth the number of our major bancassurance partners as at the dates indicated.

	As at March 31,			As at September 30,
	2015	2016	2017	2017
Major bancassurance partners	31	58	117	125

During Fiscal 2016, eight of our bancassurance partners that were previously non-banking financial companies or micro-finance institutions were granted licenses to operate as small finance banks. As these partners expand their core businesses, our reach also increases with minimal fixed cost, while providing us with further opportunities to cross-sell and up-sell our products.

Our bancassurance partners sell a range of individual and group insurance products. We have implemented measures to encourage our bancassurance partners to sell our insurance products with preference over those of other insurance companies. These measures include providing training programs on product features and sales techniques to their employees, providing timely service assistance, and developing and implementing technology systems with our bancassurance partners that are integrated with our core business information technology system. In addition, each of our bancassurance partners are supported by key account managers from our Company. We obtain feedback from our wide network of bancassurance partners, several of whom are experienced in their respective markets and product categories, which helps us to continuously improve our value proposition and maintain our market position in an increasingly open and competitive bancassurance market. Given our experience and track record of working with a range of bancassurance partners, we believe we are well-positioned to capitalise on the opportunities provided by an open architecture bancassurance environment.

### ***Individual agents***

Our individual agent network generated 10.0%, 7.6%, 7.5% and 6.2% of our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

We had 66,372 individual agents as at September 30, 2017. Our individual agents are not employees but typically enter into exclusive agency arrangements to sell our life insurance products. These agents are paid commissions and rewards in accordance with the relevant IRDAI regulations and our board approved policy. In line with current market practice in India, we designate agency managers to manage our agents. We primarily sell long-term savings and protection plans, as well as some unit-linked insurance products, through our individual agents distribution channel.

Our individual agents network has been profitable for each of Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017 and the quality of new business has improved. This is reflected through the increase in our 13<sup>th</sup> month persistency ratio from 66.7% for the period ended March 31, 2015 to 87.0% for the six months ended September 30, 2017. Each individual agent generated an average of ₹119,363 in terms of new business premium and sold an average of 2.3 new insurance policies during Fiscal 2017. The number of our

productive agents (being agents who sell at least one policy during the Fiscal year) as a percentage of our total number of agents increased from 46.9% in Fiscal 2015 to 61.3% in Fiscal 2017. We have continued to implement enhanced technology and mobile solutions to drive agent productivity. Our agency channel was awarded the Agency Efficiency and Life Insurance (Large Companies Category) for highest premium generated per policy sold by individual agents at the Indian Insurance Awards 2015.

We conducted an in-depth analysis of our strengths and areas for development for our agency distribution channel and expect to implement these additional strategies in Fiscal 2018. These strategies include a greater focus on recruiting quality agents, improving agent training and productivity, fine-tuning our agent incentive schemes and equipping our agents to better serve our customers and win new business.

### ***Direct sales***

Our direct sales channel is engaged in selling our products directly to customers without the involvement of any intermediaries through both online channels (including through our website and web aggregators) and offline channels (including through frontline sales staff, branch sales and tele-sales).

Our direct sales channel is an important contributor to our business in terms of total new business premium, generating 37.0%, 36.8%, 39.8% and 37.5% of our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively, which includes sales of group term insurance products and group fund products.

We use our branch sales sub-channel to tap on opportunities to up-sell and cross-sell our products through our network of 414 branches and spokes across India as at September 30, 2017. Our dedicated frontline direct sales team works closely with our branch operations units to identify and recommend appropriate products for walk-in customers and their referrals. Our direct sales channel provides us with an alternative medium to solicit and sell insurance products to both our growing base of customers and new customers. Prospective customers contact our call centre staff for product-related queries. Our call centre staff then explain our range of products and schedule follow-up appointments with our frontline sales team.

We have a dedicated direct sales team that caters to the group life insurance and corporate pension needs for group customers. As at September 30, 2017, we have built a diverse customer base of corporate clients, comprising public and private sector institutions, public sector undertakings and privately owned banks. We have also tapped our broad corporate customer base to market our National Pension System products through our subsidiary, HDFC Pension.

We established our online and digital sub-channel during Fiscal 2012. Since then, an increasing number of Indian consumers have begun purchasing insurance products through the online and digital space. We have an advanced online platform that is user-friendly, customer-centric and capable of guiding our customers and distribution partners from on-boarding to policy issuance within four days, which we believe has been a key contributor to our increased online sales over the years. Introduction of new products and increased customer traffic can be managed through our digital platform with limited additional investment. This provides us with the requisite flexibility and headroom for exponential future growth in a rapidly evolving online space. We have identified product areas and developed specific products which are best suited to be sold through our online and digital sub-channel and believe that we have established ourselves as one of the market leaders in this space. Our annualised premium equivalent from our online and digital sub-channel has increased by more than 77 times between Fiscal 2011 to Fiscal 2017. Our range of *Click2Series* products from online sales collectively generated annualised premium equivalent of ₹593.6 million, ₹905.0 million, ₹1,009.4 million and ₹866.9 million in Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

We have an online presence across all product segments on some of the key life insurance web aggregators in India, including *PolicyBazaar*. Our digital and social marketing team utilises various tools (including search engine optimisation and email, content and mobile marketing) to attract new customers. We integrate our online platform with each of our external partners' online platforms in order to deliver a seamless online experience for customers who purchase our products.

We will continue to emphasise measures such as expanding our online product range and cross-selling and up-selling our products to customers by leveraging analytical tools to determine customer preferences. By communicating the benefits of buying online and digital insurance products to a wider range of customers, we aim to create scale and build on our strong market position within the digital space.

### **Brokers and others**

Our brokers and other distribution channel generated 2.6%, 2.1%, 2.1% and 2.3% of our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

As at September 30, 2017, we had over 45 broker and other tie-ups, comprising 21 significant insurance brokers and 29 Insurance Marketing Firms, including tie-ups with Bajaj Capital Insurance, Blue Chip India, NJ Insurance Brokers Pvt. Ltd. and Probus Insurance. Insurance marketing firms offer a range of financial products for consumers and are permitted to tie up with up to two general insurance companies, two life insurance companies and two health insurance companies within a certain geographic area. We tied-up with insurance marketing firms in India during Fiscal 2016. Our arrangements with our partners in our brokers and others distribution channel are non-exclusive and allow such distribution partners to sell both our insurance products as well as products of other insurance companies. Such arrangements typically last for open-ended terms and include variable remuneration terms in accordance with the relevant IRDAI and our Board approved policy.

Over the next few years, we believe that other non-traditional players (such as Jet Privilege Private Ltd.) will begin opening up their technology platforms for the sale of life insurance products to their customer base. Given our strong brand name, credentials and experience, we believe that we are well-positioned to capitalise on the growing opportunities in this channel.

### **Technology and Digital Initiatives**

We have embedded technology and digital solutions across our organisation as part of our initiatives to increase productivity, improve cost efficiencies and provide a superior customer experience, in line with our vision of being a digital insurer. Our information technology systems play a significant role in supporting our business and operations, including areas such as product development, actuarial practice, support for our sales teams and distribution partners, customer on-boarding, underwriting, customer service, claims management, financial management, statistical analysis and risk management.

Over the years, we have invested in enterprise grade products for all our critical systems (including our core policy administration, finance and other back-office systems) to ensure strong performance, reliability and security. Our information security group has adapted the National Institute of Standards and Technology and Federal Financial Institutions Examination Council-based cybersecurity framework. We have engaged a third party to conduct a cybersecurity gap assessment, leadership level interactive engagement and awareness sessions, resilience and recovery testing and have outlined a three-year cybersecurity implementation roadmap. We have a lean technology team whose primary objective is to understand our business, own, manage and run key aspects of technology and facilitate sales of our products by our employees and distribution partners. This allows for greater flexibility in day-to-day operations. Our data center operations, information technology operations and digital channels have been certified by the British Standards Institute (BSI) and our information security policy, data centre operations and digital channels are aligned with the latest ISO standards.

The following table sets forth the impact of our technology and digital initiatives for the periods indicated.

	Fiscal Year Ended March 31,			Six months Ended September 30,
	2015	2016	2017	2017
% of new business initiated through digital platforms	-	90.0%	99.2%	99.9%
% of customer documentation uploaded through digital platforms	-	76.9%	97.0%	96.0%

% of customer verification through mobile devices	-	2.0%	22.7%	45.0%
% of renewal premium collected electronically	51.5%	61.2%	69.6%	72.9%
% of renewal policies collected electronically	65.1%	70.8%	77.7%	82.1%
% of policies with auto-debit and digital payments	71.0%	79.5%	76.0%	66.1%

Our information technology initiatives have received various industry awards, including the CIO 100 Asia award for achievements in strategic enterprise IT deployment, the CIO 100 International honoree award for innovation in IT development and the DL Shah Quality Award.

For further details on our online distribution channel, our distribution value proposition and our information technology initiatives, see “*Business—Distribution—Direct—Online*” and “*Business—Operations*” on pages 215 and 222 of this Red Herring Prospectus, respectively.

## Operations

Our operations unit focuses on customer on-boarding and underwriting, customer service and retention, claims management and customer value management and advocacy. We have two operations hubs in Mumbai and Chennai.

### *Customer on-boarding and underwriting*

We have undertaken several initiatives and developed a mobility platform to streamline and digitise our customer on-boarding and policy issuance processes, with the aim of making such processes convenient and simple for our customers. Mobility initiatives have been successfully implemented across the value chain, resulting in improvements to the productivity of our distribution partners. Our frontline sales staff have adopted mobile or tablet applications that enable the entire customer on-boarding process to be completed almost in real time via our mobility platform, which includes features such as direct uploads of snapshots of customer documents without any scanning required, optical recognition of customer data, automated data entry and verification of customer identity. During Fiscal 2017, approximately 97.0% of customer documents were uploaded by our frontline sales staff through our mobile or tablet applications. This largely eliminates the need for scanning and manual data entry for our customers and distributors, resulting in shorter turnaround times for policy issuance and decreasing the risk of manual errors. Our distribution partners and frontline sales staff can complete the customer on-boarding and policy issuance process entirely through our mobile and tablet applications at any time and any place. This resulted in an increase of the number of new applications sourced through mobile devices from 12.7% in Fiscal 2016 to 48.0% in Fiscal 2017. These initiatives have allowed us to grow our business rapidly and increased the number of policies issued within three business days from 25.6% in Fiscal 2015 to 45.8% in Fiscal 2017.

We have also established a pre-conversion verification process which involves verifying customer identity, completing know-your-client and anti-money laundering procedures and explaining product features to customers. We have integrated the customer verification process into our mobile applications, which can be completed by our frontline sales staff during their initial meeting with our customers. During Fiscal 2017, we completed over 190,000 new customer verifications via our mobile applications. In Fiscal 2017, we introduced fingerprint and iris scanning to allow customers to retrieve their information and implemented artificial intelligence software to automatically process policy applications. Since the introduction of the Aadhaar identification programme in Fiscal 2013, approximately 1.01 billion Aadhaar cards have been issued, covering 93% of the population, according to CRISIL. We have recently started using our customers’ Aadhaar cards as part of the customer verification process.

Our underwriting operations involve evaluating the type and the amount of risk that we are willing to accept during the customer on-boarding stage. We have a team of qualified underwriting professionals who typically specialise in certain products and distribution channels. Our underwriting operations are underpinned by our automated underwriting engine, which has also been integrated into the mobile or tablet sales applications used by our distribution partners and our frontline sales staff. This enables us to obtain key underwriting information from customers during the on-boarding stage, reduces the documentation requirements from customers and helps us to improve our underwriting efficiency.

We aim to continue to work with our reinsurers to improve our underwriting and non-medical limits based on our past experience. In Fiscal 2017, we introduced an initiative that allows certain customers to obtain an additional pre-approved sum assured over and above their existing insurance coverage. Such customers need not provide additional documents to increase the amount of their insurance coverage, which we believe has resulted in improved turnaround times for the issuance of new policies, higher operating margins and higher customer satisfaction. We intend to further develop this by introducing automation measures to determine whether new customers will be eligible for this initiative and to share such information with our distribution partners to drive our policy sales.

An insurance policy or contract is only issued after specific risks have been examined and approved for underwriting or fall within certain pre-established criteria, and the customer pre-conversion verification process is completed in accordance with our internal procedures. We believe that this has contributed to better persistency ratios and claims settlement ratios over the years and improved the quality of our new business.

Going forward, we will continue to explore the use of analytics tools to identify potential customer segments and policies that can be underwritten with reduced documentation requirements to further streamline our customer onboarding and underwriting process.

### ***Customer service and retention***

We are committed to providing a differentiated and superior customer service experience to our customers and strive to create one-on-one relationships with them across various channels by responding to their queries promptly and efficiently.

In addition to customer service centres at all of our 414 branches and spokes as at September 30, 2017, we provide traditional channels such as our nationwide call centre, missed call service and interactive voice response system. Our centralised nationwide service helpline handled more than 700,000 queries during each of Fiscal 2015, Fiscal 2016 and Fiscal 2017, respectively. In Fiscal 2017, more than 84% of calls were answered within 20 seconds. Our potential customers can also discuss their insurance needs with our call centre staff, who will subsequently refer customers to our frontline sales staff.

Our ability to provide quality customer service is supported by our increasingly automated information technology platform. Our “*My Account*” online customer portal offers customers immediate access to their policy and fund information and allows them to pay their premiums through the internet banking platform. Our “*HDFC Life*” mobile application has been downloaded more than 200 thousand times as at September 30, 2017, and allows our customers to review their policy details and make online premium payments. Our email service handled more than 280,000 queries during each of Fiscal 2015, Fiscal 2016 and Fiscal 2017, with over 91% of customer queries resolved within 24 hours in Fiscal 2017. We recently introduced additional automated elements, including a natural language-processing automation engine to respond to customer requests received by email and on social media, which have resulted in improved response times and contributed to providing a consistent customer service experience.

We intend to continue increasing the internet-based self-service capabilities that we can offer our customers. Our “*My Account*” online customer portal, “*HDFC Life*” mobile application and email service are available to our customers 24 hours a day, seven days a week. During Fiscal 2017, we launched an interactive automated chat function through our website and our “*My Account*” online customer portal.

We also have a separate service recovery team to address customer complaints. In Fiscal 2017, 99.0% of our customer complaints were resolved within the 15 calendar days turnaround time prescribed by IRDAI. Our service recovery team also conducts a root cause analysis, which is shared with our senior management and distribution partners, in order to prevent recurring complaints of a similar nature. This is demonstrated by a decrease in the number of customer complaints per 10,000 new policies from 498 in Fiscal 2013 to 81 in Fiscal 2017.

	<b>Fiscal Year Ended March 31,</b>				
	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Customer complaints per 10,000 new policies	498	594	348	107	81

The following tables provide details of the number of complaints by policyholders and the complaint resolution periods for the periods indicated.

<b>Six months Ended September 30, 2017</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Fully accepted</b>	<b>Partially accepted</b>	<b>Rejected</b>	<b>Complaints pending</b>
<b>Particulars</b>						
Sales related	31	2,868	766	0	2,094	39
New business related	0	267	203	0	60	4
Policy servicing related	1	227	170	0	57	1
Claims servicing related*	2	851	521	0	326	6
Others	0	44	21	0	20	3
<b>Total</b>	<b>34</b>	<b>4,257</b>	<b>1,681</b>	<b>0</b>	<b>2,557</b>	<b>53</b>

<b>Six months Ended September 30, 2017</b>	<b>Complaints made by customers</b>	<b>Complaints made by intermediaries</b>	<b>Total</b>
<b>Duration pending</b>			
Less than 15 days	50	0	50
More than 15 days	3	0	3
<b>Total</b>	<b>53</b>	<b>0</b>	<b>53</b>

<b>Fiscal 2017</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Fully accepted</b>	<b>Partially accepted</b>	<b>Rejected</b>	<b>Complaints pending</b>
<b>Particulars</b>						
Sales related	80	6,473	1,044	0	5,478	31
New business related	2	618	250	0	370	0
Policy servicing related	4	552	236	0	319	1
Claims servicing related*	5	931	283	0	651	2
Others	7	220	37	0	190	0
<b>Total</b>	<b>98</b>	<b>8,794</b>	<b>1,850</b>	<b>0</b>	<b>7,008</b>	<b>34</b>

<b>Fiscal 2017</b>	<b>Complaints made by customers</b>	<b>Complaints made by intermediaries</b>	<b>Total</b>
<b>Duration pending</b>			
Less than 15 days	34	0	34
More than 15 days	0	0	0
<b>Total</b>	<b>34</b>	<b>0</b>	<b>34</b>

<b>Fiscal 2016</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Fully accepted</b>	<b>Partially accepted</b>	<b>Rejected</b>	<b>Complaints pending</b>
<b>Particulars</b>						
Sales related	27	9,900	1,159	0	8,688	80
New business related	5	917	179	0	741	2
Policy servicing related	1	441	109	0	330	4
Claims servicing related*	2	701	60	0	638	5
Others	6	346	58	0	286	7
<b>Total</b>	<b>41</b>	<b>12,305</b>	<b>1,565</b>	<b>0</b>	<b>10,683</b>	<b>98</b>

<b>Fiscal 2016</b>	<b>Complaints made by customers</b>	<b>Complaints made by intermediaries</b>	<b>Total</b>
<b>Duration pending</b>			
Less than 15 days	44	0	44
More than 15 days	54	0	54
<b>Total</b>	<b>98</b>	<b>0</b>	<b>98</b>

<b>Fiscal 2015</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Fully accepted</b>	<b>Partially accepted</b>	<b>Rejected</b>	<b>Complaints pending</b>
<b>Particulars</b>						
Sales related	11	25,539	3,543	0	21,980	27
New business related	8	1,773	445	0	1,331	5

<b>Fiscal 2015</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Fully accepted</b>	<b>Partially accepted</b>	<b>Rejected</b>	<b>Complaints pending</b>
<b>Particulars</b>						
Policy servicing related	16	1,700	429	0	1,286	1
Claims servicing related*	11	2,206	264	0	1,951	2
Others	2	739	88	0	647	6
<b>Total</b>	<b>48</b>	<b>31,957</b>	<b>4,769</b>	<b>0</b>	<b>27,195</b>	<b>41</b>

<b>Fiscal 2015</b>	<b>Complaints made by customers</b>	<b>Complaints made by intermediaries</b>	<b>Total</b>
<b>Duration pending</b>			
Less than 15 days	28	0	28
More than 15 days	13	0	13
<b>Total</b>	<b>41</b>	<b>0</b>	<b>41</b>

<b>Fiscal 2014</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Fully accepted</b>	<b>Partially accepted</b>	<b>Rejected</b>	<b>Complaints pending</b>
<b>Particulars</b>						
Sales related	879	41,557	7,058	0	35,475	11
New business related	63	2,723	668	0	2,078	7
Policy servicing related	48	3,964	682	0	3,310	17
Claims servicing related*	64	3,088	440	0	2,755	11
Others	33	1,056	116	0	845	2
<b>Total</b>	<b>1,087</b>	<b>52,388</b>	<b>8,964</b>	<b>0</b>	<b>44,463</b>	<b>48</b>

<b>Fiscal 2014</b>	<b>Complaints made by customers</b>	<b>Complaints made by intermediaries</b>	<b>Total</b>
<b>Duration pending</b>			
Less than 15 days	9	0	9
More than 15 days	39	0	39
<b>Total</b>	<b>48</b>	<b>0</b>	<b>48</b>

<b>Fiscal 2013</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Fully accepted</b>	<b>Partially accepted</b>	<b>Rejected</b>	<b>Complaints pending</b>
<b>Particulars</b>						
Sales related	336	33,833	5,752	0	27,538	879
New business related	65	5,528	2,975	0	2,555	63
Policy servicing related	93	6,263	2,048	0	4,260	48
Claims servicing related*	37	4,070	2,156	0	1,887	64
Others	10	1,305	223	0	1,059	33
<b>Total</b>	<b>541</b>	<b>50,999</b>	<b>13,154</b>	<b>0</b>	<b>37,299</b>	<b>1,087</b>

<b>Fiscal 2013</b>	<b>Complaints made by customers</b>	<b>Complaints made by intermediaries</b>	<b>Total</b>
<b>Duration pending</b>			
Less than 15 days	1,072	0	1,072
More than 15 days	15	0	15
<b>Total</b>	<b>1,087</b>	<b>0</b>	<b>1,087</b>

\* There are broadly two categories of complaints for claims servicing, being death claims and survival claims. The types of death claims are: (i) death claim not paid, (ii) repudiation of claim, (iii) requirement in respect of death claim not raised by insurer, (iv) death claim investigation not completed and (v) non-payment of penal interest in case of death claim. The types of survival claims are: (i) surrender value not paid, (ii) survival benefit not paid, (iii) non-payment of penal interest, (iv) disputes concerning correctness of surrender value, (v) maturity claim not paid, (vi) disputes concerning eligibility of surrender value, (vii) disputes concerning claim value, (viii) annuity/ pension instalments not paid and (ix) commutation value/ cash option not paid.

In recent years, we have undertaken various initiatives to increase our persistency ratios. Our persistency department reminds customers to pay their renewal premiums through a structured payment reminder process and, where permitted, assists customers in reviving policies that have lapsed. Customers can make payment via electronic

channels such as internet banking, national electronic funds transfers, auto debit facilities and standing instruction mandates, as well as traditional channels such as the branches of our distribution partners and common service centres, which we believe makes the renewal premium payment process more convenient for both urban and rural customers. As at March 31, 2017, 76.0% of our customers with in-force policies utilised auto-debit and online payment options for the payment of their renewal premiums, which substantially decreases instances of policy lapses due to non-payment of renewal premiums.

Our continued efforts to improve the quality of our new business, focus on needs-based selling, strong commitment to customer service and our efforts in streamlining the renewal premium payment process, has resulted in an overall improvement in our persistency ratio. Our 13<sup>th</sup> month persistency ratio increased from 73.3% to 80.9% for the period ended March 31, 2015 to the period ended March 31, 2017.

The following table sets forth the premium persistency ratios (based on original annualised premiums) for our individual business (which excludes our group and rural business) for the periods indicated.

	For the Period Ended March 31,			For the Six Months Ended September 30,
	2015	2016	2017	2017
13 <sup>th</sup> month	73.3%	78.9%	80.9%	82.2%
25 <sup>th</sup> month	64.0%	67.5%	73.3%	74.4%
37 <sup>th</sup> month	65.1%	60.1%	63.9%	65.6%
49 <sup>th</sup> month	64.2%	63.4%	58.3%	59.3%
61 <sup>st</sup> month	39.8%	50.0%	56.8%	55.4%

The following tables set forth the individual persistency ratios (based on original annualised premiums) for each product category for our individual business (which excludes our group and rural business) for the periods indicated.

	For the Period Ended March 31,			For the Six Months ended September 30,
	2015	2016	2017	2017
<b>Participating products</b>				
13 <sup>th</sup> month	68.3%	70.6%	75.3%	77.1%
25 <sup>th</sup> month	62.8%	63.3%	64.9%	65.5%
37 <sup>th</sup> month	61.7%	58.3%	58.7%	59.4%
49 <sup>th</sup> month	56.8%	59.8%	55.9%	56.1%
61 <sup>st</sup> month	58.1%	53.1%	56.4%	55.2%
<b>Non-participating protection (term) products</b>				
13 <sup>th</sup> month	81.6%	87.4%	91.6%	90.6%
25 <sup>th</sup> month	84.0%	73.7%	81.9%	84.7%
37 <sup>th</sup> month	92.8%	77.6%	69.7%	69.3%
49 <sup>th</sup> month	73.8%	77.0%	74.8%	69.8%
61 <sup>st</sup> month	74.3%	70.4%	74.8%	77.3%
<b>Non-participating protection (health insurance) products</b>				
13 <sup>th</sup> month	63.2%	47.5%	40.8%	41.3%
25 <sup>th</sup> month	61.9%	40.9%	36.9%	34.2%
37 <sup>th</sup> month	43.0%	55.8%	67.3%	29.2%
49 <sup>th</sup> month	14.2%	39.3%	52.8%	60.1%
61 <sup>st</sup> month	12.9%	14.9%	37.8%	41.6%
<b>All non-participating products</b>				
13 <sup>th</sup> month	84.1%	87.3%	85.6%	86.2%
25 <sup>th</sup> month	77.0%	79.5%	83.6%	83.8%
37 <sup>th</sup> month	96.3%	86.5%	78.4%	77.5%

	For the Period Ended March 31,			For the Six Months ended September 30,
	2015	2016	2017	2017
49 <sup>th</sup> month	94.5%	82.2%	84.9%	82.7%
61 <sup>st</sup> month	66.9%	70.6%	80.5%	83.2%
Unit-linked insurance products				
13 <sup>th</sup> month	72.8%	78.2%	82.1%	83.9%
25 <sup>th</sup> month	61.5%	65.9%	72.0%	73.5%
37 <sup>th</sup> month	63.2%	59.3%	62.4%	63.8%
49 <sup>th</sup> month	58.1%	65.3%	57.8%	58.9%
61 <sup>st</sup> month	32.2%	49.4%	56.3%	54.4%

Our 13<sup>th</sup> month and 61<sup>st</sup> month persistency ratios (in terms of total premium for our individual and group business) were 85.5% and 55.5%, respectively, for the six months ended September 30, 2017. Our 13<sup>th</sup> month and 61<sup>st</sup> month persistency ratios (in terms of total premium for our individual and group business) were 84.0% and 56.8%, respectively, for the period ended March 31, 2017.

The following table sets forth the policy persistency ratios (based on original basis) for our individual business (which excludes our group and rural business) for the periods indicated:

	For the Period Ended March 31,			For the Six Months ended September 30,
	2015	2016	2017	2017
13 <sup>th</sup> month	68.2%	71.3%	67.3%	68.0%
25 <sup>th</sup> month	59.3%	61.3%	65.0%	63.2%
37 <sup>th</sup> month	58.4%	55.2%	56.2%	59.1%
49 <sup>th</sup> month	56.2%	56.4%	52.0%	53.5%
61 <sup>st</sup> month	32.1%	42.6%	48.6%	49.6%

The following table sets forth the segmental contribution of lapses and surrenders to our profitability for the periods indicated.

		Fiscal Year Ended March 31,			Six months Ended September 30,
		2015	2016	2017	2017
		(in ₹ millions)			
Unit-linked	Profit/loss	-618.1	-1082.1	-913.4	-293.9
	Surrender penalty	659.1	303.7	279.7	145.6
Non-Participating	Protection	-20.1	-70.8	27.0	38.7
	Health	0.0	0.0	-105.0	-55.3
	Others	81.7	320.9	263.9	148.3
Participating	Participating	1201.6	1003.4	1089.8	775.7
Total		645.0	171.4	362.3	613.4
Total (attributable to shareholders)		<b>-556.5</b>	<b>-832.0</b>	<b>-727.5</b>	<b>-162.3</b>

We have calculated profitability arising from all contracts which have lapsed or been surrendered during the respective periods.

For non-linked contracts, profitability from lapses or surrenders has been estimated as asset share (which is the accumulation of premiums less actual expenses and mortality costs combined with actual investment returns, wherever available) less “surrender value”.

For linked contracts, this has been estimated as surrender penalty (the unit value to the credit of the policyholder less what is actually paid out at the time of surrender or transferred to the discontinuance fund) plus asset share (accumulation of charges, except mortality charges, less actual expenses combined with actual investment return, wherever applicable). For linked contracts, in addition to the profitability from lapses/surrenders as calculated above, the surrender penalty deducted on policies lapsed/surrendered in the respective periods is also provided.

Lapse/surrender profits of our participating business do not contribute to profitability of shareholders unless it is distributed as bonuses. Hence, it has been excluded from the total lapse profit (attributable to shareholders). Certain approximations and estimations have been made in the calculation methods and historical parameters of actual expenses, investment returns and mortality cost where unavailable.

### ***Customer value management and advocacy***

The purpose of our customer value management function is to enhance customer engagement across product life cycles and to take advantage of the significant growth opportunities from increased cross-selling and up-selling. Our distribution partners can leverage our unified customer and distributor interaction platform that comprises a centralised database of customer information, including details such as customer demographics, contact details, policy details and credit history, which includes a database of customer information that can be accessed by each of our distribution partners. This platform has also been integrated with the Government’s Aadhaar services platform to facilitate the customer on-boarding process. We also use analytics tools to identify target customers and to aid our distribution partners in determining the suitability of additional products for our customers, which facilitates cross-selling efforts by our distribution partners to our customers.

We have established a customer advocacy and value management function, which acts as a link between customer service touch points and our distribution partners to provide a seamless experience to customers and to address any queries that they may have. This also provides our distribution partners with opportunities to cross-sell and up-sell products to existing customers. We reach out to and engage with our customers prior to key policy milestones, such as maturity payouts or scheduled policy payments, to ensure that payouts are processed in a timely manner (particularly for annuity products) and to understand further needs that customers may have. Such information is shared with our distribution partners and frontline sales staff to help improve the insurance portfolio of existing customers, which we believe leads to improved sales efficiency and increased premium income.

### ***Claims management***

We are committed to providing our customers with a superior claims settlement experience. Claims that we receive are processed and investigated in a structured manner. We have established claims settlement procedures and formulated various claims settlement guidelines which are updated on a regular basis.

Claimants can submit claims through various channels, including our existing branches, the branches of our distribution partners, our website, call centre and emails. We use rule engines and predictive technology to achieve accuracy and consistency in claims categorisation and processing for investigative claims. We have implemented a tiered authorisation system to manage claims of differing value and complexity and to facilitate rapid claims processing. For example, we have a three-tier approval process for certain complex and high risk claims. We also employ analytics-based investigative measures to detect and reduce the risk of fraudulent claims. Where appropriate, such claims are also escalated to our Claims Review Council for final approval. Once a claim is approved, we typically make payments within two business days, subject to completion of all required documents.

The efficiency of our claims settlement has improved from Fiscal 2015 to Fiscal 2017, with the average turnaround time for claims decreasing from ten days in Fiscal 2015 to five days in Fiscal 2017, upon receipt of all supporting documentation. For the three months ended June 30, 2017, 95.5% and 54.1% of our non-investigative claims were settled within three days and one day, respectively, upon our receipt of all supporting documentation. We had an individual claims settlement ratio of 97.62% and a group claims settlement ratio of 99.67% for Fiscal 2017. Our

overall claims settlement ratio of 99.16% for Fiscal 2017 is among the best in the Indian life insurance industry. This is a testament to the quality of our customer service and customer on-boarding and underwriting processes. See “Industry– Industry Comparison” on page 195 of this Red Herring Prospectus for average turnaround time for claims settlement for our peers.

The following table sets forth our settlement ratio (representing the number of claims that are settled as a percentage of the number of claims received) for the periods indicated.

		Fiscal Year Ended March 31,			Six months Ended September 30,
		2015	2016	2017	2017
<b>Individual customers</b>	Settled	90.50%	95.02%	97.62%	94.06%
	Repudiated	5.92%	4.15%	1.86%	1.27%
	Rejected	1.33%	0.19%	0.06%	0.05%
	Pending	2.26%	0.64%	0.46%	4.62%
<b>Group customers</b>	Settled	98.71%	99.48%	99.67%	98.18%
	Repudiated	1.14%	0.51%	0.31%	0.30%
	Rejected	0.16%	0.01%	0.01%	0.00%
	Pending	-	-	-	1.52%

We have begun processing increasing numbers of health insurance claims internally instead of through a third party vendor in order to strengthen the quality of our claims settlement process for health insurance products. We expect to leverage further economies of scale as we continue to introduce new health insurance products in future.

### Customers

Our number of lives insured for individual and group customers grew at a CAGR of 15.0% and 101.7%, respectively, from Fiscal 2015 to Fiscal 2017.

The following table sets forth the number of lives insured, number of group customers and the number of new business policies held by our individual and group customers as at the dates indicated.

	Fiscal Year Ended March 31,			Six months Ended September 30,
	2015	2016	2017	2017
Number of lives insured (individual customers)	830,951	1,181,597	1,098,329	430,273
Number of lives insured (group customers)	4,861,059	14,226,737	19,774,194	11,312,543
Number of new business policies (individual customers)	659,672	849,181	851,536	429,799

Our top ten largest customers contributed less than 0.65% of our individual annualised premium equivalent for each of Fiscal 2015, Fiscal 2016, Fiscal 2017 and six months ended September 30, 2017.

We believe that we can leverage the large network of potential customers from our various distribution partners to distribute and cross-sell our products. In addition, we believe that our large and varied base of individual and group customers provides significant growth opportunities from increased cross-selling and up-selling. We have focused on our cross-selling efforts over the past few years by engaging with customers across multiple touch points, leveraging analytics tools to determine customer preferences and sharing such information on a real-time basis with our frontline sales staff and distribution partners. We intend to leverage our access to the 59.0 million lives insured

across our group customers as at September 30, 2017 to cross-sell additional individual products and riders that provide enhanced coverage for individuals, over and above the coverage provided by group insurance policies.

The following table sets forth number of policies from existing group customers, total number of individual policies from existing group customers and cross-sell percentage for the periods indicated.

	As at March 31,			As at September 30,
	2015	2016	2017	2017
Number of policies from existing group customers	10,508	29,685	46,959	28,860

	Fiscal Year Ended March 31,			Six months Ended September 30,
	2015	2016	2017	2017
Total number of individual new business policies	659,672	849,181	851,536	429,799
Cross sell on group customer base (%)	1.6%	3.5%	5.5%	6.7%

### Geographical Distribution of Premium

The following table sets forth the geographical distribution of our new business premium (individual) for the periods indicated.

	Fiscal Year Ended March 31,			Six months Ended September 30,
	2015	2016	2017	2017
	(in ₹ millions)			
Maharashtra	7,454.3	9,593.1	12,536.6	7,991.2
Delhi	3,056.4	3,267.3	3,176.1	1,445.6
Tamil Nadu	2,610.3	2,599.0	3,070.5	1,229.9
Gujarat	2,463.9	2,690.4	2,942.7	1,511.9
Karnataka	2,474.0	2,306.8	2,862.1	949.9
Uttar Pradesh	2,161.6	2,408.8	2,300.2	966.7
West Bengal	1,994.4	1,794.5	2,057.1	897.2
Kerala	1,368.5	1,228.2	1,889.8	816.9
Haryana	1,211.5	1,603.0	1,588.4	667.1
Punjab	1,605.7	1,751.2	1,525.7	742.7
Telangana	1,457.1	1,362.9	1,493.7	428.4
Madhya Pradesh	608.1	744.9	981.1	390.7
Rajasthan	716.9	795.4	936.6	401.3
Orissa	562.8	699.8	819.7	378.9
Andhra Pradesh	614.4	644.6	681.5	221.6
Chandigarh	504.2	482.3	550.5	244.1
Bihar	343.9	445.8	480.3	254.7
Assam	367.8	363.5	384.3	175.6
Jharkhand	306.3	345.4	382.4	200.8
Chattisgarh	212.8	262.0	335.2	165.2
Goa	275.4	273.9	235.3	149.7
Jammu & Kashmir	291.1	327.0	209.7	111.6
Uttarakhand	147.7	180.0	209.6	90.1
Himachal Pradesh	91.2	129.3	124.4	59.1

	Fiscal Year Ended March 31,			Six months Ended September 30,
	2015	2016	2017	2017
	(in ₹ millions)			
Manipur	81.3	74.8	57.0	22.7
Sikkim	39.6	37.3	45.8	21.0
Meghalaya	24.3	45.7	43.9	15.6
Puducherry	36.0	57.5	39.5	16.8
Mirzoram	20.3	24.9	19.8	8.3
Tripura	16.5	19.1	18.3	7.6
Nagaland	9.8	15.4	13.6	4.7
Arunachal Pradesh	0.1	-	-	-
Total	33,128.0	36,573.9	42,011.3	20,587.7

Note: For certain lines of business, including online and digital, new business premium (individual) of certain distribution partners is attributed to one of our branches in Mumbai which is reflected in the new business premium (individual) for Maharashtra.

## Reinsurance

In order to limit the financial impact of claims fluctuation, minimise exposure to large individual claims, expand our underwriting capacity and manage capital efficiently, we reinsure a portion of the mortality and morbidity risks that we underwrite. We enter into proportional reinsurance arrangements and surplus risk transfer arrangements for mortality risks at various retention levels for individual protection policies, savings plans, group term insurance and group credit insurance, as well as morbidity risks for indemnity-based health insurance products. Such retention levels are determined in accordance with IRDAI regulations and take into consideration our experience in the business, financial strength, underwriting capacity, volume of business and terms available. IRDAI regulations recommend minimum retention levels for each type of product, which increase over time based on the number of years of experience that an insurer has with a particular type of product. We also enter into catastrophe reinsurance arrangements on an excess-of-loss basis, which mitigates the potential concentration risks that may arise if a localised event affects the workplace of one or more of our group insurance customers.

Our total reinsurance ceded to third-party reinsurers in Fiscal 2015, Fiscal 2016, Fiscal 2017 and six months ended September 30, 2017 was ₹674.5 million, ₹1,342.0 million, ₹1,706.2 million and ₹893.4 million, respectively. See “Financial Information” on page 332 of this Red Herring Prospectus for additional information on reinsurance ceded to reinsurers. For the six months ended September 30, 2017, the reinsurance premium ceded to our largest reinsurance counterparty, Swiss Re Insurance Company and its subsidiaries, was ₹526.7 million, which is 59.0% of our total reinsurance premium.

Our criteria for selecting third-party reinsurers include type of risk, financial strength, terms of arrangement, capacity of the reinsurer to write the risk, level of support and expertise provided by the reinsurer and past claims payment history. We monitor the financial condition of our third-party reinsurers on a regular basis and have not experienced any third-party reinsurer default from Fiscal 2015 to September 30, 2017.

The following table sets out Standard & Poor’s ratings for the periods indicated therein for the reinsurers with whom we have reinsurance arrangements.

Reinsurer	Rating Agency	Rating		
		As at March 31,		
		2017	2016	2015
Swiss Re Insurance Company	Standard & Poor	AA-	AA-	AA-
Munich Re Insurance Company	Standard & Poor	AA-	AA-	AA-
RGA Re Insurance Company	Standard & Poor	AA-	AA-	AA-
General Re Insurance AG	Standard & Poor	AA+	AA+	AA+
Hannover Rück SE	Standard & Poor	AA-	AA-	AA-

Reinsurer	Rating Agency	Rating		
		As at March 31,		
		2017	2016	2015
SCOR Global Life SE	Standard & Poor	AA-	AA-	A+

The following table sets out the nature of the reinsurance arrangements with each reinsurer as well as the reinsurance premium paid to them in Fiscal 2017.

Reinsurer	Type of reinsurance arrangement (surplus / quota share)	Type of reinsurance arrangement (obligatory / facultative)	Reinsurance premium ceded for Fiscal 2017 (₹ millions)
Swiss Re Insurance Company	Surplus and quota share	Obligatory and facultative	1,122.4
Munich Re Insurance Company	Surplus and quota share	Obligatory and facultative	46.6
RGA Re Insurance Company	Surplus	Obligatory and facultative	327.6
General Re Insurance AG	Surplus and quota share	Obligatory and facultative	188.5
Hannover Rück SE	Surplus	Facultative	0.2
SCOR Global Life SE	Surplus	Obligatory and facultative	21.0

Going forward, our strategy for reinsurance is to build our retention capacity by retaining an increasingly higher proportion of risk as we become more experienced with particular types of products, which is consistent with IRDAI's recommendations.

## Investments

We had total AUM of ₹995.3 billion as at September 30, 2017, of which 25.2% was held in participating policyholder investments, 14.7% was held in non-participating policyholder investments, 56.4% was held in unit-linked policyholder investments and 3.7% was held in shareholder investments. As at September 30, 2017, 58.2% of our total AUM was invested in fixed income instruments, with the remaining 40.9% invested in equity securities and preference shares and 0.9% in other investments.

Our investment management function is a key aspect of our business and creates significant value for our policyholders and shareholders. Our financial strength and ability to profitably underwrite insurance business depends significantly on the quality and performance of our investment portfolios. We invest the premiums received and other income generated from our insurance business to meet the future liabilities associated with the insurance products that we underwrite, as well as to generate a return for our business. We believe that our success in investment management contributes to the competitiveness of our products, financial strength, profitability and business reputation.

### *Investment Objectives and Processes*

We have established a comprehensive investment framework to ensure that our investments are properly authorised, monitored and managed. Our investment portfolio is managed in accordance with our Investment Policy, Asset Liability Management ("ALM") Policy, in compliance with the relevant IRDAI Investment Regulations and Guidelines and the respective objectives of the various funds that we manage. Our ALM Policy that lays down the asset allocation and risk tolerance guidelines for different funds and aims to ensure that the risk-reward profile of our investments is matched to our liabilities as closely as possible.

Our Board has delegated investment review and approval authority to our Investment Committee. Our investment team, led by our Chief Investment Officer, carries out day-to-day investment activities and consists of experienced persons in the areas of research and analysis, fund management and dealing. Our investment activities are carried out in accordance with relevant IRDAI investment regulations and guidelines and our Investment Committee rules, while our regulatory and risk limits are independently monitored by our investment department's middle-office function and our risk department.

Our investments are made in accordance with relevant IRDAI investment regulations and guidelines, as further described in “Regulations and Policies” on page 244 of this Red Herring Prospectus. Our Investment Policy outlines the process and the principles for the management of all the invested assets under different fund categories. Invested assets are all the investments made in market instruments using the policyholders’ funds, shareholders’ funds and reserves. Assets such as office premises, equipment employed in operations and real estate are excluded.

### **Investment Funds**

Our AUM is divided into three categories of policyholders’ funds, comprising (a) funds backing our life and health insurance business (b) funds backing our pension, annuity and group insurance business and (c) linked funds, as well as a fourth category of shareholders’ funds. Our linked funds are different from our other two categories of policyholders’ funds in that (i) the overall asset allocation is chosen by policyholders through their choice of specific unit linked funds (including an equity fund, a debt fund or a combination of both); and (ii) the investment risk is directly borne by the policyholder. In all other funds, the choice of asset allocation is decided by us while the investment risk is largely borne by the shareholders.

Our total AUM for each of our policyholders’ and shareholders’ funds as at the dates indicated are set out in the table below.

	As at March 31,						As at September 30,	
	2015		2016		2017		2017	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(₹ in billions, except percentages)							
Policyholders’ funds								
Unit-linked funds	449.2	67.0%	457.3	61.6%	538.0	58.6%	561.3	56.4%
Non-participating funds	56.1	8.4%	82.4	11.1%	122.4	13.3%	146.4	14.7%
Participating funds	143.2	21.4%	176.4	23.8%	224.6	24.5%	250.5	25.2%
Shareholders’ funds	22.0	3.3%	26.4	3.6%	32.5	3.5%	37.2	3.7%
Total	670.5	100.0%	742.5	100.0%	917.4	100.0%	995.3	100.0%

#### *Unit-linked funds*

Each of the individual funds under the unit-linked funds category is defined along with its own investment objective and mandate along with the asset allocation limits. The investment allocation and exposure norms defined by IRDAI are applicable at each individual fund level. Additional limits for allocation are defined as part of the mandate for each unit-linked fund.

#### *Participating funds*

The objective of our participating funds is to be able to meet all the guaranteed benefits through investment largely in fixed income assets and utilise any surplus for investment into ‘higher risk assets’ so as to generate higher returns to improve the levels of terminal bonuses. The key processes for achieving these objectives are appropriate asset-liability matching for the guaranteed payments and additional investments in higher risk assets to deliver superior returns to policyholders.

#### *Non-participating funds*

The objective of our non-participating funds is to meet all the projected benefits on all the policies through investment in fixed income assets. Since there are no variable and discretionary investment returns for the policyholders, the investment in higher risk assets is minimal. The key processes for achieving the objectives are appropriate asset-liability matching for the guaranteed payments.

#### *Shareholders’ funds*

The primary objective of our shareholders’ fund is to provide working capital for the company and to maintain the required solvency margin of 150%. The assets held under this fund are largely liquid in nature. Investments included

as part of our available solvency margin comprise assets backing the sum-at-risk as well as assets backing the reserves for policies sold by us. Our shareholders' funds also include our investments in HDFC Pension and HDFC International.

### ***Our Investment Fund Performance***

We follow an investment philosophy of investing with a longer term horizon in mind, which has helped us to outperform benchmarks across the major fund categories over different time horizons. For most unit-linked funds, a performance benchmark index is identified (when a suitable benchmark is available) based on the fund objectives and fund performance is reviewed against such benchmark. As at September 30, 2017, funds representing 84% of our unit-linked funds with identified benchmarks under the equity, hybrid and duration bond fund categories performed better than their respective benchmarks over a five-year period.

The following table sets forth, at September 30, 2017, the performance of unit-linked funds, which have been in existence for at least three years and have a size of over ₹5 billion and for which benchmarks have been identified, for one-, three- and five-year durations, respectively.

Fund	Benchmark	AUM (₹ in billions)	One-year returns (annualised)		Three-year returns (annualised)		Five-year returns (annualised)	
			Fund	Bench-mark	Fund	Bench-mark	Fund	Bench-mark
Income Fund	CRISIL Composite Bond Fund Index	21.8	6.5%	7.9%	9.8%	10.6%	8.7%	9.4%
Secure Managed Fund II – Life	CRISIL Composite Bond Fund Index	8.6	6.7%	7.9%	10.3%	10.6%	9.3%	9.4%
Defensive Managed Fund – Life	22.5% BSE 100, 77.5% CRISIL Composite Bond Fund Index	9.5	9.5%	9.5%	10.9%	10.1%	10.8%	10.0%
Defensive Managed Fund II – Life	22.5% BSE 100, 77.5% CRISIL Composite Bond Fund Index	6.2	9.1%	9.5%	10.4%	10.1%	10.3%	10.0%
Balanced Managed Fund II – Life	45% BSE 100, 55% CRISIL Composite Bond Fund Index	5.7	10.9%	11.0%	10.4%	9.6%	11.6%	10.7%
Balanced Fund	60% BSE 100, 40% Crisil Composite Bond Fund Index	53.8	11.8%	12.0%	10.3%	9.2%	12.0%	11.1%
Equity Managed Fund – Life	80% BSE 100, 20% CRISIL Composite Bond Fund Index	7.3	15.4%	13.4%	11.3%	8.7%	14.2%	11.7%
Equity Managed Fund II – Life	80% BSE 100, 20% CRISIL Composite Bond Fund Index	7.1	14.5%	13.4%	10.5%	8.7%	13.4%	11.7%
Blue Chip Fund	BSE 100	39.0	15.1%	14.8%	10.7%	8.3%	13.8%	12.3%
Growth Fund – II – Life	BSE 100	33.3	14.8%	14.8%	10.2%	8.3%	13.8%	12.3%
Growth Fund – Life	BSE 100	30.6	15.7%	14.8%	10.9%	8.3%	14.4%	12.3%
Growth Fund – II – Pension	BSE 100	19.9	14.7%	14.8%	10.2%	8.3%	13.8%	12.3%
Growth Fund – Pension	BSE 100	15.2	15.5%	14.8%	10.8%	8.3%	14.5%	12.3%
Opportunities Fund	Nifty Free Float Mid Cap 100	86.9	18.9%	17.5%	18.0%	16.6%	19.0%	18.2%

Our fund performance reflects our thorough and disciplined investment and fund management processes and our focus on delivering sustainable returns to policyholders across medium to longer term horizons.

The following table sets forth the net investment income yields of our AUM by category for the periods indicated.

	As at March 31,						As at September 30,	
	2015		2016		2017		2017*	
	With unrealised gains	Without unrealised gains						
Policyholders' funds								

Unit-linked funds	28.3%	11.1%	(0.9)%	11.2%	17.4%	10.4%	6.0%	4.8%
Non-participating funds	14.9%	9.7%	8.3%	8.9%	11.4%	9.1%	5.1%	4.2%
Participating funds	19.8%	13.2%	6.1%	6.0%	13.1%	9.3%	4.6%	5.1%
Shareholders' funds	15.5%	10.6%	4.9%	7.0%	12.7%	8.0%	4.3%	3.7%

1. Yield is computed using Time Weighted Rate of Return as per modified dietz method.

\*2. Absolute return for half year ended on September 30, 2017.

	As at March 31,						As at September 30,	
	2015		2016		2017		2017*	
	With unrealised gains	Without unrealised gains						
Equity investments	30.9%	15.1%	(4.4)%	12.6%	22.7%	12.9%	7.8%	6.0%
Fixed income investments	14.3%	9.7%	8.1%	8.4%	10.1%	8.9%	4.1%	4.5%

Note: 1. Yield is computed as income divided by average investment.

\*2. Absolute return for half year ended on September 30, 2017.

### Our Investment Portfolio

Our diversified investment portfolio consists mainly of three principal asset classes, namely equity securities, government securities and corporate debt. We also invest in fixed deposits, liquid mutual fund units and other investments. As at September 30, 2017, our AUM amounted to ₹995.3 billion, including 30.8% in government securities, 22.4% in corporate debt and 40.8% in equity securities.

The following table sets forth the composition of our AUM by carrying value across different asset classes as at September 30, 2017.

	Linked	% of total	Non-participating	% of total	Participating	% of total	Shareholders	% of total	Grand total	% of total
(₹ in billions, except percentages)										
Government securities	81.7	14.6%	74.7	51.0%	133.1	53.1%	17.2	46.2%	306.7	30.8%
Corporate debt										
AAA	94.8	16.9%	39.6	27.0%	59.0	23.5%	5.8	15.6%	199.2	20.0%
AA+ /AA	5.8	1.0%	14.4	9.8%	1.7	0.7%	0.0	0.0%	21.9	2.2%
AA- or below	0.7	0.1%	0.1	0.1%	1.0	0.4%	0.0	0.0%	1.9	0.2%
Equity shares <sup>(1)</sup>	343.9	61.3%	7.0	4.8%	46.2	18.5%	8.8	23.6%	405.9	40.8%
Preference shares	0.03	0.01%	0.0	0.0%	1.3	0.5%	0.0	0.0%	1.3	0.1%
Fixed deposits with banks	0.03	0.01%	0.0	0.0%	0.0	0.0%	0.5	1.4%	0.5	0.1%
Mutual fund units - liquid schemes	0.0	0.0%	2.3	1.5%	4.4	1.8%	0.0	0.0%	6.7	0.7%
Money market instruments	27.2	4.9%	7.8	5.3%	2.7	1.1%	4.9	13.2%	42.7	4.3%
Others <sup>(2)</sup>	7.0	1.2%	0.6	0.4%	1.1	0.4%	0.0	0.0%	8.6	0.9%
<b>Total</b>	<b>561.3</b>	<b>100.0%</b>	<b>146.4</b>	<b>100.0%</b>	<b>250.5</b>	<b>100.0%</b>	<b>37.2</b>	<b>100.0%</b>	<b>995.3</b>	<b>100.0%</b>

Notes:

(1) Equity shares include listed equity, unlisted equity, exchange traded funds and additional tier-one bonds.

(2) Others include security receipts, alternative investment funds, infrastructure investment trusts and net current assets for linked funds.

As required by IRDAI Preparation of Financial Statements Regulations, all debt securities and redeemable preference shares made from policyholders' non-linked funds and shareholders' funds are considered as "held to maturity" and accordingly measured at historical cost, subject to amortisation of premium or accretion of discount. The following table sets forth the book value and the market value of these investments at the dates indicated.

	As at March 31,						As at September 30,	
	2015		2016		2017		2017	
	Balance sheet value	Market value						
(₹ in billions)								
"Held to maturity" investments in non-linked and shareholder funds	187.8	192.9	241.0	246.2	322.4	334.5	362.7	373.9

### Equity investments

Our equity portfolio is well diversified and our investments are made after appropriate research and analysis, in accordance with our investment framework. Pursuant to certain IRDAI regulations, we are only permitted to invest our policyholders' funds in domestic equity investments and are not permitted to invest in equity derivatives.

We own equity in companies across different industries, including financial and insurance services, manufacturing, information technology, infrastructure and others. At September 30, 2017, 72% of our equity securities are in companies forming part of the BSE 100 Index. The following table sets forth the breakdown of equity investments by the sectors that contribute to more than 5% of our total equity investments at September 30, 2017.

Sector	As at March 31,						As at September 30,	
	2015		2016		2017		2017	
	Equity investment	% of total	Equity investment	% of total	Equity investment	% of total	Equity investment	% of total
	(₹ in billions, except percentages) <sup>(1)</sup>							
Financial and insurance activities	83.7	26.1%	78.0	27.0%	111.8	29.6%	134.6	32.9%
Manufacture of motor vehicles, trailers and semi-trailers	19.6	6.1%	19.1	6.6%	30.3	8.0%	29.7	7.3%
Computer programming consultancy and related activities	35.5	11.1%	38.5	13.3%	31.2	8.3%	28.1	6.9%
Manufacture of coke and refined petroleum products	18.9	5.9%	20.3	7.0%	24.9	6.6%	27.9	6.8%
Infrastructure facilities	23.6	7.3%	17.6	6.1%	20.6	5.4%	23.7	5.80%
Manufacture of pharmaceuticals, medicinal, chemical and botanical products	28.3	8.8%	25.3	8.7%	25.4	6.7%	22.1	5.4%
Manufacture of other non-metallic mineral products	16.3	5.1%	11.5	4.0%	16.0	4.2%	15.5	3.8%

### Fixed income investments

Our fixed income portfolio consists of government securities, corporate debt and money market instruments. Pursuant to IRDAI regulations, at least 75% of our investments is required to be invested in debt instruments such as Central Government Securities, sovereign debt and other approved securities (rated AAA (or its equivalent) or higher for long-term and sovereign debt and A1+ (or its equivalent) for short-term investments). As at September 30, 2017, sovereign debt and AAA bonds constituted 95.9% of the AUM in our fixed income portfolio, based on ratings provided by SEBI-registered rating agencies.

The following table shows the breakdown of our fixed income portfolio by credit rating.

	As at March 31,						As at September 30,	
	2015		2016		2017		2017	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
	(₹ in billions, except percentages)							
Government bonds	190.3	56.2%	246.9	57.1%	286.5	54.2%	306.7	53.6%
AAA	130.4	38.5%	165.4	38.2%	218.4	41.3%	241.8	42.3%
AA+ / AA	16.5	4.9%	14.5	3.4%	20.1	3.8%	21.9	3.8%
Others	1.3	0.4%	5.7	1.3%	3.6	0.7%	1.9	0.3%
Total	338.4	100.0%	432.5	100.0%	528.7	100.0%	572.3	100.0%

Corporate debt constituted 18.1%, 20.1%, 22.4% and 22.4% of our total AUM as at March 31, 2015, March 31, 2016, March 31, 2017 and September 30, 2017, respectively. Our corporate bond investments are diversified across industries and issuers or guarantors, in compliance with the single company, group and sector limits prescribed by IRDAI.

The following table shows the breakdown of our corporate debt by the sectors that contributed to more than 5% of our total investments in corporate debt as at September 30, 2017.

Sector	As at March 31,						As at September 30,	
	2015		2016		2017		2017	
	Corporate debt investment	% of total	Corporate debt investment	% of total	Corporate debt investment	% of total	Corporate debt investment	% of total
	(₹ in billions, except percentages)							
Infrastructure facilities	58.3	43.7%	73.7	43.4%	101.8	48.8%	119.7	51.3%
Financial and insurance activities	46.7	35.0%	64.9	38.2%	67.5	32.3%	74.9	32.1%
Housing	17.4	13.0%	18.9	11.1%	23.2	11.1%	22.7	9.7%

## Risk Management

We are exposed to different types of internal and external risks. Our Audit and Risk Management team works with our Risk Management Committee, Risk Management Council and senior management to identify risks and develop and implement risk assurance practices consistently across our Company.

Our Audit and Risk Management team addresses various types of risks, ranging from risks relating to insurance (including expense management, morbidity and persistency), investments (including market risk, credit risk, liquidity risk, and asset-liability matching), operations (risk of loss resulting from inadequate or failed internal processes, people, technology, systems or external events), compliance and strategy. Some of the key activities of our Risk Management team include finalising and monitoring risk tolerance metrics, developing and monitoring our risk register, implementing operational loss databases, preventing enterprise level process risks, introducing or enhancing risk mitigants and driving risk awareness.

A key component of the insurance business involves managing risk through an effective and efficient risk management framework. Risk management is an integral part of our overall business strategy and planning. We recognise risk management as an integral building block to proactively manage risks and have implemented robust risk management policies across our Company. Our Enterprise Risk Management (ERM) framework operates as a feed-in system to various internal and external stakeholders (including our Risk Management Council and our Asset Liability Management Council), Management and our Board of Directors and helps us to identify and report risks in a timely manner.

Our employees undergo regular mandatory risk awareness training programmes and are required to report any instances of unethical or improper behaviour in accordance with our Whistleblower Policy.

### *Risk Management Council*

Our Risk Management Council is an internal risk governance committee that is chaired by our Chief Executive Officer and also comprises our Chief Financial Officer, Chief Distribution Officer, Chief Investments Officer, Head of Bancassurance, Appointed Actuary, Chief Human Resource Officer, Head of Operations and Technology, Company Secretary and Head of Compliance and Legal, and Head of Audit & Risk Management. Our Risk Management Council meets on a quarterly basis. Our other functional heads join Risk Management Council meetings when required.

The responsibilities of our Risk Management Council are to articulate the risk tolerance of our organisation, approve risks to be included as part of the corporate risk register, review risk exposures of corporate risks, review, approve and ensure implementation of risk controls implementation plans with cross functional dependencies as and when highlighted by the Risk Management Team, ensure that the key corporate, functional and group level risks are duly monitored and the status is reported to the Risk Committee, review trends on malpractices as reported to the risk management team and Whistle Blower Policy implementation and treatment of cases as reported. Other internal governance councils that provide input to our Risk Management Council to identify, report on and address specific risks include our Disciplinary Panel for Malpractices, Claims Review Council and Whistleblower Council.

### ***Asset Liability Management Council***

The Asset Liability Management Council (“ALCO”) is chaired by our Chief Executive Officer and also comprises our Chief Financial Officer, Chief Distribution Officer, Appointed Actuary, Chief Investment Officer, and Head of Audit and Risk Management. Our Asset Liability Management Council meets on a quarterly basis.

The ALCO focuses on asset-liability management exposure, including monitoring and managing our risk exposures in relation to market risks, credit risks, liquidity risks, demographic risks and expense risks. The objective of the ALCO is to manage the risk exposures of our assets and our liabilities and to ensure that our obligations arising from our liabilities are met. The responsibilities of the ALCO are to review the capital adequacy in respect of financial, demographic and expense risks being run, consider any implications for us in meeting our business objectives, review product development proposals that would significantly change the quantum and interdependence of various risk exposures, establish our risk tolerance statement, review the appropriateness of our risk tolerance at least annually and recommend any changes for our Board’s approval, establish and oversee adherence to appropriate risk policies, our interest rate derivative policy and our derivative operation process manual, and review any remedial actions to be taken in the event that there is any breach of such policies.

For further information on our board committees and our Board of Directors, see “Our Management” on page 266 of this Red Herring Prospectus.

### **Competition**

The Indian insurance industry is highly competitive, with 24 public and private sector life insurance companies operating in India as at June 30, 2017, according to CRISIL. Our primary competitors include public and private sector life insurance companies in India, particularly other large life insurance companies such as ICICI Prudential Life Insurance Company Limited, SBI Life Insurance Company Limited, Max Life Insurance Company Limited, Kotak Mahindra Life Insurance Limited, Birla Sun Life Insurance Company Limited and LIC. Our other competitors include non-life insurance companies (to the extent such companies offer health insurance and Credit Life equivalent products), standalone health insurance companies, pension funds, mutual fund companies, reinsurance companies and other financial services providers.

Although we have a number of competitors, we believe that we can maintain our leading position in the Indian life insurance market by leveraging our competitive strengths and continuing to implement our strategies. Our focus on consistent and profitable growth is reflected through our increasing EV and strong VNB margins. We have a balanced product mix and have increased our share of protection in the individual and group new business premium increased from 12.0% in Fiscal 2015 to 21.8% for Fiscal 2017. Our multi-channel distribution network is reinforced by our strong value proposition for our distribution partners and helps us to fortify and diversify our revenue mix across business cycles. Our number of major bancassurance partners has increased from 31 as at March 31, 2015 to 125 as at September 30, 2017, which is a testament to our strong reputation as a preferred bancassurance partner and positions us to capitalise on the opportunities provided by an open architecture bancassurance environment. Our commitment to customer centricity has been demonstrated through our improved 13<sup>th</sup> month persistency and claims settlement ratios. We believe that we can leverage the large network of potential customers from our various distribution partners to grow our customers base. We intend to leverage our access to 64.5 million lives insured across our individual and group customers, to distribute additional individual products and riders and provide enhanced coverage for our customers.

The following table sets for our performance across various parameters for the periods indicated.

	As at and for the Fiscal Year Ended March 31,			As at and for the Six Months ended September 30,	CAGR from Fiscal 2015 to Fiscal 2017
	2015	2016	2017	2017	
	(in ₹ millions, except percentages and number of lives insured)				
Total premium	148,299.0	163,129.7	194,454.8	91,403.0	14.5%
AUM	670,467.0	742,472.3	917,423.6	995,340.3	17.0%
EV	88,882 <sup>(1)</sup>	102,325 <sup>(2)</sup>	124,705 <sup>(3)</sup>	140,114 <sup>(4)</sup>	18.4%
VNB margin	18.5% <sup>(1)</sup>	19.9% <sup>(2)</sup>	22.0% <sup>(3)</sup>	22.4% <sup>(4)</sup>	-

	As at and for the Fiscal Year Ended March 31,			As at and for the Six Months ended September 30,	CAGR from Fiscal 2015 to Fiscal 2017
	2015	2016	2017	2017	
	(in ₹ millions, except percentages and number of lives insured)				
13 <sup>th</sup> month persistency (individual)	73.3%	78.9%	80.9%	82.2%	-
Number of lives insured (individual and group customers) (in millions)	5.7	15.4	20.9	11.7	91.5%

- (1) Data as at and for the Fiscal Year ended March 31, 2015 is as reported by the Company for that period.
- (2) Data as at and for the Fiscal Year ended March 31, 2016 is from the report of the Independent Actuary for that period which is not included in this Red Herring Prospectus.
- (3) Data as at and for the Fiscal Year ended March 31, 2017 is from the Embedded Value Report included in this Red Herring Prospectus.
- (4) Data as at and for the six months ended September 30, 2017 is based on the Supplementary Embedded Value Report included in this Red Herring Prospectus.

See “*Industry Overview—Additional data points*” on page 200 of this Red Herring Prospectus.

### **Brand Strength and Marketing**

Our marketing function aims to position us as the most relevant and obvious brand choice for life and health insurance in India. We have built a strong and trusted brand through our sustained marketing activities, including through media campaigns across traditional and online platforms. Life and health insurance products are typically purchased for specific needs, such as savings and investments, protection, health and retirement. We focus on building brand awareness by reaching our target audience effectively through needs-based media campaigns. We have invested significant resources into building our presence on various digital platforms, such as our website and other social media platforms, in order to maintain our strong position in digital marketing and retain strong recall for our brand and our products among online users. As at September 30, 2017, we had approximately 6.5 million Facebook likes, 0.4 million Twitter followers and 77,000 LinkedIn™ followers. We believe that we are among the digital leaders in the India life insurance industry.

We have been selected as a Superbrand in India for three consecutive years from 2014 to 2016. We have also been declared as one of most valuable brands in India, according to the BrandZ Top 50 Most Valuable Indian Brands list in 2016.

Over the years, we have grown from being a nascent player to becoming a credible and customer-centric brand. We believe that we have earned a reputation as an industry leader in quality and service excellence in the Indian life insurance markets by staying relevant to customers and providing them with needs-based product solutions to meet their financial goals, as well as continued customer support and engagement across various channels.

### **Accreditations, Awards and Achievements**

Various industry organisations and other bodies have conferred awards to us in recognition of our achievements across several domains, including business excellence and quality, marketing, information technology, finance, human resources, business intelligence and corporate social responsibility. We won five awards at the India Insurance Awards 2015 for Life Insurance Company of the Year, Agency Efficiency, Marketing Initiatives, E-Business Leader and Innovative Social Media Campaign. In addition, our information technology department received 12 industry awards during Fiscal 2016, including the CIO 100 Asia award for its achievements in strategic enterprise IT deployment and the CIO 100 International honoree award for its innovation in IT development. We won several awards in Fiscal 2017 such as National Quality Excellence Awards 2017 for most innovative company, DL Shah Award – Platinum Award for Enterprise Mobility Project, IDC insight awards for Mobility and Asia BFSI Awards for Best Customer Service Organisation.

## Employees

We believe that our employees are a key contributor to our competitive advantage and continued success. We have been recognised as being amongst the top 50 of “India’s Best Companies to Work For” for six consecutive years from 2010 to 2015. We were ranked as the best company to work for in the Indian insurance sector from 2010 to 2013, as a part of the study conducted by the Great Places to Work Institute.

As at September 30, 2017, we had 16,544 full-time employees. Our individual agents are not our employees.

The following table sets out the number of our full-time employees by function as at the dates indicated.

Department	As at March 31,						As at September 30,	
	2015		2016		2017		2017	
	Number of employees	%						
Sales (Frontline)	9,981	69.6%	10,369	70.0%	10,305	69.5%	11,623	70.3%
Sales (Management)	1,957	13.6%	2,010	13.6%	2,127	14.4%	2,220	13.4%
Marketing	34	0.2%	27	0.2%	31	0.2%	32	0.2%
Operations <sup>(1)</sup>	1,320	9.2%	1,291	8.7%	1,354	9.1%	1,547	9.4%
Finance <sup>(2)</sup>	177	1.2%	179	1.2%	135	0.9%	140	0.8%
Actuarial and Product Development	51	0.4%	50	0.3%	36	0.2%	38	0.2%
Human Resources	113	0.8%	119	0.8%	118	0.8%	133	0.8%
Legal and Compliance	35	0.2%	39	0.3%	34	0.2%	34	0.2%
Audit and Risk Management	51	0.4%	60	0.4%	52	0.4%	50	0.3%
Investments	16	0.1%	16	0.1%	15	0.1%	14	0.1%
Executive and Top Management	14	0.1%	15	0.1%	15	0.1%	15	0.1%
Technology	70	0.5%	73	0.5%	68	0.5%	71	0.4%
Others	529	3.7%	572	3.9%	529	3.6%	627	3.8%
Total	14,348	100.0%	14,820	100.0%	14,819	100.0%	16,544	100.0%

Notes:

- (1) Including underwriting, claims, persistency, customer services, branch operations and group operations.
- (2) Including accounts, taxation, and middle-office and back office functions for our investments department.

Except as disclosed in “*History and Certain Corporate Matters—Strikes and lock-outs*”, we have not experienced any strikes, lock-outs or instances of labour unrest in the past. We are committed to identifying and developing high potential senior and middle management employees. Since Fiscal 2010, we have institutionalised a review process and personal feedback sessions for our senior management. In addition, we select high-performing middle managers through a talent identification process for strategic training programmes which are aimed at developing our future leaders. At the same time, we continue to hire external talent for new competencies that we may need from time to time. Our recruitment strategy also includes mentoring a strong pipeline of trained individuals as part of our frontline sales staff. In Fiscal 2015, we launched a unique Smart Achievers Program with Manipal Global Education Services Private Limited, where classroom training is reinforced by on-the-job training at our offices across India. Candidates who complete the Smart Achievers Program are awarded with a Post Graduate Diploma in Insurance from Manipal University, providing us with a talent pool of trained frontline sales staff. As at September 30, 2017, we have recruited over 1,100 students from the Smart Achievers Program and intend to continue increasing our student intake. We are also launching a new program, Young Managers Program, in November 2017 with Manipal Global Education Services Private Limited. In this, candidates will be provided online training, for one month followed by on-the-job training for two months at our offices across India. Candidates completing the Young Managers Program will be awarded with a certificate in life insurance selling skills from Manipal Global Education Services Private Limited. Our frontline sales staff and distribution partners undergo training programmes that are tailored to their specific product areas and distribution channels. We have developed an e-learning training system which can be accessed by our employees and distribution partners at any time across our online and digital platforms.

Our compensation policies are designed to remunerate our employees based on their performance, roles and responsibilities, skills and competencies. We generally formulate our employees’ compensation to include one or

more elements such as fixed salaries, benefits, variable bonuses and long-term incentives, subject to applicable rules and regulations and the appropriateness of such elements for each employee's function. Employees are given regular feedback and are compensated based on their performance levels. We also perform annual market benchmarking with respect to our compensation policies to ensure that they are competitive. We seek to ensure that our employees are aligned with us by sharing our organisational goals with them at the start of each performance cycle and incentivise employees to contribute to and share in our success through our ESOS Scheme(s). See "*Capital Structure*" on page 125 of this Red Herring Prospectus for further details on our ESOS Scheme(s).

## **Intellectual Property**

Our intellectual property includes trademarks and domain names associated with our business. As at September 30, 2017, we were the registered owner of 117 trademarks and 189 domain names (including [www.hdfclife.com](http://www.hdfclife.com)), and have registered the "HDFC Life" logo under the Trademarks Act.

Pursuant to the shareholders' agreement amongst us, HDFC and Standard Life dated January 15, 2002 (as amended from time to time), HDFC and Standard Life had permitted us to use "HDFC" and "Standard Life" trademarks solely as part of our corporate or trading name, for no consideration. Subsequently, we entered into a memorandum of understanding with HDFC dated September 29, 2015 and a name usage agreement with HDFC dated October 20, 2015, pursuant to which HDFC has granted us a non-exclusive, non-transferable and non-assignable license, subject to certain conditions, to use and continue to use the "HDFC" name and logo as a part of our corporate name or identity or as our brand/ name/ logo for any purpose related to our business or operations, including for the purposes of promoting, canvassing and publicising our products and services. Further, in terms of the aforesaid memorandum of understanding and name usage agreement, our Company has the right to use HDFC's name and HDFC's logo for the business and operations of its wholly owned subsidiaries or other group companies. The Name Usage Agreement is valid for an initial term of three years from October 20, 2015, and shall be renewed for subsequent three year terms, unless specifically terminated in accordance with the terms of the Name Usage Agreement, for a consideration (payable from April 1, 2015) of 0.3% to 0.5% of premiums earned by our Company, subject to a maximum of ₹1,000 million. The payment of consideration by our Company under the Name Usage Agreement is also subject to receipt of shareholder approval in accordance with the Companies Act in the event the actual amount to be paid as consideration, for a given Fiscal Year, exceeds the payment limits prescribed for such transactions under the Companies Act. For more information concerning the joint venture agreement and the Name Usage Agreement, see "*History and Certain Corporate Matters—Material Agreements—Other Agreements—Name Usage Agreement*" on page 263 of this Red Herring Prospectus.

In the event that the Name Usage Agreement expires or is terminated, we may not be permitted to use "HDFC" as part of our brand and name for our and our subsidiaries' business. Additionally, our right under the Shareholders' Agreement to use the name "Standard Life" as a part of our corporate name or trading name will terminate with the termination of the Shareholders' Agreement upon the receipt of listing and trading approval from the Stock Exchanges pursuant to the Offer. In this regard, we entered into a trademark agreement with Standard Life Mauritius and Standard Life Employee Services Limited dated October 18, 2017 ("Trademark Agreement"), by way of which our Company agreed to use 'Standard Life' ("Standard Life Name") from the effective date of the Trademark Agreement, i.e. October 18, 2017, solely (i) as part of its corporate or trading name, and (ii) use the Standard Life Name (or any variation thereof) as part of the name of certain existing products only for such reasonable period of time which is absolutely necessary or as mandated by the law. For further details on the Trademark Agreement, see "*History and Certain Corporate Matters—Material Agreements—Other Agreements—Trademark Agreement*" on page 264 of this Red Herring Prospectus.

See "*Risk Factors—Internal Risks—Risks Related to Our Business—In the event that HDFC and/or Standard Life reduce the percentage of their respective shareholding in our Company, or the Name Usage Agreement is terminated, we may not be permitted to use the "HDFC" and/or "Standard Life" trademarks as part of our brand and name for our business*" and "*Risk Factors—Internal Risks—Risks Related to Our Business—We cannot ensure that our intellectual property is protected from copy or use by others, including our competitors, and intellectual property infringement actions may be brought against us*" and "*Government and Other Approvals—Intellectual Property*" on pages 43, 44 and 665 of this Red Herring Prospectus, respectively.

## **Corporate Governance**

We have implemented a Corporate Governance Policy in accordance with the IRDAI Corporate Governance Guidelines, the SEBI LODR Regulations and the Companies Act, 2013.

We believe that an active, well-informed and independent board is essential in order to achieve high standards of corporate governance. Our Board of Directors is at the core of our Corporate Governance practice and oversees how the management serves and protects the interest of our stakeholders.

Our Corporate Governance Policy ensures that we make timely disclosures and share accurate information regarding our financials and performance, as well as our leadership and governance. We have also put in place various other policies which aid us in ensuring effective governance and which help to achieve our Corporate Governance objectives.

## **Legal and Compliance**

We have a sound compliance management process and internal controls in place to aid us in managing legal and compliance risks. Our Compliance Council comprises various members of senior management. Our Compliance Council oversees key aspects of compliance matters (including our annual compliance plan) and implementation of various regulations. Our Legal and Compliance function comprises qualified professionals (including experienced lawyers and company secretaries) who oversee day-to-day aspects of our compliance function and are involved in monitoring and implementing our compliance procedures.

We have an annual compliance plan in place to achieve critical objectives towards improving compliance controls, raising compliance awareness and compliance reviews of certain activities or functions. All new regulations are examined, disseminated to relevant functions, and responsibilities assigned for implementation. Likewise, all regulatory orders, as well as various new laws and regulations are also examined and necessary action taken. Our Compliance Council and Audit Committee are kept apprised of all material regulatory developments, including any adverse direction or order of any regulator or body.

We have also implemented an internal compliance certification process pursuant to which our heads of department are required to confirm, on a quarterly basis, that their respective departments have complied with our internal policies. Instances of non-compliance are required to be reported to our Compliance Officer, who will then work with the relevant department to implement remedial measures to prevent or reduce similar instances of non-compliance in future. Our Compliance Officer, along with our Managing Director and CEO, then presents this quarterly compliance report, along with the remedial measures, to our Audit Committee, which monitors the progress of the remedial measures implemented.

For details of other disclosures regarding our Company, see “*Other Regulatory and Statutory Disclosures*” on page 667 of this Red Herring Prospectus.

## **Legal Proceedings**

We are a party to certain legal actions and regulatory proceedings, including criminal matters related to contested insurance claims, allegations of mis-selling, disputes with customers on sale practices and appropriateness of products sold, and related disputes. For details of the litigation involving our Company, our Subsidiaries, Directors, Promoters and Group Companies, see “*Outstanding Litigation and Material Developments*” on page 636 of this Red Herring Prospectus.

## **Properties**

We are headquartered in Mumbai, India and are supported by two operations hubs in Mumbai and Chennai.

As at September 30, 2017, we own six properties in Mumbai (comprising three floors for our corporate head office along with one floor for Operations Hub at Mahalaxmi, a branch at BKC and a residential property at Dadar) and have leased 411 properties across India.

See “*Risk Factors—Internal Risks—Risks Related to our Business—A majority of our business operations are being conducted on leased premises. Our inability to seek renewal or extension of such leases may materially affect our business operations*” on page 53 of this Red Herring Prospectus.

### **Corporate Social Responsibility Initiatives**

We commenced our Corporate Social Responsibility (“**CSR**”) programme in 2010, before it became a statutory requirement under the new Companies Act. As part of our CSR programme, we have undertaken projects in various regions in India, including projects which involved education, livelihood, health, environmental sustainability and other prescribed activities.

We have constituted a CSR Committee in accordance with the Companies Act requirements. The duties and responsibilities of the CSR Committee include formulating and recommending our CSR Policy to the Board, monitoring the implementation of the CSR Policy and setting the budget for our CSR activities. During Fiscal 2016, we amended our CSR Policy to ensure greater alignment with the Companies Act requirements to spend 2% of our average profits in the past three Fiscal years on CSR activities. While we did not meet the minimum corporate social responsibility expenditure requirements for Fiscal 2016, we met the minimum requirements during Fiscal 2017.

For further details on our corporate social responsibility expenditure, see “*Financial Information*” on page 332 of this Red Herring Prospectus.

## REGULATIONS AND POLICIES

*The following description is a summary of some of the relevant sector-specific statutes, regulations, guidelines and circulars prevailing in India that are applicable to our businesses. The information detailed in this section has been obtained from publications available in the public domain. The statutes/ regulations/ guidelines/ circulars set out below are not exhaustive, and this section is only intended to provide general information to the investors on the key regulatory aspects applicable to us and is neither designed nor intended to be a substitute for professional legal advice.*

**1) *The Insurance Act, 1938, and the Insurance and Regulatory Development Authority Act, 1999 (as amended by the Insurance Laws (Amendment) Act, 2015), (the “Insurance Act” and the “IRDAI Act” respectively)***

The Insurance Act was established for consolidating the law relating to the business of insurance and for regulating the insurance sector in India. It provides the broad legal framework from which IRDAI was derived. The IRDA Act established the IRDAI to regulate, promote and ensure orderly growth of insurance sector in India and protect the interests of policyholders.

The Insurance Act prescribes various parameters for controlling and regulating the insurance industry by mandating registration of insurance companies and insurance intermediaries, setting requirements in relation to capital, capital structure, voting rights and maintenance of registers of beneficial owners of shares, opening of new places of business, accounts and balance sheet, audit of financial statements, actuarial report and abstract, insurance intermediaries and agents, investment of funds, valuation of assets and liabilities, solvency margins, restriction on dividends, limits on expenses of management, reinsurance, provisions regarding investments and loans and restrictions with respect to the same. Under the Insurance Act, an insurer is required to be “Indian owned and controlled”. For further details, see “Guidelines on Indian Owned and Controlled (“**IRDAI O&C Guidelines**”)” on page 247 of this Red Herring Prospectus.

Additionally, the Insurance Act also provides various powers to the IRDAI to issue directions, search and seize, conduct investigations and inspections, and exercise control over the management of insurance companies. Further, the Insurance Act has taken extra measures to regulate the insurance industry by providing a robust legal framework surrounding the amalgamation and transfer of insurance businesses. Penalties which can be imposed on insurance companies and insurance intermediaries are also set out under the Insurance Act.

As regards investment of assets, the Insurance Act mandates insurers to keep assets invested in a prescribed manner in Government securities and other approved investments. Further, these instruments are required to be held by the insurers free of any encumbrance, charge, hypothecation or lien. Certain restrictions on investments of assets and controlled funds have also been prescribed, including investment in shares or debentures of a private limited company. In this regard, the IRDAI has issued the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 and a clarificatory circular in May 2017, on the same. For further details, see “**Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (“IRDAI Investment Regulations”)** and the **Master Circular on Investments, 2017**” on page 245 of this Red Herring Prospectus.

Any appointment, re-appointment or termination of appointment or amendment of the terms of remuneration, of a managing or whole-time director, manager or chief executive officer of an insurance company requires the prior approval of the IRDAI.

The IRDAI has issued the “**Insurance Regulatory and Development Authority of India (Listed Indian Insurance Companies) Guidelines, 2016**”, which are applicable to all insurance companies whose equity shares are listed on the stock exchanges and to the allotment process pursuant to a public issue. As regards such insurance companies, the transfer of equity shares are required to be undertaken in the manner prescribed under the aforementioned guidelines. For further details, see the “**Insurance Regulatory and Development Authority of India (Listed Indian Insurance Companies) Guidelines, 2016 (“Listed Insurance Company Guidelines”)**” on page 246 of this Red Herring Prospectus.

2) ***The Insurance Laws (Amendment) Act, 2015 (the “Insurance Amendment Act”)***

The Insurance Amendment Act has introduced several changes in the scheme of the Insurance Act, amongst other things, in relation to ownership and control, capital, enhancement of enforcement powers of the IRDAI and the responsibilities of agents and intermediaries. As regards foreign investors, the cap on aggregate holding of equity shares by foreign investors, including portfolio investors, has been raised to 49% of the paid up capital from the erstwhile 26%, and insurance companies are required to be “Indian owned and controlled”. Therefore, both the ownership and control are required to remain in Indian hands. Further, the Insurance Amendment Act has permitted insurers to raise capital through instruments other than equity. In this regard, the IRDAI has issued regulations which permit insurers to raise capital through preference share capital and subordinated debt subject to receipt of prior approval from the IRDAI. It has also granted powers to the IRDAI to regulate several day to day activities of insurance companies. It has also eliminated certain redundant clauses such as those on acceptance of deposits by insurance companies, appointment of chief agent and principal agent etc. The Insurance Amendment Act has also enhanced penalties for insurers for contravention of any of the provisions of the Insurance Act ranging from ₹ 0.1 million for each day during which contravention continues, ₹ 10 million to ₹ 250 million for different kinds of violations. A person who carries on the business of insurance without obtaining a certificate of registration may be punishable with a penalty of up to ₹ 250 million and with imprisonment extending up to 10 years.

By virtue of the Insurance Amendment Act, no policy of life insurance can be called in question on any ground whatsoever after the expiry of three years from the date of the policy (i.e., from the date of issuance of the policy, date of commencement of risk, date of revival of the policy or date of the rider to the policy, whichever is later) except on the ground of fraud or on the ground that any statement or suppression of a fact material to the expectancy of the life of the insured was incorrectly made in the proposal or other document on the basis of which the policy was issued or revived, or rider issued, subject to the conditionalities stipulated under the Insurance Act. Further, the Insurance Amendment Act has simplified the process for payment to nominees of a policyholder and has also vested the policyholder with the power to assign an insurance policy, wholly or in part, provided that such assignment is *bonafide*, not contrary to public interest and not for the purpose of trading of the insurance policy.

3) ***Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000 dated July 14, 2000, as amended by the Insurance Regulatory and Development Authority of India (Registration of Indian Insurance Companies) (Seventh Amendment) Regulations, 2016 and the Insurance Regulatory and Development Authority of India (Registration of Indian Insurance Companies) (Eighth Amendment) Regulations, 2016 (“IRDAI Registration Regulations”)***

The IRDAI Registration Regulations make it mandatory for any applicant desiring to carry on or partake insurance business in India to obtain a certificate of registration from IRDAI, prior to commencing insurance business. The IRDAI Registration Regulations, specifically the Insurance Regulatory and Development Authority of India (Registration of Indian Insurance Companies) (Seventh Amendment) Regulations, 2016, set out the overall process for seeking such registration, including eligibility criteria, fees for registration, grounds for rejection, action upon rejection, and effect of rejection of an application for registration. These regulations provide guidance with respect to renewal, cancellation and suspension of certificate of registration. These regulations also prescribe the manner in which foreign investment in an Indian insurance company is to be computed, and require compliance with the “Indian owned and controlled” requirements. Further, these regulations prescribe that an insurer is required to pay an annual fee to the IRDAI.

4) ***Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016 (“IRDAI Investment Regulations”) and the Master Circular on Investments, 2017 issued in May 2017***

The IRDAI Investment Regulations have been issued by the IRDAI on August 1, 2016, in supersession of the IRDAI (Investment) Regulations, 2000. These regulations have segregated a life insurer’s total investment assets into three categories: (i) shareholders’ funds representing solvency margin, non-unit reserves of unit-linked insurance business, participating and non-participating funds of policyholders, funds of variable insurance products including one year renewable pure group term assurance business at their carrying value; (ii) policyholders’ funds of pension, annuity business and group business including funds of variable insurance

products at their carrying value; and (iii) policyholders' unit reserves of the unit linked insurance business, including funds of variable insurance products at their market value as per guidelines issued under these regulations, from time to time. The manner and limits up to which amounts can be invested out of these investment assets has been defined under these regulations and additionally, limits at various asset classes and exposure to credit instruments, including limits based on credit ratings, have also been prescribed under these regulations. The maximum exposure limits for a single 'investee' company, group of investee companies and for the industry sector to which the investee company belongs have been defined. Insurers are also required to implement investment risk management systems and processes, implementation of which is required to be certified by a chartered accountant's firm and the same are subject to audit at least once every two financial years.

The IRDAI Investment Regulations also stipulate certain investment management mechanisms, including constitution of an investment committee, formulating an investment policy, risk management, and audit and reporting to management. Further, the net asset value of the insurer, computed in respect of each segregated fund shall be subject to a daily concurrent audit. The insurer is also required to have in place a model code of conduct, approved by the board of directors, to prevent insider/personal trading by officers involved in various levels of investment operations in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

5) ***The Insurance Regulatory and Development Authority of India (Listed Insurance Companies) Guidelines, 2016 dated August 5, 2016 ("Listed Insurance Company Guidelines")***

The Listed Insurance Company Guidelines are applicable to all insurers whose equity shares are listed on the stock exchanges and to the allotment process pursuant to the public issue. These guidelines:

- (i) require self-certification of fit and proper criteria by a person intending to acquire equity shares of an insurer amounting to 1% or more, but less than 5%, of the paid up equity share capital of the insurer. The self certification is to be filed with the insurance company and such filing is considered as deemed approval of IRDAI for the purpose of Section 6A(4)(b)(iii) of the Insurance Act;
- (ii) require prior approval of the IRDAI, if the acquisition of equity shares will/ is likely to take the aggregate holding of an acquirer, his relatives, associate enterprises and persons acting in concert with such acquirer, to 5% or more of the paid up equity share capital of the insurer or entitles such acquirer to exercise 5% or more of the total voting rights of the insurer; and
- (iii) provide that any existing major shareholder (i.e. a shareholder having or likely to have an 'aggregate holding' (as defined under these guidelines) of 5% or more of the paid up equity share capital of the insurer), who has previously obtained permission of the IRDAI as a major shareholder, may acquire up to 10% of the equity shares or voting rights of the concerned insurer without prior approval of IRDAI, subject to, *inter alia*, furnishing to the insurer, details of the source of funds for such incremental acquisition. However, if the shareholding of the major shareholder, along with persons acting in concert, results in the aggregate holding exceeding or likely to exceed 10% of the paid up equity share capital or of the total voting rights of the insurer, then such an acquisition would require prior fresh approval of the IRDAI.

In addition to the above, the Listed Insurance Company Guidelines also prescribe continuous monitoring obligations by insurers in case of major shareholders. These guidelines also prescribe the following shareholding limits for an insurance company:

Category of Shareholders	Promoter and Promoter	All shareholders in the long run (except promoters)		
		Natural Person	Legal person	
			Non-	Financial institution

	<b>Group (minimum)<sup>(1)</sup></b>		<b>financial institution /entities</b>	<b>Non-regulated or non-diversified and non-listed<sup>(2)</sup></b>	<b>Regulated, diversified and listed/supranational institution/public sector undertaking/government</b>	<b>Others<sup>(3)</sup></b>
Shareholding Caps	50%	10%	10%	15%	30%	As permitted on a case to case basis.

- (1) *The promoter includes Indian promoter and also includes a foreign investor who has taken a stake in the concerned insurance company in such capacity. Where the present holding is below 50%, such holding shall be the minimum holding.*
- (2) *In case of financial institutions that are owned to the extent of 40% or more or controlled by individuals, the shareholding would be deemed to be by a natural person and the shareholding will be capped at 10%.*
- (3) *High stake/ strategic investment by non-promoters through capital infusion by domestic or foreign entities/ institution shall be permitted on a case to case basis under circumstances such as relinquishment by existing promoters, rehabilitation/ restructuring of problem/ weak insurers/ entrenchment of existing promoters or in the interest of the insurance company or in the interest of consolidation in the insurance sector, etc. The shareholders permitted to hold 10% or more in an insurance company will be subject to a minimum lock-in period of five years.*

**6) Indian Insurance Companies (Foreign Investment) Rules, 2015 (“Foreign Investment Rules”) and IRDAI O&C Guidelines, as amended from time to time**

The Central Government has notified the Foreign Investment Rules on February 19, 2015 for purposes of governing foreign investment in Indian insurance companies and for determining the quantum of such investments. Under these provisions, the ‘total foreign investment’ in an Indian insurance company should be calculated in accordance with the IRDAI Registration Regulations, specifically, the Insurance Regulatory and Development Authority of India (Registration of Indian Insurance Companies) (Seventh Amendment) Regulations, 2016, read with the Consolidated FDI Policy of the Government of India. Under the Foreign Investment Rules, there is a restriction on the ‘total foreign investment’ in an Indian insurance company to not more than 49% of the paid up equity capital of such company. Further, it provides that the ownership and control of an Indian insurance company shall remain in the hands of resident Indian entities at all times.

The IRDAI has also prescribed the IRDAI O&C Guidelines dated October 19, 2015 in connection with the requirements for Indian insurance companies to be “Indian owned and controlled”. The key provisions under these guidelines with respect to “control” are as follows:

- A majority of the directors (excluding independent directors) on the board of an Indian insurance company are required to be nominated by the Indian promoter / Indian investor;
- Key management person(s) excluding the chief executive officer may be nominated by the foreign investor provided that such appointment is subsequently approved by the board of directors, wherein a majority of the directors (excluding independent directors) are nominees of the Indian promoter / Indian investor;
- The Chairman of the board of the Indian insurance company is required to be nominated by the Indian promoter / Indian investor, in the event such chairman has a casting vote;
- Control over significant policies should be exercised by the board of directors; and

- Quorum shall mean and include presence of majority of Indian directors, irrespective of whether a foreign investor's nominee is present or not.

**7) *Guidelines for Corporate Governance for insurers in India, 2016 (“IRDAI CG Guidelines”)***

On May 18, 2016, the IRDAI has issued the IRDAI CG Guidelines, replacing the corporate governance guidelines issued on August 5, 2009. The IRDAI CG Guidelines are applicable from the financial year 2016-2017 onwards and encompass the corporate governance requirements stipulated under the Companies Act. These guidelines stipulate the governance structure in insurance companies, including board of directors, key management personnel, constitution of various mandatory committees, role of appointed actuaries, appointment of auditors, whistle blower policy and certain disclosure requirements in relation to financial statements, including quantitative and qualitative information on financial and operating ratios, actual solvency margin *vis-a-vis* required margin, description of risk management architecture, payments made to group entities from the policyholders funds and pecuniary relationships with non-executive directors.

**8) *Insurance Regulatory and Development Authority of India (Transfer of Equity Shares of Insurance Companies) Regulations, 2015 dated April 15, 2015 (“IRDAI Transfer Regulations”)***

Section 6A(4)(b) of the Insurance Act stipulates that an unlisted insurance company shall not, without the prior approval of the IRDAI, register any transfer of its shares where: (i) after the transfer, the total paid-up holding of the transferee in the shares of the company is likely to exceed 5% of its paid-up capital; or (ii) where, the nominal value of the shares intended to be transferred by any individual, firm, group, constituents of a group, or body corporate under the same management, jointly or severally exceeds 1% of the paid-up equity capital of the insurer.

With a view to further regulate transfer of shares and ownership of unlisted insurance companies in India, the IRDAI has introduced the IRDAI Transfer Regulations, wherein the term ‘transfer of shares’ includes transfer of shares as well as transmission and fresh issuances of equity shares which lead to a change in the shareholding pattern of an insurance company. The requirement for approval of the IRDAI set out under Section 6A(4)(b) of the Insurance Act is also stipulated under the IRDAI Transfer Regulations. While granting approval, the IRDAI can impose lock-ins on promoters and/ or foreign investors and impose conditions in connection with funding of the insurance company to ensure that the company remains compliant with regulatory solvency requirements.

The IRDAI Transfer Regulations also prescribe ceilings on holdings of Indian investors. In case of one or more investors (excluding foreign investors) in an insurance company, an investor cannot hold more than 10% of the paid up equity share capital of such insurance company. Further, all such investors, excluding foreign investors, are permitted to jointly hold a maximum of 25% of the paid up equity share capital of such insurance company.

**9) *Insurance Regulatory and Development Authority of India (Issuance of Capital by Indian Insurance Companies Transacting Life Insurance Business) Regulations, 2015 dated December 17, 2015 (“IRDAI Issuance of Capital Regulations”)***

Under the IRDAI Issuance of Capital Regulations, every insurer transacting life insurance business, proposing to undertake a public issue of its shares (whether as a fresh issue, offer for sale or a combination thereof) is required to obtain the approval of the IRDAI, prior to submitting its draft red herring prospectus with SEBI, and within one year from the date of issue of the IRDAI's approval, is required to file its draft red herring prospectus with SEBI. The IRDAI Issuance of Capital Regulations, *inter alia*, prescribe the manner and procedure for issuance of capital, timelines for IRDAI approval, the considerations for grant of approval and the conditions that the IRDAI may impose while granting approval.

#### **10) File and Use Guidelines**

The file and use guidelines are prescribed from time to time by the IRDAI, in relation to the products that life insurance companies are entitled to introduce in the market. Each product, along with product designs, key features of underlying policies and premium range proposed to be charged, is required to be pre-approved by the IRDAI, before such product can be introduced in the market by our Company. Once a product has been approved by the IRDAI, no changes to the product are permitted unless prior approval of the IRDAI has been obtained. Deviations from the approved product may potentially attract penalties prescribed under the Insurance Act, 1938.

The IRDAI has issued a circular dated March 7, 2017 for "**File & Use procedure for minor modifications under existing products and riders offered by Life Insurers**". By virtue of this circular, certain minor modifications to approved products and riders will be allowed without following the complete procedure prescribed under the File and Use Guidelines.

#### **11) Insurance Regulatory and Development Authority of India (Appointed Actuary) Regulations, 2017 dated April 27, 2017 ("IRDA Appointed Actuary Regulations") and Insurance Regulatory and Development Authority of India (Actuarial Report and Abstract for Life Insurance Business) Regulations, 2016 (the "IRDA Actuarial Report Regulations")**

The Insurance Act prescribes the requirement of an annual investigation by an actuary of the financial condition of the life insurance business, including valuation of liabilities and preparation of an actuarial report thereon. The Appointed Actuary Regulations state that an insurer shall not carry on business of insurance without an appointed actuary and require that the insurers appoint a person fulfilling the eligibility requirements, to act as an appointed actuary, after seeking the approval of the IRDAI in this regard. The appointed actuary is required to render actuarial advice to the management of the insurer in relation to product designing and pricing, insurance contract wording, investments and reinsurance. The appointed actuary is required to ensure solvency of the insurer and comply with requirements in relation to the certification of the valuation of assets and liabilities and maintenance of solvency margin in the manner prescribed and is required to draw the management's attention to any action required to be taken to avoid any contraventions of the Insurance Act or prejudice to the interests of policyholders. In relation to life insurance business, an appointed actuary is also required to, *inter alia*, certify the actuarial report, abstract and other returns required under the Insurance Act.

The IRDAI has also issued the Actuarial Report Regulations dated April 13, 2016, which stipulate procedures for preparation of actuarial reports and abstracts and also provide for valuation methods and parameters to be included in such actuarial reports and abstracts.

#### **12) Insurance Regulatory and Development Authority of India (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2016 dated April 13, 2016 ("IRDAI Assets, Liabilities and Solvency Margin of Insurers Regulations")**

These regulations prescribe the procedures to be followed by insurers for determining the value of assets, liabilities and solvency margin of insurers. Further, these regulations require insurers to prepare a statement of valuation of assets, determine amount of liabilities and solvency margin of insurers in the formats prescribed under the regulations on an annual basis. As per these regulations, every life insurer is required to maintain its available solvency margin at a level which is not less than the higher of: (i) 50% of the amount of minimum capital as stated under Section 6 of the Insurance Act; and (ii) 100% of the required solvency margin, which is currently 150%, failing which the IRDAI shall act in accordance with Section 64VA(2) of the Insurance Act, i.e. the insurer may be wound up by the court if an application is preferred by the IRDAI to this effect. If, at any time, an insurer does not maintain the required control solvency margin, such insurer is required to, in accordance with the directions issued by the IRDAI, submit a financial plan to the IRDAI, indicating a plan of action to correct the deficiency within a specified period not exceeding six months.

**13) Insurance Regulatory and Development Authority (Scheme of Amalgamation and Transfer of Life Insurance Business) Regulations, 2013 dated February 7, 2013**

These regulations prescribe the procedure for implementation of a scheme of amalgamation and transfer by life insurers, which includes filing an application with the IRDAI and obtaining its approval. Prior to grant of final approval, the IRDAI may cause an independent actuarial valuation of insurance business of the transacting parties.

**14) Insurance Regulatory and Development Authority (Distribution of Surplus) Regulations, 2002 dated December 13, 2002**

These regulations set out the procedures for distribution of surplus by insurers. Every life insurer is required to separately maintain: (i) a life fund for participating policyholders; and (ii) a life fund for non-participating policyholders. These regulations provide that a life insurer may, on the advice of his appointed actuary, reserve a part of the actuarial surplus (also referred to as valuation surplus) arising out of a valuation of assets and liabilities made for a financial year, to its shareholders, which shall be: (i) 100%, in case of a life fund maintained for non-participating policyholders; and (ii) one-ninth of the surplus allocated to policyholders in case of a life fund maintained for participating policyholders. Prior approval of the IRDAI is required in cases where the said allocation is not one-ninth of the surplus. Further, an insurer shall not allocate or reserve more than 10% of the said actuarial surplus to its shareholders.

**15) Insurance Regulatory and Development Authority of India (Health Insurance) Regulations, 2016 (“IRDA Health Insurance Regulations”) dated July 12, 2016**

The Health Insurance Regulations are applicable to all registered life insurers, general insurers and health insurers, conducting health insurance business. Health insurance products are permitted to be offered by entities with a valid registration to carry on life insurance, general insurance or health insurance business under the IRDAI Registration Regulations, as amended from time to time, specifically the Insurance Regulatory and Development Authority of India (Registration of Indian Insurance Companies) (Seventh Amendment) Regulations, 2016.

Life insurers are permitted to offer long term individual health insurance products i.e., for a term of five years or more provided that the premium for such products shall remain unchanged for at least a period of every block of three years, provided further that life insurers may not offer indemnity based products either at individual or group level and are required to withdraw all existing indemnity based products. Further, single premium products cannot be offered under unit linked health insurance policies. Group health policies may be offered by any insurer for a term of one year except credit linked products where the term can be extended up to the loan period not exceeding five years.

All particulars of any health insurance product are, after introduction, revision or modification, required to be reviewed by the appointed actuary at least once a year. If the product is found to be financially unviable, or is deficient, the appointed actuary may revise the product appropriately.

Insurers are required to ensure that the premium for a health insurance policy is based on, among other things, age of the policyholder. Insurers are required to have in place a board-approved health insurance underwriting policy, which shall be periodically reviewed. Other provisions of the Health Insurance Regulations include filing, pricing, designing, administering of health insurance policies, special provisions for senior citizens and health services agreements.

The IRDAI has also issued “Guidelines on Standardisation in Health Insurance” dated July 29, 2016, pursuant to the Health Insurance Regulations, which contains standard definitions of terminology to be used in health insurance policies, standard nomenclature and procedures for critical illnesses etc. to enable prospective policyholders and insured to understand these policies without ambiguity.

The IRDAI has also issued “*Guidelines on Product Filing in Health Insurance Business*” dated July 29, 2016, which set out, *inter alia*, provisions in respect of file and use procedures, use and file procedures, guidelines on withdrawal of products, group insurance and wellness features /benefits.

**16) *Insurance Regulatory and Development Authority of India (Expenses of Management of Insurers Transacting Life Insurance Business) Regulations, 2016 dated May 9, 2016***

These regulations prescribe that in any financial year, no life insurance company shall spend as ‘expenses of management’ an amount exceeding: (i) the amount of commission or other remuneration paid to insurance agents and insurance intermediaries in respect of their business transacted in the financial year, as may be allowed by the IRDAI from time to time; (ii) commission and expenses reimbursed on reinsurance inward; and (iii) operating expenses. These regulations clarify that the sum of (i), (ii) and (iii) above shall not exceed an amount computed on the basis of percentages of its total gross premium written in India during the year in respect of various segments of business, the relevant percentages being as specified in the aforesaid regulations. Further, for financial years 2016-2017, 2017-2018 and 2018-2019 (and onwards), insurers are deemed to be compliant with the limits of expenses of management prescribed under these regulations provided that the actual expenses of management do not exceed 120%, 110% and 100% of the allowable expenses for each of these financial years, respectively.

The IRDAI has also prescribed certain actions to be taken against insurers in case of any non-compliance, including restriction on performance incentives for the managing director, chief executive officer, whole time directors and key management, possible restrictions on opening of new places of business and removal of managerial personnel and/or appointment of administrator.

**17) *Insurance Regulatory and Development Authority of India (Maintenance of Insurance Records) Regulations, 2015 dated August 12, 2015***

These regulations prescribe the manner in which the records of every policy issued and record of every claim is to be maintained by the insurer. These regulations require records of policies and claims to be mandatorily maintained in electronic form, records to be complete and accurate and the system of maintenance to have necessary security features. The insurer is required to form a board approved policy for the manner and maintenance of the policies and records, including having a detailed plan to review the implementation of the maintenance and storage of records. Such review is required to be overseen by the risk management committee of the board of the insurer. These regulations require records held in electronic mode pertaining to all the policies issued and all claims made in India to be held in data centres located and maintained in India only.

**18) *Insurance Regulatory and Development Authority (Insurance Advertisements and Disclosure) Regulations, 2000 dated July 14, 2000, as amended, and Master Circular on Insurance Advertisements, 2015***

These regulations prescribe certain compliances and controls in relation to insurance advertisements issued by insurers, insurance intermediaries or insurance agents, who are required to establish and maintain a system of control over the content, form and method of dissemination of all advertisements relating to its insurance policies. In addition, these regulations prohibit the publication of insurance advertisements by persons other than insurance companies and properly licensed insurance intermediaries. Insurers are required to ensure that advertisements are not unfair or misleading in as much as, it should clearly identify the insurance product, describe benefits as detailed in the provisions of the policy and indicate the risks involved in the policy.

Additionally, the IRDAI has issued a Master Circular dated August 13, 2015 in this regard prescribing the do’s and don’ts which are to be adhered to by insurers and insurance intermediaries while publishing advertisements. The Master Circular also stipulates a time frame of seven days within which all released advertisements are required to be filed with the IRDAI.

The IRDAI has also issued a circular dated September 15, 2017, in relation to publishing of death claims data/ death claims paid ratios in insurance advertisements. The circular, *inter alia*, provides that in order to have uniformity across the industry, life insurers are required to use/ publish only ‘Annual Figures’ of death claims paid ratios, based on the number of policies alone. The figures are required to reflect the entire financial year

and be based on the latest IRDAI annual report or latest audited final figures submitted to the IRDAI. The circular further provides that if an insurance advertisement contains death claims paid ratio, the data for individual and group policies shall not be clubbed together. The insurance advertisements for group products shall reflect only group death claims paid ratio and individual products shall only reflect individual death claims paid ratio. In case of advertisements promoting a company's brand without reference to products, only individual death claims paid ratio can be used.

**19) Insurance Regulatory and Development Authority (Linked Insurance Products) Regulations, 2013 dated February 16, 2013**

These regulations apply to all linked insurance products offered by life insurance companies, which are required to be offered only through non-participating products available under two categories: (i) unit linked products; and (ii) variable linked products. It requires the minimum death benefit of life insurance products and individual pension products and the minimum death or health related benefits under health insurance products to be not less than 105% of all premiums paid till the date of death.

The regulations specify, *inter alia*, benefits payable on free-look period, surrender value, top-up premium, withdrawals and settlement options. Further, the regulations define groups for purposes of insurance, segregated on the basis of the relationship between master policyholder and underlying members, and specify the products that may be offered to such groups. In addition, the IRDAI has also prescribed caps on various charges levied on customers investing in unit-linked insurance products. The regulations further prescribe the requirements for revival of a policy upon its discontinuance, the revival period and the obligations of an insurer upon revival.

**20) Insurance Regulatory and Development Authority (Non-linked Insurance Products) Regulations, 2013 dated February 16, 2013 (“IRDA Non-Linked Insurance Products Regulations”)**

The IRDA Non-Linked Insurance Products Regulations are applicable to all products offered by life insurance companies under the non-linked platform. These regulations classify the product structure as participating products (referred to as par-products) and non-participating products (referred to as non-par products). These regulations provide broad specifications in relation to the minimum amount of benefits payable on death and maturity and administration of such benefits. Additionally, the IRDA Non-Linked Insurance Products Regulations provide separately for pension products and general provisions in relation to pension and annuity products along with specifications in relation to surrender value, options on surrender and options on vesting in relation to such products.

Further, the regulations also define groups for purposes of insurance, segregated on the basis of the relationship between master policyholder and underlying members, and specify the products that may be offered to such groups.

**21) Insurance Regulatory and Development Authority of India (Obligations of Insurers to Rural and Social Sectors) Regulations, 2015 dated August 24, 2015 (“IRDA Obligations of Insurers to Rural and Social Sectors Regulations”)**

These regulations require that insurance services/ products are made accessible in rural, socially and economically backward regions of India. These regulations cast obligations on every insurer to undertake certain insurance related business in rural and social sectors. Every insurer is required to put in place effective operational procedures for accurate classification of its business obligations in the rural sector and social sector and furnish an annual certificate prepared by the chief executive officer or the principal officer within 90 days from the end of the financial year together with actual business details of obligations fulfilled towards these regulations.

**22) Insurance Regulatory and Development Authority of India (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations, 2016 dated December 14, 2016, as amended**

These regulations have come into force on April 1, 2017. These regulations prescribe certain caps on the amount of commission, remuneration and reward payable by insurers to insurance agents and insurance intermediaries. The purpose of these regulations is to bring uniformity across business segments *vis-à-vis* expenses of management, commissions and manner of computation of solvency.

The regulations require an insurer to have a written policy for payment of commission or remuneration or reward to insurance agents and insurance intermediaries, which is required to be approved by the board of the insurer. The regulations also lay down provisions for rewards as a means of payout over and above the commission/remuneration for insurance agents and for those insurance intermediaries whose revenues from activities other than insurance intermediation does not exceed 50% of their total revenues from all activities. These regulations provide that no reward is to be paid to an insurance intermediary whose revenue from activities other than insurance intermediation is more than 50% of their total revenue from all activities.

**23) Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015 dated November 13, 2015 (“IRDAI (Other Forms of Capital) Regulations”)**

In addition to equity shares, insurance companies have now been permitted to issue preference shares and debentures (as defined in the Companies Act and satisfying the criteria specified under these regulations) in compliance with the provisions of these regulations. These regulations prescribe parameters regarding seniority of claims, maturity periods, reporting requirements to be undertaken by insurers and procedures for issue of ‘other forms of capital’. The issuance of ‘other forms of capital’ by insurance companies requires specific prior approval of the IRDAI.

**24) Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015 dated August 20, 2015 (“IRDAI Registration of Corporate Agents Regulations”)**

These regulations govern corporate agents and prescribe code of conduct and compliances for corporate agents who undertake functions as distributors of insurance products. The regulations broadly set out the procedures and eligibility criteria in relation to the application for seeking registration as a corporate agent. The regulations also set out requirements for furnishing of information, clarification and personal representation for the purposes of registration including details in relation to the minimum capital requirements, validity, renewal and conditions of registration. Importantly, these regulations have implemented optional open architecture permitting corporate agents to distribute products of more than one insurance company (in each insurance vertical) subject to a maximum of three insurance companies in any insurance vertical, i.e. up to a maximum of three insurance companies each in life insurance, general insurance and health insurance. Every corporate agent is required to have a board approved policy on the manner of soliciting and servicing insurance products. The policy is also required to address the manner of adopting and implementing open architecture.

**25) Insurance Regulatory and Development Authority of India (Appointment of Insurance Agents) Regulations, 2016**

The IRDAI has issued these regulations on April 15, 2016 (which came into force on April 1, 2016), which provide for the appointment of individual agents by insurers. Under these regulations, an agent is permitted to act as an agent for one life, general, health and mono-line insurer each. The regulations stipulate a code of conduct which every agent is required to adhere to and also requires insurers to frame a board approved policy covering ‘agency matters’ as listed in the regulations and file the same with the IRDAI every year before March 31.

**26) Insurance Regulatory and Development Authority of India (Outsourcing of Activities by Indian Insurers) Regulations, 2017 (“IRDAI Outsourcing Regulations”)**

The IRDAI has notified the IRDAI Outsourcing Regulations on April 20, 2017, which define the areas of work that should be conducted by the insurer itself and those which can be assigned to third-parties. The IRDAI Outsourcing Regulations are applicable to outsourcing arrangements entered into by insurers with outsourcing service providers located in India or outside India.

The IRDAI Outsourcing Regulations require an insurer to put in place an outsourcing policy (approved by the board) and set out the items to be covered therein. The board is required to constitute an outsourcing committee which is, *inter alia*, responsible for effective implementation of outsourcing policy, validating the insurer's need to perform the activities proposed for outsourcing, and annual performance evaluation of each of the outsourcing service providers and reporting exceptions to the board of directors.

Outsourcing arrangements shall be governed by written agreements which describe all important aspects of the outsourcing arrangement, including the rights and obligations of the parties. It also provides materiality thresholds for outsourcing contracts and key risks such as strategic risk, reputation risk, compliance risk, operational risk, exit strategy risk, contractual risk, informational risk, concentration risk etc., which are required to be evaluated by the outsourcing committee.

Under the IRDAI Outsourcing Regulations, activities of an insurance company such as decision making in underwriting and claims, product design, actuarial functions and risk management, investment and related functions, fund accounting, policyholder grievances redressal, approving advertisements, compliance with AML and KYC guidelines, etc. and all integral components of these activities cannot be outsourced.

**27) Insurance Regulatory and Development Authority (Life Insurance-Reinsurance) Regulations, 2013 dated February 11, 2013**

In terms of Section 101A of the Insurance Act and these regulations, insurers are required to reinsure with Indian reinsurers such percentage of sum assured on each policy as may be specified, with the previous approval of the Central Government, by the IRDAI. The IRDAI may specify the percentage of the sum assured on each policy to be re-insured and different percentages may be specified for different classes of insurance; however, such percentage should not exceed 30% of the sum assured on such policy. The regulations provide that the reinsurance programme of every insurer is to be guided by certain objectives, including maximizing retention within the country, securing the best possible protection for reinsurance costs incurred, and ensuring that the reinsurance policy does not lead to fronting of insurance business.

All reinsurance arrangements are to be documented and filed with the IRDAI. Every insurer is also required to file with the IRDAI a copy of every reinsurance treaty contract in respect of that year, together with the list of reinsurers, their ratings and their shares in the reinsurance arrangement.

These regulations also specify conditions that need to be satisfied by reinsurers in case any reinsurance business is placed outside India. These regulations prohibit a life insurer to enter into a reinsurance treaty arrangement with its promoter company or its associate/ group company, except on terms which are commercially competitive in the market and with the prior approval of the IRDAI.

Additionally, the Insurance Regulatory and Development Authority of India (Registration and Operations of Branch Offices of Foreign Reinsurers other than Lloyd's) Regulations, 2015 dated October 19, 2015, prescribe the eligibility criteria for registration of branch offices of foreign reinsurers, including obtaining approval from home country regulator, registration in a national regulatory environment and with whom the Government of India has a signed double taxation avoidance agreement, minimum net owned fund, minimum credit rating, solvency margin, minimum assigned capital etc., as prescribed by the IRDAI.

**28) Insurance Regulatory and Development Authority (Manner of Receipt of Premium) Regulations, 2002 dated October 16, 2002**

These regulations govern the manner in which any person or any policyholder can pay premiums to an insurer.

**29) Insurance Regulatory and Development Authority of India (Places of Business) Regulations, 2015 dated July 15, 2015**

These regulations lay down norms for every insurer who seeks to open a place of business within or outside India. Each such insurer is required to obtain the approval of the IRDAI prior to opening such an office or branch. These regulations also prescribe the nature of activities that can be undertaken by places of business within and outside India and lay down the norms for opening, closure or relocation of branches or offices in India, foreign branch office, etc. and in addition, prescribe certain reporting requirements to the IRDAI.

**30) Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 dated March 30, 2002, as amended**

Life insurers are required to prepare financial statements in a format prescribed under these regulations. Each balance sheet, revenue account, receipts and payment account and profit and loss account of an insurer is required to conform with Accounting Standards issued by the ICAI, other than Accounting Standard 3 (Cash Flow Statements) and Accounting Standard 17 (Segment Reporting), with respect to which the regulations provide specific guidance. Estimation of liabilities against life insurance policies is required to be determined by appointed actuaries and the assumptions used in such preparations are to be disclosed by way of notes to accounts. Further, the liability is to be calculated such that together with future premium payments and investment income, the insurer is able to meet all future claims and payouts (including bonus entitlements to policyholders) and expenses.

**31) Insurance Regulatory and Development Authority of India (Protection of Policyholders' Interests) Regulations, 2017 dated June 22, 2017 ("IRDA Policyholders' Regulations")**

The Protection of Policyholders' Interest Regulations mandate insurers to have in place a policy approved by its board of directors for protection of policyholders' interests, which is required to provide the steps that an insurer proposes to take for matters such as insurance awareness, expeditious resolution of complaints, and preventing mis-selling and unfair business practices at point of sale and service. The Protection of Policyholders' Interest Regulations prescribe the form and content requirements that are required to be fulfilled by insurers in relation to their policy documents, proposal forms and prospectuses. The insurers are mandated to disclose in their policy documents all material information such as the terms and conditions of a policy, details of premium payable, free look period, requirements to be fulfilled for lodging a claim, coverage of the policy, exclusions, grounds for cancellation, and details of grievance redressal mechanism available to policyholders. Further these regulations set out the procedure that is required to be followed by insurers for expeditiously settling any claims made by a policyholder.

**32) Guidelines on usage of Trade Logo of Promoting Partners of Insurance Companies, 2014**

The 'Guidelines on usage of Trade Logo of Promoting Partners of Insurance Companies' dated May 5, 2014 require insurers to observe certain risk mitigation norms to ensure that the interests of the policyholders are completely protected. In the event an insurer adopts the trade logo of any of its promoting partners, then there shall be: (i) a prominent disclosure in all its insurance advertisements indicating that the trade logo belongs to the promoter entity and is being used by the insurer under license; (ii) in place a written agreement setting forth the underlying terms and conditions (including the consideration and the term of the agreement) and the same shall be subject to the jurisdiction of Indian courts.

**33) Guidelines on Remuneration of Non-executive Directors and Managing Director /Chief Executive Officer / Whole-time Directors of Insurers, 2016 (the "Remuneration Guidelines")**

The Remuneration Guidelines issued by the IRDAI on August 5, 2016, prescribe adoption of a remuneration policy for non-executive directors and chief executive officers/ whole time directors/ managing directors of private sector insurers. Under these guidelines, while the amount of remuneration for each non-executive director is capped at ₹ 1 million per annum, the remuneration for the chairman may be decided by the board of directors at their discretion. Additionally, it has been prescribed that the insurer may pay sitting fees and

reimburse expenses to non-executive directors for participation in board and other meetings, subject to compliance with the provisions of the Companies Act, 2013.

The guidelines provide that while designing remuneration arrangements, it should be ensured that there is proper balance between fixed pay and variable pay. Further, the guidelines also prohibit the provision of 'guaranteed bonus' from being part of the remuneration plan of the chief executive officers, whole time directors and managing directors.

**34) Guidelines On Information And Cyber Security For Insurers, 2017**

The Guidelines on Information and Cyber Security for Insurers issued by the IRDAI on April 7, 2017, require all insurance companies to implement an information and cyber security policy to deal with the protection of policyholder data and regulate sharing of such data with intermediaries and other regulated entities. Further, insurance companies are required to appoint a chief information security officer, who will be responsible for implementation of the insurer's information and cyber security policy, by April 30, 2017 and complete a comprehensive cyber security audit by March 31, 2018.

**35) Guidelines On Stewardship Code For Insurers in India, 2017**

On March 20, 2017, the IRDAI issued Guidelines on Stewardship Code for Insurers in India, in relation to their role in the management of listed companies in which they have invested. The stewardship code, effective from fiscal 2018, requires insurance companies to adopt a policy with respect to voting and other conduct at general meetings of investee companies within six months from the date of issue of these guidelines and disclose the policy on their website after seeking approval from their board of directors (within 30 days of such approval). Further, insurers are required to file an annual status report justifying any non-compliance with the principles enshrined in the stewardship code.

**36) Insurance Regulatory and Development Authority of India (Minimum Limits for Annuities and Other Benefits) Regulations, 2015**

These regulations were notified by the IRDAI on August 31, 2015 and are applicable to all products offered by life insurers which are approved by the IRDAI after August 31, 2015. These regulations provide that no life insurer shall pay, or undertake to pay, an amount of benefit excluding any profit or bonus on any policy of insurance issued, less than: (i) annuity of ₹ 1,000 per month; (ii) gross sum of ₹ 5,000 (except under micro-insurance and health insurance business); and (iii) gross sum of ₹ 1,000 for micro-insurance and health insurance business; provided that this shall not prevent any insurer from converting any policy into a paid-up policy of any value or payment of surrender value of any amount. The IRDAI may approve annuities and other benefits lower than the amount specified above, under extraordinary circumstances.

**37) Insurance Regulatory and Development Authority of India (Micro Insurance Regulations), 2015**

These regulations were notified on March 13, 2015 and supersede the Insurance Regulatory and Development Authority (Micro Insurance) Regulations, 2005. These regulations, *inter alia*, permit life insurers to offer life micro insurance products which are defined to mean products where the sum assured does not exceed ₹ 200,000, and the annual premium shall not exceed ₹ 6,000 per annum under non-linked, non-par platform. These regulations also permit life insurers to offer general micro insurance products through a tie-up with a general insurer. These regulations provide for the appointment of micro insurance agents who shall exclusively distribute micro insurance products and set out the terms of appointment of such agents.

**38) Master Circular on Unclaimed Amount of Policyholders, 2017 and Senior Citizens' Welfare Fund Rules (SCWF), 2016**

The IRDAI has notified a Master Circular dated July 25, 2017 on Unclaimed Amount of Policyholders. Additionally, the Ministry of Finance has notified the Senior Citizens' Welfare Fund Rules, 2016 on March 18, 2016 which mandate the transfer of unclaimed amounts of policyholders held by insurers beyond 10

years as on September 30, 2017 to the Senior Citizens' Welfare Fund on or before March 01, 2018 and thereafter on an annual basis i.e. on or before March 1, each year.

According to the provisions of the circular, no insurer is permitted to appropriate or write back any part of the unclaimed amounts belonging to the policyholders/beneficiaries under any circumstances. The Policyholder Protection Committee is required to oversee timely payout of policyholders' dues and the Audit Committee is required to oversee the compliance of provisions of this circular. Every insurer is required to display information about any unclaimed amount of ₹ 1,000 or more on their respective websites. Insurers shall maintain a single segregated fund to manage all unclaimed amounts and the sum of such fund shall be invested in money market instruments, liquid mutual funds and/or fixed deposits of scheduled banks or such other instruments as may be permitted by the IRDAI.

### **39) *Anti Money Laundering / Counter-Financing of Terrorism (AML/CFT) - Guidelines for Life Insurers***

The Prevention of Money Laundering Act, 2002 (“PMLA”) brought into force with effect from July 1, 2005, is applicable to all financial institutions which include life insurers. The IRDAI has issued a Master Circular on Anti Money Laundering / Counter-Financing of Terrorism (AML/CFT) - Guidelines for Life Insurers dated September 28, 2015, as a part of the program on anti-money laundering/ counter-financing of terrorism for the insurance sector. The obligation to establish an anti-money laundering program applies to our Company as a life insurer and our Company is responsible for guarding against insurance products being used to launder unlawfully derived funds or to finance terrorist acts.

In order to discharge the statutory responsibility to detect possible attempts of money laundering or financing of terrorism, every life insurer needs to have an anti-money laundering / counter-financing of terrorism program which should at a minimum include:

- (i) Internal policies, procedures, and controls;
- (ii) Appointment of a principal compliance officer and a designated director;
- (iii) Recruitment and training of employees/agents; and
- (iv) Internal control/audit.

### **40) *Insurance Ombudsman Rules, 2017 (“Ombudsman Rules”)***

The Ombudsman Rules dated April 25, 2017 prescribe the manner in which a complaint can be made against an insurer, its agents and intermediaries. Insurers are required to comply with the recommendations of the insurance ombudsman in relation to a complaint within a period of 15 days of the receipt of such recommendations and intimate the insurance ombudsman of its compliance. In the event a complaint is not settled by such recommendations, the insurance ombudsman shall pass an award and insurers are required to comply with the award within 30 days of the receipt of the acceptance letter by the complainant and intimate its compliance to the ombudsman.

### **41) *Insurance Regulatory and Development Authority of India (Issuance of E-Insurance Policies) Regulations, 2016***

The IRDAI has issued these regulations on June 13, 2016, and these regulations have come into force on October 1, 2016. These regulations require that every insurer soliciting insurance business through electronic mode shall create an e-proposal form similar to the physical proposal form approved by the IRDAI, and such form should enable capture of information in electronic form, which would enable easy processing and servicing. These regulations also provide for issuance of electronic insurance policies which fulfil the criteria specified in the regulations.

**42) IRDAI Guidelines on Insurance e-commerce 2017**

The IRDAI has issued Guidelines on Insurance e-commerce on March 9, 2017 to promote e-commerce in insurance space which is expected to lower the cost of transacting insurance business and bring higher efficiencies and greater reach. These guidelines regulate the e-commerce business of insurers. As per these guidelines, insurers and insurance intermediaries are required to obtain prior approval of the IRDAI for establishing an insurance self-network platform for undertaking insurance e-commerce activities in India. However, an insurance agent is not permitted to set up a separate insurance self-network platform but can use the respective insurer's self-network platform, if available. The insurer has been made responsible for compliance with these guidelines on behalf of the insurance agents.

**43) IRDAI Circular on Implementation of Ind-AS in the Insurance Sector 2017**

On June 28, 2017, the IRDAI issued a circular, pursuant to which implementation of Ind-AS in the insurance sector has been deferred for a period of two years and shall be implemented for periods beginning on or after April 1, 2020. However, the requirement for submitting *proforma* Ind-AS financial statements on a quarterly basis remains applicable in terms of the IRDAI circular dated December 30, 2016.

**44) Pension Fund Regulatory and Development Authority (Exits and Withdrawals under the National Pension System) Regulations, 2015 dated May 11, 2015, as amended**

These regulations provide for the conditions which are required to be fulfilled by subscribers for exiting or withdrawing funds from the National Pension System, including the conditions, frequency, and limit of withdrawals from individual pension accounts, and the requirement of procuring an annuity from an empanelled annuity service provider at the time of exit. The regulations also provide for the criteria and procedure for obtaining empanelment as an annuity service provider under the regulations.

**45) Pension Fund Regulatory and Development Authority (Pension Fund) Regulations, 2015, as amended**

The PFRDA notified the PFRDA (Pension Fund) Regulations, 2015 on May 14, 2015. These regulations seek to standardize the framework for monitoring, supervision and internal control of pension funds in order to facilitate protection of subscribers and proper management of risk. These regulations, *inter alia*, prescribe: (i) the manner of certification for registration of pension funds; (ii) the eligibility criteria for persons seeking to act as sponsors of pension funds; (iii) the procedure for grant of certificate of registration and related fees; (iv) procedure and mechanism for obtaining a certificate for commencement of business; and (v) requirements with respect to operational compliances, such as maintenance of books of accounts and records, frequency and manner of computation of net asset values, and calculation of investment management fees. These regulations also specify obligations and responsibilities of pension funds, including a code of conduct, duties and functions of a pension fund and empower the PFRDA to audit and inspect the books, accounts and records of a pension fund for any purpose. Any violation of the provisions of these regulations and the PFRDA Act, amongst other things, may lead to suspension, cancellation or withdrawal of the certificate of registration granted to a pension fund.

**46) Regulations prescribed by the IRDAI for insurance brokers and web aggregators**

Insurance brokers are granted a certificate of registration by the IRDAI in accordance with the Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2013 dated December 3, 2013 and are, *inter alia*, required to adhere to the capital requirements, maintenance of minimum net worth, deposit requirements. They also have to adhere to a code of conduct as prescribed by the regulations. The maximum commission or remuneration payable by life insurers on insurance products to such brokers is set out under Insurance Regulatory and Development Authority of India (Payment of Commission or Remuneration or Reward to Insurance Agents and Insurance Intermediaries) Regulations, 2016 dated December 14, 2016, as amended.

The IRDAI has also notified the Insurance Regulatory and Development Authority of India (Web Aggregators) Regulations, 2017 on April 13, 2017, which contain certain provisions in respect of the supervision and monitoring of web aggregators.

#### **47) Other Regulations and Circulars**

One of our subsidiaries, HDFC International, is required to comply with applicable laws and regulations administered by the Dubai International Financial Centre Authority (DIFCA) and applicable laws, rules and policies administered by Dubai Financial Services Authority (DFSA).

On July 12, 2016, the IRDAI issued a circular in relation to operationalisation of the Central KYC Records Registry (the “**CKYCR**”), in order to facilitate banks and financial institutions with Know Your Customer (“**KYC**”) related information, so as to avoid multiplicity of undertaking KYC each time any financial product(s) or service(s) are availed of by a customer. The Central Registry of Securitisation and Asset Reconstruction and Security Interest of India (the “**CERSAI**”) has been authorized to perform the functions of CKYCR, which includes receipt, storage, safeguarding and retrieving of KYC records of a client in digital form. The CERSAI has finalised the KYC template for individuals and the operating guidelines for uploading KYC records by reporting entities to CKYCR. Life insurers are required to upload KYC records only in respect of individual policyholders where policies are completed on or after July 15, 2016. In addition, insurers are required to submit a monthly statement of the number of KYC records to be uploaded and records actually uploaded to the IRDAI.

In addition to the above, our Company and its Subsidiaries are required, to the extent relevant, to comply with the provisions of the Companies Act, FEMA, labour laws, various tax related legislations, various other IRDAI related regulations, notifications and guidelines, and other applicable statutes and policies along with the rules formulated thereunder for their day-to-day operation.

## HISTORY AND CERTAIN CORPORATE MATTERS

### History of our Company

Our Company was incorporated at Mumbai on August 14, 2000 as HDFC Standard Life Insurance Company Limited, a public limited company under the Companies Act, 1956. Our Company obtained the certificate of commencement of business on October 12, 2000. Further, our Company obtained its certificate of registration from IRDAI to undertake the life insurance business on October 23, 2000.

### Changes to the name of our Company:

The name of our Company has not undergone any change since its incorporation.

### Changes to the address of the Registered Office of our Company

Change in Address		Date of change	Reason
At incorporation: Ramon House, H.T. Parekh Marg, 169 Backbay Reclamation, Churchgate, Mumbai 400 020	To: Lodha Excelus, 13 <sup>th</sup> floor, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011	October 23, 2013	Administrative convenience

### Major events and milestones

The table sets forth some of the major events in the history of our Company:

Fiscal	Particulars
2001	First private life insurer to obtain registration from the IRDAI
2003	Crossed 100,000 policies and 10,000 individual agents; distribution tie-ups with HDFC Bank and other banks
2004	Launch of unit linked funds; distribution tie-up with Saraswat Co-operative Bank Limited
2007	Crossed the 500,000 policy milestone
2010	AUM crossed ₹ 200,000 million
2011	Incorporated our Subsidiary, HDFC Pension on June 20, 2011
2012	Our Company turned profitable, and registered a profit of ₹ 2,710 million and the total premium for the year crossed ₹ 100,000 million
2014	Company's AUM crossed ₹ 500,000 million; dividend was declared for the first time in December, 2013
2016	Total premium crossed the ₹160,000 million mark
2016	Our Subsidiary, HDFC International was authorised by Dubai Financial Services Authority to carry on financial services
2016	Standard Life Mauritius increased its stake from 26% to 35%
2018	Company's AUM crossed ₹ 1,000,000 million

### Certifications, Awards and Accreditations

Calendar year	Accreditation
2017	India's Best Companies to Work For - The India's Best Companies to Work for study is conducted by The Economic Times & Great Place To Work® Institute.
2016	ICAI Awards - Gold Shield for Excellence in Financial Reporting for the Annual Report
	The Indian Insurance Awards for Best Product Innovation (Life Insurance) by Fintelekt
	SAP ACE Awards - Technology Adoption in Banking, Financial Services and Insurance (BFSI)
	Finnoviti award to recognize and reward innovations in Banking, Financial Services and Insurance (BFSI) - Received for Cancer Care, a first of its kind standalone cancer care product from a life insurer
	Data Quest Business Technology Awards, Delhi Edition, for excellence in implementation & use of technology for business benefits, in the "Mobility" category
2015	Indian Insurance Awards: Won Life Insurance Company of the Year, awarded by Fintelekt

Calendar year	Accreditation
	Financial Services Marketing Summit Awards - Most Customer Responsive Insurance Company of the Year
	QCI - D. L. Shah Quality Awards - Gold Award, for the case study Improvement in Persistency : A Win for ALL
	Prime Time Awards - Best Creative Advertising - Single Ad or Campaign in the Banking, Financial Services and Insurance (BFSI) category
	Frost & Sullivan – Project Evaluation & Recognition Program for the project, “Creating a Culture of Continuous Improvement”, an insurance case study
2014	PCQuest Best IT Implementation Award for Qlik Insights BI Development – Project with Maximum Business Impact
2013	Won National Award for Excellence in Cost Management for second consecutive year
	Recognized by Celent as Model Insurer Asia of the Year
2012	Won Porter Prize for leveraging unique activities
	Won National Award for Excellence in Cost Management, awarded by the Institute of Cost Accountants of India
2011	Golden Peacock HR Excellence Award

### Main objects

The main objects of our Company contained in our Memorandum of Association are:

- To carry on, either singly or in association with any other person or entity, all kinds of life insurance business whether of a kind now known or hereafter devised and, in particular, but without prejudice to the generality of the foregoing, to carry on all or any class or classes of life insurance business specified in the Insurance Act, 1938 (as modified, substituted, replaced or re-enacted from time to time), life insurance business not specifically prohibited by law, including the business of underwriting, reinsurance and counter-insurance of any such business and further to either singly or in association with any other person or entity act as insurance agents, or any intermediary or associate relating to insurance business, to provide advisory, supervisory and administrative services to, and to act as consultants or managers or agents for, any superannuation fund or any pension scheme of life assurance scheme or annuity scheme or any other fund or scheme of a similar nature.*
- To effect and carry out assurances (with or without the right to participate in the surplus of the Company) under which the payment of money on death or on attainment of a certain age or on the happening of any other contingency connected with or dependent upon human life is assured, to purchase and deal in and lend on life, reversionary and other interests in property of all kinds, whether absolute or contingent or expectant, and whether determinable or not; and to acquire, lend money on, redeem, cancel or extinguish by purchase, surrender or otherwise any policy, security, grant or contract issued, made or taken over and entered into by the Company or any other entity; to contract for the establishment, accumulation, provision and payment of sinking funds, redemption funds, whether of capital or otherwise, depreciation funds, renewal funds, endowment funds, and any other special funds either in consideration of a lump sum or of an annual premium or otherwise.*

The main objects and objects incidental and ancillary to the attainment of the main objects, as contained in the Memorandum of Association, enable our Company to carry on our existing business.

### Changes to our Memorandum of Association

Our Memorandum of Association has been amended pursuant to the changes in the authorised share capital of our Company. For details of these changes, please see “*Capital Structure - Details of changes to our Company’s authorized share capital since incorporation*” on page 112 of this Red Herring Prospectus.

Except for the aforesaid amendments to the Memorandum of Association, there have been no changes to our Memorandum of Association, since incorporation.

## Corporate Profile of our Company

For details of our Company's business, services, products, technology, capacity build-up, marketing, the description of its activities, market of each segment, growth, profits due to foreign operations, with country-wise analysis, standing with reference to the prominent competitors, major customers and suppliers and geographical segment, please see "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 201 and 551 of this Red Herring Prospectus.

For details on managerial competence, please see "Our Management" on page 266 of this Red Herring Prospectus.

## Our Shareholders

Our Company has 3,229 Shareholders as of the date of this Red Herring Prospectus. For further details regarding our Shareholders, please see "Capital Structure" on page 112 of this Red Herring Prospectus.

## Details regarding material agreements, acquisition of business/undertakings, mergers, amalgamation and revaluation of assets

### Material agreements

#### 1. *Shareholders' agreement entered into between HDFC and Standard Life Assurance Company dated January 15, 2002, as amended*

A shareholders' agreement dated January 15, 2002 ("SHA") was entered into between HDFC and Standard Life Assurance Company ("SLAC") to set out the terms and conditions of their relationship as shareholders of our Company and certain matters connected therewith. Under the SHA, the business of our Company is to provide *inter-alia*, life assurance and savings products to the general public in India. HDFC and SLAC subsequently entered into a memorandum of agreed understanding dated August 23, 2007 in order to facilitate attainment of the objectives encapsulated in the SHA. The SHA was amended by way of an amendment agreement dated November 16, 2015 ("Amendment Agreement") between HDFC, Standard Life Mauritius and our Company, wherein it was acknowledged and agreed amongst the parties that Standard Life Mauritius, having acquired shares of our Company from and taken the place of SLAC as a shareholder in our Company, shall be entitled to all the rights available to, and to perform the obligations undertaken by SLAC under the SHA, as if Standard Life Mauritius was, and always had been, a party to the SHA.

The key provisions of the SHA are summarised below:

- (a) *Board of directors*: In terms of the SHA (as amended by the Amendment Agreement), HDFC can nominate three directors and Standard Life Mauritius can nominate two directors on the Board of our Company. The Board of our Company appoints the key managerial personnel and personnel at senior executive level. The independent directors are appointed on the recommendation of the Nomination and Remuneration Committee of our Company, subject to approval of our Company's shareholders at a general meeting. Further, subject to the approval of the Shareholders at a general meeting by way of a special resolution, the Articles provide each of HDFC and Standard Life Mauritius post Offer rights in relation to the nomination of Directors on the Board, subject to maintaining their respective shareholding in the Company as prescribed, and the number of Directors nominated by HDFC being at least one more than the number of Directors nominated by Standard Life Mauritius. For details, please see "Main Provisions of our Articles of Association" on page 772 of this Red Herring Prospectus.
- (b) *Transfer of shares*: The SHA contains certain transfer restrictions *vis-a-vis* the Equity Shares of our Company. For example, where a shareholder desires to sell its Equity Shares, a right of first refusal would be available to the other shareholder(s). Further, there are certain bring-along rights (i.e. tag along rights) also set out under the SHA.

- (c) *Veto rights:* As per the SHA, there are certain matters pertaining to our Company in respect of which no decisions or actions can be taken except with the prior consent of each of HDFC and Standard Life Mauritius, and in case of such matters being brought before the board of directors of our Company, without the prior consent of the nominee directors of HDFC and Standard Life Mauritius. These include making any changes to our memorandum and articles of association, making any changes in the name of our Company, applying for listing of any shares or debt securities on any recognized stock exchange or the trading of any of the shares or debt securities on a regulated market, and permitting the registration of any person as a member of our Company.
- (d) *Restrictions in relation to use of words “Standard Life” and “HDFC”:* In terms of the SHA, our Company is not permitted to use the words “Standard Life” and/or “HDFC” in any manner, except as a part of its corporate name or trading name. The SHA also lists out certain events on the occurrence of which, HDFC and/or Standard Life Mauritius may direct our Company to discontinue the use of the words “Standard Life” and/or “HDFC” as a part of its corporate name. For further details in relation to the usage of “HDFC” and “Standard Life”, please refer to “*Name Usage Agreement*” and “*Trademark Agreement*” respectively.
- (e) *Termination:* Pursuant to a termination agreement dated August 18, 2017 entered into between our Company, HDFC and Standard Life Mauritius, the transfer restrictions in the SHA and the corresponding provision of the Articles shall not apply with respect to disposal of Equity Shares by way of the Offer and, to this extent, such restrictions are expressly waived by HDFC and Standard Life Mauritius. Further, the SHA will automatically terminate on and from the date on which our Company will receive final listing and trading approval from each of the Stock Exchanges pursuant to the Offer.

## 2. *Name Usage Agreement*

HDFC is the registered owner of the name or letter “*HDFC*” (“**HDFC’s Name**”) and the logo  (“**HDFC’s Logo**”). Our Company being a subsidiary of HDFC has been using HDFC’s Name for its business and operations, in terms of the provisions of the SHA, without payment of any fees to HDFC.

Our Company entered into a memorandum of understanding dated September 29, 2015 and name usage agreement with HDFC dated October 20, 2015 (“**Name Usage Agreement**”), by way of which HDFC granted our Company, a non-exclusive, non-transferrable and non-assignable license, subject to certain conditions, to use and continue to use HDFC’s Name and HDFC’s Logo as a part of our corporate name or identity or as our brand/ name/ Logo for any purpose related to our business or operations and in the course of promoting, canvassing and publicising our products and services. Further, our Company has the right to use HDFC’s Name and HDFC’s Logo for the business and operations of its wholly owned subsidiaries or other group companies as well. As consideration, our Company had to pay, with effect from April 1, 2015, a fee for the use of HDFC’s name and logo, calculated as follows:

- (a) A sum ranging from 0.3% to 0.5% of premiums earned by our Company (being premiums earned before reinsurance ceded as reported, in our Company’s revenue account) for each financial year starting with FY 2015-2016, as may be mutually agreed by HDFC and our Company, based on growth of business, market, conditions, business prospects;
- (b) The total aggregate payment made by our Company to HDFC in respect of any financial year is restricted to a maximum amount of ₹ 1,000 million and HDFC shall be responsible for payment of service tax to the Government.

The Name Usage Agreement is valid for an initial period of three years post which it will be renewed for subsequent three year terms until specifically terminated. HDFC may terminate the Name Usage Agreement by giving a written notice of 180 days. However, such right to terminate is not available to HDFC as long as it continues to be a shareholder of our Company under the SHA. Our Company is entitled to terminate the Name Usage Agreement by giving a written notice of 180 days if IRDAI directs or instructs it to do so, or if HDFC ceases to be a shareholder under the SHA.

### **3. Trademark Agreement**

Our Company entered into a trademark agreement with Standard Life Mauritius and Standard Life Employee Services Limited dated October 18, 2017 (“**Trademark Agreement**”), by way of which our Company agreed to use ‘Standard Life’ (“**Standard Life Name**”) from the effective date of the Trademark Agreement, *i.e.* October 18, 2017, solely (i) as part of its corporate or trading name, and (ii) as part of the name of certain existing products only for such reasonable period of time which is absolutely necessary or as mandated by the law.

Pursuant to the Trademark Agreement, our Company shall,

- (a) subject to certain exceptions, for certain trademarks specified in the Trademark Agreement, as soon as practicable, (i) file for cancellation of any and all registrations and withdraw or surrender all pending applications comprising and consisting of the Standard Life Name from the Indian trade mark authorities or any other trademark authority in any other jurisdiction where the Company has registered or applied to register any such trademark; and (ii) modify, cancel, amend, terminate, withdraw, surrender or take any similar action in respect of any registrations with the IRDAI or with any other forum or regulator, of any product licence or of any other licence, registration, etc. belonging to our Company and bearing any references to the Standard Life Name and omit any and all references of the Standard Life Name; and
- (b) not file any additional application for any trade mark(s) consisting of or containing the Standard Life Name or any deceptive or confusingly similar variations thereof.

Further, in terms of the Trademark Agreement, our Company shall always have the absolute right to continue to use the word “Life” as part of its corporate name, trade name/ trade mark, brand name, etc.

#### **Acquisition of business / undertakings**

Our Company has not acquired any business or undertakings since its incorporation.

#### **Strikes and lock-outs**

Except for the strike in our branches in Kerala by the Bharatiya Mazdoor Sangh in relation to the termination of two ex-employees of our Company, we have not experienced any strikes, lock-outs or instances of labour unrest in the past. For further details, please see "*Outstanding Litigation and Material Developments - Civil litigation involving our Company*" on page 637 of this Red Herring Prospectus.

#### **Time and Cost Overrun in setting up projects by our Company**

Our Company has not implemented any projects and has, therefore, not experienced any time or cost overruns in relation thereto

#### **Changes in the activities of our Company**

There have been no changes in the activities of our Company during the last five years preceding the date of this Red Herring Prospectus which may have had a material effect on our profit or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

#### **Defaults or rescheduling of borrowings from financial institutions/banks, conversion of loans into equity by our Company**

Our Company has not availed of any term loans and/ or other credit facilities and, therefore, there have not been any defaults or rescheduling of borrowings from financial institutions/banks or conversion of loans into equity by our Company.

### **Capital raising (Debt / Equity)**

Our Company has not availed of any term loans and/ or other credit facilities and therefore no capital has been raised through debt. For details regarding capital raised through equity, please see “*Capital Structure*” on page 112 of this Red Herring Prospectus.

### **Injunctions or restraining orders against our Company**

As on the date of this Red Herring Prospectus, there are no injunctions / restraining orders that have been passed against the Company.

### **Holding company**

Our Company is a subsidiary of one of our Promoters, HDFC.

### **Subsidiaries**

As of the date of this Red Herring Prospectus, we have two Subsidiaries, namely, HDFC Pension and HDFC International. For details regarding the Subsidiaries of our Company, please see “*Our Promoters, Promoter Group and Group Companies - Subsidiaries*” on page 318 of this Red Herring Prospectus.

### **Strategic and Financial Partners**

As of the date of this Red Herring Prospectus, our Company does not have any strategic or financial partners.

### **Guarantees provided by the Promoter Selling Shareholders**

As of October 9, 2017, HDFC has provided 15 guarantees, which are currently outstanding, to various third parties in the ordinary course of its business. These guarantees are for, amongst other things, enabling the issuance of counter guarantees and back-to-back guarantees, securing against claims or demands, securing against violation of lease agreements, covering of construction defects, etc. The outstanding liability of HDFC in relation to these guarantees aggregates to ₹ 8,489.62 million as of October 9, 2017.

These guarantees are secured in favour of HDFC by way of mortgages on the relevant properties, personal and / or corporate guarantees, and these guarantees expire over the course of the next three Fiscal Years. In the event of a default by HDFC in satisfying its obligations under such guarantees, the maximum liability of HDFC shall be in accordance with the terms and conditions of the respective guarantees.

Our Company does not have any obligations in relation to any of the above guarantees provided by HDFC.

### **Other agreements**

For details of the agreements in relation to the business and operations of our Company, please see “*Our Business*” on page 201 of this Red Herring Prospectus.

### **Revaluation of assets**

Our Company had investment property in the past and was revalued time to time basis the IRDAI accounting regulations. Subsequently, our Company had transferred the investment property to fixed assets at cost and hence unwound the revaluation reserve created at the time of transfer.

## OUR MANAGEMENT

### Board of Directors

Under our Articles of Association, our Company is required to have at least three and not more than 15 Directors. Our Company currently has 14 Directors, comprising seven Independent Directors, one Managing Director, one Executive Director and five Non-Executive Directors.

The following table sets forth details regarding the Board as on the date of this Red Herring Prospectus:

Name, Designation, Address, Occupation, Nationality, Tenure and DIN	Age	Other Directorships
<p><b>Mr. Deepak Parekh</b></p> <p><i>Designation:</i> Nominee Director and Chairman</p> <p><i>Address:</i> 4607, The Imperial Tower, North, B B Nakashe Marg, Tardeo, Mumbai - 400 034, Maharashtra, India.</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 00009078</p>	73	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> <li>1. Bangalore International Airport Limited;</li> <li>2. GlaxoSmithKline Pharmaceuticals Limited;</li> <li>3. HDFC Asset Management Company Limited;</li> <li>4. HDFC ERGO General Insurance Company Limited;</li> <li>5. Housing Development Finance Corporation Limited;</li> <li>6. Network18 Media and Investments Limited;</li> <li>7. Siemens Limited;</li> <li>8. The Indian Hotels Company Limited;</li> <li>9. BAE Systems India (Services) Private Limited;</li> <li>10. Breach Candy Hospital Trust;</li> <li>11. H T Parekh Foundation; and</li> <li>12. Indian Institute for Human Settlements.</li> </ol> <p><u>Foreign companies</u></p> <ol style="list-style-type: none"> <li>13. DP World Limited, Dubai;</li> <li>14. Economic Zones World FZE, Dubai;</li> <li>15. Fairfax India Holdings Corporation, Canada; and</li> <li>16. Vedanta Resources plc, London.</li> </ol>
<p><b>Sir Gerald Grimstone</b></p> <p><i>Designation:</i> Nominee Director</p> <p><i>Address:</i> 34, Boscobel Place, London, SW1W 9PE, United Kingdom</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> British</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 01910890</p>	68	<p><u>Foreign companies</u></p> <ol style="list-style-type: none"> <li>1. Aberdeen Asset Management PLC;</li> <li>2. Barclays Capital Securities Limited;</li> <li>3. Barclays Bank plc;</li> <li>4. Barclays plc;</li> <li>5. Deloitte LLP;</li> <li>6. Heng-an Standard Life Insurance Company Limited;</li> <li>7. Standard Life (Asia) Limited;</li> <li>8. Standard Life Aberdeen plc;</li> <li>9. Standard Life Investments (Holdings) Limited; and</li> <li>10. Standard Life Foundation.</li> </ol>
<p><b>Mr. Keki Mistry</b></p> <p><i>Designation:</i> Nominee Director</p> <p><i>Address:</i> Flat No. 2603, B Wing, 26<sup>th</sup> Floor, Vivarea, Sane Guruji Marg, Jacob Circle,</p>	62	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> <li>1. Greatship (India) Limited;</li> <li>2. GRUH Finance Limited;</li> <li>3. HCL Technologies Limited;</li> <li>4. HDFC Asset Management Company Limited;</li> </ol>

Name, Designation, Address, Occupation, Nationality, Tenure and DIN	Age	Other Directorships
<p>Mahalaxmi East, Mumbai - 400 011, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 00008886</p>		<p>5. HDFC Bank Limited;</p> <p>6. HDFC ERGO General Insurance Company Limited;</p> <p>7. Housing Development Finance Corporation Limited;</p> <p>8. Sun Pharmaceutical Industries Limited;</p> <p>9. Torrent Power Limited; and</p> <p>10. H T Parekh Foundation.</p> <p><u>Foreign companies</u></p> <p>11. CDC Group, London;</p> <p>12. Griha Investments, Mauritius; and</p> <p>13. Griha Pte Limited.</p>
<p><b>Mr. Norman Keith Skeoch</b></p> <p><i>Designation:</i> Nominee Director</p> <p><i>Address:</i> 19 Lennox Street, Edinburgh, Scotland, EH4 1PY, United Kingdom</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> British</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 00165850</p>	60	<p><u>Indian companies</u></p> <p>1. HDFC Asset Management Company Limited.</p> <p><u>Foreign companies</u></p> <p>2. Aberdeen Asset Management PLC;</p> <p>3. Standard Life Aberdeen plc;</p> <p>4. Standard Life Employee Services Limited;</p> <p>5. Standard Life Investments (Holdings) Limited;</p> <p>6. Standard Life Investments Limited;</p> <p>7. Standard Life Investments No.2 (Hong Kong) Limited;</p> <p>8. Standard Life Foundation; and</p> <p>9. The Financial Reporting Council Limited.</p>
<p><b>Ms. Renu Karnad</b></p> <p><i>Designation:</i> Nominee Director</p> <p><i>Address:</i> BB – 14, Greater Kailash Enclave Part II, New Delhi - 110 048, Delhi, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Liable to retire by rotation</p> <p><i>DIN:</i> 00008064</p>	65	<p><u>Indian companies</u></p> <p>1. ABB India Limited;</p> <p>2. Bangalore International Airport Limited</p> <p>3. Bosch Limited;</p> <p>4. HDFC Asset Management Company Limited;</p> <p>5. HDFC Bank Limited;</p> <p>6. HDFC ERGO General Insurance Company Limited;</p> <p>7. Housing Development Finance Corporation Limited;</p> <p>8. Indraprastha Medical Corporation Limited; and</p> <p>9. Maruti Suzuki India Limited;</p> <p>10. Feedback Infra Private Limited; and</p> <p>11. H T Parekh Foundation.</p> <p><u>Foreign companies</u></p> <p>12. HDFC PLC, Maldives;</p> <p>13. HIF International Fund Pte Limited;</p> <p>14. HIREF International Fund II Pte Limited;</p> <p>15. HIREF International LLC; and</p> <p>16. WNS (Holdings) Limited.</p>
<p><b>Dr. Jamshed J Irani</b></p> <p><i>Designation:</i> Independent Director</p>	81	<p><u>Indian companies:</u></p> <p>1. Housing Development Finance Corporation Limited; and</p>

Name, Designation, Address, Occupation, Nationality, Tenure and DIN	Age	Other Directorships
<p><i>Address:</i> 7, Beldih Lake, Northern Town, Jamshedpur - 831 001, Jharkhand, India</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Appointed for a period of five years from August 11, 2017 till August 10, 2022</p> <p><i>DIN:</i> 00311104</p>		<p>2. Repro India Limited.</p>
<p><b>Mr. AKT Chari</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> D - 804, Mantri Green, No.1 Sampige Road, Malleshwaram, Bangalore – 560 003, Karnataka, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Appointed for a period of five years from August 4, 2017 till August 3, 2022</p> <p><i>DIN:</i> 00746153</p>	77	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> <li>1. HDFC Pension Management Company Limited;</li> <li>2. IDFC Infrastructure Finance Limited;</li> <li>3. IDFC Projects Limited;</li> <li>4. Infrastructure Development Corporation (Karnataka) Limited;</li> <li>5. Snowman Logistics Limited;</li> <li>6. Feedback Infra Private Limited; and</li> <li>7. Mahindra Susten Private Limited.</li> </ol>
<p><b>Mr. Vegulaparanan Kasi Viswanathan</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> Apt #F-01, 1<sup>st</sup> Floor, Legacy Caldera, #56 SRT Road, Cunningham Cross Road, Bangalore - 560 052, Karnataka, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Appointed for a period of five years from April 25, 2014 to April 24, 2019</p> <p><i>DIN:</i> 01782934</p>	66	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> <li>1. Bharti Airtel Limited;</li> <li>2. Bosch Limited;</li> <li>3. K S B Pumps Limited;</li> <li>4. Magma Fincorp Limited;</li> <li>5. Magma HDI General Insurance Company Limited;</li> <li>6. United Spirits Limited;</li> <li>7. Transunion CIBIL Limited; and</li> <li>8. Century Metal Recycling Private Limited.</li> </ol>
<p><b>Mr. Prasad Chandran</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> Flat No. 302, Third Floor, Skyline Eternity Apartments, 4, Andree Road, Off Langford Road, Shantinagar, Bangalore – 560 027, Karnataka, India</p> <p><i>Occupation:</i> Corporate director</p> <p><i>Nationality:</i> Indian</p>	65	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> <li>1. Bosch Limited;</li> <li>2. Coromandel International Limited;</li> <li>3. HDFC Pension Management Company Limited; and</li> <li>4. The Indo German Chamber of Commerce.</li> </ol>

Name, Designation, Address, Occupation, Nationality, Tenure and DIN	Age	Other Directorships
<p><i>Term:</i> Appointed for a period of five years from April 25, 2014 till April 24, 2019</p> <p><i>DIN:</i> 00200379</p>		
<p><b>Mr. Sumit Bose</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> Flat No.902, Tower 21, Common Wealth Games Village, Near Akshardham, Laxmi Nagar, East Delhi, Delhi - 110 092, India</p> <p><i>Occupation:</i> Professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Appointed for a period of five years from July 19, 2016 till July 18, 2021</p> <p><i>DIN:</i> 03340616</p>	63	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> <li>1. BSE Limited;</li> <li>2. Coromandel International Limited;</li> <li>3. Oil and Natural Gas Corporation Limited;</li> <li>4. TATA AIG General Insurance Company Limited;</li> <li>5. UTI Asset Management Company Limited;</li> <li>6. Jal Seva Charitable Foundation; and</li> <li>7. Vidhi Centre for Legal Studies.</li> </ol>
<p><b>Mr. Ranjan Mathai</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 60, National Media Center, Nathupur DLF Phase 3, Gurgaon 122 002 - Haryana, India</p> <p><i>Occupation:</i> Retired professional</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Appointed for a period of five years from July 22, 2016 till July 21, 2021</p> <p><i>DIN:</i> 07572976</p>	65	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> <li>1. Bharat Hotels Limited; and</li> <li>2. Jet Airways (India) Limited.</li> </ol>
<p><b>Mr. Ketan Dalal</b></p> <p><i>Designation:</i> Independent Director</p> <p><i>Address:</i> 9A, Residences, 9<sup>th</sup> Floor, Bomanji Petit Road, Mumbai – 400 026, Maharashtra, India</p> <p><i>Occupation:</i> Practicing Chartered Accountant</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Appointed for a period of five years from July 17, 2017 till July 16, 2022</p> <p><i>DIN:</i> 00003236</p>	59	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> <li>1. Jaimish Investment Private Limited; and</li> <li>2. Indo German Chamber of Commerce.</li> </ol>
<p><b>Mr. Amitabh Chaudhry</b></p>	53	<p><u>Indian companies</u></p>

Name, Designation, Address, Occupation, Nationality, Tenure and DIN	Age	Other Directorships
<p><i>Designation:</i> Managing Director and Chief Executive Officer</p> <p><i>Address:</i> Flat 4301,43<sup>rd</sup> Floor, Tower III, Electra Planet Godrej Near Jacob Circle, Saat Rasta, Mahalaxmi, Mumbai - 400 011, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Liable to retire by rotation. Appointed for a period of five years from January 18, 2015 till January 17, 2020</p> <p><i>DIN:</i> 00531120</p>		<ol style="list-style-type: none"> <li>1. HDFC Pension Management Company Limited;</li> <li>2. Shriram Transport Finance Company Limited;</li> <li>3. HDFC Credila Financial Services Private Limited; and</li> <li>4. Manipal Global Education Services Private Limited.</li> </ol> <p><u>Foreign companies</u></p> <ol style="list-style-type: none"> <li>5. HDFC International Life and Re Company Limited.</li> </ol>
<p><b>Ms. Vibha Padalkar</b></p> <p><i>Designation:</i> Executive Director and Chief Financial Officer</p> <p><i>Address:</i> 6A &amp; 7, Tarang, Plot no. 224, Tamil Sangham Marg, Sion (East), Mumbai - 400 022, Maharashtra, India</p> <p><i>Occupation:</i> Service</p> <p><i>Nationality:</i> Indian</p> <p><i>Term:</i> Liable to retire by rotation. (Appointed for a period of five years from August 14, 2017 till August 13, 2022)</p> <p><i>DIN:</i> 01682810</p>	49	<p><u>Indian companies</u></p> <ol style="list-style-type: none"> <li>1. HDFC Investments Limited;</li> <li>2. HDFC Pension Management Company Limited; and</li> <li>3. TATA Power Company Limited.</li> </ol>

None of our Directors are related to each other.

### Brief profiles of our Directors

**Mr. Deepak Parekh** is a Nominee Director and the Chairman of our Company. He has been on our Board since August 2000. He is also the chairman of our Promoter i.e., HDFC. Mr. Parekh is an associate of the Institute of Chartered Accountants of England and Wales. He is on the board of several leading corporations across diverse sectors. He is the non-executive chairman of HDFC Asset Management Company Limited, HDFC ERGO General Insurance Company Limited, Siemens Limited and GlaxoSmithkline Pharmaceuticals Limited. Mr. Parekh has won several awards, which includes Padma Bhushan conferred by Government of India in 2006, ‘Bundesverdienstkreuz’, which is Germany’s Cross of the Order of Merit, being one of the highest distinction by the Federal Republic of Germany, in 2014, “Knight in the Order of the Legion of Honour”, one of the highest distinction by the French Republic, in 2010 and he was also the first international recipient of the Outstanding Achievement Award by Institute of Chartered Accountants in England and Wales, in 2010.

**Sir Gerald Grimstone** is a Nominee Director of our Company. Sir Gerald has completed his masters’ in Arts and masters’ in Science from University of Oxford He has been on our Board since April 1, 2013. Sir Gerald was a director of Standard Life Assurance Company from July 2003 till July 2006. He has been the chairman of Standard Life Aberdeen since May 2007, having been deputy chairman since March 2006. He is also the chairman of Heng-

an Standard Life Insurance Company Limited in China. He is senior independent director and deputy chairman of Barclays Bank PLC. He is also an independent and a non-executive board member of Deloitte LLP and the lead non-executive at the Ministry of Defence. He is a senior adviser to the board of the Abu Dhabi Commercial Bank and is a member of the advisory council of the UK – India Business Council and is a member of the advisory council of the China – Britain Business Council. Previously, he held senior positions within the Department of Health and Social Security, a ministry of the British Government, and Her Majesty's Treasury, a British Government Department and with Schroders plc in London, Hong Kong and New York. He was vice chairman of Schroders' worldwide investment banking activities. In the Queen's Birthday Honours List, announced in June 2014, Sir Gerald received a knighthood in recognition for his contribution to public service, particularly in defence and business.

**Mr. Keki Mistry** is a Nominee Director of our Company. He has been on our Board since December 20, 2000. He is also the vice chairman and chief executive officer of our Promoter i.e., HDFC. He is a Fellow of the Institute of Chartered Accountants of India. Mr. Mistry joined HDFC in 1981. He was appointed as the executive director of HDFC in 1993, as the deputy managing director in 1999 and as the managing director in 2000. He was re-designated as the vice chairman and managing director of HDFC in October 2007 and as the vice chairman and chief executive officer, with effect from January 1, 2010. Some of Mr. Mistry's recent recognitions include, being awarded "Best Independent Director Award 2014" by Asian Centre for Corporate Governance & Sustainability, the Best CEO Financial Services (Large Companies) 2014 by Business Today magazine, honored with the "CA Business Achiever of the year" award in the Financial Sector by the Institute of Chartered Accountants of India (ICAI) in 2011, CNBC TV18's - CFO of the Year for 2008. Mr. Mistry is the chairman of the of CII National Council on Corporate Governance and a member of the Committee on Corporate Governance set up by the Securities and Exchange Board of India.

**Mr. Norman Keith Skeoch** is a Nominee Director of our Company. He has been on our Board since November 2, 2005. Mr Skeoch has been on the board of Standard Life Aberdeen (formerly Standard Life PLC) in the United Kingdom since 2006 and was appointed chief executive officer in 2015 having previously been the chief executive officer at Standard Life Investments Limited since 2004. Mr. Skeoch holds a bachelor's degree in Arts from University of Sussex, United Kingdom and a masters' degree in Arts from University of Warwick. Mr. Skeoch is a fellow of the Society of Business Economists. He is a non-executive director of The Financial Reporting Council.. Previously he spent nearly 20 years at James Capel & Company Limited in a number of roles, including chief economist and managing director international equities. He has been awarded honorary doctorates from the University of Sussex and Teesside University.

**Ms. Renu Karnad** is a Nominee Director of our Company. She has been on our Board since January 25, 2006. She is also the managing director of our Promoter i.e., HDFC. She holds a bachelor's degree in law from the University of Mumbai and a master's degree in economics from the University of Delhi. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, USA. Ms. Karnad joined HDFC in 1978 and she was appointed as the managing director of HDFC in January 2010. Some of her recent recognitions include, being awarded "Outstanding Woman Business Leader" at the CNBC-TV18 Indian Business Leader Awards (IBLA) 2012, being part of the 25 Most Influential Women Professionals in India – India Today Magazine's power list 2011, being featured amongst the list of '25 top non-banking women in finance' by U.S. Banker magazine in 2008, in 2006, Wall Street Journal Asia adjudged her among the 'Top Ten Powerful Women to Watch Out for in Asia'.

**Dr. Jamshed J Irani** is an Independent Director of our Company. He has been on our Board since August 11, 2017. He holds a master's degree in science from Nagpur University and master's in Metallurgy from University of Sheffield, United Kingdom. Further, he also holds a Doctorate from University of Sheffield, United Kingdom. He received the Padma Bhushan from the President of India in 2007 for his services to trade and industry in India. Additionally, he was conferred the honorary Knighthood (KBE) for contribution to Indo-British Trade and Co-operation. Dr. Irani has been a director of the Housing Development Finance Corporation Limited (HDFC) since 2008. Currently, Dr. Irani is an independent director of HDFC and Repro India Limited.

**Mr. AKT Chari** is an Independent Director of our Company. He has been on our Board since August 4, 2017. He holds a bachelor's degree in electrical engineering from Madras University in 1961. He previously held the position of chief general manager/adviser in Industrial Development Bank of India, where he handled project finance activities of the institution in various industrial and infrastructure sectors. Later he worked as chief operations

officer/executive director/head project finance in IDFC Limited, where he was engaged in financing infrastructure projects, in multiple sectors.

**Mr. Vegulaparanan Kasi Viswanathan** is an Independent Director of our Company. He has been on our Board since April 25, 2014. Mr. Viswanathan holds a bachelor's degree in commerce from University of Madras and is a member of Institute of Chartered Accountants of India. Currently, he is the chairman of Bosch Limited. He joined the Bosch Group in Germany in September 1998 and worked in its global headquarters in Stuttgart, Germany for two years. He took over as joint managing director of Bosch Limited, India in January 2001 with responsibility for all commercial, finance, information technology, human resource and legal matters besides corporate strategy. He was seconded to USA as the senior vice president for its North American automotive electronics and electrical business in 2006. He was designated as the managing director of Bosch Limited and country head and president of Bosch Group in India from February 2008. He became the chairman of Bosch Limited in July 2013.

**Mr. Prasad Chandran** is an Independent Director of our Company. He has been on our Board since April 25 2014. Mr. Chandran holds a bachelor's degree (honors) in chemistry from the University of Mumbai and a master's degree in business administration from University Business School, Chandigarh. He has also completed the advanced business management education from Wharton Business School, University of Pennsylvania, USA and AOTS, Tokyo University, Japan. He was designated as the chairman and managing director of BASF India Limited. He was also the chairman of CIBA India Limited before it integrated into BASF India Limited.

**Mr. Sumit Bose** is an Independent Director of our Company. He has been on our Board since July 19, 2016. He holds a degree of master of science in Social Policy and Planning in developing countries from the London School of Economics and Political Science, University of London, United Kingdom. He also holds a masters' degree in Arts (History) from University of Delhi. He was a member of Expenditure Management Commission set up to review the allocative and operational efficiencies of Government expenditure to achieve maximum output. He was also the Union Finance Secretary and Revenue Secretary in the Ministry of Finance, Government of India.

**Mr. Ranjan Mathai** is an Independent Director of our Company. He has been on our Board since July 22, 2016. He is a qualified as a member of the Indian Foreign Service in 1974 after having completed his Masters in Arts from the University of Poona. He has experience in diplomacy, administration and research and prior to his appointment with our Company, he was the Foreign Secretary of the Government of India for two years in 2011.

**Mr. Ketan Dalal** is an Independent Director of our Company. He has been on our Board since July 17, 2017. He is a fellow member of the Institute of Chartered Accountants of India, having qualified in 1981. In 1997, he (along with 3 other professionals) founded RSM, an Indian Tax practice, which merged into PwC in April 2007. He has recently founded a boutique structuring and tax firm, Katalyst Advisors LLP. He was a member of the 'Working Group on Non-resident taxation' formed by Ministry of Finance in 2003. He is a member of the Managing Committee and the Chairman of the Direct tax Committee of IMC. He has been a member of several SEBI Committees including SEBI's High Powered Advisory Committee on consent orders and compounding and Group of experts to advise SEBI on matters relating to Financial Sector Legislative Reforms Commission.

**Mr. Amitabh Chaudhry** is the Managing Director and Chief Executive Officer of our Company. He joined our Company on January 18, 2010. Mr. Chaudhry holds a bachelor's degree in engineering (electronics and electrical branch) from Birla Institute of Technology and Science, Pilani and post graduate diploma in management from Indian Institute of Management, Ahmedabad. He was the managing director and chief executive officer of Infosys BPO Limited. Mr. Chaudhry has experience in banking and finance and has worked in diverse roles ranging from head of technology, investment banking, for Asia regional finance head for wholesale banking and global markets and chief finance officer of Bank of America (India). He has also been associated with CLSA (Formerly Credit Lyonnais Securities, Asia).

**Ms. Vibha Padalkar** is an Executive Director and Chief Financial Officer of our Company. She joined our Company on August 4, 2008. Ms. Padalkar qualified as a member of the Institute of Chartered Accountants of England and Wales in 1992. She is also a member of the Institute of Chartered Accountants of India. Prior to her appointment with our Company, she has worked in varied sectors such as Business Process Outsourcing (WNS Global Services), FMCG (Colgate Palmolive (India) Limited) and Big 4 audit firm (Lovelock & Lewes (part of PricewaterhouseCoopers)). Ms. Padalkar leads the finance, legal, secretarial and compliance, internal audit and risk

functions as well oversight of our pension subsidiary, HDFC Pension. Ms. Padalkar was honoured with the “CFO – Woman of the year” award by the Institute of Chartered Accountants of India in 2011 and for “Excellence in Financial Control, Compliance and Corporate Governance” by IMA, India in 2013.

### Arrangement or understanding with major shareholders, customers, suppliers or others

Except for Mr. Deepak Parekh, Mr. Keki Mistry and Ms. Renu Karnad who have been nominated by HDFC, and Sir Gerald Grimstone and Mr. Norman Keith Skeoch who have been nominated by Standard Life Mauritius, none of our Directors or other members of senior management have been appointed pursuant to an understanding or arrangement with shareholders, customers, suppliers or others.

#### A. Terms of appointment of Executive Directors

**Mr. Amitabh Chaudhry** was first appointed as Managing Director and Chief Executive Officer of our Company for a period of five years with effect from January 18, 2010 by way of a board resolution dated December 4, 2009, shareholder resolution dated August 5, 2010, an IRDAI letter dated February 19, 2010 and an agreement dated February 23, 2010. He was re-appointed by way of board and shareholders' resolutions dated April 24, 2014 and June 24, 2014 respectively, IRDAI letter dated May 19, 2014 and an amendment agreement dated June 24, 2014, for a period of five years *i.e.*, from January 18, 2015 till January 17, 2020. Pursuant to the board resolution dated May 3, 2017, IRDAI letter dated June 19, 2017 and the shareholders' resolution dated July 17, 2017, the remuneration payable to Mr. Amitabh Chaudhry, our Managing Director and Chief Executive Officer, has been revised effective from April 1, 2017 subject to the following conditions regarding variable pay: (a) any excess in the annual remuneration in any form, over and above of ₹ 15 million shall be debited to the shareholder's account; (b) disclosure in relation to complete details of the compensation package drawn shall be made in the notes to the accounts which forms part of the financial statements of the Company; and (c) approval for payment of in-principle approved performance bonus payable at the end of FY 2017-18 and for any other similar periodical modifications to any of the entitlements, shall be obtained from the IRDAI prior to making the actual payment. The significant terms of his remuneration are as below:

Sr. No.	Remuneration	Details
1.	Salary*	₹13.22 million
2.	Allowances	₹ 6.51 million for other allowance ₹22.04 million for Flexi Pay
3.	Others	a) ₹1.59 million for Provident Fund b) ₹0.64 million for Gratuity c) ₹0.080 million for Group Insurance Benefit d) ₹29.38 million for variable pay for performance

*\*The IRDAI has, by way of its letter dated November 23, 2015 approved the granting of stock options and housing loan interest subsidy to our Managing Director and Chief Executive Officer, Mr. Amitabh Chaudhry, subject to the following conditions: (a) any excess in the annual remuneration in any form including retrials and cost of ESOSs, over and above ₹15 Million in a financial year including all perquisites plus bonuses etc., by whatsoever name, shall be charged to the shareholders' account; and (b) disclosure in relation to complete details of the granted options and exercised options shall be made in the notes to the account which forms part of the financial statements of the Company as a part of the remuneration schedule as prescribed under the Companies Act, 2013.*

For FY 2017, Mr. Amitabh Chaudhry was paid an aggregate compensation of ₹ 72.08 million (including perquisites) and ₹ 67.58 million (excluding perquisites).

**Ms. Vibha Padalkar** was first appointed as an Executive Director and Chief Financial Officer of our Company by way of a board resolution dated August 14, 2012, shareholders' resolution dated July 18, 2013, IRDAI letter dated September 7, 2012 and an agreement dated August 14, 2012. She was re-appointed as the Executive Director and Chief Financial Officer of our Company for five years effective from August 14, 2017 by way of a board resolution dated May 3, 2017 IRDAI letter dated May 22, 2017, shareholders' resolution dated July 17, 2017 and agreement dated August 14, 2017. Pursuant to a board resolution dated May 3, 2017, and the IRDAI letter dated June 19, 2017, the remuneration payable to Ms. Vibha Padalkar, our Executive Director and Chief Financial Officer, has been revised effective from April 1, 2017 subject to the following conditions regarding variable pay: (a) any excess in the annual remuneration in any form, over and above of ₹ 15 million shall be

debited to the shareholder's account; (b) disclosure in relation to complete details of the compensation package drawn shall be made in the notes to the accounts which forms part of the financial statements of the Company; and (c) approval for payment of in-principle approved performance bonus payable at the end of FY 2017-18 and for any other similar periodical modifications to any of the entitlements, shall be obtained from the IRDAI prior to making the actual payment. The significant terms of her remuneration are as below:

Sr. No.	Remuneration	Details
1.	Salary*	₹ 6.63 million
2.	Allowances	₹ 3.25 million for other allowance ₹11.06 million for Flexi Pay
3.	Others	a) ₹0.80 million for Provident Fund b) ₹0.32 million for Gratuity c) ₹0.056 million for Group Insurance Benefit d) ₹14.74 million for variable pay for performance

\*The IRDAI has, by way of its letter dated November 23, 2015 approved the granting of stock options and housing loan interest subsidy to our Executive Director and Chief Financial Officer, Ms. Vibha Padalkar, subject to the following conditions: (a) any excess in the annual remuneration in any form including retrials and cost of ESOSs, over and above of ₹15 million in a financial year including all perquisites plus bonuses etc, by whatsoever name, shall be charged to the shareholders' account; and (b) disclosure in relation to complete details of the granted options and exercised options shall be made in the notes to the account which forms part of the financial statements of the Company as a part of the remuneration schedule as prescribed under the Companies Act, 2013.

For FY 2017, Ms. Vibha Padalkar was paid an aggregate compensation of ₹ 64.95 million (including perquisites) and ₹35.12 million (excluding perquisites).

The base salary is paid subject to all deductions on account of withholding taxes, statutory contributions and other requirements in accordance with law.

With respect to our Managing Director and CEO and our Executive Director and CFO, there is no contingent or deferred payment received for FY 2017.

### Remuneration for Non-Executive Directors and Independent Directors

Our Independent Directors are eligible for sitting fees for attending each meeting of the Board or committees thereof. Our Independent Directors are also entitled to commission payable based on the net profit our Company in any financial year. Details of the sitting fees and commission paid by our Company to the Non- Executive Directors and Independent Directors in FY 2017 are as follows:

Sr. No.	Name of Director****	Total amount of sitting fees paid (₹)	Total amount of commission paid (₹)
1.	Mr. Deepak Parekh*	450,000	NIL
2.	Mr. Sumit Bose**	350,000	NIL
3.	Mr. Keki Mistry*	750,000	NIL
4.	Ms. Renu Karnad*	950,000	NIL
5.	Mr. Ranjan Mathai**	250,000	NIL
6.	Mr. Vegulaparanan Kasi Viswanathan**	1,000,000	1,500,000***
7.	Mr. Prasad Chandran**	950,000	1,500,000***

\* As per the resolution of our Board dated May 3, 2017, the Non-Executive Directors of our Company are entitled to a sitting fee of ₹0.1 million each per Board meeting and committee meeting including reimbursement for expenses relating to boarding, lodging and travel for FY 18.

\*\* As per the resolution of our Board dated May 3, 2017, the Independent Directors of our Company are entitled to a sitting fee of ₹0.1 million each per Board meeting and committee meeting including reimbursement for expenses relating to boarding, lodging and travel for FY 18 and a commission of ₹1 million each for FY 17.

\*\*\* Mr. Vegulaparanan Kasi Viswanathan and Mr. Prasad Chandran were paid a commission of ₹1.5 million each for FY 16 in FY 17.

\*\*\*\*Sir Gerald Grimstone and Mr. Norman Keith Skeoch were not paid any sitting fees or commission in FY 17.

### Remuneration paid by our Subsidiaries

The Directors of our Company who are also directors on the boards of our Subsidiaries are entitled to remuneration as per the remuneration policies of our Subsidiaries. Details of the remuneration paid to our Directors by our Subsidiaries in FY 2017 are as follows:

#### (a) HDFC Pension:

Sr. No	Name of Director	Total remuneration/sitting fees paid (₹)
1.	Mr. Amitabh Chaudhry	NIL
2.	Ms. Vibha Padalkar	NIL
3.	Mr. AKT Chari	130,000

#### (b) HDFC International:

Sr. No	Name of Director	Total remuneration paid (₹)
1.	Mr. Amitabh Chaudhry	NIL

### Changes in the Board of Directors in the last three years

Sr. No.	Name	Date of appointment	Date of cessation	Reason for change*
1.	Dr. Jamshed J Irani	August 11, 2017	-	Appointment as Independent Director
2.	Dr. Surendra Dave	April 26, 2012	August 10, 2017	Resignation
3.	Mr. AKT Chari	August 4, 2017	-	Appointment as Independent Director
4.	Mr. Ravi Narain	April 28, 2005	August 1, 2017	Resignation
5.	Mr. Ketan Dalal	July 17, 2017	-	Appointment as Independent Director
6.	Mr. Ranjan Mathai	July 22, 2016	-	Appointment as Independent Director
7.	Mr. Sumit Bose	July 19, 2016	-	Appointment as Independent Director
8.	Mr. Luke Savage	August 5, 2015	January 20, 2016	Appointment and resignation as Nominee Director
9.	Mr. David Thomas Nish	February 10, 2010	August 5, 2015	Due to resignation from Standard Life Aberdeen

*\*The aforementioned changes to our Board in the past three years do not include regularisation of Directors and retirement of Directors by rotation who were reappointed.*

### Service contracts

Our Company has not entered into any service contracts, pursuant to which its officers, including its Directors and Key Management Personnel, are entitled to benefits upon termination of employment.

### Bonus or profit-sharing plan of our Directors

Except to the extent of Equity Shares held by our Directors, profit related commission payable to our Independent Directors and issuance of employees stock options and discretionary performance variable pay to our Executive Directors, none of our Directors are a party to any bonus or profit sharing plan by our Company.

## Shareholding of our Directors in our Company

For details on shareholding of the Directors in our Company please see “*Capital Structure – Notes to Capital Structure - Shareholding of our Directors and/ or Key Management Personnel*” on page 123 of this Red Herring Prospectus.

The Articles of Association do not require the Directors to hold any qualification equity shares.

## Shareholding of our Directors in our Subsidiaries

Except as stated below, none of our Directors hold any equity shares in our Subsidiaries. For further details, please see “*History and Certain Corporate Matters*” on page 265 of this Red Herring Prospectus.

Details of equity shares held in HDFC Pension:

Sr. No	Name of Director	Number of equity shares held
1.	Mr. Amitabh Chaudhry (as a nominee shareholder of our Company)	1
2.	Ms. Vibha Padalkar (as a nominee shareholder of our Company)	1

Except as stated below, none of our Directors have been or are directors on the boards of listed companies that have been/ were delisted from stock exchanges in India.

### 1. *Mr. Keki Mistry and Ms. Renu Karnad*

Name of the company	GRUH Finance Limited
Listed on	Ahmedabad Stock Exchange Limited (“ASEL”) (Regional Stock Exchange)
Date of delisting on stock exchanges	November 25, 2009
Whether the delisting was compulsory or voluntary delisting	Voluntary
Reasons for delisting	The equity shares of GRUH Finance Limited were listed with ASEL from January 8, 1993 and no trading was conducted on ASEL for the period of three years at that time.*
Whether the company has been relisted	No
Date of relisting in the event the company is relisted	N.A.
Name of the stock exchange(s) on which the company was relisted	N.A.
Term (along with relevant dates) in the above company	N.A.

\* Equity shares of GRUH Finance Limited are still listed on BSE and NSE.

None of our Directors have been, or are, directors on the boards of listed companies during the last five years preceding this Red Herring Prospectus, whose shares have been or were suspended from trading on BSE or NSE.

## Borrowing powers of our Board

Our Company can borrow or lend as per the provisions of Companies Act, 2013, Insurance Act and IRDAI Act including the rules and regulations issued thereunder. Our Company does not have any outstanding loans as on the date of the Red Herring Prospectus.

## Interest of Directors

All Directors may be deemed to be interested to the extent of fees and commission, as applicable, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of reimbursement of expenses

payable to them. Our Executive Directors may be deemed to be interested to the extent of remuneration payable to them for services rendered as an officer or employee of our Company.

The Directors may also be deemed to be interested to the extent of the Equity Shares and employees stock options, if any, held by them or any of their relatives directly or indirectly and in any dividend distribution which may be made by our Company in the future. For further details, please see "*Capital Structure -Shareholding of our Directors and/ or Key Management Personnel*" on page 123 of this Red Herring Prospectus.

Our Directors have no interest in any property acquired by our Company within two years from the date of this Red Herring Prospectus or proposed to be acquired by our Company as of the date of this Red Herring Prospectus.

Our Directors have no interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

No sum has been paid or agreed to be paid to our Directors or to firms or companies in which they may be members, in cash or shares or otherwise by any person either to induce him/her to become, or to qualify him/her as, a Director, or otherwise for services rendered by him/her or by such firm or company, in connection with the promotion or formation of our Company.

Our Directors have no interest in the promotion of our Company.

Except as disclosed in this Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.

Except as stated at "*Interest of Directors*" above and at "*Financial Information – Annexure - XXXIII: Restated Standalone Statement of Related Party Transactions*" and "*Financial Information – Annexure – XXXIII: Restated Consolidated Statement of Related Party Transactions*" from pages 436 and 547 of this Red Herring Prospectus, respectively, our Directors have not entered into any transactions with our Company and do not have any other interest in the business of our Company.

No loans have been availed by our Directors or the Key Management Personnel from our Company. None of the beneficiaries of any loans or advances granted by our Company are related to our Directors. Further, none of the sundry debtors are related to our Directors.

#### **Appointment of any relatives of our Directors to an office or place of profit**

None of the relatives of our Directors have been appointed to an office or place of profit in our Company.

#### **Corporate Governance**

The provisions of the Listing Regulations with respect to corporate governance will be applicable to our Company immediately upon the listing of Equity Shares on the Stock Exchanges. Our Company being a company engaged in insurance sector, the provisions of IRDAI CG Guidelines are also applicable to our Company. Our Company is in compliance with the requirements of the applicable regulations, specifically the corporate governance requirement of the Listing Regulations to the extent applicable, the Companies Act, 2013, IRDAI CG Guidelines and the ICDR Regulations in respect of corporate governance particularly in relation to constitution of the Board and committees of our Board. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, each as required under law.

Our Board is constituted in compliance with the Companies Act and in accordance with best practices in corporate governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company's executive management provides the Board of Directors detailed reports on its performance periodically.

Currently, our Board has 14 Directors, headed by the Chairman who is a Non-Executive Director. In compliance with the requirements of Regulation 17 of the Listing Regulations, we have seven Independent Directors on the Board, in addition to one Managing Director, one Executive Director, and five Non-Executive Directors. In compliance with the provisions of the Companies Act, at least two-third of our Directors, other than our Independent Directors, are liable to retire by rotation.

## Committees of the Board

### A. Audit Committee

The members of the Audit Committee are:

Sr. No.	Name of the Director	Designation
1.	Mr. Vegulaparanan Kasi Viswanathan (Chairman)	Independent Director
2.	Mr. Keki Mistry	Nominee Director
3.	Mr. Prasad Chandran	Independent Director
4.	Ms. Renu Karnad	Nominee Director
5.	Mr. Sumit Bose	Independent Director
6.	Mr. Ketan Dalal	Independent Director
7.	Mr. AKT Chari	Independent Director
8.	Dr. Jamshed J Irani	Independent Director
9.	One Standard Life Mauritius Representative	Nominee Director

The Audit Committee was constituted by a meeting of the Board of Directors held on April 17, 2001 and was last re-constituted by a resolution of the Board by way of circulation on August 12, 2017. The scope and function of the Audit Committee is in accordance with the Companies Act, 2013, Regulation 18 of the Listing Regulations and para 7.1 of the IRDAI CG Guidelines.

The terms of reference of the Audit Committee include:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending the appointment and removal of Statutory Auditor / Internal Auditor / Concurrent Auditor, fixation of audit fee and also approval for payment for any other services, including review of their performance and oversight;
3. Reviewing with Management, the annual financial statements before submission to the Board, focusing primarily on:
  - (i) Any changes in accounting policies and practices,
  - (ii) Major accounting entries based on exercise of judgment by management,
  - (iii) Qualifications in draft audit report,
  - (iv) Significant adjustments arising out of audit,
  - (v) The going concern assumption,
  - (vi) Compliance with accounting standards,
  - (vii) Compliance with regulatory authorities and legal requirements concerning financial statements,
  - (viii) Any related party transactions,
  - (ix) Matters required to be included in the Directors' Responsibility Statement to be included in the Board Report in terms of Companies Act, 2013;
4. Reviewing with the management, Statutory and Internal Auditors, adequacy of internal control systems;
5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit;
6. Reviewing and discussing with Internal Auditors / Concurrent Auditors and management on significant issues/ findings arising from the internal audit reports/concurrent audit reports and follow up action thereon;

7. Discussion with Statutory Auditors before the audit commences about nature and scope of audit. Post-audit, discussion with Statutory Auditors to ascertain any area of concern;
8. Reviewing the Company's financial policies;
9. Oversee the compliance of internal control systems;
10. To review the Financial statements and draft report, including quarterly / half- yearly financial information / annual financial statements before submission to the Board;
11. To have unrestricted access to the Company's books and records;
12. Reviewing the findings of any internal investigations by the Internal Auditors / External Agencies into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
13. Review performance of Internal Audit;
14. Ensure that the Auditors so appointed shall not enter into any other material contractual relationship with the Company;
15. Ensuring the compliance of the conditions for appointment and eligibility of Statutory Auditors of the Company as stipulated by the Regulatory Authority from time to time;
16. Review of performance of the Statutory Auditors;
17. In case of Statutory Audit, the independence of the Statutory Auditors shall be ensured;
18. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
19. Identifying and reporting of the potential risk factors with necessary remedial measures, if any;
20. Verification of Assets, Contingent and other disputed liabilities;
21. Overseeing the procedures and processes established to attend to issues relating to maintenance of books of account, administration procedures, transactions and other matters having a bearing on the financial position of the insurer, whether raised by the auditors or by any other person;
22. Any additional work other than Statutory/Internal Audit that is entrusted to the auditor or any of its associated persons or companies shall be specifically approved by the Board / Audit Committee, keeping in mind the necessity to maintain the independence and integrity of the audit relationship. All such other work entrusted to the auditor or its associates shall be specifically disclosed in the Notes to Accounts forming part of the annual accounts of the insurer;
23. Monitor the progress made in rectification of irregularities and changes in processes wherever deficiencies have come to the notice;
24. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
25. Approval of appointment of CFO (i.e. Whole time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate provided that where the incumbent is also proposed to be appointed as a Director, such appointment shall also be placed before the Nomination Committee, to the extent of Directorship;
26. Approving compliance programmes, reviewing their effectiveness on a regular basis and signing off on any material compliance issues or matters;
27. Monitoring the compliance function and the insurer's risk profile in respect of compliance with external laws and regulations and internal policies, including the insurer's Code of Ethics or Conduct;
28. To investigate any activity within its terms of reference;
29. To have direct access to seek information from any employee of the Company;
30. To obtain outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary;
31. Minutes of the meetings of the Audit Committee or similar Committee, if any, constituted by the Company's subsidiary Company (Pension Company) shall also be placed before the Committee;
32. Approval or any subsequent modification of transactions of the Company with related parties;
33. Scrutiny of inter-corporate loans and investments;
34. Monitoring the end use of funds raised through public offers and related matters;
35. In consultation with the internal auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit;
36. Act as a Compliance Committee to discuss the level of compliance in the Company and any associated risks and to monitor and report to the Board on any significant compliance breaches;
37. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than

those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

38. To review the functioning of the whistle blower mechanism;
39. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
40. Carrying out any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or the Listing Regulations or by any other regulatory authority; and
41. Review of **(i)** management discussion and analysis of financial condition and results of operations; **(ii)** statement of significant related party transactions (as defined by the audit committee), submitted by management; **(iii)** management letters/letters of internal control weaknesses issued by the statutory auditors; **(iv)** internal audit reports relating to internal control weaknesses; **(v)** the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; **(vi)** statement of deviations including **(a)** quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations; and **(b)** annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations.

In addition to the above, the Audit Committee will undertake such other duties as the Board of Directors delegates to it, and will report, at least annually, to the Board regarding the Committee's examinations and recommendations.

## B. Nomination and Remuneration Committee

The members of the nomination and remuneration committee are:

Sr. No.	Name of the Director	Designation
1.	Mr. Ranjan Mathai (Chairman)	Independent Director
2.	Mr. Vegulaparanan Kasi Viswanathan	Independent Director
3.	Mr. Prasad Chandran	Independent Director
4.	Ms. Renu Karnad	Nominee Director
5.	Mr. Keki Mistry	Nominee Director
6.	One Standard Life Mauritius Representative	Nominee Director
7.	Mr. Sumit Bose	Independent Director
8.	Mr. AKT Chari	Independent Director
9.	Dr. Jamshed J Irani	Independent Director

The nomination committee was constituted pursuant to the board resolution dated February 10, 2010. The compensation committee was renamed as the remuneration committee pursuant to the board resolution dated February 10, 2010. Pursuant to the requirement of the Companies Act, 2013, the nomination committee and remuneration committee were re-constituted by a meeting of the Board of Directors held on April 24, 2014 to form the Nomination and Remuneration Committee which was last re-constituted by a resolution of the Board by way of circulation on August 12, 2017. The scope and function of the Nomination and Remuneration Committee is in accordance with the Companies Act, 2013, and Regulation 19 of the Listing Regulations.

The terms of reference of the nomination and remuneration committee include:

1. To identify persons who are qualified to become directors, Key Management Persons and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance;
2. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, Key Management Persons and other employees;
3. To ensure while formulating the policy the following:
  - (i) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully,

- (ii) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks,
  - (iii) Remuneration to directors, Key Management Persons and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals;
4. To review the Board structure, size and composition and make any recommendations to the Board with regard to any changes deemed necessary;
  5. To review and recommend, if appropriate, directors who are retiring by rotation to be put forward for re-election at the Company's annual general meeting;
  6. To evaluate and review on periodical basis the "Fit & Proper criteria" for the Directors and Appointed Actuary as prescribed by the Regulatory Authority from time to time;
  7. To put in place the procedures for appointment of Appointed Actuary in compliance of conditions prescribed by the Regulatory Authority for the same;
  8. Succession plan for Directors, Senior Management and key position employees to be adopted, implemented and reviewed from time to time;
  9. Invite any executive of the Company or other external experts to attend the meetings of the Committee, without the right to vote, whenever it deems necessary;
  10. Scrutinize the declarations of intending applicants before the appointment / re- appointment/ election of Directors by Shareholders at the general meeting. The Committee could also make independent / discreet references, where necessary, well in time to verify the accuracy of information furnished by the applicant;
  11. To recommend appointment or termination of Managing / Whole time Directors / Non-Executive Directors, to the Board, subject to provisions in the Articles of Association, Shareholder resolution, and statutory and regulatory approvals;
  12. To review and discuss with the Management, Company's Compensation Philosophy and Company's Compensation Discussion and Analysis (CD&A) including any reports, studies or analysis provided by external Advisors / Consultants;
  13. To determine the Company's policy on specific remuneration packages and any compensation payment, for the CEO and the Whole Time Directors of the Company;
  14. To decide and finalise terms of remuneration for appointment or continuation of appointment of whole time directors / Directors within the limits as may be laid down by the Shareholders of the Company, either by way of a provision in the Articles of Association of the Company or vide any resolution passed by them, subject to the statutory and regulatory approvals, limits and conditions as may be applicable;
  15. To review and approve, on an annual basis, the corporate goals and objectives with respect to the compensation for the Chief Executive Officer / Whole Time Director/s. The Committee shall evaluate at least once a year the Chief Executive Officer's / Whole Time Director's performance in light of the established goals and objectives and based upon these evaluations, shall set their annual compensation, including salary, bonus and equity and non-equity incentive compensations. The compensation structure shall be within the overall limits as laid down by the shareholders of the Company, and further subject to statutory and regulatory approvals including that of the Insurance Regulatory and Development Authority or such other body or authority as may be applicable;
  16. To formulate such policies as may be required, from time to time, for extending benefits, both monetary and otherwise, to all or any class of employees of the Company;
  17. To formulate one or more scheme(s) for granting of Stock Options to Employees and Directors of the Company as well as its holding company / subsidiaries, from time to time, subject to the approval of the Shareholders of the Company and within the provisions of the Companies Act, 1956 and other statutes, regulations and guidelines as may be applicable from time to time. The Committee shall have full authority, with power to delegate, with respect to the administration of such stock option plans;
  18. To oversee the development of Management succession plans for CXO's including other business critical positions as defined by the Management;
  19. Ensure that the remuneration packages of the Key Management Persons of the Company are as per the Remuneration Policy approved by the Board;
  20. Ensure that the proposed appointments/ re-appointments of Key Management Persons or Directors are in conformity with the Board approved policy on retirement/ superannuation;
  21. formulation of criteria for evaluation of performance of Independent Directors and the board of directors;
  22. devising a policy on diversity of board of directors; and

23. such other functions as may be required under the Listing Regulations.

#### C. Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

Sr. No.	Name of the Director	Designation
1.	Mr. Keki Mistry (Chairman)	Nominee Director
2.	Mr. AKT Chari	Independent Director

The share transfer committee was constituted pursuant to a meeting of the Board of Directors held on April 28, 2005. The share transfer committee was re-constituted into share transfer and allotment committee pursuant to a meeting of the Board of Directors held on November 8, 2006. The share transfer and allotment committee was reconstituted as the Stakeholders' Relationship Committee pursuant to a meeting of the Board of Directors held on April 24, 2014. The Stakeholder's Relationship Committee was last re-constituted by a resolution of the Board by way of circulation on August 5, 2017 pursuant to a meeting of the Board of Directors held on January 20, 2016. The scope and function of the Stakeholders' Relationship Committee is in accordance with the Companies Act, 2013, and Regulation 20 of the Listing Regulations.

The terms of reference of the stakeholders' relationship committee include:

1. To consider and resolve the grievances of security holders of the Company;
2. To appoint/remove Registrars and Share Transfer Agents, Depositories;
3. To approve/ratify allotment of shares;
4. To approve request lodged with the Company for transfer, transmission, de-materialisation, re-materialisation of shares; and
5. To approve/ratify the issuance of duplicate, replaced, split, consolidated share certificates duly verified, confirmed and recommended by the Company Secretary, from time to time.

#### D. Risk Management Committee

The members of the Risk Management Committee are:

Sr. No.	Name of the Director	Designation
1.	Ms. Renu Karnad (Chairperson)	Nominee Director
2.	Mr. Vegulaparanan Kasi Viswanathan	Independent Director
3.	Mr. Sumit Bose	Independent Director
4.	Mr. Amitabh Chaudhry*	Managing Director & CEO
5.	Ms. Vibha Padalkar*	Executive Director & CFO
6.	Mr. Ketan Dalal	Independent Director
7.	Mr. Ranjan Mathai	Independent Director

\* with no right to vote.

The Risk Management Committee was constituted by a meeting of the Board of Directors held on February 10, 2010. The Risk Management Committee was last re-constituted by a resolution of the Board by way of circulation on August 5, 2017. Pursuant to the IRDAI CG Guidelines, the Risk Management function is under the overall guidance and supervision of the Chief Risk Officer, Mr. Khushru Sidhwa, Executive Vice President – Audit & Risk Management, appointed with a clearly defined role. The scope and function of the Risk Management Committee is in accordance with the Companies Act, 2013, Regulation 21 of the Listing Regulations and para 7.3 of the IRDAI CG Guidelines.

The terms of reference of the Risk Management Committee include:

1. Reviewing and approving the risk management policy and associated framework, processes and practices of the Company annually;

2. Ensuring the appropriateness of the Company in taking measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
3. Evaluating significant risk exposure of the Company and assessing Management's action to mitigate/ manage the exposure in timely manner;
4. Adopting, implementing and reviewing the Code of Ethics (and Standards) for the Company;
5. Discuss and consider best practices in risk management in the market and advise the respective functions;
6. Assist the Board in effective operation of the risk management system by performing specialized analyses and quality reviews;
7. Maintain an aggregated view on the risk profile of the Company for all categories of risk including insurance risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, legal risk, reputation risk, etc;
8. Report to the Board, details on the risk exposures and the actions taken to manage the exposures; review, monitor and challenge where necessary, risks undertaken by the Company;
9. Review the solvency position of the Company on a regular basis;
10. Monitor and review regular updates on business continuity;
11. Formulation of a Fraud monitoring policy and framework for approval by the Board;
12. Monitor implementation of Anti-fraud policy for effective deterrence, prevention, detection and mitigation of frauds;
13. Review compliance with the guidelines on Insurance Fraud Monitoring Framework issued by the Authority;
14. Ensuring that liabilities are backed by appropriate assets and manage mismatches between assets and liabilities to ensure they remain within acceptable monitored tolerances for liquidity, solvency and the risk profile of the entity;
15. Reviewing, approving and monitoring systems, controls and reporting used to manage balance sheet risks including any mitigation strategies;
16. Setting up the system for recognizing and rewarding the individuals adhering to the ethical culture;
17. Reviewing, investigating the instances reported for unethical behaviour of employees or Senior Management Officials and taking suitable disciplinary action against such employees;
18. Coordinating activities with the Audit Committee in instances where there is any overlap with audit activities;
19. Setting the risk/reward objectives and assess policyholder expectations;
20. Quantifying the level of risk exposure and assessing the expected rewards and costs associated with the risk exposure;
21. Formulating and implementing optimal Asset Liability Management strategies and meeting risk/reward objectives. The strategies must be laid down both at product level and enterprise level;
22. Laying down the risk tolerance limits;
23. Monitoring risk exposures at periodic intervals and revising ALM strategies where required, reviewing approving and monitoring systems, controls and reportings used to manage balance sheets risks including any mitigation strategies;
24. Ensuring that management and valuation of all assets and liabilities comply with standards, prevailing legislation and internal and external reporting requirements;
25. Submitting the ALM information before the Board at periodic intervals. Annual review of strategic asset allocation;
26. Reviewing key methodologies and assumptions including actuarial assumptions, used to value assets and liabilities;
27. Managing capital requirements at the Company level using the regulatory solvency requirements;
28. Reviewing, approving and monitoring capital plans and related decisions over capital transactions (e.g. dividend payments, acquisitions, disposals, etc.);
29. Reporting to the Board on periodical basis;
30. Maintaining a group-wide and aggregated view on the risk profile of the Company in addition to the solo and individual risk profile;
31. Advise the Board with regard to the risk management decisions in relation to strategic and operational matters such as corporate strategy, mergers and acquisitions and related matters;
32. Receiving reports on the above and on proactive compliance activities aimed at increasing the Company's ability to meet its legal and ethical obligations, on identified weaknesses, lapses, breaches or violations and the controls and other measures in place to help detect and address the same;

33. Supervising and monitoring matters reported using the company's whistle blowing or other confidential mechanisms for employees and others to report ethical and compliance concerns or potential breaches or violations;
34. Advising the Board on the effect of the above on the Company's conduct of business and helping the Board set the correct "tone at the top" by communicating, or supporting the communication, throughout the Company of the importance of ethics and compliance;
35. Monitoring the compliance function and the insurance company's risk profile in respect of compliance with external laws and regulations and internal policies, including its code of ethics or conduct.
36. Approving compliance programmes, reviewing their effectiveness on a regular basis and signing off on any material compliance issues or matters;
37. To consider any matter arising out of the Prevention of Sexual Harassment Policy; and
38. Minutes of the meetings of the Risk Committee or similar Committee, if any, constituted by the Company's subsidiary Company (Pension Company) shall also be placed before the Committee.

#### E. CSR Committee

The members of the CSR Committee are:

Sr. No.	Name of the Director	Designation
1.	Mr. Deepak Parekh (Chairman)	Nominee Director
2.	Mr. Ranjan Mathai	Independent Director
3.	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer
4.	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer
5.	Dr. Jamshed J Irani	Independent Director

The CSR Committee was constituted by a resolution of the Board by way of circulation which was approved on April 23, 2014 and was last re-constituted by a resolution of the Board by way of circulation on August 12, 2017. The scope and function of the CSR Committee is in accordance with the Companies Act, 2013, and para 7.6 of the IRDAI CG Guidelines.

The terms of reference of the CSR Committee include the powers:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
2. To recommend the amount of expenditure to be incurred on the permitted or required activities referred; and
3. To monitor the Corporate Social Responsibility Policy of the Company from time to time.

#### F. Investment Committee

The members of the Investment Committee are:

Sr. No.	Name of the Director	Designation
1.	Mr. Deepak Parekh (Chairman)	Nominee Director
2.	Mr. Keki Mistry	Nominee Director
3.	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer
4.	Ms. Vibha Padalkar	Executive Director and Chief Financial Officer
5.	Mr. Srinivasan Parthasarathy	Chief Actuary and Appointed Actuary
6.	Mr. Prasun Gajri	Chief Investment Officer
7.	Mr. Khushru Sidhwa	Executive Vice President – Audit & Risk Management

The Investment Committee was constituted by a meeting of the Board of Directors held on October 12, 2000. The Investment Committee was re-constituted by a meeting of the Board of Directors held on July 19, 2016. The scope and function of the Investment Committee is in accordance with para 7.2 of the IRDAI CG Guidelines.

The terms of reference of the Investment Committee include:

1. To consider the following, while framing Investment policy:
  - (i) Liquidity, prudential norms, exposure limits, stop loss limits in securities trading, management of all investment and market risks, management of assets-liabilities mismatch, investment audits and investment statistics, etc. and the provisions of the Insurance Act, 1938 and Insurance Regulatory and Development Authority (Investment) Regulations, 2000,
  - (ii) Adequate returns on Policyholder's and Shareholders' funds consistent with the protection, safety and liquidity of such funds,
  - (iii) Funds of the insurer shall be invested and continued to be invested in instruments which enjoy a rating as prescribed from time to time by regulations, keeping in mind the safety and liquidity of the policyholders' funds are assured;
2. To recommend any changes in the Company Investment and Lending Policy for approval by the Board;
3. To note / ratify matters arising out of the Investment Policy;
4. To review Asset Mix of Conventional Product Portfolios;
5. To review Portfolio Yield & Modified Duration in Conventional Portfolio & Unit- linked Portfolios;
6. To review Sectoral Allocation of Equities for Conventional & Unit-linked Portfolios;
7. To review Fund Performance for Conventional & Unit Linked Funds;
8. For assessment of credit risk and market risk, the members of the Committee shall not be influenced only by the credit rating but should independently review their investment decisions and ensure that support by the internal due diligence process is an input in making appropriate investment decisions;
9. In respect of investment in fixed income securities, ensure that independent credit appraisals have been carried out without depending solely on external credit agencies;
10. Put in place an effective reporting system to ensure compliance with the Policy set out by it, apart from Internal / Concurrent Audit mechanisms, for a sustained and on-going monitoring of Investment Operations;
11. Furnish a report to the Board on the performance of Investments at least on a quarterly basis and provide analysis of its Investment portfolio and on the future outlook to enable the Board to look at possible policy changes and strategies; and
12. To review Rating Exposure of Unit-Linked & Conventional Portfolios.

#### G. Policyholders Protection Committee

The members of the Committee are:

Sr. No.	Name of the Director	Designation
1.	Mr. Prasad Chandran (Chairman)	Independent Director
2.	Ms. Renu Karnad	Nominee Director
3.	Mr. Ranjan Mathai	Independent Director
4.	Mr. Amitabh Chaudhry*	Managing Director and Chief Executive Officer
5.	Ms. Vibha Padalkar*	Executive Director and Chief Financial Officer

*\*Not having a right to vote and Mr. Ravi Vaidee attends as invitee as customer representative as required by the IRDAI CG Guidelines.*

The Policyholders Protection Committee was constituted by a meeting of the Board of Directors held on February 10, 2010. The Policyholders Protection Committee was last re-constituted by a meeting of the Board of Directors held on October 17, 2016. The scope and function of the Policyholders Protection Committee is in accordance with para 7.4 of the IRDAI CG Guidelines.

The terms of reference of the Policyholders Protection Committee include:

1. Putting in place proper procedures and effective mechanism to address complaints and grievances of policyholders;
2. Review of the mechanism at periodic intervals;
3. Review the status of complaints at periodic intervals of the policyholders;
4. Provide details of insurance ombudsmen to the policyholders;
5. Ensure adequacy of disclosure of “material information” to the policyholders. These disclosures shall, for the present, comply with the requirements laid down by the Authority both at the point of sale and at periodic intervals;
6. Provide the details of grievances at periodic intervals in such formats as may be prescribed by the Authority;
7. The Policyholder Protection Committee may invite the external experts to attend the meetings of the Committee, without the right to vote, whenever it deems necessary;
8. To frame policies and procedures to protect the interest of the Policyholders and for ensuring compliance with the advertisement and disclosure norms prescribed by the Regulatory Authorities;
9. Adopt standard operating procedures to treat the customer fairly including time- frames for policy and claims servicing parameters and monitoring implementation thereof;
10. Establish effective mechanism to address complaints and grievances of policyholders including mis-selling by intermediaries;
11. Put in place a framework for review of awards given by Insurance Ombudsman/Consumer Forums;
12. Analyze the root cause of customer complaints, identify market conduct issues and advise the management appropriately about rectifying systemic issues, if any;
13. Review all the awards given by Insurance Ombudsman/Consumer Forums remaining unimplemented for more than three months with reasons therefor and report the same to the Board for initiating remedial action, where necessary;
14. Review the measures and take steps to reduce customer complaints at periodic intervals;
15. Ensure compliance with the statutory requirements as laid down in the regulatory framework;
16. Review of Claims Report, including status of Outstanding Claims with ageing of outstanding claims.
17. Reviewing Repudiated claims with analysis of reasons;
18. Status of settlement of other customer benefit payouts like Surrenders, Loan, Partial withdrawal requests etc; and
19. Review of unclaimed amounts of Policyholders, as required under the Circulars and guidelines issued by the Authority.

#### H. With Profits Committee

The members of the With Profits Committee are:

Sr. No.	Name of the Director	Designation
1.	Mr. Sumit Bose (Chairman)	Independent Director
2.	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer
3.	Mr. Srinivasan Parthasarathy	Chief Actuary and Appointed Actuary
4.	Mr. P.A. Balasubramaniam	Member in the capacity of an independent actuary

The With Profits Committee was constituted by a meeting of the Board of Directors held on October 22, 2013 and was last reconstituted on August 5, 2017. The scope and function of the With Profits Committee is in accordance with para 7.7 of the IRDAI CG Guidelines.

The terms of reference of the With Profits Committee include:

1. Approve the asset share methodology including the deductions for expenses and crediting of investment return to the asset share; and
2. Prepare a report summarising the Committee’s view to be sent to IRDA along with Actuarial Report and Abstract.

## I. Executive Committee

In addition to the above-mentioned committees, our Company has also re-constituted the oversight committee as the IPO Committee pursuant to the board resolution dated February 10, 2010 which was further re-constituted and re-named as the Executive Committee pursuant to the board resolution dated April 26, 2012. The Executive Committee was last re-constituted by a resolution of the Board by way of circulation on August 12, 2017. The Executive Committee will carry on all IPO related activities as entrusted by the Board of our Company.

Sr. No.	Name of the Director	Designation
1.	Mr. Keki Mistry (Chairman)	Nominee Director
2.	One Standard Life Representative	Nominee Director
3.	Ms. Renu Karnad	Nominee Director

The terms of reference of the Executive Committee include:

1. To act on behalf of the Board on urgent matters arising between regular Board meetings in those cases where it is not possible to convene a meeting of the Board and bring such matters to the immediate attention of the Board, provided that matters that lie within the remit of any other existing committee of the Board shall be referred to that committee;
2. Agreeing and recommending the Company's Business Plan to the Board;
3. Approve long term objectives, including overall business and commercial strategy, annual operating budgets of the Company, and the review of these;
4. Matters representing a major change of policy or involvement of a material nature in a new area of business;
5. In relation to any capital or securities issuance, re-organisation, structuring, and/or re-structuring proposal or transaction, including through IPO, merger or amalgamation, or in relation to an acquisition transaction, defining milestones/major activities, and review progress thereof; appointment of any merchant banker, intermediary, professional, advisor or any similar person or entity, reviewing terms of their appointment, or their removal; providing guidance and consultation including resolving any doubt or question, including on any back-up plans, etc.;
6. Act on any other matter delegated by the Board;
7. Appointment of intermediaries (Registrar, legal advisors, BRLMs, etc., as applicable);
8. Appointment of Compliance Officer (under Listing regulations);
9. Approve the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus (subject to in-principle approval from the Board);
10. Approve the issue agreement, registrar agreement, advertisement agency agreement and engagement letter(s);
11. Appointment of various intermediaries (share escrow agent, cash escrow agent, public issue banks, bankers to the issue, etc);
12. Approve the syndicate, share escrow, cash escrow and underwriting agreements, as the case may be;
13. Approve IPO issue price band;
14. Approve IPO issue period;
15. Finalize issue price of shares;
16. Approval of basis of allotment;
17. Approve allocation to anchor investor;
18. Approve Allotment / Transfer of shares pursuant to the IPO;
19. To decide on the size and number of Equity Shares to be transferred in the Offer, other terms and conditions of the Offer (including any reservation for eligible employees, any other reservations or firm allotments as may be permitted), timing, pricing, and to accept any amendments, modifications, variations or alterations thereto;
20. At its discretion, invite the existing shareholders of the Company to participate in the Offer, to offer for sale Equity Shares held by them at the same price as in the Offer;
21. To appoint and enter into arrangements with the merchant bankers, underwriters, syndicate members, brokers, advisors, escrow collection banks, registrars, refund banks, public offer account banks, legal counsel, advertising agency and any other agencies or persons or intermediaries, including any

- successors and replacements thereof and to negotiate, finalise and amend the terms of their appointment, including but not limited to negotiation, finalization, execution and delivery of the merchant bankers' mandate letters, the offer agreement with the merchant bankers and the registrar's agreement;
22. To negotiate, finalise, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, share escrow agreement, cash escrow agreement, agreement with the advertising agency and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar, legal counsel, auditors, stock exchanges, merchant bankers and any other agencies/ intermediaries in connection with Offer, with the power to authorise one or more officers of the Company to negotiate, execute and deliver all or any of the aforesaid documents, including any amendments, modifications, variations or alterations thereto;
  23. To approve the restated consolidated and standalone financial statements of the Company;
  24. To finalise, settle, approve and adopt the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary and final international wrap for the Offer, the bid cum application form and the abridged prospectus, together with any addenda, corrigenda or supplements thereto (collectively referred as "Offering Documents") and take all such actions as may be necessary for filing of these documents including incorporating such alterations/ corrections/ modifications as may be required;
  25. To withdraw the draft red herring prospectus or the red herring prospectus or not proceed with the Offer at any stage in accordance with applicable laws;
  26. To make applications, in consultation with the merchant bankers, or seek clarifications, if necessary, from the IRDAI, the Department of Industrial Policy and Promotion, the Reserve Bank of India, SEBI or to any other statutory or governmental authority in connection with the Offer, and wherever necessary, incorporate such modifications/ amendments/ alterations/ corrections as may be required in such applications and/or the Offering Documents;
  27. To approve a suitable policy on insider trading as required under applicable laws, regulations and guidelines or any other policy which may be required under the Companies Act, 2013, and the listing regulations and any other applicable laws, rules, regulations and guidelines;
  28. To seek, if required, the consent of the Company's lenders and lenders of its subsidiaries, if any, parties with whom the Company has entered into various commercial and other agreements, and any other consents that may be required in connection with the Offer, if any;
  29. To issue advertisements as it may deem fit and proper in accordance with applicable laws;
  30. To approve any corporate governance requirement or policy or requirements prescribed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 or the Corporate Governance Guidelines for Insurers in India dated May 18, 2016 issued by the IRDAI that may be considered necessary by the Board or the committee or as may be required under applicable laws, regulations or guidelines in connection with the Offer;
  31. To open and operate a bank accounts in terms of Section 40(3) of the Companies Act, 2013 and the cash escrow agreement for handing of refunds for the Offer, and to authorise one or more officers of the Company to execute all documents/ deeds as may be necessary in this regard;
  32. To determine and finalise the bid opening and closing dates (including for bids by anchor investors), the floor price and price band for the Offer, any revision to the price band for the Offer, and the final Offer price, approve the basis for allocation and confirm allocation and transfer of the Equity Shares to various categories of persons as disclosed in the Offering Documents, in consultation with the merchant bankers and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to, the Offer;
  33. To issue receipts/ allotment letters/ confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more Indian stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforesaid documents;
  34. To make applications for listing of the shares in one or more Indian stock exchange(s) for listing of the Equity Shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s);
  35. To do all such deeds and acts as may be required to dematerialise the Equity Shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and

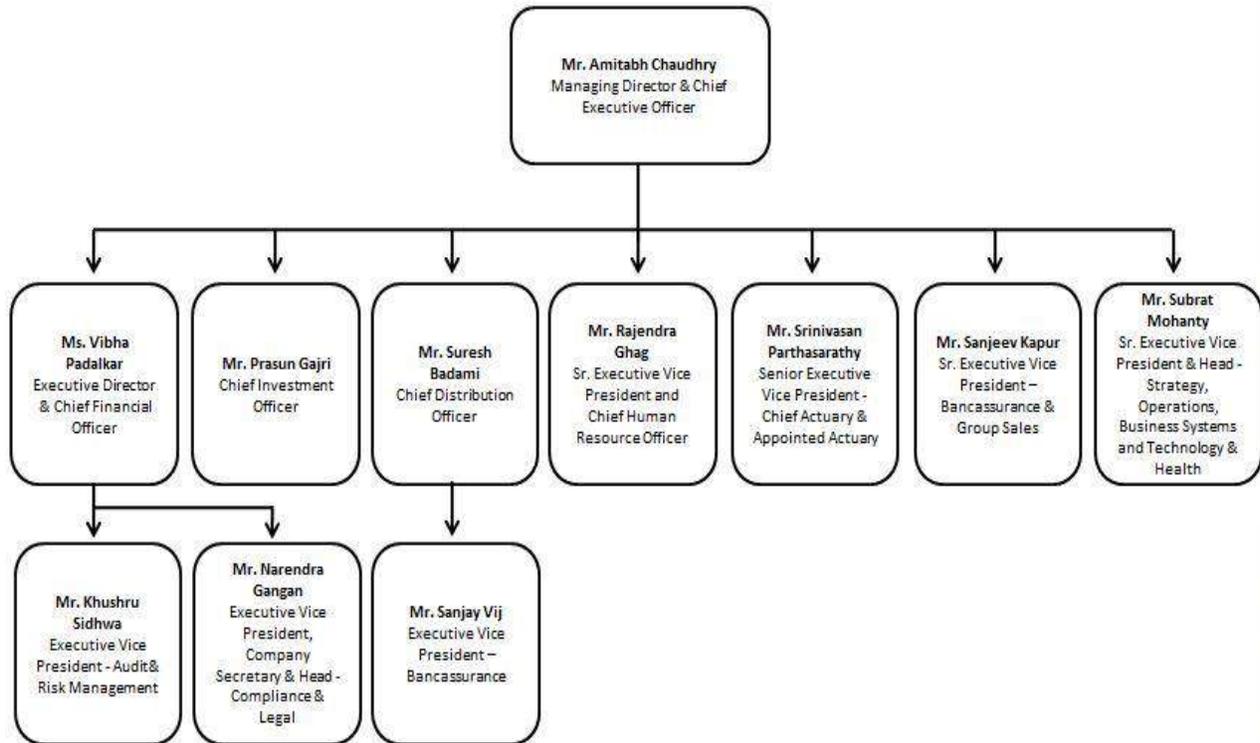
- transfer agents and such other agencies, as may be required in this connection with power to authorise one or more officers of the Company to execute all or any of the aforesaid documents;
36. To authorise and approve the incurring of expenditure, including the payment of fees, commissions, remuneration and expenses in connection with the Offer;
  37. To do all such acts, deeds, matters and things and execute all such documents, etc. as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, determine the anchor investor portion and allocation to anchor investors and finalise the basis of allocation and to transfer the Equity Shares to the successful allottees as permissible under law;
  38. To approve or take on record the transfer of Equity Shares in the Offer;
  39. To settle all questions, difficulties or doubts that may arise in regard to the Offer as it may, in its absolute discretion deem fit;
  40. To take such action, give such directions, as may be necessary or desirable as regards the Offer and to do all such acts, matters, deeds and things, including but not limited to the transfer of Equity Shares against the valid applications received in the Offer, as are in the best interests of the Company;
  41. To execute and deliver any and all other documents or instruments and to do or cause to be done any and all acts or things as it may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by committee shall be conclusive evidence of the authority of the committee in so doing; and
  42. To delegate any of the above powers of the committee to any of the Directors/ Employees of the Company.

## **Policies**

In accordance with the applicable provisions of the Listing Regulations and other applicable law, our Company has constituted the following policies, copies of which shall be available on the website of our Company upon listing of our Equity Shares on the Stock Exchanges, to the extent applicable:

- Archival policy;
- Policy on board diversity;
- Code for fair disclosure;
- Corporate governance policy;
- Code of conduct for prevention of Insider Trading;
- Policy on familiarization programme for independent directors;
- Material subsidiary policy;
- Policy on disclosure of material events;
- Remuneration policy;
- Related party transaction;
- Whistle blower policy;
- Policy for preservation of documents;
- Code of conduct;
- Dividend distribution policy; and
- Corporate social responsibility policy

## Management organisation structure



## Key Management Personnel

The details of the Key Management Personnel other than our Executive Directors, as on the date of this Red Herring Prospectus, are set out below.

**Mr. Khushru Sidhwa** is the Executive Vice President (Audit and Risk Management) of our Company. He holds a bachelor's degree in commerce from University of Bombay. He is an Associate of the Institute of Chartered Accountants of India. He has been associated with our Company since July 6, 2010. He was appointed as the Executive Vice President (Audit and Risk Management) with effect from April 1, 2015. Prior to joining our Company, he was associated with S. B Billimoria & Co., S.R. Batliboi & Co., ABN Amro Bank and Fullerton India Credit Company Limited. The remuneration paid to Mr. Khushru Sidhwa for FY 2017 was ₹ 20.37 million (including perquisites) and ₹ 13.82 million (excluding perquisites).

**Mr. Narendra Gangan** is the Company Secretary and Head of Compliance and Legal of our Company. He holds a bachelor's degree in commerce from University of Bombay and a master's degree in Financial Management from NMIMS, University of Mumbai. He also holds a bachelor's degree in law from University of Mumbai and he is a member of The Institute of Company Secretaries of India. He has been associated with our Company since July 17, 2017. He was appointed as the Executive Vice President (Company Secretary and Head of Compliance and Legal) on July 17, 2017. Prior to joining our Company, he was associated with IDFC Limited. His other prior assignments include DSP Merrill Lynch Limited, IL&FS Limited, Baskin Robbins and 20th Century Finance Corporation Limited. He was appointed as Company Secretary of our Company with effect from July 18, 2017. He was also included as partner in the IDFC group wide partners programme based on the performance, leadership and cultural alignment. Since he joined our Company in FY 18, he was not paid any remuneration during the FY 17.

**Mr. Prasun Gajri** is the Chief Investment Officer of our Company. He holds a bachelor's degree in electronics and electrical communication engineering from Punjab Engineering College, Chandigarh and a post graduate diploma in

management from Indian Institute of Management, Ahmedabad. He is also a Chartered Financial Analyst from the CFA Institute, USA. He has been associated with our Company since April 24, 2009. He was appointed as the Chief Investment Officer with effect from April 24, 2009. Prior to joining our Company, he was associated with Citibank N.A and Tata AIG Life Insurance Company Limited. The remuneration paid to Mr. Prasun Gajri for FY 2017 was ₹ 22.93 million (including perquisites) and ₹ 17.27 million (excluding perquisites).

**Mr. Rajendra Ghag** is the Senior Executive Vice President and Chief Human Resource Officer of our Company. He holds a bachelor's degree in commerce from the University of Bombay, bachelor's degree in law and a masters' degree in personnel management from University of Poona. He has been associated with our Company since September 22, 2009. He was appointed as the Senior Executive Vice President and Chief Human Resource Officer with effect from April 01, 2012. Prior to joining our Company, he was associated with CEAT Limited, Sandoz (India) Limited, NOCIL, TFIPL (Reliance Industries Limited), Cadbury India Limited and DHL Express India Limited. The remuneration paid to Mr. Rajendra Ghag for FY 2017 was ₹ 19.83 million (including perquisites) and ₹ 18.22 million (excluding perquisites).

**Mr. Sanjeev Kapur** is the Senior Executive Vice President - Bancassurance and Group Sales of our Company. He holds a bachelor's degree in commerce from HR College of Commerce and Economics, University of Bombay. He is also a Chartered Accountant and a member of the Institute of Chartered Accountants of India. He has been associated with our Company since January 15, 2001. He was appointed as the Senior Executive Vice President (Bancassurance and Group Sales) with effect from April 01, 2015. Prior to joining our Company, he was associated with Bank of Credit and Commerce International (Overseas) Limited, Banque Indosuez Bank of America and ING Bank. The remuneration paid to Mr. Sanjeev Kapur for FY 2017 was ₹ 21.12 million (including perquisites) and ₹ 14.43 million (excluding perquisites).

**Mr. Suresh Badami** is the Chief Distribution Officer of our Company. He holds a bachelor's degree in science from The Bangalore University and a Post Graduate Diploma in Management from Xavier Institute of Management, Bhubaneswar. He has been associated with our Company since October 3, 2013. He was appointed as the Chief Distribution Officer with effect from October 3, 2013. Prior to joining our Company, he was associated with Dunlop India Limited, ICI India Limited, Cogensis Networks Private Limited, Max Ateev Limited and ICICI Bank Limited. The remuneration paid to Mr. Suresh Badami for FY 2017 was ₹ 33.63 million (including perquisites) and ₹ 33.59 million (excluding perquisites).

**Mr. Subrat Mohanty** is the Senior Executive Vice President and Head-Strategy, Operations, BS&T & Health He holds a bachelor's degree in engineering, National Institute of Technology, Rourkela and a Post Graduate Diploma in Management from Indian Institute of Management, Calcutta. He has been associated with our Company since May 4, 2010. He was appointed as Senior Executive Vice President and Head-Strategy, Operations, BS&T & Health with effect from April 1, 2014. Prior to joining our Company, he was associated with Accenture and Infosys BPO Limited. The remuneration paid to Mr. Subrat Mohanty for FY 2017 was ₹ 21.27 million (including perquisites) and ₹ 21.27 million (excluding perquisites).

**Mr. Srinivasan Parthasarathy** is the Senior Executive Vice President - Chief Actuary & Appointed Actuary. He holds a bachelor's degree in science (mathematics), from Loyola College, University of Madras. He is also a Fellow of Institute of Actuaries of India (2008) and Institute of Actuaries, UK (2004). He has been associated with our Company since December 5, 2011. He was appointed as Senior Executive Vice President - Chief Actuary & Appointed Actuary with effect from April 1, 2015. Prior to joining our Company, he was associated with LIC of India, Chennai, Watson Wyatt, UK, AVIVA Life UK, York (Norwich Union), AVIVA India, Gurgaon and Canara HSBC, Gurgaon. The remuneration paid to Mr. Srinivasan Parthasarathy for FY 2017 was ₹ 24.69 million (including perquisites) and ₹22.57 million (excluding perquisites).

**Mr. Sanjay Vij** is the Executive Vice President - Bancassurance. He holds a bachelor's degree in science (D.Tech) from Gujarat Agricultural University and masters in business administration from Faculty of Management Studies, University of Baroda. He has been associated with our Company since July 9, 2001. He was appointed as Executive Vice President - Bancassurance with effect from April 1, 2013. Prior to joining our Company, he was associated with HCL Limited, Blue Star Limited, Core Parenterals Limited, Span Medicals Limited and Birla AT&T Communications Limited. The remuneration paid to Mr. Sanjay Vij for FY 2017 was ₹ 25.49 million (including perquisites) and 14.19 million (excluding perquisites).

None of our Key Management Personnel are related to each other. Further, none of our Key Management Personnel have been appointed pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others.

All our Key Managerial Personnel are permanent employees of our Company.

### Shareholding of Key Management Personnel

For details on shareholding of the Key Managerial Personnel in our Company please see “*Capital Structure - Shareholding of our Directors and/ or Key Management Personnel*” on page 123 of this Red Herring Prospectus.

### Bonus or profit sharing plan of the Key Management Personnel

None of our Key Management Personnel are a party to any bonus or profit sharing plan. However, our Key Management Personnel are paid performance based discretionary incentives and are entitled to receive options pursuant to the ESOS Schemes. For further details please see “*Capital Structure*” on page 112 of this Red Herring Prospectus.

### Interests of Key Management Personnel

Except as disclosed above in relation to our Executive Directors, the Key Management Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration (including employees stock options) or benefits to which they are entitled to as per their terms of appointment and the reimbursement of expenses incurred by them during the ordinary course of business or to the extent of Equity Shares held by them and to the extent of any dividend payable to them.

### Changes in the Key Management Personnel

Except for the changes to our Board of Directors, as set forth under “*Changes in the Board of Directors in the last three years*” herein above, the changes in the Key Management Personnel in the last three years prior to the date of filing of this Red Herring Prospectus are as follows:

Sr. No.	Name	Designation	Date of appointment	Date of cessation	Reason for change
1.	Mr. Narendra Gangan	Executive Vice President, Company Secretary and Head – Compliance and Legal	July 17, 2017	-	Appointment as Company Secretary and Compliance Officer
2.	Mr. Manish Ghiya	Executive Vice President, Company Secretary and Head – Compliance & Legal	January 23, 2012	July 17, 2017	Resignation
3.	Mr. Sanjay Tripathy	Senior Executive Vice President – Marketing, E-commerce, Digital and Analytics	December 1, 2014	May 14, 2017	Resignation

### Payment or benefit to officers of our Company

No non-salary related amount or benefit has been paid or given within two years from the date of this Red Herring Prospectus, or is intended to be paid or given, to any of our Company’s officers, including the Directors and the Key Management Personnel.

## OUR PROMOTERS, PROMOTER GROUP AND GROUP COMPANIES

### Our Promoters

The Promoters of our Company are Housing Development Finance Corporation Limited (“**HDFC**”), Standard Life (Mauritius Holdings) 2006 Limited (“**Standard Life Mauritius**”) and Standard Life Aberdeen plc (“**Standard Life Aberdeen**”). As on the date of this Red Herring Prospectus, HDFC holds 1,229,760,125 Equity Shares and Standard Life Mauritius, holds 698,208,033 Equity Shares, which constitutes 61.21% and 34.75%, respectively, of our Company’s pre-Offer issued, subscribed and paid-up Equity Share capital.

#### 1. HDFC

HDFC was incorporated as a public limited company on October 17, 1977 under the Companies Act, 1956 and received a certificate of commencement of business on December 3, 1977. HDFC received a certificate of registration dated July 31, 2001 from the NHB under Section 29A of the NHB Act. Its CIN is L70100MH1977PLC019916 and its registered office is situated at Ramon House, 169 Backbay Reclamation, H. T. Parekh Marg, Mumbai 400 020, Maharashtra, India. The equity shares of HDFC were listed on BSE in 1978 and NSE in 1996. The equity shares of HDFC are currently listed on NSE and BSE.

As per the terms of the memorandum of association of HDFC, the main object is to, *inter alia*, advance money to any person, company, association or society, either at interest or without, and / or with or without any security, for the purpose of enabling the borrower to erect or purchase or enlarge or repair any house or building or lease any property in India on such terms and conditions as it may deem fit.

As on date, HDFC carries on the business of financing by way of loans for the purchase or construction of residential houses, commercial real estate and certain other purposes, in India. All other activities of HDFC revolve around the main business carried out by it.

Further, HDFC had filed an application dated February 20, 2017 with the National Company Law Tribunal in relation to a proposed composite scheme of amalgamation between HDFC and Grandeur Properties Private Limited, Winchester Properties Private Limited, Windermere Properties Private Limited, Haddock Properties Private Limited and Pentagram Properties Private Limited and their respective shareholders and creditors. The National Company Law Tribunal has, by way of its order dated September 4, 2017, disposed of the application dated February 20, 2017 and directed HDFC to (i) file an application for compliance with Section 232 of the Companies Act, 2013 and (ii) file a company petition for sanction of the composite scheme of amalgamation, while exempting HDFC from the requirement of holding a meeting of its creditors and shareholders.

HDFC does not have an identifiable promoter.

There has been no change in control or management of HDFC in the last three years immediately preceding the filing of the Draft Red Herring Prospectus.

#### **Board of directors**

The board of directors of HDFC, as on the date of this Red Herring Prospectus, comprises the following members:

Sr. No.	Name	Designation
1.	Mr. Deepak Parekh	Non-executive chairman
2.	Mr. Keki Mistry	Vice-chairman and CEO
3.	Ms. Renu Karnad	Managing director
4.	Mr. V. S. Rangan	Executive director
5.	Mr. D. M. Sukthankar	Non-executive director
6.	Mr. B. S. Mehta	Independent director
7.	Mr. D. N. Ghosh	Independent director
8.	Mr. N. M. Munjee	Independent director
9.	Dr. Bimal N. Jalan	Independent director

<b>Sr. No.</b>	<b>Name</b>	<b>Designation</b>
10.	Dr. Jamshed J Irani	Independent director

***Shareholding pattern***

The shareholding pattern of HDFC as on September 30, 2017 is as provided below:

Category (I)	Category of shareholder (II)	No. of shareholders (III)	No. of fully paid up equity shares held (IV)	No. of Partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total nos. shares held (VII = IV+V+VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)  As a % of (A+B+C2) (VIII)	Number of Voting Rights held in each class of securities (IX)			No. of Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI) = (VII)+(X) as a % of A+B+C2	Number of Locked in shares (XII)		Number of Shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized form (XIV)	
								No of Voting Rights		Total as a % of (A+B+C)			No.	As a % of total Shares held	No.	As a % of total Shares held		
								Class X	Class Y									Total
(A)	Promoter & Promoter Group	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(B)	Public	2,28,666	1,59,51,0945	-	-	1,59,51,0945	100.00	1,59,51,00,945	-	1,59,51,00,945	100.00	36,500,000	97.76	-	-	-	-	1,58,21,23,721
(C)	Non Promoter - Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares Underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	2,28,666	1,59,51,0945	-	-	1,59,51,0945	100.00	1,59,51,00,945	-	1,59,51,00,945	<b>100.00</b>	36,500,000	97.76	-	-	-	-	1,58,21,23,721

## Financial Performance

The following table sets forth details of the brief audited financial results of HDFC on a standalone basis for Fiscal 2017, Fiscal 2016 and Fiscal 2015:

(in ₹ millions, except per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	3,177.3	3,159.7	3,149.4
Reserves (excluding revaluation reserves) and surplus	392,765.5	337,539.9	306,550.3
Sales/turnover (income, including other income)	331,596	309,565.7	274,708.6
Profit after tax/loss	74,426.4	70,931	59,901.4
Basic earnings per share (Face value ₹ 2 each)	46.08	44.43	38.13
Diluted earnings per share (Face value ₹ 2 each)	45.70	44.10	37.78
Net asset value per share (Face value ₹ 2 each)	249.55	215.98	196.67

Except as disclosed below, there are no significant notes of the auditors in relation to the aforementioned financial statements:

The below mentioned emphasis was added by the auditors in audit report for FY 2015, FY 2016 and FY 2017:

*“We refer to Note 3.2 to the standalone financial statements, which describes the accounting treatment used by the Corporation in creating the Deferred Tax Liability on Special Reserve under section 36(1)(viii) of the Income Tax Act, 1961 as at April 1, 2014, which is in accordance with the National Housing Bank’s Circular No. NHB (ND)/DRS/Pol. Circular No. 65/2014 dated August 22, 2014.*

*Our opinion is not modified in respect of this matter.*

*Note 3.2 referred above is produced below:*

*Vide circular NHB(ND)/DRS/Pol. 62/2014 dated May 27, 2014, the National Housing Bank (NHB) had directed Housing Finance Companies (HFCs) to provide for deferred tax liability in respect of the balance in the “Special Reserve” created under section 36(1)(viii) of the Income Tax Act, 1961. Vide circular NHB(ND)/DRS/Pol. 65/2014 dated August 22, 2014, NHB has permitted HFCs to create the Deferred Tax Liability over a period of 3 years, in a phased manner in the ratio of 25:25:50. Accordingly, the Corporation had created 50 percent of deferred tax liability of ₹ 1,119.08 crore on the balance of accumulated Special Reserve as on April 1, 2014 by debiting the General Reserve in earlier years. During the year the Corporation has created balance 50 percent of deferred tax liability of ₹ 1,119.08 crore (Previous Year ₹ 559.54 crore) by debiting the General Reserve.”*

## Share price information

The following table sets forth details of the highest and lowest price on BSE during the six months preceding the date of the RHP:

(in ₹)

Sr. No.	Month	Monthly High	Monthly Low
1.	April 2017	1,589.85	1,460.70
2.	May 2017	1,605	1,504.45
3.	June 2017	1,680.50	1,559.30
4.	July 2017	1,799	1,601.55
5.	August 2017	1,799	1,680.70
6.	September 2017	1,802.25	1,714.15

Source: [www.bseindia.com](http://www.bseindia.com)

The following table sets forth details of the highest and lowest price on NSE during the six months preceding the date of the RHP:

(in ₹)

Sr. No.	Month	Monthly high	Monthly Low
1.	April 2017	1,590	1,460

Sr. No.	Month	Monthly high	Monthly Low
2.	May 2017	1,604	1,503.45
3.	June 2017	1,682.20	1,551.80
4.	July 2017	1,799.90	1,600.70
5.	August 2017	1,799	1,681.40
6.	September 2017	1,802.	1,713.00

Source: [www.nseindia.com](http://www.nseindia.com)

The closing equity share price of HDFC as on October 24, 2017 on BSE and NSE was ₹ 1,722.70 and ₹ 1722.30, respectively.

### ***Mechanism for redressal of investor grievance***

The board of directors of HDFC has constituted a stakeholders relationship committee in accordance with Regulation 20 of the Listing Regulations and Section 178 of the Companies Act, 2013 to look into the redressal of shareholder/investor complaints.

HDFC normally takes three working days to dispose investor complaints. A status report on the number of correspondence including complaints received from investors is reviewed by the company secretary on a monthly basis, besides reviewing the resolution of the complaints received. A quarterly certificate is circulated to the members of stakeholders relationship committee, for their review. HDFC received 25 investor complaints in the last three financial years and all were disposed off.

### ***Investor grievance***

As at September 30, 2017, there was one (1) investor complaint pending with respect to HDFC.

## **2. Standard Life Mauritius**

Standard Life Mauritius was incorporated as a public company limited by shares on April 7, 2006 under the laws of Mauritius with the Registrar of Companies, Mauritius. Its registration number is 62011 C1/GBL. Its registered office is C/o Cim Fund Services Ltd, 33, Edith Cavell Street, Port Louis, Mauritius. It holds a Category 1 Global Business Licence issued by the Financial Services Commission and carries out the work of holding investment.

The shares of Standard Life Mauritius are not listed on any stock exchange.

There has been no change in control or management of Standard Life Mauritius in the last three years immediately preceding the filing of this Red Herring Prospectus.

### ***Board of directors***

The board of directors of Standard Life Mauritius, as on the date of this Red Herring Prospectus, comprises the following members:

Sr. No.	Name	Designation
1.	Mr James Baird Aird	Director
2.	Mr Alan Armitage	Director
3.	Mr Nigel Dunne	Director
4.	Ms Rooksana Shahabally-Coowar	Director
5.	Mr Husayn Sassa	Director

## Shareholding

Standard Life Aberdeen holds 100 ordinary shares of face value USD 1 each and 4,137,898.98 redeemable ordinary shares of face value USD 100 each, which represents 100% of the issued, subscribed and paid-up equity share capital of Standard Life Mauritius.

## Financial Performance

The following table sets forth details of the brief audited financial results of Standard Life Mauritius on a standalone basis for calendar year 2016, 2015 and 2014:

*(in USD)*

Particulars	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Equity capital	413,789,998	163,489,998	159,193,882
Reserves (excluding revaluation reserves) and surplus	26,977,801	16,718,368	9,744,470
Total income	11,303,619	7,027,610	5,868,717
Profit/(Loss) after tax	10,259,433	6,973,898	5,723,109
Basic earnings per share	2.48	4.27	3.59
Diluted earnings per share	2.48	4.27	3.59
Net asset value per share	106.52	110.22	106.11

There are no significant notes of the auditors in relation to the aforementioned financial statements.

## Promoter of Standard Life Mauritius

The promoter of Standard Life Mauritius is Standard Life Aberdeen. For further details in relation to Standard Life Aberdeen, please see “Our Promoters - Standard Life Aberdeen” below.

### 3. Standard Life Aberdeen

Standard Life Aberdeen was incorporated on June 30, 2005 and is registered in Scotland with registration number SC286832. The name of the company changed from SLGC Limited to Standard Life plc on May 26, 2006. On March 6, 2017, Standard Life plc announced its intention to merge with the global asset manager, Aberdeen Asset Management PLC. Under the merger terms, Aberdeen Asset Management PLC shareholders received 0.757 new shares in Standard Life plc in exchange for each Aberdeen share. The merger was successfully completed on August 14, 2017 after obtaining the necessary regulatory and shareholder approvals and Standard Life plc was renamed as Standard Life Aberdeen plc. Its registered office is situated at Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH. Standard Life Aberdeen was admitted to trade on the London Stock Exchange on July 10, 2006.

Standard Life Aberdeen does not have an identifiable promoter.

Except as described below, there has been no change in control or management of Standard Life Aberdeen in the last three years immediately preceding the filing of this Red Herring Prospectus:

1. On August 18, 2014 Luke Savage was appointed as chief financial officer of, and to the board of, Standard Life plc.
2. On August 5, 2015 Norman Keith Skeoch was appointed chief executive officer of Standard Life plc and David Thomas Nish resigned as chief executive officer.
3. On November 1, 2015 Paul Stephen Matthews and Colin Martin Clark were appointed to the board of Standard Life plc. Paul Stephen Matthews subsequently resigned from the board on March 1, 2017 and was replaced by Finbar Anthony O’Dwyer on the same day.
4. On August 14, 2017 at completion of the merger of Standard Life plc and Aberdeen Asset Management PLC, the below changes were made to the board of directors.

Appointed to the board of Standard Life Aberdeen plc	Resigned from the board of Standard Life plc
William John Rattray	Colin Martin Clark
Richard Stephen Mully	Finbar Anthony O'Dwyer
Simon Richard Vivian Troughton	Luke Savage
Martin James Gilbert	Pierre Danon
Roderick Louis Paris	Elizabeth Noel Harwerth
Julie Chakraverty	
Gerhard Wilhelm Fusenig	
Countess Jutta Grevinde af Rosenborg	
Akira Suzuki	

### **Board of directors**

The board of directors of Standard Life Aberdeen, as on the date of this Red Herring Prospectus, comprises the following members:

Sr. No.	Name	Designation
1.	Sir Gerald Grimstone	Chairman
2.	Simon Richard Vivian Troughton	Deputy chairman
3.	Kevin Allen Huw Parry	Senior independent director
4.	Norman Keith Skeoch	Co-chief executive officer
5.	Martin James Gilbert	Co-chief executive officer
6.	William John Rattray	Chief financial officer
7.	Roderick Louis Paris	Chief investment officer
8.	Julie Chakraverty	Non-executive director
9.	John Devine	Non-executive director
10.	Gerhard Wilhelm Fusenig	Non-executive director
11.	Melanie Gee	Non-executive director
12.	Richard Stephen Mully	Non-executive director
13.	Lynne Margaret Peacock	Non-executive director
14.	Martin St Clair Pike	Non-executive director
15.	Countess Jutta Grevinde af Rosenborg	Non-executive director
16.	Akira Suzuki	Non-executive director

### **Shareholding**

The actual shareholding pattern of Standard Life Aberdeen is as follows:

Standard Life Aberdeen standalone	Percentage
SL share account	24.75%
Other retail	12.53%
<b>Total Retail</b>	<b>37.28%</b>
<b>Total Institutional</b>	<b>62.72%</b>

### **Financial Performance**

The following table sets forth details of the audited financial results of Standard Life Aberdeen for calendar year 2016, 2015 and 2014:

*(GBP in millions except per share data)*

Particulars*	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Equity capital <sup>1</sup>	240	235	240

Particulars*	Year ended December 31, 2016	Year ended December 31, 2015	Year ended December 31, 2014
Reserves and surplus (excluding revaluation reserves) <sup>2</sup>	4,107	3,767	4,412
Total income	18,729	8,892	16,588
Profit/(Loss) after tax <sup>3</sup>	368	276	376
Earnings per share (basic) (pence)	18.7	13.5	15.8
Earnings per share (diluted) (pence)	18.6	13.4	15.7
Book value per share (£) <sup>4</sup>	2.1	1.8	1.8
Dividend per share (pence)	19.8	18.4	17.0
Net asset value <sup>5</sup> per share (£)	2.4	2.1	2.1

\*Figures based on 'continuing operations and exclude discontinued operations

<sup>1</sup>Calculated by adding "Share Capital" + "Share capital held by trusts"

<sup>2</sup>Calculated by adding "Share premium reserve" + "Retained earnings" + "Other reserves (excl. revaluation reserves)"

<sup>3</sup>"Profit attributable to Equity holders of SL Plc from continuing operations"

<sup>4</sup>Calculated by "Total Assets" less "intangible assets" less "Total Liabilities" per "Weighted Average number of ordinary shares outstanding"

<sup>5</sup>Calculated by "Total Assets" less "Total Equity" divided by "Weighted Average number of ordinary shares outstanding"

There are no significant notes of the auditors in relation to the aforementioned financial statements.

## I. Other understandings and confirmations

Our Company confirms that the PAN, as applicable, bank account numbers and company registration number and address of the registrar of companies where our respective Promoters are registered (or such equivalent information in case of our foreign Promoters) were submitted to the Stock Exchanges at the time of filing of the Draft Red Herring Prospectus.

Further, our Promoters and Group Companies have confirmed that they have not been identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Neither our Promoters, Group Companies nor members of our Promoter Group or any persons in control of our Company have been debarred, or restricted from accessing the capital markets for any reason, by SEBI or any other authorities. Our Promoters are not nor have they been promoters or persons in control of any company which has been debarred, or restricted from accessing the capital markets for any reason, by SEBI or any other authorities.

There are certain legal proceedings involving our Promoters pending before various fora. For further details, please see "Outstanding Litigation and Material Developments – Litigation involving our Promoters" on page 651 of this Red Herring Prospectus.

## II. Nature and extent of interest of our Promoters

### 1. Interest of our Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding, direct or indirect, in our Company and in any dividend distribution in the past or which may be made by our Company in the future. For further details in this regard, please see "Capital Structure" on page 112 of this Red Herring Prospectus.

Our Promoters are not interested as a member of any firm or any company and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

HDFC and Standard Life Assurance had entered into the SHA; pursuant to the amendment of which Standard Life Mauritius replaced Standard Life Assurance as a party to the agreement. The SHA governs the rights of Standard Life Mauritius in our Company and will terminate automatically upon listing of the Equity Shares of our Company.

For details regarding the terms of the SHA and Amendment Agreement, please see “*History and Certain Corporate Matters – Material Agreements*” beginning on page 262 of this Red Herring Prospectus.

Further, Mr. Deepak Parekh, Mr. Keki Mistry and Ms. Renu Karnad have been nominated by HDFC and Sir Gerald Grimstone and Mr. Norman Keith Skeoch by Standard Life Mauritius on our Board.

Further, HDFC has also entered into an agreement with our Company in relation to the use of the name or letter “*HDFC*”. For further details on the Name Usage Agreement, please see “*History and Certain Corporate Matters – Material Agreements*” beginning on page 263 of this Red Herring Prospectus. As a result, HDFC is interested in the fees payable to it as per the terms and conditions set out under the Name Usage Agreement.

The SHA permits our Company to use the name ‘*Standard Life*’, however, this right will terminate upon the termination of the SHA on the date on which the final listing and trading approvals are received from the Stock Exchanges pursuant to the Offer. In this regard, our Company entered into a trademark agreement with Standard Life Mauritius and Standard Life Employee Services Limited dated October 18, 2017 (“**Trademark Agreement**”), by way of which our Company agreed to use ‘*Standard Life*’ (“**Standard Life Name**”) from the effective date of the Trademark Agreement, i.e., October 18, 2017, solely (i) as part of its corporate or trading name, and (ii) as part of the name of certain existing products only for such reasonable period of time which is absolutely necessary or as mandated by the law. For further details on the Trademark Agreement, see “*History and Certain Corporate Matters—Material Agreements—Other Agreements—Trademark Agreement*” on page 264 of this Red Herring Prospectus.

HDFC may also be interested to the extent of insurance commission payable to it or any of the entities promoted by it in their respective capacities as a corporate agent of our Company and housing loans granted by HDFC to our Key Management Personnel. For further details, please see “*Related Party Transactions*” on page 330 of this Red Herring Prospectus.

## **2. Interest in property, land, construction of building, supply of machinery**

None of our Promoters have any interest in any property acquired by our Company within two years preceding the date of filing the Draft Red Herring Prospectus with SEBI or any property proposed to be acquired by our Company or in any transaction with respect to the acquisition of land, construction of building, supply of machinery or any other contracts, agreements or arrangements entered into by our Company in the two years and no payments have been made or are proposed to be made in respect of these contracts, agreements or arrangements.

## **3. Payment of benefits to our Promoters and Promoter Group during the last two years**

Except as stated in “*Related Party Transactions*” on page 330 of this Red Herring Prospectus and “*Interest of our Promoters*” above, there has been no payment or benefit, made or given, to our Promoters or Promoter Group during the two years preceding the filing of the Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group.

None of our sundry debtors or beneficiaries of loans and advances are related to our Promoters.

## **III. Disassociation by our Promoters in the last three years**

Except as disclosed herein below, our Promoters have not disassociated themselves from any companies or firms in the three years preceding the date of filing of the Draft Red Herring Prospectus.

<b>Sr. No.</b>	<b>Name of Promoter</b>	<b>Name of entity from which disassociated</b>	<b>Reason for disassociation</b>	<b>Date of disassociation in terms of shareholding</b>
1.	HDFC	Career Launcher Education & Infrastructure Services Limited	Sale of equity shares	September 8, 2014
		HT Parekh Foundation		March 31, 2015

Sr. No.	Name of Promoter	Name of entity from which disassociated	Reason for disassociation	Date of disassociation in terms of shareholding
		Vayana Enterprises Private Limited		April 13, 2015
		Delta Brac Housing Finance Corporation Limited., Bangladesh <sup>^</sup>		March 31, 2016
		Angels Health Private Limited <sup>\$</sup>		April 14, 2016
		PeopleStrong HR Services Private Limited <sup>\$</sup>		March 30, 2017
		AEC Cements and Constructions Limited		August 11, 2017
2.	Standard Life Aberdeen	Standard Life (China Holdings) Limited	Wound up	September 19, 2016
		Standard Life Anniversary Appeal	Dissolution	September 27, 2016

<sup>^</sup>Through HDFC Investments Limited, a wholly owned subsidiary of HDFC.

<sup>\$</sup>Through HDFC Holdings Limited, a wholly owned subsidiary of HDFC.

#### IV. Other ventures

Except as disclosed below, our Promoters are not involved with any ventures which are in the same line of activity or business as that of our Company, being life insurance business:

##### *Standard Life Aberdeen*

Certain entities forming part of the promoter group of Standard Life Aberdeen (including its direct material subsidiaries) are involved in the life insurance, pension and asset management business, such as:

1. Standard Life Assurance Limited (Life insurance and pensions);
2. Aberdeen Asset Management PLC (Asset management); and
3. Standard Life Investments (Holdings) Limited (Asset management).

For details on conflict of interest that may arise due to the aforementioned, please see “Risk Factors –48” on page 50 of this Red Herring Prospectus.

#### V. Promoter Group

In addition to our Promoter, the following entities form a part of our Promoter Group:

HDFC promoter group entities	
Sl. No.	Entity Name
1.	Computer Age Management Services Private Limited
2.	Goods and Services Tax Network
3.	Grandeur Properties Private Limited
4.	Griha Investments
5.	Griha Pte Ltd.
6.	GRUH Finance Limited
7.	GVFL Limited
8.	Haddock Properties Private Limited
9.	HDFC Developers Limited
10.	HDFC Holdings Limited
11.	HDFC Investments Limited
12.	HDFC Realty Limited
13.	HDFC Trustee Co. Limited

14.	HDFC Ventures Trustee Co. Limited
15.	HDFC Sales Private Limited
16.	HDFC Property Ventures Limited
17.	HDFC Education and Development Services Private Limited
18.	Hindustan Oil Exploration Co. Limited
19.	HDFC Capital Advisors Limited
20.	HDFC Credila Financial Services Private Limited
21.	HDFC Venture Capital Limited
22.	HDFC ERGO General Insurance Co. Limited
23.	HDFC Pension Management Co. Limited
24.	HDFC International Life and Re Co. Limited
25.	HDFC Asset Management Co. Limited
26.	HDFC Bank Limited
27.	IDFC Infrastructure Finance Limited
28.	Next Gen Publishing Limited
29.	Pentagram Properties Private Limited
30.	Ruralshores Business Services Private Limited
31.	Tamil Nadu Urban Infrastructure Financial Services Limited
32.	Tamil Nadu Urban Infrastructure Trustee Co. Limited
33.	True North Ventures Private Limited
34.	Winchester Properties Private Limited
35.	Windermere Properties Private Limited
<b>Standard Life Aberdeen plc promoter group entities</b>	
36.	1825 Financial Planning Limited
37.	28 Ribera del Loira SA
38.	30 STMA 1 Limited
39.	30 STMA 2 Limited
40.	30 STMA 3 Limited
41.	30 STMA 4 Limited
42.	30 STMA 5 Limited
43.	330 Avenida de Aragon SL
44.	4th Contact Limited
45.	Aberdeen ACP LLP
46.	Aberdeen Alternatives (Holdings) Limited
47.	Aberdeen Asia IV (General Partner) SARL
48.	Aberdeen Asset Fund Management Limited
49.	Aberdeen Asset Investment Group Limited
50.	Aberdeen Asset Investments Limited
51.	Aberdeen Asset Management (Shanghai) Co. Ltd
52.	Aberdeen Asset Management Asia Limited
53.	Aberdeen Asset Management Canada Limited
54.	Aberdeen Asset Management Cayman Limited
55.	Aberdeen Asset Management Company Limited
56.	Aberdeen Asset Management Denmark A/S
57.	Aberdeen Asset Management Deutschland AG
58.	Aberdeen Asset Management Finland Oy
59.	Aberdeen Asset Management Hungary Alapkezelő Zrt
60.	Aberdeen Asset Management Inc.
61.	Aberdeen Asset Management Investment Funds Limited
62.	Aberdeen Asset Management Life and Pensions Limited
63.	Aberdeen Asset Management Limited
64.	Aberdeen Asset Management Nominees Limited
65.	Aberdeen Asset Management Norway AS

66.	Aberdeen Asset Management Norway Holding AS
67.	Aberdeen Asset Management Operations AS
68.	Aberdeen Asset Management PLC
69.	Aberdeen Asset Management SDN BHD
70.	Aberdeen Asset Management Services Limited
71.	Aberdeen Asset Management Sweden AB
72.	Aberdeen Asset Management US GP Control LLC
73.	Aberdeen Asset Managers (Luxembourg) S.a.r.l
74.	Aberdeen Asset Managers Limited
75.	Aberdeen Asset Managers Switzerland AG
76.	Aberdeen Asset Middle East Limited
77.	Aberdeen Capital Management LLC
78.	Aberdeen Capital Managers GP LLC
79.	Aberdeen Claims Administration, Inc.
80.	Aberdeen Direct Property (Holding) Limited
81.	Aberdeen do Brasil Gestao de Recursos Ltda
82.	Aberdeen Emerging Capital Limited
83.	Aberdeen European Infrastructure Carry GP Limited
84.	Aberdeen European Infrastructure Carry Limited
85.	Aberdeen European Infrastructure GP II Limited
86.	Aberdeen European Infrastructure GP Limited
87.	Aberdeen France S.A.
88.	Aberdeen Fund Distributors LLC
89.	Aberdeen Fund Management II Oy
90.	Aberdeen Fund Management Ireland Limited
91.	Aberdeen Fund Management Norway AS
92.	Aberdeen Fund Management Oy
93.	Aberdeen Fund Managers Limited
94.	Aberdeen General Partner 1 Limited
95.	Aberdeen General Partner 2 Limited
96.	Aberdeen General Partner CAPELP Limited
97.	Aberdeen General Partner CGPLP Limited
98.	Aberdeen General Partner CMENAPELP Limited
99.	Aberdeen General Partner CPELP II Limited
100.	Aberdeen General Partner CPELP Limited
101.	Aberdeen Global ex-Japan GP Limited
102.	Aberdeen Global Infrastructure Carry GP Limited
103.	Aberdeen Global Infrastructure GP II Limited
104.	Aberdeen Global Infrastructure GP Limited
105.	Aberdeen Global Infrastructure Spain Co-Invest II GP Limited
106.	Aberdeen Global Services SA
107.	Aberdeen GP 1 LLP
108.	Aberdeen GP 2 LLP
109.	Aberdeen Infrastructure Asset Managers Limited
110.	Aberdeen Infrastructure Feeder GP Limited
111.	Aberdeen Infrastructure Finance GP Limited
112.	Aberdeen Infrastructure GP II Limited
113.	Aberdeen Infrastructure Investments (No. 4) Limited
114.	Aberdeen International Fund Managers Limited
115.	Aberdeen International Securities Investment Consulting Company Limited
116.	Aberdeen Investment Company Limited
117.	Aberdeen Investment Management K.K.
118.	Aberdeen Investment Solutions Limited

119.	Aberdeen Investments Euro Limited
120.	Aberdeen Investments Jersey Limited
121.	Aberdeen Investments Limited
122.	Aberdeen Investments USD Limited
123.	Aberdeen Islamic Asset Management SDN BHD
124.	Aberdeen Korea Co., Ltd
125.	Aberdeen Multi-Manager Limited
126.	Aberdeen Nominees Services Limited
127.	Aberdeen Pension Trustees Limited
128.	Aberdeen Private Equity Advisers Limited
129.	Aberdeen Private Equity Managers Limited
130.	Aberdeen Private Wealth Management Limited
131.	Aberdeen Property Asset Managers Limited
132.	Aberdeen Property Fund Limited Partner Oy
133.	Aberdeen Property Fund Management (Jersey) Limited
134.	Aberdeen Property Fund Management AB
135.	Aberdeen Property Fund Management Estonia Ou
136.	Aberdeen Property Investors (General Partner) S.a.r.l.
137.	Aberdeen Property Investors Estonia Ou
138.	Aberdeen Property Investors France SAS
139.	Aberdeen Property Investors Indirect Investment Management AB (API IIM AB)
140.	Aberdeen Property Investors Limited Partner Oy
141.	Aberdeen Property Investors Sweden AB
142.	Aberdeen Property Investors The Netherlands BV
143.	Aberdeen Property Managers Limited
144.	Aberdeen Real Estate Investors Operations (UK) Limited
145.	Aberdeen Real Estate Operations Limited
146.	Aberdeen Residential JV Feeder Limited Partner Oy
147.	Aberdeen Secondaries II GP SARL
148.	Aberdeen SP 2013 A/S
149.	Aberdeen Standard Asset Management Limited
150.	Aberdeen Standard Group Limited
151.	Aberdeen Standard Investment Management Limited
152.	Aberdeen Standard Investments Limited
153.	Aberdeen Standard Life Asset Management Limited
154.	Aberdeen Standard Life Group Limited
155.	Aberdeen Standard Life Investments Limited
156.	Aberdeen Standard Life Limited
157.	Aberdeen Standard Limited
158.	Aberdeen Trust Limited
159.	Aberdeen UK Infrastructure Carry GP Limited
160.	Aberdeen UK Infrastructure Carry Limited
161.	Aberdeen UK Infrastructure GP Limited
162.	Aberdeen Unit Trust Managers Limited
163.	AEROF (Luxembourg) GP S.A.R.L.
164.	AFM Nominees Limited
165.	AIPP Pooling I SA
166.	Airport Industrial GP Limited
167.	Amberia General Partner Oy
168.	Andaes S.à r.l.
169.	Andean Social Infrastructure GP Limited
170.	Arden Asset Management (UK) Limited
171.	Arden Asset Management LLC

172.	Arthur House (No.6) Limited
173.	Artio Global Investors Inc.
174.	Asander Investment Management Limited
175.	Baigrie Davies & Company Limited
176.	Baigrie Davies Holdings Limited
177.	Bardol Inversiones SL
178.	Bechtel Properties Limited
179.	Bedfont Lakes Business Park (GP1) Limited
180.	Bedfont Lakes Business Park (GP2) Limited
181.	Brent Cross Partnership
182.	Castlepoint General Partner Limited
183.	Castlepoint LP
184.	Castlepoint Nominee Limited
185.	Cockspur Property (General Partner) Limited
186.	Crawley Unit Trust
187.	DEGI Betelligungs GmbH
188.	Dunedin Fund Managers Limited
189.	Edinburgh Fund Managers Group Limited
190.	Edinburgh Fund Managers Plc
191.	Edinburgh Unit Trust Managers Limited
192.	Elevate Portfolio Services Limited
193.	ESP General Partner Limited Partnership
194.	ESP II Conduit LP
195.	ESP II General Partner Limited Partnership
196.	European Strategic Partners
197.	European Strategic Partners II 'C'
198.	Extraverde Property BV
199.	Ezraya Sp z.o.o.
200.	FLAG Squadron Asia Limited
201.	FLAG Squadron Asia Pacific III GP LP
202.	Focus Business Solutions Limited
203.	Focus Holdings Limited
204.	Focus Software Limited
205.	Focus Solutions EBT Trustee Limited
206.	Focus Solutions Group Limited
207.	G Park Management Company Limited
208.	Gallions Reach Shopping Park (Nominee) Limited
209.	Gallions Reach Shopping Park Limited Partnership
210.	Gallions Reach Shopping Park Unit Trust
211.	Glasgow Investment Managers Limited
212.	GRAF Almeda Park SL
213.	GRAF Jersey Esplanade Limited
214.	GRAF Jersey Holding Limited
215.	GRAF Jersey Ireland Holding Limited
216.	GRAF Jersey Ireland Property Limited
217.	Griffin Nominees Limited
218.	Heng An Standard Life Insurance Company Limited
219.	Hundred S.à r.l.
220.	Iceni Nominees (No.2) Limited
221.	Iceni Nominees (No.2A) Limited
222.	Ignis Asset Management Limited
223.	Ignis Carry Partner Limited
224.	Ignis Cayman GP2 Limited

225.	Ignis Cayman GP3 Limited
226.	Ignis Fund Managers Limited
227.	Ignis Investment Management Limited
228.	Ignis Investment Services Limited
229.	Inesia S.A.
230.	Inhoco 3107 Limited
231.	Invest Park 3 Sp. z.o.o.
232.	Jones Sheridan Financial Consulting Limited
233.	Jones Sheridan Holdings Limited
234.	Lake Meadows Management Company Limited
235.	Lothian Development III (Nederland) BV
236.	M J Founders Limited (IN LIQUIDATION)
237.	Murray Johnstone Asset Management Limited
238.	Murray Johnstone Holdings Limited
239.	Murray Johnstone Limited
240.	NASP 2006 General Partner Limited Partnership
241.	North American Strategic Partners (Feeder) 2006
242.	North American Strategic Partners (Feeder) 2008 Limited Partnership
243.	North American Strategic Partners 2006 L.P.
244.	North American Strategic Partners 2008 L.P.
245.	North American Strategic Partners GP, LP
246.	North American Strategic Partners, LP
247.	North East Trustees Limited
248.	Pace Financial Solutions Limited
249.	Pace Mortgage Solutions Limited
250.	Panker Invest S.à r.l.
251.	Parmenion Capital Ltd.
252.	Parmenion Capital Partners LLP
253.	Parmenion Investment Management Limited
254.	Parmenion Nominees Limited
255.	Parnell Fisher Child & Co. Limited
256.	Parnell Fisher Child Holdings Limited
257.	Pearson Jones & Company (Trustees) Limited
258.	Pearson Jones Nominees Limited
259.	Pearson Jones plc
260.	PLC Poland 20 Sp z.o.o.
261.	PLC Poland 25 Sp z.o.o.
262.	PLC Poland 34 Sp z.o.o.
263.	PT Aberdeen Asset Management
264.	PURetail Luxembourg Management Company SARL
265.	Regent Property Partners (Retail Parks) Limited
266.	Residential Zoning Club General Partners Oy
267.	Retail Park HANA a.s.
268.	Retail Park Ostrava a.s.
269.	Scottish Mutual Investment Managers Limited
270.	Scottish Mutual PEP and ISA Managers Limited
271.	Seabury Assets Fund Plc - The Euro VNAV Liquidity Fund
272.	Seabury Assets Fund Plc - The No.1 Fund
273.	Seabury Assets Fund Plc - The Sterling VNAV Liquidity Fund
274.	Select Japan (GK Holdings UK) Limited
275.	Select Japan (TK Holdings UK) Limited
276.	Select Japan G.K.
277.	Select Malta Holdings Limited

278.	Select Property Holdings (Mauritius) Limited
279.	Self Directed Holdings Ltd
280.	Self Directed Investments Limited
281.	Serin Wealth Limited
282.	SL (NEWCO) Limited
283.	SL Capital Partners (US) Limited
284.	SL Capital Partners LLP
285.	SLA Belgium No.1 SA
286.	SLA Germany No.1 S.à r.l.
287.	SLA Germany No.2 S.à r.l.
288.	SLA Germany No.3 S.à r.l.
289.	SLA Ireland No.1 S.à r.l.
290.	SLA Netherlands No.1 B.V.
291.	SLACOM (No.10) Limited
292.	SLACOM (No.8) Limited
293.	SLACOM (No.9) Limited
294.	SLCP (Founder Partner Ignis Private Equity) Limited
295.	SLCP (Founder Partner Ignis Strategic Credit) Limited
296.	SLCP (General Partner 2016 Co-investment) Limited
297.	SLCP (General Partner CPP) Limited
298.	SLCP (General Partner EC) Limited
299.	SLCP (General Partner Edcastle) Limited
300.	SLCP (General Partner ESF I) Limited
301.	SLCP (General Partner ESF II) Limited
302.	SLCP (General Partner ESP 2004) Limited
303.	SLCP (General Partner ESP 2006) Limited
304.	SLCP (General Partner ESP 2008 Coinvestment) Limited
305.	SLCP (General Partner ESP 2008) Limited
306.	SLCP (General Partner ESP CAL) Limited
307.	SLCP (General Partner Europe VI) Limited
308.	SLCP (General Partner II) Limited
309.	SLCP (General Partner Infrastructure I) Limited
310.	SLCP (General Partner Infrastructure Secondary I) Limited
311.	SLCP (General Partner NASF I) Limited
312.	SLCP (General Partner NASP 2006) Limited
313.	SLCP (General Partner NASP 2008) Limited
314.	SLCP (General Partner Pearl Private Equity) Limited
315.	SLCP (General Partner Pearl Strategic Credit) Limited
316.	SLCP (General Partner SOF I) Limited
317.	SLCP (General Partner SOF II) Limited
318.	SLCP (General Partner SOF III) Limited
319.	SLCP (General Partner Tidal Reach) Limited
320.	SLCP (General Partner USA) Limited
321.	SLCP (General Partner) Limited
322.	SLCP (Holdings) Limited
323.	SLIF Property Investment GP Limited
324.	SLIF Property Investment LP
325.	SLMT American Equity Unconstrained Fund
326.	SLMT Standard Life Japan Fund
327.	SLTM Limited
328.	Sorbin Systems Limited
329.	Squadron Capital Asia Pacific GP LP
330.	Squadron Capital Asia Pacific II GP LP

331.	Squadron Capital Management Limited
332.	Squadron Capital Partners Limited
333.	Standard Aberdeen Asset Management Limited
334.	Standard Aberdeen Group Limited
335.	Standard Aberdeen Investment Management Limited
336.	Standard Aberdeen Investments Limited
337.	Standard Aberdeen Limited
338.	Standard Life (Asia Pacific Holdings) Private Limited
339.	Standard Life (Asia) Limited
340.	Standard Life (London) Limited
341.	Standard Life (Mauritius Holdings) 2006 Limited
342.	Standard Life Aberdeen Asset Management Limited
343.	Standard Life Aberdeen Group Limited
344.	Standard Life Aberdeen Limited
345.	Standard Life Active Plus Bond Trust
346.	Standard Life Agency Services Limited
347.	Standard Life Assurance (HWPF) Luxembourg S.à r.l.
348.	Standard Life Assurance Limited
349.	Standard Life Charity Fund
350.	Standard Life Client Management Limited
351.	Standard Life Employee Services Limited
352.	Standard Life European Trust
353.	Standard Life European Trust II
354.	Standard Life Finance Limited
355.	Standard Life Foundation
356.	Standard Life Global Equity Trust II
357.	Standard Life International Designated Activity Company
358.	Standard Life International Trust
359.	Standard Life Investment Company - American Equity Income Fund
360.	Standard Life Investment Company - American Equity Unconstrained Fund
361.	Standard Life Investment Company - Asian Pacific Growth Fund
362.	Standard Life Investment Company - Corporate Bond Fund
363.	Standard Life Investment Company - Emerging Market Debt Fund
364.	Standard Life Investment Company - European Equity Growth Fund
365.	Standard Life Investment Company - Global Emerging Markets Equity Fund
366.	Standard Life Investment Company - Global Emerging Markets Equity Income Fund
367.	Standard Life Investment Company - Global Equity Unconstrained Fund
368.	Standard Life Investment Company - Investment Grade Corporate Bond Fund
369.	Standard Life Investment Company - Japanese Equity Growth Fund
370.	Standard Life Investment Company - Short Duration Credit Fund
371.	Standard Life Investment Company - UK Equity Growth Fund
372.	Standard Life Investment Company - UK Equity High Alpha Fund
373.	Standard Life Investment Company - UK Equity High Income Fund
374.	Standard Life Investment Company - UK Opportunities Fund
375.	Standard Life Investment Company II - Standard Life Investments Corporate Debt Fund
376.	Standard Life Investment Company II - Standard Life Investments Ethical Corporate Bond Fund
377.	Standard Life Investment Company II - Standard Life Investments European Ethical Equity Fund
378.	Standard Life Investment Company II - Standard Life Investments Short Dated Corporate Bond Fund
379.	Standard Life Investment Company II - Standard Life Investments Short Duration Global Index Linked Bond Fund
380.	Standard Life Investment Company II - Standard Life Investments UK Equity Unconstrained Fund
381.	Standard Life Investment Company III - Enhanced-Diversification Growth Fund
382.	Standard Life Investment Company III - MyFolio Managed I Fund
383.	Standard Life Investment Company III - MyFolio Managed II Fund

384.	Standard Life Investment Company III - MyFolio Managed III Fund
385.	Standard Life Investment Company III - MyFolio Managed Income I Fund
386.	Standard Life Investment Company III - MyFolio Managed Income II Fund
387.	Standard Life Investment Company III - MyFolio Managed Income III Fund
388.	Standard Life Investment Company III - MyFolio Managed Income IV Fund
389.	Standard Life Investment Company III - MyFolio Managed Income V Fund
390.	Standard Life Investment Company III - MyFolio Managed IV Fund
391.	Standard Life Investment Company III - MyFolio Managed V Fund
392.	Standard Life Investment Company III - MyFolio Market I Fund
393.	Standard Life Investment Company III - MyFolio Market II Fund
394.	Standard Life Investment Company III - MyFolio Market III Fund
395.	Standard Life Investment Company III - MyFolio Market IV Fund
396.	Standard Life Investment Company III - MyFolio Market V Fund
397.	Standard Life Investment Company III - MyFolio Multi-Manager I Fund
398.	Standard Life Investment Company III - MyFolio Multi-Manager II Fund
399.	Standard Life Investment Company III - MyFolio Multi-Manager III Fund
400.	Standard Life Investment Company III - MyFolio Multi-Manager Income I Fund
401.	Standard Life Investment Company III - MyFolio Multi-Manager Income II Fund
402.	Standard Life Investment Company III - MyFolio Multi-Manager Income III Fund
403.	Standard Life Investment Company III - MyFolio Multi-Manager Income IV Fund
404.	Standard Life Investment Company III - MyFolio Multi-Manager Income V Fund
405.	Standard Life Investment Company III - MyFolio Multi-Manager IV Fund
406.	Standard Life Investment Company III - MyFolio Multi-Manager V Fund
407.	Standard Life Investment Funds Limited
408.	Standard Life Investments - India Advantage Fund
409.	Standard Life Investments (Corporate Funds) Limited
410.	Standard Life Investments (France) SAS
411.	Standard Life Investments (General Partner CRED) Limited
412.	Standard Life Investments (General Partner EPGF) Limited
413.	Standard Life Investments (General Partner European Real Estate Club II) Limited
414.	Standard Life Investments (General Partner European Real Estate Club III) Limited
415.	Standard Life Investments (General Partner European Real Estate Club) Limited
416.	Standard Life Investments (General Partner GARS) Limited
417.	Standard Life Investments (General Partner GFS) Limited
418.	Standard Life Investments (General Partner MAC) Limited
419.	Standard Life Investments (General Partner PDFI) Limited
420.	Standard Life Investments (General Partner UK PDF) Limited
421.	Standard Life Investments (General Partner UK Shopping Centre Feeder Fund LP) Limited
422.	Standard Life Investments (Holdings) Limited
423.	Standard Life Investments (Hong Kong) Limited
424.	Standard Life Investments (Japan) Limited
425.	Standard Life Investments (Jersey) Limited
426.	Standard Life Investments (Mutual Funds) Limited
427.	Standard Life Investments (PDF No. 1) Limited
428.	Standard Life Investments (Private Capital) Limited
429.	Standard Life Investments (Schweiz) AG
430.	Standard Life Investments (Singapore) Pte. Ltd
431.	Standard Life Investments (Trustee No. 1 UK PDF) Limited
432.	Standard Life Investments (Trustee No. 10 UK PDF) Limited
433.	Standard Life Investments (Trustee No. 11 UK PDF) Limited
434.	Standard Life Investments (Trustee No. 12 UK PDF) Limited
435.	Standard Life Investments (Trustee No. 2 UK PDF) Limited
436.	Standard Life Investments (Trustee No. 3 UK PDF) Limited

437.	Standard Life Investments (Trustee No. 4 UK PDF) Limited
438.	Standard Life Investments (Trustee No. 5 UK PDF) Limited
439.	Standard Life Investments (Trustee No. 6 UK PDF) Limited
440.	Standard Life Investments (Trustee No. 7 UK PDF) Limited
441.	Standard Life Investments (Trustee No. 8 UK PDF) Limited
442.	Standard Life Investments (Trustee No. 9 UK PDF) Limited
443.	Standard Life Investments (USA) Limited
444.	Standard Life Investments Brent Cross General Partner Limited
445.	Standard Life Investments Brent Cross LP
446.	Standard Life Investments Dynamic Distribution Fund
447.	Standard Life Investments Global Absolute Return Strategies Fund
448.	Standard Life Investments Global Real Estate Fund
449.	Standard Life Investments Global SICAV Absolute Return Global Bond Strategies Fund
450.	Standard Life Investments Global SICAV China Equities Fund
451.	Standard Life Investments Global SICAV Emerging Market Corporate Bond Fund
452.	Standard Life Investments Global SICAV Emerging Market Local Currency Debt Fund
453.	Standard Life Investments Global SICAV Enhanced Diversification Global Emerging Markets Equities Fund
454.	Standard Life Investments Global SICAV Euro Government All Stocks Fund
455.	Standard Life Investments Global SICAV European Equities Fund
456.	Standard Life Investments Global SICAV European Equity Unconstrained Fund
457.	Standard Life Investments Global SICAV European Smaller Companies Fund
458.	Standard Life Investments Global SICAV Global Bond Fund
459.	Standard Life Investments Global SICAV Global Emerging Markets Equity Unconstrained Fund
460.	Standard Life Investments Global SICAV Global Equities Fund
461.	Standard Life Investments Global SICAV Global Focused Strategies Fund
462.	Standard Life Investments Global SICAV Global High Yield Bond Fund
463.	Standard Life Investments Global SICAV Global Inflation-Linked Bond Fund
464.	Standard Life Investments Global SICAV Global REIT Focus Fund
465.	Standard Life Investments Global SICAV II Enhanced-Diversification Multi Asset Fund
466.	Standard Life Investments Global SICAV II MyFolio Multi-Manager I Fund
467.	Standard Life Investments Global SICAV II MyFolio Multi-Manager II Fund
468.	Standard Life Investments Global SICAV II MyFolio Multi-Manager III Fund
469.	Standard Life Investments Global SICAV II MyFolio Multi-Manager IV Fund
470.	Standard Life Investments Global SICAV II MyFolio Multi-Manager V Fund
471.	Standard Life Investments Global SICAV Indian Equity Midcap Opportunities Fund
472.	Standard Life Investments Global SICAV Japanese Equities Fund
473.	Standard Life Investments Global SICAV Total Return Credit Fund
474.	Standard Life Investments GS (Mauritius Holdings) Limited
475.	Standard Life Investments Limited
476.	Standard Life Investments Liquidity Fund plc - Euro Liquidity Fund
477.	Standard Life Investments Multi Asset Class Company
478.	Standard Life Investments No. 2 (Hong Kong) Limited
479.	Standard Life Investments Securities LLC
480.	Standard Life Investments Strategic Bond Fund
481.	Standard Life Investments UK PDF Investment LP
482.	Standard Life Investments UK Property Development Fund L.P.
483.	Standard Life Investments UK Real Estate Funds ICVC - Standard Life Investments UK Real Estate Fund
484.	Standard Life Investments UK Real Estate Trust - Standard Life Investments UK Real Estate Accumulation Feeder Fund
485.	Standard Life Investments UK Retail Park Trust
486.	Standard Life Investments UK Shopping Centre Feeder Fund Company Limited
487.	Standard Life Investments UK Shopping Centre Trust

488.	Standard Life Japan Trust
489.	Standard Life Lifetime Mortgages Limited
490.	Standard Life Master Trust Co. Ltd
491.	Standard Life Multi-Asset Trust
492.	Standard Life North American Trust
493.	Standard Life Oversea Holdings Limited
494.	Standard Life Pacific Basin Trust
495.	Standard Life Pan-European Trust
496.	Standard Life Pension Funds Limited
497.	Standard Life Portfolio Investments Limited
498.	Standard Life Premises Services Limited
499.	Standard Life Private Equity Trust plc
500.	Standard Life Property Company Limited
501.	Standard Life Savings Limited
502.	Standard Life Savings Nominees Limited
503.	Standard Life Short Dated UK Government Bond Trust
504.	Standard Life Trustee Company Limited
505.	Standard Life UK Corporate Bond Trust
506.	Standard Life UK Equity General Trust
507.	Standard Life UK Government Bond Trust
508.	Standard Life Wealth (CI) Limited
509.	Standard Life Wealth International Limited
510.	Standard Life Wealth Limited
511.	Telles Holding S.à r.l.
512.	Tenet Group Limited
513.	Tenon Nominees Limited
514.	The Coaching Platform Limited
515.	The Heritable Securities and Mortgage Investment Association Limited
516.	The Munro Partnership Ltd.
517.	The Standard Life Assurance Company 2006
518.	The Standard Life Assurance Company of Europe (Nederland) BV
519.	Threesixty Partnerships Limited
520.	Threesixty Services LLP
521.	Threesixty Support LLP
522.	Touchstone Insurance Company Limited
523.	Two Rivers One Limited
524.	Two Rivers Two Limited
525.	UK PRS Opportunities General Partner Limited
526.	VA Investments Oy
527.	Value Partners Concord Asset Management Co., Ltd
528.	Vebnet (Holdings) Limited
529.	Vebnet Limited
530.	Waverley General Private Equity Limited
531.	Waverley Healthcare Private Equity Limited
532.	Wealth Horizon Ltd.
533.	Welbrent Property Investment Company Limited
534.	Whiteleys of Bayswater Limited
535.	Wise Trustee Limited

## VI. Group Companies

As per the requirements of the ICDR Regulations for the purpose of identification of Group Companies, our Board has considered companies covered in the list of related parties determined in accordance with AS 18 as on August 16, 2017 (excluding such related parties which are not companies).

Further, pursuant to a resolution passed by our Board at its meeting held on August 16, 2017, our Board formulated a policy with respect to companies which it considered material to be identified as Group Companies in terms of the ICDR Regulations, for the purpose of disclosure in connection with the Offer. Accordingly, in terms of this policy, HDFC Bank Limited which is a member of the Promoter Group, on account of contribution of at least 10% to the new business premium of our Company, is deemed to be material to our Company and classified as a Group Company.

Consequently, in addition to HDFC, Standard Life Mauritius and our Subsidiaries, *i.e.* HDFC Pension Management Company Limited and HDFC International Life and Re Company Limited (mentioned below), the following companies have been identified as Group Companies of our Company:

1. Grandeur Properties Private Limited;
2. Griha Investments (subsidiary of HDFC Holdings Limited);
3. Griha Pte Limited (subsidiary of HDFC Investments Limited);
4. GRUH Finance Limited;
5. Haddock Properties Private Limited;
6. HDFC Asset Management Co. Limited;
7. HDFC Bank Limited;
8. HDFC Capital Advisors Limited;
9. HDFC Credila Financial Services Private Limited;
10. HDFC Developers Limited;
11. HDFC Education and Development Services Private Limited;
12. HDFC ERGO General Insurance Co. Limited;
13. HDFC Holdings Limited;
14. HDFC Investments Limited;
15. HDFC Property Ventures Limited;
16. HDFC Realty Limited;
17. HDFC Sales Private Limited;
18. HDFC Trustee Co. Limited;
19. HDFC Venture Capital Limited;
20. HDFC Ventures Trustee Co. Limited;
21. Pentagram Properties Private Limited;
22. Winchester Properties Private Limited; and
23. Windermere Properties Private Limited.

Unless otherwise specifically stated in this section, none of the Group Companies (i) have their equity shares listed on any stock exchange; (ii) have completed any public or rights issue in the preceding three years; (iii) have become a sick company within the meaning of the erstwhile SICA; (iv) are under winding-up; (v) have become defunct; (vi) have made an application to the relevant registrar of companies in India in whose jurisdiction such Group Company is registered in the five years preceding the date of filing the Draft Red Herring Prospectus with SEBI, for striking off its name; (vii) have received any significant notes from the auditors; or (viii) had a negative net worth as of the date of their last audited financial statements.

#### ***Details of the top five Group Companies of our Company***

The details of the top five Group Companies, excluding HDFC, Standard Life Mauritius and our Subsidiaries, *i.e.*, the two largest listed Group Companies, based on market capitalisation, and the three largest unlisted Group Companies, based on turnover, are as below:

##### **1. HDFC Bank Limited**

###### *Corporate information*

HDFC Bank was incorporated on August 30, 1994 as a public limited company under the Companies Act, 1956 with the Registrar of Companies, Mumbai and received its certificate for commencement of business on August 30, 1994. Its CIN is L65920MH1994PLC080618.

It currently carries on the business of banking.

#### *Interest of our Promoters*

As on September 30, HDFC along with HDFC Investments Limited (its wholly owned subsidiary) held 21.02% of the total paid up equity share capital of HDFC Bank. Additionally, HDFC is also interested in HDFC Bank to the extent of certain transactions entered into between them.

HDFC Bank has been appointed as a Global Co-ordinator and Book Running Lead Manager with the limited responsibility of marketing of the Offer.

#### *Financial Performance*

Brief financial details of HDFC Bank, extracted from its audited accounts for the past three financial years are as follows:

*(₹ in million except per share data)*

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	5,125.09	5,056.37	5,012.99
Reserves (excluding revaluation reserve) and surplus	889,498.42	721,721.27	615,081.17
Sales / turnover (income, including other income)	816,024.57	709,731.68	574,662.57
Profit/(loss) after tax	145,496.60	122,962.30	102,159.20
Basic EPS (face value of ₹ 10 each)	57.18	48.84	42.15
Diluted EPS (face value of ₹ 10 each)	56.43	48.26	41.67
Net asset value per share (face value of ₹ 10 each)	349.12	287.47	247.39

There are no significant notes of the auditors in relation to the aforementioned financial statements.

The equity shares of HDFC Bank are currently listed on BSE, NSE, the New York Stock Exchange and the Luxembourg Stock Exchange.

#### *Share price information*

The following table sets forth details of the highest and lowest price on BSE during the six months preceding the date of the RHP:

*(in ₹)*

Sr. No.	Month	Monthly High	Monthly Low
1.	April 2017	1,572.30	1,425
2.	May 2017	1,648	1,524.35
3.	June 2017	1,715.60	1,623
4.	July 2017	1,797.85	1,646
5.	August 2017	1,810	1,732.80
6.	September 2017	1,868	1,740

Source: [www.bseindia.com](http://www.bseindia.com)

The following table sets forth details of the highest and lowest price on NSE during the six months preceding the date of the RHP:

*(in ₹)*

Sr. No.	Month	Monthly high	Monthly Low
1.	April 2017	1,573.95	1,425.05
2.	May 2017	1,648	1,522.60
3.	June 2017	1,716	1,620.55

Sr. No.	Month	Monthly high	Monthly Low
4.	July 2017	1,798.80	1,645
5.	August 2017	1,809.15	1,731.15
6.	September 2017	1,868	1,738

Source: [www.nseindia.com](http://www.nseindia.com)

The closing equity share price of HDFC Bank Limited as on October 24, 2017 on BSE and NSE was ₹ 1,865.15 and ₹ 1,867.10, respectively.

### ***Mechanism for redressal of investor grievance***

The Board of Directors of HDFC Bank has constituted a stakeholders' relationship committee in accordance with the Listing Regulations to look into the redressal of shareholder/investor complaints. HDFC Bank normally takes eight Working Days to resolve various types of investor grievances. HDFC Bank received 8,641 investor complaints in the last three Fiscal Years of which 8,633 complaints have been disposed off, and all investor complaints were attended to in that period.

### ***Investor grievance***

As on September 30, 2017, 17 investor complaints were pending with respect to HDFC Bank.

## **2. GRUH Finance Limited ("GRUH")**

### ***Corporate information***

GRUH was incorporated as a public limited company on July 21, 1986 under the Companies Act, 1956 with the Registrar of Companies, Gujarat and received its certificate for commencement of business on August 6, 1986. Its CIN is L65923GJ1986PLC008809. The name of the company was changed from Gujarat Rural Housing Finance Corporation Limited to GRUH Finance Limited with effect from July 20, 1995.

GRUH is currently engaged in the business of providing long term finance to any person or persons, company or corporation, society or association of persons with or without interest and with or without security for the purpose of enabling such borrower to construct or purchase or enlarge any house or dwelling unit or any part or portion thereof in India for residential purposes upon such terms and conditions as the company may deem fit

### ***Interest of our Promoters***

As of September 30, HDFC holds 57.99% of the equity share capital of GRUH.

### ***Financial Performance***

Brief financial details of GRUH, extracted from its audited accounts for the past three financial years are as follows:

(₹ in millions except per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	729.13	727.36	726.77
Reserves (excluding revaluation reserve) and surplus	10,403.04	7,625.64	6,388.18
Sales	14,873.88	12,754.03	10,603.25
Profit/(loss) after tax	2,966.52	2,435.75	2,037.97
Basic EPS (in ₹) (Face value ₹ 2 each)	8.15	6.70	5.57
Diluted EPS (in ₹) (Face value ₹ 2 each)	8.15	6.70	5.57
Net asset value per share	30.59	22.97	19.64

There are no significant notes of the auditors in relation to the aforementioned financial statements.

The equity shares of GRUH are currently listed on BSE and NSE.

### ***Share price information***

The following table sets forth details of the highest and lowest price on BSE during the six months preceding the date of the RHP:

*(in ₹)*

<b>Sr. No.</b>	<b>Month</b>	<b>Monthly High</b>	<b>Monthly Low</b>
1.	April 2017	412.80	367.70
2.	May 2017	431.60	377.45
3.	June 2017	459.00	387.00
4.	July 2017	515.60	436.15
5.	August 2017	523.50	452.00
6.	September 2017	551.00	486.00

*Source: www.bseindia.com*

The following table sets forth details of the highest and lowest price on NSE during the six months preceding the date of the RHP:

*(in ₹)*

<b>Sr. No.</b>	<b>Month</b>	<b>Monthly high</b>	<b>Monthly Low</b>
1.	April 2017	435.20	367.50
2.	May 2017	432.85	377.00
3.	June 2017	459.50	391.10
4.	July 2017	517.25	436.50
5.	August 2017	525.95	451.00
6.	September 2017	553.00	485.00

*Source: www.nseindia.com*

The closing equity share price of GRUH as on October 24, 2017 on BSE and NSE was ₹ 499.25 and ₹ 499.80, respectively.

### ***Mechanism for redressal of investor grievance***

The board of directors of GRUH have constituted a stakeholders' relationship committee in accordance with the Listing Regulations to look into the redressal of shareholder/investor complaints. It normally takes seven to nine days to dispose various types of investor grievances. In the past three years, GRUH received 23 investor complaints, all of which were disposed off.

### ***Investor grievance***

As of September 30, 2017 there was one investor complaint pending against GRUH.

## **3. HDFC Asset Management Company Limited**

### ***Corporate information***

HDFC Asset Management Company Limited was incorporated as a public limited company on December 10, 1999 under the Companies Act, 1956 with the Registrar of Companies, Mumbai. It received its certificate for commencement of business on March 9, 2000. Its CIN is U65991MH1999PLC123027.

HDFC Asset Management Company Limited is currently engaged in the business of providing investment management services to HDFC Mutual Fund and alternative investment funds and acts as a SEBI registered Portfolio Manager providing portfolio management / advisory services and offers management and/or advisory services to institutional clients under the SEBI (Mutual Funds) Regulations, 1996.

### ***Interest of our Promoters***

HDFC, jointly with its nominees, holds 57.36% of the equity share capital of HDFC Asset Management Company Limited. Additionally, HDFC is also interested in HDFC Asset Management Company Limited to the extent of certain transactions entered into between them.

#### *Financial Performance*

Brief financial details of HDFC Asset Management Company Limited, extracted from its audited accounts for the past three financial years are as follows:

*(₹ in millions except per share data)*

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	251.67	251.64	252.41
Reserves (excluding revaluation reserve) and surplus	13,977.72	11,260.58	10,946.50
Sales	14,800.36	14,425.44	10,224.38
Profit/(loss) after tax	5,502.46	4,778.80	4,155
Basic EPS (in ₹) (Face value ₹ 10 each)	218.65	189.11	164.61
Diluted EPS (in ₹) (Face value ₹ 10 each)	216.44	188.47	162.49
Net asset value per share	563	454.75	440.63

There are no significant notes of the auditors in relation to the aforementioned financial statements.

#### **4. HDFC ERGO General Insurance Company Limited**

##### *Corporate information*

HDFC ERGO General Insurance Company Limited was incorporated as a public limited company on December 27, 2007 under the Companies Act, 1956 with the Registrar of Companies, Mumbai under the name of L&T General Insurance Company Limited and it received its certificate for commencement of business on January 9, 2008. Its CIN is U66030MH2007PLC177117. The name of the company was changed from L&T General Insurance Company Limited to HDFC General Insurance Limited on September 14, 2016. Further, subsequent to the merger of HDFC ERGO General Insurance Company Limited in HDFC General Insurance Limited, its name stands as HDFC ERGO General Insurance Company Limited as on August 14, 2017.

HDFC ERGO General Insurance Company Limited is currently engaged in the business of providing general insurance in India including health insurance.

##### *Interest of our Promoters*

HDFC holds 50.41% of the equity share capital of HDFC ERGO General Insurance Company Limited. Additionally, HDFC is also interested in HDFC ERGO General Insurance Company Limited to the extent of certain transactions entered into between them.

#### *Financial Performance*

Brief financial details of HDFC ERGO General Insurance Company Limited, extracted from its audited accounts for the past three financial years are as follows:

*(₹ in millions except per share data)*

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	6,004.66	7,050	6,200
Reserves (excluding revaluation reserve) and surplus	8,843.73	(5,630.14)	(4,609.98)
Sales	22,524.05	4,825.61	3,443.51
Profit/(loss) after tax	1,244.09	(1,020.16)	(941.70)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Basic EPS (in ₹) (Face value ₹ 10 each)	2.07	(1.59)	(1.72)
Diluted EPS (in ₹) (Face value ₹ 10 each)	2.06	(1.59)	(1.72)
Net asset value per share	24.73	2.01	2.56

There are no significant notes of the auditors in relation to the aforementioned financial statements.

## 5. HDFC Credila Financial Services Private Limited

### *Corporate details*

HDFC Credila Financial Services Private Limited was incorporated as a private limited company on February 1, 2006 under the Companies Act 1956 with the Registrar of Companies, Mumbai. Its CIN is U67190MH2006PTC159411. The name of the company was changed from Credila Financial Services Private Limited to HDFC Credila Financial Services Private Limited on February 19, 2017.

HDFC Credila Financial Services Private Limited is currently engaged in the business of providing education loans.

### *Interest of our Promoters*

HDFC holds 90.21% of the equity share capital (on a fully diluted basis) of HDFC Credila Financial Services Private Limited. Additionally, HDFC is also interested in HDFC Credila Financial Services Private Limited to the extent of certain transactions entered into between them.

### *Financial Performance*

Brief financial details of HDFC Credila Financial Services Private Limited, extracted from its audited accounts for the past three financial years are as follows:

*(₹ in millions except per share data)*

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	607.42	537.42	537.42
Reserves (excluding revaluation reserves)	1,915.18	789.39	338.83
Sales	3,918.07	3,005.45	2,152.27
Profit/(loss) after tax	654.75	450.64	277.97
Basic EPS (in ₹) (Face value ₹ 10 each)	11.89	8.38	5.17
Diluted EPS (in ₹) (Face value ₹ 10 each)	5.95	4.14	2.56
Net asset value per share	52.56	37.16	28.77

There are no significant notes of the auditors in relation to the aforementioned financial statements.

### *Details of our other Group Companies*

#### **Subsidiaries**

As of the date of this Red Herring Prospectus, our Company has two Subsidiaries, the details of which are as follows:

#### **1. HDFC Pension Management Company Limited (“HDFC Pension”)**

##### *Corporate information*

HDFC Pension, a wholly owned subsidiary of our Company, was incorporated on June 20, 2011 as a public limited company under the Companies Act, 1956 under the name of HDFC Life Pension Fund Management Company Limited which was changed pursuant to a fresh certificate of incorporation dated March 26, 2013. It

received a certificate of commencement of business dated May 3, 2012. Its registered office is situated at Lodha Excelus, 14<sup>th</sup> Floor, Apollo Mills Compound, N. M. Joshi Marg, Mahalaxmi, Mumbai 400 011.

***Nature of business***

HDFC Pension was incorporated with the object of, amongst other things, acting as a fund manager, pension fund manager, pension fund advisor, retirement advisor, providing financial, management, operations and advisory services and facilities of every description, rendering and offering consultancy services to banks, institutions, corporate bodies, government or any other person for setting up a pension fund and to carry on fund management activities.

***Capital structure***

The authorised shared capital of HDFC Pension is ₹ 300,000,000 and the issued and paid-up share capital is ₹ 280,000,000 divided into 28,000,000 equity shares of ₹ 10 each.

***Shareholding pattern***

The shareholding pattern of HDFC Pension as on the date of this Red Herring Prospectus is as follows:

<b>Sr. No.</b>	<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Percentage</b>
1.	HDFC Standard Life Insurance Company Limited	27,999,994	100
2.	Mr. Amitabh Chaudhry	1*	Negligible
3.	Ms. Vibha Padalkar	1*	Negligible
4.	Mr. Rajendra Ghag	1*	Negligible
5.	Mr. Subrat Mohanty	1*	Negligible
6.	Mr. Srinivasan Parthasarathy	1*	Negligible
7.	Mr. Suresh Badami	1*	Negligible
	<b>Total</b>	<b>28,000,000</b>	<b>100</b>

\*Equity shares held as a nominee of our Company

There are no accumulated losses/ profits of HDFC Pension not accounted for by our Company in the Restated Consolidated Financial Information.

Additionally, HDFC Pension incurred a loss in the previous fiscal year. For further details, please see “Loss making Group Companies” below.

**2. HDFC International Life and Re Company Limited (“HDFC International”)**

***Corporate information***

HDFC International is a wholly owned subsidiary of our Company and was incorporated in the Dubai International Financial Centre (“**DIFC**”) as a company limited by shares on January 10, 2016 under the Companies Law, DIFC Law No. 2 of 2009 under registered number 2067. HDFC International received its regulatory license from the Dubai Financial Services Authority (“**DFSA**”) on January 31, 2016. Its registered office is situated at Unit OT 17-30, Level 17, Central Park Offices, Dubai International Financial Centre, P.O Box 114603, Dubai, United Arab Emirates.

***Nature of business***

HDFC International is regulated by the DFSA is licensed to undertake life reinsurance business and provides risk-transfer solutions, prudent underwriting solutions and value added services, among others, across individual life, group life and group credit life lines of business and currently offers reinsurance capacity in the Gulf Cooperation Council region.

### ***Capital structure***

The authorised share capital of HDFC International is USD 25,000,000 and the registered paid up capital is USD 13,600,000 divided into 13,600,000 ordinary shares at the nominal value of USD 1 each.

### ***Shareholding pattern***

The shareholding pattern of HDFC International as on the date of this Red Herring Prospectus is as follows:

<b>Sr. No.</b>	<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Percentage</b>
1.	HDFC Standard Life Insurance Company Limited	13,600,000	100
	<b>Total</b>	<b>13,600,000</b>	<b>100</b>

There are no accumulated losses/ profits of HDFC International not accounted for by our Company in the Restated Consolidated Financial Information.

Additionally, HDFC International incurred a loss in the previous fiscal year. For further details, please see “*Loss making Group Companies*” below.

### **Other Group Companies**

#### **1. Grandeur Properties Private Limited**

##### *Corporate details*

Grandeur Properties Private Limited was incorporated as a private limited company on June 24, 2005 under the Companies Act, 1956 with the Registrar of Companies, Mumbai. Its CIN is U70100MH2005PTC154232.

Grandeur Properties Private Limited is currently engaged in the business of monetising the value of properties owned by it.

Additionally, Grandeur Properties Private Limited incurred a loss in the previous fiscal year. For further details, please see “*Loss making Group Companies*” below.

##### *Interest of our Promoters*

HDFC, jointly with its nominee, holds 100% of the equity share capital of Grandeur Properties Private Limited. Additionally, HDFC is also interested in Grandeur Properties Private Limited to the extent of certain transactions entered into between them.

#### **2. Griha Investments**

##### *Corporate details*

Griha Investments is a company incorporated as a private company with liability limited by shares in Mauritius under the Companies Act 2001 on March 27, 2006 and holds a Category 1 Global Business Company License dated June 29, 2009 issued by the Financial Services Commission. Griha Investments is also authorised by the Financial Services Commission under Section 98 of the Securities Act 2005 to operate as a CIS Manager.

Griha Investments currently acts as an investment manager to HIREF International LLC and its subsidiaries in Mauritius.

Additionally, Griha Investments incurred a loss in the previous fiscal year. For further details, please see “*Loss making Group Companies*” below.

### *Interest of our Promoters*

HDFC Holdings Limited, a wholly owned subsidiary of HDFC, holds 100% of the equity share capital of Griha Investments.

### **3. Griha Pte Limited**

#### *Corporate details*

Griha Pte Limited was incorporated as a private limited company on June 6, 2012 in Singapore. Its CIN is 201214099G.

Griha Pte Limited is currently engaged in the business of investment management.

### *Interest of our Promoters*

HDFC Investments Limited, a wholly owned subsidiary of HDFC, holds 100% of the equity share capital of Griha Pte Limited.

### **4. Haddock Properties Private Limited**

#### *Corporate details*

Haddock Properties Private Limited was incorporated as a private limited company on September 22, 2004 under the Companies Act, 1956 with the Registrar of Companies, Mumbai. Its CIN is U70102MH2004PTC148768.

Haddock Properties Private Limited is currently engaged in the business of monetising the value of the properties owned by it.

### *Interest of our Promoters*

HDFC, jointly with its nominee, holds 100% of the equity share capital of Haddock Properties Private Limited. Additionally, HDFC is also interested in Haddock Properties Private Limited to the extent of certain transactions entered into between them.

### *Negative net worth and loss making*

Haddock Properties Private Limited has negative net worth and was a loss making entity in the previous fiscal year. Hence, please see below brief financial details extracted from the audited accounts for the past three fiscal years:

*(₹ in millions except per share data)*

<b>Particulars</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>	<b>Fiscal 2015</b>
Equity capital	0.01	0.01	0.01
Reserves (excluding revaluation reserves)	(58.80)	(57.42)	(46.75)
Sales	1.14	1.62	1.21
Profit/(Loss) after Tax	(1.38)	(10.68)	(18.87)
Earnings per share (basic) (in ₹) (Face value ₹ 10 each)	(1377.26)	(10677.14)	(18874.10)
Earnings per share (diluted) (in ₹) (Face value ₹ 10 each)	(1377.26)	(10677.14)	(18874.10)
Net asset value per share	(58789.65)	(57412.38)	(46735.24)

## 5. HDFC Capital Advisors Limited

### *Corporate details*

HDFC Capital Advisors Limited was incorporated as a public limited company on May 5, 2015 under the Companies Act, 2013 with the Registrar of Companies, Mumbai. Its CIN is U74999MH2015PLC264030.

HDFC Capital Advisors Limited is currently engaged in the business of investment management.

### *Interest of our Promoters*

HDFC, jointly with its nominees, holds 100% of the equity share capital of HDFC Capital Advisors Limited.

## 6. HDFC Developers Limited

### *Corporate details*

HDFC Developers Limited was incorporated as a public limited company on January 14, 1981 under the Companies Act, 1956, with the Registrar of Companies, Mumbai and received its certificate for commencement of business on April 10, 1981. Its CIN is U45200MH1981PLC023708.

HDFC Developers Limited currently carries on the business of an online portal for new real estate projects.

### *Interest of our Promoters*

HDFC, jointly with its nominees, holds 100% of the equity share capital of HDFC Developers Limited. Additionally, HDFC is also interested in HDFC Developers Limited to the extent of certain transactions entered into between them.

### *Negative net worth and loss making*

HDFC Developers Limited has negative net worth and was a loss making entity in the previous fiscal year. Hence, please see below brief financial details extracted from the audited accounts for the past three fiscal years:

(₹ in millions except per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	59.90	59.90	30.50
Reserves (excluding revaluation reserves)	(316.52)	(149.28)	(25.33)
Sales	60.67	58.41	80.50
Profit/(Loss) after Tax	(167.24)	(123.95)	(45.47)
Earnings per share (basic) (in ₹) (Face value ₹ 10 each)	(27.92)	(23.17)	(79.32)
Earnings per share (diluted) (in ₹) (Face value ₹ 10 each)	(27.92)	(23.17)	(79.32)
Net asset value per share	-	-	-

## 7. HDFC Education and Development Services Private Limited

### *Corporate details*

HDFC Education and Development Services Private Limited was incorporated as a private limited company on November 17, 2011 under the Companies Act, 1956 with the Registrar of Companies, Mumbai. Its CIN is U80301MH2011PTC224035.

HDFC Education and Development Services Private Limited is currently engaged in the business of providing educational services.

Additionally, HDFC Education and Development Services Private Limited incurred a loss in the previous fiscal year. For further details, please see “*Loss making Group Companies*” below.

*Interest of our Promoters*

HDFC, jointly with its nominees, holds 100% of the equity share capital of HDFC Education and Development Services Private Limited. Additionally, HDFC is also interested in HDFC Education and Development Services Private Limited to the extent of certain transactions entered into between them.

**8. HDFC Holdings Limited**

*Corporate details*

HDFC Holdings Limited was incorporated as a public limited company on January 17, 2000 under the Companies Act, 1956 with the Registrar of Companies, Mumbai and received its certificate for commencement of business on February 7, 2000. Its CIN is U65993MH2000PLC123680.

HDFC Holdings Limited is currently engaged in the business of investment in stocks, shares, debentures and other securities.

*Interest of our Promoters*

HDFC, jointly with its nominees, holds 100% of the equity share capital of HDFC Holdings Limited. Additionally, HDFC is also interested in HDFC Holdings Limited to the extent of certain transactions entered into between them.

**9. HDFC Investments Limited**

*Corporate details*

HDFC Investments Limited was incorporated as a public limited company on December 20, 1994 under the Companies Act, 1956 with the Registrar of Companies, Mumbai and received its certificate for commencement of business on June 14, 1995. Its CIN is U65990MH1994PLC083933.

HDFC Investments Limited is currently engaged in the business of investments in stocks, shares, debentures and other securities.

*Interest of our Promoters*

HDFC, jointly with its nominees, holds 100% of the equity share capital of HDFC Investments Limited. Additionally, HDFC is also interested in HDFC Investments Limited to the extent of certain transactions entered into between them.

**10. HDFC Property Ventures Limited**

*Corporate details*

HDFC Property Ventures Limited was incorporated as a public limited company on November 14, 2006 under the Companies Act, 1956 with the Registrar of Companies, Mumbai and received its certificate for commencement of business on December 20, 2006. Its CIN is U74140MH2006PLC165539.

HDFC Property Ventures Limited is currently engaged in the business of providing advisory services.

### *Interest of our Promoters*

HDFC, jointly with its nominees, holds 100% of the equity share capital of HDFC Property Ventures Limited. Additionally, HDFC is also interested in HDFC Property Ventures Limited to the extent of certain transactions entered into between them.

## **11. HDFC Realty Limited**

### *Corporate details*

HDFC Realty Limited was incorporated as a public limited company on March 14, 2000 under the Companies Act, 1956 with the Registrar of Companies, Mumbai and received its certificate for commencement of business on March 15, 2000. Its CIN is U74140MH2000PLC124897. The name of the company was changed from Propertymart India Limited to HDFC Realty Limited on September 20, 2000.

HDFC Realty Limited is currently engaged in the business of real estate broking and related services.

### *Interest of our Promoters*

HDFC, jointly with its nominees, holds 100% of the equity share capital of HDFC Realty Limited. Additionally, HDFC is also interested in HDFC Realty Limited to the extent of certain transactions entered into between them.

### *Negative net worth and loss making*

HDFC Realty Limited had negative net worth and was a loss making entity in the previous fiscal year. Hence, please see below brief financial details extracted from the audited accounts for the past three fiscal years:

(₹ in millions except per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	97.50	97.50	77.50
Reserves (excluding revaluation reserves)	(136.79)	(20.01)	(16.67)
Sales	350.54	379.54	262.90
Profit/(Loss) after Tax	(116.78)	(3.34)	(40.78)
Earnings per share (basic) (in ₹) (Face value ₹ 10 each)	(11.98)	(0.40)	(5.26)
Earnings per share (diluted) (in ₹) (Face value ₹ 10 each)	(11.98)	(0.40)	(5.26)
Net asset value per share	(4.03)	7.95	7.85

## **12. HDFC Sales Private Limited**

### *Corporate details*

HDFC Sales Private Limited was incorporated as a private limited company on January 23, 2004 under the Companies Act, 1956 with the Registrar of Companies, Mumbai. Its CIN is U65920MH2004PTC144182. The name of the company was changed from Home Loan Services India Private Limited to HDFC Sales Private Limited on March 25, 2008.

HDFC Sales Private Limited is currently engaged in the business of sourcing, marketing, promoting, publicizing, selling and distributing housing loans products to customers, for various clients from time to time including financial institutions, banks and other companies and also carries on the business of soliciting, procuring, distributing and marketing insurance products to the public.

### *Interest of our Promoters*

HDFC, jointly with its nominee, holds 100% of the equity share capital of HDFC Sales Private Limited. Additionally, HDFC is also interested in HDFC Sales Private Limited to the extent of certain transactions entered into between them.

### *Negative net worth and loss making*

HDFC Sales Private Limited had negative net worth and was a loss making entity in the previous fiscal year. Hence, please see below the brief financial details extracted from the audited accounts for the past three fiscal years:

*(₹ in millions except per share data)*

<b>Particulars</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>	<b>Fiscal 2015</b>
Equity capital	40.10	40.10	40.10
Reserves (excluding revaluation reserves)	(85.05)	(77.42)	91.58
Sales	2,618.53	2,056.27	1,722.15
Profit/(Loss) after tax	(6.55)	(146.50)	(93.05)
Earnings per share (basic) (in ₹) (Face value ₹ 10 each)	(1.90)	(42.14)	(23.20)
Earnings per share (diluted) (in ₹) (Face value ₹ 10 each)	(1.90)	(42.14)	(23.20)
Net asset value per share	131.13	115.17	97.77

### **13. HDFC Trustee Company Limited**

#### *Corporate details*

HDFC Trustee Company Limited was incorporated as a public limited company on December 10, 1999 under Companies Act, 1956 with the Registrar of Companies, Mumbai and received its certificate for commencement of business on March 9, 2000. Its CIN is U65991MH1999PLC123026.

HDFC Trustee Company Limited is currently engaged in the business of acting as a trustee to HDFC Mutual Fund and ensures the compliance of transactions entered into by HDFC Asset Management Company Limited with the SEBI (Mutual Funds) Regulations, 1996 and reviews the activities carried on by HDFC Asset Management Company Limited.

#### *Interest of our Promoters*

As on date, HDFC, jointly with its nominees, holds 100% of the equity share capital of HDFC Trustee Company Limited.

### **14. HDFC Venture Capital Limited**

#### *Corporate details*

HDFC Venture Capital Limited was incorporated as a public limited company on October, 29, 2004 under the Companies Act, 1956 with the Registrar of Companies, Mumbai and received its certificate for commencement of business on November 29, 2004. Its CIN is U65991MH2004PLC149330.

HDFC Venture Capital Limited is currently engaged in the business of providing investment management services.

Additionally, HDFC Venture Capital Limited incurred a loss in the previous fiscal year. For further details, please see “*Loss making Group Companies*” below.

### *Interest of our Promoters*

HDFC, jointly with its nominees, holds 80.50% of the equity share capital of HDFC Venture Capital Limited. Additionally, HDFC is also interested in HDFC Venture Capital Limited to the extent of certain transactions entered into between them.

## **15. HDFC Ventures Trustee Company Limited**

### *Corporate details*

HDFC Ventures Trustee Company Limited was incorporated as a public limited company on October 29, 2004 under the Companies Act 1956 with the Registrar of Companies, Mumbai and received its certificate for commencement of business on November 29, 2004. Its CIN is U65991MH2004PLC149329.

HDFC Ventures Trustee Company Limited is currently engaged in the business of providing trusteeship services.

### *Interest of our Promoters*

HDFC, jointly with its nominees, holds 100% of the equity share capital of HDFC Ventures Trustee Company Limited. Additionally, HDFC is also interested in HDFC Ventures Trustee Company Limited to the extent of certain transactions entered into between them.

## **16. Pentagram Properties Private Limited**

### *Corporate details*

Pentagram Properties Private Limited was incorporated as a private limited company on June 29, 2005 under the Companies Act, 1956 with the Registrar of Companies, Mumbai. Its CIN is U70100MH2005PTC154357.

Pentagram Properties Private Limited is currently engaged in the business of monetising the value of properties owned by it.

### *Interest of our Promoters*

HDFC, jointly with its nominee, holds 100% of the equity share capital of Pentagram Properties Private Limited. Additionally, HDFC is also interested in Pentagram Properties Private Limited to the extent of certain transactions entered into between them.

### *Negative net worth and loss making*

Pentagram Properties Private Limited had negative net worth and was a loss making entity in the previous fiscal year. Hence, please see below brief financial details extracted from the audited accounts for the past three fiscal years:

(₹ in millions except per share data)

<b>Particulars</b>	<b>Fiscal 2017</b>	<b>Fiscal 2016</b>	<b>Fiscal 2015</b>
Equity capital	0.01	0.01	0.01
Reserves (excluding revaluation reserves)	(55.55)	(49.53)	(40.69)
Sales	6.24	6.12	6.05
Profit/(Loss) after Tax	(6.02)	(8.84)	(12.64)
Earnings per share (basic) (in ₹) (Face value ₹ 10 each)	(6,018.23)	(8,843.16)	(12,640.36)
Earnings per share (diluted) (in ₹) (Face value ₹ 10 each)	(6,018.23)	(8,843.16)	(12,640.36)
Net asset value per share	(55,539.86)	(49,521.63)	(40,678.47)

## 17. Winchester Properties Private Limited

### *Corporate details*

Winchester Properties Private Limited was incorporated as a private limited company on July 1, 2005 under the Companies Act, 1956 with the Registrar of Companies, Mumbai. Its CIN is U70100MH2005PTC154416.

Winchester Properties Private Limited is currently engaged in the business of monetising the value of properties owned by it.

### *Interest of our Promoters*

HDFC, jointly with its nominee, holds 100% of the equity share capital of Winchester Properties Private Limited. Additionally, HDFC is also interested in Winchester Properties Private Limited to the extent of certain transactions entered into between them.

### *Negative net worth and loss making*

Winchester Properties Private Limited had negative net worth and was a loss making entity in the previous fiscal year. Hence, please see below brief financial details extracted from the audited accounts for the past three fiscal years:

(₹ in millions except per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	0.01	0.01	0.01
Reserves (excluding revaluation reserves)	(40.41)	(33.16)	(24.17)
Sales	1.62	1.02	0.79
Profit/(Loss) after Tax	(7.25)	(9.00)	(12.25)
Earnings per share (basic) (in ₹) (Face value ₹ 10 each)	(7,249)	(8,995.04)	(12,246.45)
Earnings per share (diluted) (in ₹) (Face value ₹ 10 each)	(7,249)	(8,995.04)	(12,246.45)
Net asset value per share	(40,403.19)	(33,154.20)	(24,159.16)

## 18. Windermere Properties Private Limited

### *Corporate details*

Windermere Properties Private Limited was incorporated as a private limited company on June 22, 2004 under the Companies Act, 1956 with the Registrar of Companies, Mumbai. Its CIN is U45200MH2004PTC147081.

Windermere Properties Private Limited is currently engaged in the business of monetising the value of properties owned by it.

### *Interest of our Promoters*

HDFC, jointly with its nominee, holds 100% of the equity share capital of Windermere Properties Private Limited. Additionally, HDFC is also interested in Windermere Properties Private Limited to the extent of certain transactions entered into between them.

### *Negative net worth and loss making*

Windermere Properties Private Limited had a negative net worth and was a loss making entity in the previous fiscal year. Hence, please see below brief financial details extracted from the audited accounts for the past three fiscal years:

(₹ in millions except per share data)

Particulars	Fiscal 2017	Fiscal 2016	Fiscal 2015
Equity capital	0.01	0.01	0.01
Reserves (excluding revaluation reserves)	(84.48)	(72.18)	(51.13)
Sales	10.78	8.43	12.42
Profit/(Loss) after Tax	(12.30)	(21.05)	(23.78)
Earnings per share (basic) (in ₹) (Face value ₹ 10 each)	(12,304.65)	(21,053.70)	(23,780.67)
Earnings per share (diluted) (in ₹) (Face value ₹ 10 each)	(12,304.65)	(21,053.70)	(23,780.67)
Net asset value per share	(84,474.13)	72,169.48	51,115.78

## Nature and extent of interest of our Group Companies

### (a) Interest in our Company

Except as stated above in “*Interest of our Promoters*” and below, none of our Group Companies or our Subsidiaries have any interest in the promotion of our Company or any other interests, including any business interests, in our Company:

Our Group Companies are interested in our Company to the extent of related party transactions between the respective Group Companies and our Company such as inter-corporate deposits, commission payable to it in its capacity of a corporate agent of our Company, purchase of group term life insurance policies, future service gratuity liability policy, etc. For details, please see “*Related Party Transactions*” on page 330 of this Red Herring Prospectus.

### (b) Interest in the properties acquired by our Company

None of our Group Companies have any interest in any property acquired by our Company within two years from the date of the Draft Herring Prospectus or proposed to be acquired by our Company as of the date of this Red Herring Prospectus.

### (c) Interest in transactions for acquisition of land, construction of building and supply of machinery

None of our Group Companies have any interest in the transactions for acquisition of land, construction of building and supply of machinery.

## Common pursuits between our Company and its Group Companies and its Subsidiaries

None of our Group Companies or our Subsidiaries have any common pursuits with our Company.

## Related business transactions within the Group Companies and significance on the financial performance of our Company

Except as disclosed in “*Related Party Transactions*” on page 330 of this Red Herring Prospectus, there are no related business transactions of our Company with its Group Companies and significance of the same on the financial performance of our Company.

## Sale/Purchase between our Company and its Group Companies and its Subsidiaries

Except for transactions between our Company and HDFC Bank, there are no other transactions between our Company and its Group Companies or its Subsidiaries, which exceed 10% of the total sales or purchases of our Company. For details of such transactions, please see “*Related Party Transactions*” on page 330 of this Red Herring Prospectus.

## Loss making Group Companies

The following Group Companies have incurred a loss in the immediately preceding financial year:

Sr. No.	Name of the entity	Profit/(Loss) (Amount in ₹ million)		
		FY 2017	FY 2016	FY 2015
1.	Grandeur Properties Private Limited	(4.14)	(7.88)	(10.38)
2.	Griha Investments	(0.19)*	5.84*	7.17*
3.	Haddock Properties Private Limited	(1.38)	(10.68)	(18.87)
4.	HDFC Developers Limited	(167.24)	(123.95)	(45.47)
5.	HDFC Pension	(3.06)	0.12	0.20
6.	HDFC International <sup>#</sup>	(0.97)*	-	-
7.	HDFC Education and Development Services Private Limited	(17.87)	(10.77)	(20.19)
8.	HDFC Realty Limited	(116.78)	(3.34)	(40.78)
9.	HDFC Sales Private Limited	(6.55)	(146.50)	(93.05)
10.	HDFC Venture Capital Limited	(18.09)	(31.66)	547.57
11.	Pentagram Properties Private Limited	(6.02)	(8.84)	(12.64)
12.	Winchester Properties Private Limited	(7.25)	(9.00)	(12.25)
13.	Windermere Properties Private Limited	(12.30)	(21.05)	(23.78)

<sup>#</sup> HDFC International was incorporated on January 10, 2016

\*(Amount in USD)

For further details, please see “Risk Factors – 52” on page 51 of this Red Herring Prospectus.

## **RELATED PARTY TRANSACTIONS**

*For details of the related party transactions during the last five Fiscals and period ended September 30, 2017, as per the requirements under Accounting Standard 18 “Related Party Disclosures”, please see “Financial Information - Annexure – XXXIII Restated Standalone Statement of Related Party Transactions” and “Financial Information - Annexure - XXXIII Restated Consolidated Statement of Related Party Transactions” from pages 436 and 547 of this Red Herring Prospectus, respectively.*

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. As per the Section 49 of the Insurance Act, an insurer, for the purpose of declaring and paying any dividend to shareholders, is prohibited from utilizing, directly or indirectly, any portion of the life insurance fund or any other such equivalent fund, apart from the surplus as represented in the valuation balance sheet submitted to the IRDAI as part of the actuarial abstract. For further details, please see “*Regulations and Policies*” on page 244 of the Red Herring Prospectus. The dividend, if any, will depend on a number of factors, including but not limited to our Company’s results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also pay interim dividend. The dividends declared by our Company on the Equity Shares during the last five Fiscals have been presented below:

Particulars	For the year ended March 31,				
	2017	2016	2015	2014	2013
Number of Equity Shares at the time of declaration of dividend	1,997,648,038	1,994,892,696	1,994,880,096	1,994,880,096	NA
Face value per share (in ₹ per share)	10	10	10	10	10
Interim dividend rate (in ₹ per share)	1.1	0.9	0.7	0.5	NIL
Interim dividend rate (%)	11	9	7	5	NIL
Interim dividend (in ₹ million)	2,197.4	1,795.4	1,396.4	997.4	NIL
Dividend distribution tax (in ₹ million)	447.4	365.5	279.2	169.5	NIL
Total dividend, including dividend distribution tax (in ₹ million)	2,644.8	2,160.9	1,675.6	1,166.9	NIL

The dividend paid for Fiscals 2017, 2016, 2015, 2014 and 2013, by our Company is in compliance with the provisions of the IRDAI Distribution of Surplus Regulations. For further details, please see, “*Regulations and Policies – IRDAI Distribution of Surplus Regulations*” on page 250 of this Red Herring Prospectus.

Our Company has formulated a dividend distribution policy, approved by the Board by way of a circular resolution passed on August 16, 2017, which came into force on August 16, 2017. In order to determine the nature and quantum of payment of dividend, our Company will take into account certain (i) internal factors, such as (a) profitable growth of our Company; (b) cash flow position of our Company; (c) accumulated reserves; (d) capital expenditure; and (e) ratio of debt to equity, and (ii) external factors such as (a) business cycles; (b) economic environment; (c) applicable taxes including tax on dividend; (d) inflation rate; and (e) changes in Government policies, industry specific rulings and regulatory provisions.

The amounts paid as dividends in the past are not necessarily indicative of our Company’s dividend policy or dividend amounts, if any, in the future.

**SECTION V: FINANCIAL INFORMATION**

**FINANCIAL STATEMENTS**

<b>Particulars</b>	<b>Page no.</b>
Restated Standalone Financial Information	333
Restated Consolidated Financial Information	441

**Price Waterhouse Chartered Accountants LLP**

Chartered Accountants  
252, Veer Savarkar Marg  
Shivaji Park, Dadar (West)  
Mumbai – 400028

**G. M. Kapadia & Co.**

Chartered Accountants  
1007, Raheja Chambers  
213 Nariman Point  
Mumbai – 400021

To  
The Board of Directors

HDFC Standard Life Insurance Company Limited  
Lodha Excelus , 13th Floor,  
Apollo Mills Compound,  
Mahalaxmi,  
Mumbai 400 011.

**Auditors' Report on Restated Standalone Financial Information in connection with the Initial Public Offering of HDFC Standard Life Insurance Company Limited**

Dear Sirs,

1. This report is issued in accordance with the terms of Price Waterhouse Chartered Accountants LLP agreement dated August 16, 2017 and G. M. Kapadia & Co. Chartered Accountants agreement dated August 16, 2017.
2. The accompanying restated standalone financial information, expressed in Indian Rupees, in Millions, of HDFC Standard Life Insurance Company Limited (hereinafter referred to as the "Company") comprising Standalone Financial Information in paragraph A below and Other Standalone Financial Information in paragraph B below (hereinafter together referred to as "Restated Standalone Financial Information"), has been prepared by the Management of the Company in accordance with the requirements of section 26 of the Companies Act 2013 (hereinafter referred to as the "Act") read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules"), Para 1 & 2 of Schedule I Part (c) of Insurance Regulatory and Development Authority of India (Issuance of Capital by Indian Insurance Companies transacting Life Insurance Business) Regulations, 2015 (referred to as the "IRDAI Regulations") issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") and item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations") issued by the Securities and Exchange Board of India (the "SEBI") in connection with the Proposed Initial Public Offering of Equity Shares of the Company (the "Offer") and has been approved by the Executive Committee of the Board of Directors of the Company and initialed by us for identification purposes only.

**Management's Responsibility for the Restated Standalone Financial Information**

3. The preparation of the Restated Standalone Financial Information, which is to be included in the Red Herring Prospectus ("RHP") and Prospectus, is the responsibility of the Management of the Company and has been approved by the Executive Committee of the Board of Directors of the Company, through resolution dated October 21, 2017 for the purpose set out in paragraph 16 below. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Restated Standalone Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

## **Auditors' Responsibilities**

4. Our work has been carried out in accordance with the Standards on Auditing under section 143(10) of the Act, Guidance Note on Reports in Company Prospectuses (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of section 26 of the Act read with applicable provisions within Rule 4 to Rule 6 of the Rules, the IRDAI Regulations and the SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Rules, the IRDAI Regulations and the SEBI Regulations in connection with the Offer.
5. Our examination of the Restated Standalone Financial Information has not been carried out in accordance with the auditing standards generally accepted in the United States of America ("U.S."), standards of the US Public Company Accounting Oversight Board and accordingly should not be relied upon by any one as if it had been carried out in accordance with those standards or any other standards besides the standards referred to in this report.

### **A. Standalone Financial Information as per audited standalone financial statements:**

6. We have examined the following standalone financial statements of the Company contained in Restated Standalone Financial Information of the Company:
  - a) the "Restated Standalone Statement of Assets and Liabilities" as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure I);
  - b) the "Restated Standalone Statement of Revenue Account (also called the "Policyholders' Account" or the "Technical Account") of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure II);
  - c) the "Restated Standalone Statement of Profit and Loss (also called the "Shareholders' Account" or "Non-Technical Account") of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure III);
  - d) the "Restated Standalone Statement of Receipts and Payments Account" of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure IV);
7. The Restated Standalone Financial Information, expressed in Indian Rupees, in millions, has been prepared by the Company's management from the audited standalone financial statements of the Company as at and for the six months ended September 30, 2017 and as at and for each of the five years ended March 31, 2017, 2016, 2015, 2014 and 2013 (all of which were expressed in Indian Rupees in thousands), read with paragraphs 8, 14 and 15 below, on which respective joint auditors have expressed unmodified audit opinions vide their reports dated October 13, 2017, May 02, 2017, April 18, 2016, April 20, 2015, April 24, 2014 and April 30, 2013 respectively. Audit of the standalone financial statements of the Company for each of the six months ended September 30, 2017 and year ended March 31, 2017 were jointly done by us and audit of the standalone financial statements of the Company for each of the years ended 31 March, 2016 and 2015 were done by Price Waterhouse Chartered Accountants LLP along with Haribhakti & Co. LLP Chartered Accountants and audit of the standalone financial statements of the Company for each of the years ended March 31, 2014 and 2013 were done by Haribhakti & Co. LLP Chartered Accountants and S. B. Billimoria & Co. LLP Chartered Accountants.
8. We draw your attention to the following:
  - a) the Restated Standalone Financial Information should be read in conjunction with the basis of preparation and significant accounting policies given in Annexure XXIV (as described in paragraph B);

- b) the Restated Standalone Financial Information does not contain all the disclosures required by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and orders/directions issued by the Insurance Regulatory and Development Authority of India ("IRDAI") from time to time in this regard.
9. We have not audited any standalone financial statements of the Company as at any date or for any period subsequent to September 30, 2017. Accordingly, we do not express any opinion on the financial position, results of operations or cash flows of the Company as at any date or for any period subsequent to September 30, 2017.

**B. Other Standalone Financial Information:**

10. At the Company's request, we have also examined the following Other Standalone Financial Information relating to the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and for the six months ended September 30, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 proposed to be included in the RHP and Prospectus, prepared by the Management of the Company and as approved by the Executive Committee of the Board of Directors of the Company and annexed to this report:
- a) Restated Standalone Statement of Premium Income of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure V);
  - b) Restated Standalone Statement of Commission Expenses of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure VI);
  - c) Restated Standalone Statement of Operating Expenses related to Insurance business of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure VII) ;
  - d) Restated Standalone Statement of Expenses other than those directly related to the Insurance business of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure VIII);
  - e) Restated Standalone Statement of Benefits Paid (net) of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure IX);
  - f) Restated Standalone Statement of Share Capital of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure X);
  - g) Restated Standalone Statement of Pattern of Shareholding of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XI);
  - h) Restated Standalone Statement of Reserves and Surplus of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XII);
  - i) Restated Standalone Statement of Borrowings of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XIII);
  - j) Restated Standalone Statement of Investments - Shareholders of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XIV);

- k) Restated Standalone Statement of Investments - Policyholders of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XV);
- l) Restated Standalone Statement of Assets held to cover linked liabilities of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XVI);
- m) Restated Standalone Statement of Loans of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XVII);
- n) Restated Standalone Statement of Fixed Assets of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XVIII);
- o) Restated Standalone Statement of Cash and Bank Balances of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XIX);
- p) Restated Standalone Statement of Advances and other assets of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XX);
- q) Restated Standalone Statement of Current Liabilities of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXI);
- r) Restated Standalone Statement of Provisions of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXII);
- s) Restated Standalone Statement of Miscellaneous Expenditure of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXIII);
- t) Significant Accounting Policies and Notes to the Restated Standalone Financial Information of the Company as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXIV);
- u) Statement of Adjustments to the Audited Standalone Financial Statements of the Company as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXV);
- v) Restated Standalone Statement of Capitalisation of the Company as at September 30, 2017. (enclosed as Annexure XXVI);
- w) Restated Standalone Statement of Accounting Ratios of the Company as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXVII);
- x) Restated Standalone Statement of Segment Disclosure of the Company as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXVIII);
- y) Restated Standalone Statement of Secured and Unsecured Borrowings of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXIX);
- z) Restated Standalone Statement of Debtors of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXX);
- aa) Restated Standalone Statement of Other Income of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXXI);
- bb) Restated Standalone Statement of Dividend of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXXII);

- cc) Restated Standalone Statement of Related Party Transactions of the Company as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXXIII) ;
  - dd) Restated Standalone Statement of Tax Shelter of the Company for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXXIV);
  - ee) Restated Standalone Statement of Aggregate Book Value and Market Value of Quoted Investments of the Company as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXXV);
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

### **Opinion**

12. In our opinion:
- (i) the Restated Standalone Financial Information of the Company, as attached to this report and as mentioned in paragraphs A and B above, read with basis of preparation and respective significant accounting policies have been prepared in accordance with the Act, the Rules, the IRDAI Regulations and the SEBI Regulations;
  - (ii) adjustments have been made with retrospective effect in respect of changes in the accounting policies of the Company (as disclosed in Annexure XXIV to this report) to reflect the same accounting treatment as per the accounting policies as at and for the six months ended September 30, 2017 for all the reporting periods;
  - (iii) the material adjustments relating to previous years/period have been adjusted in the year/period to which they relate;
  - (iv) there are no qualifications in the Auditor's Report which require any adjustments; and
  - (v) there are no extra-ordinary items which need to be disclosed separately.
13. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or other auditors on the standalone financial statements of the Company.

### **Other Matters**

14. The Auditors' Report on the audited standalone financial statements of the Company as at and for the six months ended September 30, 2017 and as at and for the each of the five years ended March 31, 2017, 2016, 2015, 2014 and 2013 includes an other matter paragraph that the actuarial valuation of liabilities for life policies in-force and policies where premium is discontinued is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"), which has been duly certified by the Appointed Actuary in accordance with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report Insurance Companies) Regulations, 2002. Inter-alia the Appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with generally accepted actuarial principles and practices, requirements of the Insurance Act, 1938, as applicable at that point of time, regulations notified by the IRDAI and Actuarial Practice Standards issued by Institute of Actuaries of India in accordance with IRDAI. Accordingly, we have also relied upon the Appointed Actuary's certificate given at that point of time for the respective years/period for forming our opinion on the Restated Standalone Financial Information of the Company.

15. The Restated Standalone Financial Information of the Company have been examined and reported upon jointly by Price Waterhouse Chartered Accountants LLP and Haribhakti & Co. LLP Chartered Accountants for the years ended March 31, 2016 and 2015 and jointly by Haribhakti & Co. LLP Chartered Accountants and S. B. Billimoria & Co. LLP Chartered Accountants for the years ended March 31, 2014 and 2013, whose reports have been furnished to us by the Management of the Company and our opinion on the Restated Standalone Financial Information to the extent they have been derived from such financial information is based solely on the reports issued by those respective auditors.

**Restriction on Use**

16. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the RHP and Prospectus, prepared in connection with the Offer, to be filed by the Company with the SEBI, IRDAI, Registrar of Companies, Mumbai and the concerned stock exchanges.

For Price Waterhouse Chartered Accountants LLP  
Chartered Accountants  
Firm Registration No. 012754N/N500016

For G.M. Kapadia & Co.  
Chartered Accountants  
Firm Registration No. 104767W

Anish P. Amin

Partner  
Membership No.: 040451  
Place: Mumbai  
Date: October 21, 2017

Rajen Ashar

Partner  
Membership No.: 048243  
Place: Mumbai  
Date: October 21, 2017

## HDFC Standard Life Insurance Company Limited

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Annexure - I : Restated Standalone Statement of Assets and Liabilities							
(₹ 'in Millions)							
Particulars	Annexure	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>SOURCES OF FUNDS</b>							
<i>SHAREHOLDERS' FUNDS:</i>							
Share Capital	X	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Share application money received pending allotment of shares		10.3	-	-	-	-	-
Reserves and Surplus	XII	24,204.6	18,079.0	11,545.5	5,489.8	1,654.4	1,961.8
Credit / (Debit) Fair Value Change Account		490.5	323.1	(412.4)	(20.1)	27.3	(102.8)
<b>Sub-Total</b>		<b>44,760.9</b>	<b>38,386.9</b>	<b>31,086.0</b>	<b>25,418.5</b>	<b>21,630.5</b>	<b>21,807.8</b>
<b>BORROWINGS</b>							
<i>POLICYHOLDERS' FUNDS:</i>							
Credit / (Debit) Fair Value Change Account		5,671.0	3,981.4	536.1	612.6	310.5	(784.2)
Policy Liabilities		365,340.4	323,819.3	244,006.4	192,792.0	143,396.7	101,555.8
Insurance Reserves		-	-	-	-	-	-
Provision for Linked Liabilities		441,437.9	430,289.7	385,599.8	334,744.1	302,079.0	275,489.5
Add: Fair value change		87,947.7	77,774.9	41,938.4	86,657.5	25,278.1	2,456.9
<b>Provision for Linked Liabilities</b>		<b>529,385.6</b>	<b>508,064.6</b>	<b>427,538.2</b>	<b>421,401.6</b>	<b>327,357.1</b>	<b>277,946.4</b>
Funds for discontinued policies							
i) Discontinued on account of non-payment of premium		31,779.7	29,791.6	29,528.4	27,525.7	14,546.7	5,332.4
ii) Others		143.6	148.7	203.6	276.2	170.0	52.1
<b>Total Provision for Linked &amp; Discontinued Policyholders Liabilities</b>		<b>561,308.9</b>	<b>538,004.9</b>	<b>457,270.2</b>	<b>449,203.5</b>	<b>342,073.8</b>	<b>283,330.9</b>
<b>Sub-Total</b>		<b>932,320.3</b>	<b>865,805.6</b>	<b>701,812.7</b>	<b>642,608.1</b>	<b>485,781.0</b>	<b>384,102.5</b>
Funds for Future Appropriations		9,291.1	8,667.8	7,054.8	4,154.6	2,258.6	3,436.8
Funds for future appropriation - Provision for lapsed policies unlikely to be revived		-	-	-	486.8	870.9	3,048.9
<b>TOTAL</b>		<b>986,372.3</b>	<b>912,860.3</b>	<b>739,953.5</b>	<b>672,668.0</b>	<b>510,541.0</b>	<b>412,396.0</b>
<b>APPLICATION OF FUNDS</b>							
<i>INVESTMENTS:</i>							
Shareholders'	XIV	37,169.2	32,455.9	26,401.6	21,962.2	16,156.4	8,563.1
Policyholders'	XV	396,862.2	346,915.3	258,628.8	199,084.9	147,062.4	112,151.8
Assets held to cover Linked Liabilities	XVI	561,308.9	538,004.9	457,270.2	449,203.5	342,073.8	283,330.9
<b>LOANS</b>	XVII	162.3	478.6	930.7	1,256.4	476.8	782.2
<b>FIXED ASSETS</b>	XVIII	3,436.1	3,529.1	3,463.4	3,519.0	2,886.9	2,818.1
<i>CURRENT ASSETS:</i>							
Cash and Bank Balances	XIX	2,788.2	7,965.0	6,466.0	5,723.7	4,449.1	4,638.5
Advances and Other Assets	XX	20,604.2	21,712.7	12,326.2	12,335.8	9,646.9	6,898.2
<b>Sub-Total (A)</b>		<b>23,392.4</b>	<b>29,677.7</b>	<b>18,792.2</b>	<b>18,059.5</b>	<b>14,096.0</b>	<b>11,536.7</b>
<b>CURRENT LIABILITIES</b>							
PROVISIONS	XXI	35,549.4	37,735.7	25,118.6	20,086.4	14,281.7	14,930.4
	XXII	409.4	465.5	414.8	331.1	273.7	286.5
<b>Sub-Total (B)</b>		<b>35,958.8</b>	<b>38,201.2</b>	<b>25,533.4</b>	<b>20,417.5</b>	<b>14,555.4</b>	<b>15,216.9</b>
<b>NET CURRENT ASSETS (C) = (A - B)</b>		<b>(12,566.4)</b>	<b>(8,523.5)</b>	<b>(6,741.2)</b>	<b>(2,358.0)</b>	<b>(459.4)</b>	<b>(3,680.2)</b>
Miscellaneous Expenditure (to the extent not written off or Adjusted)	XXIII	-	-	-	-	-	-
Debit Balance in Profit and Loss Account (Shareholders' Account)		-	-	-	-	2,344.1	8,430.1
Deficit in the Revenue Account (Policyholders' Account)		-	-	-	-	-	-
<b>TOTAL</b>		<b>986,372.3</b>	<b>912,860.3</b>	<b>739,953.5</b>	<b>672,668.0</b>	<b>510,541.0</b>	<b>412,396.0</b>
The above statement should be read with the Significant Accounting Policies and Notes to the Restated Standalone Financial Information appearing in Annexure XXIV and other schedules and disclosures appearing in Annexures V - XXXV							

Annexure – II : Restated Standalone Statement of Revenue Account (Policyholders' Account/Technical Account)							
(₹ 'in Millions)							
Particulars	Annexure	For the six months ended		For the year ended			
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Premiums earned (net)	V						
(a) Premium		91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
(b) Reinsurance ceded		(893.4)	(1,706.2)	(1,342.0)	(674.5)	(864.7)	(561.9)
(c) Reinsurance accepted		-	-	-	-	-	-
<b>Sub-Total</b>		<b>90,509.6</b>	<b>192,748.6</b>	<b>161,787.7</b>	<b>147,624.5</b>	<b>119,764.4</b>	<b>114,460.5</b>
Income from Investments							
(a) Interest, Dividends & Rent - Gross		23,569.4	40,676.1	34,725.2	28,606.8	23,539.4	17,784.9
(b) Profit on sale / redemption of investments		20,573.8	38,940.7	37,552.5	38,074.4	12,969.4	15,953.3
(c) (Loss on sale / redemption of investments)		(1,292.0)	(3,900.1)	(9,849.4)	(5,920.8)	(8,815.2)	(6,547.6)
(d) Transfer / Gain on revaluation / Change in Fair value*		10,172.7	35,836.6	(44,710.5)	61,402.7	22,834.2	(1,976.0)
(e) Amortisation of (premium)/discount on investments		(241.1)	(146.9)	187.9	329.6	203.0	211.9
<b>Sub-Total</b>		<b>52,782.8</b>	<b>111,406.4</b>	<b>17,905.7</b>	<b>122,492.7</b>	<b>50,730.8</b>	<b>25,426.5</b>
Other Income		536.7	419.0	591.1	322.1	238.8	256.6
Income on Unclaimed amount of Policyholders		246.5	616.3	-	-	-	-
Contribution from the Shareholders' Account		74.2	353.9	380.0	466.9	2,173.3	19.0
<b>Sub-Total</b>		<b>857.4</b>	<b>1,389.2</b>	<b>971.1</b>	<b>789.0</b>	<b>2,412.1</b>	<b>275.6</b>
<b>TOTAL (A)</b>		<b>144,149.8</b>	<b>305,544.2</b>	<b>180,664.5</b>	<b>270,906.2</b>	<b>172,907.3</b>	<b>140,162.6</b>
Commission	VI	4,037.2	7,920.2	7,018.5	6,234.7	5,141.0	6,472.6
Operating Expenses related to Insurance Business	VII	12,826.2	23,852.8	18,718.3	14,888.3	12,805.2	12,160.1
Provision for doubtful debts		-	-	-	-	-	-
Bad debts written off		-	-	-	-	-	-
Provision for tax		223.6	1,519.8	1,745.5	1,193.4	1,516.0	509.2
Provisions (other than taxation)							
(a) For diminution in the value of investments (net)		(5.0)	122.4	(20.4)	(71.6)	256.3	-
(b) Others - Provision for standard and non-standard assets		(59.5)	(59.7)	52.2	46.5	18.8	-
Goods and Services Tax / Service tax on linked charges		1,317.3	2,160.7	1,853.9	1,531.8	1,340.0	1,279.8
<b>TOTAL (B)</b>		<b>18,339.8</b>	<b>35,516.2</b>	<b>29,368.0</b>	<b>23,823.1</b>	<b>21,077.3</b>	<b>20,421.7</b>
Benefits Paid (Net)	IX	54,856.2	98,421.8	81,769.0	81,623.8	46,619.2	39,028.4
Interim Bonuses Paid		76.8	152.4	77.9	98.2	46.1	25.1
Terminal Bonuses Paid		870.6	1,429.8	572.6	615.6	283.1	161.9
Change in valuation of liability in respect of life policies							
(a) Gross **		44,880.3	80,312.0	48,638.1	51,191.4	47,133.9	36,255.4
(b) Amount ceded in Reinsurance		(3,359.2)	(499.1)	2,576.3	(1,796.1)	(5,293.0)	(9,339.0)
(c) Amount accepted in Reinsurance		-	-	-	-	-	-
(d) Unit Reserve		21,321.0	80,526.4	6,136.6	94,044.5	49,410.7	42,901.7
(e) Funds for Discontinued Policies		1,983.0	208.3	1,930.1	13,085.2	9,332.2	4,331.2
<b>TOTAL (C)</b>		<b>120,628.7</b>	<b>260,551.6</b>	<b>141,700.6</b>	<b>238,862.6</b>	<b>147,532.2</b>	<b>113,364.7</b>
<b>SURPLUS / (DEFICIT) (D) = (A) - (B) - (C)</b>		<b>5,181.3</b>	<b>9,476.4</b>	<b>9,595.9</b>	<b>8,220.5</b>	<b>4,297.8</b>	<b>6,376.2</b>
<b>APPROPRIATIONS</b>							
Transfer to Shareholders' Account		4,558.0	7,863.4	7,182.5	6,708.6	7,654.0	3,900.1
Transfer to Other Reserves		-	-	-	-	-	-
Funds for future Appropriation - Provision for lapsed policies unlikely to be revived		-	-	(486.8)	(384.1)	(2,178.0)	(303.6)
Balance being Funds for Future Appropriations		623.3	1,613.0	2,900.2	1,896.0	(1,178.2)	2,178.4
Transfer to Balance Sheet being "Deficit in the Revenue Account (Policyholders' Account)"		-	-	-	-	-	601.3
		<b>5,181.3</b>	<b>9,476.4</b>	<b>9,595.9</b>	<b>8,220.5</b>	<b>4,297.8</b>	<b>6,376.2</b>
Notes:							
* Represents the deemed realised gain as per norms specified by the Authority							
** Represents Mathematical Reserves after allocation of bonus							
The total surplus as mentioned below :							
(a) Interim Bonuses Paid		76.8	152.4	77.9	98.2	46.1	25.1
(b) Terminal Bonuses Paid		870.6	1,429.8	572.6	615.6	283.1	161.9
(c) Allocation of Bonus to policyholders		-	5,918.0	5,570.8	4,681.6	3,897.2	3,425.4
(d) Surplus shown in the Revenue Account		5,181.3	9,476.4	9,595.9	8,220.5	4,297.8	6,376.2
<b>(e) Total Surplus :[(a)+(b)+(c)+(d)]</b>		<b>6,128.7</b>	<b>16,976.6</b>	<b>15,817.2</b>	<b>13,615.9</b>	<b>8,524.2</b>	<b>9,988.6</b>
The above statement should be read with the Significant Accounting Policies and Notes to the Restated Standalone Financial Information appearing in Annexure XXIV and other schedules and disclosures appearing in Annexures V - XXXV							
We state that all expenses of the Management incurred by the company in respect of Life Insurance business transacted in India by the company have been fully debited to the Policyholders Revenue Account as expenses.							

Annexure - III : Restated Standalone Statement of Profit and Loss Account (Shareholders' Account/Non-Technical Account)							
(₹ 'in Millions)							
Particulars	Annexure	For the six months ended		For the year ended			
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amounts transferred from the Policyholders' Account (Technical Account)		4,558.0	7,863.4	7,182.5	6,708.6	7,654.0	3,900.1
Income from Investments							
(a) Interest, Dividends & Rent - Gross		1,053.8	1,833.1	1,639.4	1,486.3	990.8	484.8
(b) Profit on sale / redemption of investments		525.0	619.8	136.3	545.7	149.4	229.8
(c) (Loss) on sale / redemption of investments		(334.7)	(153.1)	(85.2)	(29.4)	(1.4)	-
(d) Amortisation of (premium) /discount on investments		(32.6)	(31.2)	(2.2)	6.6	1.6	(3.2)
<b>Sub-Total</b>		<b>1,211.5</b>	<b>2,268.6</b>	<b>1,688.3</b>	<b>2,009.2</b>	<b>1,140.4</b>	<b>711.4</b>
Other Income		130.2	-	105.5	-	-	-
<b>TOTAL (A)</b>		<b>5,899.7</b>	<b>10,132.0</b>	<b>8,976.3</b>	<b>8,717.8</b>	<b>8,794.4</b>	<b>4,611.5</b>
Expenses other than those directly related to the insurance business	VIII	111.9	680.2	213.7	206.1	137.3	72.8
Bad debts written off		-	-	-	-	-	-
Provisions (Other than taxation)							
(a) For diminution in the value of investments (net)		(2.7)	(43.5)	32.6	(0.5)	58.6	-
(b) Provision for doubtful debts		-	-	-	-	-	-
(c) Others - Provision for standard and non-standard assets		0.1	-	0.1	(0.5)	-	-
Contribution to the Policyholders' Fund		74.2	353.9	380.0	466.9	2,173.3	19.0
<b>TOTAL (B)</b>		<b>183.5</b>	<b>990.6</b>	<b>626.4</b>	<b>672.0</b>	<b>2,369.2</b>	<b>91.8</b>
Profit / (Loss) before tax		5,716.2	9,141.4	8,349.9	8,045.8	6,425.2	4,519.7
Provision for Taxation		167.7	220.1	165.9	190.7	(827.7)	42.4
Profit / (Loss) after tax		5,548.5	8,921.3	8,184.0	7,855.1	7,252.9	4,477.3
<b>APPROPRIATIONS</b>							
(a) Balance at the beginning of the year		16,135.0	9,858.5	3,835.4	(2,344.1)	(8,430.1)	(12,907.4)
(b) Interim dividends paid during the year		-	(2,197.4)	(1,795.4)	(1,396.4)	(997.4)	-
(c) Proposed final dividend		-	-	-	-	-	-
(d) Dividend distribution tax		-	(447.4)	(365.5)	(279.2)	(169.5)	-
<b>Profit / (Loss) carried forward to the Balance Sheet</b>		<b>21,683.5</b>	<b>16,135.0</b>	<b>9,858.5</b>	<b>3,835.4</b>	<b>(2,344.1)</b>	<b>(8,430.1)</b>
Earnings Per Share - Basic (₹) Refer Note 24 of Annexure XXIV (B)		2.77	4.47	4.10	3.94	3.64	2.24
Earnings Per Share - Diluted (₹) Refer Note 24 of Annexure XXIV (B)		2.76	4.44	4.10	3.93	3.64	2.24
Nominal Value of Share (₹)		10.00	10.00	10.00	10.00	10.00	10.00

The above statement should be read with the Significant Accounting Policies and Notes to the Restated Standalone Financial Information appearing in Annexure XXIV and other schedules and disclosures appearing in Annexures V - XXXV

**Annexure - IV : Restated Standalone Statement of Receipts and Payments Account**

(₹ 'in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Cash Flows from the operating activities:</b>						
Premium received from policyholders, including advance receipts	94,665.0	199,931.3	165,500.4	150,845.0	122,568.7	115,390.0
Other receipts	935.2	427.1	695.9	333.0	238.7	267.7
Payments to the re-insurers, net of commissions and claims/ Benefits	(243.9)	(578.3)	(434.0)	(260.4)	(586.3)	(335.1)
Payments of claims/benefits	(53,856.6)	(99,733.9)	(77,547.6)	(80,884.0)	(46,512.1)	(38,711.2)
Payments of commission and brokerage	(4,995.3)	(8,342.0)	(7,281.4)	(7,103.3)	(5,793.0)	(7,416.5)
Payments of other operating expenses	(13,883.6)	(23,387.4)	(19,337.6)	(14,337.9)	(13,466.1)	(12,618.3)
Preliminary and pre-operative expenses	-	-	-	-	-	-
Deposits, advances and staff loans	298.1	(88.0)	245.8	(480.6)	20.0	224.8
Income taxes paid (Net)	(1,398.3)	(2,114.3)	(2,166.1)	(1,540.4)	(835.5)	(714.3)
Goods and Services Tax / Service tax paid	(2,310.7)	(3,725.6)	(2,772.2)	(1,957.9)	(1,395.7)	(672.4)
Other payments	-	-	-	-	-	-
Cash flows before extraordinary items	19,209.9	62,388.9	56,903.2	44,613.5	54,238.7	55,414.7
Cash flow from extraordinary operations	-	-	-	-	-	-
<b>Net cash flow from operating activities</b>	<b>19,209.9</b>	<b>62,388.9</b>	<b>56,903.2</b>	<b>44,613.5</b>	<b>54,238.7</b>	<b>55,414.7</b>
<b>Cash flows from investing activities:</b>						
Purchase of fixed assets	(121.9)	(478.9)	(334.8)	(1,080.3)	(395.9)	(661.7)
Proceeds from sale of fixed assets	4.4	3.6	7.6	4.9	12.2	12.5
Purchases of investments	(329,318.2)	(1,423,541.4)	(459,159.8)	(412,863.2)	(335,976.3)	(254,255.6)
Loans disbursed	-	-	-	(990.9)	(105.0)	(500.0)
Loan against policies (Net of Repayment)	(32.4)	(1.2)	(34.3)	(23.3)	(6.8)	9.6
Sales of investments	288,816.6	1,332,209.1	384,410.2	350,952.5	258,333.2	189,171.6
Repayments received	348.5	453.4	359.9	234.6	420.4	25.9
Rents/Interests/ Dividends received	23,596.5	40,329.1	34,329.3	28,640.3	22,706.1	16,628.5
Investments in money market instruments and in liquid mutual funds (Net)	-	-	-	-	-	-
Expenses related to investments	(7.3)	(36.3)	(31.4)	(39.5)	(33.6)	(29.1)
<b>Net cash flow from investing activities</b>	<b>(16,713.8)</b>	<b>(51,062.6)</b>	<b>(40,453.3)</b>	<b>(35,164.9)</b>	<b>(55,045.7)</b>	<b>(49,598.3)</b>
<b>Cash flows from financing activities:</b>						
Proceeds from issuance of share capital	70.7	31.9	4.1	-	-	-
Share Application money pending allotment	10.3	-	-	-	-	-
Share Premium	577.1	257.0	32.6	-	-	-
Proceeds from borrowing	-	-	-	-	-	-
Repayments of borrowing	-	-	-	-	-	-
Interest/dividends paid	-	(2,644.8)	(2,161.0)	(1,675.6)	(1,166.9)	-
<b>Net cash flow from financing activities</b>	<b>658.1</b>	<b>(2,355.9)</b>	<b>(2,124.3)</b>	<b>(1,675.6)</b>	<b>(1,166.9)</b>	<b>-</b>
<b>Effect of foreign exchange rates on cash and cash equivalents, net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents:</b>	<b>3,154.2</b>	<b>8,970.4</b>	<b>14,325.6</b>	<b>7,773.0</b>	<b>(1,973.9)</b>	<b>5,816.4</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>46,792.3</b>	<b>37,821.9</b>	<b>23,496.3</b>	<b>15,723.3</b>	<b>17,697.2</b>	<b>11,880.8</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>49,946.5</b>	<b>46,792.3</b>	<b>37,821.9</b>	<b>23,496.3</b>	<b>15,723.3</b>	<b>17,697.2</b>
<b>Note - Components of Cash and cash equivalents at end of the period</b>						
Cash and cheques in hand	637.1	1,906.4	1,889.7	1,951.2	1,680.0	1,662.0
Bank Balances *	2,147.7	6,057.7	4,575.3	3,771.5	2,768.3	2,975.7
Fixed Deposit (less than 3 months)	-	-	820.0	-	-	300.0
Money Market Instruments	47,161.7	38,828.2	30,536.9	17,773.6	11,275.0	12,759.5
<b>Total Cash and cash equivalents</b>	<b>49,946.5</b>	<b>46,792.3</b>	<b>37,821.9</b>	<b>23,496.3</b>	<b>15,723.3</b>	<b>17,697.2</b>
<b>Reconciliation of Cash &amp; Cash Equivalents with Cash &amp; Bank Balance:</b>						
Cash & Cash Equivalents	49,946.5	46,792.3	37,821.9	23,496.3	15,723.3	17,697.2
Add: Deposit Account - Others	3.4	0.9	1.0	1.0	0.8	0.8
Less: FDs less than 3 months	-	-	(820.0)	-	-	(300.0)
Less: Money market instruments	(47,161.7)	(38,828.2)	(30,536.9)	(17,773.6)	(11,275.0)	(12,759.5)
<b>Cash &amp; Bank Balances</b>	<b>2,788.2</b>	<b>7,965.0</b>	<b>6,466.0</b>	<b>5,723.7</b>	<b>4,449.1</b>	<b>4,638.5</b>

**Note :**

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
* Bank balance includes unclaimed dividend	0.2	0.2	-	-	-	-

The above statement should be read with the Significant Accounting Policies and Notes to the Restated Standalone Financial Information appearing in Annexure XXIV and other schedules and disclosures appearing in Annexures V - XXXV

**Annexure - V : Restated Standalone Statement of Premium Income**

(₹ 'in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. First year Premiums	18,005.0	36,570.3	33,683.7	29,514.7	23,700.4	31,234.9
2. Renewal Premiums	47,373.9	108,244.6	98,621.4	93,650.9	80,475.5	70,817.2
3. Single Premiums	26,024.1	49,639.9	30,824.6	25,133.4	16,453.2	12,970.3
<b>Total Premiums</b>	<b>91,403.0</b>	<b>194,454.8</b>	<b>163,129.7</b>	<b>148,299.0</b>	<b>120,629.1</b>	<b>115,022.4</b>
<b>Premium Income from Business Written:</b>						
In India	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
Outside India	-	-	-	-	-	-
<b>Total Premiums</b>	<b>91,403.0</b>	<b>194,454.8</b>	<b>163,129.7</b>	<b>148,299.0</b>	<b>120,629.1</b>	<b>115,022.4</b>

**Annexure - VI : Restated Standalone Statement of Commission Expenses**

(₹ 'in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Commission Paid						
Direct - First year Premiums	3,323.1	6,469.0	5,751.2	4,974.3	4,042.1	5,499.6
- Renewal Premiums	600.2	1,376.9	1,224.5	1,201.9	1,060.3	927.8
- Single Premiums	113.9	74.3	42.8	58.5	38.6	45.2
Add : Commission on Re-insurance Accepted	-	-	-	-	-	-
Less : Commission on Re-insurance Ceded	-	-	-	-	-	-
<b>Net Commission</b>	<b>4,037.2</b>	<b>7,920.2</b>	<b>7,018.5</b>	<b>6,234.7</b>	<b>5,141.0</b>	<b>6,472.6</b>
<b>Break up of the Commission expenses (Gross) incurred to procure business :</b>						
Agents	569.5	1,326.2	1,145.0	1,136.5	1,124.1	1,175.1
Brokers	254.8	415.1	301.8	314.5	390.8	433.4
Corporate Agency	3,209.2	6,173.7	5,571.7	4,783.7	3,625.5	4,864.1
Referral	-	-	-	-	0.6	-
Common Service Centers	-	-	-	-	-	-
Insurance Marketing Firm	1.8	3.2	-	-	-	-
Micro Finance	1.9	2.0	-	-	-	-
<b>Total</b>	<b>4,037.2</b>	<b>7,920.2</b>	<b>7,018.5</b>	<b>6,234.7</b>	<b>5,141.0</b>	<b>6,472.6</b>

**Annexure - VII : Restated Standalone Statement of Operating Expenses related to Insurance business**

(₹ 'in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Employees' remuneration & welfare benefits	5,632.9	11,042.0	8,590.7	7,701.1	6,544.6	6,132.1
2. Travel, conveyance and vehicle running expenses	103.8	213.2	212.8	187.6	188.6	182.9
3. Training expenses	227.9	401.1	560.6	590.5	179.4	695.3
4. Rent, rates & taxes	376.7	839.9	691.1	606.4	918.3	643.1
5. Repairs	21.0	58.3	64.3	70.5	30.1	28.8
6. Printing & stationery	41.6	97.7	101.4	110.8	91.6	107.9
7. Communication expenses	113.7	233.1	245.2	257.1	253.1	214.7
8. Legal & professional charges	521.3	1,063.7	748.8	824.1	738.5	636.0
9. Medical fees	92.6	179.1	234.0	197.3	85.3	108.1
10. Auditors fees, expenses etc.						
(a) as auditor	4.0	9.8	9.4	9.4	8.0	6.6
(b) as advisor or in any other capacity, in respect of						
(i) Taxation matters	0.2	0.5	0.4	0.4	0.5	-
(ii) Insurance matters	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-
(c) in any other capacity	3.2	5.2	2.5	1.2	1.3	0.9
11. Advertisement and publicity	2,772.1	3,768.6	2,469.2	1,101.3	1,128.5	1,160.0
12. Interest & bank charges	43.5	90.6	81.0	(141.0)	109.9	146.3
13. Others						
(a) Information technology expenses	368.8	629.6	542.1	495.9	368.7	275.9
(b) General office & other expenses	335.7	1,119.2	1,206.8	682.5	728.8	531.1
(c) Stamp Duty	346.9	568.8	443.6	307.0	218.4	179.4
(d) Business development expenses	1,548.4	3,019.2	2,008.7	1,450.9	800.6	738.8
14. Depreciation on fixed assets						
(a) Depreciation on fixed assets owned by Policyholders'	199.0	192.5	426.2	425.3	405.5	349.0
(b) Reimbursement of Depreciation for use of Shareholders' fixed assets	22.7	215.0	22.9	1.9	1.6	1.6
15. Goods and Services Tax / Service tax	50.2	105.7	56.6	8.1	3.9	21.6
<b>Total</b>	<b>12,826.2</b>	<b>23,852.8</b>	<b>18,718.3</b>	<b>14,888.3</b>	<b>12,805.2</b>	<b>12,160.1</b>

**Annexure - VIII : Restated Standalone Statement of Expenses other than those directly related to the Insurance business**

(₹ 'in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Employees' remuneration & welfare benefits	23.4	69.2	80.1	61.7	44.2	48.1
2. Travel, conveyance and vehicle running expenses	-	-	-	-	-	-
3. Training expenses	-	-	-	-	-	-
4. Rent, rates & taxes	-	-	-	-	-	-
5. Repairs	-	-	-	-	-	-
6. Printing & stationery	-	-	-	-	-	-
7. Communication expenses	-	-	-	-	-	-
8. Legal & professional charges	24.5	265.8	-	-	-	-
9. Medical fees	-	-	-	-	-	-
10. Auditors fees, expenses etc.	-	-	-	-	-	-
(a) as auditor	-	-	-	-	-	-
(b) as advisor or in any other capacity in respect of	-	-	-	-	-	-
(i) Taxation matters	-	-	-	-	-	-
(ii) Insurance matters	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-
(c) in any other capacity	-	3.9	-	-	-	-
11. Advertisement and publicity	-	-	-	-	-	-
12. Interest & bank charges	-	-	-	-	-	-
13. Others	-	-	-	-	-	-
(a) Corporate social responsibility expenses	30.3	109.1	48.0	44.9	-	-
(b) Directors fees	6.2	6.7	4.3	3.8	1.3	1.8
(c) Directors Commission	3.0	8.0	4.0	4.0	2.5	2.5
(d) Wealth tax	-	-	-	0.1	0.1	0.2
(e) Other general expenses	24.5	217.5	77.3	91.6	89.2	20.2
14. Depreciation on fixed assets	-	-	-	-	-	-
(a) Depreciation on fixed assets owned by Shareholders'	22.7	215.0	22.9	1.9	1.6	1.6
(b) Reimbursement of depreciation by Policyholders' for use of Shareholders' fixed assets	(22.7)	(215.0)	(22.9)	(1.9)	(1.6)	(1.6)
15. Goods and Services Tax / Service tax	-	-	-	-	-	-
<b>Total</b>	<b>111.9</b>	<b>680.2</b>	<b>213.7</b>	<b>206.1</b>	<b>137.3</b>	<b>72.8</b>

**Annexure – IX : Restated Standalone Statement of Benefits Paid (net)**

(₹ 'in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Insurance Claims						
(a) Claims by Death	4,409.5	6,283.1	4,031.1	3,556.3	2,574.9	1,784.0
(b) Claims by Maturity	7,889.0	12,293.2	7,839.8	6,786.8	2,027.5	798.3
(c) Annuities / Pensions payment	349.2	640.0	450.5	234.5	95.2	40.1
(d) Other benefits						
(i) Money back payment	319.7	714.9	443.6	690.8	768.2	218.7
(ii) Vesting of Pension policy	1,024.7	2,370.7	1,552.1	1,085.3	795.7	617.4
(iii) Surrenders / Lapsation	31,948.2	53,532.3	49,445.3	62,856.4	35,080.5	31,302.4
(iv) Health	149.0	249.1	163.5	84.1	32.8	42.6
(v) Discontinuance/Lapsed Termination	3,835.7	12,295.2	10,015.0	-	-	-
(vi) Withdrawals	5,353.7	10,527.5	8,356.7	7,098.1	5,529.8	4,361.5
(vii) Waiver of premium	77.1	178.1	174.5	155.0	141.4	104.3
(viii) Interest on Unclaimed Amount of Policyholders'	295.7	546.2	85.5	-	-	-
<b>Sub-Total (A)</b>	<b>55,651.5</b>	<b>99,630.3</b>	<b>82,557.6</b>	<b>82,547.3</b>	<b>47,046.0</b>	<b>39,269.3</b>
2. Amount ceded in Reinsurance						
(a) Claims by Death	(693.6)	(1,103.7)	(739.3)	(846.8)	(421.9)	(211.5)
(b) Claims by Maturity	-	-	-	-	-	-
(c) Annuities / Pensions payment	-	-	-	-	-	-
(d) Other benefits						
(i) Health	(101.7)	(104.8)	(49.3)	(76.7)	(4.9)	(29.4)
<b>Sub-Total (B)</b>	<b>(795.3)</b>	<b>(1,208.5)</b>	<b>(788.6)</b>	<b>(923.5)</b>	<b>(426.8)</b>	<b>(240.9)</b>
3. Amount accepted in reinsurance						
(a) Claims by Death	-	-	-	-	-	-
(b) Claims by Maturity	-	-	-	-	-	-
(c) Annuities / Pensions in payment	-	-	-	-	-	-
(d) Surrenders	-	-	-	-	-	-
(e) Other benefits	-	-	-	-	-	-
<b>Sub-Total (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B+C)</b>	<b>54,856.2</b>	<b>98,421.8</b>	<b>81,769.0</b>	<b>81,623.8</b>	<b>46,619.2</b>	<b>39,028.4</b>
<b>Benefits Paid to Claimants:</b>						
In India	54,856.2	98,421.8	81,769.0	81,623.8	46,619.2	39,028.4
Outside India	-	-	-	-	-	-
<b>Total</b>	<b>54,856.2</b>	<b>98,421.8</b>	<b>81,769.0</b>	<b>81,623.8</b>	<b>46,619.2</b>	<b>39,028.4</b>

**Notes:**

- (a) Claims include specific claims settlement costs, wherever applicable.  
(b) Legal, other fees and expenses also form part of the claims cost, wherever applicable.

**Annexure – X : Restated Standalone Statement of Share Capital**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Authorised Capital Equity Shares of ₹ 10 each	30,000.0	30,000.0	30,000.0	30,000.0	30,000.0	30,000.0
2. Issued Capital Equity Shares of ₹ 10 each	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
3. Subscribed Capital Equity Shares of ₹ 10 each	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
4. Called-up Capital Equity Shares of ₹ 10 each	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Less: Calls unpaid	-	-	-	-	-	-
Add: Shares forfeited (Amount originally paid up)	-	-	-	-	-	-
Less: Par Value of Equity Shares bought back	-	-	-	-	-	-
Less: Preliminary Expenses.	-	-	-	-	-	-
Expenses including commission or brokerage on underwriting or subscription of shares.	-	-	-	-	-	-
<b>Total</b>	<b>20,055.5</b>	<b>19,984.8</b>	<b>19,952.9</b>	<b>19,948.8</b>	<b>19,948.8</b>	<b>19,948.8</b>

Note:

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amount of Share Capital held by Housing Development Finance Corporation Limited, the holding company	12,297.6	12,297.6	12,297.6	14,093.0	14,437.3	14,437.3

**Annexure – XI : Restated Standalone Statement of Pattern of Shareholding**

(As certified by the Management)

Shareholder	As at											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	Number of Shares	% of Holding										
Promoters												
• Indian/ Holding Company - Housing Development Finance Corporation Limited (HDFC)	1,229,760,125	61.3%	1,229,760,125	61.5%	1,229,760,125	61.6%	1,409,299,334	70.6%	1,443,733,842	72.4%	1,443,733,842	72.4%
• Escrow Account #	-	-	-	-	179,539,209	9.0%	-	-	-	-	-	-
• Foreign - Standard Life (Mauritius Holdings) 2006 Limited (Standard Life)	698,208,033	34.8%	698,208,033	34.9%	518,668,824	26.0%	518,668,824	26.0%	518,668,824	26.0%	518,668,824	26.0%
Others - Domestic	77,577,212	3.9%	70,507,125	3.6%	67,319,980	3.4%	66,911,938	3.4%	32,477,430	1.6%	32,477,430	1.6%
<b>Total</b>	<b>2,005,545,370</b>	<b>100.0%</b>	<b>1,998,475,283</b>	<b>100.0%</b>	<b>1,995,288,138</b>	<b>100.0%</b>	<b>1,994,880,096</b>	<b>100.0%</b>	<b>1,994,880,096</b>	<b>100.0%</b>	<b>1,994,880,096</b>	<b>100.0%</b>

**Note :**

# On August 14, 2015, HDFC had entered into a Share Sale and Purchase Agreement with Standard Life (Mauritius Holdings) 2006 Limited to sell a 9.00% stake in HDFC Standard Life Insurance Company Limited. The captioned Shares had been transferred by HDFC into Escrow Account for facilitating transfer to Standard Life pursuant to receipt of regulatory approvals for the completion of the transaction and pending receipt of funds into the completion cash escrow account from Standard Life. The transaction was completed on April 20, 2016.

## Annexure – XII : Restated Standalone Statement of Reserves and Surplus

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Capital Reserve	-	-	-	-	-	-
2. Capital Redemption Reserve	-	-	-	-	-	-
3. Share Premium :						
Opening Balance	1,944.0	1,687.0	1,654.4	1,654.4	1,654.4	1,654.4
Add: Additions during the year	577.1	257.0	32.6	-	-	-
Less: Adjustments during the year	-	-	-	-	-	-
4. Revaluation Reserve						
Opening Balance	-	-	-	-	307.4	307.4
Add: Additions during the year	-	-	-	-	-	-
Less: Adjustments during the year	-	-	-	-	(307.4)	-
5. General Reserves						
Less: Debit balance in Profit and Loss Account, if any	-	-	-	-	-	-
Less: Amount utilised for Buy-back	-	-	-	-	-	-
6. Catastrophe Reserve	-	-	-	-	-	-
7. Other Reserves	-	-	-	-	-	-
8. Balance of profit in Profit and Loss Account	21,683.5	16,135.0	9,858.5	3,835.4	-	-
<b>Total</b>	<b>24,204.6</b>	<b>18,079.0</b>	<b>11,545.5</b>	<b>5,489.8</b>	<b>1,654.4</b>	<b>1,961.8</b>

## Annexure – XIII : Restated Standalone Statement of Borrowings

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Debentures/Bonds	-	-	-	-	-	-
2. Banks	-	-	-	-	-	-
3. Financial Institutions	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**Annexure – XIV : Restated Standalone Statement of Investments - Shareholders**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>LONG TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	16,810.3	15,745.4	8,943.1	8,430.0	5,330.5	2,331.7
2. Other Approved Securities	-	-	-	-	-	149.4
3. Other Investments						
(a) Shares						
(aa) Equity	6,383.9	5,809.4	4,321.1	3,126.8	1,257.0	422.3
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	-	-	-	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	1,856.5	1,607.3	1,598.4	1,600.3	1,501.5	407.7
(e) Subsidiaries	1,214.0	1,214.0	1,127.7	280.0	280.0	5.8
(f) Fixed Deposit	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	413.7
4. Investments in Infrastructure and Social Sector	4,327.3	3,768.9	2,731.2	3,883.4	1,215.9	405.9
5. Other than Approved Investments	750.5	908.6	676.1	529.7	390.1	442.3
<b>Sub-Total (A)</b>	<b>31,342.5</b>	<b>29,053.6</b>	<b>19,397.6</b>	<b>17,850.2</b>	<b>9,975.0</b>	<b>4,578.8</b>
<b>SHORT TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	347.7	543.5	2,053.3	1,924.7	3,181.8	246.5
2. Other Approved Securities	-	-	-	-	149.7	-
3. Other Investments						
(a) Shares						
(aa) Equity	-	-	-	-	-	-
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	-	-	-	-	-	900.0
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	50.0	508.6	-	250.2	50.0	250.0
(e) Other Securities						
(aa) Commercial Paper	-	245.9	230.7	-	-	-
(bb) Certificate of Deposit	-	-	972.6	246.3	944.8	1,917.6
(cc) Fixed Deposit	510.0	810.0	1,510.0	810.0	520.0	200.0
(dd) CBLO/Repo Investments	4,919.0	1,284.3	2,137.0	770.4	617.2	319.8
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	-	10.0	100.4	88.5	717.9	100.0
5. Other than Approved Investments	-	-	-	21.9	-	50.4
<b>Sub-Total (B)</b>	<b>5,826.7</b>	<b>3,402.3</b>	<b>7,004.0</b>	<b>4,112.0</b>	<b>6,181.4</b>	<b>3,984.3</b>
<b>Total (A+B)</b>	<b>37,169.2</b>	<b>32,455.9</b>	<b>26,401.6</b>	<b>21,962.2</b>	<b>16,156.4</b>	<b>8,563.1</b>

**Notes:**

(₹ 'in Millions)

Sr.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Aggregate amount of Company's investments and the market value:						
a)	Aggregate amount of Company's investment other than listed equity securities	29,997.6	25,787.8	21,551.7	18,345.6	14,750.8	7,081.5
b)	Market Value of above investment	31,251.8	26,924.6	22,146.1	19,002.5	14,488.6	7,056.3
2.	Investment in holding company at cost	250.0	310.6	51.7	51.7	51.7	52.9
3.	Investment in subsidiary companies at cost	1,214.0	1,214.0	1,127.7	280.0	280.0	5.8
4.	Fixed Deposits towards margin requirement for equity trade settlement:						
a)	Deposited with National Securities Clearing Corporation Limited (NSCCL)	450.0	730.0	730.0	700.0	20.0	-
b)	Deposited with Indian Clearing Corporation Limited (ICCL)	60.0	80.0	80.0	110.0	-	-
5.	Equity shares includes shares transferred under securities lending and borrowing scheme (SLB) where the Company retains all the associated risk and rewards on these securities	-	-	-	-	-	-
6.	Investment made out of catastrophe reserve	-	-	-	-	-	-

## Annexure – XV : Restated Standalone Statement of Investments- Policyholders

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>LONG TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	170,776.5	153,175.4	115,114.7	85,598.7	53,896.9	39,263.8
2. Other Approved Securities	20,247.2	14,939.7	10,992.6	8,919.0	11,279.1	9,562.6
3. Other Investments						
(a) Shares						
(aa) Equity	48,612.9	40,505.0	27,713.5	25,189.4	12,148.4	5,124.5
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	-	-	-	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	38,809.7	38,028.6	24,651.9	27,318.6	19,386.5	10,624.3
(e) Other Securities						
(aa) Fixed Deposit	-	-	-	400.0	1,220.0	1,370.0
(bb) Deep Discount Bonds	2,238.0	1,420.9	576.8	1,586.6	861.2	181.7
(cc) Infrastructure Investment Fund	922.9	-	-	-	-	-
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	68,409.9	53,058.1	39,348.8	34,220.3	26,432.9	22,846.1
5. Other than Approved Investments	5,720.9	8,362.0	6,790.3	3,191.3	2,459.2	2,541.8
<b>Sub-Total (A)</b>	<b>355,738.0</b>	<b>309,489.7</b>	<b>225,188.6</b>	<b>186,423.9</b>	<b>127,684.2</b>	<b>91,514.8</b>
<b>SHORT TERM INVESTMENTS</b>						
1. Government securities and Government guaranteed bonds including Treasury Bills	16,456.6	14,045.8	6,974.1	2,668.3	6,035.8	7,450.5
2. Other Approved Securities	350.5	350.9	-	-	398.0	-
3. Other Investments						
(a) Shares						
(aa) Equity	-	-	-	-	-	-
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	6,651.2	-	1,500.0	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	5,150.3	5,830.5	5,727.2	1,788.8	2,078.6	1,085.0
(e) Other Securities						
(aa) Commercial Paper	-	-	-	24.8	238.3	-
(bb) Certificate of Deposit	-	-	241.8	656.3	-	728.0
(cc) Fixed Deposit	-	-	2,469.5	1,220.0	2,346.9	3,421.0
(dd) Deep Discount Bonds	544.0	522.3	558.6	52.1	382.1	288.2
(ee) CBL/Repo Investments	10,491.7	14,719.5	11,521.2	5,664.5	6,526.6	6,163.4
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	1,366.7	1,903.4	50.3	500.0	609.2	1,202.7
5. Other than Approved Investments	113.2	53.2	4,397.5	86.2	762.7	298.2
<b>Sub-Total (B)</b>	<b>41,124.2</b>	<b>37,425.6</b>	<b>33,440.2</b>	<b>12,661.0</b>	<b>19,378.2</b>	<b>20,637.0</b>
<b>Total (A+B)</b>	<b>396,862.2</b>	<b>346,915.3</b>	<b>258,628.8</b>	<b>199,084.9</b>	<b>147,062.4</b>	<b>112,151.8</b>

## Notes:

(₹ 'in Millions)

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Aggregate amount of Company's investments and the market value:						
	a) Aggregate amount of Company's investment other than listed equity securities	338,264.7	302,131.1	224,200.1	171,203.5	134,199.3	106,350.1
	b) Market Value of above investment	348,218.8	313,124.0	228,760.3	175,646.4	129,929.1	106,943.6
2.	Investment in holding company at cost	3,504.7	4,361.1	2,898.7	3,526.8	2,032.6	1,196.3
3.	Investment in subsidiary company at cost	-	-	-	-	-	-
4.	Government Securities deposited with Reserve Bank of India in order to comply with the requirement prescribed under erstwhile Section 7 of the Insurance Act, 1938						
	a) Amortised cost	-	-	-	118.7	121.1	123.5
	b) Market Value of above investment	-	-	-	119.2	117.8	123.3
5.	Government Securities deposited with the Clearing Corporation of India Ltd (CCIL) for collateralized borrowing and lending obligation segment.						
	a) Amortised cost	244.1	236.4	157.3	75.0	76.7	78.3
	b) Market Value of above investment	246.3	237.1	152.6	70.8	68.8	70.8
6.	Fixed Deposits towards margin requirement for equity trade settlement and Bank Guarantee:						
	a) Deposited with National Securities Clearing Corporation Limited (NSCCL)	-	-	-	-	230.0	160.0
	b) Deposited with Indian Clearing Corporation Limited (ICCL)	-	-	-	-	90.0	-
	c) Bank Guarantee to Assistant Commissioner, Commercial tax department	-	-	-	-	-	0.1
	d) Bank Guarantee for Postal services	-	-	-	-	-	0.8
7.	Equity shares includes shares transferred under securities lending and borrowing scheme (SLB) where the Company retains all the associated risk and rewards on these securities	0.2	-	-	-	-	-
8.	Investment made out of catastrophe reserve	-	-	-	-	-	-

**Annexure – XVI : Restated Standalone Statement of Assets held to cover linked liabilities**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>LONG TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	59,287.9	63,131.9	87,096.4	71,468.9	39,220.6	30,138.8
2. Other Approved Securities	2,569.7	1,713.3	45.5	9.0	365.1	683.8
3. Other Investments						
(a) Shares						
(aa) Equity	288,483.0	275,555.7	219,436.9	249,191.0	185,232.4	146,517.1
(bb) Preference	33.8	32.3	30.7	27.3	23.9	-
(b) Mutual Funds	-	-	-	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	49,101.3	45,598.4	33,218.4	23,645.7	24,155.9	9,902.9
(e) Other Securities						
(aa) Fixed Deposit	-	-	-	50.0	250.0	250.0
(bb) Deep Discount Bonds	683.9	552.9	44.3	1,527.7	1,889.1	533.8
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	66,187.4	60,767.7	40,430.8	39,205.6	40,293.2	49,802.6
5. Other than Approved Investments	36,202.6	30,139.1	23,655.1	21,401.2	13,825.3	11,192.3
<b>Sub-Total (A)</b>	<b>502,549.6</b>	<b>477,491.3</b>	<b>403,958.1</b>	<b>406,526.4</b>	<b>305,255.5</b>	<b>249,021.3</b>
<b>SHORT TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	19,812.9	22,880.5	15,632.7	11,288.2	12,807.5	1,448.2
2. Other Approved Securities	-	-	-	-	594.0	-
3. Other Investments						
(a) Shares						
(aa) Equity	-	-	-	-	-	-
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	-	-	-	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	3,666.0	6,242.8	3,568.8	2,424.8	1,429.5	1,712.4
(e) Other Securities						
(aa) Fixed Deposit	30.0	30.0	100.5	290.0	1,590.0	2,120.0
(bb) Commercial Paper	2,172.1	959.7	704.9	808.6	719.0	-
(cc) Certificate of Deposit	479.7	957.9	8,455.2	7,069.4	8,068.7	11,694.1
(dd) Deep Discount Bonds	193.7	60.8	1,359.7	470.9	273.5	248.3
(ee) Repo Investments	24,102.4	18,672.3	11,578.7	11,338.7	4,136.5	5,384.4
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	1,302.5	408.7	472.1	730.8	968.5	3,205.8
5. Other than Approved Investments	-	757.4	312.9	312.1	-	324.9
<b>Sub-Total (B)</b>	<b>51,759.3</b>	<b>50,970.1</b>	<b>42,185.5</b>	<b>34,733.5</b>	<b>30,587.2</b>	<b>26,138.1</b>
<b>OTHER ASSETS (NET)</b>						
1. Interest Accrued and Dividend Receivable	5,705.4	6,111.6	5,429.7	3,920.6	3,567.7	3,170.4
2. Other Liabilities (Net)	(48.4)	(22.9)	(19.1)	(17.8)	(88.0)	(319.4)
3. Other Assets	59.4	19.0	805.9	189.0	506.2	79.7
4. Other - Receivable	426.5	3,281.1	2,108.0	2,699.5	3,182.6	4,767.1
5. Investment Sold Awaiting Settlement	1,900.1	4,133.9	6,445.1	3,230.0	2,404.1	2,552.3
6. Investment Purchased Awaiting Settlement	(2,090.9)	(3,979.2)	(3,643.0)	(2,077.7)	(3,705.5)	(2,078.6)
7. Investment application - Pending Allotment	1,047.9	-	-	-	364.0	-
<b>Sub-Total (C)</b>	<b>7,000.0</b>	<b>9,543.5</b>	<b>11,126.6</b>	<b>7,943.6</b>	<b>6,231.1</b>	<b>8,171.5</b>
<b>Total (A+B+C)</b>	<b>561,308.9</b>	<b>538,004.9</b>	<b>457,270.2</b>	<b>449,203.5</b>	<b>342,073.8</b>	<b>283,330.9</b>

**Notes:**

(₹ 'in Millions)

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Aggregate amount of Company's investments and the market value:						
	a) Aggregate amount of Company's investment other than listed equity securities	207,485.5	203,875.0	192,675.4	149,763.4	122,008.7	99,751.5
	b) Market Value of above investment	210,341.6	207,314.9	195,638.8	153,467.6	120,427.0	101,022.9
2.	Investment in holding company at cost	4,894.2	5,647.7	4,693.1	4,965.4	4,959.5	5,540.5
3.	Investment in subsidiary company at cost	-	-	-	-	-	-
4.	Fixed Deposits towards margin requirement for equity trade settlement:						
	a) Deposited with National Securities Clearing Corporation Limited (NSCCL)	-	-	-	-	450.0	300.0
	b) Deposited with Indian Clearing Corporation Limited (ICCL)	-	-	-	-	20.0	150.0
5.	The value of equity shares lent by the Company under securities lending and borrowing scheme (SLB) and outstanding.	1.4	-	-	-	-	-
6.	Investment made out of catastrophe reserve	-	-	-	-	-	-

## Annexure – XVII : Restated Standalone Statement of Loans

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>1. SECURITY-WISE CLASSIFICATION</b>						
<i>Secured</i>						
(a) On mortgage of property						
(aa) In India*	-	47.5	171.3	215.9	226.6	498.7
(bb) Outside India	-	-	-	-	-	-
(b) On Shares, Bonds, Govt. Securities, etc.	-	-	-	-	-	-
(c) Loans against policies	137.3	105.0	103.8	69.6	46.2	39.3
(d) Others	-	-	-	-	-	-
<i>Unsecured</i>						
(a) HDFC Standard Life Employees' Stock Option Trust	25.0	326.1	655.6	970.9	204.0	244.2
<b>Total</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>
<b>2. BORROWER - WISE CLASSIFICATION</b>						
(a) Central and State Governments	-	-	-	-	-	-
(b) Banks and Financial Institutions	-	-	-	-	-	-
(c) Subsidiaries	-	-	-	-	-	-
(d) Companies	-	47.5	171.3	215.8	226.5	498.6
(e) Loans against policies	137.3	105.0	103.8	69.6	46.2	39.3
(f) Loans to employees	-	-	-	0.1	0.1	0.1
(g) Others - HDFC Standard Life Employees' Stock Option Trust	25.0	326.1	655.6	970.9	204.0	244.2
<b>Total</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>
<b>3. PERFORMANCE-WISE CLASSIFICATION</b>						
(a) Loans classified as standard						
(aa) In India	162.3	478.6	930.7	1,256.4	476.8	782.2
(bb) Outside India	-	-	-	-	-	-
(b) Non-standard loans less provisions						
(aa) In India	-	-	-	-	-	-
(bb) Outside India	-	-	-	-	-	-
<b>Total</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>
<b>4. MATURITY-WISE CLASSIFICATION</b>						
(a) Short-Term	10.0	51.8	110.0	4.5	3.8	3.5
(b) Long-Term	152.3	426.8	820.7	1,251.9	473.0	778.7
<b>Total</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>

## Notes:

(₹ 'in Millions)

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Principal receivable within 12 months from the Balance Sheet date	10.0	24.9	128.3	16.5	14.7	40.1
2.	Loans considered doubtful and the amount of provision created against such loans	-	-	-	-	-	-

Short-term loans include those which are repayable within 12 months from the date of Balance Sheet. Long term loans are the loans other than short-term loans

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Loan given to parties related to Directors, Promoters or Issuers	-	-	-	-	-	-

\* Include loans regarded as investment as per section 27A of Insurance Act, 1938.

## Annexure – XVIII : Restated Standalone Statement of Fixed Assets

(₹ 'in Millions)

Particulars	Goodwill	Intangible Assets (Computer Software)*	Land- Freehold	Leasehold Improvements	Buildings	Furniture & Fittings	Information Technology Equipment	Vehicles	Office Equipment	Total	Capital Work in progress	Grand Total
<b>Cost / Gross Block</b>												
As at April 01, 2017	-	1,557.3	-	15.3	2,866.8	700.4	923.1	129.3	602.9	6,795.1	160.9	6,956.0
Additions	-	114.8	-	0.2	-	4.6	55.5	12.4	9.2	196.7	131.4	328.1
Deductions	-	-	-	-	-	(8.8)	(19.9)	(4.3)	(8.5)	(41.5)	(196.7)	(238.2)
<b>As at September 30, 2017</b>	-	<b>1,672.1</b>	-	<b>15.5</b>	<b>2,866.8</b>	<b>696.2</b>	<b>958.7</b>	<b>137.4</b>	<b>603.6</b>	<b>6,950.3</b>	<b>95.6</b>	<b>7,045.9</b>
<b>Depreciation</b>												
As at April 01, 2017	-	1,128.1	-	11.0	308.6	632.3	792.2	57.8	496.9	3,426.9	-	3,426.9
For the period	-	102.9	-	0.8	23.0	11.8	47.8	16.0	19.4	221.7	-	221.7
On Sales / Adjustments	-	-	-	-	-	(8.8)	(19.9)	(1.7)	(8.4)	(38.8)	-	(38.8)
<b>As at September 30, 2017</b>	-	<b>1,231.0</b>	-	<b>11.8</b>	<b>331.6</b>	<b>635.3</b>	<b>820.1</b>	<b>72.1</b>	<b>507.9</b>	<b>3,609.8</b>	-	<b>3,609.8</b>
<b>Net Block As at September 30, 2017</b>	-	<b>441.1</b>	-	<b>3.7</b>	<b>2,535.2</b>	<b>60.9</b>	<b>138.6</b>	<b>65.3</b>	<b>95.7</b>	<b>3,340.5</b>	<b>95.6</b>	<b>3,436.1</b>
<b>Cost / Gross Block</b>												
As at April 01, 2016	-	1,248.6	-	14.9	2,850.6	686.1	955.6	111.6	598.1	6,465.5	121.6	6,587.1
Additions	-	312.2	-	1.2	16.2	32.8	35.4	24.6	32.3	454.7	477.7	932.4
Deductions	-	(3.5)	-	(0.8)	-	(18.5)	(67.9)	(6.9)	(27.5)	(125.1)	(438.4)	(563.5)
<b>As at March 31, 2017</b>	-	<b>1,557.3</b>	-	<b>15.3</b>	<b>2,866.8</b>	<b>700.4</b>	<b>923.1</b>	<b>129.3</b>	<b>602.9</b>	<b>6,795.1</b>	<b>160.9</b>	<b>6,956.0</b>
<b>Depreciation</b>												
As at April 01, 2016	-	959.3	-	10.4	264.5	623.0	748.4	32.2	485.9	3,123.7	-	3,123.7
For the year	-	172.3	-	1.4	44.1	27.8	111.6	28.4	38.5	424.1	-	424.1
On Sales / Adjustments	-	(3.5)	-	(0.8)	-	(18.5)	(67.8)	(2.8)	(27.5)	(120.9)	-	(120.9)
<b>As at March 31, 2017</b>	-	<b>1,128.1</b>	-	<b>11.0</b>	<b>308.6</b>	<b>632.3</b>	<b>792.2</b>	<b>57.8</b>	<b>496.9</b>	<b>3,426.9</b>	-	<b>3,426.9</b>
<b>Net Block As at March 31, 2017</b>	-	<b>429.2</b>	-	<b>4.3</b>	<b>2,558.2</b>	<b>68.1</b>	<b>130.9</b>	<b>71.5</b>	<b>106.0</b>	<b>3,368.2</b>	<b>160.9</b>	<b>3,529.1</b>
<b>Cost / Gross Block</b>												
As at April 01, 2015	-	1,174.4	-	10.3	2,850.6	677.1	919.1	59.4	588.0	6,278.9	64.4	6,343.3
Additions	-	74.2	-	5.1	-	57.7	63.6	55.4	82.8	338.8	395.8	734.6
Deductions	-	-	-	(0.5)	-	(48.7)	(27.1)	(3.2)	(72.7)	(152.2)	(338.6)	(490.8)
<b>As at March 31, 2016</b>	-	<b>1,248.6</b>	-	<b>14.9</b>	<b>2,850.6</b>	<b>686.1</b>	<b>955.6</b>	<b>111.6</b>	<b>598.1</b>	<b>6,465.5</b>	<b>121.6</b>	<b>6,587.1</b>
<b>Depreciation</b>												
As at April 01, 2015	-	817.6	-	9.9	209.4	638.9	614.5	11.7	522.3	2,824.3	-	2,824.3
For the year	-	141.7	-	1.0	55.1	32.7	160.9	21.5	36.0	448.9	-	448.9
On Sales / Adjustments	-	-	-	(0.5)	-	(48.6)	(27.0)	(1.0)	(72.4)	(149.5)	-	(149.5)
<b>As at March 31, 2016</b>	-	<b>959.3</b>	-	<b>10.4</b>	<b>264.5</b>	<b>623.0</b>	<b>748.4</b>	<b>32.2</b>	<b>485.9</b>	<b>3,123.7</b>	-	<b>3,123.7</b>
<b>Net Block As at March 31, 2016</b>	-	<b>289.3</b>	-	<b>4.5</b>	<b>2,586.1</b>	<b>63.1</b>	<b>207.2</b>	<b>79.4</b>	<b>112.2</b>	<b>3,341.8</b>	<b>121.6</b>	<b>3,463.4</b>
<b>Cost / Gross Block</b>												
As at April 01, 2014	-	950.2	-	10.0	2,245.6	705.2	815.1	5.3	598.7	5,330.1	101.3	5,431.4
Additions	-	224.2	-	0.5	605.0	7.2	171.4	54.1	35.5	1,097.9	446.4	1,544.3
Deductions	-	-	-	(0.2)	-	(35.3)	(67.4)	-	(46.2)	(149.1)	(483.3)	(632.4)
<b>As at March 31, 2015</b>	-	<b>1,174.4</b>	-	<b>10.3</b>	<b>2,850.6</b>	<b>677.1</b>	<b>919.1</b>	<b>59.4</b>	<b>588.0</b>	<b>6,278.9</b>	<b>64.4</b>	<b>6,343.3</b>
<b>Depreciation</b>												
As at April 01, 2014	-	678.3	-	7.0	140.7	650.4	524.8	5.3	538.0	2,544.5	-	2,544.5
For the year	-	139.3	-	3.0	68.7	23.8	156.0	6.4	30.2	427.4	-	427.4
On Sales / Adjustments	-	-	-	(0.1)	-	(35.3)	(66.3)	-	(45.9)	(147.6)	-	(147.6)
<b>As at March 31, 2015</b>	-	<b>817.6</b>	-	<b>9.9</b>	<b>209.4</b>	<b>638.9</b>	<b>614.5</b>	<b>11.7</b>	<b>522.3</b>	<b>2,824.3</b>	-	<b>2,824.3</b>
<b>Net Block As at March 31, 2015</b>	-	<b>356.8</b>	-	<b>0.4</b>	<b>2,641.2</b>	<b>38.2</b>	<b>304.6</b>	<b>47.7</b>	<b>65.7</b>	<b>3,454.6</b>	<b>64.4</b>	<b>3,519.0</b>

**Annexure – XVIII : Restated Standalone Statement of Fixed Assets**

(₹ 'in Millions)

Particulars	Goodwill	Intangible Assets (Computer Software)*	Land- Freehold	Leasehold Improvements	Buildings	Furniture & Fittings	Information Technology Equipment	Vehicles	Office Equipment	Total	Capital Work in progress	Grand Total
<b>Cost / Gross Block</b>												
As at April 01, 2013	-	669.6	-	9.7	2,139.3	739.5	923.1	5.3	637.7	5,124.2	294.8	5,419.0
Additions	-	280.6	-	1.1	106.3	26.9	226.9	-	29.9	671.7	372.1	1,043.8
Deductions	-	-	-	(0.8)	-	(61.2)	(334.9)	-	(68.9)	(465.8)	(565.6)	(1,031.4)
<b>As at March 31, 2014</b>	-	<b>950.2</b>	-	<b>10.0</b>	<b>2,245.6</b>	<b>705.2</b>	<b>815.1</b>	<b>5.3</b>	<b>598.7</b>	<b>5,330.1</b>	<b>101.3</b>	<b>5,431.4</b>
<b>Depreciation</b>												
As at April 01, 2013	-	496.7	-	5.2	89.2	680.7	753.5	3.9	571.7	2,600.9	-	2,600.9
For the year	-	181.6	-	2.5	51.5	30.7	105.1	1.4	34.2	407.0	-	407.0
On Sales / Adjustments	-	-	-	(0.7)	-	(61.0)	(333.8)	-	(67.9)	(463.4)	-	(463.4)
<b>As at March 31, 2014</b>	-	<b>678.3</b>	-	<b>7.0</b>	<b>140.7</b>	<b>650.4</b>	<b>524.8</b>	<b>5.3</b>	<b>538.0</b>	<b>2,544.5</b>	-	<b>2,544.5</b>
<b>Net Block As at March 31, 2014</b>	-	<b>271.9</b>	-	<b>3.0</b>	<b>2,104.9</b>	<b>54.8</b>	<b>290.3</b>	-	<b>60.7</b>	<b>2,785.6</b>	<b>101.3</b>	<b>2,886.9</b>
<b>Cost / Gross Block</b>												
As at April 01, 2012	-	517.4	-	8.5	2,139.3	771.8	903.0	5.3	665.5	5,010.8	0.4	5,011.2
Additions	-	152.2	-	1.5	-	32.0	155.8	-	28.7	370.2	718.6	1,088.8
Deductions	-	-	-	(0.3)	-	(64.3)	(135.7)	-	(56.5)	(256.8)	(424.2)	(681.0)
<b>As at March 31, 2013</b>	-	<b>669.6</b>	-	<b>9.7</b>	<b>2,139.3</b>	<b>739.5</b>	<b>923.1</b>	<b>5.3</b>	<b>637.7</b>	<b>5,124.2</b>	<b>294.8</b>	<b>5,419.0</b>
<b>Depreciation</b>												
As at April 01, 2012	-	393.8	-	3.6	54.3	678.3	807.6	2.3	561.2	2,501.1	-	2,501.1
For the year	-	102.9	-	1.8	34.9	63.8	80.7	1.6	65.1	350.8	-	350.8
On Sales / Adjustments	-	-	-	(0.2)	-	(61.4)	(134.8)	-	(54.6)	(251.0)	-	(251.0)
<b>As at March 31, 2013</b>	-	<b>496.7</b>	-	<b>5.2</b>	<b>89.2</b>	<b>680.7</b>	<b>753.5</b>	<b>3.9</b>	<b>571.7</b>	<b>2,600.9</b>	-	<b>2,600.9</b>
<b>Net Block As at March 31, 2013</b>	-	<b>172.9</b>	-	<b>4.5</b>	<b>2,050.1</b>	<b>58.8</b>	<b>169.6</b>	<b>1.4</b>	<b>66.0</b>	<b>2,523.3</b>	<b>294.8</b>	<b>2,818.1</b>

\*All software are other than those generated internally.

**Annexure – XIX : Restated Standalone Statement of Cash and Bank Balances**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Cash (including cheques on hand, drafts and stamps) *	637.1	1,906.4	1,889.7	1,951.2	1,680.0	1,662.0
2. Bank Balances						
(a) Deposit Accounts						
(aa) Short-term (due within 12 months of Balance Sheet)	-	-	-	-	-	-
(bb) Others	3.4	0.9	1.0	1.0	0.8	0.8
(b) Current Accounts	2,147.7	6,057.7	4,575.3	3,771.5	2,768.3	2,975.7
(c) Others	-	-	-	-	-	-
3. Money at Call and Short Notice						
(a) With Banks	-	-	-	-	-	-
(b) With other Institutions	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
<b>Total</b>	<b>2,788.2</b>	<b>7,965.0</b>	<b>6,466.0</b>	<b>5,723.7</b>	<b>4,449.1</b>	<b>4,638.5</b>
Balances with non-Scheduled banks included in 2 and 3 above						
<b>CASH &amp; BANK BALANCES</b>						
1. In India	2,785.9	7,963.6	6,464.5	5,721.9	4,447.0	4,631.5
2. Outside India	2.3	1.4	1.5	1.8	2.1	7.0
<b>Total</b>	<b>2,788.2</b>	<b>7,965.0</b>	<b>6,466.0</b>	<b>5,723.7</b>	<b>4,449.1</b>	<b>4,638.5</b>

**Note:**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
* Cheques on Hand	637.1	1,906.4	1,795.4	1,864.2	1,568.5	1,476.4

**Annexure – XX : Restated Standalone Statement of Advances and other assets**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>ADVANCES</b>						
1. Reserve deposits with ceding companies	-	-	-	-	-	-
2. Application money for investments	-	-	-	-	135.9	44.2
3. Prepayments	214.3	263.5	227.0	222.6	170.9	176.7
4. Advances to Directors/Officers	-	-	-	-	-	-
5. Advance tax paid and taxes deducted at source (Net of provision for taxation)	3,510.0	2,503.0	2,128.6	1,792.5	1,636.0	1,497.6
6. Others						
(a) Capital advances	0.9	8.4	8.0	65.0	57.0	23.9
(b) Security deposits	327.8	322.1	361.9	387.0	383.2	398.6
Less: Provision for Security deposit	(12.0)	(11.6)	(41.0)	(72.5)	(39.7)	(79.7)
Security deposits net of provision	315.8	310.5	320.9	314.5	343.5	318.9
(c) Advances to employees	5.7	4.1	6.5	4.2	1.5	6.0
(d) Other advances	173.3	471.0	370.6	304.5	11.3	13.5
(e) Investment application - pending allotment	50.0	-	-	-	-	-
(f) Redemption Receivable	-	-	-	-	350.1	-
<b>Total (A)</b>	<b>4,270.0</b>	<b>3,560.5</b>	<b>3,061.6</b>	<b>2,703.3</b>	<b>2,706.2</b>	<b>2,080.8</b>
<b>Other Assets</b>						
1. Income accrued on investments	9,831.0	8,356.8	6,436.6	5,787.2	4,323.0	3,022.3
2. Outstanding Premiums	1,138.1	1,359.2	1,353.3	1,021.3	838.8	706.0
3. Agents' Balances	55.0	54.2	44.3	52.5	69.9	68.1
Less: Provision for Agent debit balance	(55.0)	(54.2)	(44.3)	(52.5)	(69.9)	(68.1)
Agents' Balances net of provision	-	-	-	-	-	-
4. Foreign Agencies' Balances	-	-	-	-	-	-
5. Due from other entities carrying on insurance business (including reinsurers)	317.2	234.7	274.1	443.5	73.1	35.1
6. Due from subsidiaries / holding company	-	1.1	9.3	0.1	-	-
7. Deposit with Reserve Bank of India [Pursuant to erstwhile section 7 of Insurance Act, 1938]	-	-	-	-	-	-
8. Others						
(a) Fund Management Charges (Including Goods and Services Tax / Service Tax) receivable from UL Scheme	50.0	21.7	18.1	17.1	87.8	319.0
(b) Goods and Services Tax / Service Tax & Unutilised Credits	863.9	35.0	109.2	22.8	15.7	11.0
(c) Service Tax Deposits	9.9	9.9	80.3	0.1	-	-
(d) Investment sold awaiting settlement	11.7	445.2	966.4	2,317.3	1,585.5	700.6
(e) Other Assets	148.4	16.8	17.3	23.1	16.8	23.4
(f) Assets held for unclaimed amount of policyholders	3,964.0	7,671.8	-	-	-	-
<b>Total (B)</b>	<b>16,334.2</b>	<b>18,152.2</b>	<b>9,264.6</b>	<b>9,632.5</b>	<b>6,940.7</b>	<b>4,817.4</b>
<b>Total (A + B)</b>	<b>20,604.2</b>	<b>21,712.7</b>	<b>12,326.2</b>	<b>12,335.8</b>	<b>9,646.9</b>	<b>6,898.2</b>

Note:

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Advances in normal course of business given to parties related to Directors, Promoters or Issuers	1.0	2.5	1.5	0.6	0.5	0.3

**Annexure – XXI : Restated Standalone Statement of Current Liabilities**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Agents' Balances	724.1	952.6	737.2	312.4	405.1	555.5
2. Balances due to other insurance companies (including Reinsurers)	279.3	246.6	184.6	82.1	141.2	154.1
3. Deposits held on re-insurance ceded	-	-	-	-	-	-
4. Premiums received in advance	290.9	158.5	124.8	96.5	227.8	179.8
5. Unallocated Premium	2,630.6	2,614.4	1,875.8	2,224.1	1,209.6	431.2
6. Sundry creditors	9,059.3	9,336.9	6,582.8	5,938.5	5,156.2	5,439.6
7. Due to subsidiaries / holding company	176.2	227.7	80.5	0.1	1.9	-
8. Claims Outstanding	627.8	305.0	361.8	635.6	282.2	103.4
9. Annuities Due	-	-	-	-	-	-
10. Due to Officers / Directors	-	-	-	-	-	-
11. Others						
(a) Tax deducted to be remitted	513.6	268.6	290.2	111.0	164.1	114.1
(b) Goods and Services Tax/ Service Tax Liability	1,236.5	-	-	0.6	7.6	-
(c) Investments purchased - to be settled	5,296.4	4,961.3	2,410.3	3,535.6	1,008.5	1,283.4
(d) Others - Payable (Payable to unit linked schemes)	414.5	6,776.7	2,108.0	2,699.5	3,182.6	4,767.1
(e) Payable to Policyholders	10,336.0	4,215.4	3,250.2	1,677.2	552.6	340.7
(f) Unclaimed Dividend payable	0.2	0.2	-	-	-	-
12. Unclaimed amount of policyholders	3,964.0	7,671.8	7,112.4	2,773.2	1,942.3	1,561.5
<b>Total</b>	<b>35,549.4</b>	<b>37,735.7</b>	<b>25,118.6</b>	<b>20,086.4</b>	<b>14,281.7</b>	<b>14,930.4</b>

## Annexure – XXII : Restated Standalone Statement of Provisions

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. For Taxation (less payments and taxes deducted at source)	116.1	116.1	116.1	34.7	34.7	43.5
2. For proposed dividends	-	-	-	-	-	-
3. For dividend distribution tax	-	-	-	-	-	-
4. Others:						
(a) Wealth tax	-	-	-	0.7	0.2	0.2
(b) Employee benefits	293.3	349.4	298.7	295.7	238.8	242.8
<b>Total</b>	<b>409.4</b>	<b>465.5</b>	<b>414.8</b>	<b>331.1</b>	<b>273.7</b>	<b>286.5</b>

**Annexure – XXIII : Restated Standalone Statement of Miscellaneous Expenditure**  
(To the extent not written-off or adjusted)

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Discount allowed in issue of shares / debentures	-	-	-	-	-	-
2. Others	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

### **Corporate Information**

HDFC Standard Life Insurance Company Limited ('HDFC Life' or 'The Company'), is formed as a joint venture between Housing Development Finance Corporation Limited ('HDFC Limited'), India's leading housing finance institution and Standard Life plc, the leading provider of financial services in the United Kingdom. The Company obtained a Certificate of Registration from the Insurance Regulatory and Development Authority of India ('IRDAI') on October 23, 2000 for carrying on the business of life insurance. The Company's Certificate of Renewal of Registration dated January 31, 2014 was valid till March 31, 2015. Pursuant to Section 3 read with Section 3A as amended by Insurance Laws (Amendment) Act, 2015, the process of annual renewal of the Certificate of Registration issued to insurers under Section 3 of the Insurance Act, 1938, was deleted. Consequently, the said certificate continues to be in force. The Company offers a range of individual and group insurance solutions. The portfolio comprises of various insurance and investment products such as Protection, Pension, Savings, Investment and Health.

## **A. SIGNIFICANT ACCOUNTING POLICIES**

### **1. Basis of preparation**

The Restated Standalone Statement of Assets and Liabilities of the Company as at September 30, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 and the Restated Standalone Statement of Revenue Account (Policyholders' Account/Technical Account), Restated Standalone Statement of Profit and Loss Account (Shareholders' Account/Non-Technical Account) and the Restated Standalone Receipts and Payments Account for the six months/ years ended September 30, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 (together referred as 'Restated Standalone Financial Information') and Other Standalone Financial Information have been extracted by the Management from the Audited Standalone Financial Statements of the Company for the respective years ("Audited Standalone Financial Statements").

The Audited Standalone Financial Statements of the Company as of and for the six months ended September 30, 2017 and as of and for the years ended March 31, 2017, 2016, 2015, 2014 and 2013 were prepared under the historical cost convention, on an accrual basis of accounting in accordance with the accounting principles and in the manner prescribed by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Financial Statements Regulations'), the Master Circular on Preparation of Financial Statements and Filing of Returns of Life Insurance Business Ref No. IRDA/F&A/Cir/232/12/2013 dated December 11, 2013 ('the Master Circular') and other circulars issued by the IRDAI from time to time, provisions of the Insurance Act, 1938, as amended from time to time, including amendment brought by Insurance Laws (Amendment) Act, 2015 (applicable from the financial year ended March 31, 2016 onwards), the Companies Act, 1956, as amended from time to time, to the extent applicable and the Companies Act, 2013. Pursuant to Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (applicable from the financial year ended March 31, 2015 onwards), till the accounting standards or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing accounting standards notified under Companies Act, 1956, shall continue to apply. Consequently, these audited standalone financial statements have been prepared also to comply in all material aspects with the accounting standards notified under Section 211 (3C), of the Companies Act, 1956 i.e. Companies (Accounting Standards) Rules, 2006, as amended and to the extent applicable. Accounting policies have been consistently applied to the extent applicable and in the manner so required.

The Restated Standalone Financial Information and Other Standalone Financial Information have been prepared by the management in connection with the proposed listing of equity shares of the Company with National Stock Exchange of India Limited and BSE Limited (together 'the stock exchanges'), in accordance with the requirements of:

- a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013; and
- b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time (together referred to as the "SEBI Regulations").
- c) Para 1 & 2 of Schedule I Part (c) of Insurance Regulatory and Development Authority of India (Issuance of Capital by Indian Insurance Companies transacting Life Insurance Business) Regulations, 2015 (referred to as the "IRDAI Regulations") issued by the Insurance Regulatory and Development Authority of India (the "IRDAI")

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

These Restated Standalone Financial Information and Other Standalone Financial Information have been extracted by the Management from the Audited Standalone Financial Statements and:

- there were no audit qualifications on these financial statements ,
- the changes in accounting policies during the years of these financial statements have been appropriately reflected,
- the material adjustments relating to previous years/period have been adjusted in the year/period to which they relate,
- the resultant tax impact on above adjustments has been appropriately adjusted in deferred tax in the respective years, and
- adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Standalone Financial Statements of the Company as at and for the six months ended September 30,2017 and the requirements of the SEBI Regulations, except for disclosures related to unit linked business required by Financial Statements Regulations of Insurance Regulatory and Development Authority Act, 1999, which is not required in the opinion of the management for these Restated Standalone Financial Information and Other Standalone Financial Information.

### **Use of estimates**

The preparation of Restated Standalone Financial Information in conformity with generally accepted accounting principles in India ("Indian GAAP") requires that the Company's management makes estimates and assumptions that affect the reported amounts of income and expenses for the year/six months, reported balances of assets and liabilities and disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying Restated Standalone Financial Information are based upon management's evaluation of the relevant facts and circumstances upto and as of the date of the restated standalone financial information. Actual results could differ from the estimates. Any revision to the accounting estimates is accounted for prospectively.

## **2. Revenue recognition**

### **i) Premium income**

Premium income including rider premium is accounted for when due from the policyholders and as reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated. Top up premium is considered as single premium.

### **ii) Income from linked policies**

Income from linked policies, which includes fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, is recovered from the linked funds in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.

### **iii) Income from investments**

Interest income on investments is accounted for on an accrual basis.

Amortisation of premium or accretion of discount computed at the time of purchase of debt securities is recognised over the remaining period of maturity/holding on a straight line basis.

Dividend income is accounted for on "ex-dividend" date in case of listed equity and preference shares and in case of unlisted equity and preference shares, when the right to receive dividend is established.

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 a straight-line basis.

In case of linked business, profit or loss on sale/redemption of equity shares/Equity Exchange Traded funds (ETFs), Infrastructure Investment Trusts (InvITs), preference shares and units of mutual fund is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average book value.

In case of other than linked business, profit or loss on sale/redemption of equity shares/equity ETFs, preference shares, Additional Tier I Bonds and units of mutual fund includes the accumulated changes in the fair value previously recognised under "Fair Value Change Account" in the Statement of Assets and Liabilities.

In case of linked business, profit or loss on sale/redemption of debt securities is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average book cost. In case of other than linked business, profit or loss on sale/redemption of debt securities is calculated as the difference between net sales proceeds/redemption proceeds and the weighted average amortised cost.

iv) **Income from loans**

Interest income on loans is accounted for on an accrual basis.

3. **Reinsurance premium ceded**

Reinsurance premium ceded is accounted for on due basis in accordance with the terms and conditions of the reinsurance treaties. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

4. **Acquisition costs**

Acquisition costs are the costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts and consist of costs like commission to insurance intermediaries, rewards and incentives, sales staff costs, office rent, medical examination costs, policy printing expenses, stamp duty and other related expenses. These costs are expensed in the period in which they are incurred.

5. **Benefits paid**

Benefits paid consist of policy benefit amounts and claim settlement costs, where applicable.

(i) **Non-linked business**

Death and rider claims are accounted for on receipt of intimation. Annuity benefits, money back payments and maturity claims are accounted for when due. Surrenders are accounted for on the receipt of consent from the insured to the quote provided by the Company.

(ii) **Linked business**

Death and rider claims are accounted for on receipt of intimation. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt of intimation when associated units are de-allocated. Amount payable on lapsed/discontinued policies are accounted for on expiry of lock in period of these policies. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the period in which the concerned claims are intimated. Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

6. **Investments**

Investments are made in accordance with the provisions of the Insurance Act, 1938, as amended from time to time including the amendment brought by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001, the Insurance Regulatory and Development Authority (Investment) (Fourth Amendment) Regulations, 2008, the Insurance Regulatory and Development Authority (Investment) (Fifth Amendment) Regulations, 2013, the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, wherever applicable and various other circulars/ notifications /clarifications issued by the IRDAI in this context from time to time.

Investments are recognised at cost on the date of purchase, which includes brokerage and taxes, if any, but exclude interest accrued (i.e. since the previous coupon date) as on the date of purchase.

**A) Classification of investments**

Investments maturing within twelve months from the Balance Sheet date and investments made with the specific intention to dispose them within twelve months from the Balance Sheet date are classified as "short term" investments. Investments other than short term investments are classified as "long term" investments.

**B) Valuation of investments**

I. **Real estate - investment property**

Land or building or part of a building or both held to earn rental income or capital appreciation or for both, if any, rather than for use in services or for administrative purposes is classified as real estate investment property and is valued at historical cost, subject to revaluation, if any. Revaluation of the real estate investment property is done at least once in three years. Any change in the carrying amount of the investment property is recognised in Revaluation Reserve in the Restated Standalone Statement of Assets and Liabilities. Impairment loss, if any, exceeding the amount in Revaluation Reserve is recognised as an expense in the Restated Standalone Statement of Revenue Account or the Restated Standalone Statement of Profit and Loss Account.

## II. Debt securities

### a) Non-linked business, non-unit reserve investments and shareholders' investments

Debt securities, including Government Securities are considered as "held to maturity" and accordingly valued at historical cost, subject to amortisation of premium or accretion of discount, if any, over the period of maturity/holding, on a straight line basis.

Money market instruments like Commercial Papers, Certificate of Deposit, Treasury Bills (T-Bills) and Collateralised Borrowing and Lending Obligation (CBLO) are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis.

Investments in Venture Funds and Security Receipts are valued at cost, subject to provision for diminution, if any, in the value of such investments determined separately for each individual investment. Fixed Deposits and Reverse Repo are valued at cost.

### b) Linked business

Debt securities, including Government Securities are valued at market value, using Credit Rating Information Services of India Limited ('CRISIL') Bond Valuer /CRISIL Gilt Prices, as applicable.

Money market instruments like Commercial Papers, Certificate of Deposits, Treasury Bills (T-Bills) and CBLO are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis.

Investments in Venture Funds and Security Receipts are valued at the latest available net asset values of the respective underlying funds. Fixed Deposits and investment in Reverse Repo are valued at cost.

Unrealised gains or losses arising on valuation of debt securities including Government Securities are accounted for in the Restated Standalone Statement of Revenue Account.

Securities with call options are valued at the lower of the values as obtained by valuing the security to the final maturity date or to the call option date by using the benchmark rate based on the matrix released by CRISIL on daily basis. In case there are multiple call options, the security is valued at the lowest value obtained by valuing the security to the various call dates or to the final maturity date. Securities with put options are valued at the higher of the value as obtained by valuing the security to the final maturity date or to the put option date by using the benchmark rate based on the matrix released by CRISIL on daily basis. In case there are multiple put options, the security is valued at the highest value obtained by valuing the security to the various put option dates or to the final maturity date.

Securities with both put and call options on the same day are deemed to mature on the put and call option day and would be valued on a yield to maturity basis, by using the benchmark rate based on the matrix released by CRISIL on daily basis.

## III. Equity shares , Equity Exchange Traded Funds (ETFs) , Infrastructure Investment Trusts (InvIT) and Additional Tier I Bonds (AT1 Bonds)

### a) Non-linked business, non-unit reserve investments and shareholders' investments

Listed equity shares, equity ETFs and InvITs are valued at fair value, being the last quoted closing price on the Primary Exchange i.e. National Stock Exchange (NSE) at the Balance Sheet date. In case, the equity shares and equity ETFs are not traded on the Primary Exchange on the Balance Sheet date, the closing price on the Secondary Exchange i.e. Bombay Stock Exchange (BSE) are considered.

If the equity shares are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the price at which the equity shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation, provided such previous day price is not more than 30 days prior to the Balance Sheet date.

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

In case the equity ETFs and InvITs are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then they are valued at the latest available Net Asset Value (NAV). ). In case of InvITs where the market quote is not available for the last 30 days, the InvITs shall be valued at the latest NAV (not more than 6 months old) as published by the Infrastructure Investment Trust.

The AT1 Bonds are valued at market value, using applicable market yields published by Securities Exchange Board of India (SEBI) registered rating agency Credit Rating Information Services of India Limited ('CRISIL'), using Bond Valuer.

Unrealised gains or losses arising due to changes in fair value are recognised under the head 'Fair Value Change Account' in the Restated Standalone Statement of Assets and Liabilities.

Unlisted equity shares and listed equity shares that are not regularly traded in active markets and which are classified as "thinly traded" as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by Securities Exchange Board of India (SEBI) are valued at historical cost, subject to provision for diminution, if any, in the value of such investments determined separately for each individual investment.

Listed equity ETFs that are not regularly traded in the active markets and which are classified as "thinly traded" as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by SEBI, are valued at the latest available NAV.

Bonus entitlements are recognised as investments on the 'ex-bonus date'. Right entitlements are accrued and recognised on the date the original share (on which the right entitlement accrues) are traded on the stock exchange on an "ex-rights date".

### b) Linked business

Listed equity shares, equity ETFs and InvITs are valued and stated at fair value, being the last quoted closing price on the Primary Exchange i.e. the NSE at the Balance Sheet date. In case, the equity shares and equity ETFs are not traded on the Primary Exchange on the Balance Sheet date, the closing price on the Secondary Exchange i.e. the BSE are considered.

If equity shares are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the price at which the equity shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation, provided such previous day price is not more than 30 days prior to the Balance Sheet date.

In case the equity ETFs and InvITs are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then they are valued at the latest available NAV. In case of InvITs where the market quote is not available for the last 30 days, the InvITs shall be valued at the latest NAV (not more than 6 months old) as published by the Infrastructure Investment Trust.

Unrealised gains or losses arising on such valuations are accounted for in the Restated Standalone Statement of Revenue Account.

Listed equity shares that are not regularly traded in active markets and which are classified as "thinly traded" as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by SEBI, are valued at historical cost, subject to provision for diminution, if any, in the value of such investment determined separately for each individual investment.

Listed equity ETFs and InvITs that are not regularly traded in the active markets and which are classified as "thinly traded" as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by SEBI, are valued at the latest available NAV.

Bonus entitlements are recognised as investments on the 'ex-bonus date'. Right entitlements are accrued and recognised on the date the original shares (on which the right entitlement accrues) are traded on the stock exchange on the "ex-rights date".

#### IV. Preference Shares

a) Non-linked business, non-unit reserve investments and shareholders' investments

Redeemable preference shares are considered as "held to maturity" and accordingly valued at historical cost, subject to amortisation of premium or accretion of discount.

Listed preference shares other than redeemable preference shares are valued at fair value, being the last quoted closing price on the Primary Exchange i.e. National Stock Exchange (NSE) at the Balance Sheet date. In case, the preference shares are not traded on the Primary Exchange on the Balance Sheet date, the closing price on the Secondary Exchange i.e. Bombay Stock Exchange (BSE) are considered.

If preference shares are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the price at which the preference shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation, provided such previous day price is not more than 30 days prior to the Balance Sheet date.

Unrealised gains or losses arising due to changes in fair value are recognised under the head 'Fair Value Change Account' in the Restated Standalone Statement of Assets and Liabilities.

Unlisted preference shares (other than redeemable preference shares) and listed preference (other than redeemable preference) shares that are not regularly traded in active markets and which are classified as "thinly traded" as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by Securities Exchange Board of India (SEBI) are valued at historical cost, subject to provision for diminution in the value, if any, of such investments determined separately for each individual investment.

b) Linked business

Listed preference shares are valued and stated at fair value, being the last quoted closing price on the Primary Exchange i.e. the NSE at the Balance Sheet date. In case, the preference shares are not traded on the Primary Exchange on the Balance Sheet date, the closing price on the Secondary Exchange i.e. the BSE are considered.

If preference shares are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the price at which the preference shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation, provided such previous day price is not more than 30 days prior to the Balance Sheet date.

Unrealised gains or losses arising on such valuations are accounted for in the Restated Standalone Statement of Revenue Account.

Listed preference shares that are not regularly traded in active markets and which are classified as "thinly traded" as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by SEBI, are valued at historical cost, subject to provision for diminution in the value, if any, of such investment determined separately for each individual investment.

#### V. Mutual funds

a) Non-linked business, non-unit reserve investments and shareholders' investments

Mutual fund units held at the Balance Sheet date are valued at previous business day's Net Asset Value (NAV) per unit. Unrealised gains or losses arising due to changes in the fair value of mutual fund units are recognised under the head 'Fair Value Change Account' in the Restated Standalone Statement of Assets and Liabilities.

b) Linked business

Mutual fund units held at the Balance Sheet date are valued at previous business day's NAV per unit. Unrealised gains or losses arising due to change in the fair value of mutual fund units are recognised in the Restated Standalone Statement of Revenue Account.

## **VI. Interest Rate Derivatives**

Interest Rate Derivatives (IRDs) contracted to hedge highly probable forecasted transactions on insurance contracts in life, pension and annuity business are recognised at fair value, on the date on which the interest rate derivative contracts are entered into and are re-measured at the fair value on the Balance Sheet date.

Interest rate derivative contracts for hedging of highly probable forecasted transactions on insurance contracts are accounted for in the manner specified in accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India (ICAI) in June 2015 effective from FY 2017.

At the inception of the hedge, the Company documents the relationship between the hedging instrument and the hedged item, the risk management objective, strategy for undertaking the hedge and the methods used to assess the hedge effectiveness. Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The portion of fair value gain/loss on the IRD that is determined to be an effective hedge is recognised directly in appropriate equity account i.e. 'Hedge Reserve' under the head 'Credit/(Debit) Fair Value Change Account'. Such accumulated gains or losses that were recognised directly in the Hedge Reserve are reclassified into Restated Standalone Statement of Revenue Account, in the same period during which the asset acquired or liability assumed affects the Restated Standalone Statement of Revenue Account. In the event that all or any portion of loss, recognised directly in the Hedge Reserve is not expected to be recovered in future periods, the amount that is not expected to be recovered is reclassified to the Restated Standalone Statement of Revenue Account. Gains or losses arising from hedge ineffectiveness, if any, are recognised in the Restated Standalone Statement of Revenue Account. Costs associated with derivative contracts are considered as at a point in time cost.

### **C) Impairment of investments**

The Company periodically assesses at each Balance Sheet date, whether there is any indication of impairment of investments or reversal of impairment loss earlier recognised. An impairment loss is accounted for as an expense and disclosed under the head 'Provision for diminution in the value of investment (net)' in the Restated Standalone Statement of Revenue Account or the Profit and Loss Account to the extent of the difference between the remeasured fair value of the investments and its acquisition cost as reduced by any earlier impairment loss accounted for as an expense in the Restated Standalone Statement of Revenue Account or the Restated Standalone Statement of Profit and Loss Account.

Any reversal of impairment loss, earlier recognised for in the Restated Standalone Statement of Revenue Account or the Restated Standalone Statement of Profit and Loss Account, is accounted in the Restated Standalone Revenue Account or the Restated Standalone Statement of Profit and Loss Account respectively.

### **D) Provision for Non Performing Assets (NPA)**

All assets where the interest and/or instalment of principal repayment remain overdue for more than 90 days at the Balance Sheet date are classified as NPA and provided for in the manner required by the IRDAI regulations on this behalf.

### **E) Transfer of investments from Shareholders' fund to Policyholders' fund**

Transfers of investments, other than debt securities, as and when made from the Shareholders' fund to the Policyholders' fund to meet the deficit in the Policyholders' account are made at the cost price or market price, whichever is lower.

Transfers of debt securities, from the Shareholders' fund to the Policyholders' fund are made at the net amortised cost or the market value, whichever is lower.

### **F) Transfer of investments between non-linked Policyholders' funds**

No transfers of investments are made between non-linked Policyholders' funds.

### **G) Purchase and sale transactions between unit linked funds**

The purchase and sale of equity, preference shares, ETF's, InvIT's and Government Securities between unit linked funds is accounted for at the prevailing market price on the date of purchase or sale of investments, if prevailing market price of any security is not available on the date of transfer of investment, then the last available price is considered.

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

In case of debt securities other than Government Securities, transfer of investments is accounted at previous day valuation price w.e.f. January 1st 2017 (applicable date of IRDAI (Investment) Regulations, 2016). Prior to this such transfers were accounted at prevailing market price on the date of purchase or sale of investments and if prevailing market price of any security is not available on the date of transfer of investment, then the last available price has been considered

### 7. Policy liabilities

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938 as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

The specific principles adopted for the valuation of policy liabilities are set out as per the IRDA (Assets, Liabilities and Solvency Margin) Regulations, 2016 and the APS2 & APS7 issued by the Institute of Actuaries of India.

A brief of the methodology used for various lines of business is as given below:

1. The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.
2. The reserves for linked business (individual and group) comprise unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.
3. The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.
4. The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.
5. The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/bonuses) and reserves calculated by gross premium valuation method.
6. The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.
7. Additional reserves are determined to:
  - a. allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported)
  - b. allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).
  - c. meet the expected liabilities that would arise on the revival of lapsed policies, on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve)
  - d. allow for the additional amount required to be paid on account of cancellation of policies due to look in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look-in Reserve)
  - e. allow for the cost of guarantees, wherever applicable

### 8. Unclaimed amount of policyholders:

Assets held for unclaimed amount of policyholders is created and maintained in accordance with the requirement of IRDAI circular No, IRDA/F&A/CIR/GLD/195/08/124 dated August 14, 2014, IRDA/F&A/CIR/CPM/134/07/2015 dated July 24, 2015,

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

IRDA/F&A/CIR/CLD/114/05/2015 dated May 28, 2015, Master circular on Unclaimed Amount of Policyholders IRDA/F&A/CIR/Misc/173/07/2017 dated July 25, 2017 and Investment Regulations, 2016 as amended from time to time:

- a) Unclaimed amount of policyholders is invested in money market instruments, Liquid mutual funds and / or fixed deposits of scheduled banks which is valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis.
- b) Income on unclaimed amount of policyholders is credited to respective unclaimed fund and is accounted for on an accrual basis, net of fund management charges.
- c) Unclaimed amount of policyholder's liability is determined on the basis of NAV of the units outstanding as at the valuation date.
- d) Amounts remaining unclaimed for a period of 10 years together with all respective accretions to the fund as per the above-mentioned regulations are deposited into the Senior Citizen Welfare Fund.

### 9. Fixed assets and depreciation/amortisation

The fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost includes the purchase price and any cost directly attributable to bring the asset to its working condition for its intended use. Fixed assets individually costing less than ₹ 5,000, being low value assets are fully depreciated in the month of purchase. Subsequent expenditure incurred on existing fixed assets is expensed out except where such expenditure increases the future economic benefits from the existing assets. Any additions to the original fixed assets are depreciated over the remaining useful life of the original asset.

Cost of assets as at the Balance Sheet date not ready for its intended use as at such date are disclosed as capital work in progress. Advances given towards acquisition of fixed assets are disclosed in 'Advance and other assets' in Restated Standalone Statement of Assets and Liabilities.

Depreciation/amortisation is charged on pro-rata basis from the month in which the asset is put to use and in case of asset sold, up to the previous month of sale. In respect of expenditure incurred on acquisition of fixed assets in foreign exchange, the net gain or loss arising on conversion/settlement is recognised in the Restated Standalone Statement of Revenue Account.

#### Tangible assets

The Company has adopted straight line method of depreciation so as to depreciate the cost of following type of assets over the useful life of these respective assets which are as follows:

Asset class	Useful life of assets (years)
Building	60
Information technology equipment-End user devices <sup>^</sup>	3
Information technology equipment-Servers and network <sup>*^</sup>	4
Furniture & Fixtures <sup>*^</sup>	5
Motor Vehicles <sup>*^</sup>	4
Office Equipment <sup>^</sup>	5

\* For these class of assets, based on internal and/or external assessment/ technical evaluation carried out by the management, the management believes that the useful lives as mentioned above best represent the useful life of these respective assets; however these are lower than as prescribed under Part C of Schedule II of the Companies Act, 2013.

<sup>^</sup> For these class of assets, based on internal assessment carried out by the management, the residual value is considered to be nil.

Leasehold improvements are depreciated over the lock in period of the leased premises subject to a maximum of five years.

**Intangible assets**

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition for its intended use, less accumulated amortisation and impairment, if any. These are amortised over the useful life of the software subject to a maximum of four years. 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.

Any expenditure for support and maintenance of the computer software is charged to the Restated Standalone Statement of Revenue Account.

**10. Impairment of assets**

The Company periodically assesses, using internal and external sources, whether there is any indication of impairment of asset. If any such indication of impairment exists, the recoverable amount of such assets is estimated. An impairment loss is recognised where the carrying value of these assets exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and their value in use, which is the present value of the future cash flows expected to arise from the continuing use of asset and its ultimate disposal. When there is an indication that an impairment loss recognised for an asset in earlier accounting periods is no longer necessary or may have decreased, such reversal of impairment loss is recognised, except in case of revalued assets.

**11. Loans**

Loans are valued at historical cost (less repayments), subject to adjustment for accumulated impairment losses and provision for NPA, if any.

**12. Foreign currency transactions**

In accordance with the requirements of Accounting Standard (AS) 11, "The Effects of Changes in Foreign Exchange Rates", transactions in foreign currency are recorded in Indian Rupees at the rate of exchange prevailing on the date of the transaction, at the time of initial recognition. Monetary items denominated in foreign currency are converted in Indian Rupees at the closing rate of exchange prevailing on the Balance Sheet date. Non-monetary items like fixed assets, which are recorded at historical cost, denominated in foreign currency, are reported using the closing 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 rates that existed when the values were determined.

Exchange gains or losses arising on such conversions are recognised in the period in which they arise either in the Restated Standalone Statement of Revenue Account or the Profit and Loss Account, as the case may be.

**13. Segmental reporting**

**Identification of segments**

As per Accounting Standard (AS) 17 on "Segment Reporting", read with the Financial Statements Regulations, the Company has prepared the Restated Standalone Statement on Segment Disclosures and the Restated Standalone Statement of Assets and Liabilities for the primary business segments namely Participating Life (Individual & Group), Participating Pension (Individual & Group), Participating Pension Group Variable, Non Participating Life (Individual & Group), Non Participating Pension (Individual & Group) , Non Participating Life Group Variable , Non Participating Pension Group Variable, Non Participating - Annuity, Non Participating - Health, Unit Linked - Individual Life, Unit Linked - Individual Pension, Unit Linked - Group Life, Unit Linked - Group Pension. Since the business operations of the Company are given effect to in India and all the policies are written in India only, this is considered as one geographical segment.

**Allocation methodology**

The allocation of revenue, expenses, assets and liabilities to the business segments is done on the following basis:

- A) Revenue, expenses, assets and liabilities, which are directly attributable and identifiable to the respective business segments, are directly allocated for in that respective segment; and
- B) Revenue, expenses, assets and liabilities which are not directly identifiable to a business segment though attributable and other indirect expenses which are not attributable to a business segment, are allocated based on one or combination of some of the following parameters, as considered appropriate by the management:
  - i) effective premium income
  - ii) number of policies
  - iii) number of employees

- iv) man hours utilised
- v) premium income
- vi) commission
- vii) sum assured
- viii) mean fund size
- ix) operating expenses
- x) benefits paid

The accounting policies used in segmental reporting are the same as those used in the preparation of the Restated Standalone financial information.

#### 14. Employee benefits

##### A) Short term employee benefits

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries and bonuses, short term compensated absences, premium for staff medical insurance (hospitalisation), premium for Employee Group Term Insurance Scheme, Employee State Insurance Corporation Scheme, Employee Deposit Linked Insurance Scheme and Employee Labour Welfare Fund Scheme are accounted for in the period in which the employee renders the related service. All short term employee benefits are accounted for on an undiscounted basis.

##### B) Post-employment benefits

The Company has both defined contribution and defined benefit plans.

(i) Defined contribution plans:

The Superannuation Scheme, Employee Provident Fund Scheme (Company contribution) and the National Pension Scheme (Company contribution) are the defined contribution plans. The contributions paid/payable under the plan are made when due and charged to the Revenue Account on an undiscounted basis during the period in which the employee renders the related service. The Company does not have any further obligation beyond the contributions made to the funds.

(ii) Defined benefit plans:

The Gratuity plan of the Company is the defined benefit plan, which is a funded plan. The gratuity benefit payable to the employees of the Company is as per the provisions of 'The Payment of Gratuity Act, 1972'. The present value of the obligations under such defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method, which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The discount rate used for actuarial valuation is based on the yield of Government Securities. The Company fully contributes the net ascertained liabilities under the plan to the HDFC Life Insurance Company Limited Employees Group Gratuity Plan. The Company recognises the net defined benefit obligation of the gratuity plan, taking into consideration the defined benefit obligation using actuarial valuation and the fair value of plan assets at the Balance Sheet date, in accordance with Accounting Standard (AS) 15 (Revised), 'Employee Benefits'. Actuarial gains or losses, if any, due to experience adjustments and the effects of changes in actuarial assumptions are accounted for in the Revenue Account, in the period in which they arise.

##### C) Other long term employee benefits

Other long term employee benefits include accumulated long term compensated absences and long term incentive plans. Accumulated long term compensated absences are entitled to be carried forward for future encashment or availment, at the option of the employee subject to Company's policies and are accounted for based on actuarial valuation determined using the projected unit credit method.

Long term incentive plans are subject to fulfilment of criteria prescribed by the Company and are accounted for at the present value of expected future expected benefits payable using an appropriate discount rate.

Actuarial gains or losses, if any, due to experience adjustments and the effects of changes in actuarial assumptions are accounted for in the Revenue Account, as the case may be, in the period in which they arise.

**15. Employee Stock Option Scheme (ESOS)**

The Company has formulated Employee Stock Option Scheme 2005 (ESOS 2005), Employee Stock Option Scheme 2010 (ESOS 2010), Employee Stock Option Scheme 2011 (ESOS 2011) and Employee Stock Option Scheme 2012 (ESOS 2012), which are administered through the HDFC Standard Life Employees Stock Option Trust ("the Trust") and Employee Stock Option Scheme 2014 (ESOS 2014), Employees Stock Option Scheme (ESOS 2015) and Employee Stock Option Scheme 2016 (ESOS 2016) which are directly administered by the Company. The schemes provide that eligible employees are granted options that vest in a graded manner to acquire equity shares of the Company. The options are accounted for on an intrinsic value basis 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 the amount by which the value of the underlying share determined by an independent valuer exceeds the exercise price of an option. The intrinsic value of options, if any, at the grant date is amortised over the vesting period.

**16. Provisions, contingent liabilities and contingent assets**

Provisions are accounted for in respect of present obligations arising out of past events where it is probable that an outflow of resources will be required to settle the obligation and the amounts of which can be reliably estimated. Provisions are determined on the basis of best estimate of the outflow of economic benefits required to settle the obligation at the Balance Sheet date. Where no reliable estimate can be made, a disclosure is made as contingent liability. Contingent liabilities are disclosed in respect of;

- a) possible obligations arising out of past events, but their existence or otherwise would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or
- b) Present obligations that arise from past events, where it is probable but not likely that an outflow of resources embodying economic benefits will be required to settle the obligations or a reliable estimate of the amounts of the obligations, cannot be made.

Contingent assets are neither accounted for nor disclosed.

**17. Leases**

**A) Finance leases**

Leases under which the lessee 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.

**B) Operating leases**

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the lease term are classified as operating leases. Leased rental payments under operating leases including committed increase in rentals are accounted for as an expense, on a straight line basis, over the non -cancellable lease period.

**18. Taxation:**

**A) Direct tax**

I) Provision for income tax

Provision for income tax is made in accordance with the provisions of Section 44 of the Income Tax Act, 1961 read with Rules contained in the First Schedule and other relevant provisions of the Income Tax Act, 1961 as applicable to a company carrying on life insurance business.

II) Deferred tax

In accordance with the provisions of the Accounting Standard (AS) 22, "Accounting for Taxes on Income", with respect to the carry forward of losses under the Income Tax regulations, the deferred tax asset is recognised only to the extent that there is a virtual certainty supported by convincing evidence that future taxable income will be available against which the deferred tax asset can be realised.

III) Wealth tax

Provision for wealth tax is made at the appropriate rates, as per the applicable provisions of the Wealth Tax Act, 1957 (The Finance Act, 2015, has abolished the levy of wealth tax under the Wealth Tax Act, 1957 with effect from FY 2015-16).

**B) Indirect tax**

The Company has claimed credit of service tax / goods and services tax on input services, which has been set off against service tax / goods and services tax on output services. As a matter of prudence, unutilised credits towards service tax/ goods and services tax on input services are carried forward under Advances and Other Assets in the Restated Standalone Statement of Assets and Liabilities, wherever there is reasonable certainty of utilisation.

**19. Funds for Future Appropriations**

The Funds for Future Appropriations (FFA), in the participating segment, represents the surplus, which is not allocated to policyholders or shareholders as at the Balance Sheet date. Transfers to and from the fund reflect the excess or deficit of income over expenses respectively and appropriations in each accounting period arising in the Company's Policyholders' Fund. Any allocation to the par policyholders would also give rise to a transfer to Restated Standalone Statement of Profit and Loss Account in the required proportion.

The FFA in the linked segment represents surplus on the lapsed policies issued prior to September 2010 unlikely to be revived. This surplus is required to be held within the Policyholders' fund till the time policyholders are eligible for revival of their policies.

**20. Earnings per share**

In accordance with the requirement of Accounting Standard (AS) 20, "Earnings Per Share", basic earnings per share is calculated by dividing the net profit or loss for the year/six months attributable to equity shareholders by the weighted average number of equity shares outstanding during the year/six months. For the purpose of calculating diluted earnings per share, the net profit or loss for the year/six months attributable to equity shareholders and the weighted average number of shares outstanding during the year/six months are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are treated as dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

**21. Cash and cash equivalents**

Cash and cash equivalents for the purposes of Restated Standalone Statement of Receipts and Payments Account comprise of cash and cheques in hand, bank balances, fixed deposits with original maturity of three months or less, CBLO, Reverse Repo, highly liquid mutual funds and highly liquid investments that are readily convertible into measurable amounts of cash and which are subject to insignificant risk of change in value. Restated Standalone Statement of Receipts and Payments Account is prepared and reported using the Direct Method in accordance with Accounting Standard (AS) 3, "Cash Flow Statements" as per requirements of Para 2.2 of the Master Circular.

**B. NOTES FORMING PART OF ACCOUNTS****1. Contingent liabilities**

(₹ in Millions)

Sr. No	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
a)	Partly paid-up investments	8,850.0	5,650.0	-	-	-	-
b)	Claims, other than against policies, not acknowledged as debts by the Company	7.7	7.8	7.7	8.6	3.9	13.7
c)	Underwriting commitments outstanding	-	-	-	-	-	-
d)	Guarantees given by or on behalf of the Company	3.4	0.9	0.9	1.0	0.9	1.7
e)	Statutory demands and liabilities in dispute, not provided for	997.3	997.3	992.8	1,750.9	1,451.1	3,376.2
f)	Reinsurance obligations	-	-	-	-	-	-
g)	Others	-	-	-	-	-	-
	<b>Total</b>	<b>9,858.4</b>	<b>6,656.0</b>	<b>1,001.4</b>	<b>1,760.5</b>	<b>1,455.9</b>	<b>3,391.6</b>

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Statutory demands and liabilities in dispute, not provided for, relate to the show cause cum demand notices/assessment orders received by the Company from the respective tax authorities. The Company has filed appeals against the demand notices/assessment orders with the appellate authorities and has been advised by the experts that the grounds of appeal are well supported in law in view of which the Company does not expect any liability to arise in this regard.

### 2. Pending litigations

The Company's pending litigations comprise of claims against the Company primarily on account of 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 liabilities as applicable, in note 1 above.

### 3. Actuarial assumptions

The policyholders' actuarial liabilities are determined based on assumptions as to the future experience of the policies. The principal assumptions are related to interest, expenses, mortality, morbidity, persistency, and additionally in the case of participating policies, bonuses and tax. The assumptions are based on prudent estimates of the future experience, and hence include margins for adverse deviations over and above the best estimate assumptions. A brief of the assumptions used in actuarial valuation is as below:

#### a) Interest rate assumptions:

The valuation rate of interest is determined based on the expected return on existing assets, current asset mix and expected investment return on the future investment taking into consideration the asset classes mix and expected future asset mix. The interest rates used for the valuation vary according to the type and term of the product and are in the range as follows:

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Interest Rates ranges	5.2% - 7.4%	5.2% - 7.4%	5.2% - 7.0%	5.2% - 7.0%	5.2% - 7.0%	5.2% - 7.0%

#### b) Mortality assumptions:

For the year ended March 31, 2013

The mortality assumptions used for assurance benefits were based on published Indian Assured Lives Mortality (1994-1996) table

For the year ended March 31, 2014, March 31, 2015 and March 31, 2016

The mortality assumptions are set in accordance with Schedule 5(5) of the Asset Liability Solvency Margin guidelines, 2000 in reference to the published Indian Lives Assured Mortality (2006-08) table and based on the latest experience analysis of the business at the time.

For the year ended March 31, 2017 and six months ended September 30, 2017

Mortality assumptions are set in accordance with Clause 5(2) of Schedule II of the IRDAI (Assets, Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2016, in reference to the published Indian Assured Lives Mortality table (2006-08) and are based on the latest experience analysis of the business.

In the case of annuity benefits, mortality assumption is based on the LIC Annuitants (1996-1998) table for all reported period/years

#### c) Expense assumptions:

The expense assumptions are set on the basis of the expense analysis. These are fixed renewal expenses and investment expenses charged as a % of fund. The renewal and claim expenses are increased at an inflation rate of 7.5% p.a till year ended March 31, 2017 and 6.5% p.a in for the six months ended September, 30, 2017.

#### d) Persistency assumptions:

The persistency assumptions are also based on the most recent experience of the Company and vary according to the premium frequency and type of the product.

Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

e) Provision for free-look period:

If a policy which is in force as at the valuation date is subsequently cancelled in the free-look period then there could be a strain in the policyholder fund on account of the amount payable on free-look cancellation, to the extent the amount is higher than reserves held for that policy. In order to avoid the future valuation strain as a result of the free look cancellations, reserves on account of the above are held. The free look reserve is calculated as total strain for all policies that are eligible for free look cancellations at the valuation date, multiplied by a factor, representing the expected assumptions for free look cancellations.

f) Bonus rates:

The bonus rates for the participating business as required to be declared in the future is based on the interest expected to be earned as per the valuation assumptions.

g) Tax:

The following table summarises the tax rate applicable to insurance companies for respective years:

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Tax Rate	14.42%	14.42%	14.42%	14.16%	14.16%	13.52%

4. **Employee benefits**

A) Defined contribution plans:

During the periods, the Company has recognised below amount in the Restated Standalone Statement of Revenue Account under defined contributions plans.

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Contribution to Employees Provident Fund	124.9	231.8	220.8	209.5	206.7	190.4
Contribution to Employee Superannuation Fund	2.5	4.5	3.7	3.4	2.5	4.0
Contribution to National Pension Scheme	8.8	17.2	16.1	12.8	9.9	-
<b>Total</b>	<b>136.2</b>	<b>253.5</b>	<b>240.6</b>	<b>225.7</b>	<b>219.1</b>	<b>194.4</b>

B) Defined benefit plans:

Gratuity:

a) General description of defined benefit plan

This is a funded defined benefit plan for qualifying employees under which the Company makes a contribution to the HDFC Standard Life Insurance Company Limited Employees Gratuity Trust. The plan provides for a lump sum payment as determined 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 quarterly Balance Sheet date using the projected unit credit method as required under Accounting Standard (AS) 15 (Revised), "Employee benefits". Actuarial gains or losses are recognised in the Restated Standalone Statement of Revenue Account.

Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

- b) The following tables sets out the status of the Gratuity plan as at year ended March 31, 2013 to six months ended September 30, 2017

The Company has recognised following amounts in the Restated Standalone Statement of Assets and Liabilities:

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of defined benefit obligations at end of year/six months wholly funded	431.3	409.1	320.0	271.9	196.9	162.0
Less: Fair value of plan assets at period end	(426.0)	(347.7)	(261.2)	(199.7)	(142.9)	(84.3)
Amounts to be recognized as liability or (assets)	5.3	61.4	58.8	72.2	54.0	77.7
<b>Liability recognised in the Restated Standalone Statement of Assets and Liabilities at end of the year/ six months</b>	<b>5.3</b>	<b>61.4</b>	<b>58.8</b>	<b>72.2</b>	<b>54.0</b>	<b>77.7</b>

The Company has recognised following amounts in the Restated Standalone Statement of Revenue Account for the respective years/ six months:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Current service cost	31.0	64.8	55.9	42.1	36.7	25.8
Interest cost	14.9	25.6	21.5	18.4	13.0	8.5
Expected return on plan assets	(12.7)	(20.9)	(15.8)	(13.4)	(6.8)	(6.5)
Actuarial (gains) or losses	(27.9)	(8.1)	(2.8)	25.1	11.1	49.9
<b>Total of above included in "Employee remuneration &amp; welfare benefits in Restated Standalone Statement of Revenue account"</b>	<b>5.3</b>	<b>61.4</b>	<b>58.8</b>	<b>72.2</b>	<b>54.0</b>	<b>77.7</b>

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Reconciliation of opening and closing balances of present value of the defined benefit obligations:

(₹ in Millions)

Particulars	As at/For the six months ended	As at/For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of defined benefit obligation at the beginning of the year/ six months	409.1	320.0	271.9	196.9	162.0	99.9
Add: Current service cost	31.0	64.8	55.9	42.1	36.7	25.8
Add: Interest cost	14.9	25.6	21.5	18.4	13.0	8.5
Add/(less): Actuarial gains or (losses)	(3.6)	12.5	(5.1)	44.0	9.9	53.3
Less: Benefits paid	(20.1)	(13.8)	(24.2)	(29.5)	(24.7)	(25.5)
<b>Present value of defined benefit obligation at the end of year /six months</b>	<b>431.3</b>	<b>409.1</b>	<b>320.0</b>	<b>271.9</b>	<b>196.9</b>	<b>162.0</b>

Reconciliation of opening and closing balances of the fair value of the plan assets:

(₹ in Millions)

Particulars	As at/For the six months ended	As at/For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Fair value of the plan assets at the beginning of the year/ six months	347.7	261.2	199.7	142.9	84.3	76.1
Add: Expected return on plan assets	12.7	20.9	15.8	13.4	6.8	6.5
Add/(less): Actuarial gains or (losses)	24.3	20.6	(2.3)	18.9	(1.2)	3.5
Add: Contribution by the employer	61.4	58.8	72.2	54.0	77.7	23.7
Less: Benefits paid	(20.1)	(13.8)	(24.2)	(29.5)	(24.7)	(25.5)
<b>Fair value of the plan assets at the end of the year/ six months</b>	<b>426.0</b>	<b>347.7</b>	<b>261.2</b>	<b>199.7</b>	<b>142.9</b>	<b>84.3</b>

Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

The surplus / (deficit) credited or charged to the Restated Standalone Statement of Revenue Account is as given below:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Defined benefit obligation at the end of the year/six months	431.3	409.1	320.0	271.9	196.9	162.0
Plan assets at the end of the year/six months	426.0	347.7	261.2	199.7	142.9	84.3
<b>Surplus/(Deficit) charged to the Restated Standalone Statement of Revenue Account</b>	<b>(5.3)</b>	<b>(61.4)</b>	<b>(58.8)</b>	<b>(72.2)</b>	<b>(54.0)</b>	<b>(77.7)</b>

c) The broad categories of plan assets held by the Trust as a percentage of total plan assets are as given below:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Government of India securities	33.0%	33.0%	46.0%	49.0%	29.0%	44.0%
Corporate bonds	38.0%	38.0%	36.0%	29.0%	49.0%	34.0%
Equity shares of Listed companies	27.0%	27.0%	12.0%	14.0%	15.0%	11.0%
Other investments	2.0%	2.0%	6.0%	8.0%	7.0%	11.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

d) The amounts of the present value of the defined benefit obligations, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for year ended March 31, 2013 to six months ended September 30, 2017 are as given below:

(₹ in Millions)

Gratuity (Funded Plan)	As at/For the six months ended	As at/For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of Defined benefit obligations at the end of the year/ six months	431.3	409.1	320.0	271.9	196.9	162.0
Fair Value of the plan assets at the end of the year/ six months	426.0	347.7	261.2	199.7	142.9	84.3
Unfunded liability transferred from group company	-	-	-	-	-	-

Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Gratuity (Funded Plan)	As at/For the six months ended	As at/For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
(Surplus) / Deficit in the plan	5.3	61.4	58.8	72.2	54.0	77.7
(Gain)/losses from Experience adjustments arising on plan liabilities	(12.6)	(20.3)	(1.5)	1.6	9.6	32.3
Gain/(losses) from Experience adjustments arising on plan Assets	24.3	20.6	(2.3)	18.9	(1.2)	3.5

e) Actual return on plan assets of the Gratuity plan are as given below:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Actual return on plan assets- Gain/(Loss)	37.0	41.4	13.5	32.3	5.6	10.0

f) The Company's expected funding towards the Company's Gratuity plan during the subsequent years is as under:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017*	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Expected Funding	5.3	61.4	58.8	72.2	54.0	77.7

\* Expected funding is for the full financial year

Basis used to determine the overall expected return:

Expected rate of return on investments of the Gratuity plan is determined based on the assessment made by the Company at the beginning of the period on the return expected on its existing portfolio, along with the return on estimated incremental investments to be made during the period. Yield on the portfolio is calculated based on suitable mark-up over benchmark Government Securities of similar maturities.

Principal assumptions for actuarial valuation of the defined benefit obligations for Gratuity plan as at the Balance Sheet dates are given below:

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Discount rate per annum	7.25%	7.40%	7.99%	7.90%	9.36%	8.00%
2. Expected return on plan assets as at the end of the year/six months	7.25%	7.40%	7.99%	7.90%	9.36%	8.00%
3. Salary growth	Salary growth is assumed at 6% for Front Line Staff (FLS) & For Non FLS at 8% for service period upto one year and at 7.5% thereafter.					Salary growth is assumed at 6% for

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		FLS staff & for Non FLS at 6% for service period upto one year and at 9% thereafter.
4. Attrition rate	Attrition rate for the first five years is assumed in the range of 12% to 70% for Front Line Staff & 5% to 22% for Non Front Line Staff and then 2% till retirement for all	
5. Mortality table	Indian Assured Lives Mortality (2006-08)	

The estimates of future salary increases, considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**C) Other long term employee benefits**

i) Long term compensated absences: This is an unfunded employee benefit. The liability for accumulated long term absences is determined by actuarial valuation using projected unit credit method. The assumptions used for valuation are as given below:

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Discount rate per annum	7.25%	7.40%	7.99%	7.90%	9.36%	8.00%
2. Salary Growth	Salary growth is assumed at 6% for Front Line Staff (FLS) & For Non FLS at 8% for service period upto one year and at 7.5% thereafter.					Salary growth is assumed at 6% for FLS staff & for Non FLS at 6% for service period upto one year and at 9% thereafter.
3. Attrition rate	Attrition rate for the first five years is assumed in the range of 12% to 70% for Front Line Staff & 5% to 22% for Non Front Line Staff and then 2% till retirement for all					
4. Mortality table	Indian Assured Lives Mortality (2006-08)					
5. Rate of leave availment (per annum)	Rate of leave availment (per annum) is assumed at 0% for Privilege Leave and at 10% for next year for Sick Leave					
6. Rate of leave encashment during employment (per annum)	0%	0%	0%	0%	0%	0%

ii) Long term incentive plan: The liability for this plan is determined as the present value of expected benefit payable. The discount rate used for valuation of this liability is as given below:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Discount Rate	6.56%	6.68%	8.50%	8.50%	8.50%	8.50%

**5. Employee Stock Option Scheme (ESOS)**

The Company has granted options to employees under the ESOS 2005, ESOS 2010, ESOS 2011 and ESOS 2012 schemes. These schemes are administered by the HDFC Standard Life Employees Stock Option Trust. The Trust had subscribed to the capital of the Company and also acquired shares of the Company from Housing Development Finance Corporation Limited, the holding company. The options are granted to the employees from these tranches of shares. The exercise price of ESOS 2005 is based on the holding cost of the shares in the books of the Trust and that of ESOS 2010, ESOS 2011 and ESOS 2012 is based on the fair market value as determined by the Category I Merchant Banker registered with SEBI.

The Company has also granted options to its employees under the ESOS 2014 scheme, ESOS 2015 scheme and ESOS 2016 scheme. The said schemes are directly administered by the Company. The exercise price of ESOS 2014, ESOS 2015 and of ESOS 2016 schemes is based on the fair market value as determined by the Category I Merchant Banker registered with SEBI.

The Company follows the intrinsic value method of accounting for stock options granted to employees. The intrinsic value of the options issued under the above referred schemes is 'Nil' as the exercise price of the option is the same as fair value of the underlying share on the grant date and accordingly, no expenses are recognised in the books. Had the Company followed the fair value method for valuing its options, the charge to the Restated Standalone Statement of Revenue Account / Profit & Loss Account, impact on Profit/ (loss) after tax considering additional charge and basic/diluted earnings per share would be as follows:

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Additional Charge to Restated Standalone Statement of Revenue and Profit & loss Account (₹ in Millions )	89.3	224.7	266.0	142.8	99.3	80.8
Profit/(Loss) after Tax would be lower by (₹ in Millions )	48.5	122.1	155.6	93.4	56.0	46.6
Profit/(Loss) after Tax considering impact of additional charge (₹ in Millions )	5,499.9	8,799.2	8,028.4	7,761.7	7,196.9	4,430.7
Basic Earnings per share (₹)	2.75	4.41	4.02	3.89	3.61	2.22
Diluted Earnings per share (₹)	2.74	4.38	4.02	3.88	3.61	2.22

Salient features of all the existing grants under the seven schemes are as stated below:

**A) ESOS 2005**

There are seven grants upto September 30, 2017 which are those issued on September 1, 2005 (two grants), November 8, 2006, August 3, 2007, July 15, 2008, August 16, 2009 and December 3, 2009. For all the grants the mode of settlement is through equity shares. The vested options are required to be exercised by the employees within three years from the date of vesting subject to the norms prescribed by the Nomination & Remuneration Committee.

A summary of total options granted from year ended March 31, 2013 to six months ended September 30, 2017

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/ six months	9,964,650	9,964,650	9,964,650	9,964,650	9,964,650	9,964,650

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The exercise price of ESOS 2005 is determined based on the holding cost of the shares in the books of the Trust. This exercise price is then applicable to all options vested and available for exercise by employees for a particular six months. Since the exercise price is not a static number, it is not possible to provide weighted average exercise price of stock options for options that might be exercised in the future. Weighted average exercise price is available only for options already exercised.

The exercise price of stock options outstanding at the end of the year/six months depends upon the quarterly exercise price

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Weighted Average price for options exercised (₹)	-	-	26.50	27.78	27.47	28.06
Exercise Price for options outstanding at the end of the year/six months (₹)	-	-	26.50	26.87	27.37	27.93
Weighted Average remaining contractual life in years	-	-	-	0.67	1.10	1.50

A summary of status of ESOS 2005 in terms of options granted, forfeited and exercised is as given below:

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Outstanding at the beginning of the year/six months	-	-	11,370	203,490	426,130	558,950
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	-	-	-	(12,990)	(24,980)	(29,690)
Exercised during the period	-	-	(11,370)	(179,130)	(197,660)	(103,130)
Outstanding at the end of the period	-	-	-	11,370	203,490	426,130
Exercisable at the end of the year/six months	-	-	-	11,370	203,490	426,130

**B) ESOS 2010**

There are two grants issued upto September 30, 2017 which are those issued on June 30, 2010 and October 1, 2010. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

A summary of total number of options granted from year ended March 31, 2013 to six months ended September 30, 2017

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	5,158,000	5,158,000	5,158,000	5,158,000	5,158,000	5,158,000

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A summary of status of ESOS 2010 in terms of options granted, forfeited, exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended		For the year ended			
	September 30, 2017		March 31, 2017		March 31, 2016	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	608,840	60.89	1,299,140	62.67	1,903,960	62.59
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	-	-	-	-	-	-
Exercised during the period	568,840	60.60	(690,300)	64.24	(604,820)	62.43
Outstanding at the end of the period	40,000	65.00	608,840	60.89	1,299,140	62.67
Exercisable at the end of the year/ six months	40,000	65.00	608,840	60.89	1,299,140	62.67

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	3,355,355	53.89	3,860,785	53.70	4,371,550	53.02
Granted during the period	-	-	-	-	-	-
Forfeited / lapsed during the period	(24,400)	65.00	(136,870)	65.00	(312,270)	48.48
Exercised during the period	(1,426,995)	42.08	(368,560)	47.76	(198,495)	47.08
Outstanding at the end of the period	1,903,960	62.59	3,355,355	53.89	3,860,785	53.70
Exercisable at the end of the year/ six months	1,903,960	62.59	2,960,955	57.53	1,969,945	58.03

**C) ESOS 2011**

There is one grant upto September 30, 2017 which was issued on October 1, 2011. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

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A summary of total number of options granted from year ended March 31, 2013 to six months ended September30, 2017

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	4,753,000	4,753,000	4,753,000	4,753,000	4,753,000	4,753,000

A summary of status of ESOS 2011 in terms of options granted, forfeited, exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended		For the year ended			
	September 30, 2017		March 31, 2017		March 31, 2016	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	393,720	60.00	1,119,886	60.0	2,023,000	60.0
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	-	-	-	-	-	-
Exercised during the period	(368,720)	60.00	(726,166)	60.0	(903,114)	60.0
Outstanding at the end of the period	25,000	60.00	393,720	60.0	1,119,886	60.0
Exercisable at the end of the year/six months	25,000	60.00	393,720	60.0	1,119,886	60.0

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	3,906,395	60.0	4,226,080	60.0	4,725,800	60.0
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	(228,820)	60.0	(132,380)	60.0	(450,190)	60.0
Exercised during the period	(1,654,575)	60.0	(187,305)	60.0	(49,530)	60.0
Outstanding at the end of the period	2,023,000	60.0	3,906,395	60.0	4,226,080	60.0
Exercisable at the end of the year/six months	2,023,000	60.0	2,299,755	60.0	1,293,570	60.0

**D) ESOS 2012**

There are two grants issued upto September30, 2017 which were on October 1, 2012 and October 1, 2013. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

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A summary of total number of options granted from year ended March 31, 2013 to six months ended September 30, 2017

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	14,275,310	14,275,310	14,275,310	14,275,310	14,275,310	6,508,800

A summary of status of ESOS 2012 in terms of options granted, forfeited, exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended		For the year ended			
	September 30, 2017		March 31, 2017		March 31, 2016	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	4,165,864	62.93	8,043,883	62.68	10,896,801	62.46
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	(13,160)	61.87	(108,138)	63.90	(149,553)	64.00
Exercised during the period	(4,024,348)	62.96	(3,769,881)	62.36	(2,703,365)	61.72
Outstanding at the end of the period	128,356	61.94	4,165,864	62.93	8,043,883	62.68
Exercisable at the end of the year/ six months	128,356	61.94	4,165,864	62.93	5,314,223	62.00

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	13,530,640	62.27	6,246,800	60.00	-	-
Granted during the period	-	-	7,766,510	64.00	6,508,800	60.00
Forfeited/lapsed during the period	(960,921)	62.35	(417,360)	60.81	(262,000)	60.00
Exercised during the period	(1,672,918)	61.00	(65,310)	60.00	-	-
Outstanding at the end of the period	10,896,801	62.46	13,530,640	62.27	6,246,800	60.00
Exercisable at the end of the year/ six months	5,936,615	61.84	1,745,310	60.00	-	-

**E) ESOS 2014**

There are two grants issued upto September 30, 2017 which were on December 1, 2014 and February 1, 2015. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

A summary of total number of options granted from year ended March 31, 2015 to six months ended September 30, 2017:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	1,50,34,250	1,50,34,250	1,50,34,250	1,50,34,250	NA	NA

A summary of status of ESOS 2014 in terms of options granted, forfeited, exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended		For the year ended			
	September 30, 2017		March 31, 2017		March 31, 2016	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	11,005,981	90.00	14,183,168	90.0	14,962,250	90.0
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	(392,664)	90.00	(404,192)	90.0	(371,040)	90.0
Exercised during the period	(4,846,474)	90.00	(2,772,995)	90.0	(408,042)	90.0
Outstanding at the end of the period	5,766,843	90.00	11,005,981	90.0	14,183,168	90.0
Exercisable at the end of the year/six months	175,068	90.00	5,030,236	90.0	3,610,050	90.0

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	-	-	NA	NA	NA	NA
Granted during the period	1,50,34,250	90.0	NA	NA	NA	NA
Forfeited/lapsed during the period	(72,000)	90.0	NA	NA	NA	NA
Exercised during the period	-	-	NA	NA	NA	NA
Outstanding at the end of the period	1,49,62,250	90.0	NA	NA	NA	NA
Exercisable at the end of the year/six months	-	-	NA	NA	NA	NA

**F) ESOS 2015**

There are two grants issued as of September 30, 2017 which were on October 1, 2015 and November 1, 2015. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

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A summary of total number of options granted from year ended March 31, 2016 to six months ended September 30, 2017:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	9,733,300	9,733,300	9,733,300	NA	NA	NA

A summary of status of ESOS 2015 in terms of options granted, forfeited and exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended		For the year ended			
	September 30, 2017		March 31, 2017		March 31, 2016	
	No. of Options	Weighted Average Exercise Price (₹.)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	9,005,950	95.00	9,660,300	95.0	-	-
Granted during the period	-	-	-	-	9,733,300	95.0
Forfeited/lapsed during the period	(331,880)	95.00	(240,200)	95.0	(73,000)	95.0
Exercised during the period	(2,336,670)	95.00	(414,150)	95.0	-	-
Outstanding at the end of the period	6,337,400	95.00	9,005,950	95.0	9,660,300	95.0
Exercisable at the end of the year/six months	84,720	95.00	2,422,590	95.0	-	-

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	NA	NA	NA	NA	NA	NA
Granted during the period	NA	NA	NA	NA	NA	NA
Forfeited/lapsed during the period	NA	NA	NA	NA	NA	NA
Exercised during the period	NA	NA	NA	NA	NA	NA
Outstanding at the end of the period	NA	NA	NA	NA	NA	NA
Exercisable at the end of the year/six months	NA	NA	NA	NA	NA	NA

**G) ESOS 2016**

There are two grants issued as of September 30, 2017 which were on October 1, 2016 and November 1, 2016. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

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A summary of total number of options granted from year ended March 31, 2017 to six months ended September 30, 2017:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	3,836,850	3,836,850	NA	NA	NA	NA

A summary of status of ESOS 2016 in terms of options granted, forfeited and exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended		For the year ended			
	September 30, 2017		March 31, 2017		March 31, 2016	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	3,832,850	190.0	-	-	NA	NA
Granted during the period	-	-	3,836,850	190.0	NA	NA
Forfeited/lapsed during the period	(113,000)	190.00	(4,000)	190.0	NA	NA
Exercised during the period	-	-	-	-	NA	NA
Outstanding at the end of the period	3,719,850	190.00	3,832,850	190.0	NA	NA
Exercisable at the end of the year/six months	-	-	-	-	NA	NA

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	NA	NA	NA	NA	NA	NA
Granted during the period	NA	NA	NA	NA	NA	NA
Forfeited/lapsed during the period	NA	NA	NA	NA	NA	NA
Exercised during the period	NA	NA	NA	NA	NA	NA
Outstanding at the end of the period	NA	NA	NA	NA	NA	NA
Exercisable at the end of the year/ six months	NA	NA	NA	NA	NA	NA

**Method of computation of fair value of options:**

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

ESOS Scheme	Risk Free Interest Rate	Expected Life	Expected Volatility*	Expected Dividend Yield
ESOS 2005	6.15% - 9.37%	1.55 - 5.50 years	42.63% - 65.48%	0.00%
ESOS 2010	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2011	8.28% - 8.30%	3.50 - 5.50 years	46.75% - 48.12%	0.00%
ESOS 2012	8.19% - 8.74%	1.37 - 3.45 years	30.44% - 36.53%	0.00%
ESOS 2014	7.73% - 8.28%	1.75 - 3.75 years	33.23% - 37.15%	1.06%
ESOS 2015	7.41% - 7.58%	1.75 - 3.75 years	34.21% - 38.38%	1.04%
ESOS 2016	6.57% - 6.80%	1.75 - 3.75 years	10.00%	0.88%

\* Volatility of a matured enterprise in the industry which is listed on BSE has been used as a basis for estimation of expected volatility of options. In the case of ESOS 2016, the expected volatility has been assumed at the rate of 10% since the company is unlisted.

6. **Managerial remuneration**

The appointment and remuneration of managerial personnel is in accordance with the requirements of Section 34A of the Insurance Act, 1938 as amended from time to time including the amendment brought by the Insurance Laws (Amendment) Act, 2015 and has been approved by the IRDAI.

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Salary	9.9	18.2	16.5	14.8	13.8	13.8
Company's contribution to Provident fund, Gratuity, Superannuation funds and National Pension Scheme	2.7	5.0	4.6	4.2	3.9	2.4
Allowances/Perquisites	482.1	110.4	96.2	97.7	56.5	45.1
<b>Total</b>	<b>494.7</b>	<b>133.6</b>	<b>117.3</b>	<b>116.7</b>	<b>74.2</b>	<b>61.3</b>

The managerial remuneration for the year/six months includes perquisite value as per Income Tax Act, 1961 of employee stock options exercised and does not include the actuarially valued employee benefits that are accounted as per Accounting Standard (AS) 15 (Revised), "Employee Benefits" that are determined on an overall Company basis. Managerial remuneration in excess of the prescribed limits by the IRDAI has been charged to the Restated Standalone Statement of Profit and Loss Account.

## 7. Remuneration payable to non- whole time independent directors is included under the head "Directors Commission".

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Remuneration	3.0	8.0	4.0	4.0	2.5	2.5

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8. As prescribed by IRDAI vide its letter Ref: 75/IRDA/Life/HSLIC dated March 13, 2015, details of options granted to and exercised by Key Managerial Personnel as defined under the Companies Act, 2013, are as given below:

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Granted during the year/six months	-	665,000	571,000	2,816,130	1,132,330	1,030,000
Exercised during the year/six months*	3,304,602	765,500	294,690	1,559,845	176,600	66,000

\* Relates to options granted in the past years

9. **Operating expenses**

Details of expenses incurred under the following heads as required by the IRDAI vide the Master Circular are as given below  
(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Marketing Support and Advertisement*	2,772.1	3,768.6	2,469.2	1,101.3	1,128.5	1,160.0
Business Development*	1,548.4	3,019.2	2,008.7	1,450.9	800.6	738.8
Outsourcing expenses*	2,852.2	4,390.6	3,484.0	2,315.5	1,930.4	1,417.9

\*Total outsourcing expenses for the company as included above is given below:

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Outsourcing expenses	4,045.2	6,465.2	4,714.4	2,740.4	2,069.4	1,417.9

10. **Leases**

In accordance with the Accounting Standard (AS) 19, "Leases", the following disclosures are made in respect of operating leases:

- a) The Company has hired motor vehicles on cancellable operating lease for a term of up to five years. In respect of these operating leases, the lease rentals debited to the Restated Standalone Statement of Revenue Account are as given below:

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Lease Rentals debited to Restated Standalone Statement of Revenue Account	1.7	4.9	6.5	10.6	12.8	8.5

The terms of the lease agreements do not contain any exceptional/restrictive covenants which will have significant detrimental impact on the Company's financials nor are there any options given to the Company to purchase the motor vehicles. The agreements provide for pre-decided increase in lease rentals over the lease period and for change in the rentals if the taxes leviable on such rentals are revised.

- b) The Company has taken properties under operating lease. In respect of these operating leases, the lease rentals debited to rent in the Restated Standalone Statement of Revenue Account are as given below:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Lease Rentals debited to Restated Standalone Statement of Revenue Account	308.8	460.2	606.5	584.3	726.7	591.1

The minimum future lease rentals payable under non-cancellable operating leases for specified duration in respect of such leases amounted to the following:

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Not later than 1 year	59.1	66.3	79.5	79.7	125.4	219.9
Later than 1 year but not later than 5 years	96.2	191.9	141.8	53.1	88.3	216.0
Later than 5 years	-	-	0.6	-	-	-

The lease arrangements contain provisions for renewal and escalation. The terms of the lease agreements do not contain any exceptional/restrictive covenants which will have significant detrimental impact on the Company's financials.

- c) The Company has taken furniture and generators under cancellable operating lease. In respect of these operating leases, the lease rentals debited to rent in the Restated Standalone Statement of Revenue Account are as under:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Lease Rentals debited to Restated Standalone Statement of Revenue Account	9.0	19.9	22.3	20.4	18.5	15.9

## 11. Taxation

## a) Provision for tax

The Company has made provision for tax (net) as given in following table in accordance with the Income tax Act, 1961 and Rules and Regulations there under as applicable to the Company.

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Charged to Restated Standalone Statement of Revenue Account	223.6	1,519.8	1,745.5	1,193.4	1,516.0	509.2
Charged to Restated Standalone Statement of P&L Account	167.7	220.1	165.9	190.7	(827.7)	42.4
<b>Total</b>	<b>391.3</b>	<b>1,739.9</b>	<b>1,911.4</b>	<b>1,384.1</b>	<b>688.3</b>	<b>551.6</b>

## b) Deferred tax

Pursuant to the order of the Tax Appellate Authorities dated September 20, 2013, received during the year ended March 31, 2014 in accordance with the Accounting Standard (AS) 22, notified under the Companies Act, 1956, the Company has reassessed the unrecognised Deferred Tax Asset on carried forward losses in each line of business (segments) and has recognized previously unrecognized Deferred Tax Assets to the extent that it has become virtually certain that sufficient taxable income is available against which the Deferred Tax Asset can be utilised.

Form A-RA and Part V of Schedule A of the IRDA Financial Statements Regulations, requires tax expense to be charged to each line of business (segments). Accordingly, the company has charged tax expense in respective lines of business, based on taxable income computed arising out of the actuarial surplus of each line of business. In order to maintain equity amongst the various segments, the said taxable income is calculated after considering the brought forward tax losses and exempt income, if any, based on the above order, as considered appropriate, for each line of business.

Provision for tax in Restated Standalone Statement of Profit and Loss Account a credit of ₹ (827.7) millions represents deferred tax credit which has been utilised for setting off the tax charge in the Restated Standalone Statement of Revenue Account.

## c) Wealth tax

The Company has made net provision for wealth tax as given below:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017*	March 31, 2017*	March 31, 2016*	March 31, 2015	March 31, 2014	March 31, 2013
Net provision for wealth tax	-	-	-	0.1	0.1	0.1

\*The Finance Act, 2015, has abolished the levy of wealth tax under the Wealth Tax Act, 1957 with effect from FY 2015-16.

## d) Service tax

During the year ended March 31, 2015, the Company received a favourable order from CESTAT (Service Tax Tribunal) Mumbai, deciding a matter for earlier years relating to the service tax on service provided by the insurance agents. Accordingly, an amount of ₹ 235.8 million provided based on demand notice raised towards interest liability in earlier years was reversed to "Interests and Bank Charges" being the expenditure in which the provision was originally recognized under Operating expenses related to insurance business.

**12. Foreign exchange gain/(loss)**

The amount of net foreign exchange gain/(loss) credited/debited to Restated Standalone Statement of Revenue Account and included in operating expenses relating to insurance business is as under:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Foreign Exchange Gain/(Loss)	0.7	1.1	(3.6)	(4.2)	(7.0)	(3.8)

**13. Corporate Social Responsibility (CSR)**

As per section 135 of the Companies Act, 2013, the gross amount suggested to be spent is as follows:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017*	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Gross amount suggested to be spent	97.8	108.7	110.2	99.3	NA	NA

\* Gross amount suggested to be spent by the Company for year ended March 31, 2018

The Company has spent amount on various CSR initiatives as given below:

(₹ in Millions)

Sr No	Sector in which the project is covered	For the six months ended	For the year ended				
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water including contribution to Swacha Bharat kosh	12.8	34.3	22.5	10.6	NA	NA
2.	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	11.0	63.7	14.1	10.4	NA	NA
3.	Livelihood enhancement projects	-	2.5	-	-	NA	NA

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Sr No	Sector in which the project is covered	For the six months ended	For the year ended				
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
4.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water	-	0.8	0.9	1.2	NA	NA
5.	Rural development projects	2.4	2.0	8.8	18.3	NA	NA
6.	Provision of facilities for senior citizens with the aim of promoting their health and well being, including medical support, household maintenance and social engagement	3.2	3.8	-	-	NA	NA
7.	Capacity Building	0.9	2.0	1.7	4.4	NA	NA
	<b>Total</b>	<b>30.3</b>	<b>109.1</b>	<b>48.0</b>	<b>44.9</b>	<b>NA</b>	<b>NA</b>

The amount spent during the year/six months is as given below:

(₹in Millions)

Particulars	Incurred and paid for the six months ended	Incurred and paid for the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
(i) Construction/acquisition of any asset	-	-	-	-	NA	NA
(ii) On Purpose other than (i) above	30.3	109.1	48.0	44.9	NA	NA

Movement in provision for CSR activities

(₹in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Balance as at beginning of the year/six months	0.4	1.8	-	-	NA	NA
Additional provision made during the period	0.6	0.4	1.8	-	NA	NA
Amount used during the period	(0.4)	(1.8)	-	-	NA	NA
Balance as at end of the year/six months	0.6	0.4	1.8	-	NA	NA

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

14. **Derivative contracts:**

In accordance with the IRDAI circular no. IRDA/F&I/INV/CIR/138/06/2014 dated June 11, 2014 ('the IRDAI circular on Interest Rate Derivatives') and Investment Regulation, 2016 allowing insurers to deal in rupee interest rate derivatives, the Company has in place a derivative policy approved by Board which covers various aspects that apply to the functioning of the derivative transactions undertaken to substantiate the hedge strategy to mitigate the interest rate risk, thereby managing the volatility of returns from future fixed income investments, due to variations in market interest rates.

- a) The Company has during the preceding 2 financial years (i.e. year ended March 31, 2017 and year ended March 31, 2016), as part of its Hedging strategy, entered into exchange traded Interest Rate Future (IRF) transactions to hedge the interest rate sensitivity for highly probable forecasted transactions as permitted by the IRDAI circular on Interest Rate Derivatives.

Exchange Traded Interest rate futures are standardised interest rate derivative contracts traded on a recognised stock exchange to buy or sell a notional debt security or Government Bond (GOI) or Treasury Bill (T-Bill) of at a specified future date, at a price determined at the time of the contract with an objective to lock in the price of an interest bearing security at a future date.

The fair value for IRF instrument is considered as the daily settlement price on NSE. If the settlement price is not available on NSE, then the daily settlement price on BSE is considered for valuation of IRFs.

## Exchange traded Interest Rate Futures

(₹ in Millions)

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
i)	Total notional principal amount of exchange traded interest rate futures undertaken during the year/six months (instrument-wise)						
	(a) 10 year GOI Notional Bond	-	9,158.4	2,683.6	NA	NA	NA
	(b) 15 year GOI Notional Bond	-	24,028.5	231.8	NA	NA	NA
ii)	Total notional principal amount of exchange traded interest rate futures outstanding as at the end of the year/six months (instrument-wise)						
	(a) 10 year GOI Notional Bond	-	-	2,633.9	NA	NA	NA
	(b) 15 year GOI Notional Bond	-	-	231.8	NA	NA	NA
iii)	Notional principal amount of exchange traded interest rate futures outstanding and not 'highly effective' as at the Balance Sheet date	-	-	-	NA	NA	NA
iv)	Mark-to-market value of exchange traded interest rate futures outstanding and not 'highly effective' as at the Balance Sheet date	-	-	-	NA	NA	NA
v)	Loss which would be incurred if counter party failed to fulfil their obligation under agreements	-	-	-	NA	NA	NA

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- b) The fair value mark to market (MTM) gains or losses in respect of exchange traded interest futures outstanding as at the Balance Sheet date is stated below:

(₹ in Millions)

Hedging instrument	Fair Value MTM Gains/(Losses)					
	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Exchange traded IRF - 772GS2025	-	-	0.3	NA	NA	NA
Exchange traded IRF - 759GS2026	-	-	1.6	NA	NA	NA
Exchange traded IRF - 788GS2030	-	-	0.3	NA	NA	NA
<b>Total</b>	-	-	<b>2.2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

- c) Movement in Hedge Reserve

(₹ in Millions)

Hedge Reserve Account	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Balance at the beginning of the year/six months</b>						
Realised	-	0.1	-	NA	NA	NA
Unrealised	-	2.2	-	NA	NA	NA
<b>Total</b>	-	<b>2.3</b>	-	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Add: Changes in fair value during the year/six months</b>						
Realised	-	243.4	0.1	NA	NA	NA
Unrealised	-	(2.2)	2.2	NA	NA	NA
<b>Total</b>	-	<b>241.2</b>	<b>2.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Less: Amounts reclassified to Restated Standalone Statement of Revenue /Profit &amp; Loss Account included in 'Interest, Dividends &amp; Rent-Gross'</b>						
Realised	-	(243.6)	-	NA	NA	NA
Unrealised	-	-	-	NA	NA	NA
<b>Total</b>	-	<b>(243.6)</b>	-	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Balance at the end of the year/six months</b>						
Realised	-	-	0.1	NA	NA	NA
Unrealised	-	-	2.2	NA	NA	NA
<b>Total</b>	-	-	<b>2.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

The following table summarizes the amount recognised in Restated Standalone Statement of Revenue Account being the portion of gain/loss determined to be ineffective

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amount recognised in Restated Standalone Statement of Revenue Account	-	-	-	NA	NA	NA

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The following table summarizes the amount that was removed from Hedge Reserve account during the year ended March 31, 2016 to six months ended September 30, 2017 in respect of forecast transactions for which hedge accounting had previously been used, but is no longer expected to occur:

(₹ in Millions)

	For the six months ended	For the year ended				
Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amount removed from Hedge Reserve account	-	243.6	-	NA	NA	NA

The cash flows from the hedges are expected to occur over the outstanding tenure of underlying policy liabilities and will accordingly flow to the Restated Standalone Statement of Revenue Account.

**Qualitative Disclosures on risk exposure in Fixed Income Derivatives:**

Overview of business and processes:

a) Fixed Income Derivative Hedging instruments:

Derivatives are financial instruments whose characteristics are derived from the underlying assets, or from interest and exchange rates or indices. These include forward rate agreements, interest rate swaps and interest rate futures.

The Company uses derivative instrument (IRF) to minimise exposure to fluctuations in interest rates on plan assets and liabilities. This hedge is carried in accordance with its established policies, goals and applicable regulations. The Company does not engage in derivative transactions for speculative purposes.

b) Derivative policy/process and Hedge effectiveness assessment:

The Company has well defined Board approved Derivative Policy and Process document setting out the strategic objectives, regulatory and operational framework and risks associated with interest rate derivatives along with having measurement, monitoring processes and controls thereof. The accounting policy has been clearly laid out for ensuring a process of periodic effectiveness assessment.

The Company has clearly identified roles and responsibilities to ensure independence and accountability through the investment decision, trade execution, to settlement, accounting and periodic reporting and audit of the Interest Rate Derivative exposures. The overall policy, risk management framework for the Interest Rate Derivatives are monitored by the Risk Management Committee.

c) Scope and nature of risk identification, risk measurement, and risk monitoring:

The Risk Management Policy and Derivative Policy as approved by the Board sets appropriate market limits such as sensitivity limits and value-at-risk limits for exposures in interest rate derivatives.

As the IRFs are traded and settled by the recognised stock exchanges i.e. National Stock Exchange or Bombay Stock Exchange, the risk of counterparty failure would not exist, however the following risks pertaining to hedging using IRFs still exist:

i) Roll over risk

Futures contracts traded in the markets usually expire in 1-3 months. Since the period for which the hedge is established is longer, it necessitates frequent roll-overs from contracts approaching expiry into new contracts. Roll over risk is the cost involved in rolling over futures contracts. The financial impact of this risk can be reduced by actively managing the roll-over from existing contracts into new contracts.

ii) Basis Risk

Basis risk is the risk arising out of a mismatch in the tenure of the risk to be hedged and the tenure of available interest rate future contracts. The financial impact of this risk can be reduced to some extent by purchasing futures contracts so as to match the tenure of the risk to be hedged.

All financial risks of the derivative portfolio are measured and monitored on periodic basis.

**Quantitative disclosure on risk exposure in Exchange Traded Interest Rate Futures**

A hedge is deemed effective, if it has a high statistical correlation between the change in value of the hedged item and the hedging instrument (IRF). Gains or losses arising from hedge ineffectiveness, if any, are recognised in the Revenue Account.

The tenure of the hedging instrument may be less than or equal to the tenure of underlying hedged asset/liability

**Interest rate futures**

(₹ in Millions)

Sr No	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Name of counterparty	NA	NA	National Securities Clearing Corporation Ltd (NSCCL)	NA	NA	NA
2	Hedge Designation	Cash flow hedge	Cash flow hedge	Cash flow hedge	NA	NA	NA
3	Likely impact of one percentage change in interest rate (100*PV01)						
	- Underlying being hedged	NA	NA	229.9 <sup>^</sup>	NA	NA	NA
	- Derivative	-	-	202.3	NA	NA	NA
4	Credit exposure	-	-	-	NA	NA	NA

**Notes-**

- As per the hedging strategy, the derivatives exposure required as at September 30, 2017 is Nil
- <sup>^</sup> This represents a part of the portfolio targeted to be hedged
- Method & Assumptions:
  - Term structure of interest rates: Source – Clearing Corporation of India Limited official website
  - Methodology for computation of PV01:
    - Discounted cash flow method
    - Flat cut of 1 bps in the current term structure of interest rates
- The notional principal amount of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk.
- The Company evaluates the industry exposure limit for exchange traded IRFs against the Central Counter Party i.e. Clearing Corporation in line with the IRDAI circular on Interest Rate Derivatives.

The industry exposure limit has been calculated on the basis of Credit Equivalent Amount using the Current Exposure Method (CEM) as detailed below:

The Credit Equivalent Amount of a market related off-balance sheet transaction calculated using the CEM is the sum of

- the current credit exposure (gross positive mark to market value of the contract); and
- Potential future credit exposure which is a product of the notional principal amount across the outstanding contract and a factor that is based on the mandated credit conversion factors as prescribed under the IRDAI circular on Interest Rate Derivatives, which is applied on the residual maturity of the contract.

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15. **Encumbrances**

The assets of the Company are free from any encumbrances at year/six months end, except for Fixed Deposits and Government Securities, mentioned below, kept as margin against bank guarantees/ margin with exchange and collateral securities issued:

(₹ in Millions)

Particulars	As at											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	Amortised Cost	Market Value	Amortised Cost	Market Value	Amortised Cost	Market Value	Amortised Cost	Market Value	Amortised Cost	Market Value	Amortised Cost	Market Value
<b>Issued in India</b>												
Fixed Deposits against Margin with Exchange for equity trades:												
NSCCL	450.0	450.0	730.0	730.0	730.0	730.0	700.0	700.0	700.0	700.0	460.0	460.0
ICCL	60.0	60.0	80.0	80.0	80.0	80.0	110.0	110.0	110.0	110.0	150.0	150.0
Fixed Deposit against BG	-	-	-	-	-	-	-	-	0.1	0.1	0.9	0.9
Government Security collateral to CCIL under CBLO segment	244.1	246.3	236.4	237.1	157.3	152.6	75.0	70.8	76.7	68.8	78.3	70.8
<b>Sub - Total</b>	<b>754.1</b>	<b>756.3</b>	<b>1,046.4</b>	<b>1,047.1</b>	<b>967.3</b>	<b>962.6</b>	<b>885.0</b>	<b>880.8</b>	<b>886.8</b>	<b>878.9</b>	<b>689.2</b>	<b>681.7</b>
<b>Issued outside India</b>												
Fixed deposits against BG	3.4	3.4	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.7
<b>Total</b>	<b>757.5</b>	<b>759.7</b>	<b>1,047.3</b>	<b>1,048.0</b>	<b>968.2</b>	<b>963.5</b>	<b>885.9</b>	<b>881.7</b>	<b>887.6</b>	<b>879.7</b>	<b>689.9.0</b>	<b>682.4</b>

NSCCL: National Securities Clearing Corporation Limited;

ICCL : Indian Clearing Corporation Limited

CBLO: Collateralised Borrowings and Lending Obligations

BG: Bank Guarantee

16. **Historical cost of investments**

The historical cost of those investments whose reported value is based on fair value is as given below:

(₹ In Millions)

Financial Year	Particulars	(A) Non-Linked Investments						Annuity Fund	(B) Linked Investments
		Shareholders' Investments	Participating Life Fund	Participating Pension Fund	Unit Linked Non Unit Fund	Non Par - Group Variable Fund	Non Par - Group Traditional Fund		
As at September 30, 2017	Reported Value	8,775.2	46,389.7	5,494.9	2,650.5	4,710.7	1,230.0	1,595.6	518,017.3
	Historical Cost	8,284.7	42,036.8	4,662.9	2,650.0	4,490.5	1,173.2	1,583.4	430,069.6
As at March 31, 2017	Reported Value	8,276.6	40,254.2	5,134.9	-	1,989.5	879.5	-	503,891.1
	Historical Cost	7,953.6	37,061.7	4,714.1	-	1,901.2	850.0	-	425,961.9
As at March 31, 2016	Reported Value	6,378.5	29,687.7	4,029.8	3,800.0	-	-	-	423,576.3
	Historical Cost	6,839.4	29,310.9	4,023.5	3,800.0	-	-	-	381,538.2
As at March 31, 2015	Reported Value	4,195.8	24,372.8	4,568.4	-	-	-	-	418,894.7
	Historical Cost	4,253.5	23,920.8	4,579.1	-	-	-	-	332,199.0
As at March 31, 2014	Reported Value	1,989.8	12,244.6	1,732.1	-	-	-	-	308,272.5
	Historical Cost	2,010.4	12,131.1	1,777.9	-	-	-	-	282,994.4
As at March 31, 2013	Reported Value	1,787.3	5,536.7	996.4	-	-	-	-	254,323.2
	Historical Cost	1,890.6	6,184.1	1,138.5	-	-	-	-	251,866.2

The following table summarizes the Investment reported above in unlisted equity shares valued at cost and equity shares awaiting listing at carrying value:

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Value of Unlisted Equity Shares included above:</b>						
Non-Linked Investments	5,077.4	5,077.4	4,617.5	1,639.2	1,698.1	1,043.1
Linked Investments	NA	NA	NA	NA	NA	470.0
<b>Value of Equity Shares awaiting listing included above:</b>						
Non-Linked Investments	-	-	166.7	1,639.2	-	-
Linked Investments	-	-	1,233.3	-	-	-

17. **Basis of revaluation of investment property:**

There are no investment properties since year ended March 31, 2013 to six months ended 30, 2017 to be revalued.

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18. **Commitments made and outstanding for loans, investments and fixed assets**

The estimated amount of commitments made and not provided for (net of advances) on account of Investments, estimated amount of commitments (net of advances) on account of fixed assets.

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
On account of Investments	801.7	873.6	351.5	-	44.4	4.5
On account of Fixed Assets	107.1	126.5	199.0	218.1	297.6	428.7

19. **Value of contracts outstanding in relation to investments**

(₹ in Millions)

Particulars		As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Purchase where payment is not made and deliveries are pending	Shareholders Fund	600.8	1,504.1	232.7	-	9.0	12.1
	Policyholders Fund	6786.5	7,436.3	5,820.6	5,613.3	4,705.0	3,349.9
	<b>Total</b>	<b>7387.3</b>	<b>8,940.4</b>	<b>6,053.3</b>	<b>5,613.3</b>	<b>4,714.0</b>	<b>3,362.0</b>
Purchase where payments are made but deliveries are pending	Shareholders Fund	-	-	-	-	-	-
	Policyholders Fund	1,109.6	-	-	-	499.9	-
	<b>Total</b>	<b>1,109.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>499.9</b>	<b>-</b>
Sales where receivables are pending	Shareholders Fund	-	195.7	-	-	-	54.0
	Policyholders Fund	1,900.1	4,383.4	7,411.5	5,547.3	3,989.6	3,198.9
	<b>Total</b>	<b>1,900.1</b>	<b>4,579.1</b>	<b>7,411.5</b>	<b>5,547.3</b>	<b>3,989.6</b>	<b>3,252.9</b>

20. **Claims outstanding**

Claims settled and remaining unpaid for a period of more than six months are as given below.

Particulars	As at											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)
Claims settled & remaining unpaid for period of more than six months	391	73.3	105	20.8	314	49.6	95	32.8	116	17.0	44	13.6

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These claims remain unpaid awaiting receipt of duly executed discharge documents from the claimants. All claims are to be paid to claimants in India.

21. **Provision for NPA (non standard assets) for debt portfolio**

Provision for doubtful debts is made in line 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 has been recognised in the Restated Standalone Statement of Revenue Account as per below table:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017*	March 31, 2016	March 31, 2015	March 31, 2014 <sup>#</sup>	March 31, 2013
Provision/(reversal) for doubtful debt at 100% of unsecured portion and 25%/40%, as applicable of secured portion of loan asset	-	(58.2)	53.7	42.8	20.0	-

\* During the year ended March 31, 2017 there is a reversal of provision for doubtful debt recognised in earlier years due to transfer of assets to shareholder's fund being "other investments" as required under IRDAI (Investment) Regulations 2016.

<sup>#</sup> During the year ended March 31, 2014 provision has been made for sub-standard asset at 10% of total outstanding value.

22. **Segmental reporting**

As per Accounting Standard (AS) 17, "Segment Reporting", read with the IRDAI Financial Statements Regulations, Segmental Accounts are disclosed in **Annexure XXVIII – Restated Standalone Statement on Segment Disclosure**.

23. **The Micro, Small and Medium Enterprises Development Act, 2006**

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 are as given below:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
a) (i) Principal amount remaining unpaid to supplier under MSMED Act	-	-	-	-	-	0.2
(ii) Interest on a) (i) above	-	-	-	-	-	-
b) (i) Amount of principal paid beyond the appointed date	-	-	-	-	-	9.0
(ii) Amount of interest paid beyond the appointed date (as per Section 16)	-	-	-	-	-	-
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	-	-	-	-	-	0.3
d) Amount of further interest remaining due and payable even in earlier years	-	-	-	-	-	1.0
e) Total amount of interest due under MSMED Act	-	-	-	-	-	1.3

**24. Earnings per equity share**

Basic earnings per share are calculated by dividing the net profit or loss for the years/six months attributable to equity shareholders 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 years/six months attributable to equity shareholders and the weighted average number of equity shares outstanding during the years/six months are adjusted for effects of all dilutive equity shares.

Sr No	Particulars	For the six months ended	For the year ended				
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Net Profit/(Loss) as per Restated Standalone Statement of Profit and Loss Account (₹ in Millions)	5,548.4	8,921.3	8,184.0	7,855.1	7,252.9	4,477.3
2	Weighted average number of equity shares for Earnings Per Share						
(a)	For Basic Earnings Per Share	1,999,809,584	1,996,929,645	1,994,902,216	1,994,880,096	1,994,880,096	1,994,880,096
(b)	For diluted Earnings Per Share						
	a) Number of equity shares for basic earnings per share as per 2 (a) above	1,999,809,584	1,996,929,645	1,994,902,216	1,994,880,096	1,994,880,096	1,994,880,096
	b) Add : Weighted average outstanding options deemed to be issued for no consideration	10,571,279	10,929,070	746,483	4,262,710	-	-
3	Weighted average number of equity shares for Diluted Earnings Per Share	2,010,380,863	2,007,858,715	1,995,648,699	1,999,142,806	1,994,880,096	1,994,880,096
4	Basic Earnings Per Share (₹)	2.77	4.47	4.10	3.94	3.64	2.24
5	Diluted Earnings Per Share (₹)	2.76	4.44	4.10	3.93	3.64	2.24
6	Nominal value of shares (₹)	10.00	10.00	10.00	10.00	10.00	10.00

**25. Subsidiaries:**

The Company has two subsidiaries, for which information is given as under:

- i. HDFC Pension Fund Management Company Ltd. (“**HDFC Pension**”) is a wholly owned subsidiary of HDFC Standard Life Insurance Company Ltd. and has been a licensed pension fund manager since 2013. Since then, HDFC Pension has been a preferred pension fund manager and the assets under its management have grown over ₹16,000 million. In 2014, the Pension Fund Regulatory & Development Authority (“**PFRDA**”) issued a Request for Proposal (“**RFP**”) inviting bids from Sponsors to select new pension fund managers. The bid of HDFC Life to this RFP was rejected by the PFRDA on the ground that it did not meet certain eligibility criteria under the RFP. The Hon’ble Delhi High Court, however, set aside the rejection directing the PFRDA to grant a Letter of Appointment to HDFC Life thereby allowing the HDFC Pension to continue its business.. While the PFRDA issued a letter of appointment to HDFC Life, it also challenged the Hon’ble High Court’s decision before the Hon’ble Supreme Court of India by way of a Special Leave Petition (“**SLP**”). The Hon’ble Supreme Court, by its order dated July 31, 2017, has dismissed the PFRDA’s SLP and refused to interfere with the Hon’ble High Court’s decision. Accordingly, the Letter of Appointment issued to HDFC Life stands unqualified, with the appointment of HDFC Pension as a pension fund manager being confirmed.

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- ii. HDFC International Life and Re Company Limited' is a wholly owned foreign subsidiary incorporated in Dubai on January 10, 2016 under the DIFC (Dubai International Finance Centre) Companies Law No.2 of 2009 under registration number 2067. HDFC International Life & Re Company Limited is regulated by the Dubai Financial Services Authority ("DFSA") and is licensed to undertake life reinsurance business in the UAE. In future, the Company intends to also undertake life insurance business in other jurisdictions, with necessary regulatory permissions and approvals.

26. **Disclosure on other work given to auditors**

Pursuant to clause 7.1 of Corporate Governance Guidelines for insurers in India, 2016 issued by IRDAI applicable from FY 2016-17, the remuneration paid to statutory auditors/internal auditor or its associates for services other than statutory/internal audit are disclosed below:

(₹ in Millions)

Name	Nature of Work	For the six months ended	For the year ended				
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Pricewater House Chartered Accountants LLP	System audit	1.0	2.0	-	-	-	-
Pricewater House Chartered Accountants LLP	Examination work on proposed IPO	-	3.4	-	-	-	-
Price water House Chartered Accountants LLP	Review of restated IPO financial information*	4.0					
G M Kapadia & CO	Agreed upon procedures & certifications and others	0.4	0.9	-	-	-	-
G M Kapadia & CO	Examination work on proposed IPO	-	0.5	-	-	-	-
S B Billimoria & Co	Certification work	-	-	-	-	0.4	0.2
S B Billimoria & Co	Fees for assistance in the preparation of restated financial statements in accordance with the IPO guidelines.	-	-	-	-	0.6	0.7
Haribhakti & Co.LLP (Erstwhile Haribhakti & Co)	Agreed upon procedures & certifications	-	-	2.2	0.6	0.1	-
Haribhakti & Co.LLP (Erstwhile Haribhakti & Co)	Tax Audit	-	-	0.4	0.4	0.5	0.3
Ernst & Young LLP	Fees for actuarial peer review of the valuation methodology, assumption and results, forensic imaging for investigation purposes, business continuity planning data leakage assessment and branch reviews	-	-	0.9	3.7	2.5	-
KPMG	Fees for assistance in IFRS conversion	-	-	-	-	-	0.4

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Name	Nature of Work	For the six months ended	For the year ended				
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
KPMG	Software assessment audit, consulting services towards implementation of business continuity management system and Goods and Service Tax (GST)	-	2.5	-	-	-	-

\* This cost is reimbursable to the company from the IPO proceeds collected in the escrow account

27. During the year ended March 31, 2014, the Company has debited total enhanced death benefit of ₹ 89.1 millions to the Restated Standalone Statement of Profit and Loss Account. Out of this amount, ₹ 63.1 millions has been debited in respect of settled death claims, as directed by IRDA, in order to comply with the IRDA order number IRDA\LIFE\ORD\MISC\177\09\2013 dated September 3, 2013. On similar grounds, the Company has made provision of ₹ 0.7 millions towards death claims intimated yet to be settled.
28. During the year ended March 31, 2017, the Company received an order from IRDAI, Order No, IRDA/F&I/ORD/DATA/110/06/2016 dated June 3, 2016, on the matter relating to certain property assets. The Company has transferred funds from Shareholders' funds to Policyholders' funds, towards the value of property as on the date of transfer, basis independent valuer's report, at cost or market value, whichever is higher, amounting to ₹ 655.3 millions (transfer value) and interest, compounded annually at the prevailing interest rate on savings bank account, amounting to ₹122.1 millions calculated on the transfer value, for the period from the date of transfer to the date of infusion of funds into Policyholders' fund. The interest has been charged to Restated Standalone Statement of Profit & Loss Account, and credited to 'Other income' in Policyholders' Restated Standalone Statement of Revenue Account.

#### 29. Security Lending and Borrowing Scheme (SLB)

Equity shares lent under the Securities Lending and Borrowing scheme (SLB) continue to be recognised in the Statement of Assets and liabilities as the Company retains all the associated risks and rewards of these securities.

The value of equity shares lent by the Company under SLB and outstanding is as mentioned below:

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
The value of equity shares lent by the Company under SLB and outstanding	1,653.9	-	-	-	-	-

30. Share application money received pending allotment of shares as disclosed in the Statement of Assets and liabilities relates to the application money received towards Employee Stock Option Plans under Company's Employee Stock Options Scheme(s) which is as given below:

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Share application money received pending allotment of shares	10.3	-	-	-	-	-

31. With effect from July 1, 2017, the Company claims credit of Goods and Services Tax ('GST') on input services, which is set off against GST on output services. For the period upto June 30, 2017, the Company has claimed credit of service tax on input services, which has been set off against service tax on output services. As a matter of prudence, unutilised credits towards service tax on input services are carried forward under Advances and Other Assets' in the Restated Standalone Statement of Assets and liabilities, wherever there is reasonable certainty of utilisation. However, unutilised credits towards service tax on input services as

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at June 30, 2017, are eligible to be carried forward as per the transition provisions under the Central Goods and Services Tax Act, 2017.

**C. ADDITIONAL DISCLOSURES**

**1. Investments made under statutory requirements**

The Company has deposited Government security with the Reserve Bank of India in order to comply with the requirements prescribed under Section 7 of the Insurance Act, 1938. The market value of this security held under Section 7 of the Insurance Act, 1938 is given in the following table. This security is held with HDFC Bank in Constituent Subsidiary General Ledger Account as specified by the IRDAI.

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017*	March 31, 2017*	March 31, 2016*	March 31, 2015	March 31, 2014	March 31, 2013
Central Government Securities	-	-	-	119.2	117.8	123.3

\* Pursuant to the amendment prescribed by the Insurance Laws (Amendment), Act, 2015 dispensing with the requirement of maintaining the deposit under Section 7 of Insurance Act, 1938, wherein the insurers can withdraw the lien marked deposits maintained under the Section, according to which the Company has withdrawn and does not maintain deposit with Reserve Bank of India w.e.f. May 11, 2015.

**2. Performing and non-performing investments**

The company did not hold any non-performing Investments during the years/six months except as mentioned below:

(₹ in Millions)

Asset Type	Issuer Name	For the six months ended	For the year ended				
		September 30, 2017*	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Non-Convertible Debenture	Arch Pharma Lab Ltd.						
	Gross	-	200.0	200.0	200.0	200.0	-
	Net of NPA provision	-	83.5	83.5	137.2	180.0	-

\* The security previously classified as NPA was sold during the six months ended September 30, 2017 and hence the corresponding NPA provision was reversed during the period.

**3. Deposits made under local laws**

The Company has no deposits made under local laws or otherwise encumbered in or outside India, except investments and deposits.

**4. Business for social and rural sector as required under IRDAI (Obligations of insurers to Rural and Social Sectors) Regulations, 2015, issued by IRDAI**

Social Sector	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Gross premium underwritten (₹ in Millions)	269.6	104.8	196.7	112.9	75.1	55.9
Total Business in the preceding financial year (₹ in Millions)	NA <sup>#</sup>	15,377.0	NA*	NA*	NA*	NA*
Total Group lives	8,007,899	19,774,194	14,226,737	4,861,059	2,636,831	1,872,076
No of lives covered under social sector	1,019,525	804,612	1,534,302	998,574	920,735	611,953

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Social Sector	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Social sector lives as % to total business in preceding financial year	NA <sup>#</sup>	5.23%	NA*	NA*	NA*	NA*
Social sector lives as a % to total group lives	12.73%	4.07%	10.78%	20.54%	34.92%	32.69%
No of policies issued	15	46	31	2	4	27
Required % or no. of lives as per the regulations <sup>#</sup>	NA <sup>#</sup>	5.00%	500,000	500,000	500,000	500,000

\* Obligation under social sector based on total business in the preceding financial year is applicable from year ended March 31, 2017

<sup>#</sup> Compliance for social sector business is required to be met on an annual basis

Rural Sector	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Total policies written	430,157	1,083,156	1,150,924	876,781	883,691	1,026,199
No. of policies covered under rural sector	272	229,438	280,065	200,046	210,961	228,889
% of Rural sector policies to total policies	0.06% <sup>#</sup>	21.18%	24.33%	22.82%	23.87%	22.30%
Required % as per the regulations	20.00% <sup>#</sup>	20.00%	20.00%	20.00%	20.00%	20.00%

<sup>#</sup>Compliance for rural sector business is required to be met on an annual basis.

5. **Allocation of investments and investment income**

The underlying investments held on behalf of the shareholders and the policyholders are included in Annexure XIV, Annexure XV and Annexure XVI. The investment income arising from the investments held on behalf of shareholders has been taken to the Restated Standalone Statement of Profit and Loss Account and those held on behalf of policyholders to the Restated Standalone Statement of Revenue Account.

6. **Percentage of risks retained and risk reinsured as certified by the Appointed Actuary**

(₹ in Millions)

Particulars	As at											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
<b>Individual business:</b>												
Risk retained	1,859,823,938	38%	1,694,734.2	38%	1,446,409.3	41%	1,217,027.0	45%	1,025,295.1	50%	998,733.2	65%
Risk reinsured	3,061,556,224	62%	2,722,135.0	62%	2,111,450.8	59%	1,484,539.7	55%	1,024,837.7	50%	542,738.9	35%
<b>Group business:</b>												
Risk retained	3,335,620,762	89%	2,786,686.1	87%	1,611,445.6	86%	812,089.1	85%	474,482.2	86%	335,421.7	85%
Risk reinsured	396,563,074	11%	417,312.3	13%	258,042.0	14%	140,328.5	15%	76,482.8	14%	58,264.3	15%

7. **Loan Assets restructured during the year/six months are as follows:**

Sr. No.	Particulars	For the six months ended	For the year ended				
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Total amount of Loan Assets subject to restructuring	-	-	-	-	-	-
2	Total amount of Standard Assets subject to restructuring	-	-	-	-	-	-
3	Total amount of Sub-Standard Assets subject to restructuring	-	-	-	-	-	-
4	Total amount of Doubtful Assets subject to restructuring	-	-	-	-	-	-

8. **Impairment of investments**

In accordance with the Financial Statements Regulations, Schedule A Part I on Accounting Principles for Preparation of Financial Statements on procedure to determine the value of investment and the relevant circular, the impairment in value of investments other than temporary diminution has been assessed for year ended March 31, 2013 to six months ended September 30, 2017 and accordingly impairment provisions have been provided as below:

**Listed equity shares**

A provision/ (reversal) for impairment loss recognised in the Restated Standalone Statement of Revenue Account under the head "Provision for diminution in the value of investments" and correspondingly, Policyholders' Fair Value Change Account under Policyholders' Fund in the Restated Standalone Statement of Assets and Liabilities have been adjusted for such reversal/provision of impairment loss. The details of which have been given below:

(₹ in Millions)

Sr. No.	Particulars	For the six months ended/As at	For the year ended/As At				
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Provision/(Reversal) for diminution in the value of investments	-	99.5	(20.4)	(125.4)	242.8	-
2	Policyholder Fair value change account	-	(99.5)	20.4	125.4	(242.8)	-

Provision/(reversal) of impairment loss recognised in the Restated Standalone Statement of Profit and Loss Account under the head "Provision for diminution in the value of investments" and correspondingly, Shareholders' Fair Value Change Account under Shareholders' Funds in the Restated Standalone Statement of Assets and Liabilities have been adjusted for such reversal/provision of impairment loss. The details of which have given below:

(₹ in Millions)

Sr. No.	Particulars	For the six months ended/As at	For the year ended/As At				
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Provision/(Reversal) for diminution in the value of investments	-	(43.4)	10.8	(15.3)	47.9	-
2	Shareholder Fair value change account	-	43.4	(10.8)	15.3	(47.9)	-

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**Security Receipts and Venture Fund**

A provision/ (reversal) for impairment loss has been recognised in the Restated Standalone Statement of Revenue Account under the head "Provision for diminution in the value of investments". Correspondingly, Long/Short term other than Approved investments under Annexure XV (Restated Standalone Statement of Policyholder's Investments) has been adjusted for such diminution. The details of which have given below:

(₹ in Millions)

Sr. No.	Security Type	Particulars	For the six months ended / As at	For the year ended/As At				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Security Receipts and	Provision/(Reversal) for diminution in the value of Investments	(5.0)	22.9	-	-	13.5	-
2	Venture Fund	Other than Approved Investments – Long/Short Term	5.0	(22.9) *	-	-	(13.5) <sup>#</sup>	-

\* The amounts have been adjusted for such diminution in Short term other than Approved investments.

<sup>#</sup> The amounts have been adjusted for such diminution in Long term other than Approved investments

A provision/(reversal) for impairment loss has been recognised in the Restated Standalone Statement of Profit and Loss Account under the head "Provision for diminution in the value of investments" Correspondingly, Long/Short term Other than Approved investments under Annexure XIV (Restated Standalone Statement of Shareholder's Investments) has been adjusted for such diminution. The details of which have given below:

(₹ in Millions)

Sr. No.	Security Type	Particulars	For the six months ended / As at	For the year ended/As At				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Security Receipts and	Provision/(Reversal) for diminution in the value of Investments	(2.7)	(0.1)	21.8	9.7	10.7	-
2	Venture Fund	Other than Approved Investments – Long/Short Term	2.7	0.1*	(21.8) *	(9.7) <sup>#</sup>	(10.7) <sup>#</sup>	-

\* The amounts have been adjusted for such diminution in Short term other than Approved investments.

<sup>#</sup> The amounts have been adjusted for such diminution in Long term other than Approved investments.

**Unlisted equity shares**

A provision for impairment loss has been recognised in the Restated Standalone Statement of Revenue Account under the head "Provision for diminution in the value of investments". Correspondingly, Long term other than Approved investments under Annexure XV (Restated Standalone Statement of Policyholder's Investments) has been adjusted for such diminution. The details of which have given below:

(₹ in Millions)

Sr. No.	Security Type	Particulars	For the six months ended / As at	For the year ended/As At				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Security Receipts and	Provision for diminution in the value of Investments	-	-	-	53.8	-	-
2	Venture Fund	Other than Approved Investments – Long Term	-	-	-	(53.8)	-	-

Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

A provision for impairment loss has been recognised in the Restated Standalone Statement of Profit and Loss Account under the head "Provision for diminution in the value of investments" Correspondingly, Long term Other than Approved investments under Annexure XIV (Restated Standalone Statement of Shareholder's Investments) has been adjusted for such diminution. The detail of which has given below:

(₹ in Millions)

Sr. No.	Security Type	Particulars	For the six months ended / As at	For the year ended/As At				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Security Receipts and	Provision for diminution in the value of Investments	-	-	-	5.1	-	-
2	Venture Fund	Other than Approved Investments – Long Term	-	-	-	(5.1)	-	-

9. 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. (amended by Insurance Laws (Amendment ) Act, 2015.

Sr. No.	Name	Description	Directorship of the	Occupation	Held as at the end of year/six months
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	HDFC Standard Life Insurance Company Ltd.	Employment	Mar'13/Mar'14/Mar'15 /Mar'16/Mar'17/Sep'17
		Non Executive Director	HDFC Pension Management Company Ltd	Directorship	Mar'13/Mar'14/Mar'15 /Mar'16//Mar'17/Sep'17
		Manager <sup>#</sup>	Manipal Education Americas, LLC	Manager	Mar'13/ Mar'14/Mar'15/Mar'16/Mar '17/Sep'17
		Director	Manipal Global Education Services Private Ltd.	Directorship	Mar'14/Mar'15/Mar'16/Mar '17/Sep'17
		Director	Manipal Universal Learnings Private Ltd.	Directorship	Mar'13
		Director	Shriram Transport Finance Company Limited	Directorship	Mar'13/ Mar'14/Mar'15/Mar'16/Mar '17/Sep'17
		Director	HDFC International Life and Re Company Limited	Directorship	Mar'16/Mar'17/Sep'17
2	Mr. Paresh Parasnis (Upto July 31, 2012)	Executive Director and Chief Operating Officer	HDFC Standard Life Insurance Company Ltd.	Employment	Mar'13
		Non Executive Director	HDFC Pension Management Company Ltd	Directorship	Mar'13
3	Ms. Vibha Padalkar (From August 14, 2012)	Executive Director and Chief Financial Officer	HDFC Standard Life Insurance Company Ltd.	Employment	Mar'13/ Mar'14/Mar'15/Mar'16/Mar '17/Sep'17
		Non Executive Director	HDFC Pension Management Company Ltd	Directorship	Mar'13/Mar'14/Mar'15 /Mar'16/Mar'17/Sep'17
		Director	Central Insurance Repository Ltd	Directorship	Mar'13/ Mar'14/Mar'15
		Director	HDFC Investments Ltd	Directorship	Mar'15/Mar'16/Mar'17/Sep '17
		Director	Tata Power Company Ltd	Directorship	Mar'17/Sep'17

<sup>#</sup>Non executive position

## 10. Following are the details of the controlled funds in pursuant to the Master Circular

## A) Computation of Controlled fund as per the Restated Standalone Statement of Assets and Liabilities

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Policyholders' Fund (Life Fund)</b>						
Participating						
Individual Assurance	223,482.8	201,878.6	159,434.9	128,324.2	95,684.8	70,723.8
Group Assurance	27.4	27.7	93.1	84.1	-	-
Individual Pension	22,219.5	20,653.9	17,541.0	15,234.2	12,601.6	11,006.7
Group Pension	(3.5)	(2.1)	24.1	24.0	-	-
Group Pension Variable	-	-	-	18.0	65.0	-
Any other (Pl. Specify)	-	-	-	-	-	-
Non-participating						
Individual Assurance	19,688.9	16,569.9	10,593.2	6,614.1	3,772.1	2,686.8
Group Assurance	43,481.9	36,828.3	24,380.4	18,619.1	14,822.0	8,891.3
Group Assurance Variable	12,956.0	10,850.6	7,267.6	5,730.7	2,564.8	-
Individual Pension	5,002.4	4,034.4	2,275.7	1,074.8	703.0	-
Group Pension	19,473.7	17,426.7	11,632.8	9,199.0	7,810.5	5,287.8
Group Pension Variable	15,024.2	11,493.0	5,758.6	3,080.0	776.8	-
Individual Annuity	14,947.3	12,797.7	9,150.4	6,463.5	2,960.8	1,226.2
Other (Health)	285.9	294.6	285.4	163.6	133.8	19.4
Linked						
Individual Assurance	422,345.7	405,912.5	344,883.5	334,002.5	246,550.8	195,624.3
Group Assurance	-	-	-	-	-	-
Individual Pension	91,618.7	88,725.6	77,890.7	86,076.9	74,223.2	68,100.6
Group Superannuation	9,741.6	9,289.4	7,718.6	7,825.6	6,450.1	6,112.0
Group Gratuity	41,318.9	37,692.6	29,937.5	24,228.4	18,920.3	17,860.4
Any other (Pl. Specify)	-	-	-	-	-	-
Funds for Future Appropriations	-	-	-	486.8	870.9	3,048.9
Credit / (Debit) from Revenue A/c.	-	-	-	-	-	-
<b>Total (A)</b>	<b>941,611.4</b>	<b>874,473.4</b>	<b>708,867.5</b>	<b>647,249.5</b>	<b>488,910.5</b>	<b>390,588.2</b>
<b>Shareholders' Fund</b>						
Paid up Capital	20,065.8	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Reserves & Surpluses	2,521.3	1,944.0	1,687.0	1,654.4	1,654.4	1,961.8
Fair Value Change	490.5	323.1	(412.4)	(20.1)	27.3	(102.8)
Sub Total (B)	23,077.6	<b>22,251.9</b>	<b>21,227.5</b>	<b>21,583.1</b>	<b>21,630.5</b>	<b>21,807.8</b>
Misc. expenses not written off	-	-	-	-	-	-
Credit / (Debit) from P&L A/c.	21,683.4	16,135.0	9,858.5	3,835.4	(2,344.1)	(8,430.1)
Sub Total (C)	21,683.4	16,135.0	9,858.5	3,835.4	(2,344.1)	(8,430.1)
<b>Total shareholders' funds (B+C)</b>	<b>44,761.0</b>	<b>38,386.9</b>	<b>31,086.0</b>	<b>25,418.5</b>	<b>19,286.4</b>	<b>13,377.7</b>

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Controlled Fund (Total (A+B+C))</b>	<b>986,372.4</b>	<b>912,860.3</b>	<b>739,953.5</b>	<b>672,668.0</b>	<b>508,196.9</b>	<b>403,965.9</b>

## B) Reconciliation of the Controlled Fund from Restated Standalone Statement of Revenue and Profit &amp; Loss Account

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Opening Balance of Controlled Fund	912,860.3	739,953.5	672,668.0	508,196.9	403,965.9	323,368.2
Add: Inflow						
Income						
Premium Income	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
Less: Reinsurance ceded	(893.4)	(1,706.2)	(1,342.0)	(674.5)	(864.7)	(561.9)
<b>Net Premium</b>	<b>90,509.6</b>	<b>192,748.6</b>	<b>161,787.7</b>	<b>147,624.5</b>	<b>119,764.4</b>	<b>114,460.5</b>
Investment Income (Excl BS fair value change)	54,472.3	114,851.7	17,829.4	122,794.5	51,825.5	24,973.2
Other Income	536.7	419.0	591.1	322.1	238.8	256.6
Income on Unclaimed amount of Policyholders	246.5	616.3	-	-	-	-
Funds transferred from Shareholders' Accounts	74.2	353.9	380.0	466.9	2,173.3	19.0
<b>Total Income</b>	<b>145,839.3</b>	<b>308,989.5</b>	<b>180,588.2</b>	<b>271,208.0</b>	<b>174,002.0</b>	<b>139,709.3</b>
Less: Outgo						
(i) Benefits paid (Net)	54,856.2	98,421.8	81,769.1	81,623.8	46,619.1	39,028.4
(ii) Interim & Terminal Bonus Paid	947.4	1,582.2	650.5	713.8	329.2	187.0
(iii) Change in Valuation of Liability	64,825.1	160,547.6	59,281.1	156,525.0	100,583.8	74,149.3
(iv) Commission	4,037.2	7,920.2	7,018.5	6,234.7	5,141.0	6,472.6
(v) Operating Expenses	12,826.2	23,852.8	18,718.3	14,888.3	12,805.2	12,160.1
(vi) Service tax charge on linked charges	1,317.3	2,160.7	1,853.9	1,531.8	1,340.0	1,279.8
(vii) Provision for Taxation	-	-	-	-	-	-
(a) Fringe Benefit Tax						
(b) Income Tax	223.6	1,519.8	1,745.5	1,193.4	1,516.0	509.2
(viii) Provisions (other than taxation)						
(a) Provision for Diminution in the value of Investment	(5.0)	122.4	(20.4)	(71.6)	256.3	-
(b) Others	(59.5)	(59.7)	52.2	46.5	18.8	-
<b>Total Outgo</b>	<b>138,968.5</b>	<b>296,067.8</b>	<b>171,068.7</b>	<b>262,685.7</b>	<b>168,609.4</b>	<b>133,786.4</b>
<b>Surplus of the Policyholders' Fund</b>	<b>6,870.8</b>	<b>12,921.7</b>	<b>9,519.5</b>	<b>8,522.3</b>	<b>5,392.6</b>	<b>5,922.9</b>
Less: transferred to Shareholders' Account	(4,558.0)	(7,863.4)	(7,182.5)	(6,708.6)	(7,654.0)	(3,900.1)
<b>Net Flow in Policyholders' account</b>	<b>2,312.8</b>	<b>5,058.3</b>	<b>2,337.0</b>	<b>1,813.7</b>	<b>(2,261.4)</b>	<b>2,022.8</b>
Add: Net income in Shareholders' Fund	5,716.0	9,656.8	7,791.6	7,808.0	7,382.9	4,425.5
<b>Net In Flow / Outflow</b>	<b>8,028.8</b>	<b>14,715.1</b>	<b>10,128.6</b>	<b>9,621.7</b>	<b>5,121.5</b>	<b>6,448.3</b>
Add: change in valuation Liabilities	64,825.2	160,547.6	59,281.1	156,525.0	100,583.8	74,149.3
Add: Increase in Paid up Capital	81.0	31.9	4.1	-	-	-
Less: Dividend and Dividend	-	(2,644.8)	(2,160.9)	(1,675.6)	(1,166.9)	-

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
distribution tax						
Add: Increase in Reserves & Surplus	577.1	257.0	32.6	-	(307.4)	-
Material Restatement Adjustments		-	-	-	-	-
<b>Closing Balance of Controlled Fund</b>	<b>986,372.4</b>	<b>912,860.3</b>	<b>739,953.5</b>	<b>672,668.0</b>	<b>508,196.9</b>	<b>403,965.9</b>
<b>As Per Restated Standalone Statement of Assets and Liabilities</b>	<b>986,372.4</b>	<b>912,860.3</b>	<b>739,953.5</b>	<b>672,668.0</b>	<b>508,196.9</b>	<b>403,965.9</b>
Difference, if any ( <i>Change in Fair Value - B/S</i> )	-	-	-	-	-	-

## C) Reconciliation with Shareholders' and Policyholders' Fund

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Policyholders' Funds</b>						
Policyholders' Funds - Traditional-PAR and NON-PAR						
Opening Balance of the Policyholders' Fund	332,853.2	248,437.1	194,629.3	141,895.2	99,841.9	69,916.4
Add: Surplus of the Revenue Account	623.5	1,613.1	2,900.1	1,896.2	(1,178.2)	2,178.4
Add: change in valuation Liabilities	41,420.2	79,357.7	50,984.2	50,535.8	42,136.8	28,200.4
Add: Credit / [Debit] Fair Value Change Account	1,689.6	3,445.3	(76.5)	302.1	1,094.7	(453.3)
<b>Total</b>	<b>376,586.5</b>	<b>332,853.2</b>	<b>248,437.1</b>	<b>194,629.3</b>	<b>141,895.2</b>	<b>99,841.9</b>
<b>As per Restated Standalone Statement of Assets and Liabilities</b>	<b>376,586.5</b>	<b>332,853.2</b>	<b>248,437.1</b>	<b>194,629.3</b>	<b>141,895.2</b>	<b>99,841.9</b>
Difference, if any ( <i>Change in Fair Value - B/S</i> )	-	-	-	-	-	-
<b>Policyholders' Funds – Linked</b>						
Opening Balance of the Policyholders' Fund	541,620.2	460,430.4	452,620.2	347,015.3	290,746.3	244,499.5
Add: Surplus / (Deficit) of the Revenue Account	-	-	(486.8)	(384.1)	(2,178.0)	297.7
Add: change in valuation Liabilities	21,421.7	80,981.6	6,366.9	92,903.8	49,114.8	41,617.9
Add:- Increase in discontinued Policies fund	1,983.0	208.2	1,930.1	13,085.2	9,332.2	4,331.2
<b>Total</b>	<b>565,024.9</b>	<b>541,620.2</b>	<b>460,430.4</b>	<b>452,620.2</b>	<b>347,015.3</b>	<b>290,746.3</b>
<b>As per Restated Standalone Statement of Assets and Liabilities</b>	<b>565,024.9</b>	<b>541,620.2</b>	<b>460,430.4</b>	<b>452,620.2</b>	<b>347,015.3</b>	<b>290,746.3</b>
Difference, if any	-	-	-	-	-	-
<b>Shareholders' Funds</b>						
Opening Balance of Shareholders' Fund	38,386.9	31,086.0	25,418.5	19,286.4	13,377.7	8,952.2
Add: net income of Shareholders' account (P&L)	5,716.0	9,656.8	7,791.6	7,808.0	7,382.9	4,425.5
Add: Infusion of Capital	81.0	31.9	4.1	-	-	-
Less: Dividend and Dividend distribution Tax	-	(2,644.8)	(2,160.9)	(1,675.6)	(1,166.9)	-
Add: Increase in Reserves & Surplus	577.1	257.0	32.6	-	(307.4)	-
<b>Closing Balance of the Shareholders' fund</b>	<b>44,761.0</b>	<b>38,386.9</b>	<b>31,086.0</b>	<b>25,418.5</b>	<b>19,286.4</b>	<b>13,377.7</b>

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
As per Restated Standalone Statement of Assets and Liabilities	44,761.0	38,386.9	31,086.0	25,418.5	19,286.4	13,377.7
Difference, if any	-	-	-	-	-	-

11. Penal actions taken during year ended March 31, 2013 to six months ended September 30, 2017 by various Government Authorities in pursuant to the Master Circular.

(₹ in Millions)

Sr. No.	Authority	Particulars	For the six months ended	For the year ended				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Insurance Regulatory and Development Authority	Non-Compliance/ Violation	-	Deviation observed inter alia with respect to IRDAI File & Use Guidelines, Corporate Agency and Brokers Regulations	-	-	-	Violation of File and Use guidelines
		Penalty Awarded	-	1.5	-	-	-	14.7
		Penalty Paid	-	1.5	-	-	-	14.7
		Penalty Waived/ Reduced	-	-	-	-	-	-
2	Income Tax Authorities	Non-Compliance/ Violation	-	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-
3	Service Tax Authorities	Non-Compliance/ Violation	-	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-
4	Any other Tax Authorities	Non-Compliance/ Violation	-	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-
5	Enforcement Directorate/ Adjudicating	Non-Compliance/ Violation	-	-	-	-	-	-

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Sr. No.	Authority	Particulars	For the six months ended	For the year ended				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	Authority/ Tribunal or any Authority under FEMA	Penalty Awarded	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under Companies Act, 1956	Non-Compliance/ Violation	-	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Non-Compliance/ Violation	-	a. deficiency of Stamp duty on a lease deed b. Registration of premises under Shops and Establishment Act, 1948	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-
8	Securities and Exchange Board of India	Non-Compliance/ Violation	NA	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-
9	Competition Commission of India	Non-Compliance/ Violation	NA	NA	NA	NA	NA	NA
		Penalty Awarded	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Sr. No.	Authority	Particulars	For the six months ended	For the year ended				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
10	Any other Central/State/Local Government / Statutory Authority	Non-Compliance/ Violation	a) Interest levied by ESIC Authorities against delayed payment of contribution for the period Jul 2011-Oct 2011  b) Registered to the maintained as per the Act were not available at the time of inspection by the Labour Officer	-	-	-	-	-
		Penalty Awarded	a) 0.0  b) 0.1	-	-	-	-	-
		Penalty Paid	a) 0.0  b) 0.1	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-

12. Following is the statement showing the age-wise analysis of the unclaimed amount of the policyholders in pursuant to Master Circular:

Statement showing age wise analysis of the unclaimed amount of the policyholder's for respective years/six months

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

(₹ in Millions)

Age-wise Analysis		Particulars				Total
		Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders.	Sum due to insured's/ policyholders on maturity or otherwise.	Any excess collection of premium / 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	Cheques issued but not encashed by the policyholders / insured	
		(A)	(B)	(C)	(D)	
0-30 Days	As at September 30, 2017	-	2.0	1.2	6.9	10.1
	As at March 31, 2017	20.5	1,499.5	100.1	-	1,620.1
	As at March 31, 2016	9.1	1,396.3	83.8	11.7	1,500.9
	As at March 31, 2015	11.1	273.4	82.4	115.4	482.3
	As at March 31, 2014	0.3	255.4	99.2	32.3	387.2
	As at March 31, 2013	0.5	96.9	101.3	40.1	238.8
1-6 months	As at September 30, 2017	0.1	58.5	19.8	8.6	87.0
	As at March 31, 2017	7.4	1,749.9	99.8	1.2	1,858.3
	As at March 31, 2016	67.3	3,860.5	191.5	171.3	4,290.6
	As at March 31, 2015	10.9	466.8	187.0	72.6	737.3
	As at March 31, 2014	10.5	148.0	72.3	169.1	399.9
	As at March 31, 2013	2.2	101.5	89.0	180.4	373.1
7-12 months	As at September 30, 2017	21.0	959.7	64.4	14.3	1,059.4
	As at March 31, 2017	28.5	2,651.8	91.5	40.4	2,812.2
	As at March 31, 2016	3.6	2.5	154.7	133.9	294.7
	As at March 31, 2015	8.0	107.0	110.2	174.9	400.1
	As at March 31, 2014	7.8	59.2	19.2	184.9	271.1
	As at March 31, 2013	0.1	37.2	44.6	295.7	377.6
13-18 months	As at September 30, 2017	14.9	1,494.2	80.1	34.1	1,623.3
	As at March 31, 2017	13.4	319.1	30.6	74.4	437.5
	As at March 31, 2016	1.9	1.1	36.3	42.2	81.5
	As at March 31, 2015	8.5	72.2	13.8	115.4	209.9
	As at March 31, 2014	1.8	37.2	2.1	162.1	203.2
	As at March 31, 2013	0.0	19.2	2.8	126.1	148.1
19-24 months	As at September 30, 2017	12.1	196.6	25.5	56.1	290.3
	As at March 31, 2017	17.3	53.2	53.5	42.3	166.3
	As at March 31, 2016	0.4	2.0	13.2	56.7	72.3
	As at March 31, 2015	4.0	22.6	4.8	154.5	185.9
	As at March 31, 2014	-	16.0	1.4	185.0	202.4
	As at March 31, 2013	0.0	5.1	1.3	109.7	116.1
25-30 months	As at September 30, 2017	16.7	17.1	41.3	32.4	107.5
	As at March 31, 2017	0.9	66.1	12.8	5.6	85.4
	As at March 31, 2016	2.3	0.8	3.1	107.3	113.5
	As at March 31, 2015	1.6	23.5	1.3	95.1	121.5
	As at March 31, 2014	-	11.1	1.0	130.6	142.7
	As at March 31, 2013	-	32.8	0.4	72.5	105.7
31-36 months	As at September 30, 2017	-	23.4	10.9	6.8	41.1
	As at March 31, 2017	1.8	30.2	7.5	63.3	102.8
	As at March 31, 2016	0.3	0.3	1.8	101.3	103.7

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

	As at March 31, 2015	-	7.0	0.5	192.6	200.1
	As at March 31, 2014		1.9	0.6	83.0	85.5
	As at March 31, 2013	-	0.7	4.3	49.7	54.7
Beyond 36 months	As at September 30, 2017*	12.8	194.5	11.5	526.5	745.3
	As at March 31, 2017	9.4	64.5	8.1	507.1	589.1
	As at March 31, 2016	-	4.6	1.4	649.3	655.3
	As at March 31, 2015	-	18.9	1.5	415.7	436.1
	As at March 31, 2014	-	4.4	2.6	243.3	250.3
	As at March 31, 2013	0.0	2.0	0.5	144.9	147.4
<b>Total Amount</b>	As at September 30, 2017	77.7	2,946.0	254.7	685.7	3,964.0
	As at March 31, 2017	99.2	6,434.4	403.9	734.3	7,671.8
	As at March 31, 2016	84.8	5,268.1	485.8	1,273.7	7,112.4
	As at March 31, 2015	44.0	991.5	401.5	1,336.2	2,773.2
	As at March 31, 2014	20.4	533.2	198.4	1,190.3	1,942.3
	As at March 31, 2013	2.8	295.4	244.2	1,019.1	1,561.5

\*As per Master Circular on unclaimed amount of policyholders issued in July 2017 by IRDAI, out of ₹ 745.3 millions, ₹ 39.2 millions represents amounts remaining unclaimed for 10 year as on September 30, 2017 and to be transferred to Senior Citizen Welfare fund on or before March 1, 2018.

The Master Circular on Unclaimed amount of Policyholders issued by IRDAI in July 2017, has defined “Unclaimed Amounts of Policy holders” as those amounts which are outstanding for more than six months past due date or settlement date of such amount. Hence, management has identified the unclaimed amounts based on the above definition as at 30<sup>th</sup> September 2017. As at March 31, 2017, such amounts were identified by the management as unclaimed, basis internal criteria. As per the IRDAI guidelines, such unclaimed amounts were invested in a specific unit linked fund w.e.f April 1, 2016 and hence the unclaimed amounts for earlier periods cannot be reclassified/ regrouped. The corresponding amount outstanding for more than six months past due date are as mentioned below:

Particulars	As at				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amount outstanding for more than six months past due	4,026.3	1,753.8	1,783.4	1,182.5	952.7

(₹ in Millions)

## 13. Following is the disclosure required under IRDAI Circular No. IRDA/F&amp;A/CIR/CLD/114/05/2015 dated May 28, 2015:

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Opening Balance</b>	7,671.8	-	NA	NA	NA	NA
Add: Amount transferred to unclaimed amount	12,826.4	29,572.2	NA	NA	NA	NA
Add: Cheques issued out of unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	270.3	2.1	NA	NA	NA	NA
Add: Investment income	315.7	545.8	NA	NA	NA	NA
Less: Amount paid during the year/six months	(17,120.2)	(22,448.3)	NA	NA	NA	NA
<b>Closing Balance of unclaimed amount</b>	3,964.0	7,671.8	NA	NA	NA	NA

Comparable previous year information is not applicable since the requirement to maintain a segregated fund to manage unclaimed amount of policyholders as per IRDAI circular No, IRDA/F&A/CIR/CPM/134/07/2015 dated July 24, 2015 is effective from year ended March 31, 2017

## 14. Following is the disclosure relating to discontinued policies in accordance with the requirements of the Master Circular

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Fund for Discontinued Policies (₹ in Millions)</b>						
Opening balance of Funds for Discontinued Policies	29,940.2	29,732.0	27,801.9	14,716.7	5,384.5	1,053.2
Add-Fund of policies discontinued during the period	6,968.1	9,847.0	16,547.4	18,002.7	11,859.7	5,528.8
Less-Fund of policies revived during the period	(945.5)	(3,021.8)	(8,136.1)	(6,706.7)	(3,239.6)	(1,430.9)
Add-Net Income/ Gains on investment of the Fund	1,012.7	2,145.5	2,544.3	1,943.1	768.6	250.2
Less-Fund management charges levied	(80.6)	(155.6)	(159.1)	(108.6)	(46.8)	(14.7)
Less-Amount refunded to policyholders during the period	(4,971.7)	(8,606.9)	(8,866.4)	(45.3)	(9.7)	(2.1)
Closing balance of Fund for Discontinued Policies	31,923.2	29,940.3	29,732.0	27,801.9	14,716.7	5,384.5
<b>Other disclosures</b>						
Number of policies discontinued during the financial year/six months	63,020	112,601	115,724	132,155	144,379	92,116
Percentage of discontinued to total policies (product wise) during the year/six months						
HDFC SL Crest	0.19%	0.51%	1.09%	2.45%	4.48%	4.69%
HDFC SL ProGrowth Super II	1.08%	1.90%	2.03%	2.31%	3.06%	2.84%
HDFC SL YoungStar Super II	-	0.01%	0.10%	0.39%	0.93%	2.48%
HDFC Pension Supers Plus	0.09%	0.20%	0.24%	0.36%	0.15%	0.13%
HDFC SL Youngstar super premium	0.44%	0.92%	1.44%	2.06%	2.60%	1.30%
HDFC SL Progrowth Flexi	0.25%	0.34%	0.35%	0.39%	0.43%	0.52%
HDFC YoungStar Super II	-	-	0.01%	0.05%	0.12%	-
HDFC ProGrowth Plus	0.92%	1.42%	1.22%	1.14%	0.96%	-
HDFC Click2Invest	0.05%	0.06%	0.03%	-	-	-
HDFC Sampoon Nivesh Plan	0.02%	0.02%	-	-	-	-
HDFC Smart Woman	-	-	0.01%	0.02%	0.04%	-
HDFC Life Assured Pension Plan	0.02%	-	-	-	-	-
Number of the policies revived during the year/six months	13,670	43,918	33,018	35,302	38,744	23,564
Percentage of the policies revived during the year/six months	22%	39%	29%	27%	27%	26%
Charges imposed on account of discontinued policies (₹ in Millions)	126.2	255.1	253.8	307.5	343.7	183.0
Charges readjusted on account of revival policies (₹ in Millions)	31.2	75.1	71.9	88.2	77.2	2.0

## 15. Following is the disclosure related to Participation of Insurers in Repo/Reverse Repo transactions in Government/Corporate Debt Securities in pursuant to IRDAI notification ref IRDA/F&amp;I/CIR/INV/250/12/2012 dated December 4, 2012

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Securities sold under Repo</b>						
i. Government Securities:						

## Annexure XXIV: Significant Accounting Policies and Notes to the Restated Standalone Financial Information

Particulars		As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	Minimum Outstanding during the year/six months	-	-	-	-	-	-
	Maximum Outstanding during the year/six months	-	-	-	-	-	-
	Daily Average Outstanding during the year/six months	-	-	-	-	-	-
	Outstanding as on period end	-	-	-	-	-	-
ii.	Corporate Debt Securities:						
	Minimum Outstanding during the year/six months	-	-	-	-	-	-
	Maximum Outstanding during the year/six months	-	-	-	-	-	-
	Daily Average Outstanding during the year/six months	-	-	-	-	-	-
	Outstanding as on period end	-	-	-	-	-	-
<b>Securities purchased under Reverse Repo</b>							
i.	Government Securities:						
	Minimum Outstanding during the year/six months	9,862.8	6,019.2	4,990.7	4,499.6	2,391.9	2,070.7
	Maximum Outstanding during the year/six months	14,990.6	14,992.9	14,988.5	11,536.0	9,998.3	11,623.9
	Daily Average Outstanding during the year/six months	14,411.6	13,161.9	10,282.6	9,282.4	7,987.8	5,793.3
	Outstanding as on period end	14,436.6	14,858.3	6,019.2	4,993.0	6,499.6	4,991.1
ii.	Corporate Debt Securities:						
	Minimum Outstanding during the year/six months	-	-	-	-	-	-
	Maximum Outstanding during the year/six months	-	-	-	-	-	-
	Daily Average Outstanding during the year/six months	-	-	-	-	-	-
	Outstanding as on period end	-	-	-	-	-	-

16. In accordance with the IRDAI (Investment) regulations 2016 and IRDAI circular IRDA/F&I/INV/CIR/062/03/2013 dated March 26, 2013, the Company had declared March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016, March 31, 2017, as a business day and NAV for all unit linked funds were declared on these days. All applications received till 3 PM on respective business days, were processed with NAV of the same day respectively. Applications received after this cut-off for unit linked funds are taken into the next financial year.

#### 17. Long term contracts

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year/six months 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 including derivative contracts has been made in the Restated Standalone financial information.

For insurance contracts, actuarial valuation of liabilities for policies in force is done by the Appointed Actuary of the Company. The assumptions used in valuation of liabilities for policies in force are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI.

18. These Restated Standalone Financial Information and Other Standalone Financial Information were approved by the Executive Committee of the Board of Directors of the Company, through resolution by circulation dated October 21, 2017.

**Annexure - XXV : Statement of Adjustments to Audited Standalone Financial Statements**

A) Summarized below are the restatement adjustments made to the audited standalone financial statements as at and for the six months ended September 30, 2017 and year ended March 31, 2017, 2016, 2015, 2014, 2013 and their impact on the profits of the Company

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Profits after Tax as per Audited Standalone Profit and Loss Account</b>	5,548.5	8,921.3	8,184.0	7,855.1	7,252.9	4,514.8
<b>Restatement Adjustments on account of changes in accounting policy</b>						
Changes in accounting policy for Reinsurance claims (Refer note (i))		-	-	-	-	(43.3)
<b>Total</b>	-	-	-	-	-	(43.3)
Deferred Tax impact on above adjustment (Refer note (ii))		-	-	-	-	5.8
<b>Profits after Tax as per Restated Standalone Statement of Profit and Loss Account</b>	5,548.5	8,921.3	8,184.0	7,855.1	7,252.9	4,477.3

**Notes :**

i) In the audited standalone financial statements of the company for the year ended March 31, 2013, the company changed the policy to recognise reinsurance claims receivable in the period in which the death claim was intimated which was previously recognised in the period in which the claim was settled, have been appropriately adjusted in the respective year to which it relate.

ii) The tax rate applicable for the respective year of adjustment has been used to calculate the deferred tax impact on restatement adjustments.

iii) The Company has made material restatement adjustments for reversal of revaluation reserve in the year in which property was reclassified from investment property to fixed assets and adjusted against revalued amount of the related fixed assets. Consequently, fixed assets – buildings and revaluation reserve forming part of Restated Standalone Statement of Assets and Liabilities (Annexure –I) has been adjusted for ₹ 500.5 millions as at March 31, 2016, ₹ 500.5 millions as at March 31, 2015, ₹ 500.5 millions as at March 31, 2014 and ₹ 235.3 millions as at March 31, 2013. This material restatement adjustment has no impact on the profits of the company for any of the years.

Further, there are no other material restatement adjustments relating to previous years which requires any restatements.

iv) There are no audit qualifications to audited standalone financial statements.

**B) Material Regroupings/Reclassifications**

Material regroupings/reclassification has been made in the Restated Standalone Financial Information to the corresponding items of income, expenses, assets, liabilities, receipts and payments in order to bring them in line with the groupings/classifications as per the audited standalone financial statements of the Company as at and for the six months ended September 30, 2017

**C) Reconciliation of Opening Net Worth as on April 1, 2012**

Particulars	(₹ in Millions)
<b>Networth* as per audited standalone financial statement as at April 1, 2012</b>	<b>8,606.2</b>
<b>Restatement Adjustments</b>	
i) Changes in accounting policy for Reinsurance claims(Refer note (i) of part A above)	43.3
ii) Deferred Tax impact on above adjustment (Refer note (ii) part A above)	(5.8)
<b>Networth as per Restated Standalone Financial information at April 1, 2012</b>	<b>8,643.7</b>

\*Networth does not include revaluation reserve

**Annexure XXVI: Restated Standalone Statement of Capitalisation**

**(₹ in Millions)**

<b>Particulars</b>	<b>Pre-issue as at September 30, 2017</b>
<b>Shareholders Funds</b>	
Share Capital	20,055.5
Share application money received pending allotment of shares	10.3
Reserves and Surplus	24,204.6
Credit / (Debit) Fair Value Change Account	490.5
<b>Total Shareholder's Funds (Net worth) (A)</b>	<b>44,760.9</b>
<b>Debt</b>	
Long Term Borrowings	-
Short Term Borrowings	-
<b>Total Debt (B)</b>	<b>-</b>
<b>Total Debt (A+B)</b>	<b>44,760.9</b>
Long Term Borrowings/Equity Ratio	-
Total Debt/Equity Ratio	-

**Notes:**

- 1) The above has been computed on the basis of the Restated Standalone Statements of assets and liabilities (Annexure I) of the Company as on September 30, 2017.
- 2) Promoters are proposing to have an initial public offering through offer for sale. Hence there will be no change in the shareholder's funds post issue other than equity shares issued and allotted to employees on their exercise of options under company's ESOP schemes.
- 3) There has been increase in share capital amounting to 34.28 million on account of exercise of ESOP's between September 30, 2017 and October 21, 2017.

**Annexure XXVII: Restated Standalone Statement of Accounting Ratios**

**1) New Business Premium Income Growth (segment wise)**

((New business premium Current Year - New business premium Previous Year) / New business premium Previous Year)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Participating life - Individual & group	8.8%	30.2%	58.1%	-30.4%	-24.6%	12.7%
2. Participating pension - Individual & group	-42.2%	-13.5%	37.9%	48.8%	5253.1%	-99.6%
3. Participating - Pension group variable	NA	-100.0%	21.1%	-92.3%	New Business <sup>^</sup>	NA
4. Non participating life - Individual & group	48.0%	48.3%	22.2%	47.5%	42.5%	39.0%
5. Non participating pension - Individual & group	-34.4%	97.8%	5.2%	2.5%	23.0%	-3.9%
6. Non participating - Life group variable	36.5%	189.6%	-51.1%	45.0%	New Business <sup>^</sup>	NA
7. Non participating - Pension group variable	29.5%	80.0%	35.4%	235.4%	New Business <sup>^</sup>	NA
8. Non participating fund - Annuity fund	44.4%	29.3%	-16.0%	96.7%	111.6%	418.2%
9. Non participating fund - Health fund	-17.8%	-34.0%	100.8%	35.9%	1530.1%	245.0%
10. Unit linked fund - Individual life	77.5%	11.3%	8.4%	53.9%	-43.1%	5.6%
11. Unit linked fund - Individual pension	-69.1%	5.4%	-22.8%	62.0%	-12.7%	2318.1%
12. Unit linked fund - Group life	54.7%	-2.8%	85.6%	74.7%	-26.1%	31.4%
13. Unit linked fund - Group pension	-16.7%	38.4%	82.8%	0.3%	-21.2%	-11.9%

<sup>^</sup>Business in these segments is launched in the current year

**2) Net Retention Ratio**

(Net Premium divided by Gross Premium)

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Net Premium	90,509.6	192,748.6	161,787.7	147,624.5	119,764.4	114,460.5
Gross Premium	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
<b>Ratio</b>	<b>99.0%</b>	<b>99.1%</b>	<b>99.2%</b>	<b>99.5%</b>	<b>99.3%</b>	<b>99.5%</b>

**3) Ratio of Expenses of management**

(Expenses of management divided by Total Gross direct Premium)

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Management Expenses	16,863.4	31,773.0	25,736.8	21,123.0	17,946.2	18,632.7
Total Gross Premium	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
<b>Ratio</b>	<b>18.4%</b>	<b>16.3%</b>	<b>15.8%</b>	<b>14.2%</b>	<b>14.9%</b>	<b>16.2%</b>

**4) Commission Ratio**

(Gross Commission paid to Gross Premium)

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Gross Commission	4,037.2	7,920.2	7,018.5	6,234.7	5,141.0	6,472.6
Gross Premium	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
<b>Ratio</b>	<b>4.4%</b>	<b>4.1%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.3%</b>	<b>5.6%</b>

**5) Ratio of Policyholders' liabilities to Shareholders' funds**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Policyholders' liability	935,940.4	870,492.0	708,331.4	646,636.9	488,600.0	391,372.4
Shareholders' funds	44,760.9	38,386.9	31,086.0	25,418.5	19,286.4	13,377.7
<b>Ratio</b>	<b>2091.0%</b>	<b>2267.7%</b>	<b>2278.6%</b>	<b>2544.0%</b>	<b>2533.4%</b>	<b>2925.6%</b>

**Annexure XXVII: Restated Standalone Statement of Accounting Ratios**

**6) Growth rate of Shareholders' funds**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Shareholders' funds as at end of the year/six months	44,760.9	38,386.9	31,086.0	25,418.5	19,286.4	13,377.7
<b>Growth rate</b>	<b>16.6%</b>	<b>23.5%</b>	<b>22.3%</b>	<b>31.8%</b>	<b>44.2%</b>	<b>49.4%</b>

**7) Ratio of Surplus / (Deficit) to Policyholders' liability**

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Surplus / (Deficit) in Revenue Account	5,181.3	9,476.4	9,595.9	8,220.5	4,297.8	6,376.2
Policyholders' liability	935,940.4	870,492.0	708,331.4	646,636.9	488,600.0	391,372.4
<b>Ratio</b>	<b>0.6%</b>	<b>1.1%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>1.6%</b>

**8) Change in Net worth**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Net worth as at end of the year/six months	44,760.9	38,386.9	31,086.0	25,418.5	19,286.4	13,377.7
Net worth as at beginning of the year	38,386.9	31,086.0	25,418.5	19,286.4	13,377.7	8,952.3
<b>Change</b>	<b>6,374.0</b>	<b>7,300.9</b>	<b>5,667.5</b>	<b>6,132.1</b>	<b>5,908.7</b>	<b>4,425.4</b>

**9) Profit after tax / Total Income**

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Profit after Tax	5,548.5	8,921.3	8,184.0	7,855.1	7,252.9	4,477.3
Total Income	145,417.3	307,458.9	182,078.3	272,448.5	171,874.4	140,855.0
<b>Ratio</b>	<b>3.8%</b>	<b>2.9%</b>	<b>4.5%</b>	<b>2.9%</b>	<b>4.2%</b>	<b>3.2%</b>

**10) Total of Real Estate + Loans / Cash & invested assets**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Loans	162.3	478.6	930.7	1,256.4	476.8	782.2
Investment properties-Real estate*	2,535.2	2,558.2	2,586.1	2,641.2	2,104.9	2,463.8
Cash & invested assets	998,128.5	925,341.1	748,766.6	675,974.3	509,741.7	408,684.3
<b>Ratio</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.5%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.8%</b>

\* includes investments in Fixed Assets – Building as per the Master Circular

**11) Total Investments / Total of (Capital + Surplus)**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Total Investments	995,502.6	917,854.7	743,231.3	671,507.0	505,769.4	404,828.0
Capital	20,065.8	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Reserves	24,204.6	18,079.0	11,545.5	5,489.8	1,654.4	1,961.8
<b>Ratio</b>	<b>22.5</b>	<b>24.1</b>	<b>23.6</b>	<b>26.4</b>	<b>23.4</b>	<b>18.5</b>

**12) Total affiliated Investments / Total of (Capital + Surplus)**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Total affiliated Investments*	9,879.6	11,681.0	8,987.1	9,223.0	7,620.2	7,175.8
Capital	20,065.8	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Reserves	24,204.6	18,079.0	11,545.5	5,489.8	1,654.4	1,961.8
<b>Ratio</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.4</b>	<b>0.4</b>	<b>0.3</b>

\* Includes only related parties identified under AS 18

**Annexure XXVII: Restated Standalone Statement of Accounting Ratios**

13) Investment yield (gross and net)						
Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>A. Without Unrealised Gains/Losses</b>						
Shareholders' Funds	3.7%	8.0%	7.0%	10.6%	8.7%	8.6%
Policyholders' Funds						
<b>Non Linked</b>						
Participating	5.1%	9.3%	6.0%	13.2%	8.8%	9.2%
Non Participating	4.2%	9.1%	8.9%	9.7%	9.2%	9.1%
<b>Linked</b>						
Non Participating	4.8%	10.4%	11.2%	11.1%	4.4%	6.3%
<b>B. With Unrealised Gains/Losses</b>						
Shareholders' Funds	4.3%	12.7%	4.9%	15.5%	7.6%	9.6%
Policyholders' Funds						
<b>Non Linked</b>						
Participating	4.6%	13.2%	6.1%	19.8%	4.8%	12.2%
Non Participating	5.1%	11.4%	8.3%	14.9%	7.0%	11.1%
<b>Linked</b>						
Non Participating	6.0%	17.4%	-0.9%	28.3%	12.2%	5.4%
<b>14) Conservation ratio</b>						
Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Participating life - Individual & group	89.1%	88.7%	91.9%	89.4%	83.4%	82.5%
2. Participating pension - Individual & group	99.0%	57.8%	92.0%	92.4%	90.8%	83.4%
3. Participating - Pension group variable	NA	NA	NA	NA	NA	NA
4. Non participating life - Individual & group	86.1%	87.0%	85.1%	82.9%	87.6%	84.1%
5. Non participating pension - Individual & group	95.8%	89.0%	88.6%	81.7%	NA	NA
6. Non participating - Life group variable	NA	NA	NA	NA	NA	NA
7. Non participating - Pension group variable	NA	NA	NA	NA	NA	NA
8. Non participating fund - Annuity fund	NA	NA	NA	NA	NA	NA
9. Non participating fund - Health fund	85.1%	41.7%	62.6%	59.0%	63.5%	74.1%
10. Unit linked fund - Individual life	79.2%	77.4%	75.3%	90.1%	78.0%	76.1%
11. Unit linked fund - Individual pension	89.4%	86.1%	68.0%	92.8%	70.2%	80.6%
12. Unit linked fund - Group life	NA	NA	NA	NA	NA	NA
13. Unit linked fund - Group pension	NA	NA	NA	NA	NA	NA
<b>15) Persistency ratio</b>						
Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Premium Persistency Ratio (based on original annualised premiums)						
13th month	82.2%	80.9%	78.9%	73.3%	69.0%	75.7%
25th month	74.4%	73.3%	67.5%	64.0%	69.0%	78.3%
37th month	65.6%	63.9%	60.1%	65.1%	67.1%	60.0%
49th month	59.3%	58.3%	63.4%	64.2%	54.8%	30.9%
61st month	55.4%	56.8%	50.0%	39.8%	21.2%	15.4%
<b>Notes:</b>						
a. The persistency ratios have been calculated in accordance with the IRDAI circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014 and hence are with a lag of one month.						
b. The persistency ratios have been calculated for the policies issued in the March to February period of the relevant years. For eg: the 13th month persistency for current year is calculated for the policies issued from March 2015 to February 2016.						
c. Group business and Rural business are excluded in the calculation of the persistency ratios.						

**Annexure XXVII: Restated Standalone Statement of Accounting Ratios**

16) NPA ratio						
Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>A. Gross NPA Ratio</b>						
Shareholder's Funds	-	0.3%	-	-	-	-
Policyholder's Funds						
<b>Non Linked</b>						
Participating	-	0.1%	0.1%	0.1%	0.1%	-
Non Participating	-	-	0.1%	0.2%	0.3%	-
<b>Linked</b>						
Non Participating	-	-	-	-	-	-
<b>B. Net NPA Ratio</b>						
Shareholder's Funds	-	0.1%	-	-	-	-
Policyholder's Funds						
<b>Non Linked</b>						
Participating	-	0.0%	0.0%	0.1%	0.1%	-
Non Participating	-	-	0.1%	0.1%	0.2%	-
<b>Linked</b>						
Non Participating	-	-	-	-	-	-
17) Solvency ratio <sup>^</sup>						
Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Solvency Ratio	200.5%	191.6%	198.4%	196.1%	193.9%	217.4%
^Solvency ratio has been stated on the basis of computation certified by Appointed Actuary and it excludes inadmissible assets as required by the IRDA ( Assets, Liabilities and Solvency Margins of Insurers) regulations and directions received from IRDAI from time to time.						
18) Earning Per Share						
Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
a) Basic Earnings Per Share (₹)	2.77	4.47	4.10	3.94	3.64	2.24
b) Diluted Earnings Per Share (₹)	2.76	4.44	4.10	3.93	3.64	2.24
c) Nominal value of shares (₹)	10.00	10.00	10.00	10.00	10.00	10.00
19) Return on networth						
Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Profit after Tax	5,548.5	8,921.3	8,184.0	7,855.1	7,252.9	4,477.3
Average Networth	41,573.9	34,736.4	28,252.2	22,352.4	16,332.0	11,165.0
Ratio	13.3%	25.7%	29.0%	35.1%	44.4%	40.1%
(₹ in Millions)						
20) Net Assets Value per Share						
Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Networth (₹ in Millions)	44,760.9	38,386.9	31,086.0	25,418.5	19,286.4	13,377.7
Total number of equity shares outstanding at the end of the year/six months	2,005,545,370	1,998,475,283	1,995,288,138	1,994,880,096.00	1,994,880,096	1,994,880,096
Net Assets Value per Share (₹)	22.3	19.2	15.6	12.7	9.7	6.7
Accounting ratios has been calculated as per the requirements of IRDAI Regulation or SEBI Regulation, as applicable.						

## Annexure XXVIII : Restated Standalone Statement on Segment Disclosures

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Segment Income</b>						
<b>Segment A - Participating - Individual &amp; Group Life :</b>						
Net Premium	21,753.3	48,124.0	40,805.6	34,457.4	32,034.7	28,493.9
Income from Investments	10,746.4	15,862.8	8,574.0	14,037.7	7,209.4	5,291.9
Other Income	152.2	184.6	209.1	214.3	172.8	168.5
<b>Segment B - Participating - Individual &amp; Group Pension :</b>						
Net Premium	929.4	2,152.0	2,802.9	2,373.9	2,090.0	1,974.1
Income from Investments	700.8	1,676.9	740.3	1,819.3	1,083.9	1,011.4
Other Income	4.5	6.9	11.3	12.4	8.9	8.1
<b>Segment C - Participating - Pension Group Variable :</b>						
Net Premium	-	-	17.0	14.0	182.0	-
Income from Investments	-	-	2.6	4.0	4.7	-
Other Income	-	-	-	-	-	-
<b>Segment D - Non Participating - Individual &amp; Group Life :</b>						
Net Premium	16,692.6	29,114.9	19,742.2	14,486.7	8,902.8	6,082.8
Income from Investments	2,423.0	3,858.3	2,577.1	2,167.0	1,303.1	897.5
Other Income	20.1	28.4	28.1	20.8	10.3	4.4
<b>Segment E - Non Participating - Life Group Variable :</b>						
Net Premium	1,903.3	5,082.1	1,754.8	3,589.2	2,475.4	-
Income from Investments	480.8	690.8	547.9	395.6	54.1	-
Other Income	-	-	-	1.2	0.3	-
<b>Segment F - Non Participating - Individual &amp; Group Pension :</b>						
Net Premium	2,439.3	7,392.5	3,999.6	3,457.3	2,809.2	2,284.6
Income from Investments	894.7	1,449.3	962.4	906.0	693.0	373.0
Other Income	2.8	3.5	3.3	2.6	1.3	-
<b>Segment G - Non Participating - Pension Group Variable :</b>						
Net Premium	3,345.2	6,150.3	3,417.2	2,524.2	752.7	-
Income from Investments	512.2	646.0	376.1	109.2	14.6	-
Other Income	-	-	-	0.8	0.1	-
<b>Segment H - Non Participating - Annuity fund :</b>						
Net Premium	2,189.6	3,461.1	2,677.0	3,186.1	1,619.7	765.5
Income from Investments	743.5	873.7	640.3	431.2	145.3	57.3
Other Income	2.6	1.2	2.4	1.7	0.2	0.2
<b>Segment I - Non Participating - Health fund :</b>						
Net Premium	391.3	578.0	660.1	346.4	169.4	24.8
Income from Investments	14.6	25.9	20.5	18.0	4.5	3.4
Other Income	1.2	1.9	2.2	0.9	0.7	-
<b>Segment J - Unit Linked - Individual Life :</b>						
Net Premium	31,148.0	69,517.7	65,719.9	64,949.0	54,609.5	57,725.1
Income from Investments	27,808.4	66,204.2	2,220.5	74,888.7	27,971.8	11,115.5
Other Income	347.9	130.2	323.0	58.2	39.6	68.5
<b>Segment K - Unit Linked - Individual Pension :</b>						
Net Premium	4,459.7	12,265.8	11,478.8	13,536.6	11,179.0	13,180.0
Income from Investments	5,989.8	14,407.5	(638.4)	22,785.1	10,321.2	4,549.2
Other Income	5.4	62.3	11.7	7.6	4.3	6.9
<b>Segment L - Unit Linked - Group Life :</b>						
Net Premium	4,645.5	7,431.6	7,644.3	4,119.4	2,357.6	3,190.2
Income from Investments	1,967.8	4,514.1	1,516.9	3,634.4	1,423.8	1,568.9
Other Income	-	-	-	1.4	0.2	-
<b>Segment M - Unit Linked - Group Pension :</b>						
Net Premium	612.4	1,478.6	1,068.3	584.3	582.4	739.5
Income from Investments	500.8	1,196.9	365.5	1,296.5	501.4	558.4
Other Income	-	-	-	0.2	0.1	-
<b>Total</b>	<b>143,829.1</b>	<b>304,574.0</b>	<b>180,284.5</b>	<b>270,439.3</b>	<b>170,734.0</b>	<b>140,143.6</b>
<b>Shareholder :</b>						
Income from Investments	1,211.5	2,268.6	1,688.3	2,009.2	1,140.4	711.4
Other Income	130.2	-	105.5	-	-	-
<b>Total</b>	<b>1,341.7</b>	<b>2,268.6</b>	<b>1,793.8</b>	<b>2,009.2</b>	<b>1,140.4</b>	<b>711.4</b>
<b>Grand Total</b>	<b>145,170.8</b>	<b>306,842.6</b>	<b>182,078.3</b>	<b>272,448.5</b>	<b>171,874.4</b>	<b>140,855.0</b>

## Annexure XXVIII : Restated Standalone Statement on Segment Disclosures

(₹ in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Segment Surplus/ Deficit (net of transfer from shareholders' A/c) :</b>						
Segment A - Participating - Individual & Group Life	456.4	1,789.8	3,392.0	1,963.4	(1,185.9)	2,087.7
Segment B - Participating - Individual & Group Pension	167.0	588.1	200.3	530.7	476.8	491.9
Segment C - Participating - Pension Group Variable	-	-	(0.9)	1.3	0.5	-
Segment D - Non Participating - Individual & Group Life	2,549.6	3,502.2	3,862.6	1,510.4	(1,220.6)	390.2
Segment E - Non Participating - Life Group Variable	(9.5)	(28.8)	(18.0)	(74.4)	(70.1)	-
Segment F - Non Participating - Individual & Group Pension	169.4	395.0	152.1	564.9	(314.4)	(19.0)
Segment G - Non Participating - Pension Group Variable	(64.7)	(72.5)	(63.7)	(52.9)	(20.9)	-
Segment H - Non Participating - Annuity fund	189.8	(183.4)	(87.2)	(290.7)	(221.5)	0.3
Segment I - Non Participating - Health fund	97.9	20.5	(211.2)	(48.9)	(326.0)	6.7
Segment J - Unit Linked - Individual Life	679.0	1,568.7	1,440.5	2,623.1	3,710.1	1,747.0
Segment K - Unit Linked - Individual Pension	700.9	1,359.4	438.8	966.2	1,243.9	1,596.7
Segment L - Unit Linked - Group Life	109.9	173.3	79.2	15.0	35.5	27.0
Segment M - Unit Linked - Group Pension	61.4	10.2	31.4	45.5	17.1	28.7
<b>Total</b>	<b>5,107.1</b>	<b>9,122.5</b>	<b>9,215.9</b>	<b>7,753.6</b>	<b>2,124.5</b>	<b>6,357.2</b>
Shareholders	1,064.7	1,411.8	1,381.5	1,613.4	1,772.2	596.2
<b>Grand Total</b>	<b>6,171.8</b>	<b>10,534.3</b>	<b>10,597.4</b>	<b>9,367.0</b>	<b>3,896.7</b>	<b>6,953.4</b>

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Segment Assets:</b>						
Segment A - Participating - Individual & Group Life	222,104.7	201,216.6	159,304.4	128,184.6	94,985.7	70,245.3
Segment B - Participating - Individual & Group Pension	22,216.0	20,651.8	17,565.1	15,258.2	12,464.2	10,869.3
Segment C - Participating - Pension Group Variable	-	-	-	18.0	65.0	-
Segment D - Non Participating - Individual & Group Life	63,170.8	53,635.9	35,089.6	25,349.2	17,799.7	10,783.4
Segment E - Non Participating - Life Group Variable	13,195.4	10,850.6	7,267.6	5,730.7	2,564.8	-
Segment F - Non Participating - Individual & Group Pension	24,476.0	21,461.1	13,908.5	10,273.8	8,513.5	5,287.8
Segment G - Non Participating - Pension Group Variable	15,024.2	11,493.0	5,758.6	3,080.0	776.8	-
Segment H - Non Participating - Annuity fund	14,947.3	12,797.7	9,150.4	6,463.5	2,956.1	1,221.5
Segment I - Non Participating - Health fund	305.9	298.0	285.4	163.6	133.8	19.5
Segment J - Unit Linked - Individual Life	420,535.5	404,414.5	343,461.0	333,276.3	247,166.3	197,516.1
Segment K - Unit Linked - Individual Pension	91,618.7	88,725.6	77,890.7	86,097.9	74,478.4	69,257.5
Segment L - Unit Linked - Group Life	41,334.4	37,699.7	29,930.4	24,221.3	18,920.3	17,860.4
Segment M - Unit Linked - Group Pension	9,741.6	9,289.4	7,718.6	7,825.6	6,450.0	6,112.0
<b>Total</b>	<b>938,670.6</b>	<b>872,533.9</b>	<b>707,330.3</b>	<b>645,942.7</b>	<b>487,274.6</b>	<b>389,172.8</b>
Shareholder	44,191.7	37,823.4	30,494.6	24,932.7	19,286.3	13,377.7
Unallocated	3,510.0	2,503.0	2,128.6	1,792.6	1,636.0	1,415.4
<b>Grand Total</b>	<b>986,372.3</b>	<b>912,860.3</b>	<b>739,953.5</b>	<b>672,668.0</b>	<b>508,196.9</b>	<b>403,965.9</b>

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Segment Policy Liabilities:</b>						
Segment A - Participating - Individual & Group Life	218,987.1	198,489.7	159,000.4	127,808.0	95,377.7	71,366.7
Segment B - Participating - Individual & Group Pension	21,357.7	20,204.7	17,558.9	15,245.9	12,598.2	11,148.0
Segment C - Participating - Pension Group Variable	-	-	-	18.0	65.0	-
Segment D - Non Participating - Individual & Group Life	63,140.2	53,387.9	34,973.3	25,233.1	18,594.2	11,578.1
Segment E - Non Participating - Life Group Variable	12,812.2	10,782.8	7,267.6	5,730.7	2,564.8	-
Segment F - Non Participating - Individual & Group Pension	24,449.8	21,442.1	13,906.5	10,273.8	8,513.5	5,287.8
Segment G - Non Participating - Pension Group Variable	14,947.9	11,472.6	5,758.6	3,080.0	776.8	-
Segment H - Non Participating - Annuity fund	14,935.1	12,797.7	9,150.4	6,463.5	2,960.8	1,226.2
Segment I - Non Participating - Health fund	285.9	294.6	285.4	163.6	133.8	19.4
Segment J - Unit Linked - Individual Life	422,345.4	405,912.3	344,883.5	334,468.4	247,166.5	197,516.3
Segment K - Unit Linked - Individual Pension	91,618.6	88,725.6	77,890.7	86,097.9	74,478.4	69,257.5
Segment L - Unit Linked - Group Life	41,318.9	37,692.6	29,937.5	24,228.4	18,920.3	17,860.4
Segment M - Unit Linked - Group Pension	9,741.6	9,289.4	7,718.6	7,825.6	6,450.0	6,112.0
<b>Total</b>	<b>935,940.4</b>	<b>870,492.0</b>	<b>708,331.4</b>	<b>646,636.9</b>	<b>488,600.0</b>	<b>391,372.4</b>

**Notes:**

1. Segment policy liabilities includes fund for future appropriations

2. Unallocated row in the segmental assets above includes income tax deposited with tax authorities which is contested by the company and Advance Tax (net of provision for taxation).

As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.

**Annexure XXIX : Restated Standalone statement of Secured & Unsecured Borrowings**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Secured & Unsecured Borrowings	-	-	-	-	-	-

**Annexure XXX : Restated Standalone Statement of Debtors**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Receivables outstanding for a period not exceeding six months from the date they became due for payment	1,911.8	4,579.1	7,411.5	5,547.3	3,989.6	3,252.9
Other Debts	-	-	-	-	-	-

The above disclosures does not include outstanding premiums as disclosed under Annexure – XX : Restated Standalone Statement of Advances and other assets, since the same are not considered as debtors

Of the above receivables, balance receivable from parties related to directors, promoters and issuer are stated below:

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Receivables from the parties related to directors, promoters or issuer.	-	-	-	-	-	-

**Annexure XXXI : Restated Standalone Statement of Other Income**

The Company's major revenue is earned through its core business of selling insurance contracts and through income from investments earned out of Policyholders' and Shareholders' funds, which is ancillary to its core business of Insurance. "Other income" earned by the Company is not material and is less than 20% of the net profit before tax as given below for the six months ended September 30 2017 and year ended Mar 31 2017, Mar 31 2016, Mar 31 2015, Mar 31 2014 and Mar 31 2013.

(₹ in Millions)						
Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Other Income	666.9	419.0	696.6	322.1	238.8	256.6
Profit / (Loss) before tax	5,716.2	9,141.4	8,349.9	8,045.8	6,425.2	4,519.7
<b>Other income as a % to Profit / (Loss) before tax</b>	<b>11.7%</b>	<b>4.6%</b>	<b>8.3%</b>	<b>4.0%</b>	<b>3.7%</b>	<b>5.7%</b>

**Annexure XXXII : Restated Standalone Statement of Dividend**

**Interim Dividend**

The Company has declared the interim dividend on equity share in each of the years/six months as follows:

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Number of equity shares at time of declaration of dividend	NA	1,997,648,038	1,994,892,696	1,994,880,096	1,994,880,096	NA
Interim Dividend Rate	NA	11.0%	9.0%	7.0%	5.0%	NA
Face Value (₹)	10.00	10.00	10.00	10.00	10.00	10.00
Board Approval date	NA	December 15,2016	December 18,2015	November 24,2014	December 20,2013	NA
Dividend Paid on Equity Shares (₹ in Millions)	NA	2,197.4	1,795.4	1,396.4	997.4	NA
Tax on Dividend Paid (₹ in Millions)	NA	447.4	365.5	279.2	169.5	NA

**Annexure XXXIII : Restated Standalone Statement of Related Party Transactions**

Sr No	Name of Related Party	Nature of Relationship	Period
1	Housing Development Finance Corporation Limited (HDFC Limited)	Holding Company	FY 2012-13 to September 30, 2017
2	Standard Life (Mauritius Holdings) 2006 Limited	Investing Company	FY 2012-13 to September 30, 2017
3	HDFC Pension Management Company Limited	Wholly Owned Subsidiary	FY 2012-13 to September 30, 2017
4	HDFC International Life and Re Company Limited	Wholly Owned Subsidiary	FY 2015-16 to September 30, 2017
5	HDFC Asset Management Company Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
6	HDFC Developers Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
7	HDFC Holdings Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
8	HDFC Trustee Company Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
9	HDFC Realty Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
10	HDFC Investments Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
11	HDFC ERGO General Insurance Company Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
12	GRUH Finance Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
13	HDFC Sales Private Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
14	HDFC Venture Capital Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
15	HDFC Ventures Trustee Company Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
16	HDFC Property Ventures Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
17	HDFC Property Fund - Scheme - HDFC IT Corridor Fund	Entities over which control is exercised by Holding Company	FY 2012-13 to FY 2013-14
18	HDFC Investment Trust	Entities over which control is exercised by Holding Company	FY 2012-13 to September 30, 2017
19	HDFC Investment Trust II	Entities over which control is exercised by Holding Company	FY 2014-15 to September 30, 2017
20	HDFC Credila Financial Services Private Limited (Erstwhile Credila Financial Services Private Limited )	Fellow Subsidiary	FY 2012-13 to September 30, 2017
21	HDFC Capital Advisors Limited	Fellow Subsidiary	FY 2015-16 to September 30, 2017
22	HDFC Asset Management Company (Singapore) Pte. Limited (subsidiary of HDFC Asset Management Company Limited)	Fellow Subsidiary	FY 2012-13
23	Griha Investments (subsidiary of HDFC Holdings Limited)	Fellow Subsidiary	FY 2012-13 to September 30, 2017
24	HDFC Education and Development Services Private Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
25	Griha Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.)	Fellow Subsidiary	FY 2012-13 to September 30, 2017
26	HDFC General Insurance Company Ltd.(Subsidiary of HDFC Ergo General Insurance Company Limited)	Fellow Subsidiary	FY 2016-17 to September 30, 2017
27	H.T.Parekh Foundation	Fellow Subsidiary	FY 2012-13 to FY 2014-15
28	Windermere Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
29	Grandeur Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
30	Winchester Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
31	Pentagram Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
32	Haddock Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
33	Mr. Amitabh Chaudhry - Managing Director and Chief Executive Officer	Key Management Personnel	FY 2012-13 to September 30, 2017
34	Ms Vibha Padalkar - Executive Director and Chief Financial Officer (From August 14, 2012)	Key Management Personnel	FY 2012-13 to September 30, 2017
35	Mr Umesh Padalkar (relative of Ms Vibha Padalkar)	Relative of Key Management Personnel	FY 2012-13 to September 30, 2017
36	Ms Chhavi Kharb (relative of Mr Amitabh Chaudhry)	Relative of Key Management Personnel	FY 2013-14 to September 30, 2017
37	Mr. Paresh Parasnis - Executive Director and Chief Operating Officer (Resigned from July 31, 2012)	Key Management Personnel	FY 2012-13
38	Mr. Ashutosh Parasnis (relative of Mr. Paresh Parasnis)	Relative of Key Management Personnel	FY 2012-13
39	Ms Preeti Chaudhry (relative of Mr Amitabh Chaudhry)	Relative of Key Management Personnel	FY 2016-17 to September 30, 2017

**Annexure XXXIII : Restated Standalone Statement of Related Party Transactions**

A) The transactions between the Company and its related parties are as given below.

(₹ in Millions)

Name of Company	Description	Type of Transaction	For the six months ended		For the year ended				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	
HDFC Limited	Commission expense paid/due for sale of insurance policies	Value of transactions	0.3	0.6	0.6	0.8	0.8	0.9	
		Receivable/ (Payable)	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
	Investment Income earned on the Investments*	Value of transactions	(366.3)	(676.8)	(556.8)	(559.8)	(454.6)	(381.4)	
		Receivable/ (Payable)	226.3	494.2	295.6	305.1	270.3	225.2	
	Outstanding Investments*	Value of transactions	-	-	-	-	-	-	
		Receivable/ (Payable)	8,665.6	10,466.9	7,859.5	8,943.0	7,340.2	7,170.0	
	Purchase of Investments*	Value of transactions	-	-	-	-	250.0	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Sale of Investments*	Value of transactions	(400.0)	(867.6)	(200.0)	(250.0)	(410.7)	(200.0)	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Loan given*	Value of transactions	-	-	-	-	-	500.0	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Dividend paid*	Value of transactions	-	1,352.7	1,268.4	1,010.6	721.9	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Brokerage Fees	Value of transactions	-	-	-	-	20.0	-	
Receivable/ (Payable)		-	-	-	-	-	-		
Name Usage Fees*	Value of transactions	274.2	583.4	489.4	-	-	-		
	Receivable/ (Payable)	(176.2)	(227.6)	(80.5)	-	-	-		
Charges for hiring training infrastructure facility	Value of transactions	0.9	1.0	0.3	-	-	-		
	Receivable/ (Payable)	0.3	(0.1)	-	-	-	-		
Standard Life (Mauritius Holdings)	Dividend paid*	Value of transactions	-	768.0	466.8	363.1	259.3	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
HDFC Pension Management Company Limited	Investment*	Value of transactions	-	-	-	-	274.2	5.3	
		Receivable/ (Payable)	280.0	280.0	280.0	280.0	280.0	5.8	
HDFC International Life and Re Company Ltd	Investment*	Value of transactions	-	86.4	847.7	-	-	-	
		Receivable/ (Payable)	934.0	934.0	847.7	-	-	-	
HDFC Asset Management Company Limited	Premium Income	Value of transactions	(3.5)	(2.6)	(2.5)	(1.6)	(0.7)	(0.8)	
		Receivable/ (Payable)	(0.3)	(0.1)	-	-	-	-	
GRUH Finance Limited	Group term insurance premium advance	Value of transactions	-	-	-	-	-	-	
		Receivable/ (Payable)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	-	
HDFC ERGO General Insurance Company Limited	Insurance premium expenses	Value of transactions	4.5	8.5	3.8	2.4	89.6	2.8	
		Receivable/ (Payable)	0.7	0.5	0.6	0.6	0.5	0.3	
	Sale of Investment	Value of transactions	-	(110.9)	-	-	-	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Insurance claim received	Value of transactions	(4.9)	(1.4)	(1.0)	(4.2)	(0.4)	(2.1)	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Premium Income	Value of transactions	(1.7)	(7.4)	(8.0)	(7.5)	(8.7)	(6.5)	
		Receivable/ (Payable)	-	(0.7)	(0.9)	(0.7)	(0.2)	-	
	Purchase of Investment	Value of transactions	101.3	-	-	-	109.9	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
Insurance claim Paid	Value of transactions	-	-	-	-	-	1.0		
	Receivable/ (Payable)	-	-	-	-	-	-		
HDFC Sales Private Limited	Commission expense paid/due for sale of insurance policies	Value of transactions	115.2	216.0	112.4	81.4	69.5	53.2	
		Receivable/ (Payable)	(21.0)	(30.2)	(12.6)	(10.3)	(4.4)	(8.2)	
	Web Branding Expense	Value of transactions	-	-	-	-	96.0	108.0	
HDFC Credila Financial Services	Group term insurance premium advance	Value of transactions	-	-	-	-	-	-	
		Receivable/ (Payable)	(0.2)	(0.2)	(0.2)	-	-	-	
HDFC Capital Advisors Ltd	Premium income	Value of transactions	-	-	-	-	-	-	
		Receivable/ (Payable)	-	(0.1)	-	-	-	-	
HDFC Realty Limited	Brokerage Fees	Value of transactions	-	-	0.5	-	1.0	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Valuation of a property	Value of transactions	-	-	0.1	-	-	-	
Key Management Personnel	Premium Income	Value of transactions	(0.3)	(0.4)	(0.4)	(0.3)	(0.3)	(0.2)	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Managerial remuneration	Value of transactions	494.7	133.6	117.4	116.7	74.2	61.2	
Relative of Key Management Personnel	Premium income	Value of transactions	-	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
		Receivable/ (Payable)	-	-	-	-	-	-	

**Annexure XXXIII : Restated Standalone Statement of Related Party Transactions**

B) Other entities identified as group entities for disclosure under Corporate Governance guidelines for Insurers in India, 2016, issued by IRDAI

(₹ in Millions)

Name of Company	Description	Type of Transaction	For the six months ended		For the year ended				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	
HDFC Bank Limited-Associate of Holding Company	Premium Income	Value of transactions	(15.2)	(125.7)	(157.4)	(68.7)	(70.3)	(42.1)	
		Receivable/ (Payable)	(19.0)	(19.0)	(19.0)	(4.6)	(4.6)	(1.7)	
	Investment Income*	Value of transactions	(230.1)	(313.1)	(314.0)	(239.1)	(158.9)	(77.5)	
		Receivable/ (Payable)	23.6	26.4	44.6	50.2	24.3	17.7	
	Commission expense paid/due for sale of insurance policies*	Value of transactions	2,727.0	5,668.9	5,289.8	4,540.3	3,368.2	4,665.2	
		Receivable/ (Payable)	(188.5)	(1,116.6)	(611.8)	(186.2)	(295.3)	(705.9)	
	Custodian Fees Paid	Value of transactions	-	33.4	-	29.1	-	26.6	
		Receivable/ (Payable)	-	-	-	38.5	30.1	-	
	Bank Charges Paid	Value of transactions	35.1	87.7	80.4	82.7	74.8	53.1	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Premium Collection Drop Boxes*	Value of transactions	-	-	356.0	-	-	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Insurance Claim Paid	Value of transactions	4.1	6.2	2.9	4.4	0.0	8.2	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Investments*	Value of transactions	-	-	-	-	-	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Purchase of Investments*	Value of transactions	32,878.2	28,077.5	25,292.3	19,982.9	11,672.9	8,704.9	
		Receivable/ (Payable)	3,155.3	5,276.8	7,160.1	5,087.2	11,398.5	2,241.4	
	Sale of Investments*	Value of transactions	(1,855.5)	(2,671.0)	(4,284.7)	(2,210.5)	(7,818.4)	(12,288.7)	
		Receivable/ (Payable)	-	-	-	-	-	-	
Bank Balances*	Value of transactions	-	-	-	-	-	-		
	Receivable/ (Payable)	2,403.1	6,030.1	6,350.6	3,768.4	2,842.2	3,170.9		
The Bank provides space at its branches and ATMs for displaying publicity materials of HDFC Life Insurance's products such as pamphlets, standees, posters, Wall Branding/ window glazing at an agreed fees per branch/ATM*	Value of transactions	1,542.1	2,286.3	1,299.8	-	-	-		
	Receivable/ (Payable)	-	(709.0)	-	-	-	-		
Group Term Insurance Premium advance	Value of transactions	-	-	-	-	-	-		
	Receivable/ (Payable)	(2.5)	(2.5)	(1.5)	(0.3)	-	-		
HDB Financial Services Ltd	Commission expense paid/due for sale of insurance policies	Value of transactions	0.5	1.7	2.7	(0.4)	15.4	42.8	
		Receivable/ (Payable)	(0.1)	(0.2)	(0.2)	(0.2)	(4.3)	(6.4)	
	Work Station and other support Fees	Value of transactions	(0.3)	(0.7)	(1.9)	(0.2)	(0.5)	(0.9)	
		Receivable/ (Payable)	1.5	1.1	2.2	0.3	0.4	1.0	
	Group Term Insurance Premium	Value of transactions	(4.1)	(1.9)	(1.4)	(1.0)	-	(0.1)	
		Receivable/ (Payable)	(0.4)	(1.0)	(0.1)	-	-	-	
	Insurance Claim Paid	Value of transactions	0.4	-	-	-	-	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Interest Accrued/ Received on Deposit/Advance	Value of transactions	(40.2)	(82.4)	(96.0)	(103.7)	(61.1)	(23.5)	
		Receivable/ (Payable)	43.6	47.6	95.0	63.2	34.7	23.5	
	Non Convertible Debentures*	Value of transactions	-	-	-	-	-	-	
		Receivable/ (Payable)	891.2	888.3	753.1	1,011.7	1,008.6	255.1	
	HDFC Securities Limited	Commission expense paid/due for sale of insurance policies	Value of transactions	26.5	82.6	60.3	47.5	32.2	54.4
Receivable/ (Payable)			(3.3)	(14.2)	(11.8)	(10.3)	(5.7)	(6.4)	
Work Station and other support Fees		Value of transactions	(7.0)	(14.4)	(17.7)	(16.4)	(2.5)	(2.2)	
		Receivable/ (Payable)	4.3	1.6	13.3	0.2	0.2	-	
Group Term Insurance Premium		Value of transactions	-	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	
		Receivable/ (Payable)	-	-	-	-	-	-	
Brokerage		Value of transactions	8.5	22.3	18.0	1.9	1.5	0.4	
		Receivable/ (Payable)	-	-	-	-	-	-	
HDFC Mutual Fund		Investments in Mutual funds*	Value of transactions	-	-	-	-	-	-
			Receivable/ (Payable)	2,000.4	-	700.0	-	-	100.0
	Purchase of Investment (NCD, other securities)*	Value of transactions	2,469.4	4,021.8	1,093.6	999.2	765.3	248.1	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Sale/Redemption of Investment (NCD, other securities)*	Value of transactions	(7,611.3)	(2,635.5)	(465.9)	(3,661.1)	(1,957.1)	(705.4)	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Purchase of Investment (Mutual Fund)*	Value of transactions	168,100.0	97,450.0	11,000.0	11,950.0	6,400.0	2,832.9	
		Receivable/ (Payable)	-	-	-	-	-	-	
Sale/Redemption of Investment ((Mutual Fund)*	Value of transactions	(166,142.3)	(98,177.8)	(10,303.3)	(11,970.2)	(6,526.4)	(2,743.9)		
	Receivable/ (Payable)	-	-	-	-	-	-		

\* Transactions which are considered material to the issuer or related party considering the nature of the transaction and/or amount

Details of outstanding loan (including guarantees) given by the issuer/parent company to Directors/KMPs as at September 30, 2017

Particulars	₹ in Millions*	Interest Rate	Nature of Loan
Directors/KMPs	148.6	8.5%-12.0%	Home Loan/Personal Loan

\* Outstanding balance as at October 10, 2017 is ₹ 149.8 millions

## Annexure XXXIV : Restated Standalone Statement of Tax Shelter

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Surplus as per Revenue Account before Tax	5,404.9	10,996.2	11,341.4	9,413.9	5,813.8	6,885.4
Income as per Profit & Loss Account	1,158.2	1,278.0	1,167.4	1,337.2	(1,228.8)	619.6
Allocation of Bonus to policyholders	-	5,918.0	5,570.8	4,681.6	3,897.2	3,425.4
Fair value change	-	-	-	-	1,100.1	(448.7)
<b>Surplus as restated</b>	<b>6,563.1</b>	<b>18,192.2</b>	<b>18,079.6</b>	<b>15,432.7</b>	<b>9,582.3</b>	<b>10,481.7</b>
Tax Rate	14.42%	14.42%	14.42%	14.16%	14.16%	13.52%
<b>Tax thereon at above rate</b>	<b>946.4</b>	<b>2,623.3</b>	<b>2,607.1</b>	<b>2,185.3</b>	<b>1,356.8</b>	<b>1,417.1</b>
<b>Tax Shelters available:</b>						
Dividend income - exempt under section 10(34)/10(35)	(3,217.1)	(4,349.3)	(4,588.7)	(4,287.4)	(4,071.4)	(3,187.9)
Pension income - exempt under section 10(23AAB)	(632.3)	(1,777.1)	(235.5)	(1,370.4)	(650.0)	(1,393.6)
<b>Total</b>	<b>(3,849.4)</b>	<b>(6,126.4)</b>	<b>(4,824.2)</b>	<b>(5,657.8)</b>	<b>(4,721.4)</b>	<b>(4,581.5)</b>
Taxable profit	2,713.7	12,065.8	13,255.4	9,774.9	4,860.9	5,900.2
Brought Forward loss	-	-	-	-	-	1,820.0
<b>Tax</b>	<b>391.3</b>	<b>1,739.9</b>	<b>1,911.4</b>	<b>1,384.1</b>	<b>688.3</b>	<b>551.6</b>
<b>Tax Rate</b>	<b>14.42%</b>	<b>14.42%</b>	<b>14.42%</b>	<b>14.16%</b>	<b>14.16%</b>	<b>13.52%</b>

**Annexure XXXV – Restated Standalone Statement of Aggregate Book value & Market value of quoted Investments**

Details of aggregate book value and market value of quoted investments are as follows:

(₹ in Millions)

Particular	As At											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	Book value	Market Value	Book value	Market Value	Book value	Market Value	Book value	Market Value	Book value	Market Value	Book value	Market Value
Equity	311,548.2	402,603.6	294,155.6	372,598.7	244,140.0	283,082.9	235,619.7	319,015.4	202,824.3	229,684.1	180,221.3	180,519.9
Other	515,503.8	529,051.4	478,358.8	493,558.2	388,160.5	396,108.9	301,091.6	309,662.1	234,613.9	228,596.5	171,934.3	173,607.1
<b>Total</b>	<b>827,052.0</b>	<b>931,655.1</b>	<b>772,514.4</b>	<b>866,156.9</b>	<b>632,300.5</b>	<b>679,191.8</b>	<b>536,711.3</b>	<b>628,677.5</b>	<b>437,438.2</b>	<b>458,280.6</b>	<b>352,155.6</b>	<b>354,127.0</b>

Note: The stated Market Value for the quoted equity investments is in line with the IRDAI guidelines on the Fair Valuation of Investments across Policyholders and Shareholders funds. The market value for Fixed Income investments held across Linked, Non Linked and Shareholders funds is derived basis the IRDAI guidelines on the Fair Valuation for Fixed Income securities across Unit Linked Portfolios.

**Price Waterhouse Chartered Accountants LLP**

Chartered Accountants  
252, Veer Savarkar Marg  
Shivaji Park, Dadar (West)  
Mumbai – 400028

**G. M. Kapadia & Co.**

Chartered Accountants  
1007, Raheja Chambers  
213 Nariman Point  
Mumbai – 400021

To  
The Board of Directors

HDFC Standard Life Insurance Company Limited  
Lodha Excelus , 13th Floor,  
Apollo Mills Compound,  
Mahalaxmi,  
Mumbai 400 011

**Auditors' Report on Restated Consolidated Financial Information in connection with the Initial Public Offering of HDFC Standard Life Insurance Company Limited**

Dear Sirs,

1. This report is issued in accordance with the terms of Price Waterhouse Chartered Accountants LLP agreement dated August 16, 2017 and G. M. Kapadia & Co. Chartered Accountants agreement dated August 16, 2017.
2. The accompanying restated consolidated financial information, expressed in Indian Rupees, in Millions of HDFC Standard Life Insurance Company Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group"), comprising Consolidated Financial Information in paragraph A below and Other Consolidated Financial Information in paragraph B below (hereinafter together referred to as "Restated Consolidated Financial Information"), has been prepared by the Management of the Company in accordance with the requirements of section 26 of the Companies Act 2013 (hereinafter referred to as the "Act") read with Rule 4 to Rule 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Rules"), Para 1 & 2 of Schedule I Part (c) of Insurance Regulatory and Development Authority of India (Issuance of Capital by Indian Insurance Companies transacting Life Insurance Business) Regulations, 2015 (referred to as the "IRDAI Regulations") issued by the Insurance Regulatory and Development Authority of India (the "IRDAI") and item (IX) of Part A of Schedule VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended to date (the "SEBI Regulations") issued by the Securities and Exchange Board of India (the "SEBI") in connection with the Proposed Initial Public Offering of Equity Shares of the Company (the "Offer") and has been approved by the Executive Committee of Board of Directors of the Company and initialed by us for identification purposes only.

**Management's Responsibility for the Restated Consolidated Financial Information**

3. The preparation of the Restated Consolidated Financial Information, which is to be included in the Red Herring Prospectus ("RHP") and Prospectus, is the responsibility of the Management of the Company and has been approved by the Executive Committee of the Board of Directors of the Company, through resolution dated October 21, 2017, for the purpose set out in paragraph 18 below. The Management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

## **Auditors' Responsibilities**

4. Our work has been carried out in accordance with the Standards on Auditing under section 143(10) of the Act, Guidance Note on Reports in Company Prospectuses (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India and pursuant to the requirements of section 26 of the Act read with applicable provisions within Rule 4 to Rule 6 of the Rules, the IRDAI Regulations and the SEBI Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the Rules, the IRDAI Regulations and the SEBI Regulations in connection with the Offer.
5. Our examination of the Restated Consolidated Financial Information has not been carried out in accordance with the auditing standards generally accepted in the United States of America ("U.S."), standards of the US Public Company Accounting Oversight Board and accordingly should not be relied upon by any one as if it had been carried out in accordance with those standards or any other standards besides the standards referred to in this report.

### **A. Consolidated Financial Information as per audited consolidated financial statements:**

6. We have examined the following consolidated financial statements of the Group contained in Restated Consolidated Financial Information of the Group:
  - a) the "Restated Consolidated Statement of Assets and Liabilities" as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure I);
  - b) the "Restated Consolidated Statement of Revenue Account (also called the "Policyholders' Account" or the "Technical Account") of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure II);
  - c) the "Restated Consolidated Statement of Profit and Loss (also called the "Shareholders' Account" or "Non-Technical Account") of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure III);
  - d) the "Restated Consolidated Statement of Receipts and Payments Account" of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure IV);
7. The Restated Consolidated Financial Information, expressed in Indian Rupees, in millions, has been prepared by the Company's management from the audited consolidated financial statements of the Group as of and for the six months ended September 30, 2017 and as at and for each of the years ended March 31, 2017, 2016, 2015 as at and for the two years ended March 31, 2014 and 2013 (all of which were expressed in Indian Rupees in thousands), read with paragraphs 8, 14, 15, 16 and 17 below, on which the respective sole/joint auditors (as applicable) have expressed unmodified audit opinions vide their reports dated October 13, 2017, May 02, 2017, April 18, 2016, April 20, 2015 and June 17, 2016 respectively. Audit of the consolidated financial statements of the Group as at and for the six months ended September 30, 2017 and as at and for the year ended March 31, 2017 were done by us and audit of the consolidated financial statements of the Group as at and for the year ended 31 March, 2016 were done by Price Waterhouse Chartered Accountants LLP along with Haribhakti & Co. LLP Chartered Accountants and audit of the consolidated financial statements of the Group as at and for the years ended March 31, 2015 and 2014 and March 31, 2013 were done solely by Haribhakti & Co. LLP Chartered Accountants.

8. We draw your attention to the following:
- a) the Restated Consolidated Financial Information should be read in conjunction with the basis of preparation and significant accounting policies given in Annexure XXIV (as described in paragraph B;
  - b) the Restated Consolidated Financial Information does not contain all the disclosures required by the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and orders/directions issued by the Insurance Regulatory and Development Authority of India ("IRDAI") from time to time in this regard.
9. We have not audited any consolidated financial statements of the Group as of any date or for any period subsequent to September 30, 2017. Accordingly, we do not express any opinion on the consolidated financial position, results of operations or cash flows of the Group as of any date or for any period subsequent to September 30, 2017.

**B. Other Consolidated Financial Information:**

10. At the Company's request, we have also examined the following Other Consolidated Financial Information relating to the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 and for the six months ended September 30, 2017 and for the years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013 proposed to be included in the RHP and Prospectus, prepared by the Management of the Company and as approved by the Executive Committee of the Board of Directors of the Company and annexed to this report:
- a) Restated Consolidated Statement of Premium Income of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure V);
  - b) Restated Consolidated Statement of Commission Expenses of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure VI);
  - c) Restated Consolidated Statement of Operating Expenses related to Insurance business of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure VII);
  - d) Restated Consolidated Statement of Expenses other than those directly related to the Insurance business of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure VIII);
  - e) Restated Consolidated Statement of Benefits Paid (net) of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure IX);
  - f) Restated Consolidated Statement of Share Capital of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure X);
  - g) Restated Consolidated Statement of Pattern of Shareholding of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XI);
  - h) Restated Consolidated Statement of Reserves and Surplus of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XII);
  - i) Restated Consolidated Statement of Borrowings of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XIII);

- j) Restated Consolidated Statement of Investments - Shareholders of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XIV);
- k) Restated Consolidated Statement of Investments - Policyholders of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XV);
- l) Restated Consolidated Statement of Assets held to cover linked liabilities of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XVI);
- m) Restated Consolidated Statement of Loans of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XVII);
- n) Restated Consolidated Statement of Fixed Assets of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XVIII);
- o) Restated Consolidated Statement of Cash and Bank Balances of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XIX);
- p) Restated Consolidated Statement of Advances and other assets of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XX) ;
- q) Restated Consolidated Statement of Current Liabilities of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXI);
- r) Restated Consolidated Statement of Provisions of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXII);
- s) Restated Consolidated Statement of Miscellaneous Expenditure of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXIII);
- t) Significant Accounting Policies and Notes to the Restated Consolidated Financial Information of the Group as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXIV);
- u) Statement of adjustments to Audited Consolidated Financial Statements of the Group as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXV);
- v) Restated Consolidated Statement of Capitalisation of the Group as at September 30, 2017. (enclosed as Annexure XXVI);
- w) Restated Consolidated Statement of Accounting Ratios of the Group as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXVII);
- x) Restated Consolidated Statement of Segment Disclosure of the Group as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXVIII);
- y) Restated Consolidated Statement of Secured and Unsecured Borrowings of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXIX);
- z) Restated Consolidated Statement of Debtors of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXX);
- aa) Restated Consolidated Statement of Other Income of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXXI);

- bb) Restated Consolidated Statement of Dividend of the Group for the six months ended September 30, 2017 and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXXII);
  - cc) Restated Consolidated Statement of Related Party Transactions of the Group as at and for the six months ended September 30, 2017 and as at and for each of the five financial years ended March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXXIII);
  - dd) Restated Consolidated Statement of Aggregate Book Value and Market Value of Quoted Investments of the Group as at September 30, 2017, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014 and March 31, 2013. (enclosed as Annexure XXXIV);
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

### **Opinion**

12. In our opinion:
- (i) the Restated Consolidated Financial Information of the Group, as attached to this report and as mentioned in paragraphs A and B above, read with basis of preparation and respective significant accounting policies have been prepared in accordance with the Act, the Rules, the IRDAI Regulations and the SEBI Regulations;
  - (ii) adjustments have been made with retrospective effect in respect of changes in accounting policies of the Group (as disclosed in Annexure XXIV to this report) to reflect the same accounting treatment as per the accounting policies as at and for the six months ended September 30, 2017 for all the reporting periods ;
  - (iii) the material adjustments relating to previous years/period have been adjusted in the year/period to which they relate;
  - (iv) there are no qualifications in the Auditor's Report which require any adjustments; and
  - (v) there are no extra-ordinary items which need to be disclosed separately.
13. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or the auditors on the consolidated financial statements of the Group.

### **Other Matters**

14. The Auditors' Report on the consolidated financial statements of the Group as of and for the six months ended September 30, 2017 and as of and for each of the five years ended March 31, 2017, 2016, 2015, 2014 and 2013 includes an other matter paragraph that the actuarial valuation of liabilities for life policies in-force and policies where premium is discontinued is the responsibility of the Company's Appointed Actuary (the "Appointed Actuary"), which has been duly certified by the Appointed Actuary in accordance with the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report Insurance Companies) Regulations, 2002. Inter-alia the Appointed Actuary has also certified that in his opinion, the assumptions for such valuation are in accordance with generally accepted actuarial principles and practices, requirements of the Insurance Act, 1938, as applicable at that point of time, regulations notified by the IRDAI and Actuarial Practice Standards issued by Institute of Actuaries of India in accordance with IRDAI. Accordingly, we have also relied upon the Appointed Actuary's certificate given at that point of time for the respective years/period for forming our opinion on the Restated Consolidated Financial Information of the Group.
15. We did not audit the financial statements of the subsidiary/ies, whose financial statements reflect total assets of Rs. 1,152.8 million and Rs. 1,119.5 million and net assets of Rs. 1,089.8 million and Rs. 1,090.4 million as at September 30, 2017 and March 31, 2017, respectively, total revenue of Rs. 22.5 million and Rs.35.2 million, net loss of Rs. 7.0 million and Rs 52.2 million and net cash flows amounting to Rs. (1.2) million and Rs. (796.4) million for the six months ended September 30, 2017 and for the year ended March 31, 2017, respectively, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the

Management, and our opinion on the audited consolidated financial statements as of and for the six months ended September 30, 2017 and as of and for the year ended March 31, 2017, respectively, insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our audit reports insofar as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

16. We have not examined the restated financial information subsidiary/ies, whose financial information reflect total assets of Rs. 1,152.8 million, Rs. 1,119.5 million, Rs 1,094.0 million, Rs 279.9 million, Rs 278.5 million, Rs 2.4 million and net assets of Rs. 1,089.8 million, Rs. 1,090.4 million, Rs 1076.8 million, Rs 274.6 million, Rs. 274.4 million, Rs (0.1) million as at September 30, 2017, March 31, 2017, 2016, 2015, 2014, and 2013, total revenue of Rs. 22.5 million, Rs. 35.2 million, Rs. 24.0 million, Rs. 23.8 million, Rs. 20.3 million, Rs. 0.0 million, net profit/ (net loss) of Rs. (7.0) million, Rs. (52.2) million, Rs (16.1) million, Rs 0.2 million, Rs 0.3 million, Rs (5.0) million and net cash flows amounting to Rs. (1.2) million, Rs. (796.4) million, Rs 804.3 million, Rs 1.7 million, Rs 11.1 million, Rs 1.7 million for the six months ended September 30, 2017 and for years ended March 31, 2017, 2016, 2015, 2014 and 2013, respectively, as considered in the Restated Consolidated Financial Information. These financial information are unexamined and have been furnished to us by the Management and our opinion on the Restated Consolidated Financial Information insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report insofar as it relates to the aforesaid subsidiaries, is based solely on such unexamined financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.
17. The Restated Consolidated Financial Information of the Group have been examined and reported upon jointly by Price Waterhouse Chartered Accountants LLP and Haribhakti & Co. LLP Chartered Accountants for the year ended March 31, 2016 and solely by Haribhakti & Co. LLP Chartered Accountants for the years ended March 31, 2015, 2014 and 2013, whose reports have been furnished to us by the Management of the Company and our opinion on the Restated Consolidated Financial Information to the extent they have been derived from such financial information is based solely on the reports issued by those respective auditors.

#### **Restriction on Use**

18. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the RHP and Prospectus, prepared in connection with the Offer, to be filed by the Company with the SEBI, IRDAI, the Registrar of Companies, Mumbai and the concerned stock exchanges.

For Price Waterhouse Chartered Accountants LLP  
Chartered Accountants  
Firm Registration No. 012754N/N500016

For G.M. Kapadia & Co.  
Chartered Accountants  
Firm Registration No. 104767W

Anish P. Amin

Rajen Ashar

Partner  
Membership No.: 040451  
Place: Mumbai  
Date: October 21, 2017

Partner  
Membership No.: 048243  
Place: Mumbai  
Date: October 21, 2017

**HDFC Standard Life Insurance Company Limited**

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Annexure - I : Restated Consolidated Statement of Assets and Liabilities							
							(₹ 'in Millions)
Particulars	Annexure	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>SOURCES OF FUNDS</b>							
<i>SHAREHOLDERS' FUNDS:</i>							
Share Capital	X	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Share application money received pending allotment of shares		10.3	-	-	-	-	-
Reserves and Surplus	XII	24,080.1	17,955.2	11,494.4	5,484.1	1,654.4	1,961.8
Credit / (Debit) Fair Value Change Account		490.5	323.1	(412.4)	(20.1)	27.3	(102.8)
<b>Sub-Total</b>		<b>44,636.4</b>	<b>38,263.1</b>	<b>31,034.9</b>	<b>25,412.8</b>	<b>21,630.5</b>	<b>21,807.8</b>
<b>BORROWINGS</b>							
<i>POLICYHOLDERS' FUNDS:</i>							
Credit / (Debit) Fair Value Change Account		5,671.0	3,981.4	536.1	612.6	310.5	(784.2)
Policy Liabilities							
i) relating to Life insurance business		365,340.4	323,819.3	244,006.4	192,792.0	143,396.7	101,555.8
ii) relating to Reinsurance business		35.2	7.7	-	-	-	-
Provision for Linked Liabilities		441,437.9	430,289.7	385,599.8	334,744.1	302,079.0	275,489.5
Add: Fair value change		87,947.7	77,774.9	41,938.4	86,657.5	25,278.1	2,456.9
<b>Provision for Linked Liabilities</b>		<b>529,385.6</b>	<b>508,064.6</b>	<b>427,538.2</b>	<b>421,401.6</b>	<b>327,357.1</b>	<b>277,946.4</b>
Funds for discontinued policies							
i) Discontinued on account of non-payment of premium		31,779.7	29,791.6	29,528.4	27,525.7	14,546.7	5,332.4
ii) Others		143.6	148.7	203.6	276.2	170.0	52.1
<b>Total Provision for Linked &amp; Discontinued Policyholders Liabilities</b>		<b>561,308.9</b>	<b>538,004.9</b>	<b>457,270.2</b>	<b>449,203.5</b>	<b>342,073.8</b>	<b>283,330.9</b>
<b>Sub-Total</b>		<b>932,355.5</b>	<b>865,813.3</b>	<b>701,812.7</b>	<b>642,608.1</b>	<b>485,781.0</b>	<b>384,102.5</b>
Funds for Future Appropriations		9,291.1	8,667.8	7,054.8	4,154.6	2,258.6	3,436.8
Funds for future appropriation - Provision for lapsed policies unlikely to be revived		-	-	-	486.8	870.9	3,048.9
<b>TOTAL</b>		<b>986,283.0</b>	<b>912,744.2</b>	<b>739,902.4</b>	<b>672,662.3</b>	<b>510,541.0</b>	<b>412,396.0</b>
<b>APPLICATION OF FUNDS</b>							
<i>INVESTMENTS:</i>							
Shareholders'	XIV	37,027.2	32,314.1	25,537.8	21,947.2	16,135.0	8,557.3
Policyholders'	XV	396,862.2	346,915.3	258,628.8	199,084.9	147,062.4	112,151.8
Assets held to cover Linked Liabilities	XVI	561,308.9	538,004.9	457,270.2	449,203.5	342,073.8	283,330.9
<b>LOANS</b>	XVII	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>
<b>FIXED ASSETS</b>	XVIII	<b>3,440.4</b>	<b>3,534.9</b>	<b>3,473.6</b>	<b>3,524.7</b>	<b>2,895.1</b>	<b>2,818.1</b>
<i>CURRENT ASSETS:</i>							
Cash and Bank Balances	XIX	2,799.9	7,973.8	7,273.9	5,725.0	4,450.4	4,640.9
Advances and Other Assets	XX	20,669.4	21,744.4	12,328.8	12,343.5	9,655.2	6,898.2
<b>Sub-Total (A)</b>		<b>23,469.3</b>	<b>29,718.2</b>	<b>19,602.7</b>	<b>18,068.5</b>	<b>14,105.6</b>	<b>11,539.1</b>
<b>CURRENT LIABILITIES</b>							
<b>PROVISIONS</b>							
	XXI	35,575.9	37,754.7	25,125.4	20,090.9	14,283.3	14,932.9
	XXII	411.4	467.1	416.0	332.0	274.2	286.5
<b>Sub-Total (B)</b>		<b>35,987.3</b>	<b>38,221.8</b>	<b>25,541.4</b>	<b>20,422.9</b>	<b>14,557.5</b>	<b>15,219.4</b>
<b>NET CURRENT ASSETS (C) = (A - B)</b>		<b>(12,518.0)</b>	<b>(8,503.6)</b>	<b>(5,938.7)</b>	<b>(2,354.4)</b>	<b>(451.9)</b>	<b>(3,680.3)</b>
Miscellaneous Expenditure (to the extent not written off or Adjusted)	XXIII	-	-	-	-	-	-
Debit Balance in Profit and Loss Account (Shareholders' Account)		-	-	-	-	2,349.8	8,436.0
Deficit in the Revenue Account (Policyholders' Account)		-	-	-	-	-	-
<b>TOTAL</b>		<b>986,283.0</b>	<b>912,744.2</b>	<b>739,902.4</b>	<b>672,662.3</b>	<b>510,541.0</b>	<b>412,396.0</b>

The above statement should be read with the Significant Accounting Policies and Notes to the Restated Consolidated Financial Information appearing in Annexure XXIV and other schedules and disclosures appearing in Annexures V - XXXIV

**Annexure – II : Restated Consolidated Statement of Revenue Account (Policyholders' Account/Technical Account)**

(₹ 'in Millions)

Particulars	Annexure	For the six months ended		For the year ended			
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Premiums earned (net)							
(a) Premium	V	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
(b) Reinsurance ceded		(893.4)	(1,706.2)	(1,342.0)	(674.5)	(864.7)	(561.9)
(c) Reinsurance accepted		-	-	-	-	-	-
<b>Sub-Total</b>		<b>90,509.6</b>	<b>192,748.6</b>	<b>161,787.7</b>	<b>147,624.5</b>	<b>119,764.4</b>	<b>114,460.5</b>
Income from Investments							
(a) Interest, Dividends & Rent - Gross		23,569.4	40,676.1	34,725.2	28,606.8	23,539.4	17,784.9
(b) Profit on sale / redemption of investments		20,573.8	38,940.7	37,552.5	38,074.4	12,969.4	15,953.3
(c) (Loss on sale / redemption of investments)		(1,292.0)	(3,900.1)	(9,849.4)	(5,920.8)	(8,815.2)	(6,547.6)
(d) Transfer / Gain on revaluation / Change in Fair value*		10,172.7	35,836.6	(44,710.5)	61,402.7	22,834.2	(1,976.0)
(e) Amortisation of (premium)/discount on investments		(241.1)	(146.9)	187.9	329.6	203.0	211.9
<b>Sub-Total</b>		<b>52,782.8</b>	<b>111,406.4</b>	<b>17,905.7</b>	<b>122,492.7</b>	<b>50,730.8</b>	<b>25,426.5</b>
Other Income		536.7	419.0	591.1	322.1	238.8	256.6
Income on Unclaimed amount of Policyholders		246.5	616.3	-	-	-	-
Contribution from the Shareholders' Account		74.2	353.9	380.0	466.9	2,173.3	19.0
<b>Sub-Total</b>		<b>857.4</b>	<b>1,389.2</b>	<b>971.1</b>	<b>789.0</b>	<b>2,412.1</b>	<b>275.6</b>
<b>TOTAL (A)</b>		<b>144,149.8</b>	<b>305,544.2</b>	<b>180,664.5</b>	<b>270,906.2</b>	<b>172,907.3</b>	<b>140,162.6</b>
Commission	VI	4,037.2	7,920.2	7,018.5	6,234.7	5,141.0	6,472.6
Operating Expenses related to Insurance Business	VII	12,826.2	23,852.8	18,718.3	14,888.3	12,805.2	12,160.1
Provision for doubtful debts		-	-	-	-	-	-
Bad debts written off		-	-	-	-	-	-
Provision for tax		223.6	1,519.8	1,745.5	1,193.4	1,516.0	509.2
Provisions (other than taxation)							
(a) For diminution in the value of investments (net)		(5.0)	122.4	(20.4)	(71.6)	256.3	-
(b) Others - Provision for standard and non-standard assets		(59.5)	(69.7)	52.2	46.5	18.8	-
Service tax/Goods & Services Tax on linked charges		1,317.3	2,160.7	1,853.9	1,531.8	1,340.0	1,279.8
<b>TOTAL (B)</b>		<b>18,339.8</b>	<b>35,516.2</b>	<b>29,368.0</b>	<b>23,823.1</b>	<b>21,077.3</b>	<b>20,421.7</b>
Benefits Paid (Net)	IX	54,856.2	98,421.8	81,769.0	81,623.8	46,619.2	39,028.4
Interim Bonuses Paid		76.8	152.4	77.9	98.2	46.1	25.1
Terminal Bonuses Paid		870.6	1,429.8	572.6	615.6	283.1	161.9
Change in valuation of liability in respect of life policies							
(a) Gross **		44,880.3	80,312.0	48,638.1	51,191.4	47,133.9	36,255.4
(b) Amount ceded in Reinsurance		(3,359.2)	(499.1)	2,576.3	(1,796.1)	(5,293.0)	(9,339.0)
(c) Amount accepted in Reinsurance		-	-	-	-	-	-
(d) Unit Reserve		21,321.0	80,526.4	6,136.6	94,044.5	49,410.7	42,901.7
(e) Funds for Discontinued Policies		1,983.0	208.3	1,930.1	13,085.2	9,332.2	4,331.2
<b>TOTAL (C)</b>		<b>120,628.7</b>	<b>260,551.6</b>	<b>141,700.6</b>	<b>238,862.6</b>	<b>147,532.2</b>	<b>113,364.7</b>
<b>SURPLUS / (DEFICIT) (D) = (A) - (B) - (C)</b>		<b>5,181.3</b>	<b>9,476.4</b>	<b>9,595.9</b>	<b>8,220.5</b>	<b>4,297.8</b>	<b>6,376.2</b>
<b>APPROPRIATIONS</b>							
Transfer to Shareholders' Account		4,558.0	7,863.4	7,182.5	6,708.6	7,654.0	3,900.1
Transfer to Other Reserves		-	-	-	-	-	-
Funds for future Appropriation - Provision for lapsed policies unlikely to be revived		-	-	(486.8)	(384.1)	(2,178.0)	(303.6)
Balance being Funds for Future Appropriations		623.3	1,613.0	2,900.2	1,896.0	(1,178.2)	2,178.4
Transfer to Balance Sheet being "Deficit in the Revenue Account (Policyholders' Account)"		-	-	-	-	-	601.3
<b>TOTAL (D)</b>		<b>5,181.3</b>	<b>9,476.4</b>	<b>9,595.9</b>	<b>8,220.5</b>	<b>4,297.8</b>	<b>6,376.2</b>
Notes:							
* Represents the deemed realised gain as per norms specified by the Authority							
** Represents Mathematical Reserves after allocation of bonus							
The total surplus as mentioned below :							
(a) Interim Bonuses Paid		76.8	152.4	77.9	98.2	46.1	25.1
(b) Terminal Bonuses Paid		870.6	1,429.8	572.6	615.6	283.1	161.9
(c) Allocation of Bonus to policyholders		-	5,918.0	5,570.8	4,681.6	3,897.2	3,425.4
(d) Surplus shown in the Revenue Account		5,181.3	9,476.4	9,595.9	8,220.5	4,297.8	6,376.2
<b>(e) Total Surplus :{(a)+(b)+ (c)+(d)}</b>		<b>6,128.7</b>	<b>16,976.6</b>	<b>15,817.2</b>	<b>13,615.9</b>	<b>8,524.2</b>	<b>9,988.6</b>

The above statement should be read with the Significant Accounting Policies and Notes to the Restated Consolidated Financial Information appearing in Annexure XXIV and other schedules and disclosures appearing in Annexures V - XXXIV

We state that all expenses of the Management incurred by the company in respect of Life Insurance business transacted in India by the company have been fully debited to the Policyholders Revenue Account as expenses.

**Annexure - III : Restated Consolidated Statement of Profit and Loss Account (Shareholders' Account/Non-Technical Account)**

(₹ 'in Millions)

Particulars	Annexure	For the six months ended		For the year ended			
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amounts transferred from the Policyholders' Account (Technical Account)		4,558.0	7,863.4	7,182.5	6,708.6	7,654.0	3,900.1
Income from Investments							
(a) Interest, Dividends & Rent - Gross		1,073.1	1,867.5	1,662.2	1,508.0	997.9	484.8
(b) Profit on sale / redemption of investments		525.4	620.6	137.1	546.6	156.5	229.8
(c) (Loss) on sale / redemption of investments		(334.7)	(153.1)	(85.2)	(29.4)	(2.1)	-
(d) Amortisation of (premium) / discount on investments		(33.1)	(32.0)	(2.0)	7.8	8.4	(3.2)
<b>Sub-Total</b>		<b>1,230.7</b>	<b>2,303.0</b>	<b>1,712.1</b>	<b>2,033.0</b>	<b>1,160.7</b>	<b>711.4</b>
Other Income		133.4	0.8	105.7	0.1	-	-
<b>TOTAL (A)</b>		<b>5,922.1</b>	<b>10,167.2</b>	<b>9,000.3</b>	<b>8,741.7</b>	<b>8,814.7</b>	<b>4,611.5</b>
Expenses other than those directly related to the insurance business	VIII	141.4	767.5	253.8	230.0	157.4	77.8
Bad debts written off		-	-	-	-	-	-
Provisions (Other than taxation)							
(a) For diminution in the value of investments (net)		(2.7)	(43.5)	32.6	(0.5)	58.6	-
(b) Provision for doubtful debts		-	-	-	-	-	-
(c) Others - Provision for standard and non-standard assets		0.1	-	0.1	(0.5)	-	-
Contribution to the Policyholders' Fund		74.2	353.9	380.0	466.9	2,173.3	19.0
<b>TOTAL (B)</b>		<b>213.0</b>	<b>1,077.9</b>	<b>666.5</b>	<b>695.9</b>	<b>2,389.3</b>	<b>96.8</b>
Profit / (Loss) before tax		5,709.1	9,089.3	8,333.8	8,045.8	6,425.4	4,514.7
Provision for Taxation		167.7	220.1	165.9	190.7	(827.7)	42.4
Profit / (Loss) after tax		<b>5,541.4</b>	<b>8,869.2</b>	<b>8,167.9</b>	<b>7,855.1</b>	<b>7,253.1</b>	<b>4,472.3</b>
<b>APPROPRIATIONS</b>							
(a) Balance at the beginning of the year		16,061.1	9,836.7	3,829.7	(2,349.8)	(8,436.0)	(12,908.3)
(b) Interim dividends paid during the year		-	(2,197.4)	(1,795.4)	(1,396.4)	(997.4)	-
(c) Proposed final dividend		-	-	-	-	-	-
(d) Dividend distribution tax		-	(447.4)	(365.5)	(279.2)	(169.5)	-
<b>Profit / (Loss) carried forward to the Balance Sheet</b>		<b>21,602.5</b>	<b>16,061.1</b>	<b>9,836.7</b>	<b>3,829.7</b>	<b>(2,349.8)</b>	<b>(8,436.0)</b>
Earnings Per Share - Basic (₹) Refer Note 25 of Annexure XXIV (B)		2.77	4.44	4.09	3.94	3.64	2.24
Earnings Per Share - Diluted (₹) Refer Note 25 of Annexure XXIV (B)		2.76	4.42	4.09	3.93	3.64	2.24
Nominal Value of Share (₹)		10.0	10.0	10.0	10.0	10.0	10.0

The above statement should be read with the Significant Accounting Policies and Notes to the Restated Consolidated Financial Information appearing in Annexure XXIV and other schedules and disclosures appearing in Annexures V - XXXIV



Annexure - V : Restated Consolidated Statement of Premium Income						
Particulars	(₹ 'in Millions)					
	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. First year Premiums	18,005.0	36,570.3	33,683.7	29,514.7	23,700.4	31,234.9
2. Renewal Premiums	47,373.9	108,244.6	98,621.4	93,650.9	80,475.5	70,817.2
3. Single Premiums	26,024.1	49,639.9	30,824.6	25,133.4	16,453.2	12,970.3
<b>Total Premiums</b>	<b>91,403.0</b>	<b>194,454.8</b>	<b>163,129.7</b>	<b>148,299.0</b>	<b>120,629.1</b>	<b>115,022.4</b>
<b>Premium Income from Business Written:</b>						
In India	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
Outside India	-	-	-	-	-	-
<b>Total Premiums</b>	<b>91,403.0</b>	<b>194,454.8</b>	<b>163,129.7</b>	<b>148,299.0</b>	<b>120,629.1</b>	<b>115,022.4</b>

<b>Annexure - VI : Restated Consolidated Statement of Commission Expenses</b>						
						(₹ 'in Millions)
Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Commission Paid						
Direct - First year Premiums	3,323.1	6,469.0	5,751.2	4,974.3	4,042.1	5,499.6
- Renewal Premiums	600.2	1,376.9	1,224.5	1,201.9	1,060.3	927.8
- Single Premiums	113.9	74.3	42.8	58.5	38.6	45.2
Add : Commission on Re-insurance Accepted	-	-	-	-	-	-
Less: Commission on Re-insurance Ceded	-	-	-	-	-	-
<b>Net Commission</b>	<b>4,037.2</b>	<b>7,920.2</b>	<b>7,018.5</b>	<b>6,234.7</b>	<b>5,141.0</b>	<b>6,472.6</b>
<b>Break up of the Commission expenses (Gross) incurred to procure business :</b>						
Agents	569.5	1,326.2	1,145.0	1,136.5	1,124.1	1,175.1
Brokers	254.8	415.1	301.8	314.5	390.8	433.4
Corporate Agency	3,209.2	6,173.7	5,571.7	4,783.7	3,625.5	4,864.1
Referral	-	-	-	-	0.6	-
Common Service Centers	-	-	-	-	-	-
Insurance Marketing Firm	1.8	3.2	-	-	-	-
Micro Finance	1.9	2.0	-	-	-	-
<b>Total</b>	<b>4,037.2</b>	<b>7,920.2</b>	<b>7,018.5</b>	<b>6,234.7</b>	<b>5,141.0</b>	<b>6,472.6</b>

**Annexure - VII : Restated Consolidated Statement of Operating Expenses related to Insurance business**

(₹ 'in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Employees' remuneration & welfare benefits	5,632.9	11,042.0	8,590.7	7,701.1	6,544.6	6,132.1
2. Travel, conveyance and vehicle running expenses	103.8	213.2	212.8	187.6	188.6	182.9
3. Training expenses	227.9	401.1	560.6	590.5	179.4	695.3
4. Rent, rates & taxes	376.7	839.9	691.1	606.4	918.3	643.1
5. Repairs	21.0	58.3	64.3	70.5	30.1	28.8
6. Printing & stationery	41.6	97.7	101.4	110.8	91.6	107.9
7. Communication expenses	113.7	233.1	245.2	257.1	253.1	214.7
8. Legal & professional charges	521.3	1,063.7	748.8	824.1	738.5	636.0
9. Medical fees	92.6	179.1	234.0	197.3	85.3	108.1
10. Auditors fees, expenses etc.						
(a) as auditor	4.0	9.8	9.4	9.4	8.0	6.6
(b) as advisor or in any other capacity, in respect of						
(i) Taxation matters	0.2	0.5	0.4	0.4	0.5	-
(ii) Insurance matters	-	-	-	-	-	-
(iii) Management services; and	-	-	-	-	-	-
(c) in any other capacity	3.2	5.2	2.5	1.2	1.3	0.9
11. Advertisement and publicity	2,772.1	3,768.6	2,469.2	1,101.3	1,128.5	1,160.0
12. Interest & bank charges	43.5	90.6	81.0	(141.0)	109.9	146.3
13. Others						
(a) Information technology expenses	368.8	629.6	542.1	495.9	368.7	275.9
(b) General office & other expenses	335.7	1,119.2	1,206.8	682.5	728.8	531.1
(c) Stamp Duty	346.9	568.8	443.6	307.0	218.4	179.4
(d) Business development expenses	1,548.4	3,019.2	2,008.7	1,450.9	800.6	738.8
14. Depreciation on fixed assets						
(a) Depreciation on fixed assets owned by Policyholders'	199.0	192.5	426.2	425.3	405.5	349.0
(b) Reimbursement of Depreciation for use of Shareholders' fixed assets	22.7	215.0	22.9	1.9	1.6	1.6
15. Goods and Services Tax / Service tax	50.2	105.7	56.6	8.1	3.9	21.6
<b>Total</b>	<b>12,826.2</b>	<b>23,852.8</b>	<b>18,718.3</b>	<b>14,888.3</b>	<b>12,805.2</b>	<b>12,160.1</b>

Annexure - VIII : Restated Consolidated Statement of Expenses other than those directly related to the Insurance business							(₹ 'in Millions)
Particulars	For the six months ended	For the year ended					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	
1. Employees' remuneration & welfare benefits	39.9	130.0	103.9	79.0	57.5	48.1	
2. Travel, conveyance and vehicle running expenses	0.4	0.8	0.5	0.1	0.4	-	
3. Training expenses	-	-	-	-	-	-	
4. Rent, rates & taxes	5.7	8.2	7.5	1.1	1.8	4.9	
5. Repairs	-	-	-	-	-	-	
6. Printing & stationery	-	0.1	0.1	-	-	-	
7. Communication expenses	0.6	1.0	0.2	-	-	-	
8. Legal & professional charges	25.5	269.4	1.9	1.0	0.8	-	
9. Medical fees	-	-	-	-	-	-	
10. Auditors fees, expenses etc.							
(a) as auditor	0.8	1.6	0.8	0.1	0.1	0.1	
(b) as advisor or in any other capacity in respect of							
(i) Taxation matters	-	-	-	-	-	-	
(ii) Insurance matters	-	-	-	-	-	-	
(iii) Management services; and	-	-	-	-	-	-	
(c) in any other capacity	-	3.9	-	-	-	-	
11. Advertisement and publicity	(0.1)	0.7	0.1	-	0.2	-	
12. Interest & bank charges	0.2	0.2	0.1	-	0.1	-	
13. Others							
(a) Corporate social responsibility expenses	30.3	109.1	48.0	44.9	-	-	
(b) Directors fees	6.7	8.1	4.5	4.1	1.5	1.8	
(c) Directors Commission	3.0	8.0	4.0	4.0	2.5	2.5	
(d) Wealth tax	-	-	-	0.1	0.1	0.2	
(e) Information technology expenses	0.2	0.4	0.5	0.6	0.2	-	
(f) Business Development Expenses	0.1	0.1	-	-	-	-	
(g) Other general expenses	26.6	221.1	78.5	92.4	90.0	20.2	
14. Depreciation on fixed assets							
(a) Depreciation on fixed assets owned by Shareholders'	24.2	219.8	26.1	4.5	3.8	1.6	
(b) Reimbursement of depreciation by Policyholders' for use of Shareholders' fixed assets	(22.7)	(215.0)	(22.9)	(1.9)	(1.6)	(1.6)	
15. Goods and Services Tax / Service tax	-	-	-	-	-	-	
<b>Total</b>	<b>141.4</b>	<b>767.5</b>	<b>253.8</b>	<b>230.0</b>	<b>157.4</b>	<b>77.8</b>	

**Annexure – IX : Restated Consolidated Statement of Benefits Paid (net)**

(₹ 'in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Insurance Claims						
(a) Claims by Death	4,409.5	6,283.1	4,031.1	3,556.3	2,574.9	1,784.0
(b) Claims by Maturity	7,889.0	12,293.2	7,839.8	6,786.8	2,027.5	798.3
(c) Annuities / Pensions payment	349.2	640.0	450.5	234.5	95.2	40.1
(d) Other benefits						
(i) Money back payment	319.7	714.9	443.6	690.8	768.2	218.7
(ii) Vesting of Pension policy	1,024.7	2,370.7	1,552.1	1,085.3	795.7	617.4
(iii) Surrenders / Lapsation	31,948.2	53,532.3	49,445.3	62,856.4	35,080.5	31,302.4
(iv) Health	149.0	249.1	163.5	84.1	32.8	42.6
(v) Discontinuance/Lapsed Termination	3,835.7	12,295.2	10,015.0	-	-	-
(vi) Withdrawals	5,353.7	10,527.5	8,356.7	7,098.1	5,529.8	4,361.5
(vii) Waiver of premium	77.1	178.1	174.5	155.0	141.4	104.3
(viii) Interest on Unclaimed Amount of Policyholders'	295.7	546.2	85.5	-	-	-
<b>Sub-Total (A)</b>	<b>55,651.5</b>	<b>99,630.3</b>	<b>82,557.6</b>	<b>82,547.3</b>	<b>47,046.0</b>	<b>39,269.3</b>
2. Amount ceded in Reinsurance						
(a) Claims by Death	(693.6)	(1,103.7)	(739.3)	(846.8)	(421.9)	(211.5)
(b) Claims by Maturity	-	-	-	-	-	-
(c) Annuities / Pensions payment	-	-	-	-	-	-
(d) Other benefits						
(i) Health	(101.7)	(104.8)	(49.3)	(76.7)	(4.9)	(29.4)
<b>Sub-Total (B)</b>	<b>(795.3)</b>	<b>(1,208.5)</b>	<b>(788.6)</b>	<b>(923.5)</b>	<b>(426.8)</b>	<b>(240.9)</b>
3. Amount accepted in reinsurance						
(a) Claims by Death	-	-	-	-	-	-
(b) Claims by Maturity	-	-	-	-	-	-
(c) Annuities / Pensions in payment	-	-	-	-	-	-
(d) Surrenders	-	-	-	-	-	-
(e) Other benefits	-	-	-	-	-	-
<b>Sub-Total (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (A+B+C)</b>	<b>54,856.2</b>	<b>98,421.8</b>	<b>81,769.0</b>	<b>81,623.8</b>	<b>46,619.2</b>	<b>39,028.4</b>
<b>Benefits Paid to Claimants:</b>						
In India	54,856.2	98,421.8	81,769.0	81,623.8	46,619.2	39,028.4
Outside India	-	-	-	-	-	-
<b>Total</b>	<b>54,856.2</b>	<b>98,421.8</b>	<b>81,769.0</b>	<b>81,623.8</b>	<b>46,619.2</b>	<b>39,028.4</b>

**Notes:**

- (a) Claims include specific claims settlement costs, wherever applicable.  
 (b) Legal, other fees and expenses also form part of the claims cost, wherever applicable.

**Annexure – X : Restated Consolidated Statement of Share Capital**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Authorised Capital Equity Shares of ₹ 10 each	30,000.0	30,000.0	30,000.0	30,000.0	30,000.0	30,000.0
2. Issued Capital Equity Shares of ₹ 10 each	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
3. Subscribed Capital Equity Shares of ₹ 10 each	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
4. Called-up Capital Equity Shares of ₹ 10 each	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Less: Calls unpaid	-	-	-	-	-	-
Add: Shares forfeited (Amount originally paid up)	-	-	-	-	-	-
Less: Par Value of Equity Shares bought back	-	-	-	-	-	-
Less: Preliminary Expenses, Expenses including commission or brokerage on underwriting or subscription of shares.	-	-	-	-	-	-
<b>Total</b>	<b>20,055.5</b>	<b>19,984.8</b>	<b>19,952.9</b>	<b>19,948.8</b>	<b>19,948.8</b>	<b>19,948.8</b>

**Note:**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amount of Share Capital held by Housing Development Finance Corporation Limited, the holding company	12,297.6	12,297.6	12,297.6	14,093.0	14,437.3	14,437.3

**Annexure – XI : Restated Consolidated Statement of Pattern of Shareholding**

(As certified by the Management)

Shareholder	As at											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	Number of Shares	% of Holding										
Promoters												
• Indian/ Holding Company - Housing Development Finance Corporation Limited (HDFC)	1,229,760,125	61.3%	1,229,760,125	61.5%	1,229,760,125	61.6%	1,409,299,334	70.6%	1,443,733,842	72.4%	1,443,733,842	72.4%
• Escrow Account #	-	-	-	-	179,539,209	9.0%	-	-	-	-	-	-
• Foreign - Standard Life (Mauritius Holdings) 2006 Limited (Standard Life)	698,208,033	34.8%	698,208,033	34.9%	518,668,824	26.0%	518,668,824	26.0%	518,668,824	26.0%	518,668,824	26.0%
Others - Domestic	77,577,212	3.9%	70,507,125	3.6%	67,319,980	3.4%	66,911,938	3.4%	32,477,430	1.6%	32,477,430	1.6%
<b>Total</b>	<b>2,005,545,370</b>	<b>100.0%</b>	<b>1,998,475,283</b>	<b>100.0%</b>	<b>1,995,288,138</b>	<b>100.0%</b>	<b>1,994,880,096</b>	<b>100.0%</b>	<b>1,994,880,096</b>	<b>100.0%</b>	<b>1,994,880,096</b>	<b>100.0%</b>

Note :

# On August 14, 2015, HDFC had entered into a Share Sale and Purchase Agreement with Standard Life (Mauritius Holdings) 2006 Limited to sell a 9.00% stake in HDFC Standard Life Insurance Company Limited. The captioned Shares had been transferred by HDFC into Escrow Account for facilitating transfer to Standard Life pursuant to receipt of regulatory approvals for the completion of the transaction and pending receipt of funds into the completion cash escrow account from Standard Life. The transaction was completed on April 20, 2016.

## Annexure – XII : Restated Consolidated Statement of Reserves and Surplus

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Capital Reserve	-	-	-	-	-	-
2. Capital Redemption Reserve	-	-	-	-	-	-
3. Share Premium :						
Opening Balance	1,944.0	1,687.0	1,654.4	1,654.4	1,654.4	1,654.4
Add: Additions during the year	577.1	257.0	32.6	-	-	-
Less: Adjustments during the year	-	-	-	-	-	-
4. Revaluation Reserve :						
Opening Balance	-	-	-	-	307.4	307.4
Add: Additions during the year	-	-	-	-	-	-
Less: Adjustments during the year	-	-	-	-	(307.4)	-
5. General Reserves						
Less : Debit balance in Profit and Loss Account, if any	-	-	-	-	-	-
Less : Amount utilised for Buy-back	-	-	-	-	-	-
6. Catastrophe Reserve	-	-	-	-	-	-
7. Other Reserves	-	-	-	-	-	-
7.a Foreign Currency Translation Reserve						
Opening Balance	(49.9)	(29.3)	-	-	-	-
Less: Adjustments during the year	6.4	(43.5)	(29.3)	-	-	-
8. Balance of profit in Profit and Loss Account						
		21,602.5	16,061.1	9,836.7	3,829.7	-
<b>Total</b>		<b>24,080.1</b>	<b>17,955.2</b>	<b>11,494.4</b>	<b>5,484.1</b>	<b>1,961.8</b>

Annexure – XIII : Restated Consolidated Statement of Borrowings						
						(₹ 'in Millions)
Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Debentures/Bonds	-	-	-	-	-	-
2. Banks	-	-	-	-	-	-
3. Financial Institutions	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

**Annexure – XIV : Restated Consolidated Statement of Investments - Shareholders**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>LONG TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	16,962.1	15,897.2	9,095.0	8,581.9	5,429.0	2,331.7
2. Other Approved Securities	-	-	-	-	-	149.4
3. Other Investments						
(a) Shares						
(aa) Equity	6,383.9	5,809.4	4,321.1	3,126.8	1,257.0	422.3
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	-	-	-	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	2,092.4	1,892.0	1,698.4	1,650.3	1,501.5	407.7
(e) Subsidiaries	-	-	-	-	-	-
(f) Fixed Deposit	574.3	512.2	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	413.7
4. Investments in Infrastructure and Social Sector	4,426.0	3,817.5	2,729.5	3,931.5	1,263.7	405.9
5. Other than Approved Investments	750.5	908.6	676.1	529.7	390.1	442.3
<b>Sub-Total (A)</b>	<b>31,189.2</b>	<b>28,836.9</b>	<b>18,520.1</b>	<b>17,820.2</b>	<b>9,841.3</b>	<b>4,573.0</b>
<b>SHORT TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	347.7	543.4	2,053.3	1,924.7	3,181.8	246.5
2. Other Approved Securities	-	-	-	-	149.7	-
3. Other Investments						
(a) Shares						
(aa) Equity	-	-	-	-	-	-
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	11.3	15.3	13.7	15.0	13.2	900.0
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	50.0	508.6	-	250.2	50.0	250.0
(e) Other Securities						
(aa) Commercial Paper	-	245.9	230.7	-	-	-
(bb) Certificate of Deposit	-	-	972.6	246.3	993.9	1,917.6
(cc) Fixed Deposit	510.0	869.7	1,510.0	810.0	570.0	200.0
(dd) CBLO/Repo Investments	4,919.0	1,284.3	2,137.0	770.4	617.2	319.8
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	-	10.0	100.4	88.5	717.9	100.0
5. Other than Approved Investments	-	-	-	21.9	-	50.4
<b>Sub-Total (B)</b>	<b>5,838.0</b>	<b>3,477.2</b>	<b>7,017.7</b>	<b>4,127.0</b>	<b>6,293.7</b>	<b>3,984.3</b>
<b>Total (A+B)</b>	<b>37,027.2</b>	<b>32,314.1</b>	<b>25,537.8</b>	<b>21,947.2</b>	<b>16,135.0</b>	<b>8,557.3</b>

**Notes:**

(₹ 'in Millions)

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Aggregate amount of Company's investments and the market value:						
	a) Aggregate amount of Company's investment other than listed equity securities	29,034.1	24,824.1	20,674.2	18,315.6	14,716.4	7,075.7
	b) Market Value of above investment	30,317.8	25,987.8	21,285.8	18,992.2	14,452.5	7,050.5
2.	Investment in holding company at cost	250.0	310.6	51.7	51.7	51.7	52.9
3.	Fixed Deposits towards margin requirement for equity trade settlement:						
	a) Deposited with National Securities Clearing Corporation Limited (NSCCL)	450.0	730.0	730.0	700.0	20.0	-
	b) Deposited with Indian Clearing Corporation Limited (ICCL)	60.0	80.0	80.0	110.0	-	-
4.	Equity shares includes shares transferred under securities lending and borrowing scheme (SLB) where the Company retains all the associated risk and rewards on these securities .	-	-	-	-	-	-
5.	Investment made out of catastrophe reserve	-	-	-	-	-	-

**Annexure – XV : Restated Consolidated Statement of Investments- Policyholders**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>LONG TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	170,776.5	153,175.4	115,114.7	85,598.7	53,896.9	39,263.8
2. Other Approved Securities	20,247.2	14,939.7	10,992.6	8,919.0	11,279.1	9,562.6
3. Other Investments						
(a) Shares						
(aa) Equity	48,612.9	40,505.0	27,713.5	25,189.4	12,148.4	5,124.5
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	-	-	-	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	38,809.7	38,028.6	24,651.9	27,318.6	19,386.5	10,624.3
(e) Other Securities						
(aa) Fixed Deposit	-	-	-	400.0	1,220.0	1,370.0
(bb) Deep Discount Bonds	2,238.0	1,420.9	576.8	1,586.6	861.2	181.7
(cc) Infrastructure Investment Fund	922.9	-	-	-	-	-
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	68,409.9	53,058.1	39,348.8	34,220.3	26,432.9	22,846.1
5. Other than Approved Investments	5,720.9	8,362.0	6,790.3	3,191.3	2,459.2	2,541.8
<b>Sub-Total (A)</b>	<b>355,738.0</b>	<b>309,489.7</b>	<b>225,188.6</b>	<b>186,423.9</b>	<b>127,684.2</b>	<b>91,514.8</b>
<b>SHORT TERM INVESTMENTS</b>						
1. Government securities and Government guaranteed bonds including Treasury Bills	16,456.6	14,045.8	6,974.1	2,668.3	6,035.8	7,450.5
2. Other Approved Securities	350.5	350.9	-	-	398.0	-
3. Other Investments						
(a) Shares						
(aa) Equity	-	-	-	-	-	-
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	6,651.2	-	1,500.0	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	5,150.3	5,830.5	5,727.2	1,788.8	2,078.6	1,085.0
(e) Other Securities						
(aa) Commercial Paper	-	-	-	24.8	238.3	-
(bb) Certificate of Deposit	-	-	241.8	656.3	-	728.0
(cc) Fixed Deposit	-	-	2,469.5	1,220.0	2,346.9	3,421.0
(dd) Deep Discount Bonds	544.0	522.3	558.6	52.1	382.1	288.2
(ee) CBLO/Repo Investments	10,491.7	14,719.5	11,521.2	5,664.5	6,526.6	6,163.4
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	1,366.7	1,903.4	50.3	500.0	609.2	1,202.7
5. Other than Approved Investments	113.2	53.2	4,397.5	86.2	762.7	298.2
<b>Sub-Total (B)</b>	<b>41,124.2</b>	<b>37,425.6</b>	<b>33,440.2</b>	<b>12,661.0</b>	<b>19,378.2</b>	<b>20,637.0</b>
<b>Total (A+B)</b>	<b>396,862.2</b>	<b>346,915.3</b>	<b>258,628.8</b>	<b>199,084.9</b>	<b>147,062.4</b>	<b>112,151.8</b>

Notes:

(₹ 'in Millions)

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Aggregate amount of Company's investments and the market value:						
	a) Aggregate amount of Company's investment other than listed equity securities	338,264.7	302,131.1	224,200.1	171,203.5	134,199.3	106,350.1
	b) Market Value of above investment	348,218.8	313,124.0	228,760.3	175,646.4	129,929.1	106,943.6
2.	Investment in holding company at cost	3,504.7	4,361.1	2,898.7	3,526.8	2,032.6	1,196.3
3.	Investment in subsidiary company at cost	-	-	-	-	-	-
4.	Government Securities deposited with Reserve Bank of India in order to comply with the requirement prescribed under erstwhile Section 7 of the Insurance Act, 1938						
	a) Amortised cost	-	-	-	118.7	121.1	123.5
	b) Market Value of above investment	-	-	-	119.2	117.8	123.3
5.	Government Securities deposited with the Clearing Corporation of India Ltd (CCIL) for collateralized borrowing and lending obligation segment.						
	a) Amortised cost	244.1	236.4	157.3	75.0	76.7	78.3
	b) Market Value of above investment	246.3	237.1	152.6	70.8	68.8	70.8
6.	Fixed Deposits towards margin requirement for equity trade settlement and Bank Guarantee:						
	a) Deposited with National Securities Clearing Corporation Limited (NSCCL)	-	-	-	-	230.0	160.0
	b) Deposited with Indian Clearing Corporation Limited (ICCL)	-	-	-	-	90.0	-
	c) Bank Guarantee to Assistant Commissioner ,Commercial tax department	-	-	-	-	-	0.1
	d) Bank Guarantee for Postal services	-	-	-	-	-	0.8
7.	Equity shares includes shares transferred under securities lending and borrowing scheme (SLB) where the Company retains all the associated risk and rewards on these	0.2	-	-	-	-	-
8.	Investment made out of catastrophe reserve	-	-	-	-	-	-

## Annexure – XVI : Restated Consolidated Statement of Assets held to cover linked liabilities

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>LONG TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	59,287.9	63,131.9	87,096.4	71,468.9	39,220.6	30,138.8
2. Other Approved Securities	2,569.7	1,713.3	45.5	9.0	365.1	683.8
3. Other Investments						
(a) Shares						
(aa) Equity	288,483.0	275,555.7	219,436.9	249,191.0	185,232.4	146,517.1
(bb) Preference	33.8	32.3	30.7	27.3	23.9	-
(b) Mutual Funds	-	-	-	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	49,101.3	45,598.4	33,218.4	23,645.7	24,155.9	9,902.9
(e) Other Securities						
(aa) Fixed Deposit	-	-	-	50.0	250.0	250.0
(bb) Deep Discount Bonds	683.9	552.9	44.3	1,527.7	1,889.1	533.8
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	66,187.4	60,767.7	40,430.8	39,205.6	40,293.2	49,802.6
5. Other than Approved Investments	36,202.6	30,139.1	23,655.1	21,401.2	13,825.3	11,192.3
<b>Sub-Total (A)</b>	<b>502,549.6</b>	<b>477,491.3</b>	<b>403,958.1</b>	<b>406,526.4</b>	<b>305,255.5</b>	<b>249,021.3</b>
<b>SHORT TERM INVESTMENTS</b>						
1. Government Securities and Government guaranteed bonds including Treasury Bills	19,812.9	22,880.5	15,632.7	11,288.2	12,807.5	1,448.2
2. Other Approved Securities	-	-	-	-	594.0	-
3. Other Investments						
(a) Shares						
(aa) Equity	-	-	-	-	-	-
(bb) Preference	-	-	-	-	-	-
(b) Mutual Funds	-	-	-	-	-	-
(c) Derivative Instruments	-	-	-	-	-	-
(d) Debentures / Bonds	3,666.0	6,242.8	3,568.8	2,424.8	1,429.5	1,712.4
(e) Other Securities						
(aa) Fixed Deposit	30.0	30.0	100.5	290.0	1,590.0	2,120.0
(bb) Commercial Paper	2,172.1	959.7	704.9	808.6	719.0	-
(cc) Certificate of Deposit	479.7	957.9	8,455.2	7,069.4	8,068.7	11,694.1
(dd) Deep Discount Bonds	193.7	60.8	1,359.7	470.9	273.5	248.3
(ee) Repo Investments	24,102.4	18,672.3	11,578.7	11,338.7	4,136.5	5,384.4
(f) Subsidiaries	-	-	-	-	-	-
(g) Investment Properties - Real Estate	-	-	-	-	-	-
4. Investments in Infrastructure and Social Sector	1,302.5	408.7	472.1	730.8	968.5	3,205.8
5. Other than Approved Investments	-	757.4	312.9	312.1	-	324.9
<b>Sub-Total (B)</b>	<b>51,759.3</b>	<b>50,970.1</b>	<b>42,185.5</b>	<b>34,733.5</b>	<b>30,587.2</b>	<b>26,138.1</b>
<b>OTHER ASSETS (NET)</b>						
1. Interest Accrued and Dividend Receivable	5,705.4	6,111.6	5,429.7	3,920.6	3,567.7	3,170.4
2. Other Liabilities (Net)	(48.4)	(22.9)	(19.1)	(17.8)	(88.0)	(319.4)
3. Other Assets	59.4	19.0	805.9	189.0	506.2	79.7
4. Other - Receivable	426.5	3,281.1	2,108.0	2,699.5	3,182.6	4,767.1
5. Investment Sold Awaiting Settlement	1,900.1	4,133.9	6,445.1	3,230.0	2,404.1	2,552.3
6. Investment Purchased Awaiting Settlement	(2,090.9)	(3,979.2)	(3,643.0)	(2,077.7)	(3,705.5)	(2,078.6)
7. Investment application - Pending Allotment	1,047.9	-	-	-	364.0	-
<b>Sub-Total (C)</b>	<b>7,000.0</b>	<b>9,543.5</b>	<b>11,126.6</b>	<b>7,943.6</b>	<b>6,231.1</b>	<b>8,171.5</b>
<b>Total (A+B+C)</b>	<b>561,308.9</b>	<b>538,004.9</b>	<b>457,270.2</b>	<b>449,203.5</b>	<b>342,073.8</b>	<b>283,330.9</b>

Notes:

(₹ 'in Millions)

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Aggregate amount of Company's investments and the market value:						
	a) Aggregate amount of Company's investment other than listed equity securities	207,485.5	203,875.0	192,675.4	149,763.4	122,008.7	99,751.5
	b) Market Value of above investment	210,341.6	207,314.9	195,638.8	153,467.6	120,427.0	101,022.9
2.	Investment in holding company at cost	4,894.2	5,647.7	4,693.1	4,965.4	4,959.5	5,540.5
3.	Investment in subsidiary company at cost	-	-	-	-	-	-
4.	Fixed Deposits towards margin requirement for equity trade settlement:						
	a) Deposited with National Securities Clearing Corporation Limited (NSCCL)	-	-	-	-	450.0	300.0
	b) Deposited with Indian Clearing Corporation Limited (ICCL)	-	-	-	-	20.0	150.0
5.	The value of equity shares lent by the Company under securities lending and borrowing scheme (SLB) and outstanding.	1.4	-	-	-	-	-
6.	Investment made out of catastrophe reserve	-	-	-	-	-	-

## Annexure – XVII : Restated Consolidated Statement of Loans

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>1. SECURITY-WISE CLASSIFICATION</b>						
<i>Secured</i>						
(a) On mortgage of property						
(aa) In India*	-	47.5	171.3	215.9	226.6	498.7
(bb) Outside India	-	-	-	-	-	-
(b) On Shares, Bonds, Govt. Securities, etc.	-	-	-	-	-	-
(c) Loans against policies	137.3	105.0	103.8	69.6	46.2	39.3
(d) Others	-	-	-	-	-	-
<i>Unsecured</i>						
(a) HDFC Standard Life Employees' Stock Option Trust	25.0	326.1	655.6	970.9	204.0	244.2
<b>Total</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>
<b>2. BORROWER - WISE CLASSIFICATION</b>						
(a) Central and State Governments	-	-	-	-	-	-
(b) Banks and Financial Institutions	-	-	-	-	-	-
(c) Subsidiaries	-	-	-	-	-	-
(d) Companies	-	47.5	171.3	215.8	226.5	498.6
(e) Loans against policies	137.3	105.0	103.8	69.6	46.2	39.3
(f) Loans to employees	-	-	-	0.1	0.1	0.1
(g) Others - HDFC Standard Life Employees' Stock Option Trust	25.0	326.1	655.6	970.9	204.0	244.2
<b>Total</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>
<b>3. PERFORMANCE-WISE CLASSIFICATION</b>						
(a) Loans classified as standard						
(aa) In India	162.3	478.6	930.7	1,256.4	476.8	782.2
(bb) Outside India	-	-	-	-	-	-
(b) Non-standard loans less provisions						
(aa) In India	-	-	-	-	-	-
(bb) Outside India	-	-	-	-	-	-
<b>Total</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>
<b>4. MATURITY-WISE CLASSIFICATION</b>						
(a) Short-Term	10.0	51.8	110.0	4.5	3.8	3.5
(b) Long-Term	152.3	426.8	820.7	1,251.9	473.0	778.7
<b>Total</b>	<b>162.3</b>	<b>478.6</b>	<b>930.7</b>	<b>1,256.4</b>	<b>476.8</b>	<b>782.2</b>

## Notes:

(₹ 'in Millions)

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Principal receivable within 12 months from the Balance Sheet date	10.0	24.9	128.3	16.5	14.7	40.1
2.	Loans considered doubtful and the amount of provision created against such loans	-	-	-	-	-	-

Short-term loans include those which are repayable within 12 months from the date of Balance Sheet. Long term loans are the loans other than short-term loans.

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Loan given to parties related to Directors, Promoters or Issuers	-	-	-	-	-	-

\* Include loans regarded as investment as per section 27A of Insurance Act, 1938.

**Annexure – XVIII : Restated Consolidated Statement of Fixed Assets**

(₹ 'in Millions)

Particulars	Goodwill	Intangible Assets (Computer Software)*	Land- Freehold	Leasehold Improvements	Buildings	Furniture & Fittings	Information Technology Equipment	Vehicles	Office Equipment	Others	Total	Capital Work in progress	Grand Total
<b>Cost / Gross Block</b>													
As at April 01, 2017	-	1,565.0	-	18.3	2,866.8	702.1	927.4	130.3	603.4	-	6,813.3	160.9	6,974.2
Additions	-	114.8	-	0.2	-	4.6	55.5	12.4	9.2	-	196.7	131.4	328.1
Deductions	-	-	-	-	-	(8.8)	(19.9)	(4.3)	(8.5)	-	(41.5)	(196.7)	(238.2)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at September 30, 2017</b>	-	<b>1,679.8</b>	-	<b>18.5</b>	<b>2,866.8</b>	<b>697.9</b>	<b>963.0</b>	<b>138.4</b>	<b>604.1</b>	-	<b>6,968.5</b>	<b>95.6</b>	<b>7,064.1</b>
<b>Depreciation</b>													
As at April 01, 2017	-	1,135.5	-	12.2	308.6	632.8	795.2	58.0	497.0	-	3,439.3	-	3,439.3
For the period	-	103.1	-	1.3	23.0	12.0	48.2	16.1	19.5	-	223.2	-	223.2
On Sales / Adjustments	-	-	-	-	-	(8.8)	(19.9)	(1.7)	(8.4)	-	(38.8)	-	(38.8)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at September 30, 2017</b>	-	<b>1,238.6</b>	-	<b>13.5</b>	<b>331.6</b>	<b>636.0</b>	<b>823.5</b>	<b>72.4</b>	<b>508.1</b>	-	<b>3,623.7</b>	-	<b>3,623.7</b>
<b>Net Block as at September 30, 2017</b>	-	<b>441.2</b>	-	<b>5.0</b>	<b>2,535.2</b>	<b>61.9</b>	<b>139.5</b>	<b>66.0</b>	<b>96.0</b>	-	<b>3,344.8</b>	<b>95.6</b>	<b>3,440.4</b>
<b>Cost / Gross Block</b>													
As at April 01, 2016	-	1,256.3	-	18.0	2,850.6	687.8	959.8	112.6	598.5	-	6,483.6	121.6	6,605.2
Additions	-	312.2	-	1.2	16.2	32.8	35.5	24.6	32.4	-	454.9	477.7	932.6
Deductions	-	(3.5)	-	(0.8)	-	(18.5)	(67.9)	(6.9)	(27.5)	-	(125.1)	(438.4)	(563.5)
Exchange Adjustments	-	-	-	(0.1)	-	-	-	-	-	-	(0.1)	-	(0.1)
<b>As at March 31, 2017</b>	-	<b>1,565.0</b>	-	<b>18.3</b>	<b>2,866.8</b>	<b>702.1</b>	<b>927.4</b>	<b>130.3</b>	<b>603.4</b>	-	<b>6,813.3</b>	<b>160.9</b>	<b>6,974.2</b>
<b>Depreciation</b>													
As at April 01, 2016	-	964.8	-	10.6	264.5	623.1	750.2	32.4	486.0	-	3,131.6	-	3,131.6
For the year	-	174.2	-	2.4	44.1	28.2	112.8	28.4	38.5	-	428.6	-	428.6
On Sales / Adjustments	-	(3.5)	-	(0.8)	-	(18.5)	(67.8)	(2.8)	(27.5)	-	(120.9)	-	(120.9)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	-	<b>1,135.5</b>	-	<b>12.2</b>	<b>308.6</b>	<b>632.8</b>	<b>795.2</b>	<b>58.0</b>	<b>497.0</b>	-	<b>3,439.3</b>	-	<b>3,439.3</b>
<b>Net Block As at March 31, 2017</b>	-	<b>429.5</b>	-	<b>6.1</b>	<b>2,558.2</b>	<b>69.3</b>	<b>132.2</b>	<b>72.3</b>	<b>106.4</b>	-	<b>3,374.0</b>	<b>160.9</b>	<b>3,534.9</b>
<b>Cost / Gross Block</b>													
As at April 01, 2015	-	1,182.1	-	10.3	2,850.6	677.2	921.7	59.4	588.1	-	6,289.4	64.4	6,353.8
Additions	-	74.2	-	8.2	-	59.3	65.2	56.4	83.1	-	346.4	395.8	742.2
Deductions	-	-	-	(0.5)	-	(48.7)	(27.1)	(3.2)	(72.7)	-	(152.2)	(338.6)	(490.8)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2016</b>	-	<b>1,256.3</b>	-	<b>18.0</b>	<b>2,850.6</b>	<b>687.8</b>	<b>959.8</b>	<b>112.6</b>	<b>598.5</b>	-	<b>6,483.6</b>	<b>121.6</b>	<b>6,605.2</b>
<b>Depreciation</b>													
As at April 01, 2015	-	821.2	-	9.9	209.4	638.9	615.6	11.7	522.4	-	2,829.1	-	2,829.1
For the year	-	143.6	-	1.2	55.1	32.8	161.6	21.7	36.0	-	452.0	-	452.0
On Sales / Adjustments	-	-	-	(0.5)	-	(48.6)	(27.0)	(1.0)	(72.4)	-	(149.5)	-	(149.5)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2016</b>	-	<b>964.8</b>	-	<b>10.6</b>	<b>264.5</b>	<b>623.1</b>	<b>750.2</b>	<b>32.4</b>	<b>486.0</b>	-	<b>3,131.6</b>	-	<b>3,131.6</b>
<b>Net Block As at March 31, 2016</b>	-	<b>291.5</b>	-	<b>7.4</b>	<b>2,586.1</b>	<b>64.7</b>	<b>209.6</b>	<b>80.2</b>	<b>112.5</b>	-	<b>3,352.0</b>	<b>121.6</b>	<b>3,473.6</b>

**Annexure – XVIII : Restated Consolidated Statement of Fixed Assets**

(₹ 'in Millions)

Particulars	Goodwill	Intangible Assets (Computer Software)*	Land- Freehold	Leasehold Improvements	Buildings	Furniture & Fittings	Information Technology Equipment	Vehicles	Office Equipment	Others	Total	Capital Work in progress	Grand Total
<b>Cost / Gross Block</b>													
As at April 01, 2014	-	957.9	-	10.0	2,245.6	705.3	817.7	5.3	598.8	-	5,340.6	101.3	5,441.9
Additions	-	224.2	-	0.5	605.0	7.2	171.4	54.1	35.5	-	1,097.9	446.4	1,544.3
Deductions	-	-	-	(0.2)	-	(35.3)	(67.4)	-	(46.2)	-	(149.1)	(483.3)	(632.4)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2015</b>	-	<b>1,182.1</b>	-	<b>10.3</b>	<b>2,850.6</b>	<b>677.2</b>	<b>921.7</b>	<b>59.4</b>	<b>588.1</b>	-	<b>6,289.4</b>	<b>64.4</b>	<b>6,353.8</b>
<b>Depreciation</b>													
As at April 01, 2014	-	680.0	-	7.0	140.7	650.4	525.3	5.3	538.1	-	2,546.8	-	2,546.8
For the year	-	141.2	-	3.0	68.7	23.8	156.6	6.4	30.2	-	429.9	-	429.9
On Sales / Adjustments	-	-	-	(0.1)	-	(35.3)	(66.3)	-	(45.9)	-	(147.6)	-	(147.6)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2015</b>	-	<b>821.2</b>	-	<b>9.9</b>	<b>209.4</b>	<b>638.9</b>	<b>615.6</b>	<b>11.7</b>	<b>522.4</b>	-	<b>2,829.1</b>	-	<b>2,829.1</b>
<b>Net Block As at March 31, 2015</b>	-	<b>360.9</b>	-	<b>0.4</b>	<b>2,641.2</b>	<b>38.3</b>	<b>306.1</b>	<b>47.7</b>	<b>65.7</b>	-	<b>3,460.3</b>	<b>64.4</b>	<b>3,524.7</b>
<b>Cost / Gross Block</b>													
As at April 01, 2013	-	669.6	-	9.7	2,139.3	739.5	923.1	5.3	637.7	-	5,124.2	294.8	5,419.0
Additions	-	288.3	-	1.1	106.3	27.0	229.5	-	30.0	-	682.2	372.1	1,054.3
Deductions	-	-	-	(0.8)	-	(61.2)	(334.9)	-	(68.9)	-	(465.8)	(565.6)	(1,031.4)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2014</b>	-	<b>957.9</b>	-	<b>10.0</b>	<b>2,245.6</b>	<b>705.3</b>	<b>817.7</b>	<b>5.3</b>	<b>598.8</b>	-	<b>5,340.6</b>	<b>101.3</b>	<b>5,441.9</b>
<b>Depreciation</b>													
As at April 01, 2013	-	496.7	-	5.2	89.2	680.7	753.5	3.9	571.7	-	2,600.9	-	2,600.9
Deductions	-	183.3	-	2.5	51.5	30.7	105.6	1.4	34.3	-	409.3	-	409.3
On Sales / Adjustments	-	-	-	(0.7)	-	(61.0)	(333.8)	-	(67.9)	-	(463.4)	-	(463.4)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2014</b>	-	<b>680.0</b>	-	<b>7.0</b>	<b>140.7</b>	<b>650.4</b>	<b>525.3</b>	<b>5.3</b>	<b>538.1</b>	-	<b>2,546.8</b>	-	<b>2,546.8</b>
<b>Net Block As at March 31, 2014</b>	-	<b>277.9</b>	-	<b>3.0</b>	<b>2,104.9</b>	<b>54.9</b>	<b>292.4</b>	-	<b>60.7</b>	-	<b>2,793.8</b>	<b>101.3</b>	<b>2,895.1</b>
<b>Cost / Gross Block</b>													
As at April 01, 2012	-	517.4	-	8.5	2,139.3	771.8	903.0	5.3	665.5	-	5,010.8	0.4	5,011.2
Additions	-	152.2	-	1.5	-	32.0	155.8	-	28.7	-	370.2	718.6	1,088.8
Deductions	-	-	-	(0.3)	-	(64.3)	(135.7)	-	(56.5)	-	(256.8)	(424.2)	(681.0)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2013</b>	-	<b>669.6</b>	-	<b>9.7</b>	<b>2,139.3</b>	<b>739.5</b>	<b>923.1</b>	<b>5.3</b>	<b>637.7</b>	-	<b>5,124.2</b>	<b>294.8</b>	<b>5,419.0</b>
<b>Depreciation</b>													
As at April 01, 2012	-	393.8	-	3.6	54.3	678.3	807.6	2.3	561.2	-	2,501.1	-	2,501.1
For the year	-	102.9	-	1.8	34.9	63.8	80.7	1.6	65.1	-	350.8	-	350.8
On Sales / Adjustments	-	-	-	(0.2)	-	(61.4)	(134.8)	-	(54.6)	-	(251.0)	-	(251.0)
Exchange Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2013</b>	-	<b>496.7</b>	-	<b>5.2</b>	<b>89.2</b>	<b>680.7</b>	<b>753.5</b>	<b>3.9</b>	<b>571.7</b>	-	<b>2,600.9</b>	-	<b>2,600.9</b>
<b>Net Block As at March 31, 2013</b>	-	<b>172.9</b>	-	<b>4.5</b>	<b>2,050.1</b>	<b>58.8</b>	<b>169.6</b>	<b>1.4</b>	<b>66.0</b>	-	<b>2,523.3</b>	<b>294.8</b>	<b>2,818.1</b>

\*All software are other than those generated internally.

**Annexure – XIX : Restated Consolidated Statement of Cash and Bank Balances**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Cash (including cheques on hand, drafts and stamps) *	637.1	1,906.4	1,889.7	1,951.2	1,680.0	1,662.0
2. Bank Balances						
(a) Deposit Accounts						
(aa) Short-term (due within 12 months of Balance Sheet)	-	-	-	-	-	-
(bb) Others	4.4	1.9	3.1	2.1	1.8	0.8
(b) Current Accounts	2,158.4	6,065.5	5,381.1	3,771.7	2,768.6	2,978.1
(c) Others	-	-	-	-	-	-
3. Money at Call and Short Notice						
(a) With Banks	-	-	-	-	-	-
(b) With other Institutions	-	-	-	-	-	-
4. Others	-	-	-	-	-	-
<b>Total</b>	<b>2,799.9</b>	<b>7,973.8</b>	<b>7,273.9</b>	<b>5,725.0</b>	<b>4,450.4</b>	<b>4,640.9</b>
Balances with non-Scheduled banks included in 2 and 3 above						
<b>CASH &amp; BANK BALANCES</b>						
1. In India	2,787.0	7,964.7	6,466.7	5,723.2	4,448.3	4,633.9
2. Outside India	12.9	9.1	807.2	1.8	2.1	7.0
<b>Total</b>	<b>2,799.9</b>	<b>7,973.8</b>	<b>7,273.9</b>	<b>5,725.0</b>	<b>4,450.4</b>	<b>4,640.9</b>
<b>Note:</b>						
Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
* Cheques on Hand	637.1	1906.4	1795.4	1864.2	1568.5	1476.4



**Annexure – XXI : Restated Consolidated Statement of Current Liabilities**

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Agents' Balances	724.1	952.6	737.2	312.4	405.1	555.5
2. Balances due to other insurance companies (including Reinsurers)	293.5	251.4	184.6	82.1	141.2	154.1
3. Deposits held on re-insurance ceded	-	-	-	-	-	-
4. Premiums received in advance	290.9	158.5	124.8	96.5	227.8	179.8
5. Unallocated Premium	2,630.6	2,614.4	1,875.8	2,224.1	1,209.6	431.2
6. Sundry creditors	9,070.7	9,351.0	6,589.6	5,942.8	5,159.7	5,442.1
7. Due to subsidiaries / holding company	176.2	227.7	80.4	0.1	-	-
8. Claims Outstanding	627.8	305.0	361.8	635.6	282.2	103.4
9. Annuities Due	-	-	-	-	-	-
10. Due to Officers / Directors	-	-	-	-	-	-
11. Others						
(a) Tax deducted to be remitted	513.8	268.7	290.3	111.2	164.1	114.1
(b) Goods and Services Tax / Service Tax Liability	1,236.5	-	-	0.6	7.6	-
(c) Investments purchased - to be settled	5,296.4	4,961.3	2,410.3	3,535.6	1,008.5	1,283.4
(d) Others - Payable (Payable to unit linked schemes)	414.5	6,776.7	2,108.0	2,699.5	3,182.6	4,767.1
(e) Payable to Policyholders	10,336.7	4,215.4	3,250.2	1,677.2	552.6	340.7
(f) Unclaimed Dividend payable	0.2	0.2	-	-	-	-
12. Unclaimed amount of policyholders	3,964.0	7,671.8	7,112.4	2,773.2	1,942.3	1,561.5
<b>Total</b>	<b>35,575.9</b>	<b>37,754.7</b>	<b>25,125.4</b>	<b>20,090.9</b>	<b>14,283.3</b>	<b>14,932.9</b>

## Annexure – XXII : Restated Consolidated Statement of Provisions

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. For Taxation (less payments and taxes deducted at source)	116.1	116.0	116.1	34.7	34.7	43.5
2. For proposed dividends	-	-	-	-	-	-
3. For dividend distribution tax	-	-	-	-	-	-
4. Others:						
(a) Wealth tax	-	-	-	0.7	0.2	0.2
(b) Employee benefits	295.3	351.1	299.9	296.6	239.3	242.8
<b>Total</b>	<b>411.4</b>	<b>467.1</b>	<b>416.0</b>	<b>332.0</b>	<b>274.2</b>	<b>286.5</b>

**Annexure – XXIII : Restated Consolidated Statement of Miscellaneous Expenditure**  
(To the extent not written-off or adjusted)

(₹ 'in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Discount allowed in issue of shares / debentures	-	-	-	-	-	-
2. Others	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-

## Corporate Information

HDFC Standard Life Insurance Company Limited ('HDFC Life' or 'The Company'), is formed as a joint venture between Housing Development Finance Corporation Limited ('HDFC Limited'), India's leading housing finance institution and Standard Life plc, the leading provider of financial services in the United Kingdom. The Company obtained a Certificate of Registration from the Insurance Regulatory and Development Authority of India ('IRDAI') on October 23, 2000 for carrying on the business of life insurance. The Company's Certificate of Renewal of Registration dated January 31, 2014 was valid till March 31, 2015. Pursuant to Section 3 read with Section 3A as amended by Insurance Laws (Amendment) Act, 2015, the process of annual renewal of the Certificate of Registration issued to insurers under Section 3 of the Insurance Act, 1938, was deleted. Consequently, the said certificate continues to be in force. The Company offers a range of individual and group insurance solutions. The portfolio comprises of various insurance and investment products such as Protection, Pension, Savings, Investment and Health.

The Company has two wholly owned Subsidiaries, HDFC Pension Management Company Limited ('HDFC Pension') and HDFC International Life and Re Company Limited. HDFC Pension ('the Indian Subsidiary') is a public limited company domiciled in India and was incorporated under the provisions of the erstwhile Companies Act, 1956 on June 20, 2011 with the purpose of managing pension fund business. HDFC International Life and Re Company Limited ('the Foreign Subsidiary') incorporated in Dubai on January 10, 2016 under the DIFC (Dubai International Finance Centre) Companies Law No. 2 of 2009 under registration number 2067. HDFC International Life & Re Company Limited is regulated by the Dubai Financial Services Authority ("DFSA") and is licensed to undertake life reinsurance business in the UAE. In future, the Company intends to undertake life insurance business in other jurisdictions, with necessary regulatory permissions and approvals.

These financial information comprises of restated consolidated financial information of HDFC Standard Life Insurance Company Limited, the parent company and its wholly owned subsidiaries 'HDFC Pension Management Company Limited' and 'HDFC International Life and Re Company Limited' (together referred to as "the Group").

## A. SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of consolidation

- a) These restated consolidated financial information for the Group are prepared in accordance with the principles and procedures for preparation and presentation of restated consolidated financial information as laid down under the Accounting Standard (AS) 21, "Consolidated Financial Statements" and are presented in the same format as that of the Company. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together similar items of assets, liabilities, income and expenses after eliminating intra-group balances, transactions and resulting unrealised profits/losses.
- b) The Company, its Indian Subsidiary and its Foreign Subsidiary are governed by different regulations and lack homogeneity of business, hence adjustments have been made to the financial statements of the two subsidiaries for the accounting policies at the time of consolidation to the extent it is practicable to do so. Where it is not practicable to make adjustments and as a result the accounting policies differ, respective accounting policies of the Company and its subsidiaries as applied to such items have been disclosed.
- c) The notes to the restated consolidated financial information for the Group are intended to serve as a means of informative disclosure and a guide towards better understanding of the consolidated position of the Group.

### 2. Basis of preparation

The Restated Consolidated Statement of Assets and Liabilities of the Company as at September 30, 2017, March 31, 2017, 2016, 2015, 2014 and 2013 and the Restated Consolidated Statement of Revenue Account (Policyholders' Account/Technical Account), Restated Consolidated Statement of Profit and Loss Account (Shareholders' Account/Non-Technical Account) and the Restated Consolidated Receipts and Payments Account for the six months ended September 30, 2017 and for the years ended March 31, 2017, 2016, 2015, 2014 and 2013 (together referred as 'Restated Consolidated Financial Information') and Other Consolidated Financial Information have been extracted by the Management from the Audited Consolidated Financial Statements of the Company for the respective years ("Audited Consolidated Financial Statements").

The Audited Consolidated Financial Statements of the Group as of and for the six months ended September 30, 2017 and as of and for the years ended March 31, 2017, 2016 and 2015 were prepared under the historical cost convention, on an accrual basis of accounting in accordance with the accounting principles and in the manner prescribed by the Insurance Regulatory

and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 ('the Financial Statements Regulations'), the Master Circular on Preparation of Financial Statements and Filing of Returns of Life Insurance Business Ref No. IRDA/F&A/Cir/232/12/2013 dated December 11, 2013 ('the Master Circular') and other circulars issued by the IRDAI from time to time, provisions of the Insurance Act, 1938, as amended from time to time, including amendment brought by Insurance Laws (Amendment) Act, 2015 (applicable from the financial year ended March 31, 2016 onwards), the Companies Act, 1956, as amended from time to time, to the extent applicable and the Companies Act, 2013. Pursuant to Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 (applicable from the financial year ended March 31, 2015 onwards), till the accounting standards or any addendum thereto are prescribed by the Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing accounting standards notified under Companies Act, 1956, shall continue to apply. Consequently, these audited consolidated financial statements have been prepared also to comply in all material aspects with the accounting standards notified under Section 211 (3C), of the Companies Act, 1956 i.e. Companies (Accounting Standards) Rules, 2006, as amended and to the extent applicable. Accounting policies have been consistently applied to the extent applicable and in the manner so required.

The Audited Consolidated Financial Statements of the Group for the years ended March 31, 2014 and March 31, 2013 were prepared to comply in all material respect with the generally applicable accounting principles in India under the historical cost convention on accrual basis and comply in all material aspects with the accounting standards issued by The Institute of Chartered Accountants of India, in particular Accounting Standard 21 - 'Consolidated Financial Statements', to the extent considered relevant by it for the purpose for which the Audited Consolidated Financial Statements have been prepared. These audited consolidated financial statements were not the statutory financial statements of the Group.

The Restated Consolidated Financial Information and Other Consolidated Financial Information have been prepared by the management in connection with the proposed listing of equity shares of the Company with National Stock Exchange of India Limited and Bombay Stock Exchange (BSE) Limited (together 'the stock exchanges'), in accordance with the requirements of:

a) Section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013;

(b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended from time to time (together referred to as the "SEBI Regulations");

(c) Para 1 & 2 of Schedule I Part (c) of Insurance Regulatory and Development Authority of India (Issuance of Capital by Indian Insurance Companies transacting Life Insurance Business) Regulations, 2015 (referred to as the "IRDAI Regulations") issued by the Insurance Regulatory and Development Authority of India (the "IRDAI");

These Restated Consolidated Financial Information and Other Consolidated Financial Information have been extracted by the Management from the Audited Consolidated Financial Statements and:

- there were no audit qualifications on these financial statements ,
- the changes in accounting policies during the years of these financial statements have been appropriately reflected,
- the material adjustments relating to previous years/period have been adjusted in the year/period to which they relate,
- the resultant tax impact on above adjustments has been appropriately adjusted in deferred tax in the respective years, and
- adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Audited Consolidated Financial Statements of the Company as at and for the six months ended September 30, 2017 and the requirements of the SEBI Regulations, except for disclosures related to unit linked business required by Financial Statements Regulations of Insurance Regulatory and Development Authority Act, 1999, which is not required in the opinion of the management for these Restated Consolidated Financial Information and Other Consolidated Financial Information.

### **Use of estimates**

The preparation of the restated consolidated financial information in conformity with generally accepted accounting principles in India ('Indian GAAP') requires that the Company's management makes estimates and assumptions that affect the reported amounts of income and expenses for the year/six months, reported balances of assets and liabilities and disclosures relating to contingent liabilities as on the date of the restated consolidated financial information. The estimates and assumptions used in the accompanying restated consolidated financial information are based upon management's evaluation of the relevant facts and circumstances upto and as on the date of the restated consolidated financial information. Actual results could differ from the estimates. Any revision to the accounting estimates is accounted for prospectively.

### **3. Revenue recognition**

#### **i) Premium income**

Premium income including rider premium is accounted for when due from the policyholders and as reduced for lapsation expected based on the experience of the Company. In case of linked business, premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated. Top up premium is considered as single premium.

#### **ii) Gross reinsurance premium**

Gross reinsurance premium written comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the year/six months and are recognised on the date on which the cover commences and is included in 'Other income' in Restated Consolidated Statement of Profit and Loss Account. Premiums include any adjustments arising in the year/six months for premiums receivable in respect of business written in prior years.

#### **iii) Income from linked policies**

Income from linked policies, which includes fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, is recovered from the linked funds in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.

#### **iv) Income from investments**

Interest income on investments is accounted for on accrual basis.

Amortisation of premium or accretion of discount computed at the time of purchase of debt securities is recognised over the remaining period of maturity/holding on a straight line basis.

In respect of investments held by the Indian Subsidiary, premium or discount computed at the time of purchase on money market instruments is amortised over the holding / maturity period on a straight line basis, adjusted for change in value of investments due to market movements.

In respect of investments held by the Foreign Subsidiary, interest income is recognised in the Restated Consolidated Statement of Profit and Loss Account as it accrues and is calculated using the Effective Interest Rate (EIR) method. Fees and commissions that are an integral part of the effective yield of the financial asset are recognised as an adjustment to the EIR of the instrument.

Dividend income is accounted for on "ex-dividend" date in case of listed equity and preference shares and in case of unlisted equity and preference shares, when the right to receive dividend is established.

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 a straight-line basis.

In case of linked business, profit or loss on sale/redemption of equity shares/equity Exchange Traded Funds (ETFs), Infrastructure Investment Trusts (InvITs), preference shares and units of mutual fund is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average book value.

In case of other than linked business, profit or loss on sale/redemption of equity shares/ equity ETFs, InvITs, preference shares, Additional Tier I Bonds and units of mutual fund includes the accumulated changes in the fair value previously recognised under "Fair Value Change Account" in the Restated Consolidated Statement of Assets and Liabilities.

In case of linked business, profit or loss on sale/redemption of debt securities is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average book cost. In case of other than linked business, profit or loss on

sale/redemption of debt securities is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average amortised cost.

**v) Income from loans**

Interest income on loans is accounted for on an accrual basis.

**vi) Income from Fees**

In respect of business of the Indian Subsidiary, investment management fees are recognised on accrual basis in accordance with the terms of the 'Investment Management Agreement' (IMA) entered into with the National Pension System (NPS) Trust.

**4. Reinsurance premium ceded**

Reinsurance premium ceded is accounted for on due basis, in accordance with the terms and conditions of the reinsurance treaties. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

**5. Acquisition costs**

Acquisition costs are the costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts and consist of costs like commission to insurance intermediaries, rewards and incentives, sales staff costs, office rent, medical examination costs, policy printing expenses, stamp duty and other related expenses. These costs are expensed in the period in which they are incurred.

**6. Benefits paid**

Benefits paid consist of policy benefit amounts and claim settlement costs, where applicable.

**(i) Non-linked business**

Death and rider claims are accounted for on receipt of intimation. Annuity benefits, money back payments and maturity claims are accounted for when due. Surrenders are accounted for on the receipt of consent from the insured to the quote provided by the Company.

**(ii) Linked business**

Death and rider claims are accounted for on receipt of intimation. Maturity claims are accounted for on due basis when the associated units are de-allocated. Surrenders and withdrawals are accounted for on receipt of intimation when associated units are de-allocated. Amount payable on lapsed/discontinued policies are accounted for on expiry of lock in period of these policies. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the period in which the concerned claims are intimated. Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

**7. Investments**

In case of the Company, investments are made in accordance to the provisions of the Insurance Act, 1938, as amended from time to time including the amendment brought by the Insurance Laws (Amendment) Act, 2015, the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, the Insurance Regulatory and Development Authority (Investment) (Amendment) Regulations, 2001, the Insurance Regulatory and Development Authority (Investment) (Fourth Amendment) Regulations, 2008, the Insurance Regulatory and Development Authority (Investment) (Fifth Amendment) Regulations, 2013, the Insurance Regulatory and Development Authority of India (Investment) Regulations, 2016, wherever applicable and various other circulars/ notifications /clarifications issued by the IRDAI in this context from time to time.

In case of the Indian Subsidiary, investments are accounted for in accordance with the requirements of the Accounting Standard (AS) -13, "Accounting for Investments".

Investments are recognised at cost on the date of purchase, which includes brokerage and taxes, if any, but excludes interest accrued (i.e. since the previous coupon date) as on the date of purchase.

**A) Classification of investments**

Investments maturing within twelve months from the Balance Sheet date and investments made with the specific intention to dispose them off within twelve months from the Balance Sheet date are classified as "short term" investments. Investments other than short term investments are classified as "long term" investments.

**B) Valuation of investments of HDFC Life**

**I. Real estate - investment property**

Land or building or part of a building or both held to earn rental income or capital appreciation or for both, if any, rather than for use in services or for administrative purposes is classified as real estate investment property and is valued at historical cost, subject to revaluation, if any. Revaluation of the real estate investment property is done at least once in three years. Any change in the carrying amount of the investment property is recognised in Revaluation Reserve in the Restated Consolidated Statement of Assets and Liabilities. Impairment loss, if any, exceeding the amount in Revaluation Reserve is recognised as an expense in the Restated Consolidated Statement of Revenue Account or the Restated Consolidated Statement of Profit and Loss Account.

**II. Debt securities**

a) Non-linked business, non-unit reserve investments and shareholders' investments

Debt securities, including Government Securities are considered as "held to maturity" and accordingly valued at historical cost, subject to amortisation of premium or accretion of discount, if any, over the period of maturity/holding, on a straight line basis.

Money market instruments like Commercial Papers, Certificate of Deposit, Treasury Bills (T- Bills) and Collateralised Borrowing and Lending Obligation (CBLO) are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis.

Investments in Venture Funds and, Security Receipts are valued at cost subject to provision for diminution, if any, in the value of such investments determined separately for each individual investment. Fixed Deposits and Reverse Repo are valued at cost.

b) Linked business

Debt securities, including Government Securities are valued at market value, using Credit Rating Information Services of India Limited ('CRISIL') Bond Valuer /CRISIL Gilt Prices, as applicable.

Money market instruments like Commercial Papers, Certificate of Deposits, Treasury Bills (T- Bills) and CBLO are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis.

Investments in Venture Funds and Security Receipts are valued at the latest available net asset values of the respective underlying funds. Fixed Deposits and investment in Reverse Repo are valued at cost.

Unrealised gains or losses arising on valuation of debt securities including Government Securities are accounted for in the Restated Consolidated Statement of Revenue Account.

Securities with call options are valued at the lower of the values as obtained by valuing the security to the final maturity date or to the call option date by using the benchmark rate based on the matrix released by CRISIL on daily basis. In case there are multiple call options, the security is valued at the lowest value obtained by valuing the security to the various call dates or to the final maturity date. Securities with put options are valued at the higher of the value as obtained by valuing the security to the final maturity date or to the put option date by using the benchmark rate based on the matrix released by CRISIL on daily basis. In case there are multiple put options, the security is valued at the highest value obtained by valuing the security to the various put option dates or to the final maturity date.

Securities with both put and call options on the same day are deemed to mature on the put and call option day and would be valued on a yield to maturity basis, by using the benchmark rate based on the matrix released by CRISIL on daily basis.

**III. Equity shares, Equity Exchange Traded Funds (ETFs) , Infrastructure Investment Trusts (InvIT) and Additional Tier I Bonds (AT1 Bonds)**

a) Non-linked business, non-unit reserve investments and shareholders' investments

Listed equity shares, equity ETFs and InvITs are valued at fair value, being the last quoted closing price on the Primary Exchange i.e. National Stock Exchange (NSE) at the Balance Sheet date. In case, the equity shares and equity ETFs are not traded on the Primary Exchange on the Balance Sheet date, the closing price on the Secondary Exchange i.e. Bombay Stock Exchange (BSE) are considered.

If the equity shares are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the price at which the equity shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation provided such previous day price is not more than 30 days prior to the Balance Sheet date.

In case the equity ETFs and InvITs are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the equity ETFs are valued at the latest available Net Asset Value (NAV). In case of InvITs where the market quote is not available for the last 30 days, the InvITs shall be valued at the latest NAV (not more than 6 months old) as published by the Infrastructure Investment Trust.

The AT1 Bonds are valued at market value, using applicable market yields published by Securities Exchange Board of India (SEBI) registered rating agency Credit Rating Information Services of India Limited ('CRISIL'), using Bond Valuer.

Unrealised gains or losses arising due to changes in fair value are recognised under the head 'Fair Value Change Account' in the Restated Consolidated Statement of Assets and Liabilities.

Unlisted equity shares and listed equity shares that are not regularly traded in active markets and which are classified as "thinly traded" as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by Securities Exchange Board of India (SEBI) are valued at historical cost, subject to provision for diminution, if any, in the value of such investments determined separately for each individual investment.

Listed equity ETFs that are not regularly traded in the active markets and which are classified as "thinly traded" as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by SEBI are valued at the latest available NAV.

Bonus entitlements are recognised as investments on the 'ex-bonus date'. Right entitlements are accrued and recognised on the date the original shares (on which the right entitlement accrues) are traded on the stock exchange on an "ex-rights date".

b) Linked business

Listed equity shares, equity ETFs and InvITs are valued and stated at fair value, being the last quoted closing price on the Primary Exchange i.e. the NSE at the Balance Sheet date. In case, the equity shares (including equity ETFs) are not traded on the Primary Exchange on the Balance Sheet date, the closing price on the Secondary Exchange i.e. the BSE are considered.

If equity shares are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the price at which the equity shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation, provided such previous day price is not more than 30 days prior to the Balance Sheet date.

In case the equity ETFs and InvITs are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the equity ETFs are valued at the latest available NAV). In case of InvITs where the market quote is not available for the last 30 days, the InvITs shall be valued at the latest NAV (not more than 6 months old) as published by the Infrastructure Investment Trust.

Unrealised gains or losses arising on such valuation are accounted for in the Restated Consolidated Statement of Revenue Account.

Listed equity shares that are not regularly traded in active markets and which are classified as “thinly traded” as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by SEBI, are valued at historical cost, subject to provision for diminution, if any, in the value of such investment determined separately for each individual investment.

Listed equity ETFs and InvITs that are not regularly traded in the active markets and which are classified as “thinly traded” as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by SEBI are valued at the latest available NAV.

Bonus entitlements are recognised as investments on the ‘ex-bonus date’. Right entitlements are accrued and recognised on the date the original shares (on which the right entitlement accrues) are traded on the stock exchange on the “ex-rights date”.

#### IV. Preference Shares

a) Non-linked business, non-unit reserve investments and shareholders’ investments

Redeemable preference shares are considered as “held to maturity” and accordingly valued at historical cost, subject to amortisation of premium or accretion of discount.

Listed preference shares other than redeemable preference shares are valued at fair value, being the last quoted closing price on the Primary Exchange i.e. National Stock Exchange (NSE) at the Balance Sheet date. In case, the preference shares are not traded on the Primary Exchange on the Balance Sheet date, the closing price on the Secondary Exchange i.e. Bombay Stock Exchange (BSE) are considered.

If preference shares are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the price at which the preference shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation, provided such previous day price is not more than 30 days prior to the Balance Sheet date.

Unrealised gains or losses arising due to changes in fair value are recognised under the head ‘Fair Value Change Account’ in the Restated Consolidated Statement of Assets and Liabilities.

Unlisted preference shares other than redeemable preference shares and listed preference (other than redeemable preference) shares that are not regularly traded in active markets and which are classified as “thinly traded” as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by Securities Exchange Board of India (SEBI) are valued at historical cost, subject to provision for diminution in the value, if any, of such investments determined separately for each individual investment.

b) Linked business

Listed preference shares are valued and stated at fair value, being the last quoted closing price on the Primary Exchange i.e. the NSE at the Balance Sheet date. In case, the preference shares are not traded on the Primary Exchange on the Balance Sheet date, the closing price on the Secondary Exchange i.e. the BSE are considered.

If preference shares are not traded either on the Primary or the Secondary Exchange on the Balance Sheet date, then the price at which the preference shares are traded on the Primary or the Secondary Exchange, as the case may be, on the earliest previous day is considered for valuation, provided such previous day price is not more than 30 days prior to the Balance Sheet date.

Unrealised gains or losses arising on such valuations are accounted for in the Restated Consolidated Statement of Revenue Account.

Listed preference shares that are not regularly traded in active markets and which are classified as “thinly traded” as per the guidelines governing Mutual Funds for valuation of thinly traded securities laid down by SEBI, are valued at historical cost, subject to provision for diminution in the value, if any, of such investment determined separately for each individual investment.

**V. Mutual funds**

a) Non-linked business, non-unit reserve investments and shareholders' investments

Mutual fund units held at the Balance Sheet date are valued at previous business day's Net Asset Value (NAV) per unit. Unrealised gains or losses arising due to changes in the fair value of mutual fund units are recognised under the head 'Fair Value Change Account' in the Restated Consolidated Statement of Assets and Liabilities.

b) Linked business

Mutual fund units held at the Balance Sheet date are valued at previous business day's NAV per unit. Unrealised gains or losses arising due to changes in the fair value of mutual fund units are recognised in the Restated Consolidated Statement of Revenue Account.

**VI. Interest Rate Derivatives**

Interest Rate Derivatives (IRDs) contracted to hedge highly probable forecasted transactions on insurance contracts in life, pension and annuity business are recognised at fair value, on the date on which the interest rate derivative contracts are entered into and are re-measured at the fair value on the Balance Sheet date.

Interest rate derivative contracts for hedging of highly probable forecasted transactions on insurance contracts are accounted for in the manner specified in accordance with 'Guidance Note on Accounting for Derivative Contracts' issued by the Institute of Chartered Accountants of India (ICAI) in June 2015 effective from FY 2017.

At the inception of the hedge, the Company documents the relationship between the hedging instrument and the hedged item, the risk management objective, strategy for undertaking the hedge and the methods used to assess the hedge effectiveness. Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument. Hedge effectiveness is ascertained at the time of inception of the hedge and periodically thereafter. The portion of fair value gain/loss on the IRD that is determined to be an effective hedge is recognised directly in appropriate equity account i.e. 'Hedge Reserve' under the head 'Credit/(Debit) Fair Value Change Account'. Such accumulated gains or losses that were recognised directly in the Hedge Reserve are reclassified into Restated Consolidated Statement of Revenue Account, in the same period during which the asset acquired or liability assumed affects the Restated Consolidated Statement of Revenue Account. In the event that all or any portion of loss, recognised directly in the Hedge Reserve is not expected to be recovered in future periods, the amount that is not expected to be recovered is reclassified to the Restated Consolidated Statement of Revenue Account. Gains or losses arising from hedge ineffectiveness, if any, are recognised in the Restated Consolidated Statement of Revenue Account. Costs associated with derivative contracts are considered as at a point in time cost.

**C) Valuation of investments of Subsidiaries**

In respect of the Indian Subsidiary, short term investments (current investments) are valued at lower of cost or fair value for which valuation is determined for each individual investment. Long term investments are valued at cost, subject to amortisation of premium or accretion of discount computed at the time of purchase of investments, over the period of maturity/holding, on a straight line basis. Provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

In respect of the Foreign Subsidiary non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the company has the positive intention and ability to hold until maturity. After initial measurement, held to maturity financial assets are measured at amortised cost, using the EIR, less impairment.

**D) Impairment of investments**

The Company periodically assesses at each Balance Sheet date whether there is any indication of impairment of investments or reversal of impairment loss earlier recognised. An impairment loss is accounted for as an expense and disclosed under the head 'Provision for diminution in the value of investment (net)' in the Restated Consolidated Statement of Revenue Account or the Restated Consolidated Statement of Profit and Loss Account to the extent of the difference between the re-measured fair value of the investments and its acquisition cost as reduced by any earlier impairment loss accounted for as an expense in the Restated Consolidated Statement of Revenue Account or Restated Consolidated Statement of Profit and Loss Account.

Any reversal of impairment loss earlier recognised for in Restated Consolidated Statement of Revenue Account or Restated Consolidated Statement of Profit and Loss Account, is accounted in the Restated Consolidated Statement of Revenue Account or Restated Consolidated Statement of Profit and Loss Account respectively.

**E) Provision for Non Performing Assets (NPA)**

All assets where the interest and/or instalment of principal repayment remain overdue for more than 90 days at the Balance Sheet date are classified as NPA and provided for in the manner required by the IRDAI regulations on this behalf.

**F) Transfer of investments from Shareholders' fund to Policyholders' fund**

Transfers of investments other than debt securities, as and when made from Shareholders' fund to the Policyholders' fund, to meet the deficit in the Policyholders' account, are made at the cost price or market price, whichever is lower.

Transfers of debt securities, from Shareholders' fund to Policyholders' fund, as and when made, are made at the net amortised cost or the market value, whichever is lower.

**G) Transfer of investments between non-linked Policyholders' funds**

No transfers of investments are made between non-linked Policyholders' funds.

**H) Purchase and sale transactions between unit linked funds**

The purchase and sale of equity, preference shares, ETF's, InVIT's and Government Securities between unit linked funds is accounted for at the prevailing market price on the date of purchase or sale of investments, if prevailing market price of any security is not available on the date of transfer of investment, then the last available price is considered.

In case of debt securities other than Government Securities, transfer of investments is accounted at previous day valuation price w.e.f. January 1<sup>st</sup> 2017 (applicable date of IRDAI (Investment) Regulations, 2016). Prior to this such transfers were accounted at prevailing market price on the date of purchase or sale of investments and if prevailing market price of any security is not available on the date of transfer of investment, then the last available price has been considered.

**8. Policy liabilities**

The actuarial liabilities, for all inforce policies and policies where premiums are discontinued but a liability exists as at the valuation date, are calculated in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938, as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015, regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India with the concurrence of the IRDAI.

The specific principles adopted for the valuation of policy liabilities are set out as per the IRDAI (Assets, Liabilities and Solvency Margin) Regulations, 2016 and the APS2 & APS7 issued by the Institute of Actuaries of India.

A brief of the methodology used for various lines of business is as given below:

1. The policy liabilities are valued on policy by policy basis, i.e. each policy is valued separately.
2. The reserves for linked business (individual and group) comprises of unit reserves and non-unit reserves. The unit reserves are determined on the basis of NAV of the units outstanding as at the valuation date and non-unit reserves are calculated using gross premium method.
3. The liabilities for individual non-linked non-participating and participating business are calculated using gross premium method and are subject to the minimum floor of surrender value. Additionally, individual non-linked participating policies also have a reference to the asset share of policies at valuation date.

4. The liabilities for one year renewable group protection business are calculated on the unexpired risk premium basis. For other than one year renewable group protection business, the liabilities are calculated using gross premium valuation method.
5. The liabilities for the group non-linked savings products are determined as the higher of policy account balances (including accrued interest/bonuses) and reserves calculated by gross premium valuation method.
6. The liabilities in respect of rider benefits are determined as the higher of unexpired premium reserves and reserves calculated by gross premium valuation method.
7. Additional reserves are determined to:
  - a. allow for the claims that may have occurred already but not yet reported (Incurred But Not Reported).
  - b. allow for the servicing of existing policies if the Company were to close the new business one year from the valuation date (Closure to New Business).
  - c. meet the expected liabilities that would arise on the revival of lapsed policies on the basis of the proportion of the policies expected to be revived based on the revival experience of the Company (Revival Reserve).
  - d. allow for the additional amount required to be paid on account of cancellation of policies due to look in, on the basis of the proportion of the policies expected to exercise the look-in option based on the experience of the Company (Look in Reserve).
  - e. allow for the cost of guarantees, wherever applicable.

**9. Reinsurance contract Liabilities**

- a. Reserve for future expected claims  
Reserve created for long term insurance contracts (products more than one year) to cover all future claim liabilities as determined by the Actuary. The reserve is held for the claims expected to be incurred in future on the reinsurance contracts in force at the date of valuation.
- b. Incurred But Not Reported (IBNR)  
As significant time lags may exist between incurrence of claims and notification of the claims to the Company, a reserve for incurred but not reported claims is held.
- c. Allocated Loss Adjustment Expense (ALAE)  
These represents future claim expenses and related handling costs.

**10. Unclaimed amount of policyholders:**

Assets held for unclaimed amount of policyholders is created and maintained in accordance with the requirement of IRDAI circular No. IRDA/F&A/CIR/GLD/195/08/124 dated August 14, 2014, IRDA/F&A/CIR/CPM/134/07/2015 dated July 24, 2015, IRDA/F&A/CIR/CLD/114/05/2015 dated May 28, 2015, Master circular on Unclaimed Amount of Policyholders IRDA/F&A/CIR/Misc/173/07/2017 dated July 25, 2017 and Investment Regulations, 2016 as amended from time to time:

- a. Unclaimed amount of policyholders are invested in money market instruments Liquid mutual funds and / or fixed deposits of scheduled banks.  
Money market instruments are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis. Fixed deposits are valued at cost.
- b. Income on unclaimed amount of policyholders is credited to respective unclaimed fund and is accounted for on an accrual basis net of fund management charges.
- c. Unclaimed amount of policyholders liability is determined on the basis of NAV of the units outstanding as at the valuation date.

- d. Amounts remaining unclaimed for a period of 10 years together with all respective accretions to the fund as per the above mentioned regulations are deposited into the Senior Citizen Welfare Fund.

#### 11. Fixed assets and Depreciation/Amortisation

The fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost includes the purchase price and any cost directly attributable to bring the asset to its working condition for its intended use. Fixed assets individually costing less than ₹ 5,000, being low value assets are fully depreciated in the month of purchase. Subsequent expenditure incurred on existing fixed assets is expensed out except where such expenditure increases the future economic benefits from the existing assets. Any additions to the original fixed assets are depreciated over the remaining useful life of the original asset.

Cost of assets as at the Balance Sheet date not ready for its intended use as at such date are disclosed as capital work in progress. Advances given towards acquisition of fixed assets are disclosed in 'Advance and other assets' in Restated Consolidated Statement of Assets and Liabilities.

Depreciation/amortisation is charged on pro-rata basis from the month in which the asset is put to use and in case of asset sold, up to the previous month of sale. In respect of expenditure incurred on acquisition of fixed assets in foreign exchange, the net gain or loss arising on conversion/settlement is recognised in the Restated Consolidated Statement of Revenue Account / Restated Consolidated Statement of Profit and Loss Account.

#### Tangible assets

The Group has adopted straight line method of depreciation so as to depreciate the cost of following type of assets over the useful life of these respective assets which are as follows:

Asset class	Useful life of assets (years)
Building	60
Information technology equipment-End user devices <sup>^</sup>	3
Information technology equipment-Servers and network <sup>*^</sup>	4
Furniture & Fixtures <sup>*^</sup>	5
Motor Vehicles <sup>*^</sup>	4
Office Equipment <sup>^</sup>	5

\* For these class of assets, based on internal and/or external assessment/ technical evaluation carried out by the management, the management believes that the lives as mentioned above best represent the useful life of these respective assets, however these are lower than as prescribed under Part C of Schedule II of the Companies Act, 2013.

<sup>^</sup> For these class of assets, based on internal assessment carried out by the management, the residual value is considered to be nil.

Leasehold improvements are depreciated over the lock in period of the leased premises subject to a maximum of five years.

#### Intangible assets

Intangible assets comprising of computer software are stated at cost of acquisition, including any cost attributable for bringing the same to its working condition for its intended use, less accumulated amortisation and impairment, if any. These are amortised over the useful life of the software subject to maximum of four years. 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.

Any expenditure for support & maintenance of the computer software is charged to the Restated Consolidated Statement of Revenue Account.

#### 12. Impairment of assets

The Company periodically assesses, using internal and external sources, whether there is any indication of impairment of asset. If any such indication of impairment exists, the recoverable amount of such assets is estimated. An impairment loss is recognised where the carrying value of these assets exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and their value in use, which is the present value of the future cash flows expected to arise from the continuing use of asset and its ultimate disposal. When there is an indication that an impairment loss recognised for an asset in earlier accounting periods is no longer necessary or may have decreased, such reversal of impairment loss is recognised, except in case of revalued assets.

### 13. Loans

Loans are valued at historical cost (less repayments), subject to adjustment for accumulated impairment losses and provision for NPA, if any.

### 14. Foreign currency transactions

In accordance with the requirements of Accounting Standard (AS) 11, "The Effects of Changes in Foreign Exchange Rates", transactions in foreign currency are recorded in Indian Rupees at the rate of exchange prevailing on the date of the transaction, at the time of initial recognition. Monetary items denominated in foreign currency are converted in Indian Rupees at the closing rate of exchange prevailing on the Balance Sheet date. Non-monetary items like fixed assets, which are recorded at historical cost, denominated in foreign currency, are reported using the closing 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 rates that existed when the values were determined.

Exchange gains or losses arising on such conversions are recognised in the period in which they arise either in the Restated Consolidated Statement of Revenue Account or the Restated Consolidated Statement of Profit and Loss Account, as the case may be.

In case of Foreign Subsidiary, being non-integral foreign operations, income and expenses are translated at the average rate prevailing during the year. All the assets and liabilities, both monetary and non-monetary, are translated at the rate prevailing at Balance Sheet date. The resultant translation gains and losses are disclosed as 'Foreign currency translation reserve' in 'Reserve and Surplus' under Shareholders' Funds in the Restated Consolidated Statement of Assets and Liabilities.

### 15. Segmental reporting

#### Identification of segments

As per Accounting Standard (AS) 17, "Segment Reporting", read with the Financial Statements Regulations, the Company has prepared the Restated Consolidated Statement on Segment disclosures for the primary business segments namely Participating Life (Individual & Group), Participating Pension (Individual & Group), Participating Pension Group Variable, Non Participating Life (Individual & Group), Non Participating Pension (Individual & Group), Non Participating Life Group Variable, Non Participating Pension Group Variable, Non Participating - Annuity, Non Participating - Health, Unit Linked - Individual Life, Unit Linked - Individual Pension, Unit Linked - Group Life, Unit Linked - Group Pension. Since the business operations of the Company are given effect to in India and all the policies are written in India only, this is considered as one geographical segment.

#### Allocation methodology

The allocation of revenue, expenses, assets and liabilities to the business segments is done on the following basis:

- a) Revenue, expenses, assets and liabilities, which are directly attributable and identifiable to the respective business segments, are directly allocated for in that respective segment; and
- b) Revenue, expenses, assets and liabilities which are not directly identifiable to a business segment though attributable and other indirect expenses which are not attributable to a business segment, are allocated based on one or combination of some of the following parameters, as considered appropriate by the management:
  - i) effective premium income
  - ii) number of policies
  - iii) number of employees
  - iv) man hours utilised
  - v) premium income
  - vi) commission
  - vii) sum assured
  - viii) mean fund size
  - ix) operating expenses
  - x) benefits paid

The accounting policies used in segmental reporting are the same as those used in the preparation of the Restated Consolidated Financial Information.

## 16. Employee benefits

### A) Short term employee benefits

All employee benefits payable within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries and bonuses, short term compensated absences, premium for staff medical insurance (hospitalisation), premium for Employee Group Term Insurance Scheme, Employee State Insurance Corporation Scheme, Employee Deposit Linked Insurance Scheme and Employee Labour Welfare Fund Scheme are accounted for in the period in which the employee renders the related service. All short term employee benefits are accounted for on an undiscounted basis.

### B) Post-employment benefits

The Company has both defined contribution and defined benefit plans.

#### (i) Defined contribution plans:

The Superannuation Scheme, Employee Provident Fund Scheme (Company contribution) and the National Pension Scheme (Company contribution) are the defined contribution plans. The contributions paid/payable under the plan are made when due and charged to the Restated Consolidated Statement of Revenue Account on an undiscounted basis during the period in which the employee renders the related service. The Company does not have any further obligation beyond the contributions made to the funds.

#### (ii) Defined benefit plans:

In case of the Company, the Gratuity plan is the defined benefit plan, which is a funded plan. The gratuity benefit payable to the employees of the Company is as per the provisions of 'The Payment of Gratuity Act, 1972'. The present value of the obligations under such defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, The discount rate used for actuarial valuation is based on the yield of Government Securities.

The Company fully contributes the net ascertained liabilities under the plan to the HDFC Life Insurance Company Limited Employees Group Gratuity Plan. The Company recognises the net defined benefit obligation of the gratuity plan, taking into consideration the defined benefit obligation using actuarial valuation and the fair value of plan assets at the Balance Sheet date in accordance with Accounting Standard (AS) 15 (Revised), 'Employee Benefits'.

In case of both the subsidiaries, Gratuity plan is an unfunded defined benefit plan. In case of Indian Subsidiary, gratuity benefit payable to the employees is as per the provisions of 'The Payment of Gratuity Act, 1972'. In case of the Foreign Subsidiary, the gratuity benefit payable to the employees employed in UAE is in accordance with the DIFC Employment Law. The present value of the obligation under such defined benefit plans in case of both the subsidiaries is determined based on the actuarial valuation at the Balance Sheet date using the projected unit credit method. Provision for gratuity is accounted for taking into consideration the actuarial valuation of plan obligation as at the Balance Sheet date.

Actuarial gains or losses, if any, due to experience adjustments and the effects of changes in actuarial assumptions are accounted for in the Restated Consolidated Statement of Revenue Account or the Restated Consolidated Statement of Profit and Loss Account, as the case may be, in the period in which they arise.

### C) Other long term employee benefits

Other long term employee benefits include accumulated long term compensated absences and long term incentive plans. Accumulated long term compensated absences are entitled to be carried forward for future encashment or availment at the option of the employee subject to Company's policies and are accounted for based on actuarial valuation determined using the projected unit credit method.

Long term incentive plans are subject to fulfilment of criteria prescribed by the Company and are accounted for at the present value of expected future expected benefits payable using an appropriate discount rate.

Actuarial gains or losses, if any, due to experience adjustments and the effects of change in actuarial assumptions are accounted for in the Restated Consolidated Statement of Revenue Account or the Restated Consolidated Statement of Profit and Loss Account, as the case may be in the period in which they arise.

### 17. Employee Stock Option Scheme (ESOS)

The Company has formulated Employee Stock Option Scheme 2005 (ESOS 2005), Employee Stock Option Scheme 2010 (ESOS 2010), Employee Stock Option Scheme 2011 (ESOS 2011) and Employee Stock Option Scheme 2012 (ESOS 2012), which are administered through the HDFC Standard Life Employees Stock Option Trust ("the Trust") and Employee Stock Option Scheme 2014 (ESOS 2014) and Employees Stock Option Scheme (ESOS 2015) which is directly administered by the Company. During the year, the Company has formulated Employee Stock Option Scheme 2016 (ESOS 2016) which is also directly administered by the Company. The schemes provide that eligible employees are granted options that vest in a graded manner to acquire equity shares of the Company. The options are accounted for on an intrinsic value basis 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 the amount by which the value of the underlying share determined by an independent valuer exceeds the exercise price of an option. The intrinsic value of options, if any, at the grant date is amortised over the vesting period.

### 18. Provisions, contingent liabilities and contingent assets

Provisions are accounted for in respect of present obligations arising out of past events where it is probable that an outflow of resources will be required to settle the obligation and the amounts of which can be reliably estimated. Provisions are determined on the basis of best estimate of the outflow of economic benefits required to settle the obligation at the Balance Sheet date. Where no reliable estimate can be made, a disclosure is made as contingent liability.

Contingent liabilities are disclosed in respect of;

- a) possible obligations arising out of past events, but their existence or otherwise would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or
- b) present obligations that arise from past events, where it is probable but not likely that an outflow of resources embodying economic benefits will be required to settle the obligations or a reliable estimate of the amounts of the obligations cannot be made.

Contingent assets are neither accounted for nor disclosed.

### 19. Leases

#### A) Finance leases

Leases under which the lessee 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.

#### B) Operating leases

Leases where the lessor effectively retains substantially all the risk and the benefits of ownership over the lease term are classified as operating leases. Leased rental payments under operating leases including committed increase in rentals are accounted for as an expense, on a straight line basis, over the non-cancellable lease period.

### 20. Taxation:

#### A) Direct tax

##### I) Provision for income tax

In case of the Company, provision for income tax is made in accordance with the provisions of Section 44 of the Income Tax Act, 1961 read with Rules contained in the First Schedule and other relevant provisions of the Income Tax Act, 1961 as applicable to a company carrying on life insurance business.

In case of the Indian Subsidiary, provision for income tax is made in accordance with the provisions of the Income Tax Act, 1961 as applicable to the company carrying on pension business. Where tax liability has been provided based on Minimum alternate tax (MAT) provisions, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that normal income tax will be paid during the specified period.

There is no tax liability as per the local tax laws in case of the Foreign Subsidiary.

##### II) Deferred tax

In accordance with the provisions of the Accounting Standard (AS) 22, "Accounting for Taxes on Income", with respect to the carry forward of losses under the Income Tax regulations, the deferred tax asset is recognised only to

the extent that there is a virtual certainty supported by convincing evidence that future taxable income will be available against which the deferred tax asset can be realised.

III) Wealth tax

Provision for wealth tax is made at the appropriate rate, as per the applicable provisions of the Wealth Tax Act, 1957 (The Finance Act, 2015, has abolished the levy of wealth tax under the Wealth Tax Act, 1957 with effect from FY 2015-16)

**B) Indirect tax**

The Company has claimed credit of service tax/goods and services tax on input services, which has been set off against service tax/goods and services tax on output services. As a matter of prudence, unutilised credits towards service tax/goods and services tax on input services are carried forward under 'Advances and Other Assets in the Restated Consolidated Statement of Assets and Liabilities, wherever there is reasonable certainty of utilisation.

**21. Funds for Future Appropriations**

Funds for Future Appropriations (FFA), in the participating segment, represents the surplus, which is not allocated to policyholders or shareholders as at the Balance Sheet date. Transfers to and from the fund reflect the excess/deficit of income over expenses respectively and appropriations in each accounting period arising in the Company's Policyholders' Fund. Any allocation to the par policyholders would also give rise to a transfer to Restated Consolidated Statement of Profit and Loss Account in the required proportion.

The FFA in the linked segment represents surplus on the lapsed policies issued prior to September 2010 and unlikely to be revived. This surplus is required to be held within the Policyholders' Fund till the time policyholders are eligible for revival of their policies.

**22. Earnings per share**

In accordance with the requirement of Accounting Standard (AS) 20, "Earnings Per Share", basic earnings per share is calculated by dividing the net profit or loss for the year/six months attributable to equity shareholders by the weighted average number of equity shares outstanding during the year/six months. For the purpose of calculating diluted earnings per share, the net profit or loss for the year/six months attributable to equity shareholders and the weighted average number of shares outstanding during the year/six months are adjusted for the effects of all dilutive potential equity shares. Potential equity shares are treated as dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

**23. Cash and cash equivalents**

Cash and cash equivalents for the purposes of Restated Consolidated Statement of Receipts and Payments account comprise of cash and cheques in hand, bank balances, fixed deposits with original maturity of three months or less, CBLO, Reverse Repo, highly liquid mutual funds and highly liquid investments that are readily convertible into measurable amounts of cash and which are subject to insignificant risk of change in value. Restated Consolidated Statement of Receipts and Payments Account is prepared and reported using the Direct Method in accordance with Accounting Standard (AS) 3, "Cash Flow Statements" as per requirements of Para 2.2 of the Master Circular.

**B. NOTES FORMING PART OF CONSOLIDATED ACCOUNTS**

**1. Contingent liabilities**

(₹ in Millions)

Sr. No	Particulars	As At					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
a)	Partly paid-up investments	8,850.0	5,650.0	-	-	-	-
b)	Claims, other than against policies, not acknowledged as debts by the Company	7.7	7.8	7.7	8.6	3.9	13.7
c)	Underwriting commitments outstanding	-	-	-	-	-	-
d)	Guarantees given by or on behalf of the Company	4.4	1.9	1.9	2.1	1.9	1.7

Sr. No	Particulars	As At					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
e)	Statutory demands and liabilities in dispute, not provided for	997.3	997.3	992.8	1,750.9	1,451.1	3,376.2
f)	Reinsurance obligations	-	-	-	-	-	-
g)	Others	0.4	0.3	0.3	-	-	-
	<b>Total</b>	<b>9,859.8</b>	<b>6,657.3</b>	<b>1,002.7</b>	<b>1,761.6</b>	<b>1,456.9</b>	<b>3,391.6</b>

Statutory demands and liabilities in dispute, not provided for relate to the show cause cum demand notices/assessment orders received by the Company from the respective tax authorities. The Company has filed appeals against demand notices/assessment orders with the appellate authorities and has been advised by the experts that our grounds of appeal are well supported in law in view of which the Company does not expect any liability to arise in this regard.

## 2. Pending litigations

The Company's pending litigations comprise of claims against the Company primarily on account of 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 liabilities as applicable in note 1 above.

## 3. Indian Subsidiary - Letter of Appointment

HDFC Pension Fund Management Company Ltd. ("**HDFC Pension**") is a wholly owned subsidiary of HDFC Standard Life Insurance Company Ltd. and has been a licensed pension fund manager since 2013. Since then, HDFC Pension has been a preferred pension fund manager and the assets under its management have grown over ₹16,000 million. In 2014, the Pension Fund Regulatory & Development Authority ("**PFRDA**") issued a Request for Proposal ("**RFP**") inviting bids from Sponsors to select new pension fund managers. The bid of HDFC Life to this RFP was rejected by the PFRDA on the ground that it did not meet certain eligibility criteria under the RFP. The Hon'ble Delhi High Court, however, set aside the rejection directing the PFRDA to grant a Letter of Appointment to HDFC Life thereby allowing the HDFC Pension to continue its business. While the PFRDA issued a letter of appointment to HDFC Life, it also challenged the Hon'ble High Court's decision before the Hon'ble Supreme Court of India by way of a Special Leave Petition ("**SLP**"). The Hon'ble Supreme Court, by its order dated July 31, 2017, has dismissed the PFRDA's SLP and refused to interfere with the Hon'ble High Court's decision. Accordingly, the Letter of Appointment issued to HDFC Life stands unqualified, with the appointment of HDFC Pension as a pension fund manager being confirmed.

## 4. Actuarial assumptions

The policyholders' actuarial liabilities are determined based on assumptions as to the future experience of the policies. The principal assumptions are related to interest, expenses, mortality, morbidity, persistency, and additionally in the case of participating policies, bonuses and tax. The assumptions are based on prudent estimates of the future experience, and hence include margins for adverse deviations over and above the best estimate assumptions. A brief of the assumptions used in actuarial valuation is as below:

### a) Interest rate assumptions:

The valuation rate of interest is determined based on the expected return on existing assets, current asset mix and expected investment return on the future investment taking into consideration the asset classes mix and expected future asset mix. The interest rates used for the valuation vary according to the type and term of the product and are in the range as follows:

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Interest Rates Range	5.2%-7.4%	5.2% - 7.4%	5.2% - 7.0%	5.2% - 7.0%	5.2% - 7.0%	5.2% - 7.0%

b) Mortality assumptions:For the year ended March 31, 2013

The mortality assumptions used for assurance benefits were based on published Indian Assured Lives Mortality (1994-1996) table

For the year ended March 31, 2014, March 31, 2015 and March 31, 2016

The mortality assumptions are set in accordance with Schedule 5(5) of the Asset Liability Solvency Margin guidelines, 2000 in reference to the published Indian Lives Assured Mortality (2006-08) table and based on the latest experience analysis of the business at the time.

For the year ended March 31, 2017 & six months ended September 30, 2017

Mortality assumptions are set in accordance with Clause 5(2) of Schedule II of the IRDAI, Assets Liabilities and Solvency Margin of Life Insurance Business) Regulations, 2016 in reference to the published Indian Assured Lives Mortality table (2006-08) and are based on the latest experience analysis of the business.

In the case of annuity benefits, mortality assumption is based on the LIC Annuitants (1996-1998) table for all reported period/years.

c) Expense assumptions:

The expense assumptions are set on the basis of the expense analysis. These are fixed renewal expenses and investment expenses charged as a % of fund. The renewal and claim expenses are increased at an inflation rate of 7.5% p.a till year ended March 31, 2017 and 6.5% p.a in for the six months ended September 30, 2017.

d) Persistency assumptions:

The persistency assumptions are also based on the most recent experience of the Company and vary according to the premium frequency and type of the product.

e) Provision for free-look period:

If a policy which is in force as at the valuation date is subsequently cancelled in the free-look period then there could be a strain in the policyholder fund on account of the amount payable on free-look cancellation, to the extent the amount is higher than reserves held for that policy. In order to avoid the future valuation strain as a result of the free look cancellations, reserves on account of the above are held. The free look reserve is calculated as total strain for all policies that are eligible for free look cancellations at the valuation date, multiplied by a factor, representing the expected assumptions for free look cancellations.

f) Bonus rates:

The bonus rates for the participating business to be declared in the future is based on the interest expected to be earned as per the valuation assumptions.

g) Tax:

The following table summaries the tax rate applicable to insurance companies for respective years:

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Tax Rate	14.42%	14.42%	14.42%	14.16%	14.16%	13.52%

## 5. Employee benefits

A) **Defined contribution plans:**

During the years/six months, the Company has recognised below amount in the Restated Consolidated Statement of Revenue account under defined contributions plans.

(₹ In Millions)

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Contribution to Employees Provident Fund Scheme	125.1	232.2	221.2	209.9	206.9	190.4
Contribution to Employee Superannuation Scheme	2.5	4.5	3.7	3.4	2.5	4.0
Contribution to National Pension Scheme	9.0	17.6	16.5	12.8	9.9	-
<b>Total</b>	<b>136.6</b>	<b>254.3</b>	<b>241.4</b>	<b>226.1</b>	<b>219.3</b>	<b>194.4</b>

B) **Defined benefit plans:**

Gratuity:

## a) General description of defined benefit plan

In case of HDFC Life, this is a funded defined benefit plan for qualifying employees under which the Company makes a contribution to the HDFC Standard Life Insurance Company Limited Employees Gratuity Trust. In case of both the subsidiaries, this is an unfunded defined benefit plan. In case of HDFC Life and its Indian Subsidiary, the plan provides for a lump sum payment as determined under 'The Payment of Gratuity Act, 1972', and in case of Foreign Subsidiary, the plan provides for end of service benefits in accordance with the DIFC Employment Law 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 in case of HDFC Life and the Indian Subsidiary and in accordance with the DIFC Employment Law for the Foreign Subsidiary. Defined benefit obligations are actuarially determined at each quarterly Balance Sheet date using the projected unit credit method as required under Accounting Standard (AS) 15 (Revised), "Employee benefits", in case of the Company and its Indian Subsidiary and in case of the Foreign Subsidiary as per International Financial Reporting Standard (IFRS), IAS 19, 'Employee Benefits'. Actuarial gains or losses are recognised in the Restated Consolidated Statement of Revenue Account/ Restated Consolidated Statement of Profit and Loss Account

## b) The following table sets out the status of the Gratuity plan as at year ended March 31, 2013 to six months ended September 30, 2017 :

The Group has recognised following amounts in the Restated Consolidated Statement of Assets and Liabilities:

(₹ in Millions)

Particulars	As At					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of defined benefit obligation as at end of the year/six months : wholly funded	431.3	409.1	320.0	271.9	196.9	162.0
Less: Fair value of plan assets at year/six months end	(426.0)	(347.7)	(261.2)	(199.7)	(142.9)	(84.3)
Present value of defined benefit obligations as at year/six months end : unfunded	3.5	1.9	0.5	0.3	0.1	-
Amounts to be recognised as liability or (assets)	8.8	63.3	59.3	72.5	54.1	77.7

## Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

Particulars	As At					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Liability recognised in the Restated Consolidated Statement of Assets and Liabilities end of the year/six months	8.8	63.3	59.3	72.5	54.1	77.7

The Group has recognised following amounts in the Restated Consolidated Statement of Revenue Account / Restated Consolidated Statement of Profit and Loss Account for the respective years/six months:

(₹ in Millions)

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Current service cost	32.5	66.1	56.1	42.2	36.8	25.8
Interest cost	14.9	25.6	21.5	18.4	13.0	8.5
Expected return on plan assets	(12.7)	(20.9)	(15.8)	(13.4)	(6.7)	(6.5)
Actuarial (gains) or losses	(27.8)	(8.0)	(2.8)	25.2	11.1	49.9
<b>Total of above included in "Employee remuneration &amp; welfare benefits" in Restated Consolidated Statement of Revenue / Profit and loss account</b>	<b>6.9</b>	<b>62.8</b>	<b>59.0</b>	<b>72.4</b>	<b>54.2</b>	<b>77.7</b>

Reconciliation of opening and closing balances of present value of the defined benefit obligations:

(₹ in Millions)

Particulars	As at/For the six months ended September 30, 2017	As at/For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of defined benefit obligation at the beginning of the year/ six months	411.0	320.5	272.2	197.0	162.0	99.9
Add: Current service cost	32.5	66.1	56.0	42.2	36.8	25.8
Add: Interest cost	14.9	25.6	21.5	18.4	13.0	8.5
Add/(less): Actuarial (gains) or losses	(3.5)	12.6	(5.1)	44.1	9.9	53.3
Less: Benefits paid	(20.1)	(13.8)	(24.1)	(29.5)	(24.7)	(25.5)
<b>Present value of defined benefit obligation at the end of year /six months</b>	<b>434.8</b>	<b>411.0</b>	<b>320.5</b>	<b>272.2</b>	<b>197.0</b>	<b>162.0</b>

Reconciliation of opening and closing balances of the fair value of the plan assets:

(₹ in Millions)

Particulars	As at/ For the six months ended September 30,2017	As at/For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Fair value of the plan assets at the beginning of the year/six months	347.7	261.2	199.7	142.9	84.3	76.1
Add: Expected return on plan assets	12.7	20.9	15.8	13.4	6.8	6.5
Add/(less): Actuarial gains or (losses)	24.3	20.6	(2.3)	18.9	(1.2)	3.5
Add: Contribution by the employer	61.4	58.8	72.2	54.0	77.7	23.7
Less: Benefits paid	(20.1)	(13.8)	(24.2)	(29.5)	(24.7)	(25.5)
<b>Fair value of the plan assets at the end of the year/ six months</b>	<b>426.0</b>	<b>347.7</b>	<b>261.2</b>	<b>199.7</b>	<b>142.9</b>	<b>84.3</b>

The surplus/(deficit) credited or charged to the Restated Consolidated Statement of Revenue Account / Restated Consolidated Statement of Profit and Loss Account is as given below:

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Funded</b>						
Defined benefit obligation at the end of the year/six months	431.3	409.1	320.0	272.2	196.9	162.0
Plan assets at the end of the year/six months	426.0	347.7	261.2	199.7	142.9	84.3
Surplus/(Deficit) charged to the Restated Consolidated Statement of Revenue Account	<b>(5.3)</b>	<b>(61.4)</b>	<b>(58.8)</b>	<b>(72.5)</b>	<b>(54.0)</b>	<b>(77.7)</b>
<b>Unfunded</b>						
Defined benefit obligations as at year/six months end : unfunded	-	1.9	0.5	0.3	0.1	-
Amount charged to Restated Consolidated Statement of Profit and Loss Account for unfunded liability	(1.6)	(1.4)	(0.2)	(0.2)	(0.1)	-
<b>Total amount charged to Restated Consolidated Statement of Revenue Account / Profit and Loss Account</b>	<b>6.9</b>	<b>(62.8)</b>	<b>(59.0)</b>	<b>(72.7)</b>	<b>(54.1)</b>	<b>(77.7)</b>

c) The broad categories of plan assets as a percentage of total plan assets are as given below:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Government of India securities	33.0%	33.0%	46.0%	49.0%	29.0%	44.0%
Corporate bonds	38.0%	38.0%	36.0%	29.0%	49.0%	34.0%
Equity shares of Listed companies	27.0%	27.0%	12.0%	14.0%	15.0%	11.0%
Other investments	2.0%	2.0%	6.0%	8.0%	7.0%	11.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

d) The amounts of the present value of the defined benefit obligations, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for financial year ended March 31, 2013 to six months ended September 30, 2017 as given below:

(₹ in millions)

Gratuity (Funded & unfunded Plan)	As at/ For the six months ended September 30, 2017	As at/For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Present value of Defined benefit obligations at the end of the year/six months	434.8	411.0	320.5	272.2	196.9	162.0
Fair Value of the plan assets at the end of the year/six months	426.0	347.7	261.2	199.7	142.9	84.3
Unfunded liability transferred from group company	-	-	-	-	-	-
(Surplus) / Deficit in the plan	8.8	63.3	59.3	72.5	54.0	77.7
(Gain)/losses from Experience adjustments arising on plan liabilities	(12.6)	(20.3)	(1.5)	1.6	9.6	32.3
Gain/(losses) from Experience adjustments arising on plan Assets	24.3	20.6	(2.3)	18.9	(1.2)	3.5

In case of Indian Subsidiary, since year ended March 31, 2014 is the first year when it employed staff on its pay rolls, the information included in the above table for this subsidiary has been given from year ended March 31, 2014.

e) Actual return on plan assets of the Gratuity are as given below:

(₹ in millions)

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Actual return on plan assets	37.0	41.4	13.5	32.3	5.6	10.0

f) The Company's expected funding towards the Company's Gratuity plan during the subsequent years is as under:

(₹ in millions)

Particulars	For the six months ended September 30, 2017*	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Expected Funding	5.3	61.4	58.8	72.5	54.0	77.7

\* Expected funding is for the full year

Basis used to determine the overall expected return

Expected rate of return on investments of the Gratuity plan is determined based on the assessment made by the Company at the beginning of the period on the return expected on its existing portfolio, along with the return on estimated incremental investments to be made during the period. Yield on the portfolio is calculated based on suitable mark-up over benchmark Government Securities of similar maturities.

Principal assumptions for actuarial valuation of the defined benefit obligations for Gratuity plan as at the Balance Sheet dates are given below:

#### For Funded plan – HDFC Life

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Discount rate	7.25%	7.40%	7.99%	7.90%	9.36%	8.00%
2. Expected return on plan assets	7.25%	7.40%	7.99%	7.90%	9.36%	8.00%
3. Salary growth	Salary growth is assumed at 6% for Front Line Staff (FLS) & For Non Front Line Staff (Non FLS) at 8% for service period upto one year and at 7.5% thereafter.				Salary growth is assumed at 6% for FLS & for Non FLS at 6% for service period upto one year and at 9% thereafter.	
4. Attrition rate	Attrition rate for the first five years is assumed in the range of 12% to 70% for Non FLS and then 2% till retirement for both FLS and Non FLS staff					
5. Mortality table	Indian Assured Lives Mortality (2006-08)					

#### For Unfunded plan – Indian Subsidiary

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Discount rate	7.05%	7.40%	7.86%	7.92%	9.33%	NA
2. Salary growth	8.00% for the first year and 7.50% for future years					
3. Attrition rate	3.50%	3.50%	3.50%	3.50%	3.50%	
4. Mortality table	Indian Assured Lives Mortality (2006-08)					

**For Unfunded plan – Foreign Subsidiary**

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Discount rate	1.75%	1.75%	NA	NA	NA	NA
2. Salary growth	2.00%	2.00%				
3. Attrition rate	3.50%	3.50%				
4. Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)				

The estimates of future salary increases, considered in actuarial valuation take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

**C) Other long term employee benefits**

i) Long term compensated absences: This is an unfunded employee benefit. The liability for accumulated long term absences is determined by actuarial valuation using projected unit credit method.

a) The assumptions used for valuation of long term compensated absences of the Company and its Indian Subsidiary are as given below:

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Discount rate per annum	7.25%*	7.40%	7.99%	7.90%	9.36%	8.00%
2. Salary growth	Salary growth is assumed at 6% for Front Line Staff (FLS) & For Non FLS at 8% for service period upto one year and at 7.5% thereafter.**				Salary growth is assumed at 6% for FLS staff & for Non FLS at 6% for service period upto one year and at 9% thereafter.	
3. Attrition rate	Attrition rate for the first five years is assumed in the range of 12% to 70% for Front Line Staff & 5% to 22% for Non Front Line Staff and then 2% till retirement for both FLS and Non FLS staff in case of the Company and 3.5% in case of the Indian Subsidiary					
4. Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)				
5. Rate of leave availment (per annum)	Rate of leave availment (per annum) is assumed at 0% for Privilege Leave and at 10% for next year for Sick Leave					
6. Rate of leave encashment during employment (per annum)	0%	0%	0%	0%	0%	

\*In case of Indian Subsidiary 7.05%

\*\* In case of Indian Subsidiary for six months ended September 30, 2017, 8% for the first year and 7.5% thereafter.

b) The assumptions used for valuation of long term compensated absences of the Foreign Subsidiary are as given below:

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Discount rate	1.75%	1.75%				
2. Salary growth	2.00%	2.00%				
3. Attrition rate	3.50%	3.50%				
4. Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)				Not Applicable
5. Rate of leave availment (per annum)	0%	0%				
6. Rate of leave encashment during employment (per annum)	0%	0%				

As year ended March 31, 2017 is first year of actuarial valuation of employee benefits, comparative information is not applicable.

- ii) Long term incentive plan: The liability for this plan is determined as the present value of expected benefit payable. The discount rate used for valuation of this liability is as given below:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Discount Rate	6.56%	6.68%	8.50%	8.50%	8.50%	8.50%

#### 6. Employee Stock Option Scheme (ESOS)

The Company has granted options to employees under the ESOS 2005, ESOS 2010, ESOS 2011 and ESOS 2012 schemes. These schemes are administered by the HDFC Standard Life Employees Stock Option Trust. The Trust had subscribed to the capital of the Company and also acquired shares of the Company from Housing Development Finance Corporation Limited, the holding company. The options are granted to the employees from these tranches of shares. The exercise price of ESOS 2005 is based on the holding cost of the shares in the books of the Trust and that of ESOS 2010, ESOS 2011 and ESOS 2012 is based on the fair market value as determined by the Category I Merchant Banker registered with SEBI.

The Company has also granted options to its employees under the ESOS 2014 scheme, ESOS 2015 scheme and ESOS 2016 scheme. The said schemes are directly administered by the Company. The exercise price of ESOS 2014, ESOS 2015 and of ESOS 2016 schemes is based on the fair market value as determined by the Category I Merchant Banker registered with SEBI.

The Company follows the intrinsic value method of accounting for stock options granted to employees. The intrinsic value of the options issued under the above referred schemes is 'Nil' as the exercise price of the option is the same as fair value of the underlying share on the grant date and accordingly, no expenses are recognised in the books. Had the Company followed the fair value method for valuing its options, the charge to the Restated Consolidated Statement of Revenue Account / Restated Consolidated Statement of Profit and Loss Account, impact on Profit(loss) after tax considering additional charge and basic/diluted earnings per share would be as follows:

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Additional Charge to Restated Consolidated Statement of Revenue Account and Restated Consolidated Statement of Profit and loss Account (₹ in Millions )	89.3	224.7	266.0	142.8	99.3	80.8
Profit/(Loss) after Tax would be lower by (₹ in Millions )	48.5	122.1	155.6	93.4	56.0	46.6
Profit/(Loss) after Tax considering impact of additional charge (₹ in Millions )	5,492.9	8,747.1	8,012.3	7,761.7	7,197.1	4,425.7
Basic Earnings per share (₹)	2.75	4.38	4.02	3.89	3.61	2.22
Diluted Earnings per share (₹)	2.73	4.36	4.01	3.88	3.61	2.22

Salient features of all the existing grants under the seven schemes are as stated below:

#### A) ESOS 2005

There are seven grants upto September 30,2017 which are those issued on September 1, 2005 (two grants), November 8, 2006, August 3, 2007, July 15, 2008, August 16, 2009 and December 3, 2009. For all the grants the mode of settlement is through equity shares. The vested options are required to be exercised by the employees within three years from the date of vesting subject to the norms prescribed by the Nomination & Remuneration Committee.

A summary of total options granted from March 31, 2013 to September 30,2017

Particulars	As at					
	September 30,2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	9,964,650	9,964,650	9,964,650	9,964,650	9,964,650	9,964,650

The exercise price of ESOS 2005 is determined based on the holding cost of the shares in the books of the Trust. This exercise price is then applicable to all options vested and available for exercise by employees for a particular period. Since the exercise price is not a static number, it is not possible to provide weighted average exercise price of stock options for options that might be exercised in the future. Weighted average exercise price is available only for options already exercised.

The exercise price of stock options outstanding at the end of the year/six months depends upon the quarterly exercise price. A summary of status of ESOS 2005 in terms of exercise price is as given below:

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Weighted Average price for options exercised (₹)	-	-	26.5	27.8	27.5	28.1
Exercise Price for options outstanding at the end of the year/six months (₹)	-	-	26.5	26.9	27.4	27.9
Weighted Average remaining contractual life in years	-	-	-	0.7	1.1	1.5

A summary of status of ESOS 2005 in terms of options granted, forfeited and exercised is as given below:

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Outstanding at the beginning of the year/six months	-	-	11,370	203,490	426,130	558,950
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	-	-	-	(12,990)	(24,980)	(29,690)
Exercised during the period	-	-	(11,370)	(179,130)	(197,660)	(103,130)
Outstanding at the end of the period	-	-	-	11,370	203,490	426,130
Exercisable at the end of the year /six months	-	-	-	11,370	203,490	426,130

#### B) ESOS 2010

There are two grants issued upto September 30,2017 which are those issued on June 30, 2010 and October 1, 2010. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

A summary of total number of options granted from March 31, 2013 to September 30,2017

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	5,158,000	5,158,000	5,158,000	5,158,000	5,158,000	5,158,000

A summary of status of ESOS 2010 in terms of options granted, forfeited, exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended September 30,2017		For the year ended			
			March 31, 2017		March 31, 2016	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	608,840	60.89	1,299,140	62.67	1,903,960	62.59
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	-	-	-	-	-	-
Exercised during the period	(568,840)	60.60	(690,300)	64.24	(604,820)	62.43
Outstanding at the end of the period	40,000	65.00	608,840	60.89	1,299,140	62.67
Exercisable at the end of the year /six months	40,000	65.00	608,840	60.89	1,299,140	62.67

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	3,355,355	53.89	3,860,785	53.70	4,371,550	53.02
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	(24,400)	65.00	(136,870)	65.00	(312,270)	48.48
Exercised during the period	(1,426,995)	42.08	(368,560)	47.76	(198,495)	47.08
Outstanding at the end of the period	1,903,960	62.59	3,355,355	53.89	3,860,785	53.70
Exercisable at the end of the year /six months	1,903,960	62.59	2,960,955	57.53	1,969,945	58.03

**C) ESOS 2011**

There is one grant upto September 30,2017 which was issued on October 1, 2011. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

A summary of total number of options granted from March 31, 2013 to September 30,2017:

Particulars	As at					
	September 30,2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	4,753,000	4,753,000	4,753,000	4,753,000	47,53,000	47,53,000

A summary of status of ESOS 2011 in terms of options granted, forfeited, exercised, outstanding and exercisable along with the weighted average exercise price is as given below

Particulars	For the six months ended September 30,2017		For the year ended			
	No. of Options	Weighted Average Exercise Price (₹)	March 31, 2017		March 31, 2016	
			No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	393,720	60.00	1,119,886	60.00	2,023,000	60.00
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	-	-	-	-	-	-
Exercised during the period	(368,720)	60.00	(726,166)	60.00	(903,114)	60.00
Outstanding at the end of the period	25,000	60.00	393,720	60.00	1,119,886	60.00
Exercisable at the end of the year /six months	25,000	60.00	393,720	60.00	1,119,886	60.00

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	3,906,395	60.00	4,226,080	60.00	4,725,800	60.00
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	(228,820)	60.00	(132,380)	60.00	(450,190)	60.00
Exercised during the period	(1,654,575)	60.00	(187,305)	60.00	(49,530)	60.00
Outstanding at the end of the period	2,023,000	60.00	3,906,395	60.00	4,226,080	60.00
Exercisable at the end of the year /six months	2,023,000	60.00	2,299,755	60.00	1,293,570	60.00

**D) ESOS 2012**

There are two grants issued upto September 30,2017 which were on October 1, 2012 and October 1, 2013. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

A summary of total number of options granted from March 31, 2013 to September 30,2017:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31,2016	March 31,2015	March 31,2014	March 31,2013
Cumulative options granted since inception, till the end of the year/six months	14,275,310	14,275,310	14,275,310	14,275,310	14,275,310	6,508,800

A summary of status of ESOS 2012 in terms of options granted, forfeited, exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended September 30,2017		For the year ended			
	No. of Options	Weighted Average Exercise Price (₹)	March 31, 2017		March 31, 2016	
			No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	4,165,864	62.93	8,043,883	62.68	10,896,801	62.46
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	(13,160)	61.87	(108,138)	63.90	(149,553)	64.00
Exercised during the period	(4,024,348)	62.96	(3,769,881)	62.36	(2,703,365)	61.72
Outstanding at the end of the period	128,356	61.94	4,165,864	62.93	8,043,883	62.68
Exercisable at the end of the year /six months	128,356	61.94	4,165,864	62.93	5,314,223	62.00

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	13,530,640	62.27	6,246,800	60.00	-	-
Granted during the period	-	-	7,766,510	64.00	6,508,800	60.00
Forfeited/lapsed during the period	(960,921)	62.35	(417,360)	60.81	(262,000)	60.00
Exercised during the period	(1,672,918)	61.00	(65,310)	60.00	-	-
Outstanding at the end of the period	10,896,801	62.46	13,530,640	62.27	6,246,800	60.00
Exercisable at the end of the year /six months	5,936,615	61.84	1,745,310	60.00	-	-

**E) ESOS 2014**

There are two grants issued upto September 30,2017 which were on December 1, 2014 and February 1, 2015. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

A summary of total number of options granted from March 31, 2015 to September 30,2017:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	1,50,34,250	1,50,34,250	1,50,34,250	1,50,34,250	NA	NA

A summary of status of ESOS 2014 in terms of options granted, forfeited, exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended September 30,2017		For the year ended			
			March 31, 2017		March 31, 2016	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	11,005,981	90.00	14,183,168	90.00	14,962,250	90.00
Granted during the period	-	-	-	-	-	-
Forfeited/lapsed during the period	(392,664)	90.00	(404,192)	90.00	(371,040)	90.00
Exercised during the period	(4,846,474)	90.00	(2,772,995)	90.00	(408,042)	90.00
Outstanding at the end of the period	5,766,843	90.00	11,005,981	90.00	14,183,168	90.00
Exercisable at the end of the year /six months	175,068	90.00	5,030,236	90.00	3,610,050	90.00

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	-	-	NA	NA	NA	NA
Granted during the period	1,50,34,250	90.00	NA	NA	NA	NA
Forfeited/lapsed during the period	(72,000)	90.00	NA	NA	NA	NA
Exercised during the period	-	-	NA	NA	NA	NA
Outstanding at the end of the period	1,49,62,250	90.00	NA	NA	NA	NA
Exercisable at the end of the year /six months	-	-	NA	NA	NA	NA

**F) ESOS 2015**

There are two grants issued as of September 30, 2017 which were on October 1, 2015 and November 1, 2015. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

A summary of total number of options granted from March 31, 2016 to September 30, 2017:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	97,33,300	97,33,300	97,33,300	NA	NA	NA

A summary of status of ESOS 2015 in terms of options granted, forfeited and exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended September 30, 2017		For the year ended			
	No. of Options	Weighted Average Exercise Price (₹.)	March 31, 2017		March 31, 2016	
			No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	9,005,950	95.00	9,660,300	95.00	-	-
Granted during the period	-	-	-	-	9,733,300	95.00
Forfeited/lapsed during the period	(331,880)	95.00	(240,200)	95.00	(73,000)	95.00
Exercised during the period	(2,336,670)	95.00	(414,150)	95.00	-	-
Outstanding at the end of the period	6,337,400	95.00	9,005,950	95.00	9,660,300	95.00
Exercisable at the end of the year /six months	84,720	95.00	2,422,590	95.00	-	-

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	NA	NA	NA	NA	NA	NA
Granted during the period	NA	NA	NA	NA	NA	NA
Forfeited/lapsed during the period	NA	NA	NA	NA	NA	NA
Exercised during the period	NA	NA	NA	NA	NA	NA
Outstanding at the end of the period	NA	NA	NA	NA	NA	NA
Exercisable at the end of the year /six months	NA	NA	NA	NA	NA	NA

**G) ESOS 2016**

There are two grants issued as of September 30, 2017 which were on October 1, 2016 and November 1, 2016. For all the grants, the mode of settlement is through equity shares. All the grants have graded vesting. The vested options are required to be exercised by the employees within five years from the date of vesting or the date of an Initial Public Offering (IPO) whichever is later subject to the norms prescribed by the Nomination & Remuneration Committee. Hence, it is not possible to provide the weighted average remaining contractual life of the options outstanding at the end of the period.

A summary of total number of options granted from March 31, 2017 to September 30, 2017 :

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Cumulative options granted since inception, till the end of the year/six months	38,36,850	38,36,850	NA	NA	NA	NA

A summary of status of ESOS 2016 in terms of options granted, forfeited and exercised, outstanding and exercisable along with the weighted average exercise price is as given below:

Particulars	For the six months ended September 30, 2017		For the year ended			
			March 31, 2017		March 31, 2016	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	3,832,850	190.00	-	-	NA	NA
Granted during the period	-	-	38,36,850	190.00	NA	NA
Forfeited/lapsed during the period	(113,000)	190.00	(4,000)	190.00	NA	NA
Exercised during the period	-	-	-	-	NA	NA
Outstanding at the end of the period	3,719,850	190.00	38,32,850	190.00	NA	NA
Exercisable at the end of the year /six months	-	-	-	-	NA	NA

Particulars	For the year ended					
	March 31, 2015		March 31, 2014		March 31, 2013	
	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)	No. of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year/six months	NA	NA	NA	NA	NA	NA
Granted during the period	NA	NA	NA	NA	NA	NA
Forfeited/lapsed during the period	NA	NA	NA	NA	NA	NA
Exercised during the period	NA	NA	NA	NA	NA	NA
Outstanding at the end of the period	NA	NA	NA	NA	NA	NA
Exercisable at the end of the year /six months	NA	NA	NA	NA	NA	NA

**Method of computation of fair value of options:**

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

ESOS Scheme	Risk Free Interest Rate	Expected Life	Expected Volatility*	Expected Dividend Yield
ESOS 2005	6.15% - 9.37%	1.55 - 5.50 years	42.63% - 65.48%	0.00%
ESOS 2010	7.19% - 7.72%	3.50 - 6.50 years	48.80% - 51.88%	0.00%
ESOS 2011	8.28% - 8.30%	3.50 - 5.50 years	46.75% - 48.12%	0.00%
ESOS 2012	8.19% - 8.74%	1.37 - 3.45 years	30.44% - 36.53%	0.00%
ESOS 2014	7.73% - 8.28%	1.75 - 3.75 years	33.23% - 37.15%	1.06%
ESOS 2015	7.41% - 7.58%	1.75 - 3.75 years	34.21% - 38.38%	1.04%
ESOS 2016	6.57% - 6.80%	1.75 - 3.75 years	10.00%	0.88%

\* Volatility of a matured enterprise in the industry which is listed on BSE has been used as a basis for estimation of expected volatility of options. In the case of ESOS 2016, the expected volatility has been assumed at the rate of 10% since the company is unlisted

**7. Managerial remuneration**

The appointment and remuneration of managerial personnel is in accordance with the requirements of Section 34A of the Insurance Act, 1938 as amended from time to time including the amendment brought by the Insurance Laws (Amendment) Act, 2015 and has been approved by the IRDAI.

(₹ in Millions)

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Salary	9.9	18.2	16.5	14.8	13.8	13.8
Company's contribution to Provident fund, Gratuity, Superannuation funds and National Pension Scheme	2.7	5.0	4.6	4.2	3.9	2.4
Allowances/Perquisites	482.1	110.4	96.2	97.7	56.5	45.1
<b>Total</b>	<b>494.7</b>	<b>133.6</b>	<b>117.3</b>	<b>116.7</b>	<b>74.2</b>	<b>61.3</b>

Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

The managerial remuneration for the year/six months includes perquisite value as per Income Tax Act, 1961 of employee stock options exercised and does not include the actuarially valued employee benefits that are accounted as per Accounting Standard (AS) 15 (Revised), "Employee Benefits" that are determined on an overall Company basis. Managerial remuneration in excess of the prescribed limits by the IRDAI has been charged to the Restated Consolidated Statement of Profit and Loss Account.

8. Remuneration payable to non- whole time independent directors is included under the head "Directors Commission".

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Remuneration	3.0	8.0	4.0	4.0	2.5	2.5

9. As prescribed by IRDAI vide its letter Ref: 75/IRDA/Life/HSLIC dated March 13, 2015, details of options granted to and exercised by Key Managerial Personnel as defined under the Companies Act, 2013, are as given below

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Granted during the year/six months	-	665,000	1,571,000	2,816,130	1,132,330	1,030,000
Exercised during the year/six months *	3,304.6	765,500	294,690	1,559,845	176,600	66,000

\* Relates to options granted in the past years

10. **Operating expenses**

Details of expenses incurred under the following heads as required by the IRDAI vide the Master Circular are as given below:  
(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Marketing Support and Advertisement*	2,772.1	3,768.6	2,469.2	1,101.3	1,128.5	1,160.0
Business Development*	1,548.4	3,019.2	2,008.7	1,450.9	800.6	738.8
Outsourcing expenses*	2,852.2	4,390.6	3,484.0	2,315.5	1,930.4	1,417.9

\*Total outsourcing expenses for the company as included above is given below:

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Outsourcing expenses	4,045.2	6,465.2	4,714.4	2,740.4	2,069.4	1,417.9

11. **Leases**

In accordance with the Accounting Standard (AS) 19, "Leases", the following disclosures are made in respect of operating leases:

- a) The Company has hired motor vehicles on cancellable operating lease for a term of up to five years. In respect of these operating leases, the lease rentals debited to the Restated Consolidated Statement of Revenue Account / Restated Consolidated Statement of Profit and loss account are as given below:

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Lease Rentals debited to Restated Consolidated Statement of Revenue Account/ Restated Consolidated Statement of Profit and loss Account	1.7	4.9	6.7	10.8	12.9	8.5

The terms of the lease agreements do not contain any exceptional/restrictive covenants which will have significant detrimental impact on the Company's financials nor are there any options given to the Company to purchase the motor vehicles. The agreements provide for pre-decided increase in lease rentals over the lease period and for change in the rentals if the taxes leviable on such rentals are revised.

- b) The Company has taken properties under operating lease. In respect of these operating leases, the lease rentals debited to rent in the Restated Consolidated Statement of Revenue Account / Restated Consolidated Statement of Profit and loss Account are as given below

(₹ in millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Lease Rentals debited to Restated Consolidated Statement of Revenue Account / Restated Consolidated Statement of Profit and loss Account	311.9	466.4	606.5	584.3	726.7	591.1

The minimum future lease rentals payable under non cancellable operating leases for specified duration in respect of such leases amounted to the following:

(₹ in millions)

Particulars	As at					
	September 30,2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Not later than 1 year	65.6	72.6	86.0	79.7	125.4	219.9
Later than 1 year but not later than 5 years	112.4	198.5	154.3	53.1	88.3	216.0
Later than 5 years	-	-	0.6	-	-	-

The lease arrangements contain provisions for renewal and escalation. The terms of the lease agreements do not contain any exceptional/restrictive covenants which will have significant detrimental impact on the Company's financials

- c) The Company has taken furniture and generators under cancellable operating lease. In respect of these operating leases, the lease rentals debited to rent in the Restated Consolidated Revenue Account are as given below:

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Lease Rentals debited to Restated Consolidated Statement of Revenue Account	9.0	19.9	22.3	20.4	18.5	15.9

## 12. Taxation

### a) Provision for tax

The Company has made a provision for tax (net) as given in following table in accordance with the Income tax Act, 1961 and Rules and Regulations there under as applicable to the Company.

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Charged to Restated Consolidated Statement of Revenue Account	223.6	1,519.8	1,745.5	1,193.4	1,516.0	509.2
Charged to Restated Consolidated Statement of Profit and Loss Account	167.7	220.1	165.9	190.7	(827.7)	42.4
<b>Provision for tax (net) total</b>	<b>391.3</b>	<b>1,739.9</b>	<b>1,911.4</b>	<b>1,384.1</b>	<b>688.2</b>	<b>551.6</b>

During the period upto six months ended September 30,2017, for Indian Subsidiary, a provision for Minimum Alternate Tax (MAT) u/s 115JB of the Income Tax Act, 1961 as given below in the following table is charged in the Restated Consolidated Statement of Profit and loss Account in accordance with the rules and regulations there under, as applicable to the Company.

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Provision for MAT	-	-	-	-	0.1	-

In the absence of convincing evidence with respect to its utilisation, MAT credit entitlement for the above periods has not been recognised.

### b) Deferred tax

Pursuant to the order of the Tax Appellate Authorities dated September 20, 2013, received during the year ended March 31, 2014, in accordance with the Accounting Standard (AS) 22, notified under the Companies Act, 1956, the Company has reassessed the unrecognised Deferred Tax Asset on carried forward losses in each line of business (segments) and has recognized previously unrecognized Deferred Tax Assets to the extent that it has become virtually certain that sufficient taxable income is available against which the Deferred Tax Asset can be utilised.

Form A-RA and Part V of Schedule A of the IRDA Financial Statements Regulations, requires tax expense to be charged to each line of business (segments). Accordingly, the company has charged tax expense in respective lines of business, based on taxable income computed arising out of the actuarial surplus of each line of business. In order to maintain equity amongst the various segments, the said taxable income is calculated after considering the brought forward tax losses and exempt income, if any, based on the above order, as considered appropriate, for each line of business.

Provision for tax in Restated Consolidated Statement of Profit and Loss Account a credit of ₹ (827.7) millions represents deferred tax credit which has been utilised for setting off the tax charge in the Restated Consolidated Statement of Revenue Account.

**c) Wealth tax**

The Company has made net provision for wealth tax as follows:

(₹ in Millions)

Particulars	For the six months ended September 30,2017*	For the year ended				
		March 31, 2017*	March 31, 2016*	March 31, 2015	March 31, 2014	March 31, 2013
Net provision for wealth tax	-	-	-	0.1	0.1	0.1

\*The Finance Act, 2015, has abolished the levy of wealth tax under the Wealth Tax Act, 1957 with effect from FY 2015-16

**d) Service tax**

During the year ended March 31, 2015, the Company received a favourable order from CESTAT (Service Tax Tribunal) Mumbai, deciding a matter for earlier years relating to the service tax on service provided by the insurance agents. Accordingly, an amount of ₹ 235.8 million provided based on demand notice raised towards interest liability in earlier years was reversed to "Interests and Bank Charges" being the expenditure in which the provisions was originally recognized under Operating expenses related to insurance business.

**13. Foreign exchange gain/(loss)**

The amount of net foreign exchange gain/(loss) debited to Restated Consolidated Statement of Revenue Account included in operating expenses relating to insurance business is as under:

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Foreign Exchange Gain/(Loss)	0.7	1.1	(3.6)	(4.2)	(7.0)	(3.8)

The amount of net foreign exchange loss accumulated in 'Foreign currency translation reserve' in 'Reserves and Surplus' under Shareholders' Funds is as follows :

(₹ in Millions)

Particulars	As at					
	September 30,2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Foreign currency translation reserve	43.5	49.9	29.3	NA	NA	NA

**Reconciliation of movements in Foreign currency translation reserve:**

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Balance at the beginning of the year/six months	(49.9)	(29.3)	-	NA	NA	NA
Accumulated during the year/six months	6.4	(20.6)	(29.3)	NA	NA	NA
<b>Balance at the end of the year/six months</b>	<b>(43.5)</b>	<b>(49.9)</b>	<b>(29.3)</b>	NA	NA	NA

**14. Corporate Social Responsibility (CSR)**

As per section 135 of the Companies Act, 2013, the gross amount suggested to be spent is as follows:

(₹ in Millions)

Particulars	For the six months ended September 30,2017*	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Gross amount suggested to be spent	97.8	108.7	110.2	99.3	NA	NA

\*Gross amount suggested to be spent by the Company for the financial year ended March 31, 2018  
In case of foreign subsidiary CSR is not applicable.

The Company has spent amount on various CSR initiatives are as given below:

(₹ in Millions)

Sr No	Sector in which the project is covered	For the Six months ended September 30,2017	For the year ended				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1.	Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive healthcare and sanitation and making available safe drinking water including contribution to Swacha Bharat kosh	12.8	34.3	22.5	10.6	NA	NA
2.	Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	11.0	63.7	14.1	10.4	NA	NA
3.	Livelihood enhancement projects	-	2.5	-	-	NA	NA

Sr No	Sector in which the project is covered	For the Six months ended September 30,2017	For the year ended				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
4.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water	-	0.8	0.9	1.2	NA	NA
5.	Rural development projects	2.4	2.0	8.8	18.3	NA	NA
6.	Provision of facilities for senior citizens with the aim of promoting their health and well being, including medical support, household maintenance and social engagement	3.2	3.8	-	-	NA	NA
7.	Capacity Building	0.9	2.0	1.7	4.4	NA	NA
	<b>Total</b>	<b>30.3</b>	<b>109.1</b>	<b>48.0</b>	<b>44.9</b>	<b>NA</b>	<b>NA</b>

The Company has spent amount on various CSR initiatives as given below:

(₹ in Millions)

Particulars	Incurred and paid for the six months ended September 30,2017	Incurred and paid for the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
(i) Construction/acquisition of any asset	-	-	-	-	-	-
(ii) On Purpose other than (i) above	30.3	109.1	48.0	44.9	-	-

Movement in provision for CSR activities

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Balance as at beginning of the year/six months	0.4	1.8	-	-	NA	NA
Additional provision made during the period	0.6	0.4	1.8	-	NA	NA
Amount used during the period	(0.4)	(1.8)	-	-	NA	NA
Balance as at end of the year/six months	0.6	0.4	1.8	-	NA	NA

#### 15. Derivative contracts:

In accordance with the IRDAI circular no. IRDA/F&I/INV/CIR/138/06/2014 dated June 11, 2014 ('the IRDAI circular on Interest Rate Derivatives') and Investment Regulation, 2016 allowing insurers to deal in rupee interest rate derivatives, the Company has in place a derivative policy approved by Board which covers various aspects that apply to the functioning of the derivative transactions undertaken to substantiate the hedge strategy to mitigate the interest rate risk, thereby managing the volatility of returns from future fixed income investments, due to variations in market interest rates.

Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

- a) The Company has during the preceding 2 financial years (i.e. year ended March 31, 2017 and year ended March 31, 2016), as part of its Hedging strategy, entered into exchange traded Interest Rate Future (IRF) transactions to hedge the interest rate sensitivity for highly probable forecasted transactions as permitted by the IRDAI circular on Interest Rate Derivatives.

Exchange Traded Interest rate futures are standardised interest rate derivative contracts traded on a recognised stock exchange to buy or sell a notional debt security or Government Bond (GOI) or Treasury Bill (T-Bill) of at a specified future date, at a price determined at the time of the contract with an objective to lock in the price of an interest bearing security at a future date.

The fair value for IRF instrument is considered as the daily settlement price on NSE. If the settlement price is not available on NSE, then the daily settlement price on BSE is considered for valuation of IRFs.

Exchange traded Interest Rate Futures

(₹ in Millions)

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
i)	Total notional principal amount of exchange traded interest rate futures undertaken during the year/six months (instrument-wise)						
	(a) 10 year GOI Notional Bond	-	9,158.4	2,683.6	NA	NA	NA
	(b) 15 year GOI Notional Bond	-	24,028.5	231.8	NA	NA	NA
ii)	Total notional principal amount of exchange traded interest rate futures outstanding as at the end of the year/six months (instrument-wise)						
	(a) 10 year GOI Notional Bond	-	-	2,633.9	NA	NA	NA
	(b) 15 year GOI Notional Bond	-	-	231.8	NA	NA	NA
iii)	Notional principal amount of exchange traded interest rate futures outstanding and not 'highly effective' as at the Balance Sheet date	-	-	-	NA	NA	NA
iv)	Mark-to-market value of exchange traded interest rate futures outstanding and not 'highly effective' as at the Balance Sheet date	-	-	-	NA	NA	NA

## Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

Sr. No.	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
v)	Loss which would be incurred if counter party failed to fulfil their obligation under agreements	-	-	-	NA	NA	NA

b) The fair value mark to market (MTM) gains or losses in respect of exchange traded interest futures outstanding as at the Balance Sheet date is stated below:

(₹ in Millions)

Hedging instrument	Fair Value MTM Gains/(Losses)					
	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Exchange traded IRF - 772GS2025	-	-	0.3	NA	NA	NA
Exchange traded IRF - 759GS2026	-	-	1.6	NA	NA	NA
Exchange traded IRF - 788GS2030	-	-	0.3	NA	NA	NA
<b>Total</b>	-	-	<b>2.2</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

c) Movement in Hedge Reserve

(₹ in Millions)

Hedge Reserve Account	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Balance at the beginning of the year/six months</b>						
Realised	-	0.1	-	NA	NA	NA
Unrealised	-	2.2	-	NA	NA	NA
<b>Total</b>	-	<b>2.3</b>	-	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Add: Changes in fair value during the year/six months</b>						
Realised	-	243.4	0.1	NA	NA	NA
Unrealised	-	(2.2)	2.2	NA	NA	NA
<b>Total</b>	-	<b>241.2</b>	<b>2.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Less: Amounts reclassified to Restated Consolidated Statement of Revenue Account/ Profit &amp; Loss Account included in 'Interest, Dividends &amp; Rent-Gross'</b>						
Realised	-	(243.6)	-	NA	NA	NA
Unrealised	-	-	-	NA	NA	NA
<b>Total</b>	-	<b>(243.6)</b>	-	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Balance at the end of the year/six months</b>						
Realised	-	-	0.1	NA	NA	NA
Unrealised	-	-	2.2	NA	NA	NA
<b>Total</b>	-	-	<b>2.3</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

The following table summarizes the amount recognised in Restated Consolidated Statement of Revenue Account being the portion of gain/loss determined to be ineffective

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amount recognised in Restated Consolidated Statement of Revenue Account	-	-	-	NA	NA	NA

The following table summarizes the amount that was removed from Hedge Reserve account during the year ended March 31, 2016 to September 30,2017 in respect of forecast transactions for which hedge accounting had previously been used, but is no longer expected to occur:

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amount removed from Hedge Reserve account	-	243.6	-	NA	NA	NA

The cash flows from the hedges are expected to occur over the outstanding tenure of underlying policy liabilities and will accordingly flow to the Restated Consolidated Statement of Revenue Account.

#### Qualitative Disclosures on risk exposure in Fixed Income Derivatives:

Overview of business and processes:

a) Fixed Income Derivative Hedging instruments:

Derivatives are financial instruments whose characteristics are derived from the underlying assets, or from interest and exchange rates or indices. These include forward rate agreements, interest rate swaps and interest rate futures.

The Company uses derivative instrument (IRF) to minimise exposure to fluctuations in interest rates on plan assets and liabilities. This hedge is carried in accordance with its established policies, goals and applicable regulations. The Company does not engage in derivative transactions for speculative purposes.

b) Derivative policy/process and Hedge effectiveness assessment:

The Company has well defined Board approved Derivative Policy and Process document setting out the strategic objectives, regulatory and operational framework and risks associated with interest rate derivatives along with having measurement, monitoring processes and controls thereof. The accounting policy has been clearly laid out for ensuring a process of periodic effectiveness assessment.

The Company has clearly identified roles and responsibilities to ensure independence and accountability through the investment decision, trade execution, to settlement, accounting and periodic reporting and audit of the Interest Rate Derivative exposures. The overall policy, risk management framework for the Interest Rate Derivatives are monitored by the Risk Management Committee.

c) Scope and nature of risk identification, risk measurement, and risk monitoring:

The Risk Management Policy and Derivative Policy as approved by the Board sets appropriate market limits such as sensitivity limits and value-at-risk limits for exposures in interest rate derivatives.

As the IRFs are traded and settled by the recognised stock exchanges i.e. National Stock Exchange or Bombay Stock Exchange, the risk of counterparty failure would not exist, however the following risks pertaining to hedging using IRFs still exist:

## i) Roll over risk

Futures contracts traded in the markets usually expire in 1-3 months. Since the period for which the hedge is established is longer, it necessitates frequent roll-overs from contracts approaching expiry into new contracts. Roll over risk is the cost involved in rolling over futures contracts. The financial impact of this risk can be reduced by actively managing the roll-over from existing contracts into new contracts.

## ii) Basis Risk

Basis risk is the risk arising out of a mismatch in the tenure of the risk to be hedged and the tenure of available interest rate future contracts. The financial impact of this risk can be reduced to some extent by purchasing futures contracts so as to match the tenure of the risk to be hedged.

All financial risks of the derivative portfolio are measured and monitored on periodic basis.

**Quantitative disclosure on risk exposure in Exchange Traded Interest Rate Futures**

A hedge is deemed effective, if it has a high statistical correlation between the change in value of the hedged item and the hedging instrument (IRF). Gains or losses arising from hedge ineffectiveness, if any, are recognised in the Restated Consolidated Statement of Revenue Account.

The tenure of the hedging instrument may be less than or equal to the tenure of underlying hedged asset/liability

**Interest rate futures**

(₹ in Millions)

Sr No	Particulars	As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Name of counterparty	NA	NA	National Securities Clearing Corporation Ltd (NSCCL)	NA	NA	NA
2	Hedge Designation	Cash flow hedge	Cash flow hedge	Cash flow hedge	NA	NA	NA
3	Likely impact of one percentage change in interest rate (100*PV01)						
	- Underlying being hedged	NA	NA	229.9 <sup>^</sup>	NA	NA	NA
	- Derivative	-	-	202.3	NA	NA	NA
4	Credit exposure	-	-	-	NA	NA	NA

## Notes-

- As per the hedging strategy, the derivatives exposure required as at September 30,2017 is Nil
- <sup>^</sup> This represents a part of the portfolio targeted to be hedged
- Method & Assumptions:
  - Term structure of interest rates: Source – Clearing Corporation of India Limited official website
  - Methodology for computation of PV01:
    - Discounted cash flow method
    - Flat cut of 1 bps in the current term structure of interest rates
- The notional principal amount of derivatives reflect the volume of transactions outstanding as at the Balance Sheet date and do not represent the amounts at risk
- The Company evaluates the industry exposure limit for exchange traded IRFs against the Central Counter Party i.e. Clearing Corporation in line with the IRDAI circular on Interest Rate Derivatives.

The industry exposure limit has been calculated on the basis of Credit Equivalent Amount using the Current Exposure Method (CEM) as detailed below:

The Credit Equivalent Amount of a market related off-balance sheet transaction calculated using the CEM is the sum of

- the current credit exposure (gross positive mark to market value of the contract); and

## Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

- b) Potential future credit exposure which is a product of the notional principal amount across the outstanding contract and a factor that is based on the mandated credit conversion factors as prescribed under the IRDAI circular on Interest Rate Derivatives, which is applied on the residual maturity of the contract.

16. **Encumbrances**

The assets of the Company are free from any encumbrances at year/six months end, except for Fixed Deposits and Government Securities, mentioned below, kept as margin against bank guarantees/ margin with exchange and collateral securities issued:

(₹ in Millions)

Particulars	As at											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	Amortised Cost	Market Value	Amortised Cost	Market Value	Amortised Cost	Market Value	Amortised Cost	Market Value	Amortised Cost	Market Value	Amortised Cost	Market Value
<b>Issued in India</b>												
Fixed Deposits against Margin with Exchange for equity trades:												
NSCCL	450.0	450.0	730.0	730.0	730.0	730.0	700.0	700.0	700.0	700.0	460.0	460.0
ICCL	60.0	60.0	80.0	80.0	80.0	80.0	110.0	110.0	110.0	110.0	150.0	150.0
Fixed Deposit against BG	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1	0.9	0.9
Government Security collateral to CCIL under CBLO segment	244.1	246.3	236.4	237.1	157.3	152.6	75.0	70.8	76.7	68.8	78.3	70.8
<b>Sub - Total</b>	<b>755.1</b>	<b>757.3</b>	<b>1,047.4</b>	<b>1,048.1</b>	<b>968.3</b>	<b>963.6</b>	<b>886.1</b>	<b>881.9</b>	<b>887.8</b>	<b>879.9</b>	<b>689.2</b>	<b>681.7</b>
<b>Issued outside India</b>												
Fixed deposits against BG	3.4	3.4	0.9	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.7	0.7
<b>Total</b>	<b>758.5</b>	<b>760.7</b>	<b>1,048.3</b>	<b>1,049.0</b>	<b>969.2</b>	<b>964.5</b>	<b>887.0</b>	<b>882.8</b>	<b>888.6</b>	<b>880.7</b>	<b>689.9</b>	<b>682.4</b>

NSCCL: National Securities Clearing Corporation Limited;

ICCL: Indian Clearing Corporation Limited

CBLO: Collateralised Borrowings and Lending Obligations

BG: Bank Guarantee

17. **Historical cost of investments**

The historical cost of those investments whose reported value is based on fair value is as given below:

(₹ In Millions)

Financial Year	Particulars	(A) Non-Linked Investments						Annuity Fund	(B) Linked Investments
		Share holders' Investments	Participating Life Fund	Participating Pension Fund	Unit Linked Non Unit Fund	Non Par - Group Variable Fund	Non Par - Group Traditional Fund		
As at September 30, 2017	Reported Value	7,561.2	46,389.7	5,494.9	2,650.5	4,710.7	1,230.0	1,595.6	518,017.3
	Historical Cost	7,070.7	42,036.8	4,662.9	2,650.0	4,490.5	1,173.2	1,583.4	430,069.6
As at March 31, 2017	Reported Value	7,062.6	40,254.2	5,134.9	-	1,989.5	879.5	-	503,891.1
	Historical Cost	6,739.6	37,061.7	4,714.1	-	1,901.2	850.0	-	425,961.9
As at March 31, 2016	Reported Value	5,250.8	29,687.7	4,029.8	3,800.0	-	-	-	423,576.3
	Historical Cost	5,711.7	29,310.9	4,023.5	3,800.0	-	-	-	381,538.2
As at March 31, 2015	Reported Value	3,915.8	24,372.8	4,568.4	-	-	-	-	418,894.7
	Historical Cost	3,973.5	23,920.8	4,579.1	-	-	-	-	332,199.0
As at March 31, 2014	Reported Value	1,709.8	12,244.6	1,732.1	-	-	-	-	308,272.5
	Historical Cost	1,730.4	12,131.1	1,777.9	-	-	-	-	282,994.4
As at March 31, 2013	Reported Value	1,782.0	5,541.3	997.3	-	-	-	-	254,323.2
	Historical Cost	1,884.8	6,184.1	1,138.5	-	-	-	-	251,866.2

The following table summarizes the Investment reported above in unlisted equity shares valued at cost and equity shares awaiting listing at carrying value:

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Value of Unlisted Equity Shares included above:</b>						
Non-Linked Investments	3863.4	3,863.4	3,489.9	1,359.2	1,418.1	1,507.4
Linked Investments	NA	NA	NA	NA	NA	NA
<b>Value of Equity Shares awaiting listing included above:</b>						
Non-Linked Investments	-	-	166.7	1,639.2	-	-
Linked Investments	-	-	1233.3	-	-	-

18. **Basis of revaluation of investment property:**

There are no investment properties since year ended March 31, 2013 to six months ended September 30, 2017 to be revalued.

19. **Commitments made and outstanding for loans, investments and fixed assets**

The estimated amount of commitments made and not provided for (net of advances) on account of Investments, estimated amount of commitments (net of advances) on account of fixed assets.

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
On account of Investments	801.7	873.6	351.5	-	44.4	4.5
On account of Fixed Assets	109.6	129.0	199.0	218.1	298.0	428.7

20. **Value of contracts outstanding in relation to investments**

(₹ in Millions)

Particulars		As at					
		September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Purchase where payment is not made and deliveries are pending	Shareholders Fund	600.8	1,504.1	232.7	-	9.0	12.1
	Policyholders Fund	6786.5	7,436.3	5,820.6	5,613.3	4,705.0	3,349.9
	<b>Total</b>	<b>7387.3</b>	<b>8,940.4</b>	<b>6,053.3</b>	<b>5,613.3</b>	<b>4,714.0</b>	<b>3,362.0</b>
Purchase where payments are made but deliveries are pending	Shareholders Fund	-	-	-	-	-	-
	Policyholders Fund	1,109.6	-	-	-	499.9	-
	<b>Total</b>	<b>1,109.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>499.9</b>	<b>-</b>
Sales where receivables are pending	Shareholders Fund	-	195.7	-	-	-	54.0
	Policyholders Fund	1,900.1	4,383.4	7,411.5	5,547.3	3,989.6	3,198.9
	<b>Total</b>	<b>1,900.1</b>	<b>4,579.1</b>	<b>7,411.5</b>	<b>5,547.3</b>	<b>3,989.6</b>	<b>3,252.9</b>

21. **Claims outstanding**

Claims settled and remaining unpaid for a period of more than six months are as given below.

Particulars	As at											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)	No of Claims	Claim Amt (₹ in Millions)
Claims settled & remaining unpaid for period of more than six months	391	73.3	105	20.8	314	49.6	95	32.8	116	17.0	44	13.6

These claims remain unpaid awaiting receipt of duly executed discharge documents from the claimants. All claims are to be paid to claimants in India.

## 22. Provision for NPA (non standard assets) for debt portfolio

Provision for doubtful debts is made in line 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 has been recognised in the Restated Consolidated Statement of Revenue Account as per below table:

(₹ in Millions)

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017*	March 31, 2016	March 31, 2015	March 31, 2014#	March 31, 2013
Provision/(reversal) for doubtful debt at 100% of unsecured portion and 25/40%, as applicable of secured portion of loan asset	-	(58.2)	53.7	42.8	20.0	-

\* During the year ended March 31, 2017 there is a reversal of provision for doubtful debt recognised in earlier years due to transfer of assets to shareholder's fund being "other investments" as required under IRDAI (Investment) Regulations 2016.

# During the year ended March 31, 2014 provision has been made for sub-standard asset at 10% of total outstanding value

## 23. Segmental reporting

As per Accounting Standard (AS) 17, "Segment Reporting", read with the IRDAI Financial Statements Regulations, Consolidated Segmental Accounts are disclosed in **Annexure XXVIII – Restated Consolidated Statement on Segment Disclosure**.

## 24. The Micro, Small and Medium Enterprises Development Act, 2006

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 details of amounts due to Micro and Small Enterprises under the said Act as at period end for the Company and the Indian Subsidiary are as given under:

(₹ in Millions)

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
a) (i) Principal amount remaining unpaid to supplier under MSMED Act	-	-	-	-	-	0.2
(ii) Interest on a) (i) above	-	-	-	-	-	-
b) (i) Amount of principal paid beyond the appointed date	-	-	-	-	-	9.0
(ii) Amount of interest paid beyond the appointed date (as per Section 16)	-	-	-	-	-	-
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	-	-	-	-	-	0.3
d) Amount of further interest remaining due and payable even in earlier years	-	-	-	-	-	1.0
e) Total amount of interest due under MSMED Act	-	-	-	-	-	1.3

In case of foreign subsidiary the Micro, Small and Medium Enterprises Development Act, 2006 is not applicable

**25. Earnings per equity share**

Basic earnings per share are calculated by dividing the net profit or loss for the year/six months attributable to equity shareholders by the weighted average number of equity shares outstanding during the year/six months. For the purpose of calculating diluted earnings per share, the net profit or loss for the year/six months attributable to equity shareholders and the weighted average number of equity shares outstanding during the year/six months are adjusted for effects of all dilutive equity shares.

Sr No	Particulars	For the six months ended September 30, 2017	For the year ended				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Net Profit/(Loss) as per Consolidated Profit and Loss Account (₹ in millions)	5,541.4	8,869.2	8167.9	7,855.1	7,253.1	4,472.3
2	Weighted average number of equity shares for Earnings Per Share						
(a)	For Basic Earnings Per Share	1,999,809,584	1,996,929,645	1,994,902,216	1,994,880,096	1,994,880,096	1,994,880,096
(b)	For Diluted Earnings Per Share						
	a) Number of equity shares for basic earnings per share as per 2 (a) above	1,999,809,584	1,996,929,645	1,994,902,216	1,994,880,096	1,994,880,096	1,994,880,096
	b) Add : Weighted average outstanding options deemed to be issued for no consideration	10,571,279	10,929,070	746,483	4,262,710	-	-
3	Weighted average number of equity shares for Diluted Earnings Per Share	2,010,380,863	2,007,858,715	1,995,648,699	1,999,142,806	1,994,880,096	1,994,880,096
4	Basic Earnings Per Share (₹)	2.77	4.44	4.09	3.94	3.64	2.24
5	Diluted Earnings Per Share (₹)	2.76	4.42	4.09	3.93	3.64	2.24
6	Nominal value of shares (₹)	10.00	10.00	10.00	10.00	10.00	10.00

**26. Disclosure on other work given to auditors**

Pursuant to clause 7.1 of Corporate Governance Guidelines for insurers in India, 2016 issued by IRDAI applicable from FY 2016-17, the remuneration paid to statutory auditors/internal auditor or its associates for services other than statutory/internal audit are disclosed below:

## Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

(₹ In Millions)

Name	Nature of Work	For the six months ended September 30,2017	For the year ended				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Price water House Chartered Accountants LLP	System audit	1.0	2.0	-	-	-	-
Price water House Chartered Accountants LLP	Examination work on proposed IPO	-	3.4	-	-	-	-
Price water House Chartered Accountants LLP	Review of restated IPO financial information*	4.0	-	-	-	-	-
G M kapadia & Co	Agreed upon procedures & certifications and others	0.4	0.9	-	-	-	-
G M kapadia & Co	Examination work on proposed IPO	-	0.5	-	-	-	-
S B Billimoria & Co	Certification work	-	-	-	-	0.4	0.2
S B Billimoria & Co	Fees for assistance in the preparation of restated financial information in accordance with the IPO guidelines	-	-	-	-	0.6	0.7
Haribhakti & Co.LLP (Erstwhile Haribhakti & Co)	Agreed upon procedures & certifications	-	-	2.2	0.6	0.1	-
Haribhakti & Co.LLP (Erstwhile Haribhakti & Co)	Tax Audit	-	-	0.4	0.4	0.5	0.3
Ernst & Young LLP	Fees for actuarial peer review of the valuation methodology, assumption and results, forensic imaging for investigation purposes, business continuity planning data leakage assessment and branch reviews	-	-	0.9	3.7	2.5	-
KPMG	Fees for assistance in IFRS conversion	-	-	-	-	-	0.4
KPMG	Software assessment audit, consulting services towards implementation of business continuity management system and Goods and Service Tax (GST)	-	2.5	-	-	-	-

\* This cost is reimbursable to the company from the IPO proceeds collected in the escrow account

27. During the year ended March 31, 2014, the Company has debited total enhanced death benefit of ₹ 89.1 millions to the Restated Consolidated Statement of Profit and Loss Account. Out of this amount, ₹ 63.1 millions has been debited in respect of settled death claims, as directed by IRDA, in order to comply with the IRDA order number IRDA\LIFE\ORD\MISC\177\09\2013 dated September 3, 2013. On similar grounds, the Company has made provision of ₹ 0.7 millions towards death claims intimated yet to be settled.

28. During the year ended March 31, 2017, the Company received an order from IRDAI, Order No, IRDA/F&I/ORD/DATA/110/06/2016 dated June 3, 2016, on the matter relating to certain property assets. The Company has transferred funds from Shareholders' funds to Policyholders' funds, towards the value of property as on the date of transfer, basis independent valuer's report, at cost or market value, whichever is higher, amounting to ₹ 655.3 millions (transfer value) and interest, compounded annually at the prevailing interest rate on savings bank account, amounting to ₹122.1 millions calculated on the transfer value, for the period from the date of transfer to the date of infusion of funds into Policyholders' fund . The interest has been charged to Restated Consolidated Statement of Profit & Loss Account, and credited to 'Other income' in Restated Consolidated Statement of Revenue Account.

#### 29. Security Lending and Borrowing Scheme (SLB)

Equity shares lent under the Securities Lending and Borrowing scheme (SLB) continue to be recognised in the Restated Consolidated Statement of Assets and liabilities as the Company retains all the associated risks and rewards of these securities.

The value of equity shares lent by the Company under SLB and outstanding is as mentioned below:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
The value of equity shares lent by the Company under SLB and outstanding	1,653.9	-	-	-	-	-

(₹ in Millions)

30. Share application money received pending allotment of shares as disclosed in the Restated Consolidated Statement of Assets and liabilities relates to the application money received towards Employee Stock Option Plans under Company's Employee Stock Options Scheme(s) which is as given below:

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Share application money received pending allotment of shares	10.3	-	-	-	-	-

(₹ in Millions)

31. With effect from July 1, 2017, the Group claims credit of Goods and Services Tax ('GST') on input services, which is set off against GST on output services. For the period upto June 30, 2017, the Company has claimed credit of service tax on input services, which has been set off against service tax on output services. As a matter of prudence, unutilised credits towards service tax on input services are carried forward under Advances and Other Assets' in the Restated Consolidated Statement of Assets and liabilities, wherever there is reasonable certainty of utilisation. However, unutilised credits towards service tax on input services as at June 30, 2017, are eligible to be carried forward as per the transition provisions under the Central Goods and Services Tax Act, 2017.

#### C. ADDITIONAL DISCLOSURES

##### 1. Investments made under statutory requirements

The Company has deposited Government security with the Reserve Bank of India in order to comply with the requirements prescribed under Section 7 of the Insurance Act, 1938. The market value of this security held under Section 7 of the Insurance Act, 1938 is given in the following table. This security is held with HDFC Bank in Constituent Subsidiary General Ledger Account as specified by the IRDAI.

(₹ in Millions)

Particulars	For the six months ended September 30, 2017*	For the year ended				
		March 31, 2017*	March 31, 2016*	March 31, 2015	March 31, 2014	March 31, 2013
Central Government Securities	-	-	-	119.2	117.8	123.3

\* Pursuant to the amendment prescribed by the Insurance Laws (Amendment), Act, 2015 dispensing with the requirement of maintaining the deposit under Section 7 of Insurance Act, 1938, wherein the insurers can withdraw the lien marked deposits maintained under the Section, according to which the Company has withdrawn and does not maintain deposit with Reserve Bank of India w.e.f. May 11, 2015.

## 2. Performing and non-performing investments :

The company did not hold any non-performing Investments during the years/six months except as mentioned below:

(₹ in Millions)

Asset Type	Issuer Name	For the six months ended September 30, 2017*	For the year ended				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Non-Convertible Debenture	<b>Arch Pharma Lab Ltd.</b>						
	Gross	Nil	200.0	200.0	200.0	200.0	Nil
	Net of NPA provision	Nil	83.5	83.5	137.2	180.0	Nil

\* The security previously classified as NPA was sold during the six months ended September 30, 2017 and hence the corresponding NPA provision was reversed during the period.

## 3. Deposits made under local laws

The Company has no deposits made under local laws or otherwise encumbered in or outside India, except investments and deposits.

## 4. Business for social and rural sector as required under IRDAI (Obligations of insurers to Rural and Social Sectors) Regulations, 2015, issued by IRDAI

Social Sector	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Gross premium underwritten (₹ in Millions)	269.6	104.8	196.7	112.9	75.1	55.9
Total Business in the preceding financial year (₹ in Millions)	NA <sup>#</sup>	15,377.0	NA <sup>*</sup>	NA <sup>*</sup>	NA <sup>*</sup>	NA <sup>*</sup>
Total Group lives	8,007,899	19,774,194	14,226,737	4,861,059	2,636,831	1,872,076
No of lives covered under social sector	1,019,525	804,612	1,534,302	998,574	920,735	611,953
Social sector lives as % to total business in preceding financial year	NA <sup>#</sup>	5.23%	NA <sup>*</sup>	NA <sup>*</sup>	NA <sup>*</sup>	NA <sup>*</sup>
Social sector lives as a % to total group lives	12.73%	4.07%	10.78%	20.54%	34.92%	32.69%

## Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

Social Sector	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
No of policies issued	15	46	31	2	4	27
Required % or no. of lives as per the regulations	NA <sup>#</sup>	5.00%	500,000	500,000	500,000	500,000

\*Obligation under social sector based on total business in the preceding financial year is applicable from year ended March 31, 2017

<sup>#</sup>Compliance for social sector business is required to be met on an annual basis

Rural Sector	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Total policies written	430,157	1,083,156	1,150,924	876,781	883,691	1,026,199
No of policies covered under rural sector	272	229,438	280,065	200,046	210,961	228,889
% of Rural sector policies to total policies	0.06% <sup>#</sup>	21.18%	24.33%	22.82%	23.87%	22.30%
Required % as per the regulations	20.00% <sup>#</sup>	20.00%	20.00%	20.00%	20.00%	20.00%

<sup>#</sup>Compliance for rural sector business is required to be met on an annual basis.

#### 5. Allocation of investments and investment income

The underlying investments held on behalf of the shareholders and the policyholders are included in Annexure XIV, Annexure XV and Annexure XVI. The investment income arising from the investments held on behalf of shareholders has been taken to the Restated Consolidated Statement of Profit and Loss Account and those held on behalf of policyholders to the Restated Consolidated Statement of Revenue Account.

#### 6. Percentage of risks retained and risk reinsured as certified by the Appointed Actuary

(₹ in Millions)

Particulars	As at											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
<b>Individual business:</b>												
Risk retained	1,859,823.9	38%	1,694,734.2	38%	1,446,409.3	41%	1,217,027.0	45%	1,025,295.1	50%	998,733.2	65%
Risk reinsured	3,061,556.2	62%	2,722,135.0	62%	2,111,450.8	59%	1,484,539.7	55%	1,024,837.7	50%	542,738.9	35%
<b>Group business:</b>												
Risk retained	3,335,620.8	89%	2,786,686.1	87%	1,611,445.6	86%	812,089.1	85%	474,482.2	86%	335,421.7	85%
Risk reinsured	396,563.1	11%	417,312.3	13%	258,042.0	14%	140,328.5	15%	76,482.8	14%	58,264.3	15%

7. **Loan Assets restructured during the year/six months are as follows:**

(₹ in Millions)

Sr. No.	Particulars	For the six months ended September 30, 2017	For the year ended				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Total amount of Loan Assets subject to restructuring	-	-	-	-	-	-
2	Total amount of Standard Assets subject to restructuring	-	-	-	-	-	-
3	Total amount of Sub-Standard Assets subject to restructuring	-	-	-	-	-	-
4	Total amount of Doubtful Assets subject to restructuring	-	-	-	-	-	-

8. **Impairment of investments**

In accordance with the Financial Statements Regulations, Schedule A Part I on Accounting Principles for Preparation of Financial Statements on procedure to determine the value of investment and the relevant circular, the impairment in value of investments other than temporary diminution has been assessed for the year ended March 31,2013 to six months ended September 30,2017 and accordingly impairment provisions have been provided as below

**Listed equity shares**

A provision/ (reversal) for impairment loss recognised in the Restated Consolidated Statement of Revenue Account under the head "Provision for diminution in the value of investments" and correspondingly, Policyholders' Fair Value Change Account under Policyholders' Fund in the Restated Consolidated Statement of Assets and Liabilities has been adjusted for such reversal/provision of impairment loss. The detail of which has been given below:

(₹ in Millions)

Sr. No.	Particulars	For the six months ended September 30,2017	For the year ended/As At				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Provision/(Reversal) for diminution in the value of investments	-	99.5	(20.4)	(125.4)	242.8	-
2	Policyholder Fair value change account	-	(99.5)	20.4	125.4	(242.8)	-

Provision/(reversal) of impairment loss recognised in the Restated Consolidated Statement of Profit and Loss Account under the head "Provision for diminution in the value of investments" and correspondingly, Shareholders' Fair Value Change Account under Shareholders' Funds in the Restated Consolidated Statement of Assets and Liabilities have been adjusted for such reversal/provision of impairment loss. The detail of which has given below:

(₹ in Millions)

Sr. No.	Particulars	For the six months ended September 30, 2017	For the year ended/As At				
			March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Provision/(Reversal) for diminution in the value of investments	-	(43.4)	10.8	(15.3)	47.9	-
2	Shareholder Fair value change account	-	43.4	(10.8)	15.3	(47.9)	-

**Security Receipts and Venture Fund**

A provision/(reversal) for impairment loss has been recognised in the Restated Consolidated Statement of Revenue Account under the head "Provision for diminution in the value of investments". Correspondingly, Long/Short term other than Approved investments under Annexure XV (Restated Consolidated Statement of Investments- Policyholders) has been adjusted for such diminution. The detail of which has given below:

(₹ in millions)

Sr. No.	Security Type	Particulars	For the six months ended September 30, 2017	For the year ended/As At				
				March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Security Receipts and Venture Fund	Provision/(Reversal) for diminution in the value of Investments	(5.0)	22.9	-	-	13.5	-
2		Other than Approved Investments – Long/Short Term	5.0	(22.9) *	-	-	(13.5) #	-

\* The amounts have been adjusted for such diminution in Short term other than Approved investments.

# The amounts have been adjusted for such diminution in Long term other than Approved investments

A provision/(reversal) for impairment loss has been recognised in the Restated Consolidated Statement of Profit and Loss Account under the head "Provision for diminution in the value of investments" Correspondingly, Long/Short term Other than Approved investments under Annexure XIV (Restated Consolidated Statement of Investments – Shareholders) has been adjusted for such diminution. The detail of which has given below:

(₹ in Millions)

Sr. No.	Security Type	Particulars	For the six months ended September 30, 2017	For the year ended/As At				
				March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Security Receipts and Venture Fund	Provision/(Reversal) for diminution in the value of Investments	(2.7)	(0.1)	21.8	9.7	10.7	-
2		Other than Approved Investments – Long/Short Term	2.7	0.1*	(21.8)*	(9.7) #	(10.7) #	-

\* the amounts have been adjusted for such diminution in Short term other than Approved investments.

# the amounts have been adjusted for such diminution in Long term other than Approved investments.

**Unlisted equity shares**

A provision for impairment loss has been recognised in the Restated Consolidated Statement of Revenue Account under the head "Provision for diminution in the value of investments". Correspondingly, Long term other than Approved investments under Annexure XV (Restated Consolidated Statement of Investments- Policyholders) has been adjusted for such diminution. The detail of which has given below:

(₹ in Millions)

Sr. No.	Security Type	Particulars	For the six months ended September 30,2017	For the year ended/As At				
				March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Security Receipts and Venture Fund	Provision for diminution in the value of Investments	-	-	-	53.8	-	-
2		Other than Approved Investments – Long Term	-	-	-	(53.8)	-	-

A provision for impairment loss has been recognised in the Restated Consolidated Statement of Profit and Loss Account under the head "Provision for diminution in the value of investments" Correspondingly, Long term Other than Approved investments under Annexure XIV (Restated Consolidated Statement of Investments - Shareholders) has been adjusted for such diminution. The detail of which has given below:

(₹ in Millions)

Sr. No.	Security Type	Particulars	For the six months ended September 30,2017	For the year ended/As At				
				March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1	Security Receipts and Venture Fund	Provision for diminution in the value of Investments	-	-	-	5.1	-	-
2		Other than Approved Investments – Long Term	-	-	-	(5.1)	-	-

9. 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.(amended by Insurance Laws (Amendment ) Act, 2015.

Sr. No.	Name	Description	Directorship of the	Occupation	Held as at the end of period
1	Mr. Amitabh Chaudhry	Managing Director and Chief Executive Officer	HDFC Standard Life Insurance Company Limited	Employment	Mar'13/Mar'14/Mar'15 /Mar'16/Mar'17/Sep'17
		Non Executive Director	HDFC Pension Management Company Limited	Directorship	Mar'13/Mar'14/Mar'15 /Mar'16//Mar'17/Sep'17
		Manager <sup>#</sup>	Manipal Education Americas, LLC	Manager	Mar'13/ Mar'14/Mar'15/Mar'16/Mar'17/Sep'17
		Director	Manipal Global Education Services Private Limited	Directorship	Mar'14/Mar'15/Mar'16/Mar'17/Sep'17
		Director	Manipal Universal Learnings Private Limited	Directorship	Mar'13
		Director	Shriram Transport Finance Company Limited	Directorship	Mar'13/ Mar'14/Mar'15/Mar'16/Mar'17/Sep'17
		Director	HDFC International Life and Re Company Limited	Directorship	Mar'16/Mar'17/Sep'17
2	Mr. Paresh Parasnis	Director	HDFC Credila Financial Services Private Ltd earlier (Credila Financial Services Private Limited)	Directorship	Mar'15/Mar'16/Mar'17/Sep'17
		Executive Director and Chief	HDFC Standard Life Insurance Company Limited	Employment	Mar'13

## Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

Sr. No.	Name	Description	Directorship of the	Occupation	Held as at the end of period
	(Upto July 31, 2012)	Financial Officer			
		Non Executive Director	HDFC Pension Management Company Limited	Directorship	Mar'13
3	Ms.Vibha Padalkar (From August 14, 2012)	Executive Director and Chief Financial Officer	HDFC Standard Life Insurance Company Limited	Employment	Mar'13/ Mar'14/Mar'15/Mar'16/Mar'17/Sep'17
		Non Executive Director	HDFC Pension Management Company Limited	Directorship	Mar'13/Mar'14/Mar'15 /Mar'16/Mar'17/Sep'17
		Director	Central Insurance Repository Limited	Directorship	Mar'13/ Mar'14/Mar'15
		Director	HDFC Investments Limited	Directorship	Mar'15/Mar'16/Mar'17/Sep'17
		Director	Tata Power Company Limited	Directorship	Mar'17/Sep'17

# Non executive position

## 10. Following are the details of the controlled funds in pursuant to the Master Circular

A) Computation of Controlled fund as per the Restated Consolidated Statement of Assets and Liabilities

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Policyholders' Fund (Life Fund)</b>						
Participating						
Individual Assurance	223,482.8	201,878.6	159,434.9	128,324.2	95,684.8	70,723.8
Group Assurance	27.4	27.7	93.1	84.1	-	-
Individual Pension	22,219.5	20,653.9	17,541.0	15,234.2	12,601.6	11,006.7
Group Pension	(3.5)	(2.1)	24.1	24.0	-	-
Group Pension Variable	-	-	-	18.0	65.0	-
Any other (Pl. Specify)	-	-	-	-	-	-
Non-participating						
Individual Assurance	19,688.9	16,569.9	10,593.2	6,614.1	3,772.1	2,686.8
Group Assurance	43,481.9	36,828.3	24,380.4	18,619.1	14,822.0	8,891.3
Group Assurance Variable	12,956.0	10,850.6	7,267.6	5,730.7	2,564.8	-
Individual Pension	5,002.3	4,034.4	2,275.7	1,074.8	703.0	-
Group Pension	19,473.7	17,426.7	11,632.8	9,199.0	7,810.5	5,287.8
Group Pension Variable	15,024.2	11,493.0	5,758.6	3,080.0	776.8	-
Individual Annuity	14,947.4	12,797.7	9,150.4	6,463.5	2,960.8	1,226.2
Other (Health)	285.9	294.6	285.4	163.6	133.8	19.4
Linked						
Individual Assurance	422,345.7	405,912.5	344,883.5	334,002.5	246,550.8	195,624.3
Group Assurance	-	-	-	-	-	-
Individual Pension	91,618.7	88,725.6	77,890.7	86,076.9	74,223.2	68,100.6
Group Superannuation	9,741.6	9,289.4	7,718.6	7,825.6	6,450.1	6,112.0
Group Gratuity	41,318.9	37,692.6	29,937.5	24,228.4	18,920.3	17,860.4
Any other (Pl. Specify)	-	-	-	-	-	-
Reinsurance business	35.2	7.7	-	-	-	-
Funds for Future Appropriations	-	-	-	486.8	870.9	3,048.9
Credit / (Debit) from Revenue A/c.	-	-	-	-	-	-
<b>Total (A)</b>	<b>941,646.6</b>	<b>874,481.1</b>	<b>708,867.5</b>	<b>647,249.5</b>	<b>488,910.5</b>	<b>390,588.2</b>
<b>Shareholders' Fund</b>						
Paid up Capital	20,065.8	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Reserves & Surpluses	2,477.6	1,894.1	1,657.7	1,654.4	1,654.4	1,961.8
Fair Value Change	490.5	323.1	(412.4)	(20.1)	27.3	(102.8)
<b>Sub Total (B)</b>	<b>23,033.9</b>	<b>22,202.0</b>	<b>21,198.2</b>	<b>21,583.1</b>	<b>21,630.5</b>	<b>21,807.8</b>
Misc. expenses not written off		-	-	-	-	-

## Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Credit / (Debit) from P&L A/c.	21,602.5	16,061.1	9,836.7	3,829.7	(2,349.8)	(8,436.0)
Sub Total (C )	21,602.5	16,061.1	9,836.7	3,829.7	(2,349.8)	(8,436.0)
<b>Total shareholders' funds (B+C)</b>	<b>44,636.4</b>	<b>38,263.1</b>	<b>31,034.9</b>	<b>25,412.8</b>	<b>19,280.7</b>	<b>13,371.8</b>
<b>Controlled Fund (Total (A+B+C))</b>	<b>986,283.0</b>	<b>912,744.2</b>	<b>739,902.4</b>	<b>672,662.3</b>	<b>508,191.2</b>	<b>403,960.0</b>

## B) Reconciliation of the Controlled Fund from Restated Consolidated Statement of Revenue Account and Restated Consolidated Statement of Profit and Loss Account

(₹ in Millions)

Particulars	For the six months ended September 30, 2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Opening Balance of Controlled Fund	912,744.2	739,902.4	672,662.3	508,191.2	403,960.0	323,367.2
Add: Inflow						
Income						
Premium Income	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
Less: Reinsurance ceded	(893.4)	(1,706.2)	(1,342.0)	(674.5)	(864.7)	(561.9)
<b>Net Premium</b>	<b>90,509.6</b>	<b>192,748.6</b>	<b>161,787.7</b>	<b>147,624.5</b>	<b>119,764.4</b>	<b>114,460.5</b>
Investment Income (Excl BS fair value change)	54,472.4	114,851.7	17,829.2	122,794.8	51,825.5	24,973.4
Other Income	536.7	419.0	591.1	322.1	238.8	256.6
Income on Unclaimed amount of Policyholders	246.5	616.3	-	-	-	-
Funds transferred from Shareholders' Accounts	74.2	353.9	380.0	466.9	2,173.3	19.0
<b>Total Income</b>	<b>145,839.5</b>	<b>308,989.5</b>	<b>180,588.0</b>	<b>271,208.3</b>	<b>174,002.0</b>	<b>139,709.5</b>
Less: Outgo						
(i) Benefits paid (Net)	54,856.2	98,421.8	81,769.0	81,623.8	46,619.2	39,028.4
(ii) Interim & Terminal Bonus Paid	947.4	1,582.2	650.5	713.8	329.2	187.0
(iii) Change in Valuation of Liability	64,825.1	160,547.6	59,281.1	156,525.0	100,583.8	74,149.3
(iv) Commission	4,037.2	7,920.2	7,018.5	6,234.7	5,141.0	6,472.6
(v) Operating Expenses	12,826.2	23,852.8	18,718.3	14,888.3	12,805.2	12,160.1
(vi) Service tax charge on linked charges	1,317.3	2,160.7	1,853.9	1,531.8	1,340.0	1,279.8
(vii) Provision for Taxation	-	-	-	-	-	-
(a) Fringe Benefit Tax	-	-	-	-	-	-
(b) Income Tax	223.6	1,519.8	1,745.5	1,193.4	1,516.0	509.2
(viii) Provisions (other than taxation)	-	-	-	-	-	-
(a) Provision for Diminution in the value of Investment	(5.0)	122.4	(20.4)	(71.6)	256.3	-
(b) Others	(59.5)	(59.7)	52.2	46.5	18.8	-
<b>Total Outgo</b>	<b>138,968.5</b>	<b>296,067.8</b>	<b>171,068.6</b>	<b>262,685.7</b>	<b>168,609.5</b>	<b>133,786.4</b>
<b>Surplus of the Policyholders' Fund</b>	<b>6,871.0</b>	<b>12,921.7</b>	<b>9,519.4</b>	<b>8,522.6</b>	<b>5,392.5</b>	<b>5,923.1</b>
Less: transferred to Shareholders' Account	(4,558.0)	(7,863.4)	(7,182.5)	(6,708.6)	(7,654.0)	(3,900.1)
<b>Net Flow in Policyholders' account</b>	<b>2,313.0</b>	<b>5,058.3</b>	<b>2,336.9</b>	<b>1,814.0</b>	<b>(2,261.5)</b>	<b>2,023.0</b>
Add: Net income in Shareholders' Fund	5,708.9	9,604.7	7,775.6	7,807.7	7,383.2	4,420.4
Net In Flow / Outflow	<b>8,021.9</b>	<b>14,663.0</b>	<b>10,112.5</b>	<b>9,621.7</b>	<b>5,121.7</b>	<b>6,443.5</b>
Add: change in valuation Liabilities	64,852.5	160,555.3	59,281.1	156,525.0	100,583.8	74,149.3
Add: Increase in Paid up Capital	81.0	31.9	4.1	-	-	-
Less: Dividend and Dividend distribution tax	-	(2,644.8)	(2,160.9)	(1,675.6)	(1,166.9)	-
Add: Increase in Reserves & Surplus	583.4	236.4	3.3	-	(307.4)	-
Change Foreign Currency Translation Reserve	-	-	-	-	-	-
Material Restatement Adjustments	-	-	-	-	-	-
<b>Closing Balance of Controlled Fund</b>	<b>986,283.0</b>	<b>912,744.2</b>	<b>739,902.4</b>	<b>672,662.3</b>	<b>508,191.2</b>	<b>403,960.0</b>
<b>As Per Statement of Assets and Liabilities</b>	<b>986,283.0</b>	<b>912,744.2</b>	<b>739,902.4</b>	<b>672,662.3</b>	<b>508,191.2</b>	<b>403,960.0</b>
Difference, if any (Change in Fair Value - B/S)	-	-	-	-	-	-

## C) Reconciliation with Shareholders' and Policyholders' Fund

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Policyholders' Funds</b>						
<b>Policyholders' Funds - Traditional-PAR and NON-PAR</b>						
Opening Balance of the Policyholders' Fund	332,860.8	248,437.0	194,629.1	141,895.2	99,841.9	69,916.4
Add: Surplus of the Revenue Account	623.3	1,613.0	2,900.2	1,896.0	(1,178.2)	2,178.4
Add: change in valuation Liabilities	41,420.3	79,357.7	50,984.2	50,535.8	42,136.8	28,200.4
Add: Credit / [Debit] Fair Value Change Account	1,689.8	3,445.3	(76.5)	302.1	1,094.7	(453.3)
Reinsurance business	27.5	7.8	-	-	-	-
<b>Total</b>	<b>376,621.7</b>	<b>332,860.8</b>	<b>248,437.0</b>	<b>194,629.1</b>	<b>141,895.2</b>	<b>99,841.9</b>
<b>As per Restated Consolidated Statement of Assets and Liabilities</b>	<b>376,621.7</b>	<b>332,860.8</b>	<b>248,437.0</b>	<b>194,629.1</b>	<b>141,895.2</b>	<b>99,841.9</b>
Difference, if any (Change in Fair Value - B/S)	-	-	-	-	-	-
<b>Policyholders' Funds – Linked</b>						
Opening Balance of the Policyholders' Fund	541,620.3	460,430.5	452,620.4	347,015.3	290,746.3	244,499.5
Add: Surplus / (Deficit) of the Revenue Account	-	-	(486.8)	(384.1)	(2,178.0)	297.7
Add: change in valuation Liabilities	21,421.6	80,981.6	6,366.8	92,904.0	49,114.8	41,617.9
Add:- Increase in discontinued Policies fund	1,983.0	208.2	1,930.1	13,085.2	9,332.2	4,331.2
<b>Total</b>	<b>565,024.9</b>	<b>541,620.3</b>	<b>460,430.5</b>	<b>452,620.4</b>	<b>347,015.3</b>	<b>290,746.3</b>
<b>As per Restated Consolidate Statement of Assets and Liabilities</b>	<b>565,024.9</b>	<b>541,620.3</b>	<b>460,430.5</b>	<b>452,620.4</b>	<b>347,015.3</b>	<b>290,746.3</b>
Difference, if any	-	-	-	-	-	-
<b>Shareholders' Funds</b>						
Opening Balance of Shareholders' Fund	38,263.1	31,034.9	25,412.8	19,280.7	13,371.8	8,951.4
Add: net income of Shareholders' account (P&L)	5,708.9	9,604.7	7,775.6	7,807.7	7,383.2	4,420.4
Add: Infusion of Capital	81.0	31.9	4.1	-	-	-
Less: Dividend and Dividend distribution Tax	-	(2,644.8)	(2,160.9)	(1,675.6)	(1,166.9)	-
Add: Increase in Reserves & Surplus	583.4	236.4	3.3	-	(307.4)	-
<b>Closing Balance of the Shareholders' fund</b>	<b>44,636.4</b>	<b>38,263.1</b>	<b>31,034.9</b>	<b>25,412.8</b>	<b>19,280.7</b>	<b>13,371.8</b>
<b>As per Restated Consolidate Statement of Assets and Liabilities</b>	<b>44,636.4</b>	<b>38,263.1</b>	<b>31,034.9</b>	<b>25,412.8</b>	<b>19,280.7</b>	<b>13,371.8</b>
Difference, if any	-	-	-	-	-	-

## Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

11. Penal actions taken during year ended March 31, 2013 to six months ended September 30,2017 by various Government Authorities in pursuant to the Master Circular.

(₹ in Millions)

Sr No	Authority	Particulars	For the six months ended September 30,2017	For the year ended					
				March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	
1	Insurance Regulatory and Development Authority	Non-Compliance/ Violation	-	Deviation observed inter alia with respect to IRDAI File & Use Guidelines, Corporate Agency and Brokers Regulations	-	-	-	-	Violation of File and Use guidelines
		Penalty Awarded	-	1.5	-	-	-	-	14.7
		Penalty Paid	-	1.5	-	-	-	-	14.7
		Penalty Waived/ Reduced	-	-	-	-	-	-	-
2	Income Tax Authorities	Non-Compliance/ Violation	-	-	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-	-
3	Service Tax Authorities	Non-Compliance/ Violation	-	-	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-	-
4	Any other Tax Authorities	Non-Compliance/ Violation	-	-	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-	-
5	Enforcement Directorate/ Adjudicating Authority/ Tribunal or any Authority under FEMA	Non-Compliance/ Violation	-	-	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-	-
		Penalty Waived/ Reduced	-	-	-	-	-	-	-
6	Registrar of Companies/ NCLT/CLB/ Department of Corporate Affairs or any Authority under	Non-Compliance/ Violation	-	-	-	-	-	-	-
		Penalty Awarded	-	-	-	-	-	-	-
		Penalty Paid	-	-	-	-	-	-	-

## Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

Sr No	Authority	Particulars	For the six months ended September 30,2017	For the year ended				
				March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	Companies Act, 1956	Penalty Waived/ Reduced	-	-	-	-	-	-
7	Penalty awarded by any Court/ Tribunal for any matter including claim settlement but excluding compensation	Non-Compliance/ Violation	-	a. deficiency of Stamp duty on a lease deed b. Registration of premises under Shops and Establishment Act, 1948	-	-	-	-
		Penalty Awarded	-	-	-	-	-	
		Penalty Paid	-	-	-	-	-	
		Penalty Waived/ Reduced	-	-	-	-	-	
8	Securities and Exchange Board of India	Non-Compliance/ Violation	-	-	-	-	-	
		Penalty Awarded	-	-	-	-	-	
		Penalty Paid	-	-	-	-	-	
		Penalty Waived/ Reduced	-	-	-	-	-	
9	Competition Commission of India	Non-Compliance/ Violation	-	-	-	-	-	
		Penalty Awarded	-	-	-	-	-	
		Penalty Paid	-	-	-	-	-	
		Penalty Waived/ Reduced	-	-	-	-	-	
10	Any other Central/State/Local Government / Statutory Authority	Non-Compliance/ Violation	a) Interest levied by ESIC Authorities against dealyed payment of contribution for the period Jul 2011-Oct 2011 b) Registered to the maintained as per the Act were not available at the time of inspection by the Labour Officer	-	-	-	-	
		Penalty Awarded	a) 0.0 b) 0.1	-	-	-	-	
		Penalty Paid	a) 0.0 b) 0.1	-	-	-	-	
		Penalty Waived/ Reduced	-	-	-	-	-	

12. Following is the statement showing the age-wise analysis of the unclaimed amount of the policyholders in pursuant to Master Circular:

Statement showing age wise analysis of the unclaimed amount of the policyholder's for respective years/six months:

(₹ in Millions)

Age-wise Analysis		Particulars				Total (A+B+C+D)
		Claims settled but not paid to the policyholders / insured due to any reasons except under litigation from the insured / policyholders.	Sum due to insured's/ policyholders on maturity or otherwise.	Any excess collection of premium / 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	Cheques issued but not encashed by the policyholders / insured	
		(A)	(B)	(C)	(D)	
0-30 Days	As at September 30,2017	-	2.0	1.2	6.9	10.1
	As at March 31, 2017	20.5	1,499.5	100.1	-	1,620.1
	As at March 31, 2016	9.1	1,396.3	83.8	11.7	1,500.9
	As at March 31, 2015	11.1	273.4	82.4	115.4	482.3
	As at March 31, 2014	0.3	255.4	99.2	32.3	387.2
	As at March 31, 2013	0.5	96.9	101.3	40.1	238.8
1-6 months	As at September 30,2017	0.1	58.5	19.8	8.6	87.0
	As at March 31, 2017	7.4	1,749.9	99.8	1.2	1,858.3
	As at March 31, 2016	67.3	3,860.5	191.5	171.3	4,290.6
	As at March 31, 2015	10.9	466.8	187.0	72.6	737.4
	As at March 31, 2014	10.5	148.0	72.3	169.1	399.9
	As at March 31, 2013	2.2	101.5	89.0	180.4	373.1
7-12 months	As at September 30,2017	21.0	959.7	64.4	14.3	1,059.4
	As at March 31, 2017	28.5	2,651.8	91.5	40.4	2,812.2
	As at March 31, 2016	3.6	2.5	154.7	133.9	294.7
	As at March 31, 2015	8.0	107.0	110.2	174.9	400.1
	As at March 31, 2014	7.8	59.2	19.2	184.9	271.1
	As at March 31, 2013	0.1	37.2	44.6	295.7	377.6
13-18 months	As at September 30,2017	14.9	1,494.2	80.1	34.1	1,623.3
	As at March 31, 2017	13.4	319.1	30.6	74.4	437.5
	As at March 31, 2016	1.9	1.1	36.3	42.2	81.5
	As at March 31, 2015	8.5	72.2	13.8	115.4	209.9
	As at March 31, 2014	1.8	37.2	2.1	162.1	203.2
	As at March 31, 2013	0.0	19.2	2.8	126.1	148.1
19-24 months	As at September 30,2017	12.1	196.6	25.5	56.1	290.3
	As at March 31, 2017	17.3	53.2	53.5	42.3	166.3
	As at March 31, 2016	0.4	2.0	13.2	56.7	72.3
	As at March 31, 2015	4.0	22.6	4.8	154.5	185.9
	As at March 31, 2014	-	16.0	1.4	185.0	202.4
	As at March 31, 2013	0.0	5.1	1.3	109.7	116.1
25-30 months	As at September 30,2017	16.7	17.1	41.3	32.4	107.5
	As at March 31, 2017	0.9	66.1	12.8	5.6	85.4
	As at March 31, 2016	2.3	0.8	3.1	107.3	113.5
	As at March 31, 2015	1.6	23.5	1.3	95.1	121.5
	As at March 31, 2014	-	11.1	1.0	130.6	142.7
	As at March 31, 2013	-	32.8	0.4	72.5	105.7

Annexure XXIV : Significant Accounting Policies and Notes to the Restated Consolidated Financial Information

31-36 months	As at September 30,2017	-	23.4	10.9	6.8	41.1
	As at March 31, 2017	1.8	30.2	7.5	63.3	102.8
	As at March 31, 2016	0.3	0.3	1.8	101.3	103.7
	As at March 31, 2015	-	7.0	0.5	192.6	200.1
	As at March 31, 2014	-	1.9	0.6	83.0	85.5
	As at March 31, 2013	-	0.7	4.3	49.7	54.7
Beyond 36 months	As at September 30,2017*	12.8	194.5	11.5	526.5	745.3
	As at March 31, 2017	9.4	64.5	8.1	507.1	589.1
	As at March 31, 2016	-	4.6	1.4	649.3	655.3
	As at March 31, 2015	-	18.9	1.5	415.7	436.1
	As at March 31, 2014	-	4.4	2.6	243.3	250.3
	As at March 31, 2013	0.0	2.0	0.5	144.9	147.4
<b>Total Amount</b>	<b>As at September 30,2017</b>	<b>77.7</b>	<b>2,946.0</b>	<b>254.7</b>	<b>685.7</b>	<b>3,964.0</b>
	<b>As at March 31, 2017</b>	<b>99.2</b>	<b>6,434.4</b>	<b>403.9</b>	<b>734.3</b>	<b>7,671.8</b>
	<b>As at March 31, 2016</b>	<b>84.8</b>	<b>5,268.1</b>	<b>485.8</b>	<b>1,273.7</b>	<b>7,112.4</b>
	<b>As at March 31, 2015</b>	<b>44.0</b>	<b>991.5</b>	<b>401.5</b>	<b>1,336.2</b>	<b>2,773.2</b>
	<b>As at March 31, 2014</b>	<b>20.4</b>	<b>533.2</b>	<b>198.4</b>	<b>1,190.3</b>	<b>1,942.3</b>
	<b>As at March 31, 2013</b>	<b>2.8</b>	<b>295.4</b>	<b>244.2</b>	<b>1,019.1</b>	<b>1,561.5</b>

\*As per Master Circular on unclaimed amount of policyholders issued in July 2017 by IRDAI, out of ₹ 745.3 millions, ₹ 39.2 millions represents amounts remaining unclaimed for 10 year as on September 30, 2017 and to be transferred to Senior Citizen Welfare fund on or before March 1, 2018.

The Master Circular on Unclaimed amount of Policyholders issued by IRDAI in July 2017, has defined “Unclaimed Amounts of Policy holders” as those amounts which are outstanding for more than six months past due date or settlement date of such amount. Hence, management has identified the unclaimed amounts based on the above definition as at 30<sup>th</sup> September 2017. As at March 31, 2017, such amounts were identified by the management as unclaimed, basis internal criteria. As per the IRDAI guidelines, such unclaimed amounts were invested in a specific unit linked fund w.e.f April 1, 2016 and hence the unclaimed amounts for earlier periods cannot be reclassified/ regrouped. The corresponding amount outstanding for more than six months past due date are as mentioned below:

Particulars	As at				
	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Amount outstanding for more than six months past due date	4,026.3	1,753.8	1,783.4	1,182.5	952.7

(₹ in Millions)

13. Following is the disclosure required under IRDAI Circular No. IRDA/F&A/CIR/CLD/114/05/2015 dated May 28, 2015:

(₹ in Millions)

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Opening Balance</b>	7,671.8	-	NA	NA	NA	NA
Add: Amount transferred to unclaimed amount	12,826.4	29,572.2	NA	NA	NA	NA
Add: Cheques issued out of unclaimed amount but not encashed by the policyholders (To be included only when the cheques are stale)	270.3	2.1	NA	NA	NA	NA
Add: Investment income	315.7	545.8	NA	NA	NA	NA
Less: Amount paid during the year/six months	(17,120.2)	(22,448.3)	NA	NA	NA	NA
<b>Closing Balance of unclaimed amount</b>	<b>3,964.0</b>	<b>7,671.8</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

Comparable previous year information is not applicable since the requirement to maintain a segregated fund to manage unclaimed amount of policyholders as per. IRDAI circular No, IRDA/F&A/CIR/CPM/134/07/2015 dt. July 24, 2015 is effective from FY 2017

14. **Following is the disclosure relating to discontinued policies in accordance with the requirements of the Master Circular**

Particulars	For the six months ended September 30,2017	For the year ended				
		March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Fund for Discontinued Policies (₹ in Millions)</b>						
Opening balance of Funds for Discontinued Policies	29,940.2	29,732.0	27,801.9	14,716.7	5,384.5	1,053.2
Add-Fund of policies discontinued during the period	6,968.1	9,847.0	16,547.4	18,002.7	11,859.7	5,528.8
Less-Fund of policies revived during the period	(945.5)	(3,021.8)	(8,136.1)	(6,706.7)	(3,239.6)	(1,430.9)
Add-Net Income/ Gains on investment of the Fund	1,012.7	2,145.5	2,544.3	1,943.1	768.6	250.2
Less-Fund management charges levied	(80.6)	(155.6)	(159.1)	(108.6)	(46.8)	(14.7)
Less-Amount refunded to policyholders during the period	(4,971.7)	(8,606.9)	(8,866.4)	(45.3)	(9.7)	(2.1)
Closing balance of Fund for Discontinued Policies	31,923.2	29,940.2	29,732.0	27,801.9	14,716.7	5,384.5
<b>Other disclosures</b>						
Number of policies discontinued during the financial year/six months	63,020	112,601	115,724	132,155	144,379	92,116
Percentage of discontinued to total policies (product wise) during the year/six months						
HDFC SL Crest	0.19%	0.51%	1.09%	2.45%	4.48%	4.69%
HDFC SL ProGrowth Super II	1.08%	1.90%	2.03%	2.31%	3.06%	2.84%
HDFC SL YoungStar Super II	-	0.01%	0.10%	0.39%	0.93%	2.48%
HDFC Pension Supers Plus	0.09%	0.20%	0.24%	0.36%	0.15%	0.13%
HDFC SL Youngstar super premium	0.44%	0.92%	1.44%	2.06%	2.60%	1.30%
HDFC SL Progrowth Flexi	0.25%	0.34%	0.35%	0.39%	0.43%	0.52%
HDFC YoungStar Super II	-	-	0.01%	0.05%	0.12%	-
HDFC ProGrowth Plus	0.92%	1.42%	1.22%	1.14%	0.96%	-
HDFC Click2Invest	0.05%	0.06%	0.03%	-	-	-
HDFC Sampooran Nivesh Plan	0.02%	0.02%	-	-	-	-
HDFC Smart Woman	-	-	0.01%	0.02%	0.04%	-
HDFC Life Assured Pension Plan	0.02%	-	-	-	-	-
Number of the policies revived during the year/six months	13,670	43,918	33,018	35,302	38,744	23,564
Percentage of the policies revived during the year/six months	22%	39%	29%	27%	27%	26%
Charges imposed on account of discontinued policies (₹ in Millions)	126.2	255.1	253.8	307.5	343.7	183.0
Charges readjusted on account of revival policies (₹ in Millions)	31.2	75.1	71.9	88.2	77.2	2.0

15. **Following is the disclosure related to Participation of Insurers in Repo/Reverse Repo transactions in Government/Corporate Debt Securities in pursuant to IRDAI notification ref IRDA/F&A/CIR/INV/250/12/2012 dated December 4, 2012**

(₹ in Millions)

Particulars	As at					
	September 30,2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Securities sold under Repo</b>						
i. Government Securities:						
Minimum Outstanding during the year/six months	-	-	-	-	-	-
Maximum Outstanding during the year/six months	-	-	-	-	-	-
Daily Average Outstanding during the	-	-	-	-	-	-

Particulars		As at					
		September 30,2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
	year/six months						
	Outstanding as on period end	-	-	-	-	-	-
ii.	Corporate Debt Securities:	-					
	Minimum Outstanding during the year/six months	-	-	-	-	-	-
	Maximum Outstanding during the year/six months	-	-	-	-	-	-
	Daily Average Outstanding during the year/six months	-	-	-	-	-	-
	Outstanding as on period end	-	-	-	-	-	-
<b>Securities purchased under Reverse Repo</b>		-					
i.	Government Securities:	-					
	Minimum Outstanding during the year/six months	9,862.8	6,019.2	4,990.7	4,499.6	2,391.9	2,070.7
	Maximum Outstanding during the year/six months	14,990.6	14,992.9	14,988.5	11,536.0	9,998.3	11,623.9
	Daily Average Outstanding during the year/six months	14,411.6	13,161.9	10,282.6	9,282.4	7,987.8	5,793.3
	Outstanding as on period end	14,436.5	14,858.3	6,019.2	4,993.0	6,499.6	4,991.1
ii.	Corporate Debt Securities:						
	Minimum Outstanding during the year/six months	-	-	-	-	-	-
	Maximum Outstanding during the year/six months	-	-	-	-	-	-
	Daily Average Outstanding during the year/six months	-	-	-	-	-	-
	Outstanding as on period end	-	-	-	-	-	-

16. In accordance with the IRDAI (Investment) regulations 2016 and IRDAI circular IRDA/F&I/INV/CIR/062/03/2013 dated March 26, 2013, the Company had declared March 31, 2013, March 31, 2014, March 31, 2015 and March 31, 2016, March 31 2017, as a business day and NAV for all unit linked funds were declared on these days. All applications received till 3 PM on respective business days, were processed with NAV of the same day respectively. Applications received after this cut-off for unit linked funds are taken into the next financial year.

#### 17. Long term contracts

The Company has a process whereby periodically all long term contracts are assessed for material foreseeable losses. At the year/six months 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 including derivative contracts has been made in the financial information.

For insurance contracts, actuarial valuation of liabilities for policies in force is done by the Appointed Actuary of the Company. The assumptions used in valuation of liabilities for policies in force are in accordance with the guidelines and norms issued by the IRDAI and the Institute of Actuaries of India in concurrence with the IRDAI.

18. These Restated Consolidated Financial Information and Other Consolidated Financial Information were approved by the Executive Committee of the Board of Directors of the Company, through resolution by circulation dated October 21, 2017.

**Annexure - XXV : Statement of Adjustments to Consolidated Financial Information**

A) Summarized below are the restatement adjustments made to the audited consolidated financial statements as at for the six months ended September 30, 2017 and year ended March 31, 2017, 2016, 2015, 2014, 2013 and their impact on the profits of the Company

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Account</b>	5,541.4	8,869.2	8,167.9	7,855.1	7,253.1	4,509.8
<b>Restatement Adjustments on account of changes in accounting policy</b>						
Changes in accounting policy for Reinsurance claims (Refer note (i))	-	-	-	-	-	(43.3)
<b>Total</b>	-	-	-	-	-	(43.3)
Deferred Tax impact on above adjustment (Refer note (ii))	-	-	-	-	-	5.8
<b>Profits after Tax as per Restated Consolidated Statement of Profit and Loss Account</b>	5,541.4	8,869.2	8,167.9	7,855.1	7,253.1	4,472.3

**Notes :**

i) In the audited Consolidated financial statements of the company for the year ended March 31, 2013, the company changed the policy to recognise reinsurance claims receivable in the period in which the death claim was intimated which was previously recognised in the period in which the claim was settled, have been appropriately adjusted in the respective year to which it relate.

ii) The tax rate applicable for the respective year of adjustment has been used to calculate the deferred tax impact on restatement adjustments.

iii) The Company has made material restatement adjustments for reversal of revaluation reserve in the year in which property was reclassified from investment property to fixed assets and adjusted against revalued amount of the related fixed assets. Consequently, fixed assets – buildings and revaluation reserve forming part of Restated Consolidated Statement of Assets and Liabilities (Annexure –I) has been adjusted for ₹ 500.5 millions as at March 31, 2016, ₹ 500.5 millions as at March 31, 2015, ₹ 500.5 millions as at March 31, 2014 and ₹ 235.3 millions as at March 31, 2013. This material restatement adjustment has no impact on the profits of the company for any of the years. Further, there are no other material restatement adjustments relating to previous years which requires any restatements.

iv) There are no audit qualifications to audited Consolidated financial statements.

**B) Material Regroupings:**

Material regroupings/reclassification has been made in the Restated Consolidated Financial Information to the corresponding items of income, expenses, assets, liabilities, receipts and payments in order to bring them in line with the groupings/classifications as per the audited Consolidated financial statements of the Company as at and for the six months ended September 30, 2017.

**C) Reconciliation of Opening Net Worth as on April 1, 2012**

Particulars	(₹ in Millions)
<b>Networth* as per audited Consolidated financial statement as at April 1, 2012</b>	<b>8,606.9</b>
<b>Adjustment on account of restatement</b>	
i) Changes in accounting policy for Reinsurance claims(Refer note (i) of part A above)	43.3
ii) Deferred Tax impact on above adjustment (Refer note (ii) part A above)	(5.8)
	-
<b>Networth as per Restated Consolidated Financial information at April 1, 2012</b>	<b>8,644.4</b>

\*Networth does not include revaluation reserve

**Annexure XXVI : Restated Consolidated Statement of Capitalisation**

(₹ in Millions)

Particulars	Pre-issue as at September 30, 2017
<b>Shareholders Funds</b>	
Share Capital	20,055.5
Share application money received pending allotment of shares	10.3
Reserves and Surplus	24,080.1
Credit / (Debit) Fair Value Change Account	490.5
<b>Total Shareholder's Funds (Net worth) (A)</b>	<b>44,636.4</b>
<b>Debt</b>	
Short term debt	-
Long term debt	-
<b>Total Debt (B)</b>	<b>-</b>
<b>Total Debt (A+B)</b>	<b>44,636.4</b>
Long Term Borrowings/Equity Ratio	-
Total Debt/Equity Ratio	-

**Notes:**

- 1) The above has been computed on the basis of the restated statements of assets and liabilities of the company as on September 30, 2017.
- 2) Promoters are proposing to have an initial public offering through offer for sale. Hence there will be no change in the shareholder's funds post issue other than equity shares issued and allotted to employees on their exercise of options under company's ESOP schemes.
- 3) There has been increase in share capital amounting to 34.28 million on account of exercise of ESOP's between September 30, 2017 and October 21, 2017.

**Annexure XXVII : Restated Consolidated Statement of Accounting Ratios**

**1) New Business Premium Income Growth (segment wise)**

((New business premium Current Year - New business premium Previous Year) / New business premium Previous Year)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Participating life - Individual & group	8.8%	30.2%	58.1%	-30.4%	-24.6%	12.7%
2. Participating pension - Individual & group	-42.2%	-13.5%	37.9%	48.8%	5253.1%	-99.6%
3. Participating - Pension group variable	NA	-100.0%	21.1%	-92.3%	New Business^	NA
4. Non participating life - Individual & group	48.0%	48.3%	22.2%	47.5%	42.5%	39.0%
5. Non participating pension - Individual & group	-34.4%	97.8%	5.2%	2.5%	23.0%	-3.9%
6. Non participating - Life group variable	36.5%	189.6%	-51.1%	45.0%	New Business^	NA
7. Non participating - Pension group variable	29.5%	80.0%	35.4%	235.4%	New Business^	NA
8. Non participating fund - Annuity fund	44.4%	29.3%	-16.0%	96.7%	111.6%	418.2%
9. Non participating fund - Health fund	-17.8%	-34.0%	100.8%	35.9%	1530.1%	245.0%
10. Unit linked fund - Individual life	77.5%	11.3%	8.4%	53.9%	-43.1%	5.6%
11. Unit linked fund - Individual pension	-69.1%	5.4%	-22.8%	62.0%	-12.7%	2318.1%
12. Unit linked fund - Group life	54.7%	-2.8%	85.6%	74.7%	-26.1%	31.4%
13. Unit linked fund - Group pension	-16.7%	38.4%	82.8%	0.3%	-21.2%	-11.9%

^Business in these segments is launched in the current year

**2) Net Retention Ratio**

(Net Premium divided by Gross Premium)

(₹ in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Net Premium	90,509.6	192,748.6	161,787.7	147,624.5	119,764.4	114,460.5
Gross Premium	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
<b>Ratio</b>	<b>99.0%</b>	<b>99.1%</b>	<b>99.2%</b>	<b>99.5%</b>	<b>99.3%</b>	<b>99.5%</b>

**3) Ratio of Expenses of management**

(Expenses of management divided by Total Gross direct Premium)

(₹ in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Management Expenses	16,863.4	31,773.0	25,736.8	21,123.0	17,946.2	18,632.7
Total Gross Premium	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
<b>Ratio</b>	<b>18.4%</b>	<b>16.3%</b>	<b>15.8%</b>	<b>14.2%</b>	<b>14.9%</b>	<b>16.2%</b>

**4) Commission Ratio**

(Gross Commission paid to Gross Premium)

(₹ in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Gross Commission	4,037.2	7,920.2	7,018.5	6,234.7	5,141.0	6,472.6
Gross Premium	91,403.0	194,454.8	163,129.7	148,299.0	120,629.1	115,022.4
<b>Ratio</b>	<b>4.4%</b>	<b>4.1%</b>	<b>4.3%</b>	<b>4.2%</b>	<b>4.3%</b>	<b>5.6%</b>

**5) Ratio of Policyholders' liabilities to Shareholders' funds**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Policyholders' liability	935,940.4	870,492.0	708,331.4	646,636.9	488,600.0	391,372.4
Shareholders' funds	44,636.4	38,263.1	31,034.9	25,412.8	19,280.7	13,371.8
<b>Ratio</b>	<b>2096.8%</b>	<b>2275.0%</b>	<b>2282.4%</b>	<b>2544.5%</b>	<b>2534.1%</b>	<b>2926.8%</b>

**Annexure XXVII : Restated Consolidated Statement of Accounting Ratios**

**6) Growth rate of Shareholders' funds**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Shareholders' funds as at end of the year/six months	44,636.4	38,263.1	31,034.9	25,412.8	19,280.7	13,371.8
Growth in Shareholders' funds	6,373.3	7,228.2	5,622.1	6,132.1	5,908.9	4,418.8
<b>Growth rate</b>	<b>16.7%</b>	<b>23.3%</b>	<b>22.1%</b>	<b>31.8%</b>	<b>44.2%</b>	<b>49.4%</b>

**7) Ratio of Surplus / (Deficit) to Policyholders' liability**

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Surplus / (Deficit) in Revenue Account	5,181.3	9,476.4	9,595.9	8,220.5	4,297.8	6,376.2
Policyholders' liability	935,940.4	870,492.0	708,331.4	646,636.9	488,600.0	391,372.4
<b>Ratio</b>	<b>0.6%</b>	<b>1.1%</b>	<b>1.4%</b>	<b>1.3%</b>	<b>0.9%</b>	<b>1.6%</b>

**8) Change in Net worth**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Net worth as at end of the year/six months	44,636.4	38,263.1	31,034.9	25,412.8	19,280.7	13,371.8
Net worth as at beginning of the year	38,263.1	31,034.9	25,412.8	19,280.7	13,371.8	8,953.0
<b>Change</b>	<b>6,373.3</b>	<b>7,228.2</b>	<b>5,622.1</b>	<b>6,132.1</b>	<b>5,908.9</b>	<b>4,418.8</b>

**9) Profit after tax / Total Income**

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Profit after Tax	5,541.4	8,869.2	8,167.9	7,855.1	7,253.1	4,472.3
Total Income	145,439.7	307,494.1	182,102.3	272,472.4	171,894.7	140,855.0
<b>Ratio</b>	<b>3.8%</b>	<b>2.9%</b>	<b>4.5%</b>	<b>2.9%</b>	<b>4.2%</b>	<b>3.2%</b>

**10) Total of Real Estate + Loans / Cash & invested assets**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Loans	162.3	478.6	930.7	1,256.4	476.8	782.2
Investment properties-Real estate*	2,535.2	2,558.3	2,586.1	2,641.2	2,104.9	2,463.8
Cash & invested assets	997,998.2	925,208.1	748,710.7	675,960.6	509,721.6	408,680.9
<b>Ratio</b>	<b>0.3%</b>	<b>0.3%</b>	<b>0.5%</b>	<b>0.6%</b>	<b>0.5%</b>	<b>0.8%</b>

\* includes investments in Fixed Assets – Building as per the Master Circular

**11) Total Investments / Total of (Capital + Surplus)**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Total Investments	995,360.6	917,712.9	742,367.5	671,492.0	505,748.0	404,822.2
Capital	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Reserves	24,080.1	17,955.2	11,494.4	5,484.1	1,654.4	1,961.8
<b>Ratio</b>	<b>22.6</b>	<b>24.2</b>	<b>23.6</b>	<b>26.4</b>	<b>23.4</b>	<b>18.5</b>

**12) Total affiliated Investments / Total of (Capital + Surplus)**

(₹ in Millions)

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Total affiliated Investments	8,665.6	10,466.9	7,859.5	8,943.0	7,340.2	7,170.0
Capital	20,055.5	19,984.8	19,952.9	19,948.8	19,948.8	19,948.8
Reserves	24,080.1	17,955.2	11,494.4	5,484.1	1,654.4	1,961.8
<b>Ratio</b>	<b>0.2</b>	<b>0.3</b>	<b>0.2</b>	<b>0.4</b>	<b>0.3</b>	<b>0.3</b>

**Annexure XXVII : Restated Consolidated Statement of Accounting Ratios**

**13) Investment yield (gross and net)**

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>A. Without Unrealised Gains/Losses</b>						
Shareholders' Funds	3.7%	8.0%	7.0%	10.6%	8.7%	8.6%
Policyholders' Funds						
<b>Non Linked</b>						
Participating	5.1%	9.3%	6.0%	13.2%	8.8%	9.2%
Non Participating	4.2%	9.1%	8.9%	9.7%	9.2%	9.1%
<b>Linked</b>						
Non Participating	4.8%	10.4%	11.2%	11.1%	4.4%	6.3%
<b>B. With Unrealised Gains/Losses</b>						
Shareholders' Funds	4.3%	12.7%	4.9%	15.5%	7.6%	9.6%
Policyholders' Funds						
<b>Non Linked</b>						
Participating	4.6%	13.2%	6.1%	19.8%	4.8%	12.2%
Non Participating	5.1%	11.4%	8.3%	14.9%	7.0%	11.1%
<b>Linked</b>						
Non Participating	6.0%	17.4%	-0.9%	28.3%	12.2%	5.4%

**14) Conservation ratio**

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Participating life - Individual & group	89.1%	88.7%	91.9%	89.4%	83.4%	82.5%
2. Participating pension - Individual & group	99.0%	57.8%	92.0%	92.4%	90.8%	83.4%
3. Participating - Pension group variable	NA	NA	NA	NA	NA	NA
4. Non participating life - Individual & group	86.1%	87.0%	85.1%	82.9%	87.6%	84.1%
5. Non participating pension - Individual & group	95.8%	89.0%	88.6%	81.7%	NA	NA
6. Non participating - Life group variable	NA	NA	NA	NA	NA	NA
7. Non participating - Pension group variable	NA	NA	NA	NA	NA	NA
8. Non participating fund - Annuity fund	NA	NA	NA	NA	NA	NA
9. Non participating fund - Health fund	85.1%	41.7%	62.6%	59.0%	63.5%	74.1%
10. Unit linked fund - Individual life	79.2%	77.4%	75.3%	90.1%	78.0%	76.1%
11. Unit linked fund - Individual pension	89.4%	86.1%	68.0%	92.8%	70.2%	80.6%
12. Unit linked fund - Group life	NA	NA	NA	NA	NA	NA
13. Unit linked fund - Group pension	NA	NA	NA	NA	NA	NA

**15) Persistency ratio**

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
1. Premium Persistency Ratio (based on original annualised premiums)						
13th month	82.2%	80.9%	78.9%	73.3%	69.0%	75.7%
25th month	74.4%	73.3%	67.5%	64.0%	69.0%	78.3%
37th month	65.6%	63.9%	60.1%	65.1%	67.1%	60.0%
49th month	59.3%	58.3%	63.4%	64.2%	54.8%	30.9%
61st month	55.4%	56.8%	50.0%	39.8%	21.2%	15.4%

**Notes:**

- The persistency ratios have been calculated in accordance with the IRDAI circular no. IRDA/ACT/CIR/MISC/035/01/2014 dated January 23, 2014 and hence are with a lag of one month.
- The persistency ratios have been calculated for the policies issued in the March to February period of the relevant years. For eg: the 13th month persistency for current year is calculated for the policies issued from March 2015 to February 2016.
- Group business and Rural business are excluded in the calculation of the persistency ratios.

**Annexure XXVII : Restated Consolidated Statement of Accounting Ratios**

**16) NPA ratio**

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>A. Gross NPA Ratio</b>						
Shareholder's Funds	-	0.3%	-	-	-	-
Policyholder's Funds						
<b>Non Linked</b>						
Participating	-	0.1%	0.1%	0.1%	0.1%	-
Non Participating	-	-	0.1%	0.2%	0.3%	-
<b>Linked</b>						
Non Participating	-	-	-	-	-	-
<b>B. Net NPA Ratio</b>						
Shareholder's Funds	-	0.1%	-	-	-	-
Policyholder's Funds						
<b>Non Linked</b>						
Participating	-	-	-	0.1%	0.1%	-
Non Participating	-	-	0.1%	0.1%	0.2%	-
<b>Linked</b>						
Non Participating	-	-	-	-	-	-

**17) Solvency ratio<sup>^</sup>**

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Solvency Ratio</b>	200.5%	191.6%	198.4%	196.1%	193.9%	217.4%

<sup>^</sup>Solvency ratio has been stated on the basis of computation certified by Appointed Actuary and it excludes inadmissible assets as required by the IRDA ( Assets, Liabilities and Solvency Margins of Insurers) regulations and directions received from IRDAI from time to time.

**18) Earning Per Share**

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
a) Basic Earnings Per Share (₹)	2.77	4.44	4.09	3.94	3.64	2.24
b) Diluted Earnings Per Share (₹)	2.76	4.42	4.09	3.93	3.64	2.24
c) Nominal value of shares (₹)	10.0	10.0	10.0	10.0	10.0	10.0

**19) Return on networth**

(₹ in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Profit after Tax	5,541.4	8,869.2	8,167.9	7,855.1	7,253.1	4,472.3
Average Networth	41,449.8	34,649.0	28,223.9	22,346.8	16,326.3	11,162.4
<b>Ratio</b>	<b>13.4%</b>	<b>25.6%</b>	<b>28.9%</b>	<b>35.2%</b>	<b>44.4%</b>	<b>40.1%</b>

**20) Net Assets Value per Share**

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Networth (₹ in Millions)	44,636.4	38,263.1	31,034.9	25,412.8	19,280.7	13,371.8
Total number of equity shares outstanding at the end of the year/period	2,005,545,370	1,998,475,283	1,995,288,138	1,994,880,096	1,994,880,096	1,994,880,096
<b>Net Assets Value per Share (₹)</b>	<b>22.3</b>	<b>19.1</b>	<b>15.6</b>	<b>12.7</b>	<b>9.7</b>	<b>6.7</b>

Accounting ratios has been calculated as per the requirements of IRDAI Regulation or SEBI Regulation, as applicable.

## Annexure XXVIII : Restated Consolidated Statement on Segment Disclosures

(₹ in Millions)

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Segment Income</b>						
<b>Segment A - Participating - Individual &amp; Group Life :</b>						
Net Premium	21,753.3	48,124.0	40,805.6	34,457.4	32,034.7	28,493.9
Income from Investments	10,746.4	15,862.8	8,574.0	14,037.7	7,209.4	5,291.9
Other Income	152.2	184.6	209.1	214.3	172.8	168.5
<b>Segment B - Participating - Individual &amp; Group Pension :</b>						
Net Premium	929.4	2,152.0	2,802.9	2,373.9	2,090.0	1,974.1
Income from Investments	700.8	1,676.9	740.3	1,819.3	1,083.9	1,011.4
Other Income	4.5	6.9	11.3	12.4	8.9	8.1
<b>Segment C - Participating - Pension Group Variable :</b>						
Net Premium	-	-	17.0	14.0	182.0	-
Income from Investments	-	-	2.6	4.0	4.7	-
Other Income	-	-	-	-	-	-
<b>Segment D - Non Participating - Individual &amp; Group Life :</b>						
Net Premium	16,692.6	29,114.9	19,742.2	14,486.7	8,902.8	6,082.8
Income from Investments	2,423.0	3,858.3	2,577.1	2,167.0	1,303.1	897.5
Other Income	20.1	28.4	28.1	20.8	10.3	4.4
<b>Segment E - Non Participating - Life Group Variable :</b>						
Net Premium	1,903.3	5,082.1	1,754.8	3,589.2	2,475.4	-
Income from Investments	480.8	690.8	547.9	395.6	54.1	-
Other Income	-	-	-	1.2	0.3	-
<b>Segment F - Non Participating - Individual &amp; Group Pension :</b>						
Net Premium	2,439.3	7,392.5	3,999.6	3,457.3	2,809.2	2,284.6
Income from Investments	894.7	1,449.3	962.4	906.0	693.0	373.0
Other Income	2.8	3.5	3.3	2.6	1.3	-
<b>Segment G - Non Participating - Pension Group Variable :</b>						
Net Premium	3,345.2	6,150.3	3,417.2	2,524.2	752.7	-
Income from Investments	512.2	646.0	376.1	109.2	14.6	-
Other Income	-	-	-	0.8	0.1	-
<b>Segment H - Non Participating - Annuity fund :</b>						
Net Premium	2,189.6	3,461.1	2,677.0	3,186.1	1,619.7	765.5
Income from Investments	743.5	873.7	640.3	431.2	145.3	57.3
Other Income	2.6	1.2	2.4	1.7	0.2	0.2
<b>Segment I - Non Participating - Health fund :</b>						
Net Premium	391.3	578.0	660.1	346.4	169.4	24.8
Income from Investments	14.6	25.9	20.5	18.0	4.5	3.4
Other Income	1.2	1.9	2.2	0.9	0.7	-
<b>Segment J - Unit Linked - Individual Life :</b>						
Net Premium	31,148.2	69,517.7	65,719.9	64,949.0	54,609.5	57,725.1
Income from Investments	27,808.3	66,204.2	2,220.5	74,888.7	27,971.8	11,115.5
Other Income	347.9	130.2	323.0	58.2	39.6	68.5
<b>Segment K - Unit Linked - Individual Pension :</b>						
Net Premium	4,459.5	12,265.8	11,478.8	13,536.6	11,179.0	13,180.0
Income from Investments	5,989.9	14,407.5	(638.4)	22,785.1	10,321.2	4,549.2
Other Income	5.4	62.3	11.7	7.6	4.3	6.9
<b>Segment L - Unit Linked - Group Life :</b>						
Net Premium	4,645.5	7,431.6	7,644.3	4,119.4	2,357.6	3,190.2
Income from Investments	1,967.8	4,514.1	1,516.9	3,634.4	1,423.8	1,568.9
Other Income	-	-	-	1.4	0.2	-
<b>Segment M - Unit Linked - Group Pension :</b>						
Net Premium	612.4	1,478.6	1,068.3	584.3	582.4	739.5
Income from Investments	500.8	1,196.9	365.5	1,296.5	501.4	558.4
Other Income	-	-	-	0.2	0.1	-
<b>Total</b>	<b>143,829.1</b>	<b>304,574.0</b>	<b>180,284.5</b>	<b>270,439.3</b>	<b>170,734.0</b>	<b>140,143.6</b>
<b>Shareholder :</b>						
Income from Investments	1,230.7	2,303.0	1,712.1	2,033.0	1,160.7	711.4
Other Income	133.4	0.8	105.7	0.1	-	-
<b>Total</b>	<b>1,364.1</b>	<b>2,303.8</b>	<b>1,817.8</b>	<b>2,033.1</b>	<b>1,160.7</b>	<b>711.4</b>
<b>Grand Total</b>	<b>145,193.2</b>	<b>306,877.8</b>	<b>182,102.3</b>	<b>272,472.4</b>	<b>171,894.7</b>	<b>140,855.0</b>

## Annexure XXVIII : Restated Consolidated Statement on Segment Disclosures

(₹ in Millions)

**Segment Surplus/ Deficit (net of transfer from shareholders' A/c) :**

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Segment Surplus/ Deficit (net of transfer from shareholders' A/c) :</b>						
Segment A - Participating - Individual & Group Life	456.4	1,789.8	3,392.0	1,963.4	(1,185.9)	2,087.7
Segment B - Participating - Individual & Group Pension	167.0	588.1	200.3	530.7	476.8	491.9
Segment C - Participating - Pension Group Variable	-	-	(0.9)	1.3	0.5	-
Segment D - Non Participating - Individual & Group Life	2,549.6	3,502.2	3,862.6	1,510.4	(1,220.6)	390.2
Segment E - Non Participating - Life Group Variable	(9.5)	(28.8)	(18.0)	(74.4)	(70.1)	-
Segment F - Non Participating - Individual & Group Pension	169.4	395.0	152.1	564.9	(314.4)	(19.0)
Segment G - Non Participating - Pension Group Variable	(64.7)	(72.5)	(63.7)	(52.9)	(20.9)	-
Segment H - Non Participating - Annuity fund	189.8	(183.4)	(87.2)	(290.7)	(221.5)	0.3
Segment I - Non Participating - Health fund	97.9	20.5	(211.2)	(48.9)	(326.0)	6.7
Segment J - Unit Linked - Individual Life	679.0	1,568.7	1,440.5	2,623.1	3,710.1	1,747.0
Segment K - Unit Linked - Individual Pension	700.9	1,359.4	438.8	966.2	1,243.9	1,596.7
Segment L - Unit Linked - Group Life	109.9	173.3	79.2	15.0	35.5	27.0
Segment M - Unit Linked - Group Pension	61.4	10.2	31.4	45.5	17.1	28.7
<b>Total</b>	<b>5,107.1</b>	<b>9,122.5</b>	<b>9,215.9</b>	<b>7,753.6</b>	<b>2,124.5</b>	<b>6,357.2</b>
Shareholders	1,057.6	1,359.7	1,365.4	1,613.4	1,772.4	591.2
<b>Grand Total</b>	<b>6,164.7</b>	<b>10,482.2</b>	<b>10,581.3</b>	<b>9,367.0</b>	<b>3,896.9</b>	<b>6,948.4</b>

**Segment Assets:**

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
<b>Segment Assets:</b>						
Segment A - Participating - Individual & Group Life	222,104.7	201,216.6	159,304.4	128,184.6	94,985.7	70,245.3
Segment B - Participating - Individual & Group Pension	22,216.0	20,651.8	17,565.1	15,258.2	12,464.2	10,869.3
Segment C - Participating - Pension Group Variable	-	-	-	18.0	65.0	-
Segment D - Non Participating - Individual & Group Life	63,170.8	53,635.9	35,089.6	25,349.2	17,799.7	10,783.4
Segment E - Non Participating - Life Group Variable	13,195.4	10,850.6	7,267.6	5,730.7	2,564.8	-
Segment F - Non Participating - Individual & Group Pension	24,476.0	21,461.1	13,908.5	10,273.8	8,513.5	5,287.8
Segment G - Non Participating - Pension Group Variable	15,024.2	11,493.0	5,758.6	3,080.0	776.8	-
Segment H - Non Participating - Annuity fund	14,947.3	12,797.7	9,150.4	6,463.5	2,956.1	1,221.5
Segment I - Non Participating - Health fund	305.9	298.0	285.4	163.6	133.8	19.5
Segment J - Unit Linked - Individual Life	420,535.5	404,414.5	343,461.0	333,276.3	247,166.3	197,516.1
Segment K - Unit Linked - Individual Pension	91,618.7	88,725.6	77,890.7	86,097.9	74,478.4	69,257.5
Segment L - Unit Linked - Group Life	41,334.4	37,699.7	29,930.4	24,221.3	18,920.3	17,860.4
Segment M - Unit Linked - Group Pension	9,741.6	9,289.4	7,718.6	7,825.6	6,450.0	6,112.0
<b>Total</b>	<b>938,670.6</b>	<b>872,533.9</b>	<b>707,330.3</b>	<b>645,942.7</b>	<b>487,274.6</b>	<b>389,172.8</b>
Shareholder	44,102.5	37,707.3	30,443.6	24,927.0	19,280.6	13,371.8
Unallocated	3,510.0	2,503.0	2,128.6	1,792.6	1,636.0	1,415.4
<b>Grand Total</b>	<b>986,283.0</b>	<b>912,744.2</b>	<b>739,902.4</b>	<b>672,662.3</b>	<b>508,191.2</b>	<b>403,960.0</b>

**Segment Policy Liabilities:**

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Segment A - Participating - Individual & Group Life	218,987.1	198,489.7	159,000.4	127,808.0	95,377.7	71,366.7
Segment B - Participating - Individual & Group Pension	21,357.7	20,204.7	17,558.9	15,245.9	12,598.2	11,148.0
Segment C - Participating - Pension Group Variable	-	-	-	18.0	65.0	-
Segment D - Non Participating - Individual & Group Life	63,140.2	53,387.9	34,973.3	25,233.1	18,594.2	11,578.1
Segment E - Non Participating - Life Group Variable	12,812.2	10,782.8	7,267.6	5,730.7	2,564.8	-
Segment F - Non Participating - Individual & Group Pension	24,449.8	21,442.1	13,906.5	10,273.8	8,513.5	5,287.8
Segment G - Non Participating - Pension Group Variable	14,947.9	11,472.6	5,758.6	3,080.0	776.8	-
Segment H - Non Participating - Annuity fund	14,935.1	12,797.7	9,150.4	6,463.5	2,960.8	1,226.2
Segment I - Non Participating - Health fund	285.9	294.6	285.4	163.6	133.8	19.4
Segment J - Unit Linked - Individual Life	422,345.4	405,912.3	344,883.5	334,468.4	247,166.5	197,516.3
Segment K - Unit Linked - Individual Pension	91,618.6	88,725.6	77,890.7	86,097.9	74,478.4	69,257.5
Segment L - Unit Linked - Group Life	41,318.9	37,692.6	29,937.5	24,228.4	18,920.3	17,860.4
Segment M - Unit Linked - Group Pension	9,741.6	9,289.4	7,718.6	7,825.6	6,450.0	6,112.0
<b>Total</b>	<b>935,940.4</b>	<b>870,492.0</b>	<b>708,331.4</b>	<b>646,636.9</b>	<b>488,600.0</b>	<b>391,372.4</b>
<b>Policy Liabilities - Reinsurance Business</b>	<b>35.2</b>	<b>7.7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total</b>	<b>935,975.6</b>	<b>870,499.7</b>	<b>708,331.4</b>	<b>646,636.9</b>	<b>488,600.0</b>	<b>391,372.4</b>

## Notes:

- Segment policy liabilities includes fund for future appropriations
- Unallocated row in the segmental assets above includes income tax deposited with tax authorities which is contested by the company and Advance Tax (net of provision for taxation). As per Accounting Standard 17, tax asset cannot be allocated across reporting segments.

**Annexure XXIX : Restated Consolidated statement of Secured & Unsecured Borrowings**

**(₹ in Millions)**

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Secured & Unsecured Borrowings	-	-	-	-	-	-

**Annexure XXX : Restated Consolidated Statement of Debtors**

**(₹ in Millions)**

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Receivables outstanding for a period not exceeding six months from the date they became due for payment	1,911.8	4,579.1	7,411.5	5,547.3	3,989.6	3,252.9
Other Debts	-	-	-	-	-	-

The above disclosures does not include outstanding premiums as disclosed under Annexure – XX : Restated Consolidated Statement of Advances and other assets, since the same are not considered as debtors

Of the above receivables, balance receivable from parties related to directors, promoters and issuer are stated below:

**(₹ in Millions)**

Particulars	As at					
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Receivables from the parties related to directors, promoters or issuer.	-	-	-	-	-	-

**Annexure XXXI : Restated Consolidated Statement of Other Income**

The group's major revenue is earned through its core business of selling insurance contracts and through income from investments earned out of Policyholders' and Shareholders' funds, which is ancillary to its core business of Insurance. "Other income" earned by the Company is not material and is less than 20% of the net profit before tax as given below for the six months ended September 30 2017 and year ended Mar 31 2017, Mar 31 2016, Mar 31 2015, Mar 31 2014 and Mar 31 2013

(₹ in Millions)

Particulars	For the six months ended	For the year ended				
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Other Income	670.1	419.8	696.8	322.2	238.8	256.6
Profit / (Loss) before tax	5,709.1	9,089.3	8,333.8	8,045.8	6,425.4	4,514.7
<b>Other income as a % to Profit / (Loss) before tax</b>	<b>11.7%</b>	<b>4.6%</b>	<b>8.4%</b>	<b>4.0%</b>	<b>3.7%</b>	<b>5.7%</b>

**Annexure XXXII : Restated Consolidated Statement of Dividend**

**Interim Dividend**

The Company has declared the interim dividend on equity share in each of the years/six months as follows:

Particulars	For the six months ended		For the year ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
Number of equity shares at the time of declaration of dividend	NA	1,997,648,038	1,994,892,696	1,994,880,096	1,994,880,096	NA
Interim Dividend Rate	NA	11.0%	9.0%	7.0%	5.0%	NA
Face Value (₹)	10.0	10.0	10.0	10.0	10.0	10.0
Board Approval date	NA	December	December	November	December	NA
		15,2016	18,2015	24,2014	20,2013	
Dividend Paid on Equity Shares (₹ in Millions)	NA	2,197.4	1,795.4	1,396.4	997.4	NA
Tax on Dividend Paid (₹ in Millions)	NA	447.4	365.5	279.2	169.5	NA

**Annexure XXXIII : Restated consolidated Statement of Related Party Transactions**

<b>Sr No</b>	<b>Name of Related Party</b>	<b>Nature of Relationship</b>	<b>Period</b>
1	Housing Development Finance Corporation Limited (HDFC Limited)	Holding Company	FY 2012-13 to September 30, 2017
2	Standard Life (Mauritius Holdings) 2006 Limited	Investing Company	FY 2012-13 to September 30, 2017
3	HDFC Asset Management Company Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
4	HDFC Developers Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
5	HDFC Holdings Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
6	HDFC Trustee Company Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
7	HDFC Realty Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
8	HDFC Investments Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
9	HDFC ERGO General Insurance Company Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
10	GRUH Finance Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
11	HDFC Sales Private Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
12	HDFC Venture Capital Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
13	HDFC Ventures Trustee Company Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
14	HDFC Property Ventures Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
15	HDFC Property Fund - Scheme - HDFC IT Corridor Fund	Entities over which control is exercised by Holding Company	FY 2012-13 to FY 2013-14
16	HDFC Investment Trust	Entities over which control is exercised by Holding Company	FY 2012-13 to September 30, 2017
17	HDFC Investment Trust II	Entities over which control is exercised by Holding Company	FY 2014-15 to September 30, 2017
18	HDFC Credila Financial Services Private Limited (Erstwhile Credila Financial Services Private Limited )	Fellow Subsidiary	FY 2012-13 to September 30, 2017
19	HDFC Capital Advisors Limited	Fellow Subsidiary	FY 2015-16 to September 30, 2017
20	HDFC Asset Management Company (Singapore) Pte. Limited (subsidiary of HDFC Asset Management Company Limited)	Fellow Subsidiary	FY 2012-13
21	Griha Investments (subsidiary of HDFC Holdings Limited)	Fellow Subsidiary	FY 2012-13 to September 30, 2017
22	HDFC Education and Development Services Private Limited	Fellow Subsidiary	FY 2012-13 to September 30, 2017
23	Griha Pte Ltd., Singapore (Subsidiary of HDFC Investments Ltd.)	Fellow Subsidiary	FY 2012-13 to September 30, 2017
24	HDFC General Insurance Company Ltd.(Subsidiary of HDFC Ergo General Insurance Company Limited)	Fellow Subsidiary	FY 2016-17 to September 30, 2017
25	H.T.Parekh Foundation	Fellow Subsidiary	FY 2012-13 to FY 2014-15
26	Windermere Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
27	Grandeur Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
28	Winchester Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
29	Pentagram Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
30	Haddock Properties Private Limited	Fellow Subsidiary	FY 2013-14 to September 30, 2017
31	Mr. Amitabh Chaudhry - Managing Director and Chief Executive Officer	Key Management Personnel	FY 2012-13 to September 30, 2017
32	Ms Vibha Padalkar - Executive Director and Chief Financial Officer (From August 14, 2012)	Key Management Personnel	FY 2012-13 to September 30, 2017
33	Mr Umesh Padalkar (relative of Ms Vibha Padalkar)	Relative of Key Management Personnel	FY 2012-13 to September 30, 2017
34	Ms Chhavi Kharb (relative of Mr Amitabh Chaudhry)	Relative of Key Management Personnel	FY 2013-14 to September 30, 2017
35	Mr. Paresh Parasnis - Executive Director and Chief Operating Officer (Resigned from July 31, 2012)	Key Management Personnel	FY 2012-13
36	Mr. Ashutosh Parasnis (relative of Mr. Paresh Parasnis)	Relative of Key Management Personnel	FY 2012-13
37	Ms Preeti Chaudhry (relative of Mr Amitabh Chaudhry)	Relative of Key Management Personnel	FY 2016-17 to September 30, 2017

**Annexure XXXIII : Restated consolidated Statement of Related Party Transactions**

A) The transactions between the Company and its related parties are as given below.

(₹ in Millions)

Name of Company	Description	Type of Transaction	For the six months ended		For the year ended				
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	
HDFC Limited	Commission expense paid/due for sale of insurance policies	Value of transactions Receivable/ (Payable)	0.3 (0.0)	0.6 (0.1)	0.6 (0.1)	0.8 (0.1)	0.8 (0.1)	0.9 (0.1)	
	Reimbursements- Paid/(Received)	Value of transactions	-	-	-	-	-	0.1	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Investment Income earned on the Investments*	Value of transactions	(366.3)	(676.8)	(556.8)	(559.8)	(454.6)	(381.4)	
		Receivable/ (Payable)	226.3	494.2	295.6	305.1	270.3	225.2	
	Investments*	Value of transactions	-	-	-	-	-	-	
		Receivable/ (Payable)	8,665.6	10,466.9	7,859.5	8,943.0	7,340.2	7,170.0	
	Purchase of Investments*	Value of transactions	-	-	-	-	250.0	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Sale of Investments*	Value of transactions	(400.0)	(867.6)	(200.0)	(250.0)	(410.7)	(200.0)	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Loan given*	Value of transactions	-	-	-	-	-	500.0	
		Receivable/ (Payable)	-	-	-	-	-	-	
	Dividend paid*	Value of transactions	-	1,352.7	1,268.4	1,010.6	721.9	-	
		Receivable/ (Payable)	-	-	-	-	-	-	
Brokerage Fees	Value of transactions	-	-	-	-	20.0	-		
	Receivable/ (Payable)	-	-	-	-	-	-		
Name Usage Fees*	Value of transactions	274.2	583.4	489.4	-	-	-		
	Receivable/ (Payable)	(176.2)	(227.6)	(80.5)	-	-	-		
Charges for hiring training infrastructure facility	Value of transactions	0.9	1.0	0.3	-	-	-		
	Receivable/ (Payable)	0.3	(0.1)	-	-	-	-		
Standard Life (Mauritius Holdings)	Dividend paid*	Value of transactions	-	768.0	466.8	363.1	259.3	-	
	Receivable/ (Payable)	-	-	-	-	-	-		
HDFC Asset Management Company Limited	Premium Income	Value of transactions	(3.5)	(2.6)	(2.5)	(1.6)	(0.7)	(0.8)	
	Receivable/ (Payable)	(0.3)	(0.1)	-	-	-	-		
GRUH Finance Limited	Group term insurance premium advance	Value of transactions	-	-	-	-	-	-	
	Receivable/ (Payable)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	-		
HDFC ERGO General Insurance Company Limited	Insurance premium expenses	Value of transactions	4.5	8.5	3.8	2.4	89.6	2.8	
	Receivable/ (Payable)	0.7	0.5	0.6	0.6	0.5	0.3		
Sale of Investment	Value of transactions	-	(110.9)	-	-	-	-		
	Receivable/ (Payable)	-	-	-	-	-	-		
Insurance claim received	Value of transactions	(4.9)	(1.4)	(1.0)	(4.2)	(0.4)	(2.1)		
	Receivable/ (Payable)	-	-	-	-	-	-		
Premium Income	Value of transactions	(1.7)	(7.4)	(8.0)	(7.5)	(8.7)	(6.5)		
	Receivable/ (Payable)	(0.0)	(0.7)	(0.9)	(0.7)	(0.2)	-		
Purchase of Investment	Value of transactions	101.3	-	-	-	109.9	-		
	Receivable/ (Payable)	-	-	-	-	-	-		
Insurance claim Paid	Value of transactions	-	-	-	-	-	1.0		
	Receivable/ (Payable)	-	-	-	-	-	-		
HDFC Sales Private Limited	Commission expense paid/due for sale of insurance policies	Value of transactions	115.2	216.0	112.4	81.4	69.5	53.2	
	Receivable/ (Payable)	(21.0)	(30.2)	(12.6)	(10.3)	(4.4)	(8.2)		
Web Branding Expense	Value of transactions	-	-	-	-	96.0	108.0		
	Receivable/ (Payable)	-	-	-	-	-	-		
HDFC Credila Financial Services	Group term insurance premium advance	Value of transactions	-	-	-	-	-	-	
	Receivable/ (Payable)	(0.2)	(0.2)	(0.2)	-	-	-		
HDFC Capital Advisors Ltd	Premium income	Value of transactions	(0.0)	-	-	-	-	-	
	Receivable/ (Payable)	(0.0)	(0.1)	-	-	-	-		
HDFC Realty Limited	Brokerage Fees	Value of transactions	-	-	0.5	-	1.0	-	
	Receivable/ (Payable)	-	-	-	-	-	-		
Valuation of a property	Value of transactions	-	-	0.1	-	-	-		
	Receivable/ (Payable)	-	-	-	-	-	-		
Key Management Personnel	Premium Income	Value of transactions	(0.3)	(0.4)	(0.4)	(0.3)	(0.3)	(0.2)	
	Receivable/ (Payable)	-	-	-	-	-	-		
Managerial remuneration	Value of transactions	494.7	133.6	117.4	116.7	74.2	61.2		
	Receivable/ (Payable)	-	-	-	-	-	-		
Dividend Paid	Value of transactions	-	2.6	1.7	1.1	-	-		
	Receivable/ (Payable)	-	-	-	-	-	-		
Relative of Key Management Personnel	Premium income	Value of transactions	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
	Receivable/ (Payable)	-	-	-	-	-	-		

**Annexure XXXIII : Restated consolidated Statement of Related Party Transactions**

B) Other entities identified as group entities for disclosure under Corporate Governance guidelines for Insurers in India, 2016, issued by IRDAI

Name of Company	Description	Type of Transaction	For the six months ended		For the year ended			
			September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013
HDFC Bank Limited	Premium Income	Value of transactions	(15.2)	(125.7)	(157.4)	(68.7)	(70.3)	(42.1)
		Receivable/ (Payable)	(19.0)	(19.0)	(19.0)	(4.6)	(4.6)	(1.7)
	Investment Income earned on the Investments*	Value of transactions	(230.1)	(313.1)	(314.0)	(239.1)	(158.9)	(77.5)
		Receivable/ (Payable)	23.6	26.4	44.6	50.2	24.3	17.7
	Commission expense paid/due for sale of insurance policies*	Value of transactions	2,727.0	5,668.9	5,289.8	4,540.3	3,368.2	4,665.2
		Receivable/ (Payable)	(188.5)	(1,116.6)	(611.8)	(186.2)	(295.3)	(705.9)
	Custodian Fees Paid	Value of transactions	6.3	33.4	29.1	38.5	30.1	26.6
		Receivable/ (Payable)	-	-	-	-	-	-
	Bank Charges Paid	Value of transactions	35.1	87.7	80.4	82.7	74.8	53.1
		Receivable/ (Payable)	-	-	-	-	-	-
	Premium Collection Drop Boxes*	Value of transactions	-	-	356.0	-	-	-
		Receivable/ (Payable)	-	-	-	-	-	-
	Insurance Claim Paid	Value of transactions	4.1	6.2	2.9	4.4	-	8.2
		Receivable/ (Payable)	-	-	-	-	-	-
	Investments*	Value of transactions	-	-	-	-	-	-
		Receivable/ (Payable)	32,878.2	28,077.5	25,292.3	19,982.9	11,672.9	8,704.9
	Purchase of Investments*	Value of transactions	3,185.3	5,276.8	7,160.1	5,087.2	11,398.5	2,241.4
		Receivable/ (Payable)	-	-	-	-	-	-
	Sale of Investments*	Value of transactions	(1,855.5)	(2,671.0)	(4,284.7)	(2,210.5)	(7,818.4)	(12,288.7)
		Receivable/ (Payable)	-	-	-	-	-	-
	Bank Balances*	Value of transactions	-	-	-	-	-	-
		Receivable/ (Payable)	2,403.1	6,030.1	6,350.6	3,768.4	2,842.2	3,170.9
	The Bank provides space at its branches and ATMs for displaying publicity materials of HDFC Life Insurance's	Value of transactions	1,542.1	2,286.3	1,299.8	-	-	-
Receivable/ (Payable)		-	(709.0)	-	-	-	-	
Group Term Insurance Premium advance	Value of transactions	-	-	-	-	-	-	
	Receivable/ (Payable)	(2.5)	(2.5)	(1.5)	(0.3)	-	-	
Commission expense paid/due for sale of insurance policies	Value of transactions	0.5	1.7	2.7	(0.4)	15.4	42.8	
	Receivable/ (Payable)	(0.1)	(0.2)	(0.2)	(0.2)	(4.3)	(6.4)	
Work Station and other support Fees	Value of transactions	(0.3)	(0.7)	(1.9)	(0.2)	(0.5)	(0.9)	
	Receivable/ (Payable)	1.5	1.1	2.2	0.3	0.4	1.0	
Group Term Insurance Premium	Value of transactions	(4.1)	(1.9)	(1.4)	(1.0)	-	(0.1)	
	Receivable/ (Payable)	(0.4)	(1.0)	(0.1)	-	-	-	
Insurance Claim Paid	Value of transactions	0.4	-	-	-	-	-	
	Receivable/ (Payable)	-	-	-	-	-	-	
Interest Accrued/ Received on Deposit/Advance	Value of transactions	(40.2)	(82.4)	(96.0)	(103.7)	(61.1)	(23.5)	
	Receivable/ (Payable)	43.6	47.6	95.0	63.2	34.7	23.5	
Non Convertible Debentures*	Value of transactions	-	-	-	-	-	-	
	Receivable/ (Payable)	891.2	888.3	753.1	1,011.7	1,008.6	255.1	
HDFC SECURITIES LIMITED	Commission expense paid/due for sale of insurance policies	Value of transactions	26.5	82.6	60.3	47.5	32.2	54.4
		Receivable/ (Payable)	(3.3)	(14.2)	(11.8)	(10.3)	(5.7)	(6.4)
Work Station and other support Fees	Value of transactions	(7.0)	(14.4)	(17.7)	(16.4)	(2.5)	(2.2)	
	Receivable/ (Payable)	4.3	1.6	13.3	0.2	0.2	-	
Group Term Insurance Premium	Value of transactions	(0.0)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	
	Receivable/ (Payable)	(0.0)	-	-	-	-	-	
Brokerage	Value of transactions	8.5	22.3	18.0	1.9	1.5	0.4	
	Receivable/ (Payable)	-	-	-	-	-	-	
HDFC Mutual Fund	Mutual Fund*	Value of transactions	-	-	-	-	-	-
		Receivable/ (Payable)	2,000.4	-	700.0	-	-	100.0
Purchase of Investment (NCD, other securities)*	Value of transactions	2,469.4	4,021.8	1,093.6	999.2	765.3	248.1	
	Receivable/ (Payable)	-	-	-	-	-	-	
Sale/Redemption of Investment (NCD, other securities)*	Value of transactions	(7,611.3)	(2,635.5)	(465.9)	(3,661.1)	(1,957.1)	(705.4)	
	Receivable/ (Payable)	-	-	-	-	-	-	
Purchase of Investment (Mutual Fund)*	Value of transactions	168,100.0	97,450.0	11,000.0	11,950.0	6,400.0	2,832.9	
	Receivable/ (Payable)	-	-	-	-	-	-	
Sale/Redemption of Investment ((Mutual Fund)*	Value of transactions	(166,142.3)	(98,177.8)	(10,303.3)	(11,970.2)	(6,526.4)	(2,743.9)	
	Receivable/ (Payable)	-	-	-	-	-	-	

\* Transactions which are considered material to the issuer or related party considering the nature of the transaction and/or amount

Details of outstanding loan (including guarantees) given by the issuer/parent company to Directors/KMPs as at September 30, 2017

Particulars	₹ in Millions*	Interest Rate	Nature of Loan
Directors/KMPs	148.6	8.5%-12.0%	Home Loan/Personal Loan

\* Outstanding balance as at October 10, 2017 is ₹ 149.8 millions

**Annexure XXXIV – Restated consolidated Statement of Aggregate Book value & Market value of quoted Investments**

Details of aggregate book value and market value of quoted investments are as follows:

Particulare	As At											
	September 30, 2017		March 31, 2017		March 31, 2016		March 31, 2015		March 31, 2014		March 31, 2013	
	Book value	Market Value	Book value	Market Value	Book value	Market Value	Book value	Market Value	Book value	Market Value	Book value	Market Value
Equity	311,548.2	402,603.6	294,155.6	372,598.7	244,140.0	283,082.9	235,619.7	319,015.4	202,824.3	229,684.1	180,221.3	180,519.9
Other	515,990.1	529,566.5	478,843.8	494,068.8	388,410.7	396,376.3	301,341.6	309,931.8	234,760.2	228,741.3	171,934.3	173,607.1
<b>Total</b>	<b>827,538.4</b>	<b>932,170.1</b>	<b>772,999.4</b>	<b>866,667.5</b>	<b>632,550.7</b>	<b>679,459.2</b>	<b>536,961.3</b>	<b>628,947.2</b>	<b>437,584.5</b>	<b>458,425.4</b>	<b>352,155.6</b>	<b>354,127.0</b>

Note: The stated Market Value for the quoted equity investments is in line with the IRDAI guidelines on the Fair Valuation of Investments across Policyholders and Shareholders funds. The market value for Fixed Income investments held across Linked, Non Linked and Shareholders funds is derived basis the IRDAI guidelines on the Fair Valuation for Fixed Income securities across Unit Linked Portfolios.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*Unless indicated otherwise, the financial information included herein is based on our Restated Consolidated Financial Information as at and for the fiscal years ended March 31, 2013, 2014, 2015, 2016, 2017 and six months ended September 30, 2017 beginning on page 441 of this Red Herring Prospectus. You should read the following discussion and analysis of our financial condition and results of operations together with such Restated Consolidated Financial Information, including the significant accounting policies, notes thereto and reports thereon, set forth which have been prepared in accordance with Companies Act, the IRDAI Issuance of Capital Regulations and ICDR Regulations. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.*

*The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of any number of factors, including those set forth in the sections "Forward-Looking Statements" and "Risk Factors" on pages 21 and 23 of this document, respectively.*

*We have included various operational and financial performance indicators in this Red Herring Prospectus, including certain non-GAAP financial measures, some of which may not be derived from our Restated Consolidated Financial Information or otherwise subjected to an audit or review by our auditors. Certain non-GAAP financial measures, such as EV, EVOP, Operating Return on Embedded Value, VNB and VNB margin, should be read in conjunction with the context and assumptions set out in the Embedded Value Report and Supplementary Embedded Value Report beginning on pages 591 and 630, respectively of this Red Herring Prospectus. The manner in which such operational and financial performance indicators, including non-GAAP financial measures, are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other insurance companies.*

*Persistency ratios for period ending March and September have been calculated based on the relevant cohort of new business written from April to March and from September to August respectively measured with a one month lag to allow for grace period as per IRDAI regulations. The ratios may vary from similar information presented publicly either due to the cohort of business belonging to a different period or due to the methodology used in this information being based on regulations applicable at those points in time compared to the ratios in this Red Herring Prospectus being based on a consistent methodology applied at all time points.*

*Our financial statements and the presentation of our performance metrics differ significantly from those of non-insurance and other insurance companies and may be difficult to understand or interpret. See "Risk Factors—Risks Relating to the Indian Insurance Industry" beginning on page 53 of this Red Herring Prospectus. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Consolidated Financial Information and other information relating to our business and operations included in this Red Herring Prospectus.*

### Overview

We were one of the most profitable life insurers, based on Value of New Business (VNB) margin, among the top five private life insurers in India (measured on total new business premium) in Fiscal 2016 and Fiscal 2017, according to CRISIL. Besides consistently being among the top three private life insurers in terms of profitability based on VNB margin, we have also consistently been among the top three private life insurers in terms of market share based on total new business premium between Fiscal 2015 and Fiscal 2017, according to CRISIL. Our total new business premium for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, was ₹54,921.0 million, ₹64,872.2 million, ₹86,963.6 million and ₹44,029.0 million. Between Fiscal 2015 and Fiscal 2017, our annualised premium equivalent grew by a CAGR of 14.5%. Our 13<sup>th</sup> month individual persistency ratio

was 73.3%, 78.9%, 80.9% and 82.2% for the period ended March 31, 2015, March 31, 2016, March 31, 2017 and September 30, 2017, respectively.

We have a healthy balance sheet with total net worth of ₹44.6 billion and a solvency ratio of 200.5% as at September 30, 2017, above the minimum 150.0% solvency ratio required under IRDAI regulations. We generated Profit After Tax of ₹8,869.2 million and delivered a Return on Equity of 25.6%, Return on Invested Capital of 40.7% and Operating Return on Embedded Value of 21.7% during Fiscal 2017. As at September 30, 2017, we had total AUM of ₹995.3 billion and Indian Embedded Value of ₹ 140.1 billion. We have a track record of consistently delivering shareholder returns across business cycles. We are sufficiently capitalised and have not raised any capital during the last six years (except through issuance of ESOPs under our ESOS scheme(s)), while paying dividends (including dividend distribution tax) totalling ₹7.6 billion between our first dividend in Fiscal 2014 to Fiscal 2017.

Our focus on creating a multi-channel distribution platform has resulted in our market share among private life insurers in India in terms of total new business premium increasing from 15.8% in Fiscal 2015 to 17.2% in Fiscal 2017, according to CRISIL. We believe that we offer an attractive value proposition for our distribution partners, as demonstrated by our longstanding, successful relationships with our bancassurance partners through corporate agency or master policyholder arrangements. Our oldest bancassurance partner relationship was established in 2002. Our bancassurance partners include banks, non-banking financial companies, micro-finance institutions and small finance banks in India. Our number of major bancassurance partners grew from 31 as at March 31, 2015 to 125 as at September 30, 2017. Our top 15 bancassurance partners (in terms of total new business premium sourced for the six months ended September 30, 2017,) had over 11,200 branches across India as at September 30, 2017.

We have a broad, diversified product portfolio covering five principal segments across the individual and group categories, namely participating, non-participating protection term, non-participating protection health, other non-participating and unit-linked insurance products. As at September 30, 2017, our product portfolio comprised 32 individual and ten group products, as well as eight optional rider benefits. Our wide product suite caters to specific needs of customers during each stage of their lives. It also provides us with the flexibility to operate successfully across business cycles, work with diverse sets of distribution partners and serve a range of consumers from mass market to high net worth individuals. It also provides us with the flexibility to adapt to changes in the regulatory landscape and mitigate concentration risk in respect of particular categories or types of products. We have a proven track record in identifying and tapping niche customer segments (such as with our HDFC Life Cancer Care product) through our innovative product solutions that have continued to draw strong customer demand.

Going forward, we aim to continue to consolidate our position as a long-term player in the industry with our focus on better customer service, strong product propositions and steady profitability.

### **Factors Affecting Our Results of Operations and Financial Condition**

The results of our operations and our financial condition are significantly affected by a number of factors, many of which may be beyond our control, including the macroeconomic and regulatory environment, competition, variance between actual experience and actuarial assumptions, our product mix, multi-channel distribution, fluctuations in market interest rates and equity markets and our ability to grow our business while controlling costs and improving productivity.

#### ***Macroeconomic environment***

Our business, financial condition, results of operations and prospects are significantly affected by macroeconomic conditions in India, where we conduct most of our business and generate substantially all of our income. While our business tends to benefit from increased consumer confidence in the overall economy, and the life insurance sector in particular, adverse macroeconomic conditions in India may reduce the demand for our products, increase the number of policy surrenders and withdrawals, reduce the returns from our investment activities and otherwise adversely affect our results of operations. Key factors affecting the performance of the growing but underpenetrated life insurance industry in India include overall economic growth rates, household savings rate, consumer attitudes towards financial savings and demographic profile. These factors affect the proportion of household savings invested in insurance products relative to other competing products ranging from physical assets, such as real estate

and gold, to financial savings instruments, such as bank deposits, provident and mutual funds. Macroeconomic conditions also affect the mix of our investments across various asset classes.

See “*Risk Factors—Internal Risks—Risks Related to Our Business—Adverse market fluctuations and economic conditions would have a material adverse effect on our business, financial condition, results of operations and prospects*” on page 31 of this Red Herring Prospectus.

### ***Regulatory environment***

Our business operations, which are conducted almost entirely in India, are regulated. The regulatory and policy environment in which we operate is evolving and subject to changes which may be beyond our control. Such changes may adversely affect our business, financial condition, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with such changes in applicable regulations and policies. Our efforts to comply with changes in regulations may also lead to increased operating and administrative expenses.

Insurance regulations cover a variety of aspects which impact our business, including product design, new product approvals, capital requirements, investment guidelines, distribution of surplus, expense management and arrangements with distributors. Certain insurance laws, rules and regulations restrict our investment activities, which may limit our ability to diversify investment risks and improve returns on our investment portfolio, thereby affecting our results of operations.

In 2010, IRDAI overhauled the regulations affecting unit-linked insurance products, which caused a decline in the sales of unit-linked insurance products and caused a sector-wide decrease in new business premiums. In 2016, IRDAI prohibited life insurance companies from offering indemnity-based health insurance products and required all life insurance companies to withdraw existing indemnity based products, which resulted in the withdrawal of our HDFC Life *Health Assure* product, which had an impact on our new business premiums for that year. With effect from April 1, 2016, IRDAI allowed banks and corporate agents to act as non-exclusive corporate agents for up to three life insurers. While this ‘open architecture’ environment has created additional opportunities for us to expand our distribution network, it has also increased competition for distributors within the industry and could have a significant impact on our existing distribution arrangements. Future changes to insurance regulations could positively or adversely affect our results of operations.

As at September 30, 2017, we had a solvency ratio of 200.5%, above the minimum 150% solvency ratio required under IRDAI regulations. While we have established a comprehensive investment framework for our shareholders’ funds to maintain the statutory solvency ratio, IRDAI may restrict our distribution of dividends or impose a range of other regulatory sanctions if we are unable to comply with these requirements.

Any adverse development in fiscal laws, which includes an increase in the concessional corporate tax rates of 14.42% (including surcharge and cess) applicable to insurance companies, discontinuance of tax exemptions in relation to pension income, dividend income, tax free bonds, change in applicability of minimum alternate tax rates and any discontinuance of tax benefits to customers on purchase of insurance products, may materially and adversely affect our results of operations and financial condition.

Our results of operations may also be affected by macroeconomic regulatory changes, such as the recent introduction of a comprehensive unified GST regime by the Government of India from July 1, 2017, under which insurance products will now attract GST instead of service tax.

See “*Regulations and Policies*”, “*Risk Factors—Internal Risks—Risks Related to Our Business—Changes in regulation and compliance requirements could limit our ability to introduce new products increase our operating expenses, and reduce our operating flexibility*” and “*Risk Factors—Internal Risks—Risks Related to Our Business—Changes in taxation relating to our business and policies may materially and adversely affect our business, financial condition and results of operations*” beginning on pages 244, 24 and 55 of this Red Herring Prospectus, respectively.

## ***Competition***

Our primary competitors include private and public life insurance companies in India. Indian life insurance companies operate in a highly competitive space with 23 private sector companies and the public sector insurer, the Life Insurance Corporation of India (LIC). Our other competitors include non-life insurance companies (to the extent such companies offer health insurance and protection products), standalone health insurance companies, pension funds, mutual funds companies, and other financial services providers offering a variety of financial investment products. We also face competition from physical asset classes, such as real estate and gold, as alternate avenues for investments. The recent transition to an open architecture environment, which allows banks and corporate agents to have the option of acting as a non-exclusive agent for any life insurance company, has had, and is expected to continue to have, a significant impact on the way we sell our insurance products through our bancassurance channel.

The change in regulations in the Insurance Laws (Amendment) Act, 2015 permitting foreign shareholding of up to 49.0% in insurance companies may lead to new entrants, better capitalisation of existing competitors and generally increase the level of competition. While increased competition may lead to overall growth in customer participation for the under penetrated insurance industry in India, prompt additional reforms for the sector and improve industry practices, it may also adversely impact our market share, margins, growth in new business premiums and customer acquisition. See *“Risk Factors—Internal Risks—Risks relating to the Indian insurance industry—We face significant competition and our business and prospects will be materially harmed if we are not able to compete effectively”* beginning on page 53 of this Red Herring Prospectus.

## ***Product mix and multi-channel distribution***

We design and distribute a broad range of participating, non-participating, protection (term and health) and unit-linked insurance products for individual and group customers across our multi-channel distribution network.

Our revenue, profitability and future growth will be affected by our ability to successfully design and distribute suitable products through our multiple distribution channels and to identify products that are most suited for distribution through a specific channel. To achieve profitable growth, we are required to design and introduce insurance products that meet the needs of diverse customers, leverage the use of data analytics to better understand customer needs and provide our customers with a superior customer service experience. In addition, we need to distribute products and services on a long-term basis by effectively managing distribution channels (including our bancassurance and digital sales channels) in a highly competitive market, enhancing sales force training, improving sales skills and attracting, developing and retaining strong performers to ensure quality service across all our distribution channels. Our ability to implement these measures could impact our business, prospects, cash flows and results of operations.

We periodically evaluate our existing products to ensure that they meet our profitability, solvency and underwriting requirements and aim to achieve our targeted profitability through designing and distributing an optimum and balanced product mix. Pursuant to our strategy, our participating products increased from 21.6% of our individual APE for Fiscal 2015 to 34.7% for Fiscal 2017, while unit-linked insurance products decreased from 62.1% of our individual APE for Fiscal 2015 to 52.6% for Fiscal 2017. Protection insurance for both individual and group comprised 12.0% of our new business premium in Fiscal 2015, and increased to 21.8% in Fiscal 2017.

Our business is particularly dependant on the success of our bancassurance relationship with HDFC Bank, which contributed 69.0%, 70.2%, 65.1% and 60.9% of our individual annualised premium equivalent for Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, respectively.

Our growth also depends on our ability to enter into new distribution partnerships, increase business with our current distribution partners and develop innovative methods of distributing our products. For example, our ability to maintain and grow our partnerships with traditional and non-traditional partners will impact our ability to reach the underpenetrated mass-market segment in tier-two and tier-three cities and rural areas.

See “*Our Business—Product Strategy and Development*”, “*Risk Factors—Internal Risks—Risks Related to Our Business—We may be unable to implement our growth strategies and develop and distribute an appropriate product mix for specific customer segments through our multiple distribution channels*” and “*Risk Factors—Internal Risks—Risks Related to Our Business—Any termination of, or any adverse change to, our relationships with or performance of our bancassurance partners, including HDFC Bank, could have a material adverse impact on our business, profitability, results of operations and financial condition*” on pages 211, 23 and 24 of this Red Herring Prospectus, respectively.

### ***Variance between actual experience and actuarial assumptions***

Our results from operations and financial condition are affected by our claims, persistency and surrender experience, which may vary from the assumptions made when we priced our products and calculated our insurance contract liabilities.

Our claims experience varies over time, differs across product types and distribution channels, and may be impacted by specific events and changes in macroeconomic conditions, population demographics, mortality, morbidity and other factors. Our life and health insurance business is exposed to the risk of catastrophic mortality and illness, such as an epidemic or other events that may cause a large number of mortality and/or morbidity claims. In order to partly mitigate this risk, we enter into catastrophic reinsurance arrangements where catastrophic claims in excess of certain limits are covered by our reinsurers.

Our actual persistency and surrender experience may differ from our assumptions and expectations. Given the relatively nascent state of our operations, our assumptions may not be based on sufficient experience. Our persistency levels, which are measured by the proportion of customers who continue to maintain their policies with us over certain defined periods, is important to our results of operations. A higher persistency ratio has a favourable impact on our total revenues and profitability, and vice-versa. Persistency and surrender experience varies over time and because of various factors including type of product, change in consumer behaviour, regulatory developments, our investment performance and the claim experience.

See “*Risk Factors—Internal Risks—Risks Related to Our Business—If actual claims experience and other parameters are different from the assumptions used in pricing our products and setting reserves for our products, could have a material adverse effect on our business, results of operations and financial condition*” beginning on page 30 of this Red Herring Prospectus.

### ***Fluctuations in market interest rates***

The profitability of certain of our products and our investment returns can be sensitive to interest rate fluctuations. Interest rates are highly sensitive to many factors, including monetary and tax policies, domestic and international economic and political considerations, inflationary factors, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond our control.

Our interest rate sensitivity varies across the different product lines, based on the nature of the returns due to our policyholders. In general, the investment risk in respect of investments made for unit-linked contracts is borne by policyholders of such products, whereas the investment risk associated with investments backing participating products is shared between our policyholders and shareholders, and the investment risk associated with non-participating products and shareholders’ funds is completely borne by shareholders. In addition, movements in interest rates may affect the level and timing of recognition of gains and losses on debt securities and other investments held in our investment portfolio. A significant portion of our investment portfolio is held in debt securities, particularly fixed income government securities. Our debt portfolio represented 52.1%, 61.0%, 58.8% and 58.9% of our AUM as at March 31, 2015, March 31, 2016, March 31, 2017 and September 30, 2017, respectively.

Some of our insurance and investment contracts have guaranteed features. These contracts carry the risk that interest income from the financial assets backing such liabilities may be insufficient to fund the guaranteed benefits payable as interest rates fall. During periods of declining interest rates, we may not be able to fully meet the guaranteed liabilities of our non-participating contracts. Declining interest rates generally have the effect of increasing the

proportion of policyholders who elect to continue with products that have guaranteed benefits. While this may improve our persistency, it also increases the overall cost of providing such guarantees and therefore affects our financial results and profitability. While we have hedging arrangements in place to mitigate this risk, it is possible that the impact may not be fully offset in a rapidly declining interest rate scenario, particularly where we experience a significant increase in the new business premium through products with guaranteed benefits. For participating contracts, a decline in interest rates may result in lower bonus rates for policyholders, which may lead to policyholder dissatisfaction and therefore increased surrenders and decreased new business sales.

In addition, our insurance contracts' liabilities tend to have a longer duration than our investment assets, which may result in the re-investment returns of our maturing investments being lower than the average guaranteed pricing rate for our insurance policies in a declining interest rate environment

Rising interest rates could result in the reduction in the fair value of our investments and generate unrealised losses, which could adversely affect our shareholders' equity and results of operations. Rising interest rates could also lead to higher levels of surrenders and withdrawals of existing policies as policyholders seek to buy products with perceived higher returns, which may require us to sell our invested assets and make cash payments to policyholders at a time when the prices of those assets are declining, which may result in realised losses.

See "*Risk Factors—Internal Risks—Risks Related to Our Business—Interest rate fluctuations may materially and adversely affect our profitability*" and the Embedded Value Report on pages 32 and 590 of this Red Herring Prospectus, respectively.

#### ***Fluctuations in equity markets***

Fluctuations in equity markets may affect our investment returns and sales of our unit-linked and participating products.

Sales of unit-linked insurance products typically decrease in periods of protracted or steep declines in equity markets and increase in periods of rising equity markets. Policy loans, surrenders and withdrawals may increase at times of declining equity markets as customers shift to other products, although some customers may continue to hold on to the investments for future gains. In addition, lower investment returns for our unit-linked insurance products would also reduce the asset management and other fees we earn. Policy surrenders and withdrawals may also increase with rising equity markets because customers may exit their policies to realise their gains and invest directly in the equity markets.

A decline in the equity markets reduces our investment income and also reduces the fair value of investments held towards non-linked policyholder funds and shareholders' funds, which could adversely affect results of our operations. Lower equity returns could also lead to higher levels of surrenders of existing non-linked policies as policyholders seek to buy products with perceived higher returns. These surrenders and withdrawals may result in cash payments to policyholders requiring the sale of our equity investments at a time when the prices of those assets are adversely affected by market movements, potentially resulting in realised investment losses. These would impact our financial condition and results of our operations.

For additional details regarding sensitivity to equity markets, see "*Embedded Value Report*" on page 590 of this Red Herring Prospectus.

#### ***Ability to grow our business while controlling costs and improving productivity***

Our profitability is affected by our growth in new business (including through building new distribution partnerships and strengthening existing distribution partnerships) and our ability to control costs (including our ability to consolidate resources and utilise existing resources efficiently). We strive to effectively control costs by improving our operational efficiencies through exploring cost effective modes of distribution, investing in our information technology platform (including our online and digital sales channels) and undertaking various initiatives with our distribution partners and our employees to increase productivity levels. We recently began utilising robotics and artificial intelligence solutions as an alternative to processes which previously required significant manpower and

manual data processing. The upfront expenses that we incur in connection with technology initiatives and other measures intended to improve operational efficiencies may not necessarily result in an increase in new business premiums and renewals. Further, higher than expected expenses could also adversely affect our operating cost ratio and our margins, which could impact our financial condition and results of our operations. Our expenses may also be impacted by specific events and changes in macroeconomic conditions, including inflation, changes in regulations, competition, distribution costs, employee costs and other factors.

See “*Risk Factors—Internal Risks—Risks Related to Our Business—Higher expenses than expected could have a material adverse effect on our business, financial condition and results of operations*” on page 37 of this Red Herring Prospectus.

## Key Performance Indicators

In evaluating our business, we consider and use certain non-GAAP financial measures and key performance indicators that are presented below, as supplemental measures to review and assess our operating performance. The presentation of these non-GAAP financial measures and key performance indicators is not intended to be considered in isolation or as a substitute for the Restated Financial Information included in this Red Herring Prospectus. We present these non-GAAP financial measures and key performance indicators because they are used by our management to evaluate our operating performance and formulate business plans.

These non-GAAP financial measures are not defined under Indian GAAP and are not presented in accordance with Indian GAAP. The non-GAAP financial measures and key performance indicators have limitations as analytical tools. Further, these non-GAAP financial measures and key performance indicators may differ from the similar information used by other companies, including peer companies, and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to profit before tax, surplus before tax, net earned premiums, gross earned premiums or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or results of operation.

The following table sets forth certain key performance indicators for the periods indicated therein.

	As at and for the Fiscal Year Ended March 31,			As at and for the Six Months Ended September 30,
	2015	2016	2017	2017
	(in ₹ millions, except percentages)			
APE*	31,945.9	37,094.6	41,881.7	21,307.0
New business sum assured	1,815,761.0	2,714,859.5	3,887,574.7	1,965,449.2
Total operating cost ratio	10.2%	11.6%	12.7%	14.2%
13 <sup>th</sup> month persistency	73.3%	78.9%	80.9%	82.2%
61 <sup>st</sup> month persistency	39.8%	50.0%	56.8%	55.4%
VNB	5,915 <sup>(1)</sup>	7,393 <sup>(2)</sup>	9,225 <sup>(3)</sup>	4,782 <sup>(4)</sup>
VNB margin	18.5% <sup>(1)</sup>	19.9% <sup>(2)</sup>	22.0% <sup>(3)</sup>	22.4% <sup>(4)</sup>
EV	88,882 <sup>(1)</sup>	102,325 <sup>(2)</sup>	124,705 <sup>(3)</sup>	140,114 <sup>(4)</sup>
EVOP	16,012 <sup>(1)</sup>	18,372 <sup>(2)</sup>	22,193 <sup>(3)</sup>	12,576
Operating Return on Embedded Value	22.9%	20.7%	21.7%	21.2%
Insurance profits	6,241.7	6,802.5	7,509.5	4,483.8
Profits after tax	7,855.1	8,167.9	8,869.2	5,541.4
Insurance profit as % of total profit after tax	79.5%	83.3%	84.7%	80.9%
Net premium	65,751.7	80,572.1	94,824.5	35,751.5
AUM	670,467.0	742,472.3	917,423.6	995,340.3
Solvency ratio	196.1%	198.4%	191.6%	200.5%

\* APE excludes rural policies. However, APE in the Embedded Value Report and Supplementary Embedded Value Report includes rural policies.

- (1) Data as at and for the Fiscal Year ended March 31, 2015 is as reported by the Company for that period.
- (2) Data as at and for the Fiscal Year ended March 31, 2016 is from the report of the Independent Actuary for that period which is not included in this Red Herring Prospectus.
- (3) Data as at and for the Fiscal Year ended March 31, 2017 is from the Embedded Value Report included in this Red Herring Prospectus.
- (4) Data as at and for the six months ended September 30, 2017 is based on the Supplementary Embedded Value Report included in this Red Herring Prospectus.

### ***APE***

APE is the sum of annualised premiums on regular premium policies, and ten percent of single premiums of individual and group business written by us, adjusted for new business cancellations, effected during the relevant period. For the purposes of calculating APE, we considered all premiums received in our group business and any top-up premiums as single premiums through Fiscal 2017. The premiums received in our group business for the six months ended September 30, 2017 have been classified into new and renewal business for the purpose of calculating APE, based on IRDA guidelines.

Our APE increased by 16.1% from ₹31,945.9 million in Fiscal 2015 to ₹37,094.6 million in Fiscal 2016. Our APE further increased by 12.9% from ₹37,094.6 million in Fiscal 2016 to ₹41,881.7 million in Fiscal 2017. Our increased APE during the last three Fiscal Years was primarily driven by an increase in new business premium received across our distribution channels.

Our APE was ₹21,307.0 million for the six months ended September 30, 2017.

### ***New business sum assured***

New business sum assured represents the total sum insured by the Company for mortality and morbidity risks on the new business written in a given period. This is a useful indicator of the level of insurance protection provided by the Company on the new business written.

Our new business sum assured increased from ₹1,815,761.0 million in Fiscal 2015 to ₹2,714,859.5 million in Fiscal 2016, and ₹3,887,574.7 million in Fiscal 2017, primarily due to our focus on protection business.

Our new business sum assured was ₹ 1,965,449.2 million for the six months ended September 30, 2017.

### ***Total operating cost ratio***

Total operating cost ratio is the ratio of total operating expenses (including shareholders' expenses, but excluding commissions) to the total premium reported for a period.

Our total operating cost ratio increased from 10.2% in Fiscal 2015 to 12.7% in Fiscal 2017, primarily due to: (a) our investments in various initiatives (such as brand visibility, technology and digital initiatives) to develop new distribution partnerships, strengthen our existing distribution relationships and increase our productivity levels; (b) an increase in business promotion expenses which contributed to growth in our business; and (c) an increase in the number of our frontline sales staff.

Our total operating cost ratio was 14.2% for the six months ended September 30, 2017. Our total operating cost ratio for the six months ended September 30, 2017 is not directly comparable to the corresponding values for full fiscal years due to our lower business volumes during the first half of each Fiscal Year as a result of the seasonal nature of premium received, while costs are partially of a fixed nature and partially variable. See “– *Seasonality*” on page 588 of this Red Herring Prospectus.

### ***Persistency***

Persistency is the ratio of premium of policies remaining in force to the premium of all policies issued in a certain period. Persistency ratio is calculated with respect to policies issued in a 12 month period prior to the period of measurement.

Maintaining a high level of persistency is important to our results of operations, as a large block of in-force policies provides us with regular revenues in the form of renewal premiums. We believe that 13<sup>th</sup> month persistency is an important metric to assess the quality of our sales because it is the first opportunity for us to assess the likelihood of premiums being paid beyond the first year thereby reaffirming the policyholder's decision to buy the insurance policy and thus reflecting the quality of business written. Additionally, we believe that 61<sup>st</sup> month persistency is a helpful measure of long-term value creation, particularly for our unit-linked policies which have a high probability of surrender at 61 months due to the absence of any surrender penalties after five years. A high level of 61<sup>st</sup> month persistency reflects the success of products with a long-term horizon. A focus on this metric helps in averting high surrenders and retaining customers by reaffirming the insurance decision made at the time of sale of policy.

Our 13<sup>th</sup> month persistency for individual business increased from 73.3% in Fiscal 2015 to 78.9% in Fiscal 2016, 80.9% in Fiscal 2017 and 82.2% for the six months ended September 30, 2017.

Our 61<sup>st</sup> month persistency for individual business increased from 39.8% in Fiscal 2015 to 50.0% in Fiscal 2016 and 56.8% in Fiscal 2017, and declined slightly to 55.4% for the six months ended September 30, 2017.

Our continued efforts to improve the quality of our new business, focus on need-based selling, initiatives on increasing customer awareness on the benefits of continuing with the insurance policy and inclusion of persistency as one of the important metrics for our sales channels have resulted in increasing persistency trends.

### ***VNB and VNB margin***

VNB is the present value of expected future earnings from new policies written during any given period. We believe that VNB is an important metric of profitability as it reflects the additional value generated through the activity of writing new policies during any given period. VNB margin is the ratio of VNB to APE for the relevant period and is a measure of the expected profitability of new business in percentage terms.

The VNB for any period reflects actual acquisition costs incurred during that period.

Our VNB increased by 24.8% from ₹7,393 million in Fiscal 2016 to ₹9,225 million in Fiscal 2017.

Our VNB margin increased from 18.5% in Fiscal 2015 to 19.9% in Fiscal 2016 and 22.0% in Fiscal 2017, primarily due to an increase in the proportion of non-linked protection and non-linked savings business which are more profitable than other products.

Our VNB margin was 22.4% for the six months ended September 30, 2017.

### ***EV, EVOP and Operating Return on Embedded Value***

EV is a measure of the present value of shareholders' interests in the earnings distributable from the assets of the business after an allowance for the aggregate risks in the existing business of the company for the relevant date. Our EV is calculated using various assumptions on the future performance on parameters impacting earnings, including, among others, persistency, mortality, morbidity and external factors such as interest rates and equity market performance. The two main components of EV are adjusted net worth and VIF. We separately monitor changes in our adjusted net worth and VIF. We believe that VIF is an important metric as it helps us to assess expected future profits from our existing business.

EVOP is a measure of the increase in the EV during any given period due to factors that can be influenced by parameters that are under the control of our management. It excludes changes in the EV due to external factors such

as changes in economic variables and shareholder-related actions like capital injection or dividend pay-outs. Operating Return on Embedded Value is the ratio of EVOP for any given period to the EV at the beginning of that period.

Based on our internal estimates, we had reported an EV of ₹123,890 million at March 31, 2017. The difference between such figure and the EV of ₹124,705 million as calculated by the Independent Actuary as set forth in the Embedded Value Report in this Red Herring Prospectus is primarily due to changes in the methodology for calculating the time value of financial options and guarantees and cost of non-hedgeable risk.

The increase in EV from ₹102,325 million at March 31, 2016 to ₹124,705 million at March 31, 2017 was due to EVOP of ₹22,193 million and non-operating profit of ₹187 million at March 31, 2017.

The EVOP of ₹22,193 million for Fiscal 2017, representing an EVOP % of 21.7%, was mainly due to:

- the expected investment income on our net worth and the impact of discounting the future cash flows for a shorter period, amounting to ₹9,592 million;
- a VNB of ₹9,225 million; and
- a positive operating variance of ₹2,880 million, reflecting a better experience vis-à-vis assumptions on most key parameters including persistency, mortality and morbidity.

The EV increased from ₹124,705 million at March 31, 2017 to ₹140,114 million at September 30, 2017 mainly due to

- the expected investment income on our net worth and the impact of discounting the future cash flows for a shorter period, amounting to ₹5,204 million;
- a VNB of ₹4,782 million;
- a positive operating variance of ₹955 million, reflecting a better experience vis-à-vis assumptions on most key parameters including persistency, mortality and morbidity; and
- investment variance of ₹2,173 million.

### ***Insurance Profit***

VNB and EV measure the present value of shareholder profits that are expected to arise during the term of the policy. These profit cash flows get recognised in the financials as and when they arise. Such shareholder profits that are recognised in the relevant period in the financials have two components: insurance profits and profits from shareholder assets.

Insurance profits relates to the part of shareholder profits that arises from the core insurance business reflected by the profits in the underlying policyholder segments.

The profit from shareholders assets is the investment income earned on the shareholder assets reduced by the expenses and tax in the shareholder fund. As profits from shareholder assets are not directly related to profits from the insurance business, we believe segregating the two sources of profits and reviewing the insurance profits as a key metric is important.

Insurance profits represent the combined impact of the surplus arising from existing business and the loss generated in writing new business (referred to as new business strain).

Insurance profit from existing business relates to the surplus generated as the profit cash flows are realized during the relevant period.

The new business strain arises when the premium income received on the issuance of the policy is not sufficient to cover the initial expenses including acquisition costs and setting up of policy liabilities for the new business written.

Our insurance profit increased by 9.0% from ₹6,241.7 million in Fiscal 2015 to ₹6,802.5 million in Fiscal 2016 and increased by 10.4% from ₹6,802.5 million in Fiscal 2016 to ₹7,509.5 million in Fiscal 2017 due to increased profits from existing business, on the base of a growing portfolio. Our insurance profit was ₹4,483.8 million for the six months ended September 30, 2017, which is not directly comparable to the corresponding values for Fiscal 2017 due to the seasonality of our business. See “–Seasonality” on page 588 of this Red Herring Prospectus. Our insurance profit as a percentage of profit after tax increased from 79.5% in Fiscal 2015 to 83.3% in Fiscal 2016 and 84.7% in Fiscal 2017.

Our insurance profit as a percentage of profit after tax was 80.9% for the six months ended September 30, 2017

### ***Net premium***

Net premium during any period represents the net inflow from policyholders and is computed as premiums received less benefits paid to policyholders. We believe that net premium is an important metric as it reflects the net funds retained by the Company.

Net premium paid increased 22.5% from ₹65,751.7 million in Fiscal 2015 to ₹80,572.1 million in Fiscal 2016 and increased 17.7% from ₹80,572.1 million in Fiscal 2016 to ₹94,824.5 million in Fiscal 2017, mainly due to increase in premiums collected relative to benefits paid.

Net premium was ₹35,751.5 million for the six months ended September 30, 2017.

### ***AUM***

Our AUM increased by 10.7% from ₹670,467.0 million as at March 31, 2015 to ₹742,472.3 million as at March 31, 2016. Our AUM increased by 23.6% from ₹742,472.3 million as at March 31, 2016 to ₹917,423.6 million as at March 31, 2017. The increase in our AUM is mainly attributed to the net premiums from policyholders, investment income from fixed income securities and mark-to-market gains on our unit-linked investment portfolio.

We had ₹995,340.3 million in AUM as at September 30, 2017.

### ***Solvency ratio***

Solvency ratio is a regulatory measure of capital adequacy for Indian insurance companies and is calculated by dividing an insurer’s available solvency margin by its required solvency margin, each as calculated in accordance with the guidelines of the IRDAI. The available solvency margin represents the capital available to meet regulatory solvency capital and is the excess of admissible assets over liabilities, mainly comprising shareholder funds and policyholders’ funds for future appropriation. The required solvency margin is computed by using factors specified by IRDAI for different lines of business, the factors being applicable on the reserves and the sum at risk. The minimum solvency ratio required to be maintained is the control limit of 150.0%, as set by IRDAI.

Our solvency ratio increased from 196.1% as at March 31, 2015 to 198.4% as at March 31, 2016, primarily due to growth in available capital, being marginally higher than the growth in capital requirements arising out of new business and renewal premiums paid on existing policies. Our solvency ratio decreased from 198.4% as at March 31, 2016 to 191.6% as at March 31, 2017, primarily due to the growth in capital requirements arising out of new business and renewal premiums paid on existing policies exceeding the increase in available capital, net of dividend payment (including dividend distribution tax).

Our solvency ratio was 200.5% as at September 30, 2017, which is higher than the control limit of 150.0% set by IRDAI. As at September 30, 2017, we had excess solvency capital of ₹12,256 million. We believe that our solvency ratio is at an optimal level that allows us to withstand situations such as significant variance between actual experience and actuarial assumptions as well as allow us to provide for increased capital requirements associated with high growth and at the same time reflecting an efficient use of capital.

	As at March 31,			As at
	2015	2016	2017	September 30,
	2017			
	₹ in millions, except percentages			
Available solvency margin <sup>(1)</sup>	28,011.6	34,268.9	42,109.9	48,655.3
Required solvency margin <sup>(2)</sup>	14,284.1	17,276.1	21,977.6	24,266.5
<b>Solvency ratio<sup>(3)</sup></b>	<b>196.1%</b>	<b>198.4%</b>	<b>191.6%</b>	<b>200.5%</b>

Notes:

(1) Being as the available assets in excess of liabilities in the Shareholders' and Policyholders' funds.

(2) Being the required solvency margin that an insurance company is required to hold as per the guidelines prescribed by the IRDAI.

(3) Based on the computation certified by our Appointed Actuary and excluding inadmissible assets as required by the IRDA (Assets, Liabilities and Solvency Margin of Insurers) regulations and directions received from IRDAI from time to time.

### Recent Developments in Accounting Standards

We currently prepare our statutory financial statements in accordance with Indian GAAP, Companies Act and IRDAI regulations. IRDAI issued a circular dated March 1, 2016 regarding the implementation of Ind-AS in the insurance sector, requiring all insurance companies to comply with Ind-AS for the preparation and presentation of financial statements for accounting period beginning on or after April 1, 2018, with comparative for year ending March 31, 2018. IRDAI subsequently issued a further circular dated June 28, 2017, deferring the implementation of Ind-AS in insurance sector in India for a period of two years to be effective from Fiscal 2021, and requiring all insurance companies to continue the submission of proforma Ind-AS financial statements on quarterly basis till such future date. From Fiscal 2019, our parent company, HDFC, will be required to prepare their financial statements in accordance with Ind-AS and we will consequently be required to prepare special purpose financial statements in accordance with Ind-AS for consolidation with the financial statements of HDFC. These special purpose Ind-AS financial statements may be significantly different from our Indian GAAP financial statements.

This is an indicative analysis of significant developments in accounting standards and is provided for convenience only. It is not intended to be an exhaustive list. Investors should seek specific advice from their advisors in relation to the impact on our financial statements due to any amendment to the accounting standards rules. See also "*Risk Factors—External Risks—Risks relating to India—Changes in the accounting standards used in the reporting of our financial statements due to new pronouncements such as Ind-AS, interpretations, migration to new standards or even due to our own decision to change accounting policies may significantly affect our financial statements for the future years, and may materially and adversely affect our financial condition.*" on page 60 of this Red Herring Prospectus.

### Significant Accounting Policies

The preparation of our Restated Financial Information requires our management to make estimates and assumptions that affect the reported amounts of income and expenses for the year, reported balances of assets and liabilities and disclosures relating to contingent liabilities, among other items. Certain key accounting policies relevant to our business and operations have been described below. For a detailed description of our significant accounting policies, see Annexure XXIV of our *Restated Consolidated Financial Information* included in this Red Herring Prospectus.

#### Revenue recognition

##### *Premium income*

Premium income including rider premium is accounted for when due from the policyholders and as reduced for lapsation expected based on our experience in relation to our traditional business. In case of our unit-linked business,

premium income is accounted for when the associated units are created. Premium on lapsed policies is accounted for as income when such policies are reinstated. Top up premium is considered as single premium.

#### *Income from unit-linked policies*

Income from unit-linked policies, which includes fund management charges, policy administration charges, mortality charges and other charges, wherever applicable, is recovered from the linked funds in accordance with the terms and conditions of the insurance contracts and is accounted for as income when due.

#### *Income from investments*

Interest income on investments is accounted for on an accrual basis.

Amortisation of premium or accretion of discount computed at the time of purchase of debt securities is recognised over the remaining period of maturity/ holding on a straight-line basis.

Dividend income is accounted for on “ex-dividend” date in case of listed equity and preference shares and in case of unlisted equity and preference shares, when the right to receive dividend is established.

For our unit-linked business, profit or loss on sale/ redemption of equity shares/equity exchange traded funds, preference shares and units of mutual fund is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average book value.

For business other than our unit-linked business, profit or loss on sale/redemption of equity shares/equity exchange traded funds, preference shares and units of mutual fund includes the accumulated changes in the fair value previously recognised under “Fair Value Change Account” in our consolidated Balance Sheet.

For our unit-linked business, profit or loss on sale/ redemption of debt securities is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average book cost. For participating and non-participating businesses, profit or loss on sale/ redemption of debt securities is calculated as the difference between net sale proceeds/redemption proceeds and the weighted average amortised cost.

#### *Income from loans*

Interest income on loans is accounted on an accrual basis.

#### ***Reinsurance premium ceded***

Reinsurance premium ceded is accounted for on due basis, in accordance with the terms and conditions of the reinsurance treaties. Profit commission on reinsurance ceded is netted off against premium ceded on reinsurance.

#### ***Acquisition costs***

Acquisition costs are the costs that vary with and are primarily related to the acquisition of new and renewal insurance contracts and consist of costs such as commission paid to insurance intermediaries, sales staff costs, office rent, medical examination costs, policy printing expenses, stamp duty and other related expenses. These costs are expensed in the period in which they are incurred.

#### ***Benefits paid***

Benefits paid consist of policy benefit amounts, maturity amounts payable by our Company and claim settlement costs, where applicable.

#### *Non unit-linked business*

Death and rider claims are accounted for upon receipt of intimation from policyholders. Annuity benefits, money back payment and maturity claims are accounted for when due. Surrenders are accounted for on the receipt of consent from the insured to the quote provided by us.

#### *Unit-linked business*

Death and rider claims are accounted for upon receipt of intimation from policyholders. Maturity claims are accounted for on due basis when the associated units are deallocated. Surrenders and withdrawals are accounted for on receipt of intimation when associated units are de-allocated. Amounts payable on lapsed and discontinued policies are accounted for on expiry of lock in period. Surrenders, withdrawals and lapsation are disclosed at net of charges recoverable.

Reinsurance claims receivable are accounted for in the period in which the concerned claims are intimated. Repudiated claims and other claims disputed before judicial authorities are provided for on prudent basis as considered appropriate by management.

#### ***Investments***

Investments are recognised at cost on the date of purchase, which includes brokerage and taxes, if any, but excludes interest accrued as on the date of purchase.

#### *Valuation – Other than unit-linked business*

All debt securities are considered as “held to maturity” and accordingly valued at historical cost, subject to amortisation of premium or accretion of discount, if any, over the period of maturity/holding, on a straight line basis.

Money market instruments are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis.

Investments in venture funds and security receipts are valued at cost subject to provision for diminution, if any, in the value of such investments. Fixed deposits and investment in reverse repo are valued at cost.

Listed equity shares, preference shares and equity exchange traded funds are valued at fair value, being the last quoted closing price on the appropriate stock exchange.

Additional tier-one bonds are valued at market value, using applicable market yields published by CRISIL.

Mutual fund units are valued at previous business day’s Net Asset Value per unit.

Unrealised gains or losses arising due to changes in fair value of listed equity shares, exchange traded funds, additional tier-one bonds and mutual fund units are recognised under the head ‘Fair Value Change Account’ in our consolidated Balance Sheet.

At each balance sheet date, we assess whether there is any indication of impairment of investments or reversal of impairment loss earlier recognised. An impairment loss is accounted for as an expense to the extent of the difference between the re-measured fair value of the investments and its acquisition cost as reduced by any earlier impairment loss accounted for as an expense. Any reversal of impairment loss earlier recognised for is accounted in our consolidated Revenue Account or consolidated Profit and Loss Account respectively.

#### *Valuation – Unit-linked business*

All debt securities are valued at market value, using CRISIL Bond Valuer/CRISIL Gilt Prices, as applicable.

Money market instruments are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis.

Investments in venture funds and security receipts are valued at the latest available net asset values of the respective underlying funds. Fixed deposits and investment in reverse repo are valued at cost.

Listed equity shares, preference shares and equity exchange traded funds are valued at fair value, being the last quoted closing price on the appropriate stock exchange.

Mutual fund units are valued at previous business day's Net Asset Value per unit.

Unrealised gains or losses arising are recognised in our consolidated Revenue Account.

### ***Actuarial Liability Valuation***

Our Appointed Actuary determines the actuarial liabilities, for all in-force policies and policies where premiums are discontinued but where a liability exists as at the valuation date, in accordance with the generally accepted actuarial principles and practices, requirements of Insurance Act, 1938 (as amended from time to time including amendment brought by the Insurance Laws (Amendment) Act, 2015) regulations notified by the IRDAI and Actuarial Practice Standard (APS) issued by the Institute of Actuaries of India.

### ***Fixed assets and Depreciation/Amortisation***

#### ***Tangible assets and depreciation***

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Cost includes the purchase price and any cost directly attributable to bring 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.

Depreciation is provided using the straight-line method of depreciation, which depreciates the cost of the assets over the estimated useful life as prescribed under Part "C" of Schedule II to the Companies Act, 2013. Depreciation/amortisation is charged on pro-rata basis from the month in which the asset is put to use or up to the previous month of sale of such asset.

Leasehold improvements are depreciated over the lock-in period of the leased premises, subject to a maximum of five years.

#### ***Intangible assets***

Intangible assets comprising of computer software are stated at cost of acquisition less accumulated amortisation and impairment, if any. These are amortised over the useful life of the software, subject to maximum of four years. 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.

Any expenditure for support and maintenance of our computer software is charged to our consolidated Revenue Account.

### ***Employee benefits***

#### ***Short-term employee benefits***

All employee benefits payable within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries and bonuses, short-term compensated absences, premium for staff medical insurance (hospitalisation), premium for Employee Group Term Insurance Scheme, Employee State Insurance Corporation Scheme, Employee Deposit Linked Insurance Scheme and Employee Labour Welfare Fund Scheme are

accounted for in the period in which the employee renders the related service. All short-term employee benefits are accounted for on an undiscounted basis.

#### *Post-employment benefits*

We have both defined contribution and defined benefit plans.

##### Defined contribution plans

We have defined contribution schemes for our employees, being the Superannuation Scheme, Employee Provident Fund Scheme and the National Pension Scheme. The contributions paid/payable under these schemes are made when due and charged to our consolidated Revenue Account on an undiscounted basis during the period in which the employee renders the related service. We have no further obligation beyond these contributions.

##### Defined benefit plans

We have a funded gratuity plan that includes gratuity benefits payable to our employees in accordance with the Payment of Gratuity Act, 1972. The present value of our obligations under such defined benefit plan is determined on the basis of actuarial valuation using the projected unit credit method, which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. The discount rate used for actuarial valuation is based on the yield of government securities. The net ascertained liabilities under the plan are fully contributed to our Employees Group Gratuity Plan. We recognise the net defined benefit obligation of the gratuity plan, taking into consideration the defined benefit obligation using actuarial valuation and the fair value of plan assets at the Balance Sheet date, in accordance with Accounting Standard (AS) 15 (Revised), 'Employee Benefits'. Actuarial gains or losses, if any, due to experience adjustments and the effects of changes in actuarial assumptions are accounted for in our consolidated Revenue Account in the period in which they arise.

#### *Other long-term employee benefits*

Other long-term employee benefits include accumulated long-term compensated absences and long-term incentive plans. Accumulated long-term compensated absences are entitled to be carried forward for future encashment or use at the option of the employee, in accordance with our employee benefit policies, and are accounted for based on actuarial valuation determined using the projected unit credit method.

Long term incentive plans are payable subject to fulfilment of criteria prescribed by our Company and are accounted for at the present value of expected future expected benefits payable using an appropriate discount rate.

Actuarial gains or losses, if any, due to experience adjustments and the effects of changes in actuarial assumptions are accounted for in our consolidated Revenue Account, as the case may be, in the period in which they arise.

### ***Taxation***

#### *Direct tax*

In case of our Company, provision for income tax is made in accordance with the provisions of Section 44 of the Income Tax Act, 1961 read with Rules contained in the First Schedule and other relevant provisions of the Income Tax Act, 1961 as applicable to a company carrying on life insurance business.

In accordance with the provisions of the Accounting Standard (AS) 22, "Accounting for Taxes on Income", with respect to the carry forward of losses under the Income Tax regulations, we recognise deferred tax assets only to the extent that there is a high likelihood that future taxable income will be available for offset against such deferred tax assets.

### *Indirect tax*

The Company claims credit of service tax on input services, which is set off against service tax on output services. Unutilised credits towards service tax on input services are carried forward for future set-off, wherever there is reasonable certainty of utilisation. Since the implementation of GST, such unutilised credit will be carried forward for future set-off against future GST liability.

### **Principal components of our Revenue Account (Policyholders' Account or Technical Account)**

#### ***Premium (net of service tax)***

Premium income includes premiums received by us on all individual and group business and is classified into first year, renewal and single premium. First year premium refers to premiums received during the first year of the policy. Renewal premium refers to premiums received during the years after the first year of the policy, until premium payment term is over or the policy lapses whichever is earlier. Single premium refers to premiums received on single premium policies and also includes top-up premiums, which are additional amounts of premiums that can be paid over and above basic premiums for unit-linked policies. Premium is always accounted for net of service tax.

#### ***Reinsurance ceded***

Reinsurance ceded refers to the amount of reinsurance premium paid/payable to reinsurers in respect of the risk underwritten to them. Reinsurance ceded is shown as a deduction from premium (net of service tax).

#### ***Income from investments***

Income from investments refers to the investment income earned by policyholders' funds on policyholders' investments made in accordance with IRDAI regulations and includes interest and dividend income, profit /loss on sale of investments, amortisation of premium/discount on investments and change in fair value of investments. Any changes in the fair value of unit-linked investments during the relevant Fiscal year are required to be valued at market value and are also reflected in our income from investments.

Investment income from unit-linked policyholder investments is linked to market changes and can be quite volatile. The investment income from unit-linked policyholder investments is directly attributable to policyholders and is reflected as a corresponding change in the unit reserves without any material impact on the surplus from our unit-linked products. Investment income from non-participating and participating policyholder investments is relatively stable as it is mainly based on amortised income of debt securities which are not market-linked. Realisation of gains/losses in equity investments from participating policyholder investments can affect investment income. For both non-participating and participating policyholder investments, investment income is reflected in an increase in policy liabilities.

#### ***Other income***

Other income mainly comprises interest and charges collected on revival of policies for the period during which the policy has lapsed, the share of service tax cost borne by independent agents on commission payments, agent license fees, income on unclaimed amounts from policyholders and other miscellaneous charges.

Assets held for unclaimed amount of policyholders are created and maintained in accordance with the IRDAI regulations. Unclaimed amounts of policyholders are invested in money market instruments and / or fixed deposits of scheduled banks. Money market instruments are valued at historical cost, subject to amortisation of premium or accretion of discount over the period of maturity/holding on a straight line basis, while fixed deposits are valued at cost.

Income on unclaimed amount of policyholders is credited to unclaimed funds and is accounted for on an accrual basis. Amount payable for unclaimed amount of policyholders is accounted for on an accrual basis and is disclosed

net of fund management charges. Unclaimed amount of policyholders liability is determined on the basis of net asset value of the units outstanding as at the valuation date.

### ***Contribution from Shareholders' Account***

The contribution from Shareholders' Account refers to the amount contributed by our Shareholders to meet the deficit, if any, in our non-participating linked and non-participating non-linked segments.

### ***Commission***

This includes commission paid to intermediaries and our distributions partners for the purposes of sourcing new business. As with premiums, commissions are classified into first year, renewal and single premium commissions.

### ***Operating expenses***

Operating expenses include all expenses that are incurred for the purposes of sourcing new business and expenses incurred for policy servicing (which are known as maintenance costs). Our operating expenses include employee-related costs, computer, marketing, professional and infrastructure costs, as well as variable costs based on our volume of new business, including sales staff incentives, stamp duty, policy printing and medical fees.

### ***Benefits paid***

Benefits paid include the payouts made by us against claims, upon policy maturity, surrenders and withdrawals, discontinuance termination, as well as interest on unclaimed amounts by policyholders. Benefits paid are disclosed net of amounts recoverable from reinsurers.

### ***Service tax on linked charges***

Service tax on linked charges includes service tax recovered on all charges from our unit-linked business. These charges relate to policy administration fees, mortality charges, reinstatement fees, fund management charges, lapse charges, surrender charges and other miscellaneous charges. Service tax on these charges are recovered either by way of deallocation of units or reduction of the net asset value of the relevant unit-linked fund based on the amount of service tax payable. With the implementation of GST, all future tax on charges will be levied in accordance with applicable GST laws and regulations.

### ***Provisions (other than taxation)***

#### ***Provisions for diminution in value of investments***

Provisions for diminution in value of investments includes provisions for impairment loss, representing the difference between the remeasured fair value of non-linked policyholders' investments and its weighted average acquisition cost reduced by such impairment loss. Such assessment for impairment is carried out at each balance sheet date, using internal and external sources based on our impairment policy, to assess whether there is any indication of impairment to investments. A reversal of impairment loss, earlier accounted in Policyholders' Revenue Account, is also included in the head 'Provision for diminution in value of investments'.

#### ***Provisions for standard and non-standard assets***

Provisions for standard assets and non-standard assets comprise adequate provision made to cover amounts outstanding in respect of all standard and non-standard assets in accordance with the "Guidelines on prudential norms for income recognition, asset classification, provisioning and other matters in respect of debt portfolio" prescribed by IRDAI.

### ***Change in valuation reserves***

Change in valuation reserves represents the increase/decrease in policyholders' liabilities during the relevant period. Policyholders' liability are calculated using actuarial principles for all policies where a liability exists on valuation date or where a liability could arise in the future.

#### ***Transfer to Shareholders' Account***

Surplus generated in non-participating policyholders' funds (including unit-linked non-participating funds) are transferred to our Shareholders' Account. For participating funds, the transfer to shareholders is based on the bonuses allocated to policyholders.

#### ***Funds for future appropriation (participating)***

Funds for future appropriation in the participating segment represents the unappropriated surplus of our participating segment which has not yet been allocated to policyholders or shareholders. Changes in funds for future appropriation represents the surplus/(deficit) generated in the participating segment during the relevant period.

#### **Principal components of our Profit and Loss Account (Shareholders' Account or Non-Technical Account)**

Income is generated from i) post tax surplus from our Policyholders' Account to Shareholders' Account and ii) investment income earned on Shareholders' funds.

Expenses comprise contributions made by shareholders Profit and Loss Account to Policyholders' Revenue Account to meet the deficit in any segment of Policyholders Account, expenses other than those directly related to insurance business and any provision for diminution in the value of investments and provision for standard and non-standard assets.

#### **Basis of presentation of financial statements**

Our Restated Consolidated Financial Information consists of Restated Consolidated Statement of Assets and Liabilities of the Company, Restated Consolidated Statement of Revenue Account (Policyholders' Account/Technical Account), Restated Consolidated Statement of Profit and Loss Account (Shareholders' Account/Non-Technical Account) and the Restated Consolidated Receipts and Payments Account (together referred as "Restated Consolidated Financial Information") and Other Consolidated Financial Information.

The Restated Financial Information was prepared under the historical cost convention on an accrual basis of accounting in accordance with the accounting principles and in the manner prescribed the Insurance Regulatory and Development Authority (Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002 and other circulars issued by IRDAI from time to time, as well as other relevant laws and regulations.

The Restated Consolidated Financial Information and Other Consolidated Financial Information have been prepared in accordance with the requirements of:

- (a) section 26 read with applicable provisions within Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013;
- (b) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by SEBI on August 26, 2009, as amended from time to time (collectively, the "**SEBI Regulations**");
- (c) paragraphs 1 and 2 of Schedule I Part (c) of the IRDAI Issuance of Capital Regulations issued by IRDAI.

#### **Our Results of Operations**

The following table shows a breakdown of our results of operations from our Restated Consolidated Statement of Revenue Account (Policyholders' Account) and our Restated Consolidated Statement of Profit and Loss Account (Shareholders' Account) for the periods indicated.

	Fiscal Year Ended March 31,			Six Months Ended
	2015	2016	2017	September 30,
Revenue Account (Policyholders' Account)				2017
	(₹ in millions)			
<b>Income:</b>				
Gross premium income (net of service tax)	148,299.0	163,129.7	194,454.8	91,403.0
Reinsurance ceded	(674.5)	(1,342.0)	(1,706.2)	(893.4)
<b>Net premium income</b>	<b>147,624.5</b>	<b>161,787.7</b>	<b>192,748.6</b>	<b>90,509.6</b>
Income from investments	122,492.7	17,905.7	111,406.4	52,782.8
Contribution from Shareholders' Account	466.9	380.0	353.9	74.2
Income on unclaimed amounts from policyholders	-	-	616.3	246.5
Other income	322.1	591.1	419.0	536.7
<b>Total income</b>	<b>270,906.2</b>	<b>180,664.5</b>	<b>305,544.2</b>	<b>144,149.8</b>
<b>Expenses:</b>				
Commissions	6,234.7	7,018.5	7,920.2	4,037.2
Operating expenses relating to insurance business	14,888.3	18,718.3	23,852.8	12,826.2
Service tax on linked charges	1,531.8	1,853.9	2,160.7	1,317.3
Provisions (other than taxation)	(25.1)	31.8	62.7	(64.5)
Benefits paid (net) and interim/terminal bonuses paid	82,337.6	82,419.5	100,004.0	55,803.6
Change in valuation of liability in respect of life policies	156,525.0	59,281.1	160,547.6	64,825.1
<b>Total expenses</b>	<b>261,492.3</b>	<b>169,323.1</b>	<b>294,548.0</b>	<b>138,744.9</b>
<b>Surplus/deficit before tax</b>	<b>9,413.9</b>	<b>11,341.4</b>	<b>10,996.2</b>	<b>5,404.9</b>
Provisions for tax	1,193.4	1,745.5	1,519.8	223.6
<b>Surplus/deficit after tax</b>	<b>8,220.5</b>	<b>9,595.9</b>	<b>9,476.4</b>	<b>5,181.3</b>
<b>Appropriations</b>				
Funds for future appropriation – provision for lapsed policies unlikely to be revived	(384.1)	(486.8)	-	-
Transfer to Shareholders' Account	6,708.6	7,182.5	7,863.4	4,558.0
Balance being funds for future appropriations	1,896.0	2,900.2	1,613.0	623.3

	Fiscal Year Ended March 31,			Six Months Ended
	2015	2016	2017	September 30,
Bonuses				2017
	₹ in millions			
Interim bonuses paid	98.2	77.9	152.4	76.8
Terminal bonuses paid	615.6	572.6	1,429.8	870.6
Allocation of bonuses	4,681.6	5,570.8	5,918.0	-
<b>Total bonus</b>	<b>5,395.4</b>	<b>6,221.3</b>	<b>7,500.2</b>	<b>947.4</b>

	Fiscal Year Ended March 31,			Six Months Ended
	2015	2016	2017	September 30,
Profit and Loss Account (Shareholders' Account)				2017
	₹ in millions			
Amount transferred from Policyholders' Account	6,708.6	7,182.5	7,863.4	4,558.0
Income from investments	2,033.0	1,712.1	2,303.0	1,230.7
Other income	0.1	105.7	0.8	133.4
Expenses other than those directly related to the	230.0	253.8	767.5	141.4

	Fiscal Year Ended March 31,			Six Months Ended
	2015	2016	2017	September 30,
<b>Profit and Loss Account (Shareholders' Account)</b>				2017
	₹ in millions			
insurance business				
Provisions (other than tax)	(1.0)	32.7	(43.5)	(2.6)
Contribution to the Policyholders' Account	466.9	380.0	353.9	74.2
<b>Profit before tax</b>	<b>8,045.8</b>	<b>8,333.8</b>	<b>9,089.3</b>	<b>5,709.1</b>
Provisions for tax	190.7	165.9	220.1	167.7
<b>Profit after tax</b>	<b>7,855.1</b>	<b>8,167.9</b>	<b>8,869.2</b>	<b>5,541.4</b>

### *Six Months Ended September 30, 2017*

#### *Gross premium income (net of service tax) (Revenue Account)*

Our gross premium income (net of service tax) was ₹91,403.0 million for the six months ended September 30, 2017.

The following table sets forth the breakdown of our segmental gross premium income (net of service tax) for the six months ended September 30, 2017.

Segments	Six Months Ended September 30,		
	2017		
	First year premiums	Renewal premiums	Single premiums
	(₹ in millions)		
Participating individual and group life	5,010.9	16,758.7	0.1
Participating individual and group pension	132.7	796.6	-
Participating pension group variable	-	-	-
Non-participating individual and group life	2,051.4	4,184.5	11,180.3
Non-participating life group variable	-	-	1,903.3
Non-participating individual and group pension	391.7	762.0	1,285.7
Non-participating pension group variable	-	-	3,345.2
Non-participating – annuity	-	-	2,189.6
Non-participating –health	173.5	293.1	(0.5)
Unit-linked individual life	9,803.6	20,589.1	834.0
Unit-linked individual pension	441.2	3,989.9	28.5
Unit-linked group life	-	-	4,645.5
Unit-linked group pension	-	-	612.4
<b>Total</b>	<b>18,005.0</b>	<b>47,373.9</b>	<b>26,024.1</b>

#### *Reinsurance ceded (Revenue Account)*

Our reinsurance ceded was ₹893.4 million for the six months ended September 30, 2017.

#### *Income from investments (Revenue Account)*

The following table sets forth our income from policyholder investments for the six months ended September 30, 2017.

	Six Months Ended September 30, 2017			
	Unit-linked	Non-participating	Participating	Total
	(₹ in millions)			
Interest and dividends (net of amortisation of premium/discount)	10,674.3	5,038.0	7,616.0	23,328.3
Profit/(loss) on sale/ redemption of investments	15,097.5	353.0	3,831.3	19,281.8

	Six Months Ended September 30, 2017			
	Unit-linked	Non-participating	Participating	Total
	(₹ in millions)			
Change in fair value of investments	10,172.7	-	-	10,172.7
<b>Income from investments</b>	<b>35,944.5</b>	<b>5,391.0</b>	<b>11,447.3</b>	<b>52,782.8</b>

Our income from policyholder investments was ₹52,782.8 million for the six months ended September 30, 2017, primarily comprised of income from interest and dividends of ₹23,328.3 million, net realised gains of ₹19,281.8 million, and fair value gain of ₹10,172.7 million, mainly as a result of favourable equity capital market conditions.

Our income from unit-linked policyholder investments is offset by a corresponding change in the valuation of our unit reserves and does not have any material impact on the surplus from our unit-linked segment.

*Other income (Revenue Account)*

Our other income was ₹536.7million for the six months ended September 30, 2017 and arising mainly from one-off interest of ₹335.6 million earned on our assessed income tax refund.

*Income on unclaimed amounts from policyholders (Revenue Account)*

Our income on unclaimed amounts from policyholders was ₹246.5 million for the six months ended September 30, 2017.

*Contribution from Shareholders' Account (Revenue Account)*

Our contributions from our Shareholders' Account was ₹74.2million for the six months ended September 30, 2017, representing the funding from Shareholders' Account to meet the deficit in our non-participating segments.

*Commissions (Revenue Account)*

Our commissions paid to our distributors was ₹4,037.2 million for the six months ended September 30, 2017.

The following table sets forth the split of commissions paid across first year premiums, renewal premiums and single premiums and the corresponding ratios of commissions paid to premiums received (net of service tax) for the six months ended September 30, 2017.

	Six Months Ended September 30, 2017	
	Commission paid (₹ in millions)	Commission ratio (%)
First year commission	3,323.1	18.5%
Renewal commission	600.2	1.3%
Single commission	113.9	0.4%
<b>Total</b>	<b>4,037.2</b>	<b>4.4%</b>

*Operating expenses relating to insurance business (Revenue Account)*

Operating expenses related to insurance business were ₹12,826.2 million for the six months ended September 30, 2017. These mainly comprised employees' remuneration and welfare benefits of ₹5,632.9 million, business development expenses of ₹1,548.4 million, advertisement and publicity expenses of ₹2,772.1million and other expenses of ₹2,872.8 million (which includes rent and office expenses, legal and professional charges and computer expenses).

*Service tax on linked charges (Revenue Account)*

Goods and Services tax/Service tax charge on linked charges was ₹1,317.3million for the six months ended September 30, 2017.

*Benefits paid (net) and interim/terminal bonuses paid (Revenue Account)*

	Six Months Ended September 30, 2017		
	Unit-linked	Traditional	Total
<b>Benefits paid (net) and interim/terminal bonuses paid</b>	<b>(₹ in millions)</b>		
Surrenders and withdrawals (including interest on unclaimed)	34,877.3	2,720.3	37,597.6
Discontinuance termination	3,835.7	—	3,835.7
Maturity and money back (including annuity/pension)	5,408.3	4,174.3	9,582.6
Protection claims (death, health, waiver of premium and riders)	966.8	2,873.5	3,840.3
Interim/terminal bonuses paid	-	947.4	947.4
<b>Total</b>	<b>45,088.1</b>	<b>10,715.5</b>	<b>55,803.6</b>

Benefits paid (net) and interim/terminal bonuses paid were ₹55,803.6 million for the six months ended September 30, 2017, primarily comprised of surrender and withdrawal payouts of ₹37,597.6 million and maturity and money back payouts of ₹9,582.6 million.

*Change in valuation of liability in respect of life policies(Revenue Account)*

	Six Months Ended September 30, 2017 (₹ in millions)
<b>Change in valuation of liability in respect of life policies</b>	
Policy liabilities (non-unit/mathematical reserves) (net of amount ceded in reinsurance)	41,521.1
Amount accepted in reinsurance	-
Unit reserves	21,321.0
Funds for discontinued policies	1,983.0
<b>Total</b>	<b>64,825.1</b>

The change in valuation of liability in respect of life policies was ₹64,825.1million for the six months ended September 30, 2017, mainly driven by an increase in our unit reserves of ₹21,321.0 million with a corresponding increase in income from unit-linked policyholder investments and an increase in policy liabilities (non-unit/mathematical reserves)(net of amounts ceded in reinsurance)of ₹41,521.1 million because of additional net flow of premium during the relevant period and investment income earned on the assets backing such liability.

*Surplus/deficit before/after tax (Revenue account)*

As a result of the above, our surplus before tax was ₹5,404.9 million for the six months ended September 30, 2017, primarily due to surpluses in our participating, non-participating and unit-linked segments.

The following table sets forth our segmental surplus for the period indicated.

	Six Months Ended September 30, 2017 (₹ in millions)
<b>Surplus before tax</b>	
Participating	639.3
Non-participating	3,378.5
Unit-linked	1,312.9
<b>Total segmental surplus (net of contribution from Shareholders' Account)</b>	<b>5,330.7</b>
Add: Contribution from Shareholders' Account	74.2
<b>Surplus before tax</b>	<b>5,404.9</b>

Provisions for tax were ₹223.6 million for the six months ended September 30, 2017.

Surplus after tax was ₹5,181.3 million for the six months ended September 30, 2017.

*Amount transferred from Policyholders' Account (Profit and Loss Account)*

Amount transferred from Policyholders' Account was ₹4,558.0million for the six months ended September 30, 2017, arising mainly from surplus generated in our unit-linked life, unit-linked pension and non-participating segments.

*Income from investments and other income (Profit and Loss Account)*

Income from investments and other income were ₹1,364.1 million for the six months ended September 30, 2017, arising mainly from investment income of ₹1,230.7 million earned on Shareholders' funds and one-off interest of ₹130.2 million earned on our assessed income tax refund.

*Expenses other than those directly related to the insurance business (Profit and Loss Account)*

Expenses other than those directly related to the insurance business were ₹141.4million for the six months ended September 30, 2017, arising mainly from legal and professional charges of ₹25.5 million, corporate social responsibility expenses of ₹30.3 million and other expenses of ₹85.6 million.

*Profit (Profit and Loss Account)*

As a result of the above, profits before tax were ₹5,709.1 million for the six months ended September 30, 2017. Provisions for tax were ₹167.7million for the six months ended September 30, 2017.

As a result of all the factors mentioned above, profit after tax was ₹5,541.4million for the six months ended September 30, 2017.

***Fiscal 2017 compared to Fiscal 2016***

*Gross premium income (net of service tax) (Revenue account)*

Our gross premium income (net of service tax) increased by 19.2% from ₹163,129.7 million in Fiscal 2016 to ₹194,454.8 million in Fiscal 2017, primarily due to growth in new business and stable renewal premium accretion.

The following table sets forth our premium income (net of service tax) by segment in Fiscal 2016 and Fiscal 2017.

Segments	Fiscal Year Ended March 31,					
	2016			2017		
	First year premiums	Renewal premiums	Single premiums	First year premiums	Renewal premiums	Single premiums
	(₹ in millions)					
Participating individual and group life	9,166.3	31,673.2	-	11,934.6	36,213.3	0.1
Participating individual and group pension	613.3	2,183.5	6.1	525.8	1,616.4	9.8
Participating pension group variable	-	-	17.0	-	-	-
Non-participating individual and group life	3,852.2	5,803.0	10,984.8	3,919.0	8,397.5	18,085.6
Non-participating life group variable	-	-	1,754.8	-	-	5,082.1
Non-participating individual and group pension	608.0	973.3	2,418.3	786.7	1,407.5	5,198.3
Non-participating pension group variable	-	-	3,417.2	-	-	6,150.3
Non-participating – annuity	-	-	2,677.0	-	-	3,461.1
Non-participating – health	622.9	274.0	0.9	406.9	374.2	4.8

Segments	Fiscal Year Ended March 31,					
	2016			2017		
	First year premiums	Renewal premiums	Single premiums	First year premiums	Renewal premiums	Single premiums
	(₹ in millions)					
Unit-linked individual life	16,611.7	48,711.1	569.7	17,880.2	50,579.6	1,245.0
Unit-linked individual pension	2,209.3	9,003.3	266.2	1,117.1	9,656.1	1,492.6
Unit-linked group life	-	-	7,644.3	-	-	7,431.6
Unit-linked group pension	-	-	1,068.3	-	-	1,478.6
<b>Total</b>	<b>33,683.7</b>	<b>98,621.4</b>	<b>30,824.6</b>	<b>36,570.3</b>	<b>108,244.6</b>	<b>49,639.9</b>

Our first year premiums increased by 8.6% from ₹33,683.7 million in Fiscal 2016 to ₹36,570.3 million in Fiscal 2017, reflecting the issuance of more than 1.08 million new policies, primarily driven by our multi-channel approach, coupled with our customer centric focus through our diverse product portfolio.

Our renewal premiums increased by 9.8% from ₹98,621.4 million in Fiscal 2016 to ₹1,08,244.6 million in Fiscal 2017, reflecting an increase in the quality of our new business, customer retention and persistency initiatives.

Our single premiums increased by 61.0% from ₹30,824.6 million in Fiscal 2016 to ₹49,639.9 million in Fiscal 2017, mainly due to our focus on protection business and growth in our group term insurance and fund-based businesses.

#### *Reinsurance ceded (Revenue account)*

Our reinsurance ceded increased by 27.1% from ₹1,342.0 million in Fiscal 2016 to ₹1,706.2 million in Fiscal 2017, mainly due to an increasing proportion of protection business across our individual and group segments over the last few years.

#### *Income from investments (Revenue account)*

The following table sets forth our income from policyholder investments for the periods indicated.

	Fiscal Year Ended March 31,							
	2016				2017			
	Unit-linked	Non-participating	Participating	Total	Unit-linked	Non-participating	Participating	Total
	(₹ in millions)							
Interest and dividends (net of amortisation of premium/ discount)	18,278.2	5,966.7	10,668.2	34,913.1	19,691.0	7,663.0	13,175.3	40,529.3
Profit/loss on sale/redemption of investments	28,975.4	79.1	(1,351.4)	27,703.1	30,040.7	635.5	4,364.3	35,040.5
Change in fair value of investments	(44,719.2)	8.7	-	(44,710.5)	35,836.6	-	-	35,836.6
<b>Total income from investments</b>	<b>2,534.4</b>	<b>6,054.5</b>	<b>9,316.8</b>	<b>17,905.7</b>	<b>85,568.3</b>	<b>8,298.5</b>	<b>17,539.6</b>	<b>111,406.4</b>

Our income from unit-linked policyholder investments increased from ₹2,534.4 million in Fiscal 2016 to ₹85,568.3 million in Fiscal 2017, primarily due to mark-to-market gains in our unit-linked segment in Fiscal 2017 compared to losses in the Fiscal 2016. Our income from unit-linked policyholder investments is offset by a corresponding change in the valuation of our unit reserves and does not have any material impact on the surplus from our unit-linked segment. We experienced an increase of 68.2% in our investment income from our other segments from ₹15,371.3 million in Fiscal 2016 to ₹25,838.1 million in Fiscal 2017, mainly due to net realised gains increasing by ₹6,272.3 million in Fiscal 2017 compared to Fiscal 2016,

#### *Other income (Revenue Account)*

Our other income decreased by 29.1% from ₹591.1 million in Fiscal 2016 to ₹419.0 million in Fiscal 2017, primarily attributed to one-off interest of ₹229.6 million earned on our assessed income tax refund in our Policyholders' Revenue Account in Fiscal 2016.

#### *Income on unclaimed amounts from policyholders (Revenue Account)*

Our income on unclaimed amounts from policy holders was ₹616.3 million in Fiscal 2017. Our income on unclaimed amounts from policyholders is passed on to policyholders and is reflected as a current liability for policyholders.

#### *Contribution from Shareholders' Account (Revenue Account)*

Our contributions from our Shareholders' Account decreased by 6.9% from ₹380.0 million in Fiscal 2016 to ₹353.9 million in Fiscal 2017 as a result of surplus in our health segment in Fiscal 2017 as compared to a deficit in Fiscal 2016.

#### *Commissions (Revenue Account)*

The following table sets forth the split of commissions paid across first year premiums, renewal premiums and single premiums and the corresponding ratios of commissions paid to premiums received (net of service tax) for the periods indicated.

	Fiscal Year Ended March 31,			
	2016		2017	
	Commission paid (₹ in millions)	Commission ratio (%)	Commission paid (₹ in millions)	Commission ratio (%)
First year commission	5,751.2	17.1%	6,469.0	17.7%
Renewal commission	1,224.5	1.2%	1,376.9	1.3%
Single commission	42.8	0.1%	74.3	0.1%
<b>Total</b>	<b>7,018.5</b>	<b>4.3%</b>	<b>7,920.2</b>	<b>4.1%</b>

Our commissions paid to our distributors increased by 12.8% from ₹7,018.5 million in Fiscal 2016 to ₹7,920.2 million in Fiscal 2017, generally in line with the growth of our premium income and increasing proportion of participating policies. The increase in first year commission ratio from 17.1% in Fiscal 2016 to 17.7% in Fiscal 2017 reflects a higher proportion of participating policies (which has higher rates of commission compared with unit-linked and non-participating policies) sold during Fiscal 2017.

#### *Operating expenses relating to insurance business (Revenue Account)*

Our operating expenses relating to insurance business increased from by 27.4% from ₹18,718.3 million in Fiscal 2016 to ₹23,852.8 million in Fiscal 2017, driven by an increase in costs related to employees, infrastructure, marketing, operational, information technology related and business development expenses, in line with the inflation and growth in business.

Employee-related costs increased from ₹8,590.7 million in Fiscal 2016 to ₹11,042.0 million in Fiscal 2017, mainly due to an increase in the number of employees due to growth in business and salary revisions of employees due to annual increments in line with inflation.

Our business development, advertisement and publicity expenses increased from ₹4,477.9 million in Fiscal 2016 to ₹6,787.8 million in Fiscal 2017, mainly due to an increase in our investment in online digital and outdoor marketing to drive consumer awareness and focus on growth of our protection business.

Our general office expenses and legal and professional charges increased from ₹1,955.6 million in Fiscal 2016 to ₹2,182.9 million in Fiscal 2017, mainly due to higher business volumes and telemarketing expenses.

Our computer expenses increased from ₹542.1 million in Fiscal 2016 to ₹629.6 million in Fiscal 2017, mainly due to our strategy of focusing on digital initiatives to improve customer experience and ease of purchasing our products, and increase operational efficiencies.

*Service tax on linked charges (Revenue Account)*

Service tax on linked charges increased by 16.5% from ₹1,853.9 million in Fiscal 2016 to ₹2,160.7 million in Fiscal 2017, in line with the growth in the charges collected from our unit-linked business arising from growth in our AUM.

*Benefits paid (net) and interim/terminal bonuses paid (Revenue Account)*

Our benefits paid to policyholders increased by 21.3% from ₹82,419.5 million for Fiscal 2016 to ₹100,004.0 million in Fiscal 2017, largely due to an increase in surrenders/withdrawals and maturity payouts.

Benefits paid (net) and interim/terminal bonuses paid	Fiscal Year Ended March 31,					
	2016			2017		
	Unit-linked	Traditional	Total	Unit-linked	Traditional	Total
	(₹ in millions)					
Surrenders and withdrawals (including interest on unclaimed)	49,929.6	7,957.9	57,887.5	57,229.6	7,376.4	64,606.1
Discontinuance termination	10,015.0	-	10,015.0	12,295.2	-	12,295.2
Maturity and money back (including annuity/pension)	4,680.9	5,605.1	10,286.0	9,039.1	6,979.7	16,018.7
Protection claims (death, health, waiver of premium and riders)	1,506.4	2,074.1	3,580.5	1,677.4	3,824.4	5,501.8
Interim/terminal bonuses paid	-	650.5	650.5	-	1,582.2	1,582.2
<b>Total</b>	<b>66,131.9</b>	<b>16,287.6</b>	<b>82,419.5</b>	<b>80,241.3</b>	<b>19,762.7</b>	<b>100,004.0</b>

Our benefits paid pursuant to surrenders and withdrawals increased by 11.6% from ₹57,887.5 million in Fiscal 2016 to ₹64,606.1 million in Fiscal 2017, which was lower as compared to increase in the total premium income during Fiscal 2017 due to our focus on needs-based selling and other persistency-related initiatives.

Maturity and money back claims increased in Fiscal 2017 due to a greater number of policies maturing and or reaching the eligibility period for money back payouts compared with Fiscal 2016, while annuity claims increased due to the growth in our annuity business during Fiscal 2017.

Our benefits paid pursuant to protection claims have increased by 53.7% from ₹3,580.5 million in Fiscal 2016 to ₹5,501.8 million in Fiscal 2017, primarily due to our increased protection business (including online term, group protection and health) written over the last few years.

Interim and terminal bonuses increased by 143.2% from ₹650.5 million in Fiscal 2016 to ₹1,582.2 million in Fiscal 2017. These bonuses are payable when participating policies mature, are surrendered or on death claims and the increase in bonuses is due to the increase in the policy payouts on such exits.

*Change in valuation of liability in respect of life policies (Revenue Account)*

Change in valuation of liability in respect of life policies	Fiscal Year Ended March 31, 2017	
	2016	2017
	(₹ in millions)	
Policy liabilities (non-unit/mathematical reserves) (net of amount ceded in reinsurance)	51,214.4	79,812.9

	Fiscal Year Ended March 31, 2017	
	2016	2017
	(₹ in millions)	
<b>Change in valuation of liability in respect of life policies</b>		
Amount accepted in reinsurance	-	-
Unit reserves	6,136.6	80,526.4
Funds for discontinued policies	1,930.1	208.3
<b>Total</b>	<b>59,281.1</b>	<b>160,547.6</b>

The change in valuation of liability in respect of life policies increased by 170.8% from ₹59,281.1 million in Fiscal 2016 to ₹160,547.6 million in Fiscal 2017, mainly driven by: (a) an increase in our unit reserves from ₹6,136.6 million in Fiscal 2016 to ₹80,526.4 million in Fiscal 2017 due to unrealised gains on our investments as a result of favourable equity market conditions; and (b) an increase in policy liabilities (non-unit/mathematical reserves) (net of amounts ceded in reinsurance) by 55.8% from ₹51,214.4 million in Fiscal 2016 to ₹79,812.9 million in Fiscal 2017 due to growth in new business and renewal premium payments.

*Surplus/deficit before/after tax (Revenue Account)*

As a result of the above, surplus before tax decreased by 3.0% from ₹11,341.4 million in Fiscal 2016 to ₹10,996.2 million in Fiscal 2017, primarily due to decrease in surplus in our participating segment, partially offset by an increase in surplus in our unit-linked segment.

The following table sets forth our segmental surplus for the periods indicated.

	Fiscal Year Ended March 31,	
	2016	2017
	(₹ in millions)	
Participating	4,966.3	3,515.4
Non-participating	4,285.3	4,226.3
Unit-linked	1,709.8	2,900.6
<b>Total segmental surplus (net of contribution from Shareholders' Account)</b>	<b>10,961.4</b>	<b>10,642.3</b>
Add: Contribution from Shareholders' Account	380.0	353.9
<b>Surplus before tax</b>	<b>11,341.4</b>	<b>10,996.2</b>

Provisions for tax in our Policyholders' Account decreased by 12.9% from ₹1,745.5 million in Fiscal 2016 to ₹1,519.8 million in Fiscal 2017, due to lower taxable surplus in participating segment.

As a result of the above, surplus from operations decreased by 1.2% from ₹9,595.9 million in Fiscal 2016 to ₹9,476.4 million in Fiscal 2017.

*Bonuses paid to policyholders (Revenue Account)*

The following table sets forth our total bonuses paid to policyholders for the periods indicated.

	Fiscal Year Ended March 31,	
	2016	2017
	(₹ in millions)	
Interim bonuses paid	77.9	152.4
Terminal bonuses paid	572.6	1,429.8
Allocation of bonuses to policyholders	5,570.8	5,918.0
<b>Total bonuses paid</b>	<b>6,221.3</b>	<b>7,500.2</b>

The total bonuses paid to policyholders increased by 20.6% from ₹6,221.3 million in Fiscal 2016 to ₹7,500.2 million in Fiscal 2017 reflecting the increase in the surplus shared with policyholders through bonuses.

*Amount transferred from Policyholders' Account (Profit and Loss Account)*

Amount transferred from Policyholders' Account increased by 9.5% from ₹7,182.5 million in Fiscal 2016 to ₹7,863.4 million in Fiscal 2017, arising mainly from surplus generated in our unit-linked pension segment and partially offset by a decrease in the surplus from our unit-linked life and non-participating life segment.

*Income from investments and other income (Profit and Loss Account)*

Income from investments and other income increased by 26.7% from ₹1,817.8 million in Fiscal 2016 to ₹2,303.8 million in Fiscal 2017, mainly due to an increase in our income from investments by 34.5% from ₹1,712.1 million in Fiscal 2016 to ₹2,303.0 million in Fiscal 2017 resulting from favourable equity capital markets conditions and higher interest and dividend income on our investment portfolio.

*Expenses other than those directly related to the insurance business (Profit and Loss Account)*

Expenses other than those directly related to the insurance business increased by 202.4% from ₹253.8 million in Fiscal 2016 to ₹767.5 million in Fiscal 2017, primarily due to one-off expenses of: (a) ₹294.7 million relating to our proposed initial public offering and then-ongoing merger transaction with Max Life; and (b) ₹122.1 million in interest compensation paid to policyholders pursuant to an IRDAI order received during Fiscal 2017 regarding a property investment in Fiscal 2010.

*Profits before/after tax (Profit and Loss Account)*

As a result of the above, profits before tax increased by 9.1% from ₹8,333.8 million in Fiscal 2016 to ₹9,089.3 million in Fiscal 2017.

Provisions for tax increased by 32.7% from ₹165.9 million in Fiscal 2016 to ₹220.1 million in Fiscal 2017, mainly due to higher shareholders' surplus.

As a result of all the factors mentioned above, profit after tax increased by 8.6% from ₹8,167.9 million in Fiscal 2016 to ₹8,869.2 million in Fiscal 2017, arising mainly from surplus generated in our unit-linked individual and group pension segments and partially offset by a decrease in the surplus from our unit-linked life and non-participating life segments.

***Fiscal 2016 compared to Fiscal 2015***

*Gross premium income (net of service tax) (Revenue Account)*

The following table sets forth our premium income (net of service tax) by segment for Fiscal 2016 and Fiscal 2017.

Segments	Fiscal Year Ended March 31,					
	2015			2016		
	First year premiums	Renewal premiums	Single premiums	First year premiums	Renewal premiums	Single premiums
	(₹ in millions)					
Participating individual and group life	5,797.3	28,679.5	0.2	9,166.3	31,673.1	-
Participating individual and group pension	448.8	1,924.7	0.4	613.3	2,183.5	6.1
Participating pension group variable	-	-	14.0	-	-	17.0
Non-participating individual and group life	3,992.5	2,823.9	8,146.1	3,852.2	5,803.0	10,984.7
Non-participating par life group variable	-	-	3,589.2	-	-	1,754.8
Non-participating individual and group pension	518.9	579.3	2,359.1	608.0	973.3	2,418.3

Segments	Fiscal Year Ended March 31,					
	2015			2016		
	First year premiums	Renewal premiums	Single premiums	First year premiums	Renewal premiums	Single premiums
	(₹ in millions)					
Non-participating pension group variable	-	-	2,524.2	-	-	3,417.2
Non-participating –Annuity	-	-	3,186.1	-	-	2,677.0
Non-participating –Health	303.5	134.3	7.2	622.9	274.0	0.9
Unit linked individual life	15,544.6	49,178.1	306.8	16,611.7	48,711.2	569.8
Unit linked individual pension	2,909.1	10,331.1	296.4	2,209.3	9,003.3	266.2
Unit linked group life	-	-	4,119.4	-	-	7,644.3
Unit linked group pension	-	-	584.3	-	-	1,068.3
<b>Total</b>	<b>29,514.7</b>	<b>93,650.9</b>	<b>25,133.4</b>	<b>33,683.7</b>	<b>98,621.4</b>	<b>30,824.6</b>

Our gross premium income (net of service tax) increased by 10.0% from ₹148,299.0 million in Fiscal 2015 to ₹163,129.7 million in Fiscal 2016, primarily due to strong growth in new business written under our individual and group business in participating, non-participating and unit-linked life segments and stable renewal premiums.

Our first year premiums increased by 14.1% from ₹29,514.7 million in Fiscal 2015 to ₹33,683.7 million in Fiscal 2016, driven by strong growth due to increased size of our bancassurance distribution channels and the strength of our multi-channel distribution approach. We have seen growth across all our key distribution channels.

Our renewal premiums increased by 5.3% from ₹93,650.9 million in Fiscal 2015 to ₹98,621.4 million in Fiscal 2016, reflecting the continued impact of the sales of our regular premium products during previous years, as well as the customer initiatives we have undertaken in improving renewal premium collection.

Our single premiums increased by 22.6% from ₹25,133.4 million in Fiscal 2015 to ₹30,824.6 million in Fiscal 2016, mainly due to our focus on our protection business and growth in our group term insurance and fund-based business

#### *Reinsurance ceded (Revenue Account)*

Our reinsurance ceded increased by 99.0% from ₹674.5 million in Fiscal 2015 to ₹1,342.0 million in Fiscal 2016, mainly due to (a) a change in the frequency of reinsurance premium payments from annually to quarterly with effect from Fiscal 2015 which resulted in a one-off reduction in our reinsurance premium payments for Fiscal 2015 and (b) an increase in reinsurance premium payments due to the growth in our protection term and health business across both individual and group segments.

#### *Income from investments (Revenue Account)*

The following table sets forth our income from policyholder investments for the periods indicated.

	Fiscal Year Ended March 31,							
	2015				2016			
	Unit-linked	Non-participating	Participating	Total	Unit-linked	Non-participating	Participating	Total
	(₹ in millions)							
Interest and dividends (net of amortisation of premium/ discount)	14,984.5	4,371.5	9,580.4	28,936.4	18,278.2	5,966.7	10,668.2	34,913.1
Profit/loss on sale/redemption of investments	25,687.0	185.9	6,280.7	32,153.6	28,975.4	79.1	(1,351.4)	27,703.1
Change in fair value of investments	61,379.4	23.3	-	61,402.7	(44,719.2)	8.7	-	(44,710.5)
<b>Total income from</b>	<b>102,050.9</b>	<b>4,580.7</b>	<b>15,861.1</b>	<b>122,492.7</b>	<b>2,534.4</b>	<b>6,054.5</b>	<b>9,316.8</b>	<b>17,905.7</b>

	Fiscal Year Ended March 31,							
	2015				2016			
	Unit-linked	Non-participating	Participating	Total	Unit-linked	Non-participating	Participating	Total
	(₹ in millions)							
<b>investments</b>								

Our income from unit-linked policyholder investments decreased by 97.5% from ₹102,050.9 million in Fiscal 2015 to ₹2,534.4 million in Fiscal 2016, primarily due to higher mark-to-market losses resulting from turbulent market conditions. Our income from unit-linked policyholder investments is offset by a corresponding change in the valuation of our unit reserves and does not have any material impact on the surplus from our unit-linked segment. We experienced a decrease of 22.8% in our investment income from our other segments from ₹20,441.8 million in Fiscal 2015 to ₹15,371.3 million in Fiscal 2016, mainly due lower realised gains on investments as a result of declining equity markets.

*Other income (Revenue Account)*

Our other income increased by 83.5% from ₹322.1 million in Fiscal 2015 to ₹591.1 million in Fiscal 2016, primarily due to an increase in agent's license fees and one-off interest income earned on account of our assessed income tax refund of ₹229.6 million.

*Contribution from Shareholders' Account (Revenue Account)*

Our contributions from our Shareholders' Account decreased by 18.6% from ₹466.9 million in Fiscal 2015 to ₹380.0 million in Fiscal 2016 as a result of lower new business strain in our annuity and non-participating life insurance group variable businesses, which was partially offset by an increase in new business strain in our health business.

*Commissions (Revenue Account)*

The following table sets forth the split of commissions paid across first year premiums, renewal premiums and single premiums and the corresponding ratios of commissions paid to premiums received (net of service tax) for the periods indicated.

	Fiscal Year Ended March 31,			
	2015		2016	
	Commission paid (₹ in millions)	Commission ratio (%)	Commission paid (₹ in millions)	Commission ratio (%)
First year commission	4,974.3	16.9%	5,751.2	17.1%
Renewal commission	1,201.9	1.3%	1,224.5	1.2%
Single commission	58.5	0.2%	42.8	0.1%
<b>Total</b>	<b>6,234.7</b>	<b>4.2%</b>	<b>7,018.5</b>	<b>4.3%</b>

Our commissions paid to our distributors increased by 12.6% from ₹6,234.7 million in Fiscal 2015 to ₹7,018.5 million in Fiscal 2016, generally in line with the growth of our premium income. The increase in first year commission ratio from 16.9% in Fiscal 2015 to 17.1% in Fiscal 2016 reflects a higher proportion of participating policies (which has higher rates of commission compared with unit-linked and non-participating policies) sold during Fiscal 2016.

*Operating expenses relating to insurance business (Revenue Account)*

Our operating expenses increased from by 25.7% from ₹14,888.3 million in Fiscal 2015 to ₹18,718.3 million in Fiscal 2016, driven by an increase in costs related to employees, infrastructure, marketing, operational and computer expenses, in line with the inflation and growth in business.

Employee-related costs form a significant proportion of our expenses. While we continued to focus on consolidation of our branches and increasing employee efficiency, employee-related costs increased from ₹7,701.1 million in Fiscal 2015 to ₹8,590.7 million in Fiscal 2016, mainly due to an increase in outsourcing manpower expenses due to growth in business and increased salaries of employees due to annual increments in line with inflation.

Our business development, advertisement and publicity expenses increased from ₹2,552.2 million in Fiscal 2015 to ₹4,477.9 million in Fiscal 2016, mainly due to an increase in our investment in online digital marketing to promote future business growth, particularly for our protection and health insurance products

Our general office expenses and legal and professional charges increased from ₹1,506.6 million in Fiscal 2015 to ₹1,955.6 million in Fiscal 2016, mainly due to higher business volumes and various customer-oriented initiatives.

Our computer expenses increased from ₹495.9 million in Fiscal 2015 to ₹542.1 million in Fiscal 2016, mainly due to our strategy of focusing on digital initiatives to improve customer experience and increase operational efficiencies.

*Service tax on linked charges (Revenue Account)*

Service tax on linked charges increased by 21.0% from ₹1,531.8 million in Fiscal 2015 to ₹1,853.9 million in Fiscal 2016, in line with the growth in the charges collected from our unit-linked business arising from growth in our AUM, as well as an increase in the service rate from 12.36% to 14.5% during Fiscal 2015.

*Benefits paid (net) and interim/terminal bonuses paid (Revenue Account)*

Our benefits paid to policyholders increased marginally by 0.1% from ₹82,337.6 million in Fiscal 2015 to ₹82,419.5 million for Fiscal 2016, due to a decrease in the number of surrenders and withdrawals of unit-linked policies, which was partially offset by an increase in other benefits paid.

	Fiscal Year Ended March 31,					
	2015			2016		
	Unit-linked	Traditional	Total	Unit-linked	Traditional	Total
	(₹ in millions)					
Surrenders and withdrawals (including interest on unclaimed)	61,159.4	8,795.1	69,954.5	49,929.6	7,957.9	57,887.5
Discontinuance termination	-	-	-	10,015.0	-	10,015.0
Maturity and money back (including annuity/pension)	2,316.3	6,481.1	8,797.4	4,680.9	5,605.1	10,286.0
Protection claims (death, health, waiver of premium and riders)	1,409.7	1,462.2	2,871.9	1,506.4	2,074.1	3,580.5
Interim/terminal bonuses paid	-	713.8	713.8	-	650.5	650.5
<b>Total</b>	<b>64,885.4</b>	<b>17,452.2</b>	<b>82,337.6</b>	<b>66,131.9</b>	<b>16,287.6</b>	<b>82,419.5</b>

Our benefits paid pursuant to surrenders and withdrawals decreased by 17.2% from ₹69,954.5 million in Fiscal 2015 to ₹57,887.5 million in Fiscal 2016, due to various customer education and retention initiatives that we had implemented and is also reflected in our higher persistency.

Our benefits paid pursuant to maturity and money back (including annuity/pension) claims have increased by 16.9% from ₹8,797.4 million in Fiscal 2015 to ₹10,286.0 million in Fiscal 2016. Maturity and money back claims have increased due to a greater number of policies completing their policy term and reaching the eligibility period for money back policy payouts, while annuity claims have increased due to higher business sold in previous years in line with actuarial projections.

Our benefits paid pursuant to protection claims have increased by 24.7% from ₹2,871.9 million in Fiscal 2015 to ₹3,580.5 million in Fiscal 2016, primarily due to our increased protection business (including online term, group protection and health) written over the last few years.

Interim and terminal bonuses decreased by 8.9% from ₹713.8 million in Fiscal 2015 to ₹650.5 million in Fiscal 2016 mainly due to a decrease in the number of participating policies maturing in Fiscal 2016 compared with Fiscal 2015.

*Change in valuation of liability in respect of life policies (Revenue Account)*

	Fiscal Year Ended March 31,	
	2015	2016
	(₹ in millions)	
<b>Change in valuation of liability in respect of life policies</b>		
Policy liabilities (non-unit/mathematical reserves) (net of amount ceded in reinsurance)	49,395.30	51,214.4
Amount accepted in reinsurance	-	-
Unit reserves	94,044.5	6,136.6
Funds for discontinued policies	13,085.2	1,930.1
<b>Total</b>	<b>156,525.0</b>	<b>59,281.1</b>

The change in valuation of liability in respect of life policies decreased by 62.1% from ₹156,525.0 million in Fiscal 2015 to ₹59,281.1 million in Fiscal 2016, mainly driven by a decrease in our unit reserves by 93.5% from ₹94,044.5 million in Fiscal 2015 to ₹6,136.6 million in Fiscal 2016, due to a decline in our income from unit-linked policyholder investments as a result of mark-to-market losses from declining equity markets in Fiscal 2016.

*Surplus/deficit before/after tax (Revenue Account)*

As a result of the above, surplus before tax increased by 20.5% from ₹9,413.9 million in Fiscal 2015 to ₹11,341.4 million in Fiscal 2016. This increase is mainly due to increase in surpluses in our participating and non-participating segments.

The following table sets forth our segmental surplus for the periods indicated.

	Fiscal Year Ended March 31,	
	2015	2016
	(₹ in millions)	
Participating	3,498.2	4,966.3
Non-participating	1,857.8	4,285.3
Unit-linked	3,591.0	1,709.8
<b>Total segmental surplus (net of contribution from Shareholders' Account)</b>	<b>8,947.0</b>	<b>10,961.4</b>
Add: Contribution from Shareholders' Account	466.9	380.0
<b>Surplus before tax</b>	<b>9,413.9</b>	<b>11,341.4</b>

Provisions for tax in our Policyholders' Account increased by 46.3% from ₹1,193.4 million in Fiscal 2015 to ₹1,745.5 million in Fiscal 2016 due to an increase in our total taxable surplus.

As a result of the above, surplus from operations increased by 16.7% from ₹8,220.5 million in Fiscal 2015 to ₹9,595.9 million in Fiscal 2016.

*Bonuses paid to policyholders (Revenue Account)*

The following table sets forth our total bonuses paid to policyholders for the periods indicated.

	Fiscal Year Ended March 31,	
	2015	2016
	(₹ in millions)	
Interim bonuses paid	98.2	77.9
Terminal bonuses paid	615.6	572.6
Allocation of bonuses to policyholders	4,681.6	5,570.8
<b>Total bonuses paid</b>	<b>5,395.4</b>	<b>6,221.3</b>

The total bonuses paid to policyholders increased by 15.3% from ₹5,395.4 million in Fiscal 2015 to ₹6,221.3 million in Fiscal 2016 reflecting the increase in the surplus shared with policyholders through bonuses.

*Amount transferred from Policyholders' Account (Profit and Loss Account)*

Amount transferred from Policyholders' Account increased by 7.1% from ₹6,708.6 million in Fiscal 2015 to ₹7,182.5 million in Fiscal 2016, arising mainly from an increase in the surplus generated from our non-participating life segment, which was partially offset by a decrease in the surplus generated from our unit-linked segment.

*Income from investments and other income (Profit and Loss Account)*

Income from investments and other income decreased by 10.6% from ₹2,033.1 million in Fiscal 2015 to ₹1,817.8 million in Fiscal 2016, mainly due to a decrease in income from shareholders' investments arising from lower net realised gains from sale of investments in Fiscal 2016 as compared to Fiscal 2015. Net realised gains from sale of shareholders' investments decreased by 90.0% from ₹517.2 million in Fiscal 2015 to ₹51.9 million in Fiscal 2016 mainly due to weak equity market conditions. This was partially offset by higher interest income as a result of additional investments in fixed income instruments with the profits transferred to our Shareholders' Account from our Policyholders' Revenue Account.

*Expenses other than those directly related to the insurance business (Profit and Loss Account)*

Expenses other than those directly related to the insurance business increased by 10.3% from ₹230.0 million in Fiscal 2015 to ₹253.8 million in Fiscal 2016 due to managerial remuneration charged to our Shareholders' Account (in excess of the IRDAI specified limit) and an increase in corporate social responsibility expenses.

*Profits before/after tax (Profit and Loss Account)*

As a result of the above, profits before tax increased by 3.6% from ₹8,045.8 million in Fiscal 2015 to ₹8,333.8 million in Fiscal 2016.

Provisions for tax decreased by 13.0% from ₹190.7 million in Fiscal 2015 to ₹165.9 million in Fiscal 2016 on account of lower shareholders' surplus.

As a result of all the factors mentioned above, profit after tax increased by 4.0% from ₹7,855.1 million in Fiscal 2015 to ₹8,167.9 million in Fiscal 2016, arising mainly from strong profits generated from our existing non-participating business, which was partially offset by higher new business strain generated from our unit-linked individual business.

## Our Financial Position

The following table shows a breakdown of our financial position from our summary balance sheet for the periods indicated.

	As at March 31,			As at September 30,
	2015	2016	2017	2017
<b>Balance sheet</b>	(₹ in millions)			
<b>Shareholders' funds</b>				
Shareholders' funds	25,412.8	31,034.9	38,263.1	44,636.4
<b>Liabilities</b>				
Policyholders' funds				
Fair value change account	612.6	536.1	3,981.4	5,671.0
Policy liabilities	192,792.0	244,006.4	323,827.0	365,375.6
Provision for linked liabilities <sup>(1)</sup>	421,401.6	427,538.2	508,064.6	529,385.6
Funds for discontinued policies <sup>(1)</sup>	27,801.9	29,732.0	29,940.3	31,923.3
Funds for future appropriations	4,641.4	7,054.8	8,667.8	9,291.1

	As at March 31,			As at September 30,
	2015	2016	2017	2017
<b>Balance sheet</b>	(₹ in millions)			
Current liabilities and provisions	20,422.9	25,541.4	38,221.8	35,987.3
<b>Total liabilities and shareholders' funds</b>	<b>693,085.2</b>	<b>765,443.8</b>	<b>950,966.0</b>	<b>1,022,270.3</b>
<b>Assets</b>				
Investments				
Shareholders'	21,947.2	25,537.8	32,314.1	37,027.2
Policyholders'	199,084.9	258,628.8	346,915.3	396,862.2
Assets held to cover linked liabilities <sup>(1)</sup>	449,203.5	457,270.2	538,004.9	561,308.9
Current assets	18,068.5	19,602.7	29,718.2	23,469.3
Other assets <sup>(2)</sup>	4,781.1	4,404.3	4,013.5	3,602.7
<b>Total assets</b>	<b>693,085.2</b>	<b>765,443.8</b>	<b>950,966.0</b>	<b>1,022,270.3</b>
<b>Net current assets</b>	<b>(2,354.4)</b>	<b>(5,938.7)</b>	<b>(8,503.6)</b>	<b>(12,518.0)</b>

Notes:

- (1) Provision for linked liabilities and funds for discontinued policies are held for unit-linked policies and are exactly matched by assets held to cover linked liabilities.
- (2) Includes fixed assets and loans.

Our total assets increased from ₹693,085.2 million at March 31, 2015 to ₹1,022,270.3 million at September 30, 2017, primarily due to an increase in assets held to cover linked liabilities and investments in our policyholders' accounts during each period, as a result of growth in new business premiums and renewal premiums.

Our total liabilities increased from ₹667,672.4 million at March 31, 2015 to ₹977,633.9 million at September 30, 2017, primarily due to increases in provisions for linked liabilities and policy liabilities.

### Liquidity and Capital Resources

Liquidity refers to the ability of a company to generate adequate amounts of cash from its normal operations, in order to meet its financial commitments. The liquidity needs of our life insurance operations are generally affected by outflows for claims (including through during surrender, deaths, maturities and bonus payments), commission and administrative expenses, which are offset by inflows from premiums and income from investments.

Liquidity requirements of our insurance operations are fully met on the basis of net cash flow generated by our Company in the ordinary course of business.

The following table sets forth a summary of our cash flow for the periods indicated.

	Fiscal Year Ended March 31,			Six Months Ended September 30,
	2015	2016	2017	2017
<b>Receipts and payments account</b>	(₹ in millions)			
Net cash flow generated from operating activities	44,594.9	56,874.5	62,302.5	19,189.6
Net cash flow used in investing activities	(35,144.7)	(39,590.9)	(51,752.1)	(16,700.9)
Net cash flow used in financing activities	(1,675.6)	(2,124.3)	(2,355.9)	658.1

### *Net cash flow from operating activities*

Our cash flow from operations largely depends on our net profits. We have been profitable in each of Fiscal 2015, Fiscal 2016, Fiscal 2017 and the six months ended September 30, 2017, generating sufficient cash flow from our operations. We have been able to meet all our working capital requirements through the cash generated from our operations.

Our net cash flow generated from operating activities was ₹19,189.6 million for the six months ended September 30, 2017, primarily attributed to premium and other receipts, partially offset by policy benefits paid, operating expenses and commission paid.

Our net cash flow generated from operating activities increased from ₹56,874.5 million in Fiscal 2016 to ₹62,302.5 million in Fiscal 2017, primarily attributed to an increase in premium and other receipts partially offset by policy benefits paid, operating expenses and commission paid.

Our net cash flow generated from operating activities increased from ₹44,594.9 million in Fiscal 2015 to ₹56,874.5 million in Fiscal 2016, primarily attributed to an increase in premium and other receipts partially offset by policy benefits paid, operating expenses and commission paid.

#### ***Net cash flow used in investing activities***

Our net cash flow used in investing activities is determined largely by our purchases and sales of investments.

Our net cash flow used in investing activities was ₹(16,700.9) million for the six months ended September 30, 2017, primarily attributed to purchase of investments and partially offset by interest and dividend received and sales of investments.

Our net cash flow used in investing activities increased from ₹(39,590.9) million in Fiscal 2016 to ₹(51,752.1) million in Fiscal 2017, primarily attributed to increase in purchase of investments and partially offset by interest and dividend received and sales of investments.

Our net cash flow used in investing activities increased from ₹(35,144.7) million in Fiscal 2015 to ₹(39,590.9) million in Fiscal 2016, primarily attributed to increase in purchase of investments and partially offset by interest and dividend received and sales of investments.

#### ***Net cash flow used in financing activities***

Our net cash flow used in financing activities is primarily determined by the amount of our dividend payments. We paid dividends in Fiscal 2015, Fiscal 2016 and Fiscal 2017 and did not have outstanding borrowings as at September 30, 2017.

Our net cash flow from financing activities was ₹658.1 million for the six months ended September 30, 2017, attributed to securities premiums received from shareholders as a result of the issuance of ESOPs.

Our net cash flow used in financing activities increased from ₹(2,124.3) million in Fiscal 2016 to ₹(2,355.9) million in Fiscal 2017, attributed to increase in dividends paid (including dividend distribution tax) from ₹(2,161.0) million in Fiscal 2016 to ₹(2,644.8) million in Fiscal 2017 and cash flows from the issuance of ESOPs.

Our net cash flow used in financing activities increased from ₹(1,675.6) million in Fiscal 2015 to ₹(2,124.3) million in Fiscal 2016, attributed to an increase in dividends paid (including dividend distribution tax) from ₹(1,675.6) million in Fiscal 2015 to ₹(2,161.0) million in Fiscal 2016 and cash flows from the issuance of ESOPs.

We are of the opinion that, after taking into account the expected cash to be generated from operations, we have sufficient liquidity for our present as well for requirements and anticipated requirements for capital expenditure and working capital for 12 months following the date of this Red Herring Prospectus.

#### **Contractual Obligations**

Our contractual obligations with definitive payment terms primarily relate to policyholder liabilities, investment and fixed assets commitments, and repayments of our operating lease commitments in respect of properties.

The table below sets forth our contractual obligations with definitive payment terms as at September 30, 2017.

	As at September 30, 2017			
	Total	Less than one year	Less than one year but no later than five years	Later than five years
Policy liabilities	926,649.3	135,066.7	223,503.1	568,079.5
Investment and fixed assets commitments	908.8	846.8	62.0	-
Operating lease commitments	155.3	59.1	96.2	-

Our policy liabilities of ₹ 926,649.3 million as at September 30, 2017 relate to amounts held by us for meeting our expected future obligations on existing policies.

Our investment and fixed assets commitments of ₹908.8 million as at September 30, 2017 relate to the estimated amount of commitments made and not provided for (net of advances).

Our operating lease commitments of ₹155.3 million as at September 30, 2017 principally relate to our minimum future lease rentals payable under non-cancellable operating lease payments for our various branches. The terms of our operating lease agreements do not contain any exceptional/restrictive covenants which will have a significant detrimental impact on our financials.

#### Off-Balance Sheet Transactions

Except as disclosed in our Restated Consolidated Financial Information or elsewhere in this Red Herring Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

#### Provisions, Contingent Liabilities and Contingent Assets

##### *Provisions*

Provisions are accounted for in respect of present obligations arising out of past events where it is probable that an outflow of resources will be required to settle the obligation and the amounts of which can be reliably estimated. Provisions are determined on the basis of best estimate of the outflow of economic benefits required to settle the obligation as at the date of the relevant balance sheet. Where no reliable estimate can be made, a disclosure is made as contingent liability.

##### *Contingent liabilities*

Contingent liabilities are disclosed in respect of (a) possible obligations arising out of past events, but their existence or otherwise would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within our control or (b) present obligations that arise from past events, which are not recognised because of remote probability that an outflow of resources embodying economic benefits will be required to settle the obligations or a reliable estimate of the amounts of the obligations cannot be made.

The table below sets forth our contingent liabilities as at September 30, 2017.

	As at September 30, 2017 (₹ in millions)
Partly paid-up investments	8,850.0
Claims, other than against policies, not acknowledged as debts by the Company	7.7
Guarantees given by or on behalf of the Company and others	4.8

Statutory demands and liabilities in dispute, not provided for	997.3
<b>Total contingent liabilities</b>	<b>9,859.8</b>

Partly paid-up investments include partly paid corporate bonds. We pay part of the principal amount upon issuance of such bonds (upon which interest is payable by the issuer) and the remaining principal amount in instalments over a defined period (with the last instalment due in January 2021). Based on the defined cash flows of the partly paid bonds we hold, the outstanding face value of such partly paid bonds as at September 30, 2017 is ₹8,850.0 million.

Statutory demands and liabilities in dispute, but not provided for, relate to the show cause cum demand notices/assessment orders received by us from the respective tax authorities. We have filed appeals against the demand notices/assessment orders with the appellate authorities and have been advised by experts that our grounds of appeal are well supported in law, in view of which we do not expect any liability to arise. Our pending litigation comprises claims against our Company relating primarily to proceedings pending with tax authorities. We have reviewed all our pending litigation and proceedings and have adequately provided for, where provisions are required, and disclosed the contingent liabilities where applicable, in our Restated Consolidated Financial Information, including that we are currently involved in several proceedings against income tax authorities pending before various fora, including the Office of the Commissioner of Income Tax (Appeals), Income Tax Appellate Tribunal and the Bombay High Court. As at September 30, 2017, the aggregate amount of income tax and interest, contested in these matters was ₹ 48,912.0 million. We do not expect the outcome of any of these proceedings to have a material adverse effect on our financial results as at September 30, 2017.

For further details, please see “*Outstanding Litigation and Material Developments*” on page 636 of the Red Herring Prospectus.

#### ***Contingent assets***

Contingent assets are neither accounted for nor disclosed in our financial statements.

#### **HDFC Pension Management Company Limited**

Our Company has a wholly-owned subsidiary, HDFC Pension, which is licenced by the Pension Funds Regulatory and Development Authority as a pension fund manager for the National Pension System.

HDFC Pension managed ₹530.8 million, ₹3,762.3 million and ₹11,629.8 million of assets under respective pension funds, as at March 31, 2015, March 31, 2016, March 31, 2017, respectively, representing a CAGR of 368.1%.

HDFC Pension managed ₹16,659.2 million of assets under respective pension funds as at September 30, 2017.

HDFC Pension registered a loss of ₹3.1 million in Fiscal 2017, compared to a profit of ₹0.1 million in Fiscal 2016 and a profit of ₹0.2 million in Fiscal 2015.

#### **HDFC International Life and Re Company Limited**

During Fiscal 2016, our Company established a wholly-owned subsidiary, HDFC International, which is licenced by Dubai Financial Services Authority in the DIFC to engage in the provision of life reinsurance in the UAE.

HDFC International registered a loss of ₹49.1 million in Fiscal 2017, compared to a loss of ₹16.3 million in Fiscal 2016.

#### **Seasonality**

We are subject to seasonal fluctuations in results of operations and cash flow. Insurance volumes typically increase significantly in the last quarter of each fiscal year, which coincides with the end of the tax year in India, due to

customers capitalising on income tax advantages that life insurance products offer. For the same reason, we typically experience lower business volumes in the first half of each fiscal year.

#### **Unusual or Infrequent Events or Transactions**

Except as described in this Red Herring Prospectus, there have been no events or transactions to our knowledge which, in our judgment, would be considered “unusual” or “infrequent.”

#### **Known Trends or Uncertainties**

Except as disclosed in this Red Herring Prospectus, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on the revenues or income of our Company from continuing operations.

#### **New Product or Business Segments**

Other than as described in this Red Herring Prospectus, there are no new products or business segments in which we operate.

#### **Future Relationships Between Costs and Income**

Except as disclosed in this Red Herring Prospectus, to our knowledge there are no known factors which will have a material adverse impact on the operations or finances of HDFC Life and its subsidiaries.

#### **Indebtedness**

As of September 30, 2017, we had no indebtedness.

#### **Significant Developments after September 30, 2017 that may affect our Future Results of Operations**

Except as disclosed in this Red Herring Prospectus, to our knowledge, there is no subsequent development after the date of our Restated Consolidated Financial Information contained in this Red Herring Prospectus, which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next twelve months.

#### **Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations**

See “*Risk Factors—Internal Risks—Risks Related to Our Business—Adverse market fluctuations and economic conditions would have a material adverse effect on our business, financial condition, results of operations and prospects*” and “*Risk Factors—Internal Risks—Risks Related to Our Business —Interest rate fluctuations may materially and adversely affect our profitability*” on pages 31 and 32 of this Red Herring Prospectus.

**SECTION VI: EMBEDDED VALUE REPORT**

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# HDFC Standard Life Insurance Company Limited

Report on Indian Embedded Value as at 31 March 2017

Prepared for:  
**HDFC Standard Life Insurance Company Limited**

Prepared by:  
**Richard Holloway FIAI**  
Partner

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18 October 2017

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## Section 1 Introduction

### 1.1. Background

- 1.1.1. The Institute of Actuaries of India (“IAI”) has issued Actuarial Practice Standard 10, Version 1.02 (“APS10”) which sets out various requirements governing the determination and disclosure of the Indian Embedded Value (“IEV”), to be disclosed by life insurance companies in connection with an initial public offering (“IPO”) of securities issued by those companies.
- 1.1.2. Pursuant to the engagement letter dated 8 June 2017, Milliman Advisors LLP (“Milliman”, “we”, “us”, “our”) has been engaged by HDFC Standard Life Insurance Company Limited (“HDFC Life”, “you”, “your”, “the Company”) to prepare this report (“Report”) for disclosure purposes in connection with the planned IPO of the Company. Consequently, the methodology, assumptions, results and disclosures set out in this Report are developed to comply with the requirements of APS10.
- 1.1.3. This Report sets out the components of economic value of the Company comprising the IEV as at 31 March 2017; the value of one year of new business (“VNB”) for new business sold during the year ending 31 March 2017; an analysis of the movement of IEV from 31 March 2016 to 31 March 2017; and various sensitivity results on the IEV as at 31 March 2017 and sensitivity results on the VNB for new business sold during the year ending 31 March 2017 (together referred to as the “Results”).
- 1.1.4. The opinions expressed in this Report are those of the signatory to this Report. I, Richard Holloway (“I”, “me”, “my”) am a Fellow of the IAI and hold a Certificate of Practice from the IAI. I have worked alongside Mr. Nick Dumbreck, who is a Fellow of the Institute and Faculty of Actuaries in the United Kingdom, and has provided internal peer review support, and Mr. Sanket Kawatkar, who is a Fellow of the IAI.
- 1.1.5. The IRDAI (Issuance of Capital by Indian Insurance Companies transacting Life Insurance Business) Regulations, 2015, dated 17 December 2015 requires an Embedded Value Report prepared by one Independent Actuary (i.e. the ‘Reporting Actuary’) but does not require a report by a ‘Reviewing Actuary’. Compliance with APS10 has therefore been assessed disregarding the requirement outlined in paragraph 2.3 of the same, which states that peer review by a ‘Reviewing Actuary’ is also required.
- 1.1.6. Except where it is otherwise stated, the figures quoted in this Report are as at the applicable valuation dates of 31 March 2016 or 31 March 2017, and make no allowance for any developments after 31 March 2017. The various amounts specified are expressed in Indian Rupees (“INR”).

### 1.2. Scope and distribution

- 1.2.1. HDFC Life may publicly disclose the final version of this Report in its entirety, provided it is done in connection with the IPO.
- 1.2.2. This Report should be read in its entirety, including the reliances and limitations set out in Section 6, as individual Sections, if considered in isolation, may be misleading.

### 1.3. Structure of the Report

1.3.1. The Sections of this Report are set out as follows:

- **Section 2: Indian Embedded Value Results** – sets out the IEV Results.
- **Section 3: Formal opinion and statements** - provides the formal opinion in respect of the Results and the various statements as specified in APS10.
- **Section 4: Methodology** – describes the methodology adopted in deriving the Results.
- **Section 5: Assumptions** – describes the assumptions made in deriving the Results.
- **Section 6: Reliances and limitations** - sets out the reliances and limitations applicable to our work and to this Report.
- **Appendix A:** provides historical persistency experience of the Company and the assumed discontinuance rates.

### 1.4. Abbreviations used in the Report

1.4.1. The main abbreviations used in this Report are summarised below:

- ANW – Adjusted net worth
- APE – Annualised premium equivalent
- APS10 – Actuarial Practice Standard 10, version 1.02
- CRNHR – Cost of residual non-hedgeable risks
- FC – Frictional cost of capital
- FFA – Funds for future appropriation
- FS – Free surplus
- HDFC IL – HDFC International Life and Re Company Limited
- HDFC PMC – HDFC Pension Management Company Limited
- IAI – Institute of Actuaries of India
- IEV – Indian Embedded Value
- INR – Indian Rupees
- IPO – Initial public offering
- IRDAI – Insurance Regulatory and Development Authority of India
- MRC – Minimum regulatory capital
- PVFP – Present value of future profits
- PVNBP – Present value of new business premiums
- RC – Required capital
- SEBI – Securities and Exchange Board of India
- TVFOG – Time value of financial options and guarantees

- ULIP – Unit-linked insurance plan
- VIF – Value of in-force business
- VNB – Value of new business

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## Section 2 Indian Embedded Value Results

### 2.1. Background

2.1.1. HDFC Life received its certificate of registration dated 24 October 2000 from the IRDAI. As at 31 March 2017, the shareholding pattern of the Company is as follows:

- HDFC Limited: 61.53%;
- Standard Life (Mauritius Holding) Limited: 34.94%;
- Azim Premji Trust: 0.95%; and
- Others: 2.58%.

2.1.2. The Company writes its business through a variety of distribution channels, including tied agents, banks, third party corporate agents, brokers and direct (including branch sales and on-line).

### 2.2. Overview

2.2.1. The Results set out in this Report are in respect of the Company and all subsidiary undertakings of the Company.

2.2.2. The IEV of HDFC Life consists of the Adjusted Net Worth (“ANW”) and value of in-force business (“VIF”). The VIF is a measure of the value of the shareholders’ interest in the covered business of the Company (where covered business is as defined in Section 2.2.6 below). The VIF represents the present value of the shareholders’ interest in the earnings distributable from assets allocated to the covered business, after making sufficient allowance for the aggregate risks in the covered business. The allowance for risk is calibrated to match the market price for the risk, where reliably observable.

2.2.3. The VNB represents the additional value to shareholders created through the activity of writing new covered business during the year ending 31 March 2017.

2.2.4. The IEV only reflects in-force business as at the valuation date. In particular, the value of future new business (i.e. new business that may be written after the applicable valuation date) is excluded from the IEV.

2.2.5. HDFC Pension Management Company Ltd. (“HDFC PMC”), which writes pensions fund management business, and HDFC International Life and Re Company Ltd. (“HDFC IL”), which was established during FY2015-16 to write reinsurance business in the Dubai International Financial Centre, are wholly owned subsidiaries of HDFC Life.

2.2.6. For the Results, covered business refers to all business that has been written by HDFC Life and HDFC IL, including life insurance and pensions business, accident and health insurance business and group business.

2.2.7. The values of HDFC PMC and HDFC IL are reflected in the ANW at the amount at which they are carried in the audited balance sheet of the Company (i.e. at INR 1,128 million as at 31 March 2016 and INR 1,214 million as at 31 March 2017). The impact on the Results of not assessing the contribution by HDFC IL to the IEV and VNB via a cash flow projection method (as required by paragraph 5.1. of APS10) is assessed to be immaterial.

## 2.3. Results

### Indian Embedded Value

2.3.1. The IEVs of HDFC Life as at 31 March 2016 and as at 31 March 2017 are set out in the table below:

Components of IEV	As at 31 March 2016	As at 31 March 2017
Free surplus (FS) (A)	10,563	12,738
Required capital (RC) (B)	22,315	28,694
<b>Adjusted net worth (ANW) (C = A + B)</b>	<b>32,878</b>	<b>41,432</b>
Present value of future profits (PVFP) (D)	74,332	88,629
Time value of financial options and guarantees (TVFOG) (E)	(183)	(185)
Frictional cost of required capital (FC) (F)	(640)	(852)
Cost of residual non-hedgeable risks (CRNHR) (G)	(4,062)	(4,319)
<b>Value of in-force business (VIF) (H = D + E + F + G)</b>	<b>69,447</b>	<b>83,273</b>
<b>Indian embedded value (IEV) (I = C + H)</b>	<b>102,325</b>	<b>124,705</b>

*Amounts in INR million; Figures may not add up due to rounding*

2.3.2. A reconciliation of the adjusted net worth to the audited financial statements is provided in Section 4.4.8.

### Value of new business and other performance measures

2.3.3. The VNB as at 31 March 2017, in respect of all new business sold during the year ending 31 March 2017 is set out in the table below:

Components of VNB	As at 31 March 2017
VNB before TVFOG, FC and CRNHR (A)	11,060
TVFOG in respect of new business (B)	(55)
FC in respect of new business (C)	(593)
CRNHR in respect of new business (D)	(1,188)
<b>Value of new business (VNB) (E = A + B + C + D)</b>	<b>9,225</b>

*Amounts in INR million; Figures may not add up due to rounding*

- 2.3.4. The VNB margin in respect of the new business sold during the year ending 31 March 2017 is derived as follows:

Derivation of VNB Margin	As at 31 March 2017
VNB	9,225
New business annualised premium equivalent ("APE" <sup>1</sup> ) for the year ending 31 March 2017	41,885
<b>VNB Margin (=VNB / APE)</b>	<b>22.02%</b>

Amounts in INR million; Figures may not add up due to rounding

Notes:

(1) APE is calculated as 100% of annualised premium for regular and limited premium plans and 10% of single premium

- 2.3.5. The Present Value of New Business Premium ("PVNBP") at the point of sale of the new business is INR 162 billion. This is derived following the methodology set out in Section 4.4.48.

#### Analysis of movement of IEV

- 2.3.6. The analysis of movement of the IEV from 31 March 2016 to 31 March 2017 is set out in the table below:

Components	FS	RC	VIF	IEV
<b>Opening IEV as at 31 March 2016 (A)</b>	<b>10,563</b>	<b>22,315</b>	<b>69,447</b>	<b>102,325</b>
<b>Opening adjustments (modelling changes) (B)</b>	(45)	(114)	656	497
<b>Adjusted opening IEV (C = A + B)</b>	<b>10,518</b>	<b>22,201</b>	<b>70,103</b>	<b>102,822</b>
<b>VNB added during the year (D)</b>	(18,489)	10,686	17,029	9,225
<b>Expected return on existing business</b>				
At reference rate (E)	639	1,503	5,351	7,494
At expected excess 'real world' return over reference rate (F)	220	459	1,418	2,098
<b>Expected transfers from VIF and RC to FS (G)</b>	19,615	(5,227)	(14,388)	-
<b>Variance in operating experience</b>				
Persistency (H)	(1,586)	1,284	871	568
Mortality (I)	1,185	(155)	70	1,099
Expenses (J)	46	13	(1)	58
Others (K)	(410)	(729)	1,545	407
<b>Change in operating assumptions (L)</b>	(278)	1	1,025	748
<b>IEV operating earnings (M = B + D + E + F + G + H + I + J + K + L)</b>	<b>897</b>	<b>7,721</b>	<b>13,575</b>	<b>22,193</b>
<b>Economic variances (N)</b>	3,633	(1,341)	2,214	4,506
<b>Change in economic assumptions (O)</b>	-	-	(1,962)	(1,962)
<b>IEV total earnings (P = M + N + O)</b>	<b>4,531</b>	<b>6,380</b>	<b>13,826</b>	<b>24,736</b>
<b>Capital contributions / (dividends paid out) (Q)</b>	(2,356)	-	-	(2,356)
<b>Closing IEV as at 31 March 2017 (R = A + P + Q)</b>	<b>12,738</b>	<b>28,694</b>	<b>83,273</b>	<b>124,705</b>

Amounts in INR million; Figures may not add up due to rounding

## Sensitivity analysis

2.3.7. The sensitivity analysis in respect of IEV as at 31 March 2017 is set out in the table below:

	Scenario	ANW	VIF	IEV	% change in IEV as compared to the base scenario
	<b>Base scenario</b>	<b>41,432</b>	<b>83,273</b>	<b>124,705</b>	
<b>1</b>	<b>Reference rates and assets</b>				
1a	An increase of 100 bps in the reference rates	39,916	82,462	122,378	(1.9%)
1b	A decrease of 100 bps in the reference rates	42,804	84,218	127,022	1.9%
1c	An increase of 200 bps in the reference rates	38,197	81,832	120,028	(3.8%)
1d	A decrease of 200 bps in the reference rates	44,131	85,232	129,364	3.7%
1e	Equity values decrease by 10%	40,605	81,572	122,178	(2.0%)
1f	Equity values decrease by 20%	39,763	79,876	119,640	(4.1%)
1g	Implied swaption volatilities increase by 25%	41,432	83,204	124,636	(0.1%)
1h	Implied equity volatilities increase by 25%	41,432	83,122	124,554	(0.1%)
<b>2</b>	<b>Expenses</b>				
2a	10% increase in maintenance expenses	41,103	82,635	123,738	(0.8%)
2b	10% decrease in maintenance expenses	41,752	83,920	125,672	0.8%
2c	10% increase in acquisition expenses	NA	NA	NA	NA
2d	10% decrease in acquisition expenses	NA	NA	NA	NA
<b>3</b>	<b>Policy / premium discontinuance rates and partial withdrawal rates (proportionate)</b>				
3a	10% increase (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	41,523	80,963	122,486	(1.8%)
3b	10% decrease (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	41,335	85,723	127,058	1.9%
3c	50% increase (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	41,839	73,004	114,844	(7.9%)
3d	50% decrease (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	40,854	97,822	138,676	11.2%
<b>4</b>	<b>Policy / premium discontinuance rates and partial withdrawal rates (shape change)</b>				
4a	Mass lapsation <sup>(1)</sup> of 25% of policies at the end of the surrender penalty period for ULIPs	41,433	83,439	124,872	0.1%
4b	Mass lapsation <sup>(1)</sup> of 50% of policies at the end of the surrender penalty period for ULIPs	41,433	78,004	119,437	(4.2%)

	Scenario	ANW	VIF	IEV	% change in IEV as compared to the base scenario
4c	50% increase (multiplicative) in the policy / premium discontinuance rate and partial withdrawal rate for the period after the end of any surrender penalty period <sup>(2)</sup>	41,457	76,836	118,293	(5.1%)
4d	50% decrease (multiplicative) in the policy / premium discontinuance rate and partial withdrawal rate for the period after the end of any surrender penalty period <sup>(2)</sup>	41,398	92,771	134,169	7.6%
4e	An absolute increase of 5% in the non-zero policy lapse <sup>(3)</sup> rates	41,704	79,419	121,123	(2.9%)
4f	An absolute decrease of 5% in the non-zero policy lapse <sup>(3)</sup> rates (subject to the resulting rates being floored to zero)	40,555	86,549	127,104	1.9%
<b>5</b>	<b>Insurance risks</b>				
5a	An increase of 5% (multiplicative) in mortality / morbidity rates	40,861	82,965	123,826	(0.7%)
5b	A decrease of 5% (multiplicative) in mortality / morbidity rates	41,953	83,628	125,581	0.7%
<b>6</b>	<b>Required capital</b>				
6a	Required capital based on solvency capital <sup>(4)</sup>	41,432	83,429	124,861	0.1%
<b>7</b>	<b>Taxation</b>				
7a	Assumed tax rate increased to 25%	40,924	75,218	116,142	(6.9%)
7b	Assumed tax rate increased to 34.6%	40,274	68,007	108,281	(13.2%)

Amounts in INR million; Figures may not add up due to rounding; NA – not applicable

Notes:

- (1) Mass lapse rate assumptions (25% or 50%) are reflected by replacing the relevant assumptions made in the base scenario and not as an addition to the assumptions made in the base scenario.
- (2) Applicable for ULIPs.
- (3) A policy lapse is defined as premium discontinuance, after which a policy will be subject to forcible foreclosure at the end of a revival period, as specified in the policy terms and conditions.
- (4) RC is set equal to MRC less the FFA in the participating fund.

2.3.8. The sensitivity analysis in respect of VNB for business sold during the year ending 31 March 2017 is set out in the table below:

	Scenario	VNB	% change in VNB compared to the base scenario	VNB Margin	Change in VNB Margin compared to the base scenario
	<b>Base scenario</b>	<b>9,225</b>		<b>22.0%</b>	
<b>1</b>	<b>Reference rates and assets</b>				
1a	An increase of 100 bps in the reference rates	9,263	0.4% <sup>(6)</sup>	22.1%	0.1%
1b	A decrease of 100 bps in the reference rates	9,093	(1.4%) <sup>(6)</sup>	21.7%	(0.3%)
1c	An increase of 200 bps in the reference rates	9,229	0.0% <sup>(6)</sup>	22.0%	0.0%
1d	A decrease of 200 bps in the reference rates	8,847	(4.1%) <sup>(6)</sup>	21.1%	(0.9%)
1e	Equity values are decreased by 10% <sup>(1)</sup>	9,097	(1.4%)	21.7%	(0.3%)
1f	Equity values are decreased by 20% <sup>(1)</sup>	8,988	(2.6%)	21.5%	(0.6%)
1g	Implied swaption volatilities are assumed to increase by 25%	9,205	(0.2%)	22.0%	(0.0%)
1h	Implied equity volatilities are assumed to increase by 25%	9,177	(0.5%)	21.9%	(0.1%)
<b>2</b>	<b>Expenses</b>				
2a	10% increase in maintenance expenses	9,024	(2.2%)	21.5%	(0.5%)
2b	10% decrease in maintenance expenses	9,427	2.2%	22.5%	0.5%
2c	10% increase in acquisition expenses	7,830	(15.1%)	18.7%	(3.3%)
2d	10% decrease in acquisition expenses	10,620	15.1%	25.4%	3.3%
<b>3</b>	<b>Policy / premium discontinuance rates and partial withdrawal rates (proportionate)</b>				
3a	10% increase (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	8,688	(5.8%)	20.7%	(1.3%)
3b	10% decrease (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	9,800	6.2%	23.4%	1.4%
3c	50% increase (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	6,834	(25.9%)	16.3%	(5.7%)
3d	50% decrease (multiplicative) in the policy / premium discontinuance rates and partial withdrawal rates	12,556	36.1%	30.0%	8.0%
<b>4</b>	<b>Policy / premium discontinuance rates and partial withdrawal rates (shape change)</b>				
4a	Mass lapsation <sup>(2)</sup> of 25% of policies at the end of the surrender penalty period for ULIPs	9,374	1.6%	22.4%	0.4%
4b	Mass lapsation <sup>(2)</sup> of 50% of policies at the end of the surrender penalty period for ULIPs	8,588	(6.9%)	20.5%	(1.5%)

4c	50% increase (multiplicative) in the policy / premium discontinuance rate and partial withdrawal rate for the period after the end of any surrender penalty period <sup>(3)</sup>	8,581	(7.0%)	20.5%	(1.5%)
4d	50% decrease (multiplicative) in the policy / premium discontinuance rate and partial withdrawal rate for the period after the end of any surrender penalty period <sup>(3)</sup>	10,191	10.5%	24.3%	2.3%
4e	An absolute increase of 5% in the non-zero policy lapse <sup>(4)</sup> rates	7,885	(14.5%)	18.8%	(3.2%)
4f	An absolute decrease of 5% in the non-zero policy lapse <sup>(4)</sup> rates (subject to the resulting rates being floored to zero)	10,323	11.9%	24.6%	2.6%
<b>5</b>	<b>Insurance risks</b>				
5a	An increase of 5% (multiplicative) in the mortality / morbidity rates	8,832	(4.3%)	21.1%	(0.9%)
5b	A decrease of 5% (multiplicative) in the mortality / morbidity rates	9,619	4.3%	23.0%	0.9%
<b>6</b>	<b>Required capital</b>				
6a	Required capital based on solvency capital <sup>(5)</sup>	9,295	0.8%	22.2%	0.2%
<b>7</b>	<b>Taxation</b>				
7a	Assumed tax rate increased to 25%	8,028	(13.0%)	19.2%	(2.9%)
7b	Assumed tax rate increased to 34.6%	6,934	(24.8%)	16.6%	(5.5%)

Amounts in INR million; Figures may not add up due to rounding

Notes:

- (1) The equity values are decreased as at 31 March 2017.
- (2) Mass lapse rate assumptions (25% or 50%) are reflected by replacing the relevant assumptions made in the base scenario and not as an addition to the assumptions made in the base scenario.
- (3) Applicable for ULIPs.
- (4) A policy lapse is defined as premium discontinuance, after which a policy will be subject to forcible foreclosure at the end of a revival period, as specified in the policy terms and conditions.
- (5) RC is set equal to MRC.
- (6) It may be noted that the interest rate sensitivities have a different (and sometimes opposite) impact on different product categories. Hence the overall impact of such sensitivities may not be intuitive as it is due to the combined impact of how they affect different product categories.

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## Section 3 Formal opinion and statements

### 3.1. Overview

3.1.1. This Section sets out the various formal statements required under APS10 as well as my formal opinion in respect of the Results set out in Section 2.

### 3.2. Statement of materiality

3.2.1. As required under paragraph 2.6 of APS10, at its meeting held on 20 April 2015 the Board of Directors of the Company specified that for the derivation of the embedded value results to be prepared in accordance with the requirements of APS10, the criterion for materiality should be set at 2.5% of IEV at an aggregate level.

3.2.2. I note that the Results are based on the requirements of APS10 in all material respects. Based on the work carried out, it is estimated that the IEV included in this Report deviated from the requirements of APS10 by less than 0.5%.

### 3.3. Statements regarding signatory

3.3.1. I am a Fellow of the IAI and have the necessary experience to sign this Report. I am in possession of a Certificate of Practice from the IAI.

3.3.2. I have also had the benefit of technical expertise from staff of other group firms within Milliman Inc., including from Mr. Nick Dumbreck, a Fellow of the Institute and Faculty of Actuaries, who provided internal peer review support, and Mr. Sanket Kawatkar, a Fellow of the IAI.

### 3.4. Statements regarding conflict of interest and independence

3.4.1. I am a partner in Milliman Advisors LLP. I am signing this Report as a Fellow of the IAI.

3.4.2. In accordance with paragraph 3.4 of APS10, I have carefully considered my association with the Company, and I have concluded that I do not have any conflict of interest in signing this Report.

### 3.5. Statement regarding valuation on a going concern basis

3.5.1. In developing the Results, I have assumed the continuation of the current management of the Company and the Results are consistent with the operating record of that management.

### 3.6. Other advice

3.6.1. In the course of this assignment and producing this Report, Milliman has not rendered any non-actuarial advice to the Company. However, I have provided a supplementary report on the IEV results of the Company as at 30 September 2017, as set out in the RHP.

### 3.7. Statement of compliance with APS10

3.7.1. I have fully complied with APS10 in producing the Results and this Report.

### 3.8. Policy data

3.8.1. HDFC Life has commissioned M/s. Haribhakti & Co. LLP ("Haribhakti") to review the policy data used in the calculation of the Results as per APS10 for completeness and accuracy.

3.8.2. We have provided input into the detailed scope of Haribhakti's work, and have seen the report issued by Haribhakti to HDFC Life setting out their findings. Haribhakti's report to HDFC Life concludes that subject to certain observations, the in-force policy data as at 31 March 2016 and 31 March 2017, the new business policy data for new business written during the year ending 31 March 2017, and the data relating to the movement of policy statuses from 31 March 2016 to 31 March 2017, are complete and accurate.

- 3.8.3. Based on our review of Haribhakti's report, we note that appropriate checks have been applied to the data used for the development of the Results and the observations made by Haribhakti do not give rise to any material concerns.
- 3.8.4. We have also reviewed other policy data checks performed by the Company.
- 3.8.5. Overall, we are satisfied that an appropriate level of checks has been applied to the policy data that is used for the development of the Results.

**3.9. Formal opinion**

- 3.9.1. Based on the work carried out and subject to the detailed reliances and limitations set out in this Report, I am of the opinion that:
- the methodology used to develop the Results is reasonable;
  - the assumptions used to develop the Results are reasonable;
  - the Results have been prepared materially in accordance with the methodology and assumptions described in this Report; and
  - the Results have been prepared in accordance with the requirements of APS10 and within the materiality limit set by the Board of Directors of the Company.

## Section 4 Methodology

### 4.1. Overview

- 4.1.1. This Section sets out the significant aspects of the methodology used in the preparation of the Results.
- 4.1.2. HDFC Life writes the following lines of life insurance business, covering both individual and group products:
- **Unit-linked Insurance Plans** – premiums net of charges are credited to segregated funds (“Unit Funds”) at the prevailing unit price, with the balance invested in the non-participating fund. Investment income on assets held within the Unit Funds is credited to the Unit Funds and is reflected by a change in the unit price. Benefits paid under these plans are a combination of amounts from the accumulated Unit Funds and any additional benefits from the non-participating fund. Any surplus arising in the non-participating fund is transferred to the shareholders’ account following the annual statutory valuation.
  - **Participating insurance plans** – premiums are credited to, and benefits and expenses debited from, segregated funds (the “participating funds”). Subject to surplus being available in the participating funds, policyholder benefits may be enhanced by the annual declaration of a bonus. A maximum of one-ninth of the cost of any bonus declared to policyholders may be transferred from the participating funds to the shareholders’ account. After the annual statutory valuation, should there be a surplus remaining in the participating funds after transfers to the shareholders’ account are effected, the surplus will be transferred to the Funds for Future Appropriation (“FFA”), and will be available to fund bonuses (and associated transfers to shareholders) in subsequent years.
  - **Traditional non-participating insurance plans** - premiums are credited to, and benefits and expenses debited from, the non-participating fund. The maturity/survival benefits paid and premiums due are fixed at the inception of the contract. Any surplus arising in the non-participating fund is transferred to the shareholders’ account following the annual statutory valuation. This line of business includes savings products, term assurances, health assurances and annuities.

### 4.2. Reliance on policy data and other information

- 4.2.1. We have relied on the policy data and other information provided by the Company as outlined in Section 6.1.5. As noted in Section 3.8, we have also reviewed the various checks applied on the policy data used in the calculation of the Results.

### 4.3. Model checking and reliances

- 4.3.1. The Results were prepared using actuarial models developed by HDFC Life.
- 4.3.2. The scope of our engagement requires Milliman to independently check the actuarial models used to develop the Results for plans that represent a significant and material proportion of the total value of the in-force and new business portfolio.
- 4.3.3. Milliman has performed the following independent checks on the actuarial models used in the preparation of the Results:
- **IEV and VNB under base scenario:** Independent checking of the PVFP and VNB at an aggregate level for products comprising approximately 93% of the PVFP and 94% of the VNB;
  - **IEV and VNB under sensitivities:** Independent checking of the PVFP and VNB sensitivity results at an aggregate level, in respect of ten products;
  - **Analysis of movement of IEV:** Independent checking of the actuarial models used to develop analysis of movement cash flows for sample model points, for products equating to approximately

90% of the PVFP.

- 4.3.4. In addition to the independent checks of the IEV and VNB sensitivity results at an aggregate level for the ten products, we have also performed high level checks on the reasonableness of the results for all sensitivity analyses.
- 4.3.5. We have also carried out reasonableness checks on additional items (such as the release of 'global reserves' held by the Company) that are calculated outside of the actuarial projection models.
- 4.3.6. The checks referred to in 4.3.3 were performed for a selection of products from the main product categories of the Company, covering a wide variety of product features. We have not performed checks on the models for all of the Company's products.
- 4.3.7. Our focus has been on performing checks on the most significant product lines, by contribution to VIF and VNB. Our checks have focused on a sufficient range of products to give us confidence that the Results have been calculated in accordance with the specified methodology and assumptions.
- 4.3.8. Based on the results of the independent checking process, we are satisfied that the models used to derive the Results follow the methodology and assumptions set out in Section 4 and Section 5. No errors or issues identified in our checking process, which have a material impact on the Results, remain unresolved at the time of preparation of this Report.

#### 4.4. IEV and VNB

##### Definition of IEV

- 4.4.1. The IEV set out in this Report consists of the following components:
- Adjusted net worth ("ANW"), consisting of:
    - Free surplus ("FS") allocated to the covered business;
    - Required capital ("RC"); and
  - Value of in-force covered business ("VIF").

##### FS

- 4.4.2. The FS is the market value of any assets allocated to, but not required to support, the in-force covered business as at the valuation date.
- 4.4.3. The FS has been determined as the adjusted net worth of the Company (being the net shareholders' funds as shown in the audited financial statements, adjusted to revalue assets to market value), less the RC as defined below. The adjustment to market value reflected here is in respect of all assets of the Company other than those in the policyholders' participating funds, the market value of which is reflected in calculating the VIF arising from the participating business.
- 4.4.4. The Company has no subordinated or contingent debt.
- 4.4.5. The FFA, which comprises all funds, the allocation of which, either to policyholders or to shareholders, has not been determined at the valuation date, is reported as policyholders' funds in the audited financial statements of the Company. The Company has FFA only in respect of participating business. The shareholders have a 10% interest in the FFA in respect of participating business.
- 4.4.6. The FFA is not included in the ANW. The value of the shareholders' interest in the FFA is included in the VIF, with an allowance for taxation on the investment income earned on, and investment management expenses associated with holding, this FFA.

4.4.7. The audited Indian GAAP balance sheets of the Company as at 31 March 2016 and 31 March 2017 are summarized in the table below:

	As at 31 March 2016	As at 31 March 2017
<b>SOURCES OF FUNDS</b>		
<b>Shareholders' fund</b>		
Share Capital	19,953	19,985
Reserves and Surplus	12,046	18,079
Credit/(Debit) Fair Value Change Account	(412)	323
<b>Sub-total</b>	<b>31,586</b>	<b>38,387</b>
<b>Policyholders' funds</b>		
Credit/(Debit) Fair Value Change Account (Net)	536	3,981
Policy liabilities	244,006	323,819
Provisions for unit-linked liabilities	427,538	508,065
Funds for discontinued policies	29,732	29,940
Funds for future appropriation	7,055	8,668
<b>Sub-total</b>	<b>708,867</b>	<b>874,473</b>
<b>TOTAL</b>	<b>740,454</b>	<b>912,860</b>
<b>APPLICATION OF FUNDS</b>		
<b>Investments</b>		
Shareholders'	26,402	32,456
Policyholders'	258,629	346,915
Assets held to cover unit-linked liabilities	457,270	538,005
<b>Loans</b>	931	479
<b>Fixed assets</b>	3,964	3,529
<b>Net current assets</b>	(6,741)	(8,523)
<b>TOTAL</b>	<b>740,454</b>	<b>912,860</b>

Amounts in INR million; Figures may not add up due to rounding

4.4.8. A reconciliation between the ANW and the Indian GAAP balance sheet is set out in the table below:

Components	As at 31 March 2016	As at 31 March 2017
<b>From Indian GAAP balance sheet</b>		
Total shareholders' funds (A)	31,586	38,387
<b>Net worth (B = A)</b>	<b>31,586</b>	<b>38,387</b>
<b>Adjustments</b>		
Mark to market of assets, net of tax (C)	1,401	3,081
Adjustment for un-utilised credit for service tax advance (D)	(109)	(35)
<b>Adjusted net worth (ANW) (E = B + C + D)</b>	<b>32,878</b>	<b>41,432</b>

Amounts in INR million; Figures may not add up due to rounding

- 4.4.9. The adjustment labelled “mark to market of assets” in the table above is in respect of assets in the non-linked non-participating business and shareholders’ funds as reflected in the audited balance sheet, and is net of applicable tax payable thereon.
- 4.4.10. The adjustment made in the ANW for un-utilised credit for service tax advance removes these assets from the calculation of the ANW, as they are included in the calculation of VIF.

**RC**

- 4.4.11. RC is the amount of assets attributed to the covered business over and above that required to back liabilities for covered business, the distribution of which to shareholders is restricted. The amount of RC is presented from a shareholders’ perspective and is net of funding sources other than shareholder resources.
- 4.4.12. The RC is set equal to the higher of ‘Minimum Regulatory Capital’ (“MRC” or “solvency capital”) and the amount of capital required to meet internal objectives (“Internal Capital”), less the FFA in the participating funds.
- 4.4.13. The MRC is 150% of the factor-based solvency requirements as required by existing regulations, whereas the Company’s target is to maintain the Internal Capital at 170% of the factor-based regulatory solvency requirements.
- 4.4.14. The FFA in respect of participating business is assumed to be available to fund the capital requirements of the Company, in line with the actual practice adopted by the Company and as supported by an external legal opinion.
- 4.4.15. In projecting the RC the Company has also allowed for funding the same with the projected FFA.

**VIF**

- 4.4.16. The VIF consists of the following components:
- the present value of future profits (“PVFP”); adjusted for
  - the time value of financial options and guarantees (“TVFOG”);
  - the frictional costs of required capital (“FC”); and
  - the cost of residual non-hedgeable risks (“CRNHR”).

**PVFP**

- 4.4.17. The PVFP is the present value of projected distributable profits to shareholders arising from the in-force covered business, determined by projecting the post taxation shareholder cash flows from the in-force covered business and the assets backing the associated liabilities.
- 4.4.18. The distributable profits also include the release to shareholders of amounts from the participating business FFA, calculated based on the policyholder bonuses projected to be declared from such amounts.
- 4.4.19. For products with reviewable rates and charges, the projection of future cash flows assumes that the scales of rates and charges as at the valuation date remain unchanged.
- 4.4.20. The projection of future distributable profits arising from the covered business is carried out using ‘best estimate’ non-economic assumptions and market consistent economic assumptions. Assumptions are discussed further in Section 5.
- 4.4.21. Distributable profits are determined by reference to liabilities calculated in accordance with the Indian statutory requirements for life insurance companies and relevant professional guidance issued by the IAI.
- 4.4.22. The Company holds ‘global reserves’ (e.g. reserves for incurred but not reported claims, reserves for

additional expenses under a 'closure to new business' scenario etc.) as at the applicable valuation dates that are calculated outside of its actuarial models. Wherever appropriate, the shareholders' interest in the assets backing such global reserves is calculated by assuming a suitable release pattern of such reserves.

## TVFOG

- 4.4.23. The TVFOG reflects the value of the additional cost to shareholders that may arise from the embedded financial options and guarantees attaching to the covered business in the event of future adverse market movements. The intrinsic value of such options and guarantees is reflected in the PVFP.
- 4.4.24. APS10 requires that a stochastic approach is used to determine the TVFOG using methods and assumptions consistent with the underlying embedded value. Economic assumptions are chosen such that projected cash flows are valued in line with the price of similar cash flows that are traded in the capital markets.
- 4.4.25. In accordance with APS10, in arriving at the Results, the TVFOG has been considered for all non-linked products and ULIPs that contain financial options and guarantees.
- 4.4.26. The main types of investment guarantees in the Company's portfolio are as follows:
- **Unit-linked business:**
    - a. For the 'Crest' product, the Company offers a highest net asset value guarantee ("Highest NAV"), wherein the NAV used to calculate maturity benefits is guaranteed to be not lower than the higher of:
      - Highest NAV attained during the seven years from the launch of the Highest NAV fund; and
      - INR 15 per unit.
    - b. For the products launched since the IRDAI (Linked Insurance Products) Regulations, 2013 took effect, the Company is required to add non-negative clawback additions ("NNCA") to a policy after the fifth policy year, if the gap between the yield earned by the policyholder (ignoring the mortality charges) and the yield on the underlying unit fund is more than the stipulated levels.
    - c. For some individual pension products, there are minimum investment return guarantees on maturity and death of the policyholder.
    - d. For pension group fund management business, the benefit on exit of a member is guaranteed to be not less than the premiums paid.
  - **Participating business:** the sum assured and any accrued bonuses are guaranteed on death and maturity.
  - **Traditional group fund management products:** The account value paid on exit is subject to limits on the applicability of market-value adjustments.
- 4.4.27. Based on the analysis performed by the Company, it was determined that the TVFOG in respect of guarantees other than that for ULIP NNCA and Highest NAV and participating business as described above would be small and can be ignored.
- 4.4.28. For the Highest NAV guarantees, an estimated cost of the guarantees (based on the accumulated guarantee charges received on this business) is reflected in the calculation of PVFP and hence no separate TVFOG is calculated for the same.
- 4.4.29. Where a TVFOG is calculated, stochastic methods are used. The economic assumptions underlying the stochastic model used are described in Section 5.

4.4.30. With the exception of the participating business, where regard is had to the management actions available to the Company in line with the internal bonus management framework, no other management actions are material for the assessment of the TVFOG.

4.4.31. No allowance was made for dynamic policyholder behaviour under different scenarios. This simplification is considered to have an immaterial impact on the evaluation of the TVFOG.

#### **FC**

4.4.32. The VIF includes an allowance for the FC of RC for the covered business. The FC represents the investment management expenses and taxation costs associated with holding the RC.

4.4.33. The VIF also includes an allowance for the FC in respect of the capital invested in the Company's subsidiaries, HDFC PMC Company and HDFC IL.

#### **CRNHR**

4.4.34. The CRNHR is an allowance for risks to shareholder value to the extent that these are not already allowed for in the TVFOG or the PVFP. In particular, the CRNHR makes allowance for:

- asymmetries in the impact of the risks on shareholder value; and
- risks that are not allowed for in the TVFOG or the PVFP (e.g. operational risk).

4.4.35. As required under paragraph 6.15 of APS10, we have also considered whether an additional allowance is required for uncertainty in the 'best estimate' of shareholder cash flows resulting from non-hedgeable risks (both symmetric and asymmetric).

4.4.36. The only material risks identified which are not taken into account in the calculation of PVFP or TVFOG are:

- operational risk;
- mortality and lapse experience (including mass lapse) risk;
- mortality catastrophe risk; and
- expense risk.

4.4.37. Out of these material risks identified, mortality catastrophe risks, operational risks and mass lapse risks are expected to have an asymmetrical impact on shareholder value.

4.4.38. The CRNHR has been determined for the Results using a cost of capital approach. The CRNHR is the present value of the cost of capital charge levied on the projected capital in respect of the material risks (both symmetric and asymmetric) identified above. The Company has determined the cost of capital charge to be 4.0% per annum as at 31 March 2016 and 3.5% per annum as at 31 March 2017.

4.4.39. The projection of capital required to calculate the CRNHR is determined as follows:

- As required under paragraph 6.18 of APS10, the capital required as at the valuation date in respect of each residual non-hedgeable risk was determined using an economic capital model developed by the Company. The approach is based on the method and parameters set out in the Commission Delegated Regulation (EU) 2015/35 issued on 10 October 2014 by the European Commission ("Solvency II").
- The quantum of capital for each risk factor was determined by considering the impact on the PVFP of applying a shock intended to be a reasonable estimate of the 99.5<sup>th</sup> percentile for that risk over a one year time horizon. These shocks are based on those specified in Solvency II.
- The model evaluates capital in respect of mortality, lapse (including a 'mass' lapse), expense, mortality catastrophe and operational risks.

- The aggregate capital required in respect of the residual non-hedgeable risks as at the valuation date was determined after allowing for diversification of these risks using a risk correlation matrix. Allowance was made for diversification only amongst the non-hedgeable risks.
- The capital required in respect of non-hedgeable risks was projected over the remaining life of the in-force portfolio in line with identified drivers of capital requirements for each risk. These drivers were chosen having regard to the nature of the particular risks.

4.4.40. For the calculation of VNB, the CRNHR is estimated by deducting the CRNHR as at 31 March 2017 in respect of the business that was in-force as at 31 March 2016, from the CRNHR as at 31 March 2017 in respect of the total business in-force at that time.

#### **New business and renewals**

4.4.41. The VIF includes the value of expected renewal premiums on the in-force business, including any foreseeable variations in the level of renewal premiums, but excludes any value relating to future new business (i.e. the new business that may be written after the applicable valuation date).

4.4.42. The VNB calculated reflects the additional value to shareholders created through the activity of writing new business over the year ending on the valuation date, and includes the value of expected renewal premiums on that new business. The VNB is calculated as at the valuation date (in the same way as the VIF), by accumulating the cash-flows during the year preceding the valuation date to the valuation date using the risk free yield curve applicable to the quarter in which the business was written (see Section 4.4.46).

4.4.43. New business is defined as that arising from the sale of new contracts during the year ending 31 March 2017. New business does not include top-up premiums received on ULIPs, which are reflected in the calculation of VIF. However, any additional contribution on group business (due to increased membership or increase in contributions) or increased benefits on individual protection products is classified as new business.

4.4.44. The new business comprises both individual and group policies sold during the year ending 31 March 2017, including the expected renewal premiums and expected future contractual alterations to those contracts.

4.4.45. The revival of lapsed policies during the year ending 31 March 2017 is not included in the new business, but is reflected in the calculation of VIF.

4.4.46. The VNB is based on the non-economic assumptions applicable as at 31 March 2017. The economic assumptions are based on the reference rates at the beginning of each financial quarter during which the new business is sold.

4.4.47. The VNB takes into account acquisition commissions and acquisition expenses at the unit cost level incurred in the full year up to 31 March 2017.

4.4.48. Along with the VNB, the “VNB Margin” and PVNBP are also calculated. These are derived as follows:

- **VNB Margin:** VNB divided by new business APE written during the year ending 31 March 2017. The new business APE is calculated as the sum of instalment premiums, multiplied by the frequency of premium payment (i.e. 1 for annual, 2 for semi-annual, 4 for quarterly and 12 for monthly) in respect of the regular premium new business written, plus one-tenth of single premiums for single premium new business written.
- **PVNBP:** This is calculated at the point of sale, by discounting the future premiums for the new business written during the year ending 31 March 2017. The discount rates used are as follows:
  - a. *During the period from point of sale until 31 March 2017* – the reference rates used in the calculation of VNB; and

b. For the period after 31 March 2017 – the reference rates used in the calculation of VIF.

**4.5. Analysis of movement of IEV**

4.5.1. The various components of the analysis of movement of IEV are derived as set out in the table below. These are presented in the sequence in which the calculations are performed, as opposed to the sequence in which the results are presented in the table in Section 2.3.6.

Components	Description
<b>Opening IEV as at 31 March 2016</b>	Opening IEV using the opening economic and non-economic assumptions.
<b>Opening adjustments (modelling changes)</b>	Modelling changes from the opening IEV to closing IEV.
<b>Change in operating assumptions</b>	Change of non-economic assumptions from opening IEV to closing IEV. Also includes all changes in statutory reserving basis from opening IEV to closing IEV.
<b>VNB added during the period</b>	As per the approach described in Section 4.4.42.
<b>Change in economic assumptions</b>	Calculated as the change in the opening VIF and the VNB due to the update of the reference rate yield curves assumed from opening IEV (or quarter specific VNB calculations) to closing IEV.
<b>Expected return on existing business</b>	Calculated as: (1) Unwind of the opening VIF at the opening reference rates; (2) Expected investment income on ANW at opening reference rates; and (3) Expected excess 'real world' investment return during the year over the opening reference rates on VIF, ANW and VNB.
<b>Expected transfers from VIF and RC to FS</b>	Calculated as: (1) Profits / losses that are expected to be generated from the opening VIF during the first projection year that would be transferred to FS; and (2) Change in RC expected from the opening VIF to closing VIF.

Components	Description
<b>Variance in operating experience</b>	<p>(1) These are analysed at a policy level, by considering the actual change in the policy status from the opening IEV to the closing IEV dates.</p> <p>(2) The calculation is carried out in the following order as the difference between 'actual' and 'expected':</p> <ol style="list-style-type: none"> <li>a. All policy cancellation / lapse / surrender rates (net of reinstatements), partial withdrawal rates, and premium discontinuance rates (net of premium revival)</li> <li>b. Mortality / morbidity rates</li> <li>c. Expenses.</li> </ol> <p>(3) A parameter is left at the 'expected' level until the variance from the parameter is analysed, after which, it is left at the 'actual' level.</p> <p>(4) At the aggregate level, the modelled cash-flows during the year are compared against the revenue account of the Company for the year ending 31 March 2017 for consistency and the differences are allocated as operating variances in different parameters as set out above. Any remaining difference is recognized and shown as 'other variance'.</p>
<b>Economic variances</b>	The difference between the actual investment return and the expected 'real world' rates during the year ending 31 March 2017.
<b>Capital contributions / (dividends paid out)</b>	Actual capital infusions from / dividends paid to the shareholders (including dividend distribution tax incurred) during the year ending 31 March 2017.
<b>Closing IEV as at 31 March 2017</b>	Calculated using the closing economic and non-economic assumptions.

**4.6. Sensitivity results**

- 4.6.1. The various sensitivity analyses carried out are listed under Sections 2.3.7 and 2.3.8 earlier in the Report.
- 4.6.2. The sensitivity analyses are carried out for one parameter at a time and do not include changes in other parameters not explicitly mentioned.

## Section 5 Assumptions

### 5.1. Overview

- 5.1.1. This Section provides a detailed description of how each of the assumptions used in the calculation of the Results are derived.
- 5.1.2. The economic assumptions are chosen so as to be internally consistent and are determined, so far as possible, with the intention that projected cash flows are valued in line with the prices of similar cash flows that are traded on the capital markets in India as at the applicable valuation date.
- 5.1.3. Paragraph 7.1 of APS10 requires that the assessment of appropriate assumptions for future experience should have regard to past, current and expected future experience and to any other relevant data.
- 5.1.4. The environment in which HDFC Life operates is dynamic and has been changing rapidly. Although the Company has significant operating experience covering mortality and lapses for many product classes that has been used to derive the 'best estimate' assumptions for such classes, there is a shortage of relevant experience data and hence uncertainty regarding future experience for other risk factors. As specified in paragraph 7.3 of APS10, consideration has also been given to the general experience within the Indian life insurance industry where relevant.
- 5.1.5. As required under paragraphs 6.14 and 7.1 of APS10, the non-economic projection assumptions are set to be 'best estimate' assumptions (where 'best estimate' reflects the mean expectation of outcomes of that risk variable) and have been determined on a going concern basis, assuming the continuation of the economic and legal environment currently in place in India.
- 5.1.6. The assumptions set are reasonable and not inconsistent with our understanding of wider industry experience.

### 5.2. Mortality and morbidity

- 5.2.1. The best estimate mortality and morbidity assumptions, specific to different product types, are set based on the Company's own recent experience up to 31 December 2015 (in respect of IEV results as at 31 March 2016) and up to 31 October 2016 (in respect of IEV results as at 31 March 2017).
- 5.2.2. Allowance is made for future improvement in policyholder longevity for annuities.
- 5.2.3. The assumed mortality rates are based on the standard mortality table for assured lives, Indian Assured Lives Mortality (2006-08) Ultimate (IALM06-08) for non-annuity products, and LIC (a) (96-98) Ultimate for annuity products, for each age and adjusted for the Company's own experience for each product class, gender and other factors.
- 5.2.4. The assumed morbidity rates are based on pricing assumptions and adjusted for the Company's own experience, wherever credible.

### 5.3. Policy / premium discontinuance rates, partial withdrawal rates and revival rates

- 5.3.1. The best estimate policy / premium discontinuance assumptions, the partial withdrawal rates and the revival rates, specific to different product types and duration in-force, are set based on the Company's own experience (if credible) up to 31 December 2015 and 31 December 2016 in respect of IEV results as at 31 March 2016 and 31 March 2017 respectively, or on pricing assumptions / industry benchmarks (otherwise). These assumptions for the top five products (by contribution to each of VIF and VNB) are summarised in Appendix A.
- 5.3.2. As required by APS10, the historical persistency rates over the past three years ending 31 March 2017 are set out in the Appendix A.

## 5.4. Commission and expenses

- 5.4.1. The expense assumptions are set after considering an analysis of the Company's actual expenses for the year ending 31 March 2016 and 31 March 2017 for the IEV results as at the applicable valuation dates respectively. These expenses were analysed between those relating to the acquisition of new business, the renewal and maintenance of business and investment expenses. All expenses incurred by the Company (except the one-off costs of INR 266 million in relation to IPO preparatory work and other transactions) have been reflected in the assumed unit costs.
- 5.4.2. The IEV makes an allowance for investment expenses and all future renewal and other maintenance expenses required to manage the in-force business.
- 5.4.3. When setting the expense assumptions no productivity gains / cost efficiencies have been anticipated after the applicable valuation date.
- 5.4.4. The commission rates for different products are based on the actual commission payable (if any) to the distributors.
- 5.4.5. As required in Appendix A of APS10, the actual expense levels (excluding commissions) over the past three years ending 31 March 2017 are set out in the table below:

Category	FY2014-15	FY2015-16	FY2016-17
<b>Expenses reflected in the IEV and VNB</b>			
Acquisition	13,077	16,647	21,546
Maintenance (including investment expenses and claims expenses)	1,805	2,015	2,201
<b>Sub-total (A)</b>	<b>14,882</b>	<b>18,662</b>	<b>23,747</b>
<b>Service Tax (B)</b>	<b>8</b>	<b>57</b>	<b>106</b>
<b>Total expenses as per Schedule 3 of the financial statements (C = A + B)</b>	<b>14,890</b>	<b>18,718</b>	<b>23,853</b>

*Amounts in INR million; Figures may not add up due to rounding*

## 5.5. Inflation

- 5.5.1. There is no deep and liquid market of Indian Rupee index-linked securities, from which a market consistent estimate of future price inflation might be derived. Consequently, the expense inflation assumption is based on the Company's estimate of long-term inflation of its operating expenses.
- 5.5.2. The assumed expense inflation rate applied to per policy expense loadings is 7.5% p.a. for the valuations as at 31 March 2016 and 31 March 2017.

## 5.6. Policyholder bonuses

- 5.6.1. In accordance with the Company's internal bonus management framework policyholder bonuses are set to ensure, amongst other things:
- pay-outs that reflect the experience of the policy during the period the policy participated in the profits of the participating fund;
  - pay-outs on maturity/death that are fair between different policy types and different generations of policyholders; and
  - pay-outs on surrender that are fair between the leaving policyholders and remaining

policyholders.

- 5.6.2. In determining the Results, future bonuses on participating business have been projected in a manner consistent with this bonus policy, the projected future investment returns assumed to be earned on the assets deemed to back the policies, and relevant statutes and regulations.
- 5.6.3. The projection carried out in respect of the participating business includes a projection of the participating FFA, with an allowance for taxation on the investment income earned on, and investment management expenses associated with holding this FFA. The projected FFA is assumed to be used to meet the projected capital requirements of the Company.
- 5.6.4. After ten years from the applicable valuation date, a part of the projected FFA is used to increase bonus payments to policyholders each year thereafter, with the associated transfer to shareholders included in the computation of the value to shareholders arising from the participating business.
- 5.6.5. At the end of the projection period, some assets (“residual FFA”) remain in the participating funds as unallocated surplus. In line with relevant regulations and the Company’s practices, the shareholders’ interest in the residual FFA is taken to be 10% of its market value. In practice, the residual FFA could have been distributed earlier in the projection period.

## **5.7. Reinsurance**

- 5.7.1. The cost (and benefit) of reinsurance is allowed for in the Results. Reinsurance cash flows for proportional reinsurance treaties are modelled explicitly at the policy level.

## **5.8. Asset values**

- 5.8.1. The IEV results are based on the market value of assets as at the applicable valuation date. No smoothing is applied to the market values.

## **5.9. Reference rates**

- 5.9.1. The reference rate is a proxy for a risk free rate appropriate to the currency, term and liquidity of the liability cash flows.
- 5.9.2. The reference rates were derived from the prices of Indian government securities using data supplied by the Clearing Corporation of India Limited (“CCIL”). CCIL derives the yields using a Nelson-Siegel-Svensson (“NSS”) curve fitting process applied to market data.
- 5.9.3. For the IEV as at 31 March 2016, the yield curve is extrapolated beyond 30 years by changing the yields for each successive year up to year 40, by the average of the difference in yields from years 27 and 30. For the IEV as at 31 March 2017, the yield curve is available up to year 40. Beyond year 40, the yields are assumed to remain the same as those applicable at year 40.
- 5.9.4. The reference rates used for calculating the VIF were derived as at the applicable valuation date (i.e. either 31 March 2016 or 31 March 2017), whereas those for VNB were derived as at 31 March 2016; 30 June 2016; 30 September 2016 and 31 December 2016 for the new business sold during the first four quarters of the year ending 31 March 2017 respectively. The extrapolation methods for the reference rates used in VNB calculations are consistent with those described in Section 5.9.3.
- 5.9.5. A test is performed on the yield curves so derived to ensure that they produce the market value of the Government securities held by the Company as at the applicable valuation dates and financial quarter ends.
- 5.9.6. For the non-participating annuity liabilities, the same reference rate was used as for other business. In principle, the reference rate could have been modified to include an illiquidity premium reflecting the ability of the Company to match the illiquid annuity liability cash flows with appropriate long-dated securities earning an illiquidity premium. The effect of this assumption is not material in the context of the Results. The non-participating annuity liability reserves amounted to approximately INR 9.2 billion as at 31 March 2016 and INR 12.8 billion as at 31 March 2017 (approximately 1.3% and 1.5% of

statutory reserves as at these dates respectively).

5.9.7. The reference rates assumed are set out in the table below:

Tenor (years)	Reference rates					
	For VIF		For VNB			
	31 March 2017	31 March 2016	31 March 2016	30 June 2016	30 September 2016	31 December 2016
1	6.18%	7.17%	7.17%	6.99%	6.72%	6.36%
5	7.61%	8.15%	8.15%	8.02%	7.32%	7.32%
10	7.85%	8.27%	8.27%	8.17%	7.50%	7.52%
15	7.86%	8.33%	8.33%	8.14%	7.51%	7.53%
20	7.86%	8.39%	8.39%	8.12%	7.50%	7.53%
25	7.86%	8.43%	8.43%	8.11%	7.49%	7.53%
30	7.86%	8.45%	8.45%	8.11%	7.49%	7.53%

### 5.10. Investment returns and discount rates

5.10.1. The PVFP was determined assuming that assets earn, before tax and investment management expenses, the reference rates, and discounting all cash flows using reference rates which are gross of tax and investment management expenses.

5.10.2. In the analysis of movement of IEV, the assumed 'real world' investment returns for the year ending 31 March 2017 are set by line of business, based on the strategic allocations to various asset classes and the expected returns on these asset classes for each line of business.

### 5.11. Stochastic asset model

5.11.1. A risk-neutral stochastic model has been used to evaluate the TVFOG for those products where the TVFOG is material.

5.11.2. Interest rates and equities were covered by the stochastic model. In particular:

- The stochastic interest rate model is a 2-factor Cox-Ingersoll-Ross model. Although the model does not exactly replicate the input yield curve, it is ensured that the differences between the input yield curve and the modelled yield curve are minor.
- The remaining parameters were chosen to reflect best estimate interest rate volatility over the long term. The long term volatility parameters have been calibrated to the following swaption surface:

At-The-Money Swaption Implied Volatility Surface							
Option Expiry (years)	Swap Tenor (years)						
	1	2	3	4	5	7	10
1	16.20%	16.00%	15.80%	15.70%	15.50%	14.60%	13.30%
2	16.40%	16.00%	15.80%	15.60%	15.30%	14.80%	13.90%
3	15.60%	15.30%	14.90%	14.40%	13.90%	13.40%	12.60%
4	15.60%	14.80%	14.00%	13.30%	12.60%	12.10%	11.30%
5	15.00%	14.00%	13.10%	12.10%	11.20%	10.70%	10.00%
7	14.80%	13.80%	12.90%	11.90%	10.90%	10.40%	9.70%
10	14.10%	13.10%	12.10%	11.30%	10.40%	9.90%	9.30%

Source: Bloomberg: 'IRSV' at various expiries and tenors as at 31 March 2016 – appropriate data was not available for 31 March 2017

- The model used for equities is the Bates model (also known as Stochastic Volatility Jump Diffusion model). The model has been calibrated to the following volatility surface:

NIFTY Implied Volatility Surface (by moneyness)									
Option Expiry	0.8	0.9	0.95	0.975	1	1.025	1.05	1.1	1.2
30 Days	28.09%	18.30%	14.48%	13.09%	11.57%	10.44%	9.87%	13.21%	19.91%
60 Days	18.42%	16.77%	14.33%	13.15%	11.97%	11.55%	10.59%	11.27%	13.20%
3 Months	21.59%	16.40%	14.31%	13.30%	12.37%	12.76%	11.40%	11.54%	13.91%
6 Months	17.26%	16.21%	14.54%	13.70%	14.04%	14.68%	14.81%	14.32%	13.82%
12 Months	17.65%	15.43%	14.68%	14.31%	14.63%	14.14%	13.60%	13.15%	13.02%
18 Months	15.02%	14.48%	14.31%	14.23%	14.30%	14.19%	14.08%	13.99%	13.96%
24 Months	15.47%	15.30%	15.20%	15.15%	15.10%	15.06%	15.01%	14.91%	14.73%

Source: Bloomberg 'IVOL\_SURFACE\_MONEYNESS' for NIFTY Index as at 31 March 2017

- The stochastic model used to calculate the opening IEV results as at 31 March 2016 use the equity volatility surface from the same source as given above, based on the valuation date as at 31 March 2016.
- The correlation parameter between the equity prices and the interest rates are set based on historical prices. For equity prices, the NIFTY index is used and for interest rate prices, INR overnight index swap curve indices are used.

## 5.12. Taxation

- 5.12.1. In calculating the Results, allowance has been made for future taxes expected to be incurred by the Company. This includes both corporate tax and service tax.
- 5.12.2. The Company has exhausted its historical tax credits as at the applicable valuation date (i.e. there are no Deferred Tax Assets) and hence no value is placed on the same.
- 5.12.3. The rate of income tax applied to surplus emerging from life assurance business is set equal to 12.5% (increased by the tax surcharge of 12% and the education cess of 3%). The resulting effective tax rate is 14.42%. The rate of taxation applied to pension business is zero. The taxation reflected in the Results assumes that a proportion of projected profits are tax exempt, given the tax deductions available to the Company on account of dividend income from investments in equity shares and income from investments in tax free bonds being considered as exempt from income tax. This assumption results in an additional value of INR 2.0 billion as at 31 March 2016 and 1.7 billion as at 31 March 2017 as reflected in the IEV, and INR 0.3 billion as reflected in the VNB.
- 5.12.4. The Company charges service tax on premiums from non-linked products and charges under ULIPs. The Company also receives credit for service tax included in the expenses incurred.
- 5.12.5. As discussed in Section 4.4.10, the service tax assets not included as part of ANW are reflected in VIF by releasing the same at the start of the projection. The allowance for future service tax is reflected in the projection models as follows:
- for traditional business, the future renewal premiums are modelled net of service tax;
  - for ULIPs, the service tax on various charges is deducted from the unit fund and is assumed as an immediate outgo;
  - any reinsurance premiums are modelled net of service tax;
  - the expense loadings are based on net of service tax expenses of the Company; and
  - the distributor commission modelled is net of service tax charged to the distributor (wherever

applicable).

5.12.6. The assumed service tax rates are as follows:

- from 1 April 2016 to 31 May 2016: 14.5%; and
- from 1 June 2016 onwards: 15%.

### 5.13. Statutory reserving and capital requirements

5.13.1. The projections have been prepared assuming the application of and continuation of the valuation basis which complies with regulations and professional guidance applicable to statutory valuations, as selected by the Appointed Actuary of the Company as at the applicable valuation dates. The assumptions used in the statutory valuation are best-estimate but with an additional margin for adverse deviation. The approach adopted in calculating reserves is broadly described as follows:

- **For ULIPs**, the statutory reserve is set as the sum of the value of units allocated to the policy, plus a non-unit reserve. The non-unit reserve uses a Gross Premium Valuation methodology (“GPV”) considering charges, expenses and any non-unit benefits, subject to a minimum of one month’s unexpired risk charge.
- **For participating plans**, the reserve is the higher of the GPV and surrender value at a policy level, with a minimum floor of asset shares at a product level, wherein the GPV considers all future premiums, benefits, expenses, future reversionary and terminal bonuses consistent with the valuation rate of interest and shareholder transfers and taxes based thereon. The asset share represents the retrospective accumulation of premiums with actual investment return earned and deductions for expenses, cost of providing mortality benefits, cost of capital, tax etc.
- **For traditional non-participating plans**, the reserve is calculated as the greater of a GPV calculation (considering premiums, benefits and expenses) and the surrender value.

5.13.2. Additional reserves are established for other lines of business and also for other risks identified by the Appointed Actuary such as to provide for incurred but not reported claims, or to provide for additional expenses in a new business discontinuance scenario, or to provide for the risk of strain upon revival of a lapsed policy etc.

5.13.3. The MRC is calculated in accordance with the applicable regulatory requirements.

5.13.4. For the various sensitivity analyses, the reserves are re-calculated using the assumptions as applicable for the given sensitivity.

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## Section 6 Reliances and limitations

### 6.1. Reliances

- 6.1.1. As set out in our engagement letter dated 8 June 2017, the scope of our work covers the following:
- to review the methodology and assumptions adopted by the Company for compliance with the relevant IEV principles;
  - to conduct independent checking of HDFC Life's actuarial models for plans that represent a significant proportion of the total value of the in-force and new business portfolio;
  - to review the IEV as at 31 March 2017, the analysis of movement of IEV over the past one year, the VNB for the year ending 31 March 2017 and the various sensitivity analyses as required by APS10;
  - to draft this Report;
  - to prepare 'internal documentation' for HDFC Life summarizing the work carried out as part of this review.
- 6.1.2. This Report has been prepared solely for use by the management of HDFC Life for inclusion in the formal disclosures required as part of the IPO process. It should not be relied upon for any other purpose but may be provided to the Company's advisors on the IPO for use in conducting and documenting their due diligence of the Company, in connection with the offering of securities in the IPO.
- 6.1.3. The Report is intended to provide certain actuarial information and analyses that would assist a qualified actuary, technically competent in the area of actuarial appraisals, to develop an estimate of the components of economic value as described earlier in this Report. In order to fully comprehend the Report, any user of the Report should be advised by an actuary with a substantial level of expertise in areas relevant to this analysis to appreciate the significance of the underlying assumptions and the impact of those assumptions on the Results. The Report must be considered in its entirety as individual Sections, if considered in isolation, may be misleading.
- 6.1.4. In carrying out the work and producing this Report, we have relied on information supplied by the management and staff of HDFC Life. Reliance was placed on, but not limited to, the general accuracy of all the information provided to us.
- 6.1.5. In particular we have relied on:
- the Prophet actuarial model and other models developed by the Company to derive the various Results. However, we have applied various checks on the models of the Company as set out in Section 4.3;
  - the accuracy and completeness of the policy data covering in-force and new business policies and the various checks applied thereon;
  - details of product features, policy terms and conditions including surrender and cash value bases as set out in the 'File and Use' documents provided to us by the Company for each of the products;
  - information on reinsurance arrangements and terms and conditions as provided to us by the Company;
  - experience investigations relating to current and historical operating experience of the Company;
  - information on expense experience analyses performed by the Company;
  - audited financial statements for the years ending 31 March 2016 and 31 March 2017 as provided

to us by the Company;

- the Appointed Actuary's report on the statutory liability valuation of the Company for financial years ending 31 March 2016 and 31 March 2017;
- asset valuations (book and market value) for investments of the Company as set out in the audited financial statements at 31 March 2016 and 31 March 2017, and the market value adjustments as provided to us by the Company;
- information on the Company's practices in determining bonuses on participating business;
- the Company's internal economic capital model used for the purpose of calculation of the CRNHR; and
- the Company's economic scenarios used in the determination of the TVFOG, although we have reviewed the results of the statistical tests applied to the economic scenarios and believe they are appropriate for the purposes of APS10 paragraph 6.3.

6.1.6. We have obtained a management representation letter from HDFC Life, stating that the data and information provided to us is accurate and complete and that there are no material inaccuracies and omissions therein and as represented in this Report.

6.1.7. The Report is based on the data and information available to Milliman up to 18 October 2017 and takes no account of the data, information and clarifications received after that date. We are under no obligation to update or correct inaccuracies which may become apparent in the Report as a consequence of this.

## 6.2. Limitations

6.2.1. Unless explicitly stated, we have performed no audit or independent verification of the information furnished to us. To the extent that there are any material errors in the information provided to us, the Results may be affected as well.

6.2.2. An IEV disclosure necessarily requires assumptions to be made about future operating experience and for these to be reflected in the determination of the components of the IEV. As per APS10, none of the Results in this Report are intended to represent forward-looking statements for the purposes of Securities and Exchange Board of India ("SEBI") listing rules.

6.2.3. An actuarial assessment of the components of value of a life insurance company will not necessarily be consistent with the value of a life insurance company or a portfolio in the open market and should not be interpreted in that manner. Rather, it is derived from a projection of future earnings and, therefore, reflects the value of the earnings potential of a block of in-force or new business under a specific set of assumptions. The value of any business enterprise is a matter of informed judgment. Different parties will arrive at different values depending upon their outlook, their assessment of the future operating assumptions, and upon the opportunities they see for the Company in the future. Judgements as to the contents of this Report should be made only after studying the Report in its entirety, together with the rest of the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") or Prospectus, as a review of a single section or sections on an isolated basis may not provide sufficient information to draw appropriate conclusions. Milliman does not authorise or cause the issue of the DRHP or RHP and takes no responsibility for its contents other than this Report.

6.2.4. The Results shown in this Report are based on a series of assumptions as to the future operating experience. It should be recognised that actual Results will differ from those shown in the Report, on account of changes in the operating and economic environment and natural variations in experience. To the extent actual experience is different from the assumptions underlying this Report, the future projected profits from which the Results are derived will also differ. This Report includes various sensitivity results to illustrate how vulnerable the various results are to changes in assumptions for the key risks. The Results shown are presented at the applicable valuation dates stated in this Report and no warranty is given by Milliman that future experience after these applicable valuation dates will be in

line with the assumptions made.

- 6.2.5. The projections and values presented in this Report have been determined on a “going concern” basis, and assume a stable economic, legal and regulatory environment going forward. The reader of this Report should be aware that any change in the general operating environment would add a high degree of uncertainty to the Results presented.
- 6.2.6. Unless explicitly stated, the Results do not consider any external (including regulatory and taxation) developments after 31 March 2017.
- 6.2.7. None of the values or projections set out in this Report include any allowance for withholding or other taxes (such as dividend distribution tax) that may apply to the payment of future shareholder dividends or on remittances out of India.
- 6.2.8. The allowance for taxation reflected in the Results is based on Company’s interpretation of the applicable taxation laws in India. It may be noted that neither Milliman nor its employees are experts in taxation matters. Given this, we do not make any representation on the appropriateness or otherwise of the approach adopted in allowing for taxation in the Results.
- 6.2.9. In the Results presented in this Report, no allowance is made for any claims against HDFC Life other than those made by policyholders under the normal terms of life insurance business and reflected in the Company’s audited financial statements.
- 6.2.10. In the preparation of this Report, we had access to other advisors of HDFC Life in connection with the IPO and have discussed the Report with them. We have also reviewed the relevant accompanying statements made by the Board of Directors of the Company and information provided to the Securities and Exchange Board of India in the RHP.

### **6.3. Distribution**

- 6.3.1. HDFC Life may publicly disclose the final signed version of this Report in its entirety. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work.

## Appendix A: Persistency experience and discontinuance rates

A 1 As required under APS10, the historical premium persistency rates over the past three years ending 31 March 2017 are set out below:

Month	31 March 2015	31 March 2016	31 March 2017
13	73%	79%	81%
25	64%	67%	73%
37	65%	60%	64%
49	64%	63%	58%
61	37%	50%	57%

Source: HDFC Life public disclosures

A 2 The assumed policy discontinuance rates, partial withdrawal rates and revival rates used in the calculation of the Results as at 31 March 2017 for a total of eight products consisting of the top five products (by contribution to PVFP) and top five products (by contribution to VNB) are shown in the tables below. The rates are given for annual premium paying policies only:

### Policy lapse / surrender rates<sup>(5)</sup> for premium paying in-force policies

Product	1	2	3	4	5	6	7+
Crest (v7)	18.0%	10.0%	6.0%	5.0%	10.0%	20.0%	10.0%
Sanchay <sup>(1)</sup>	20.0%	10.0%	12.0%	2.5%	2.5%	2.5%	2.5%
Click 2 Protect Plus (Online)	7.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Click 2 Protect Plus (Offline-Agency)	12.0%	12.0%	8.0%	5.0%	3.0%	3.0%	3.0%
Click 2 Protect Plus (Offline-Others)	10.0%	9.0%	6.0%	5.0%	3.0%	3.0%	3.0%
Pro Growth Plus (v8)	20.0%	8.0%	6.0%	8.0%	0.0%	10.0%	10.0%
GCPP	0.0%	0.0%	0.0%	0.0%	6.0%	6.0%	6.0%
Super Income Plan (Agency & Bancassurance)	17.0%	10.0% <sup>(2)</sup>	1.0%	1.0%	1.0%	1.0%	1.0%
Super Income Plan (Brokers)	25.0%	10.0% <sup>(2)</sup>	1.0%	1.0%	1.0%	1.0%	1.0%
Super Income Plan (Direct)	30.0%	10.0% <sup>(3)</sup>	1.0%	1.0%	1.0%	1.0%	1.0%
Guaranteed Pension <sup>(3)</sup>	18.0%	10.0%	10.0%	1.5%	1.5%	1.5%	1.5%
HDFC SL ProGrowth Super II (v8) (Agency & Bancassurance)	28.0%	12.0%	10.0%	8.0%	0.0% <sup>(4)</sup>	15.0%	10.0%
HDFC SL ProGrowth Super II (v8) (Direct)	22.0%	12.0%	10.0%	8.0%	0.0% <sup>(4)</sup>	15.0%	10.0%

Notes:

- (1) An additional surrender rate of 2.5% at the end of the premium payment term and 0.5% each year thereafter is applied to this product.
- (2) For policies that acquire a surrender value before the third year of the policy, the assumed rate of surrender is 1%.
- (3) An additional surrender rate of 1.5% at the end of the premium payment term and 0.5% each year thereafter is applied to this product.
- (4) Premium discontinuances at the end of the lock-in period are covered in the table below 'Paid-up rates'
- (5) For policies within the grace period, the assumed lapse rate is 30%.

**Paid-up rates (for policies which are eligible to become paid-up as per the product terms)**

Product	1	2	3	4	5	6	7+
Super Income Plan	NA	9.0%	9.0%	4.0%	4.0%	4.0%	4.0%
Sanchay	NA	9.0%	11.0%	2.5%	2.5%	2.5%	2.5%
Guaranteed Pension	NA	9.0%	9.0%	1.5%	1.5%	1.5%	1.5%
ProGrowth Plus (v8)	NA	NA	NA	NA	40.0% <sup>(1)</sup>	10.0% <sup>(1)</sup>	10.0% <sup>(1)</sup>
ProGrowth Super II (v8)	NA	NA	NA	NA	45.0% <sup>(1)</sup>	10.0% <sup>(1)</sup>	10.0% <sup>(1)</sup>

NA: Not applicable; PPT – Premium Payment Term

Notes:

(1) 60% of those these conversions to paid-up are then immediately surrendered, with the balance being surrendered after the revival period of two years.

**Policy surrender rates for paid-up policies**

Product	1	2	3	4	5	6	7+
Sanchay <sup>(1)</sup>	NA	1.0%	1.0%	2.5%	2.5%	2.5%	2.5%
Super Income Plan	NA	7.5%	15.0%	15.0%	10.0%	10.0%	7.0%
Guaranteed Pension <sup>(2)</sup>	NA	1.0%	1.0%	1.5%	1.5%	1.5%	1.5%

NA: Not applicable; PPT – Premium Payment Term

Notes:

(1) An additional surrender rate of 2.5% at the end of the premium payment term and 0.5% each year thereafter is applied to this product.

(2) An additional surrender rate of 1.5% at the end of the premium payment term and 0.5% each year thereafter is applied to this product.

**Partial withdrawal rates (as a percentage of total premiums paid) for ULIPs**

Product	Policy year 6+
Crest (v7)	2.0%
Pro Growth Plus (v8)	2.0%
HDFC SL Pro Growth Super II (v8)	2.0%

### Revival rates for lapsed policies

Revival rates apply to only the lapsed / premium-discontinued policies as at the date of valuation.

Product	Duration <sup>(1)</sup>	Number of months since policy lapse							
		3	6	9	12	15	18	21	24
Click 2 Protect Plus	0	20.0%	8.0%	5.0%	2.5%	1.0%	1.0%	0.5%	0.5%
	1	20.0%	8.0%	5.0%	2.5%	1.0%	1.0%	0.5%	0.5%
	2	20.0%	3.5%	1.0%	1.0%	1.0%	0.5%	0.5%	0.5%
Sanchay	0	35.0%	20.0%	10.0%	8.0%	5.0%	2.5%	1.0%	1.0%
	1	35.0%	20.0%	10.0%	8.0%	5.0%	2.5%	1.0%	1.0%
	2	60.0%	35.0%	25.0%	20.0%	13.0%	10.0%	7.0%	3.0%
Guaranteed Pension	0	35.0%	20.0%	10.0%	8.0%	5.0%	2.5%	1.0%	1.0%
	1	35.0%	20.0%	10.0%	8.0%	5.0%	2.5%	1.0%	1.0%
	2	60.0%	35.0%	25.0%	20.0%	13.0%	10.0%	7.0%	3.0%
Super Income Plan	0	35.0%	20.0%	10.0%	8.0%	5.0%	2.5%	1.0%	1.0%
	1	35.0%	20.0%	10.0%	8.0%	5.0%	2.5%	1.0%	1.0%
	2	60.0%	35.0%	25.0%	20.0%	13.0%	10.0%	7.0%	3.0%
Crest (v7)	0	20.0%	15.0%	7.5%	5.0%	3.0%	2.0%	1.0%	1.0%
	1	20.0%	15.0%	7.5%	5.0%	3.0%	2.0%	1.0%	1.0%
	2	40.0%	32.5%	20.0%	15.0%	10.0%	7.5%	5.0%	2.0%
	3	50.0%	40.0%	25.0%	17.5%	12.0%	7.5%	4.5%	2.0%
	4	60.0%	45.0%	25.0%	17.5%	12.0%	7.5%	4.5%	2.0%
	5	25.0%	20.0%	10.0%	5.0%	2.0%	1.0%	1.0%	1.0%
Pro Growth Plus (v8)	0	15.0%	10.0%	6.0%	4.0%	2.5%	1.5%	1.0%	0.5%
	1	15.0%	10.0%	6.0%	4.0%	2.5%	1.5%	1.0%	0.5%
	2	40.0%	30.0%	17.5%	11.0%	6.5%	4.5%	2.5%	1.0%
	3	40.0%	30.0%	20.0%	15.0%	10.0%	5.0%	3.5%	1.5%
	4	55.0%	40.0%	18.0%	15.0%	10.0%	5.0%	3.5%	1.5%
	5	25.0%	17.5%	7.5%	3.0%	1.0%	0.5%	0.5%	0.5%

Notes:

(1) Duration is the number of full years for which premiums have been paid

**Revival rates for paid-up policies**

Revival rates apply to only the paid-up policies as at the date of valuation.

Product	Duration <sup>(1)</sup>	Number of months since policy paid-up							
		3	6	9	12	15	18	21	24
Conventional	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2	45.0%	25.0%	15.0%	10.0%	7.0%	4.5%	3.0%	1.0%
	3	45.0%	25.0%	15.0%	10.0%	7.0%	4.5%	3.0%	1.0%
	4	55.0%	30.0%	22.5%	17.5%	10.0%	7.0%	3.5%	1.0%
	5	55.0%	30.0%	22.5%	14.0%	8.0%	5.0%	2.5%	1.0%
	6	60.0%	35.0%	22.5%	17.5%	10.0%	6.0%	4.0%	2.0%
	7	60.0%	40.0%	30.0%	20.0%	10.0%	7.0%	6.0%	2.5%
Unit Linked	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2	35.0%	27.5%	25.0%	20.0%	15.0%	10.0%	5.0%	2.0%
	3	35.0%	27.5%	25.0%	20.0%	15.0%	10.0%	5.0%	2.0%
	4	62.5%	45.0%	35.0%	25.0%	15.0%	8.0%	5.0%	2.0%
	5	15.0%	7.5%	5.0%	3.5%	2.0%	1.5%	1.0%	1.0%
	6	32.5%	20.0%	12.5%	8.5%	5.0%	2.5%	1.0%	1.0%
	7	40.0%	22.5%	15.0%	10.0%	5.0%	3.5%	2.5%	1.5%
8	40.0%	22.5%	15.0%	10.0%	5.0%	2.5%	1.0%	1.0%	

Notes:

(1) Duration is the number of full years for which premiums have been paid

A 3 The assumed policy discontinuance rates, partial withdrawal rates and revival rates used in the calculation of the IEV results as at 31 March 2016 for the above-mentioned products are shown in the table below:

**Policy lapse / surrender rates<sup>(2)</sup> for premium paying in-force policies**

Product	1	2	3	4	5	6	7+
Crest (v7)	20.0%	10.0%	8.0%	5.0%	10.0%	26.0%	10.0%
Sanchay (During premium term)	20.0%	5.0%	12.0%	5.0%	5.0%	5.0%	5.0%
Sanchay (After premium term)	NA	NA	NA	NA	NA	3.0%	3.0%
Click 2 Protect Plus (Retail)	21.0%	12.0%	7.0%	3.0%	3.0%	3.0%	3.0%
Click 2 Protect Plus (Direct Online)	8.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Click 2 Protect Plus (Others)	16.0%	9.0%	7.0%	3.0%	3.0%	3.0%	3.0%
Pro Growth Plus (v8)	23.0%	10.0%	8.0%	10.0%	40.0%	10.0%	10.0%
GCPP	0.0%	0.0%	0.0%	0.0%	6.0%	6.0%	6.0%
Super Income Plan	23.0%	15.0% <sup>(1)</sup>	10.0% <sup>(1)</sup>	2.5%	2.5%	2.5%	2.5%
Guaranteed Pension (During PPT)	18.0%	10.0%	5.0%	3.0%	3.0%	3.0%	3.0%
Guaranteed Pension (After PPT)	NA	NA	NA	NA	NA	2.0%	2.0%
HDFC SL Pro Growth Super II (v8) (Agency & Bancassurance)	33.0%	15.0%	13.0%	8.0%	40.0%	10.0%	10.0%

NA – Not applicable.

Notes:

(1) For policies that acquire a surrender value before the fourth year of the policy the assumed rate of surrender is half the amount stated. Additionally, for such policies, a rate of them becoming paid-up is also applied as tabulated below.

(2) For policies within the grace period, the assumed lapse rate is 30%.

**Paid-up rates (for policies which are eligible to become paid-up as per the product terms)**

Product	1	2	3	4	5	6	7+
Super Income Plan	NA	7.5%	5.0%	2.5%	2.5%	2.5%	2.5%

NA – Not applicable.

**Policy surrender rates for paid-up policies**

Product	1	2	3	4	5	6	7+
Sanchay (During PPT)	NA	5.0%	12.0%	5.0%	5.0%	5.0%	5.0%
Sanchay (After PPT)	NA	NA	NA	NA	NA	3.0%	3.0%
Super Income Plan	NA	7.5%	5.0%	2.5%	2.5%	2.5%	2.5%

NA – Not applicable.

**Partial withdrawal rates (as a percentage of total premiums paid) for ULIPs**

Product	Policy year 6+
Crest (v7)	1.0%
Pro Growth Plus (v8)	1.0%
HDFC SL Pro Growth Super II (v8)	1.0%

**Revival rates for lapsed policies**

Revival rates apply to only the lapsed / premium-discontinued policies as at the date of valuation.

Product	Duration <sup>(1)</sup>	Number of months since policy lapse							
		3	6	9	12	15	18	21	24
Click 2 Protect Plus	0	20.0%	8.0%	5.0%	2.5%	1.0%	1.0%	0.5%	0.5%
	1	20.0%	8.0%	5.0%	2.5%	1.0%	1.0%	0.5%	0.5%
	2	20.0%	3.5%	1.0%	1.0%	1.0%	0.5%	0.5%	0.5%
Sanchay, Guaranteed Pension and Super Income Plan	0	35.0%	20.0%	10.0%	8.0%	5.0%	2.5%	1.0%	1.0%
	1	35.0%	20.0%	10.0%	8.0%	5.0%	2.5%	1.0%	1.0%
	2	60.0%	35.0%	25.0%	20.0%	13.0%	10.0%	7.0%	3.0%
Crest (v7)	0	20.0%	15.0%	7.5%	5.0%	3.0%	2.0%	1.0%	1.0%
	1	20.0%	15.0%	7.5%	5.0%	3.0%	2.0%	1.0%	1.0%
	2	40.0%	32.5%	20.0%	15.0%	10.0%	7.5%	5.0%	2.0%
	3	50.0%	40.0%	25.0%	17.5%	12.0%	7.5%	4.5%	2.0%
	4	60.0%	45.0%	25.0%	17.5%	12.0%	7.5%	4.5%	2.0%
	5	25.0%	20.0%	10.0%	5.0%	2.0%	1.0%	1.0%	1.0%
Pro Growth Plus (v8)	0	15.0%	10.0%	6.0%	4.0%	2.5%	1.5%	1.0%	0.5%
	1	15.0%	10.0%	6.0%	4.0%	2.5%	1.5%	1.0%	0.5%
	2	40.0%	30.0%	17.5%	11.0%	6.5%	4.5%	2.5%	1.0%
	3	40.0%	30.0%	20.0%	15.0%	10.0%	5.0%	3.5%	1.5%
	4	55.0%	40.0%	18.0%	15.0%	10.0%	5.0%	3.5%	1.5%
	5	25.0%	17.5%	7.5%	3.0%	1.0%	0.5%	0.5%	0.5%

Notes:

(1) Duration is the number of full years for which premiums have been paid

Revival rates for paid-up policies

Product	Duration <sup>(1)</sup>	Number of months since policy paid-up							
		3	6	9	12	15	18	21	24
Conventional	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2	45.0%	25.0%	15.0%	10.0%	7.0%	4.5%	3.0%	1.0%
	3	45.0%	25.0%	15.0%	10.0%	7.0%	4.5%	3.0%	1.0%
	4	55.0%	30.0%	22.5%	17.5%	10.0%	7.0%	3.5%	1.0%
	5	55.0%	30.0%	22.5%	14.0%	8.0%	5.0%	2.5%	1.0%
	6	60.0%	35.0%	22.5%	17.5%	10.0%	6.0%	4.0%	2.0%
	7	60.0%	40.0%	30.0%	20.0%	10.0%	7.0%	6.0%	2.5%
	8	75.0%	60.0%	45.0%	35.0%	22.5%	15.0%	8.0%	2.5%
Unit Linked	0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	2	35.0%	27.5%	25.0%	20.0%	15.0%	10.0%	5.0%	2.0%
	3	35.0%	27.5%	25.0%	20.0%	15.0%	10.0%	5.0%	2.0%
	4	62.5%	45.0%	35.0%	25.0%	15.0%	8.0%	5.0%	2.0%
	5	15.0%	7.5%	5.0%	3.5%	2.0%	1.5%	1.0%	1.0%
	6	32.5%	20.0%	12.5%	8.5%	5.0%	2.5%	1.0%	1.0%
	7	40.0%	22.5%	15.0%	10.0%	5.0%	3.5%	2.5%	1.5%
	8	40.0%	22.5%	15.0%	10.0%	5.0%	2.5%	1.0%	1.0%

Note:

(1) Duration is the number of full years for which premiums have been paid



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18 October 2017

The Board of Directors  
HDFC Standard Life Insurance Company Limited  
13th Floor, Lodha Excelus, Apollo Mills Compound, N.M. Joshi Road  
Mahalaxmi, Mumbai - 400 011

## Results of Indian Embedded Value as at 30 September 2017

Dear Sirs

### 1. Introduction

- 1.1 Pursuant to the engagement letter dated 8 June 2017, Milliman Advisors LLP ('Milliman', 'our', 'us' or 'we') has been engaged by HDFC Standard Life Insurance Company Limited ('HDFC Life', 'you', 'your' or 'the Company') to prepare a report for disclosure purposes in connection with the proposed initial public offering ('IPO') of the Company. Accordingly, the report entitled 'Report on Indian Embedded Value as at 31 March 2017' dated 18 October 2017, which is developed following the Actuarial Practice Standard 10, Version 1.02 ("APS10") issued by the Institute of Actuaries of India ("IAI") (referred to as the "APS10 Report") was submitted to the Company for inclusion in the IPO disclosures.
- 1.2 You have also requested us to prepare a report ("Supplementary Report"), which sets out the components of economic value of the Company, viz. Indian Embedded Value ("IEV") as at 30 September 2017 and the value of new business ("VNB") for new business sold during the six months ending 30 September 2017 (the "Supplementary Results").
- 1.3 For the Supplementary Results, the set materiality limit is the same as that specified by the Company's Board of Directors as noted in the APS10 Report, i.e. the criterion for materiality should be set at 2.5% of IEV at an aggregate level.
- 1.4 The Supplementary Results have been prepared using a methodology and assumptions consistent with the framework set out in APS10. However, we have not included all disclosures as required by the APS10 in this Supplementary Report. Consequently, this Supplementary Report should not be considered an APS10 disclosure. Moreover, this Supplementary Report should be read in conjunction with the APS10 Report and be read in its entirety, including the reliances and limitations, as this Supplementary Report or individual sections, if considered in isolation, may be misleading.
- 1.5 This Supplementary Report is subject to the terms and conditions specified in our engagement letter with the Company dated 8 June 2017.

### 2. Methodology

- 2.1 The methodology used to derive the Supplementary Results is consistent with that detailed in Section 4.4 of the APS10 Report, with the following adjustment:
  - a. The un-utilised credit for service tax (now Goods and Services Tax or 'GST') advance as at 30 September 2017 is now reflected in the Adjusted Net Worth ("ANW"), rather than in the Value of In-Force Business ("VIF") as per the APS10 Report. The impact of this change is not material.

2.2 A reconciliation between the ANW and the Indian GAAP balance sheet is set out in the table below:

Balance sheet	As at 30 September 2017
<b>From Indian GAAP balance sheet</b>	
Total shareholders' funds (A)	44,761
<b>Net worth (B=A)</b>	<b>44,761</b>
<b>Adjustments</b>	
Mark to market of assets, net of tax (C)	4,857
<b>Adjusted net worth (ANW) (D= B + C)</b>	<b>49,618</b>

Amounts in INR million; Figures may not add up due to rounding

### 3. Assumptions

3.1 The assumptions used to derive the Supplementary Results are the same as the assumptions detailed in Section 5 of the APS10 Report, with the following adjustments:

a. **Reference rates:** The reference rates used in the calculation of the Supplementary Results have been derived from the same source as detailed in the APS10 Report (i.e. Clearing Corporation of India Limited) on the applicable dates. The reference rates are set out below:

Tenor (years)	Reference rates		
	For VIF	For VNB	
	30 September 2017	31 March 2017	30 June 2017
1	6.29%	6.18%	6.42%
5	7.44%	7.61%	7.29%
10	7.77%	7.85%	7.52%
15	7.80%	7.86%	7.54%
20	7.80%	7.86%	7.54%
25	7.80%	7.86%	7.54%
30	7.80%	7.86%	7.54%

b. **Service tax / GST:** As per the APS10 Report, the calculation of the IEV and VNB as at 31 March 2017 allowed for a projected service tax assumption of 15% p.a. With effect from 1 July 2017, following the implementation of the GST, the assumed rate of service tax (now GST) is increased from 15% p.a. to 18% p.a.

c. **Inflation:** The assumed rate of inflation applied to 'per policy' expense loading is lowered from 7.5% p.a. to 6.5% p.a., consistent with the Company's expected future inflation of its operating expenses.

### 4. Model checks and reliances

4.1 We have relied on the policy data and other information provided by the Company as outlined in the reliances and limitations at the end of this Supplementary Report. The Supplementary Results were prepared using actuarial models developed by HDFC Life.

4.2 The scope of our engagement requires Milliman to independently check the actuarial models used to develop the Supplementary Results for plans that represent a significant and material proportion of the total value of the in-force and new business portfolio.

4.3 Milliman has performed independent checking of the Present Value of Future Profits ("PVFP") of in-force business as at 30 September 2017 and VNB of new business sold during the six months ending 30 September 2017 at an aggregate level, for products comprising approximately 92% of the in-force PVFP and 96% of the VNB.

4.4 These checks were performed for a selection of products from the main product categories of the Company, covering a wide variety of product features. We have not performed checks on the models for all of the Company's products.

- 4.5 Our focus has been on performing checks on the most significant product lines, by their contribution to the VIF and VNB as at 30 September 2017. Our checks have focused on a sufficient range of products to give us the confidence that the Supplementary Results have been calculated in accordance with the specified methodology and assumptions.
- 4.6 We have also carried out reasonableness checks on the additional items (such as the release of 'global reserves' held by the Company) that are calculated outside of the actuarial projection models.
- 4.7 Based on the results of the independent checking process, we are satisfied that the models used to derive the Supplementary Results follow the methodology and assumptions set out in this Supplementary Report. No errors or issues identified in our checking process, which have a material impact on the Supplementary Results (the concept of 'materiality' for this purpose is discussed in Section 3.2.1 of the APS10 Report), remain unresolved at the time of preparation of this Supplementary Report.

## 5. Supplementary Results

- 5.1 The IEV of HDFC Life as at 30 September 2017 is set out in the table below:

Components of IEV	As at 30 September 2017
Free surplus (FS) (A)	17,656
Required capital (RC) (B)	31,962
<b>Adjusted net worth (ANW) (C = A + B)</b>	<b>49,618</b>
Present value of future profits (PVFP) (D)	96,215
Time value of financial options and guarantees (TVFOG) (E)	(205)
Frictional cost of required capital (FC) (F)	(929)
Cost of residual non-hedgeable risks (CRNHR) (G)	(4,584)
<b>Value of in-force business (VIF) (H = D + E + F + G)</b>	<b>90,496</b>
<b>Indian embedded value (IEV) (I = C + H)</b>	<b>140,114</b>

Amounts in INR million; Figures may not add up due to rounding

- 5.2 The VNB and VNB Margin as at 30 September 2017, in respect of new business sold during the six months ending 30 September 2017, is set out in the table below:

Components of VNB	As at 30 September 2017
VNB before TVFOG, FC and CRNHR (A)	5,822
TVFOG in respect of new business (B)	(26)
FC in respect of new business (C)	(298)
CRNHR in respect of new business (D)	(717)
<b>Value of new business (VNB) (E = A + B + C + D)</b>	<b>4,782</b>
New business annualised premium equivalent ("APE" <sup>1</sup> ) for the six months ending 30 September 2017	21,307
<b>VNB Margin (=VNB / APE)</b>	<b>22.44%</b>

Amounts in INR million; Figures may not add up due to rounding

(1) APE is calculated as 100% of annualised premium for regular and limited premium plans and 10% of single premium

## 6. Conclusion and opinion

- 6.1 Based on the work carried out and subject to the reliances and limitations set out in this Supplementary Report, we conclude that:
- the methodology and assumptions used to develop the Supplementary Results are reasonable;
  - the Supplementary Results have been prepared materially in accordance with the methodology and assumptions described in the Supplementary Report; and
  - the Supplementary Results have been prepared in accordance with the requirements of APS10 and within the materiality limit set by the Board of Directors of the Company.

## 7. Reliances and Limitations

### Reliances

- 7.1 The scope of this Supplementary Report covers the following:
- a. to review the methodology and assumptions adopted by the Company; and
  - b. to review the IEV as at 30 September 2017 and the VNB for the six months ending 30 September 2017 and to conduct independent checking of HDFC Life's actuarial models for plans that represent a significant proportion of the total value of the in-force and new business portfolio.
- 7.2 Although this Supplementary Report provides the Supplementary Results following the framework as set out in the APS10, we have not included all disclosures as required by the APS10 in this Supplementary Report. Consequently, this Supplementary Report should not be considered to be an APS10 disclosure.
- 7.3 This Supplementary Report has been prepared solely for use by the management of HDFC Life for inclusion in the disclosures as part of the IPO process. It should not be relied upon for any other purpose but may be provided to the Company's advisors on the IPO for use in conducting and documenting their due diligence of the Company, in connection with the offering of securities in the IPO.
- 7.4 This Supplementary Report is intended to provide certain actuarial information and analyses that would assist a qualified actuary, technically competent in the area of actuarial appraisals, to develop an estimate of the Supplementary Results as described earlier in this Supplementary Report. In order to fully comprehend this Supplementary Report, any user should be advised by an actuary with a substantial level of expertise in areas relevant to this analysis to appreciate the significance of the underlying assumptions and the impact of those assumptions on the Supplementary Results. This Supplementary Report must be considered in its entirety as individual sections, if considered in isolation, may be misleading.
- 7.5 In carrying out the work and producing this Supplementary Report, we have relied on information supplied by the management and staff of HDFC Life. Reliance was placed on, but not limited to, the general accuracy of all the information provided to us.
- 7.6 In particular we have relied on:
- a. the Prophet actuarial model and other models developed by the Company to derive the Supplementary Results. However, we have applied various checks on the models of the Company as set out in Section 4;
  - b. the accuracy and completeness of the policy data covering in-force and new business policies and the various checks applied thereon;
  - c. details of product features, policy terms and conditions including surrender and cash value bases as set out in the 'File and Use' documents provided to us by the Company for each of the products;
  - d. information on reinsurance arrangements and terms and conditions as provided to us by the Company;
  - e. experience investigations relating to current and historical operating experience of the Company;
  - f. information on expense experience analyses performed by the Company;
  - g. audited financial statements for the half-year ending 30 September 2017 as provided to us by the Company;

- h. the Appointed Actuary's report on the statutory liability valuation of the Company for 31 March 2017 and confirmation by the Company of the methodology / assumptions adopted as at 30 September 2017;
  - i. asset valuations (book and market value) for investments of the Company as set out in the audited financial statements as at 30 September 2017, and the market value adjustments as provided to us by the Company;
  - j. information on the Company's practices in determining bonuses on participating business;
  - k. the Company's internal economic capital model used for the purpose of calculation of the CRNHR; and
  - l. the Company's economic scenarios used in the determination of the TVFOG, although we have reviewed the results of the statistical tests applied to the economic scenarios.
- 7.7 We have obtained a management representation letter from HDFC Life, stating that the data and information provided to us is accurate and complete and that there are no material inaccuracies and omissions therein and as represented in this Supplementary Report.
- 7.8 This Supplementary Report is based on the data and information available to Milliman up to 18 October 2017 and takes no account of the data, information and clarifications received after that date. We are under no obligation to update or correct inaccuracies which may become apparent in this Supplementary Report as a consequence of this.

#### Limitations

- 7.9 Unless explicitly stated, we have performed no audit or independent verification of the data and information furnished to us. To the extent that there are any material errors in the data and information provided to us, the Supplementary Results may be affected as well.
- 7.10 An embedded value disclosure necessarily requires assumptions to be made about future operating experience and for these to be reflected in the determination of the components of economic value. None of the Supplementary Results are intended to represent forward-looking statements for the purposes of Securities and Exchange Board of India ("SEBI") listing rules.
- 7.11 An actuarial assessment of the components of economic value of a life insurance company will not necessarily be consistent with the value of a life insurance company or a portfolio in the open market and should not be interpreted in that manner. Rather, it is derived from a projection of future earnings and, therefore, reflects the value of the earnings potential of a block of in-force or new business under a specific set of assumptions. The value of any business enterprise is a matter of informed judgment. Different parties will arrive at different values depending upon their outlook, their assessment of the future operating assumptions, and upon the opportunities they see for the Company in the future. Judgements as to the contents of this Supplementary Report should be made only after studying the Supplementary Report in its entirety, together with the APS10 Report, the rest of the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") or Prospectus, as a review of a single section or sections on an isolated basis may not provide sufficient information to draw appropriate conclusions. Milliman does not authorise or cause the issue of the DRHP or RHP and takes no responsibility for its contents other than this Supplementary Report.
- 7.12 The Supplementary Results are based on a series of assumptions as to the future operating experience. It should be recognised that actual results will differ from those shown in this Supplementary Report, on account of changes in the operating and economic environment and natural variations in experience. To the extent actual experience is different from the assumptions underlying this Supplementary Report, the future projected profits from which the Supplementary Results are derived will also differ. The Supplementary Results shown are presented at 30 September 2017 and no warranty is given by Milliman that future experience after this date will be in line with the assumptions made.
- 7.13 The projections and values presented in this Supplementary Report have been determined on a "going concern" basis, and assume a stable economic, legal and regulatory environment going forward. The reader of this Supplementary Report should be aware that any change in the general operating environment would add a high degree of uncertainty to the Supplementary Results presented.
- 7.14 Unless explicitly stated, the Supplementary Results do not consider any external (including regulatory and taxation) developments after 30 September 2017.
- 7.15 None of the values or projections set out in this Supplementary Report include any allowance for withholding or other taxes (such as dividend distribution tax) that may apply to the payment of future shareholder dividends or on remittances out of India.

- 7.16 The allowance for taxation reflected in the Supplementary Results is based on the Company's interpretation of the applicable taxation laws in India. It may be noted that neither Milliman nor its employees are experts in taxation matters. Given this, we do not make any representation on the appropriateness or otherwise of the approach adopted in allowing for taxation in the Supplementary Results.
- 7.17 In the Supplementary Results, no allowance is made for any claims against HDFC Life other than those made by policyholders under the normal terms of life insurance business and reflected in the Company's audited financial statements.

Distribution

- 7.18 HDFC Life may publicly disclose the final signed version of this Supplementary Report in its entirety. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work.

Yours sincerely,

Richard Holloway FIAI  
Partner

## SECTION VII: LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*The details of the outstanding litigation or proceedings involving our Company, Subsidiaries, Directors, Promoters and Group Companies are described in this section in the manner as detailed below.*

*Except as stated in this section, as of the date of this Red Herring Prospectus, there are no (i) outstanding criminal proceedings involving our Company, Subsidiaries, Directors, Promoters or Group Companies; (ii) actions taken by statutory or regulatory authorities against our Company, Subsidiaries, Directors, Promoters or Group Companies (pending actions or any actions taken in the past five years); (iii) outstanding claims involving our Company, Subsidiaries, Directors, Promoters or Group Companies for any direct and indirect tax liabilities; (iv) outstanding material civil litigation involving our Company, Subsidiaries, Directors, Promoters and Group Companies; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company and Subsidiaries in the last five years immediately preceding the year of this Red Herring Prospectus, and if there were prosecutions filed (whether pending or not); (vi) fines imposed on, or compounding of offences by, our Company and Subsidiaries under the Companies Act in the last five years immediately preceding the year of this Red Herring Prospectus; (vii) awards given by the Insurance Ombudsman against our Company during the last three years; (viii) litigation or legal action pending or taken (including any direction issued by such ministry or Government department on conclusion of such litigation or legal action) against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Red Herring Prospectus; (ix) material frauds committed against our Company, in each case in the five years preceding the date of this Red Herring Prospectus; (x) any other litigation involving our Company, Subsidiaries, Directors, Promoters or Group Companies or any other person, whose outcome could have a material adverse impact on our Company; (xi) outstanding dues to small scale undertakings and other creditors of our Company; (xii) pending proceedings initiated against our Company for economic offences; (xiii) defaults and non-payment of statutory dues by our Company and (xiv) complaints filed by policy holders in the last five years.*

*It is clarified that for the purposes of the above, pre-litigation notices (other than notices involving actions by statutory or regulatory authorities in the last five years or which are pending) received by our Company, Subsidiaries, Directors, Promoters or Group Companies shall not be considered as litigation until such time that our Company, Subsidiaries, Directors, Promoters or Group Companies, as the case may be, is impleaded as defendant or respondent in litigation proceedings before any judicial fora.*

#### ***Disclosure of litigation involving our Company and Subsidiaries:***

##### **I. Litigation involving our Company**

##### **A. Outstanding criminal litigation involving our Company**

###### *Criminal proceedings against our Company*

1. There are two criminal proceedings filed against certain employees and ex-employees of our Company before the Chief Judicial Magistrate at Patna and Chief Metropolitan Magistrate at Calcutta alleging violations of the provisions of the IPC, including criminal conspiracy, criminal breach of trust and/or cheating and dishonestly inducing delivery of property. Our Company has filed quashing petitions against these proceedings which are pending adjudication before the High Court of Patna and the High Court of Calcutta, respectively.
2. There is a criminal proceeding filed against our Company for alleged violations of the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981, the Maharashtra Private Security

Guards (Regulations of Employment and Welfare) Scheme, 2002, and the Private Security Agencies (Regulation) Act, 2005. Upon the Additional Chief Metropolitan Magistrate at Ballard Pier, Mumbai (“ACMM”) taking cognizance of the case, our Company has filed a writ petition before the Bombay High Court seeking to quash the criminal proceedings initiated before the ACMM. The case is currently pending before the Bombay High Court, which has granted a stay on the criminal proceedings before the ACMM.

3. There are five criminal proceedings pending adjudication before various fora, including the Court of the Chief Judicial Magistrate at Patna, Principal Sessions Judge at Jamshedpur, High Court of Madras, Judicial Magistrate at Hajipur and High Court of Patna, in relation to grievances with respect to mis-selling of our Company’s products by employees or ex-employees of our Company, and alleged violations of the provisions of the IPC, including criminal conspiracy, criminal breach of trust, forgery, cheating and dishonestly inducing delivery of property and voluntarily causing hurt.
4. A criminal revision application has been filed by Ramesh Kumar against our Company along with Mr. Amitabh Chaudhry in the Court of Principal District & Sessions Judge, Bokaro aggrieved by the order passed by the learned Additional Judicial Magistrate, Bokaro. The matter is currently pending before the Court of Principal District and Sessions Judge, Bokaro.
5. There are two criminal complaints which have been filed against our Company before the Chief Judicial Magistrate at Fatehpur and Chief Judicial Magistrate at Barasat, for alleged violations of the IPC including criminal intimidation, forgery, criminal breach of trust and cheating and dishonestly inducing delivery of property. The matters are currently pending.
6. A criminal complaint has been filed against our Company, which is pending before the Court of Chief Metropolitan Magistrate at Kolkata (“CMM”) for alleged violation of certain provisions of the Contract Labour (Regulation and Abolition) Act, 1970 and the rules thereunder. The CMM had issued summons to our Company and its erstwhile managing director, Mr. Deepak Satwalekar. Subsequently, Mr. Deepak Satwalekar filed a writ petition before the High Court of Calcutta seeking quashing of proceedings pending before the CMM. The proceedings before the CMM have been stayed during the pendency of the proceedings at the High Court of Calcutta.

#### *Criminal proceedings by our Company*

1. There are seven criminal proceedings in relation to complaints filed by our Company, against Kripa Securities Private Limited, ex employees, a persistency officer, and Mr. Molla Mahbobbar Rahman pending adjudication before various judicial fora including the Court of the Sessions Judge at Ghazipur, the Court of the Judicial Magistrate at Panipat, the Court of Additional Chief Judicial Magistrate at Sikar, the Court of Chief Judicial Magistrate at Johrat and the Court of Chief Metropolitan Magistrate at Calcutta alleging violations of the provisions of the IPC, including forgery, criminal conspiracy, criminal breach of trust and/or cheating and dishonestly inducing delivery of property.
2. A criminal complaint has been filed by our Company against Mr. Asif Kamal (“Accused”) before the Court of Additional Chief Metropolitan Magistrate at Jaipur (“ACMM”) alleging violations of various provisions of the IPC including forgery, theft, criminal breach of trust, conspiracy, cheating and dishonestly inducing delivery of property. Subsequently, the Accused has filed a criminal miscellaneous petition in the High Court of Rajasthan seeking to quash the proceedings pending before the ACMM. The matter is currently pending adjudication before the High Court of Rajasthan.

#### **B. Outstanding civil litigation involving our Company**

*As regards civil litigation, given the nature and extent of operations of our Company, our Board has, pursuant to its resolution dated August 16, 2017 considered outstanding civil litigation involving our Company wherein the aggregate amount involved exceeds the lower of 1% of the consolidated total revenue and 5% of the consolidated profit after tax of our Company as per the Restated Consolidated Financial Information of our Company for the financial year ended March 31, 2017.*

*Accordingly, we have only disclosed all outstanding civil litigations involving our Company wherein the aggregate amount involved exceeds ₹ 446 million individually. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation is expected to have a material adverse bearing on the business, operations, financial position or reputation of our Company.*

There is no outstanding civil litigation involving our Company exceeding ₹ 446 million. Except as stated below, there are no outstanding litigations wherein the monetary liability is not quantifiable, whose outcome would have a material adverse bearing on the business, operations, financial position or reputation of our Company:

Our Company has filed a writ petition before the High Court of Kerala (“**High Court**”) praying for issuance of a writ of mandamus to the State Police Chief of the Kerala Police Station Head Quarters, New Generation Banks and Insurance Employees Sangh (“**Union**”) and other parties. By way of this writ petition, our Company has prayed to the High Court to direct the concerned police authorities to provide protection to the employees, customers and the property of our Company from the Union and certain ex-employees. An interim order has been passed mandating the police to remove obstructions to the Company’s office. The matter is currently pending before the High Court.

**C. Actions by statutory or regulatory authorities against our Company (pending actions or any actions taken in the past five years)**

1. Our Company received a show cause notice dated September 29, 2014 from the RoC in relation to a complaint filed by Mr. S.K Sharma alleging mis-selling of our Company’s products to him. Our Company responded to the show cause notice by way of a letter dated October 8, 2014 stating that our Company has conducted an internal assessment wherein our Company observed that all the features and details of our Company’s products were appropriately explained to Mr. S.K. Sharma at the time of sale of the product and therefore cannot be treated as a mis-sale.
2. Our Company received a show cause notice dated August 21, 2015 from the RoC in relation to a complaint filed by Mr. Rohan Mota on non-receipt of Annual Report of our Company for FY 2013 and FY 14. Our Company responded to the show cause notice by way of a letter dated August 27, 2015 stating that the physical copy of the Annual Reports have been provided to Mr. Rohan Mota by way of a letter dated July 22, 2015, which had also been delivered to his registered correspondence address.
3. Our Company received an order dated July 22, 2013 from the RoC alleging non-compliance of the provisions of Sections 67(3), 73, and 234(2) and (3) of the Companies Act, 1956 in respect of our Company having more than 1,000 shareholders. Our Company responded to the order by way of a letter dated July 30, 2013 denying the allegations and stating that our Company had allotted these shares only to its promoters/employee stock option trusts and that the collective non-promoter share holding in our Company was less than 2% of the paid up capital of our Company as on March 31, 2013. Our Company also stated that certain employees of our Company had transferred shares acquired by them pursuant to certain employee stock option schemes of our Company to third parties and therefore the number of shareholders of our Company had increased. Our Company stated that it had not allotted shares in any manner that attracted the provisions of Sections 67 and 73 of the Companies Act, 1956.
4. Our Company received a demand order on March 3, 2017 from the office of the Deputy Commissioner of Stamps, Railway Station Goods Side, Jammu (“**Deputy Commissioner**”) for payment of an amount of ₹57,307 as stamp duty calculated in accordance with Sections 33(5) and 40(1)(c) of the Jammu and Kashmir Stamps Act, 1977. Our Company has subsequently made the payment in favour of the Deputy Commissioner.
5. Our Company received a letter dated August 23, 2017 from the IRDAI in relation to a co-branded advertisement of our Company which showed the following narration: “*Now, avail higher annuity rate of 7.42% of your retirement*”, with the following disclaimer: “*Available for purchase of 50 lakhs and above, for an 80-year male, annual payout under the Life Annuity with a Return of Purchase Price option*”. The

letter provided that the narration was misleading and attracted the provisions of the IRDA (Insurance Advertisements and Disclosure) Regulations, 2000 and the Master Circular on Insurance Advertisements dated August 13, 2015 and sought for necessary clarifications from our Company. By way of the letter, our Company was directed to discontinue the advertisements in question forthwith in all forms and formats and submit observations within 10 days of receipt of the letter. The letter also required our Company to release modified versions of the advertisement(s) (if any), only after review and specific approval from the IRDAI. Our Company replied to the IRDAI's letter by way of our Company's letter dated September 1, 2017, submitting our Company's observations and also recording that as directed by the IRDAI, our Company had discontinued the circulation of the said advertisements in all manner and forms, and would ensure that the modified version of the said advertisements, if any, would only be released after specific approval from the IRDAI. The IRDAI responded to our Company's letter on September 15, 2017, recording that our Company's observations were not found satisfactory for the following reasons: (a) purchase of an "Immediate Annuity Plan" with a purchase price of ₹ 5 million and above, by a person aged 80 years, was an extreme example and did not represent the majority; (b) highlighting the rate of annuity of such rare scenario was misleading; (c) representing only absolute figures for other age groups (50, 55 and 60 years), without giving corresponding rates of annuity percentages was not appropriate; (d) while the annuity rate highlighted was for age 80 years, the picture of the model used was apparently of persons with younger ages; and (e) the advertisement said the offer was for a limited period only but did not clarify what that meant. Our Company was cautioned by the IRDAI and directed to adhere to best practices while releasing insurance advertisements. Our Company was also advised to ensure scrupulous compliance with the provisions of the relevant regulations, guidelines and circulars issued by the IRDAI in this regard and to ensure that such instances do not recur in the future.

6. Company received a show cause notice from IRDAI on October 3, 2016, subsequent to an onsite inspection conducted by IRDAI in September 2013, alleging violations of the provisions of Insurance Act and certain regulations, guidelines and circulars prescribed by IRDAI thereunder. Pursuant to a personal hearing held on November 30, 2016, IRDAI passed an order dated January 11, 2017, imposing a penalty aggregating to ₹ 1.5 million, for allegedly violating, *inter alia*: (i) applicable file and use guidelines prescribed by IRDAI; (ii) the Guidelines on Outsourcing of Activities by Insurance Companies dated February 1, 2011, prescribed by IRDAI; and (iii) the corporate agency guidelines prescribed by IRDAI and the IRDA (Insurance Brokers) Regulations, 2002, for offering financial/ non financial incentives to employees of corporate agents and insurance brokers under the guise of a "skill building programme". Our Company was directed to settle the penalty within 15 days of receipt of the order, comply with all the directions in the order and confirm such compliance within 21 days from date of issuance of the order, place the order before our Audit Committee and our Board, and provide a copy of the minutes of the discussion to IRDAI. Our Company has (by way of its letter dated January 25, 2017 to the IRDAI) stated that it has duly remitted the penalty imposed by the IRDAI through a bank transfer. Our Company has also taken necessary measures to implement the directions of the IRDAI.
7. IRDAI issued a show cause notice to our Company dated August 6, 2013 in relation to non-compliance with the provisions of the IRDAI circular no IRDA/F&A/079/Feb-05 dated February 25, 2005, which pertains to the transfer of investments (assets) from shareholders' account to policyholders' account. Our Company had purchased immovable property for ₹ 653.50 million as 'investment property' during FY 2010-2011 and transferred the same to 'fixed assets' during the FY 2011-2012. The show cause notice states that the IRDAI circular no. IRDA/F&A/079/Feb-05 dated February 25, 2005 envisages transfer of 'securities' only. Further, the show cause notice states that such circular permits transfer from the shareholder account to policyholder account and not *vice-versa* (as done by our Company). While our Company responded to the show cause notice as well as further clarifications sought by IRDAI, IRDAI, by virtue of its order dated June 3, 2016, held that the reclassification of the property from 'investment property' to 'fixed asset' was not acceptable. IRDAI directed our Company to ensure that policyholders' funds are compensated to the extent of: (i) value of the property as on the date of transfer (as valued by an independent valuer); and (ii) interest compounded annually at the rate of interest on bank account calculated on the market value of the property for the period from the date of transfer to the date of infusion of policyholders' funds. IRDAI further directed our Company to: (i) make a detailed disclosure of its direction in the matter under notes to accounts in the ensuing annual accounts; (ii) apply the revaluation reserve, if any, created on revaluation of the 'investment property' in accordance with the IRDA

(Preparation of Financial Statements and Auditor's Report of Insurance Companies) Regulations, 2002; (iii) place the order of IRDAI before our Board in the ensuing Board meeting; and (iv) file a report with IRDAI confirming compliance with its directions. Our Company has confirmed compliance to IRDAI by way of a letter dated May 18, 2017 issued by our Company to IRDAI. We have also presented the contents of the order of IRDAI to the Audit Committee of our Board at its meeting held on July 19, 2016.

8. Our Company received a show cause notice dated August 18, 2011 from the IRDAI, subsequent to an onsite inspection of our Company's office in July 2010, alleging violations of certain provisions of the Insurance Act, 1938, the regulations made thereunder, and various guidelines and circulars issued by IRDAI from time to time. Pursuant to a personal hearing held on February 14, 2012, IRDAI passed an order dated June 27, 2012 imposing a penalty aggregating to ₹ 14.70 million alleging absence of an effective internal control system, including penalties for various actions allegedly in violation of certain provisions of the Insurance Act, including, *inter alia*, increasing stake in a private company and the same being made from life fund, wrongful payments of marketing expenses made to corporate agents, soliciting insurance business from unlicensed individuals and entities, issue of claim cheques in favour of master policy holders of various unorganised affinity groups, and rejection of death claims on the ground of a 90 day waiting period which IRDAI had specifically asked to be excluded previously and ordering our Company to reopen all the 21 claims and settle them within 30 days of receipt of the order. By virtue of our letters to IRDAI dated July 4, 2012, July 12, 2012, July 26, 2012, October 8, 2012 and May 23, 2013, our Company has paid the penalty amount and confirmed compliance with all directions contained in the IRDAI order dated June 27, 2012.
9. IRDAI issued a show cause notice to our Company on October 10, 2013, in relation to on-site inspections carried out at two of our branches during March and April 2013, to examine procedures in place to comply with the anti-money laundering guidelines issued by IRDAI. Our Company responded to the show cause notice on October 31, 2013 and pursuant to a personal hearing on January 2, 2014, IRDAI gave its final order on February 11, 2014, advising our Company, *inter alia*, to put in place systems to comply with the anti-money laundering guidelines issued by IRDAI, reopen and review all transactions involving acceptance of multiple demand drafts to report suspicious transactions, put in place effective procedures to ensure that business is sourced only through licensed specified persons, and confirm compliance of the same within 15 days from February 11, 2014. By virtue of letters dated February 26, 2014 and March 13, 2014 issued by our Company to IRDAI, and by virtue of a letter dated March 12, 2014 by our Company to the Financial Intelligence Unit – India, our Company has confirmed compliance of this order.
10. Pursuant to a show cause notice issued by the IRDAI on December 7, 2012 and notice dated June 19, 2013, and pursuant to personal hearings held on January 22, 2013 and August 12, 2013, the IRDAI issued directions to our Company on September 3, 2013 under Section 34 of the Insurance Act, for violation of File and Use Guidelines in relation to a failure on the part of our Company to maintain equity between the same class of policyholders *vis-à-vis* the terms of death benefits offered under two of our Company's products. IRDAI held that our Company had discriminated in allowing varied death benefits to different blocks of the same class of policyholders (who are paying the same amount of premiums) and directed our Company to provide similar death benefits to all policyholders of such products. The enhanced death benefit provided to policyholders from April 1, 2012 was required to be offered to all policyholders who have opted for such products prior to April 1, 2012, also. Further the cases of death claims since the launch of these products until the issuance of these directions were to be reopened by our Company and the differential amount of death benefit was to be settled within 60 days from September 3, 2013 as if the underlying benefits were for the higher death benefit. Our Company has taken the necessary actions to comply with the directions of the IRDAI and has confirmed compliance to IRDAI by way of our Company's letter dated August 3, 2017 to IRDAI.
11. Our Company received a letter dated November 12, 2015 from IRDAI in relation to advertisement with UIN 0101AD2015161381ENG filed with the IRDAI, stating, *inter alia*, that the disclaimer in the advertisement was too small and indistinguishable, and was in violation of the master circular on insurance advertisements dated August 13, 2015 (Reference: IRDAI/LIFE/CIR/MISC/147/08/2015). Our Company responded to IRDAI by way of a letter dated December 1, 2015, stating, *inter alia*, that: (i) our Company ensures, as a part of standard process, that disclaimers in our Company's advertisements are at least of a

font size of 7 or above and distinguishable, in line with the requirements of the advertisement regulations; (ii) in respect of the aforesaid advertisement (which was released in the form of a leaflet), the disclaimer was printed with font size 6 instead of 7, due to an inadvertent error; and (iii) pursuant to IRDAI's observation, our Company had revised the said advertisement so as to include disclaimer with font size 8. On examining our Company's submission, IRDAI issued a letter dated December 4, 2015 to our Company, cautioning our Company for violation of certain provisions of the advertisement regulations and directing our Company to adhere to best practices and comply with the provisions of the advertisement regulations, guidelines and circulars issued by IRDAI from time to time, while releasing insurance advertisements.

12. Our Company received a show cause notice dated September 29, 2015 from IRDAI, in relation to an IGMS (integrated grievance management system) complaint of Mr. Vinod Talwar. The show cause notice alleges violation of the IRDAI Guidelines for Grievance Redressal by Insurance Companies and the IRDA (Protection of Policyholders' Interest) Regulations, 2002, since a complaint pertaining to the policyholder was prolonged for more than 2 years from the date of first service request. Our Company was requested to send our response explaining why suitable action should not be initiated against our Company in this matter. By virtue of the letter dated October 23, 2015 issued by our Company to IRDAI, our Company has submitted to IRDAI that our Company has always acted in a *bona-fide* manner in the interest of the beneficiary and has duly addressed the concerns raised by the complainant within stipulated timelines. Our Company has also requested IRDAI to close the matter, in view of the submissions made by our Company in the letter dated October 23, 2015.
13. Our Company received a letter dated April 22, 2015 from IRDAI, in relation to the complaint of Mr. Manoj Kumar regarding refusal to sell the Term Insurance Plan by our Company. IRDAI has conveyed its displeasure at the way the complaint was handled by our Company and cautioned our Company for: (i) not providing the correct information to the policyholder; and (ii) not displaying the sensitivity called for on the occasion. Our Company was also directed to send a registered letter to the complainant furnishing the desired information pertaining to the policy sought, and to redress the grievance of the complainant. Our Company submitted a response dated May 8, 2015 to IRDAI, *inter alia*, stating that our Company had sent two registered letters to Mr. Kumar dated April 29, 2015 and May 7, 2015, along with an email to the complainant, assuring that appropriate action had been taken in order to meet the desired standards of service. Thereafter, IRDAI had sent an email to our Company on July 27, 2015, requesting our Company to inform IRDAI whether we had met with Mr. Kumar, and whether the product as requested by Mr. Kumar was offered to him. IRDAI also requested our Company to inform IRDAI of actions taken till date on the matter, so as to enable IRDAI to inform the Ministry of Social Justice and Empowerment accordingly. In response, our Company has sent an email to IRDAI on August 7, 2015, *inter alia*, stating that: (i) our Company made multiple attempts to contact Mr. Kumar to confirm to him that our product is available for purchase by him without any restriction with respect to his condition of disability; (ii) our Company's representative had visited Mr. Kumar's residence on May 5, 2015 but since he was unavailable, a call was subsequently made to him, to provide him with required clarifications and apologizing for the misunderstanding that occurred due to incorrect information provided by the outbound telesales call center executive; (iii) our Company had shared the product brochure with Mr. Kumar, as well as contact co-ordinates, in case he was interested in purchasing the term plan or any of our Company's other products; and (iv) Mr. Kumar had informed our Company that he would contact our Company to purchase the policy if he was interested, but our Company had not received any intimation from him as of August 7, 2015. Accordingly, our Company has requested IRDAI to close the matter, since our Company believes that it has taken all relevant steps for satisfactory closure of the issue.
14. Our Company received a show cause notice dated April 25, 2014 from IRDAI, in relation to pay-outs made to corporate agents for the FY 2012-2013. In the show cause notice, IRDAI has observed that payments made to corporate agents – bancassurance channel and other corporate agents was in violation of Clause 21 of the guidelines on licensing of corporate agents prescribed by IRDAI dated July 14, 2005 (circular no. 017/IRDA/Circular/CA Guidelines/2005), and over and above the maximum permissible limits allowed under Section 40A of the Insurance Act, 1938. By virtue of its letter dated March 17, 2015, IRDAI has advised our Company to refrain from making such type of payments and to place the letter dated March 17, 2015 before our Board to appraise them about the decision of IRDAI and confirm compliance. The IRDAI letter has been placed before our Board at the board meeting held on April 20, 2015, as advised by IRDAI.

15. Our Company received a show cause notice dated July 9, 2012 from IRDAI, stating that our Company had: (i) opened certain offices without the approval of IRDAI; and (ii) opened certain offices 1 year after receiving approval of IRDAI, thereby violating regulatory provisions pertaining to opening places of business. Further, our Company received a letter dated July 10, 2012 from IRDAI stating that: (i) closure of one of our Company's offices was not reported to IRDAI in time, thereby leading to differences in data that was already published in the annual report of IRDAI, in violation of regulatory provisions pertaining to monthly reporting of places of business/ offices of insurers; and (ii) the name of the state in respect of four places of business was also reported wrongly to IRDAI, thereby leading to inaccuracy of state wise data reported in the annual reports of IRDAI. In terms of the letter dated July 10, 2012, our Company was cautioned for not having in place, proper systems and appropriate internal controls over management and reporting of database of offices. Our Company was also directed to be sensitive in reporting accurate data to IRDAI and to submit a specific action plan indicating the measures taken to strengthen internal control systems in order to ensure timely submission of data, so as to strictly adhere to the provisions of circulars/ guidelines issued by IRDAI in this regard. Further to various correspondences exchanged between our Company and IRDAI (including on July 19, 2012 and July 30, 2012), the IRDAI issued a letter to our Company on November 23, 2012, in terms of which the IRDAI, after considering the totality of circumstances, did not press any charges. Our Company was also asked to confirm within 15 days of this letter, that adequate measures will be implemented within specific time frames, to strictly adhere to the provisions of the Insurance Act and rules framed thereunder. By way of our letter to the IRDAI dated December 5, 2012, our Company has: (i) reassured and reaffirmed to the IRDAI that 'Section 64VC compliance' (of the Insurance Act) has been given utmost importance and each monthly report was being checked by senior officials of the Company across different departments; (ii) stated that the Board of Directors of our Company are being apprised of compliance with Section 64VC of the Insurance Act on a quarterly basis; (iii) reaffirmed our Company's assurance to the IRDAI that such instances will not be repeated in the future, and the detailed exercise over the preceding months confirms our Company's intent and commitment to address the issue; (iv) confirmed 'near nil' errors in the place of business reporting, in line with commitments expressed to the IRDAI through prior correspondences; and (v) confirmed compliance to Section 64VC of the Insurance Act and regulations / guidelines / circulars issued by the IRDAI.
16. Our Company received 19 notices and orders under 85(B) of the Employee's State Insurance Act, 1948 ("Act") read with Regulation 31 of the Employees State Insurance (General) Regulations, 1950 ("Regulations") requiring our Company to pay damages for default in paying contributions within the stipulated time and manner as prescribed in the Act read with the Regulations. The total amount of damages of ₹ 2,950,863 has been duly paid by our Company.
17. Our Company received a summons dated September 30, 2016 from the Court of the Judicial Magistrate First Class, Gandhidham, Kutch ("JMFC") in relation to violation of Section 7 of the Bombay Shops and Establishments Act, 1948. Accordingly, our Company appeared before the JMFC who directed our Company to furnish a penalty of ₹ 200, which our Company has paid.
18. Our Company received five summons from the office of Assistant Labour Commissioner, District Singroli, Madhya Pradesh ("Labour Commissioner") on February 13, 2017 under Madhya Pradesh Shops and Establishment Act, 1958, Equal Remuneration Act, 1976, Minimum Wages Act, 1948, Child Labour (Prohibition & Regulation) Act, 1986 and Payment of Bonus Act, 1965. Subsequently, our Company appeared before the Chief Judicial Magistrate, District Satna, wherein our Company was directed to pay a penalty of ₹ 6,000 in relation to the summons under Madhya Pradesh Shops and Establishment Act, 1958 , ₹ 40,000 in relation to the summons under Equal Remuneration Act, 1976, ₹ 5,000 in relation to the summons under Minimum Wages Act, 1948 and ₹ 8,000 in relation to the summons under the Child Labour (Prohibition & Regulation) Act, 1986 which has been paid. The same has been closed on August 21, 2017.

Except for the regulatory or statutory actions stated hereinabove, no actions are currently pending and none have taken place against our Company in the last five years.

**D. IRDAI letter dated February 15, 2016 with respect to certain advertisements filed by our Company**

Further to discussions between our Company and the IRDAI, our Company received a letter dated February 15, 2016 from the IRDAI, with respect to certain advertisements filed by our Company with the IRDAI (UIN 0101AD201516721ENG – HDFC Young Star Supreme Suvidha, UIN 0101AD201516722ENG – HDFC Endowment Supreme Suvidha and UIN 0101AD201516723ENG – HDFC Young Star plus II). The letter referenced a submission made by our Company with the IRDAI by way of an email dated January 29, 2016 and directed our Company to withdraw the mid-term communications projecting scenarios with assumed investment returns of 6% and 10%, in respect of the aforementioned advertisements, while providing that our Company could continue providing periodic fund statements to the policyholders. The letter also directed our Company to suspend use of the aforementioned advertisements in all forms and to submit our Company's observations to the IRDAI within 10 days from receipt of the letter. Our Company responded to the IRDAI's letter by way of our letter dated February 25, 2016, explaining the specific circumstances under which the advertisements were issued with projected values of 6% and 10%, the rationale being that policyholders had, at the time of purchase of policies, also been issued a benefit illustration showing projected values of 6% and 10% (in compliance with applicable regulations), having regard to which the issuance of advertisements with the same projection was to ensure that there was no ambiguity in the minds of the policyholder. Our Company's letter dated February 25, 2016 also recorded that the aforementioned advertisements had been withdrawn by our Company. By way of the letter received from IRDAI by our Company dated April 6, 2016, the IRDAI has taken the withdrawal of the aforementioned advertisements on record, directed our Company to adhere to best practices and comply with applicable laws and regulations issued by the IRDAI from time to time while releasing insurance advertisements.

**E. Awards given by the Insurance Ombudsman against our Company during the last three years**

A total of 810 awards, amounting to ₹ 141.01 million, have been passed against the Company in the last three years by the Insurance Ombudsman. The complaints entertained by the Insurance Ombudsman can be classified into claim related (death and critical illness rider claims) and non-claim related (mis-selling and other grievances). 35 awards amounting to ₹ 18.40 million were claim issue related and the remaining 775 awards amounting to ₹ 122.61 million were non-claim related issues. In the awards related to the mis-selling cases, the Company was, inter alia, asked to refund the premium and in the awards related to the claim cases, the Company was, inter alia, asked to pay the sum assured. The Company has preferred an appeal/writ-petition in one award passed by the Insurance Ombudsman out of the total awards which were passed in the last three years. The aggregate value involved in the appeal/writ-petition is ₹ 1.15 million. The Company has complied with all other awards passed by the Insurance Ombudsman against the Company in the last three years.

**F. Pending proceedings initiated against our Company for economic offences**

There are no pending proceedings initiated against our Company for economic offences.

**G. Details of fines imposed on, or compounding of offences under the Companies Act in the last five years immediately preceding the year of this Red Herring Prospectus**

No fines have been imposed on our Company or compounding undertaken by our Company in the last five years immediately preceding the year of this Red Herring Prospectus.

**H. Details of defaults and non-payment of statutory dues by our Company**

There are no instances of non-payment of statutory dues by our Company.

**I. Material frauds against our Company in the last five years immediately preceding the year of this Red Herring Prospectus**

Except as stated below, there have been no material frauds committed against our Company in the last five years.

- 1) Our Company has registered a first information report before the Additional Commissioner of Police, Economic Offences, Wing, New Delhi, in 2016 with regard to fraudulent encashment of maturity proceeds of insurance policies of customers of our Company by certain unauthorised persons including our ex-employees amounting to approximately ₹ 23 million alleging offences under the IPC including of criminal conspiracy, cheating by impersonation, dishonestly inducing delivery of property and forgery. This case is currently under investigation.
- 2) Our Company has filed a criminal complaint before the Additional Chief Metropolitan Magistrate, Bangalore in response to first information report (“**FIR**”) registered by Madiwala Police Station alleging offences of criminal breach of trust and cheating and dishonestly inducing delivery of property against certain ex-employees namely, Ms. Vishalakshi Bhat, Mr. Dheeraj Nayak and the Managing Director (Mr. Amitabh Chaudhry) of our Company. Ms. Vishalakshi Bhat, was the Associate Circle Head of BTM Branch of our Company, in Bangalore against whom a number of complaints including the complaint filed by our Company before Additional Chief Metropolitan Magistrate, Bangalore and FIR have been, separately, registered before various police stations alleging offences of cash misappropriation, forgery and cheating by wrongfully inducing policyholders and prospective customers and promising them high returns. In one such FIR, the Managing Director of our Company was also arrayed as an accused and notice was issued against him. Our Company had approached the High Court of Karnataka and obtained a stay on investigation against our Managing Director. Currently this matter is being investigated by the Commissioner of Police to the Central Crime Branch of Bangalore.
- 3) An Indian news website and television production house, Cobrapost, in 2013 alleged that HDFC Bank Limited (“**HDFC Bank**”), amongst other banks, as well as our Company, amongst other insurance companies, were involved in channelising black money into the regular banking system. It further alleged that one of the modes for the alleged money laundering by HDFC Bank was to work in conjunction with our Company to sell insurance products. Subsequently, our Company and HDFC Bank have engaged legal representation, a professional agency for forensic enquiry and fact finding and a professional agency to evaluate and test the effectiveness of branch controls such as anti-money laundering and KYC norms. Subsequently, disciplinary actions were taken by our Company against the suspected employees.
- 4) In May 2014, an ex-employee of our Company cheated certain customers of HDFC Bank and defalcated approximately ₹13.6 million. During an internal investigation conducted by our Company, the employee admitted to misappropriating approximately ₹5.5 million, of which ₹5.2 million were recovered from him. Based on the findings of the internal investigation, the total amount defalcated was determined to be ₹15.1 million. Thereafter, a detailed assessment of internal control was conducted and cash transactions were discontinued as a mode of payment of premium for new policies. The services of the employee have since been terminated and the matter is being pursued by our Company’s legal team and a criminal complaint has been filed before the Economic Offence Wing, Ambala.
- 5) In October 2015, HDFC Bank reported a case regarding mis-selling of non-resident Indian customer policies in the Powai (Mumbai) branch of HDFC Bank. As on March 31, 2016, complaints were received regarding policies in which the total premium amount received was ₹26 million. Internal investigations have been carried out by our Company and HDFC Bank and necessary action has been taken against the employee who was responsible for this incident. Several internal control procedures have been implemented in furtherance of this matter.

The Company submits a Fraud Monitoring Report (“**FMR**”) to IRDAI on an annual basis (since FY 2013-2014).

Find below an extract from the FMR report of each financial year:

	FY 2016-17		FY 2015-16		FY 2014-15		FY 2013-14	
Type of fraud	Number of Policies*	Amount in Rs. Lakhs #	Number of Policies*	Amount in Rs. Lakhs #	Number of Policies*	Amount in Rs. Lakhs #	Number of Policies*	Amount in Rs. Lakhs #
Policyhol	26	127.11	-	-	1	6.79	1	1

der fraud								
Internal fraud	202	963.02	180	1,483.83	189	522.72	569	686.21
Intermediary Fraud	1,260	7,820.18	1,451	14,787.46	1,117	6,276.82	855	2,050.23
Total	1,488	8,910.31	1,631	16,271.29	1,307	6,806.33	1425	2,737.44

\*Number of policies represents number of cases closed during each financial year (including pending cases identified in previous year).

#For claims related cases, amount considered is sum assured; for all other cases, amount considered is premium amount.

**J. Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act against our Company in the last five years immediately preceding the year of filing this Red Herring Prospectus and if there were prosecutions filed (whether pending or not)**

Except as stated in the section 'Actions by statutory or regulatory authorities against our Company (pending actions or any actions taken in the past five years)' no inquiry, inspection or investigation has been initiated or conducted against our Company under the Companies Act in the last five years immediately preceding the year of filing this Red Herring Prospectus.

**K. Outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company**

There is no outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company.

**II. Pending complaints filed by policyholders against our Company during the last five years**

During the last five financial years, our Company received a total of 156,443 complaints from policyholders in relation to mis-selling, surrender of policies, spurious calls from persons claiming to be agents/employees of our Company etc. of which, our Company accepted 30,302 complaints, partially accepted NIL complaints and rejected 126,648 complaints.

1. Details of Company's record of policyholders protection and the pendency of the policyholder complaints for Fiscal 2017 are set out below:

Sr. No.	Particulars on Complaints made by customers	Opening balance	Additions	Fully accepted	Partially accepted	Rejected	Complaints pending
<b>Complaints made by customers</b>							
1.	Sales related	80	6473	1044	0	5478	31
2.	New business related	2	618	250	0	370	0
3.	Policy servicing related	4	552	236	0	319	1
4.	Claims servicing related#	5	931	283	0	651	2
5.	Others	7	220	37	0	190	0
-	<b>Total</b>	98	8794	1850	0	7008	34*

\*All cases pending as on March 31, 2017 stand closed

Sr. No.	Duration wise pending status	Complaints made by customer	Complaints made by intermediaries	Total
1.	Less than 15 days	34	0	34
2.	Greater than 15 days	0	0	0
	<b>Total</b>	34	0	34

2. Details of Company's record of policyholders protection and the pendency of the policyholder complaints for Fiscal 2016 are set out below:

Sr. No.	Particulars on Complaints made by customers	Opening balance	Additions	Fully accepted	Partially accepted	Rejected	Complaints pending
<b>Complaints made by customers</b>							
1.	Sales related	27	9900	1159	0	8688	80
2.	New business related	5	917	179	0	741	2
3.	Policy servicing related	1	441	109	0	330	4
4.	Claims servicing related#	2	701	60	0	638	5
5.	Others	6	346	58	0	286	7
	<b>Total number of complaints in system</b>	41	12305	1565	0	10683	98

Sr. No.	Duration wise pending status	Complaints made by customer	Complaints made by intermediaries	Total
1.	Less than 15 days	44	0	44
2.	Greater than 15 days	54	0	54
	<b>Total</b>	98	0	98

3. Details of Company's record of policyholders protection and the pendency of the policyholder complaints for Fiscal 2015 are set out below:

Sr. No.	Particulars on Complaints made by customers	Opening balance	Additions	Fully accepted	Partially accepted	Rejected	Complaints pending
<b>Complaints made by customers</b>							
1.	Sales related	11	25539	3543	0	21980	27
2.	New business related	8	1773	445	0	1331	5
3.	Policy servicing related	16	1700	429	0	1286	1
4.	Claims servicing related#	11	2206	264	0	1951	2
5.	Others	2	739	88	0	647	6
	<b>Total number of complaints in system</b>	48	31957	4769	0	27195	41

Sr. No.	Duration wise pending status	Complaints made by customer	Complaints made by intermediaries	Total
1.	Less than 15 days	28	0	28
2.	Greater than 15 days	13	0	13
	<b>Total</b>	41	0	41

4. Details of Company's record of policyholders protection and the pendency of the policyholder complaints for Fiscal 2014 are set out below:

Sr. No.	Particulars on Complaints made by customers	Opening balance	Additions	Fully accepted	Partially accepted	Rejected	Complaints pending
<b>Complaints made by customers</b>							
1.	Sales related	879	41557	7058	0	35475	11
2.	New business related	63	2723	668	0	2078	7
3.	Policy servicing related	48	3964	682	0	3310	17
4.	Claims servicing related#	64	3088	440	0	2755	11
5.	Others	33	1056	116	0	845	2
	<b>Total number of complaints in system</b>	1087	52388	8964	0	44463	48

Sr. No.	Duration wise pending status	Complaints made by customer	Complaints made by intermediaries	Total
1.	Less than 15 days	9	0	9
2.	Greater than 15 days	39	0	39
	<b>Total</b>	48	0	48

5. Details of Company's record of policyholders protection and the pendency of the policyholder complaints for Fiscal 2013 are set out below:

Sr. No.	Particulars of Complaints made by customers	Opening balance	Additions	Fully accepted	Partially accepted	Rejected	Complaints pending
<b>Complaints made by customers</b>							
1.	Sales related	336	33833	5752	0	27538	879
2.	New business related	65	5528	2975	0	2555	63
3.	Policy servicing related	93	6263	2048	0	4260	48
4.	Claims servicing related#	37	4070	2156	0	1887	64
5.	Others	10	1305	223	0	1059	33
	<b>Total number of complaints in system</b>	541	50999	13154	0	37299	1087

Sr. No.	Duration wise pending status	Complaints made by customer	Complaints made by intermediaries	Total
1.	Less than 15 days	1072	0	1072
2.	Greater than 15 days	15	0	15
	<b>Total</b>	1087	0	1087

# There are broadly two categories of complaints for claims servicing, being death claims and survival claims. The types of death claims are: (i) death claim not paid, (ii) repudiation of claim, (iii) requirement in respect of death claim not raised by insurer, (iv) death claim investigation not completed and (v) non-payment of penal interest in case of death claim. The types of survival claims are: (i) Surrender Value not paid, (ii) survival benefit not paid, (iii) non-payment of penal interest, (iv) disputes concerning correctness of Surrender Value, (v) maturity claim not paid, (vi) disputes concerning eligibility of Surrender Value, (vii) disputes concerning claim value, (viii) annuity/ pension instalments not paid and (ix) commutation value/ cash option not paid.

Out of 1,26,648 rejected, complaints 5,071 progressed to litigation. The statistics of the complaints which progressed to litigation are given below.

Status of the rejected Complaints turning into the Litigations	Count	Percentage%
Won	1,887	37.21
Settled	1,213	23.92
Lost	1,167	23.01
Pending	804	15.85
<b>Grand Total</b>	<b>5071</b>	<b>100</b>

Forum wise break -up of the pending cases	
Status	Count
Civil Court	99
Consumer Forum : District	518
Consumer Forum : State	81
Consumer Forum : National	9
High Court	9
Ombudsman	88
<b>Grand Total</b>	<b>804</b>

### III. Litigation involving our Subsidiaries

#### A. Outstanding criminal litigation involving our Subsidiaries

There are no criminal litigations involving our Subsidiaries.

#### B. Outstanding Civil litigation involving our Subsidiaries

Given the nature and extent of operations of our Subsidiaries, our Board has, pursuant to its resolution dated August 16, 2017 considered outstanding civil litigation involving any of our Subsidiaries wherein the aggregate

amount involved exceeds the lower of 1% of the consolidated total revenue and 5% of the consolidated profit after tax of our Company as per the Restated Consolidated Financial Information of our Company for the financial year ended March 31, 2017.

Accordingly, we have only disclosed all outstanding civil litigations involving our Subsidiaries wherein the aggregate amount involved exceeds ₹ 446 million individually. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation is expected to have material adverse bearing on the business, operations, financial position or reputation of our Company.

There is no outstanding civil litigation involving our Subsidiaries exceeding ₹ 446 million. There are no outstanding litigations wherein the monetary liability is not quantifiable, whose outcome would have a material adverse bearing on the business, operations, financial position or reputation of our Company.

**C. Actions by statutory or regulatory authorities against our Subsidiaries (pending actions or any actions taken in the past five years)**

No actions by statutory or regulatory authorities have been taken against our Subsidiaries (pending actions or any action taken in past five years).

**D. Details of fines imposed on, or compounding of offences under the Companies Act in the last five years immediately preceding the year of this Red Herring Prospectus**

No fines that have been imposed on our Subsidiaries or compounding undertaken by our Subsidiaries under the Companies Act in the last five years immediately preceding the year of this Red Herring Prospectus.

**E. Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act in the last five years immediately preceding the year of this Red Herring Prospectus and if there were prosecutions filed (whether pending or not)**

No inquiry, inspection, investigation has been initiated or conducted under the Companies Act in the last five years immediately preceding the year of filing this Red Herring Prospectus.

**IV. Litigation involving our Directors**

*Our Board has, pursuant to its resolution dated August 16, 2017, determined that all outstanding civil litigation against our Directors where an adverse outcome would materially and adversely affect the business, operations or financial position or reputation of our Company, would be considered as material for our Company.*

**Litigation involving Mr. Deepak Parekh**

*Criminal proceeding by Mr. Deepak Parekh*

1. An application has been filed in the High Court of Bombay ("**High Court**") (Criminal Application No. 41 of 2013), by HDFC along with Deepak Parekh, Keki Mistry, Renu Karnad and others against State Of Maharashtra, senior inspector of police and Mr. Sureshchandra V. Parekh. The application has been filed for quashing the Criminal Case No.86/SW/2010 and proceedings pending before the Metropolitan Magistrate Court, Mumbai therein which was filed by Mr. Sureshchandra V. Parekh. The High Court has granted interim reliefs and has *inter alia* stayed the proceedings in the Criminal Case No.86/SW/2010 ("**the said Order**"). Mr. Sureshchandra V. Parekh has filed a criminal application No. 245 of 2015 in this application for seeking vacation of the said Order. This application has been dismissed by the High Court vide its order dated December 16, 2013. The matter is currently pending adjudication.

*Criminal proceeding against Mr. Deepak Parekh*

1. Mr. Sureshchandra V. Parekh filed a complaint against HDFC, Deepak Parekh, Keki Mistry, Renu Karnad and others for having forged the transfer forms, share certificates and arbitration letter and for filing a false and fabricated time barred case before court of Additional Chief Metropolitan Magistrate at Esplanade, Mumbai. These criminal applications have been admitted and have not been listed since 2014. Vide an order passed by High Court of Bombay dated February 6, 2013, further proceeding in the complaint was stayed. Currently, the complaint is pending before Ld. Additional Chief Metropolitan Magistrate's 8th Court at Esplanade, Mumbai. HDFC has filed proceedings for quashing the complaint under Section 482 of the CrPC. The matter was adjourned to August 22, 2017. On August 22, 2017, the matter was adjourned to October 10, 2017, on which date it was further adjourned to February 28, 2018.

### **Litigation involving Mr. Keki Mistry**

#### *Criminal proceeding by Mr. Keki Mistry*

1. For details in relation to the criminal litigation by Mr. Keki Mistry, please see "*Criminal litigation by Mr. Deepak Parekh*" on page 649 of this Red Herring Prospectus.

#### *Criminal proceeding against Mr. Keki Mistry*

1. HDFC has filed a criminal complaint against Mr. Haridasan and others before the Chief Judicial Magistrate Court, Palakkad, Kerala ("CJM") on the malpractice and misappropriation conducted by Mr. Haridasan. Subsequently to counter the criminal case, Mr. Haridasan's wife Mrs. Geeta has filed a criminal case CMP 3722/2011 before CJM at Palakkad against Mr. Keki Mistry and four others before CJM, Palakkad, under Sections 406, 409, 120(B), 418, 420, 465 of IPC read with Section 34 of IPC, which was taken to the file by the Court and numbered as C.C No 01/2017. HDFC have filed Criminal Miscellaneous Case ('Crl. M.C') before the High Court of Kerala, with the prayer to quash the whole proceedings in C.C No 01/2017. The Crl.M.C came up for admission on April 4, 2017. The Hon'ble High court pleased to take the Crl.M.C and numbered as Crl.M.C No 2651/2017 on file and issued notice to the complainant with an interim order of stay of further proceedings before CJM in C.C No 01/2017 for a period of 3 months. HDFC has filed a petition to extend the interim order and Hon'ble High Court had extended the stay for three months on July 3, 2017. The next date of hearing is December 1, 2017.
2. For further details in relation to the criminal litigation against Mr. Keki Mistry please see "*Criminal litigation against Mr. Deepak Parekh*" on page 649 of this Red Herring Prospectus.

### **Litigation involving Ms. Renu Karnad**

#### *Criminal proceeding by Ms. Renu Karnad*

1. For details in relation to criminal proceedings by Ms. Renu Karnad, please see "*Criminal proceedings by Mr. Deepak Parekh*" on page 649 of this Red Herring Prospectus.

#### *Criminal proceeding against Ms. Renu Karnad*

1. For details in relation to criminal proceedings against Ms. Renu Karnad, please see "*Criminal proceedings against Mr. Deepak Parekh*" on page 649 of this Red Herring Prospectus.

### **Litigation involving Mr. Amitabh Chaudhry**

#### *Criminal proceeding by Mr. Amitabh Chaudhry*

- i) For details in relation to the criminal litigation by Mr. Amitabh Chaudhry, please see "*Criminal proceedings against our Company*" and "*Material frauds against our Company in the last five years immediately preceding the year of this Red Herring Prospectus*" at page 637 and page 644, respectively, of this Red Herring Prospectus.

## V. Tax proceedings against our Company and Subsidiaries

Set out herein below are claims relating to direct and indirect taxes involving our Company, our Subsidiaries and our Directors:

Nature of case	Number of cases	Amount involved (in ₹ million)
<b>Company</b>		
Direct Tax	17	48,912 <sup>#</sup>
Indirect Tax	36	2,909*
<b>Subsidiaries</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Directors</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil

<sup>#</sup>Does not include claims towards costs of proceedings

\*Does not include claims towards interest or costs of proceedings

## VI. Litigation involving our Promoters

### Disclosure of litigation involving HDFC:

#### A. Outstanding criminal litigation involving HDFC

##### *Criminal proceedings by HDFC*

- (i) HDFC has filed 2,245 complaints under section 138 of the Negotiable Instruments Act, 1881. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in these matters is ₹ 1,312.7 million.
- (ii) HDFC has filed 301 criminal cases in relation to forgery or fraud or both. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in these matters is ₹ 758.87 million.
- (iii) HDFC has filed 169 criminal cases in relation to criminal breach of trust and cheating. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in these matters is ₹ 134.90 million.
- (iv) HDFC has filed 11 criminal cases in relation to misappropriation of funds. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in these matters is ₹ 129.52 million.
- (v) HDFC has filed four criminal cases in relation to threat of violence or criminal intimidation. The matters are pending at different stages of adjudication before various courts. The aggregate amount involved in these matters is ₹ 5.1 million.
- (vi) HDFC has filed two criminal cases in relation to trespass amounting to ₹ 1.38 million and seven criminal cases in relation to fraud, forgery, criminal breach of trust and defamation. The matters are pending at different stages of adjudication before various courts.
- (vii) HDFC has filed nine criminal proceedings where secured assets have been sold by the borrower without the consent of HDFC. The matters are pending at different stages of adjudication before various courts.
- (viii) For further details, please see “*Criminal proceedings by Mr. Deepak Parekh*” at page 649 of this Red Herring Prospectus.

### *Criminal proceedings against HDFC*

- (i) Criminal case, Case No.245/2011 has been filed by Mr. Sanjay Shringarpure V S Pravin Churi against HDFC before the JMFC II Kalyan claiming that he had not been paid for the service of electricity maintenance in the Vashi office of HDFC and further requesting enquiry against HDFC. Complainant was directed to appear in lower court on March 15, 2013. The next date of hearing at Kalyan Court is December 15, 2017. Thereafter, HDFC filed a Writ Petition in the High Court to quash the criminal proceedings. The matter has been stayed by the High Court. The value of the case is ₹ 192,175/- approximately.
- (ii) Criminal case Bhangagarh Police Station Case No. 236/16 has been filed against few officers of HDFC by the landowner in reference to the loan sanctioned to Mr. Amit Jain and Mrs. Megha Jain before the Additional Session Judge, Guwahati, Assam. The land owner has lodged an FIR alleging that HDFC had disbursed loan to them by mortgaging the share/ flats specifically allotted to him without his knowledge or information. The said officers of HDFC have been granted absolute bail in January 2017 however, the matter is not closed. The matter is pending and there is no specific monetary value for this case.
- (iii) The Deputy Director – Enforcement Directorate, Jaipur had lodged proceedings against Jayaprakash Bagrwa & Ors. Pursuant to the said proceedings, the assets of the accused have been attached. One of the assets among all the assets attached is mortgaged to HDFC. Vide an order dated September 19, 2017, the Adjudicating Authority (PMLA), New Delhi has confirmed the attachment of the said properties under sub-section (1) of Section 5 of Prevention of Money Laundering Act, 2000 (the 'Act'), and has ordered that the attachment shall continue until the pendency of the proceedings under the Act and that the said order will become final after an order of confiscation is passed by a Special Court under sub-section (5) or sub-section (7) of Section 8 of the Act. However, HDFC is in process of filing an appeal against the said order before the Hon'ble Appellate Tribunal, New Delhi.
- (iv) For further details in relation to criminal proceedings against HDFC, please see "*Criminal proceedings against Mr. Deepak Parekh*" and "*Criminal litigation against Mr. Keki Mistry*" at page 649 and page 650, respectively, of this Red Herring Prospectus.

### **B. Outstanding civil litigation involving HDFC**

*Given the nature and extent of operations of HDFC, our Board has, pursuant to its resolution dated August 16, 2017 considered the outstanding civil litigation involving HDFC which exceeds 1% of the consolidated profit after tax of HDFC, as per the Consolidated Financial Information of HDFC, for the financial year ended March 31, 2017, as being material for our Company.*

*Accordingly, we have only disclosed all outstanding civil litigations involving HDFC wherein the aggregate amount involved exceeds ₹ 1.1 billion individually. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has a material adverse bearing on the business, operations, financial position or reputation of our Company.*

There is no outstanding civil litigation involving HDFC exceeding ₹ 1.1 billion. There are no outstanding litigations wherein the monetary liability is not quantifiable, whose outcome would have a material bearing on the business, operations, financial position or reputation of our Company.

### **C. Actions by statutory or regulatory authorities against HDFC (pending actions or any actions taken in the past five years)**

1. The Supreme Court of India by way of order dated July 22, 2015 levied a penalty of ₹ 75,000 on Housing Development Finance Corporation Limited (HDFC Limited) to be paid to Securities and Exchange Board of India (SEBI), for an inadvertent delay in filing a report under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 pertaining to the acquisition of equity shares of Hindustan Oil Exploration Company Limited on a preferential basis, which resulted in HDFC Limited holding 10.92% of voting rights of the company. HDFC Limited paid the penalty in the financial year 2015-16 and thus settled the issue.

- D. *Litigation or legal action (including any direction issued by such ministry or Government department on conclusion of such litigation or legal action) against HDFC by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Red Herring Prospectus***

Nil

**Disclosure of litigation involving Standard Life Mauritius:**

- E. *Outstanding criminal litigation involving Standard Life Mauritius***

*Criminal proceedings against Standard Life Mauritius*

Nil

*Criminal proceedings by Standard Life Mauritius*

Nil

- F. *Outstanding civil litigation involving Standard Life Mauritius***

*Given the nature and extent of operations of Standard Life Mauritius, our Board has, pursuant to its resolution dated August 16, 2017 considered the outstanding civil litigation involving Standard Life Mauritius which exceeds 5% of the profit before tax of Standard Life Mauritius as per audited financial statements of Standard Life Mauritius, for the financial year ended December 31, 2016, as being material for our Company.*

*Accordingly, we have only disclosed all outstanding civil litigations involving Standard Life Mauritius wherein the aggregate amount involved exceeds USD 0.51 million individually. In case of pending civil litigation proceedings wherein the monetary liability is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has a material adverse bearing on the business, operations, financial position or reputation of our Company.*

There is no outstanding civil litigation involving Standard Life Mauritius exceeding USD 0.51 million. There are no outstanding litigations wherein the monetary liability is not quantifiable, whose outcome would have a material adverse bearing on the business, operations, financial position or reputation of our Company.

- G. *Actions by statutory or regulatory authorities against Standard Life Mauritius (pending actions or any actions taken in the past five years)***

Nil

- H. *Litigation or legal action (including any direction issued by such ministry or Government Department on conclusion of such litigation or legal action) against Standard Life Mauritius by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Red Herring Prospectus***

Nil

**Disclosure of litigation involving Standard Life Aberdeen :**

- I. *Outstanding criminal litigation involving Standard Life Aberdeen***

*Criminal proceedings against Standard Life Aberdeen*

Nil

*Criminal proceedings by Standard Life Aberdeen*

Nil

**J. Outstanding Civil litigation involving Standard Life Aberdeen**

*Given the nature and extent of operations of Standard Life Aberdeen, our Board has, pursuant to its resolution dated August 16, 2017 considered the outstanding civil litigation involving Standard Life Aberdeen which exceeds 5% of the consolidated operating profit before tax of Standard Life Aberdeen as per the Consolidated Financial Information of Standard Life Aberdeen for the financial year ended December 31, 2016, as being material for our Company.*

*Accordingly, we have only disclosed all outstanding civil litigations involving Standard Life Aberdeen wherein the aggregate amount involved exceeds £ 34 million individually. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has a material adverse bearing on the business, operations, financial position or reputation of our Company.*

There is no outstanding civil litigation involving Standard Life Aberdeen exceeding £ 34 million. There are no outstanding litigations wherein the monetary liability is not quantifiable, whose outcome would have a material adverse bearing on the business, operations, financial position or reputation of our Company.

**K. Actions by statutory or regulatory authorities against Standard Life Aberdeen (pending actions or any actions taken in the past five years)**

Nil

**L. Litigation or legal action (including any direction issued by such ministry or Government Department on conclusion of such litigation or legal action) against Standard Life Aberdeen by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Red Herring Prospectus**

Nil

**VII. Litigation involving our Group Companies**

For litigation involving HDFC Pension Management Company Limited and HDFC International Life Re and Company Limited, please see '*Litigation involving our Subsidiaries*' on page 648 of this Red Herring Prospectus and for litigation involving HDFC and Standard Life Mauritius, please see '*Litigation involving our Promoters*' on page 651 of this Red Herring Prospectus.

**A. Outstanding criminal litigation involving our Group Companies**

*Criminal proceedings by our Group Companies*

**1) HDFC Bank Limited**

- i) HDFC Bank Limited has filed 178,122 cases under Section 138 of the Negotiable Instruments Act, 1881. The matters are pending at different stages of adjudication before various forums. The aggregate amount involved in these matters ₹ 17,262.87 million.
- ii) HDFC Bank Limited has filed 2,823 cases under Section 25 of the Payment and Settlement Systems Act, 2007. The matters are pending at different stages of adjudication before various forums. The aggregate amount involved in these matters ₹ 197.34 million.

- iii) HDFC Bank Limited has filed 557 cases under various provisions of the IPC. The matters are pending at different stages of adjudication before various forums. The aggregate amount involved in these matters ₹ 96.13 million.

## 2) HDFC Credila Financial Services Private Limited

- i) HDFC Credila Financial Services Private Limited has filed 31 complaints under Section 138 of the Negotiable Instruments Act, 1881. The matters are pending at different stages of adjudication before various forums. The aggregate amount involved in these matters is ₹ 27.65 million.

### *Criminal proceedings against Group Companies*

#### 1) HDFC Bank Limited

- i) There are 380 cases filed against HDFC Bank Limited under various provisions of the IPC. The matters are pending at different stages of adjudication before various forums. The aggregate amount involved in these matters ₹ 214.74 million.
- ii) There are four appeals to cases under Section 138 of the Negotiable Instruments Act, 1881 and one intervention application filed by HDFC Bank Limited. The matters are pending at different stages of adjudication before various forums.

#### B. *Outstanding civil litigation involving our Group Companies*

*Given the nature and extent of operations of our Group Companies, our Board has, pursuant to its resolution dated August 16, 2017 considered the outstanding civil litigation involving our Group Companies wherein the amount exceeds the lower of 1% of the consolidated total revenue of the Company or 5% of the consolidated profit after tax, as per the Restated Consolidated Financial Information of the Company for the financial year ended March 31, 2017, as being material for our Company.*

*Accordingly, we have only disclosed all outstanding civil litigations involving our Group Companies wherein the aggregate amount involved exceeds ₹ 446 million individually. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered 'material' only in the event that the outcome of such litigation has a material adverse bearing on the business, operations, financial position or reputation of our Company.*

#### 1) HDFC Bank

##### *Civil litigation filed by HDFC Bank*

- i) HDFC Bank has initiated recovery proceedings under the Recovery of Debts due to Banks and Financial Institutions Act, 1993 now renamed as Recovery of Debts and Bankruptcy Act, 1993 (“**RDB Act**”) before the Debt Recovery Tribunal, Chennai against Subhiksha Trading Services Limited seeking recovering an amount of ₹ 1.76 billion in relation to various credit facilities availed by Subhiksha Trading Services Limited wherein Mr. R. Subramaniam, Managing Director of Subhiksha Trading Services Limited had given a personal guarantee by way of pledging of his 1,087,000 unlisted shares of ₹ 10 each of Subhiksha Trading Services Limited. The matter is currently pending before the Debt Recovery Tribunal, Chennai.
- ii) HDFC Bank has initiated recovery proceedings under the Recovery of Debts and Bankruptcy Act, 1993 (“**RDB Act**”), before the Debt Recovery Tribunal, New Delhi against PSB Industries Private Limited seeking recovery of security deposit of ₹ 670 million provided to PSB Industries Private Limited in respect of premises vacated by erstwhile Centurion Bank of Punjab (“**CBOP**”) (now HDFC Bank, pursuant to the Scheme of Amalgamation). This recovery proceeding is filed for recovery of refundable security deposit given by CBOP to PSB Industries Private Limited. The matter is currently pending before Debt Recovery Tribunal, New Delhi.

- iii) HDFC Bank has initiated recovery proceedings under the Recovery of Debts and Bankruptcy Act, 1993 (“**RDB Act**”) before the Debt Recovery Tribunal, Mumbai against J. B. Diamond Limited and its guarantors, seeking recovery of ₹ 670.60 million provided to J. B. Diamonds Limited towards credit facilities. The matter is currently pending before Debt Recovery Tribunal, I - Mumbai. Simultaneously, Bank also initiated proceedings as per Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act (“**SARFAESI Act**”) in respect of the exclusively mortgaged properties and the said proceeding is still pending.
- iv) HDFC Bank has initiated recovery proceedings before the Debt Recovery Tribunal, Hyderabad against Deccan Chronicles Holdings Ltd (“**DCHL**”)and others seeking recovery of ₹ 581.10 million pursuant to the default in repayment of non convertible debentures issued by DCHL. The matter is currently pending before Debt Recovery Tribunal, Hyderabad. In the meantime, on an Application filed by Canara Bank, NCLT Hyderabad has admitted Insolvency Proceedings against DCHL and now the matter is pending before Resolution Professional appointed by NCLT
- v) On behalf of HDFC Bank and others as debenture holders, IDBI Debenture Trustee has initiated winding up proceedings against DCHL involving an amount of ₹ 562.90 million. The matter is currently pending before the High Court of Hyderabad, Andhra Pradesh. In the meantime, on an Application filed by Canara Bank, NCLT Hyderabad has admitted Insolvency Proceedings against DCHL and now the matter is pending before Resolution Professional appointed by NCLT
- vi) HDFC Bank has initiated recovery proceedings before the Debt Recovery Tribunal, Bangalore against Bellary Steel and Alloy Limited and others seeking recovery of ₹ 1.20 billion in relation to credit facility sanctioned to Bellary Steel and Alloy Limited for the purpose of commissioning of two rolling mills. The matter is currently pending before Debt Recovery Tribunal, Bangalore.
- vii) HDFC Bank has initiated recovery proceedings under Recovery of Debts and Bankruptcy Act, 1993 (“**RDB Act**”), before the Debt Recovery Tribunal, Mumbai against Ashapura Minechem Limited seeking recovery of ₹ 642.60 million in relation to derivatives,. Bank also filed separate recovery proceedings against Ashapura Minechem Limited for recovery of ₹ 255.36 million towards the dues of working Capital and ₹. 259 million dues of Term Loan Facility granted. The matter is currently pending before Debt Recovery Tribunal, Mumbai.
- viii) HDFC Bank has initiated recovery proceedings before the Debt Recovery Tribunal, Delhi and obtained recovery certificate against Daewoo Motors seeking recovery of ₹ 730.40 million in relation to facilities sanctioned to the HDFC Bank. The matter is currently pending before Recovery Officer, DRT, Delhi.
- ix) HDFC Bank has initiated recovery proceedings under Recovery of Debts and Bankruptcy Act, 1993 (“**RDB Act**”) before the Debt Recovery Tribunal, Kolkata against Uniwoth Limited seeking recovery of ₹ 759.60 million in relation to credit facilities granted to Uniwoth Limited. The matter is currently pending before Debt Recovery Tribunal, Kolkata.
- x) HDFC Bank has filed an Original Application against Mangla Capital Services Limited (“**Broker**”) and its Managing Director, Mr. Vinod Gupta (“**Client**”) before the Debt Recovery Tribunal, Mumbai in 2001 claiming ₹ 126 million for the amount payable under a client services agreement (“**CSA**”) and a memorandum of understanding dated December 11, 2000 (“**MoU**”) pursuant to which HDFC Bank is entitled to be indemnified by the Broker for any losses, damages, expenses that are incurred by HDFC Bank on any breach or non-performance of any obligations by the Client under the CSA. Thereafter, in light of a recent order by Supreme Court of India at that time, HDFC Bank exercised their right under an arbitration clause provided under the MoU, by filing its statement of claim before an arbitrator in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The Broker has responded by way of a counter claim of ₹ 2.17 billion against HDFC Bank. In view of this arbitration proceeding, HDFC Bank has dropped proceedings initiated against the Broker before Debt Recovery Tribunal and has separately initiated proceedings against the Client.

- xi) HDFC Bank has initiated winding up proceedings against Opto Circuits (India) Limited involving an amount of ₹ 977 million. The matter is currently pending adjudication before the High Court of Karnataka.
- xii) HDFC Bank has filed an Original Application before the Debt Recovery Tribunal at Bangalore against Gokaldas Images Private Limited and others for recovery of loan of an amount of ₹ 524.7 million against credit facilities sanctioned to Gokaldas Images Private Limited. The matter is currently pending before the Debt Recovery Tribunal, Bangalore.
- xiii) The matter pertains to issue of Bank Guarantees (“BGs”) issued by HDFC Bank at the request of Core Health Care Ltd, towards security for fulfilment of export obligations in favor of the Asst. Commissioner of Custom (Export). Due to failure on part of Core Health Care Ltd to fulfil its obligations, the Customs invoked the said bank guarantees and on receipt of the invocation letter, HDFC Bank invoked the BGs and paid the amount. HDFC Bank has now filed a recovery suit claiming refund of the BGs invoked for an amount of ₹ 98.75 million before the High Court of Bombay against Union of India, Assistant Commissioner of Customs. Director General of Foreign Trade and Core Health Care Ltd., since the Borrower at whose instance the BGs got issued had full filled the export obligations
- xiv) HDFC Bank has filed a civil suit before High Court of Justice, Queens Bench Division (Commercial Court) London, UK against Essar Steel India Limited for recovery of external commercial borrowing facility provided to Essar Steel India Limited involving an amount of USD 20.03 million. The matter is currently pending before the High Court of Justice, London. In the meantime, at the instance of State bank of India, NCLT Ahmedabad has admitted an Insolvency Proceedings against Essar Steel India Ltd and the same is pending before Resolution Professional appointed by NCLT.
- xv) HDFC Bank has filed an Original Application before the Debt Recovery Tribunal at Delhi for recovery of credit facilities granted to Unitech Limited involving an amount of ₹ 3212.2 million. The matter is currently pending before the Debt Recovery Tribunal, Delhi
- xvi) HDFC Bank has filed an Original Application before the Debt Recovery Tribunal at Hyderabad (“DRT”) for recovery of credit facilities granted to DRS Logistics involving an amount of ₹ 526.3 million. The matter is currently pending before the Debt Recovery Tribunal, Hyderabad.
- xvii) Indian Technomac Company Limited availed finance from 16 banks under consortium. HDFC Bank financed outside the consortium allocation of ₹ 680 million by sanctioning adhoc letter of credit (“LC”) limits of ₹750 million in 2012. All LCs amounting to ₹ 1101.6 million devolved. Similar LCs devolved with many other banks. Case turned out to be suspicious and fraudulent as State of Himachal also levied tax evasion charges to the tune of ₹21,000 million. Matter is under RBI for monitoring fraud. M/s Rajan Berry has been appointed as investigative auditor. Report is yet to be received. HDFC Bank filed an application along with the lead bank, Bank of India of which HDFC Bank’s claim is ₹1643.8 million. HDFC Bank has obtained an interim order to restrain the borrower to create any third party rights and sale etc . Local court commissioner appointed for inventory & inspection of immoveable properties and filed report. Matter is pending before Debt Recovery Tribunal, Delhi.
- xviii) A consortium of banks including HDFC Bank lead by Indian Overseas Bank had provided credit facilities to Koutons Retail India Limited (“Koutons”). Subsequently, pursuant to a corporate debt restructuring (“CDR”) decision Koutons availed a CDR package and executed a master restructuring agreement, a trust and retention agreement and other transactional documents in favour of the consortium of banks. In view of the default committed by Koutons, the CDR package had been withdrawn. Thereafter, the consortium of banks have jointly filed an OA before the Debt Recovery Tribunal at Delhi involving HDFC Banks claim amount of ₹ 543.9 million. The matter is currently pending before the DRT, Delhi.

*Civil litigations filed against HDFC Bank*

- i) Ashapura Minechem Limited has filed a civil suit against HDFC Bank before Civil Court at Jama Khambalia, Jamnagar, Gujarat, (“Civil Suit”) which was subsequently transferred to Commercial Court, Rajkot praying that the master agreement and all four transactions thereunder be declared illegal, void ab

initio and unenforceable, and, further praying for recovery of ₹ 546.9 million from HDFC Bank and a stay of the ongoing proceedings filed by HDFC Bank before the Debt Recovery Tribunal, Mumbai. Pursuant to an order dated October 13, 2017 by the High Court of Gujarat, on the basis of a civil revision application by HDFC Bank, the Civil Suit currently stands rejected.

- ii) HDFC Bank has filed an Original Application (“**OA**”) against NPI Packagings Private Limited before the Debt Recovery Tribunal, New Delhi (“**DRT**”) for recovery of an amount of ₹111.11 million, pursuant to which NPI Packing Private Limited filed a counter claim on July 8, 2014 claiming an amount of ₹ 837.10 million, *inter alia*, alleging (i) incurring losses due to denial of ad-hoc working capital, (ii) loss incurred due to denial of loan against property; (iii) loss incurred due to denial of loan against the advance secured by Polyplex Corporation Limited; (iv) loss incurred due to denial of ad-hoc working capital limit for Kajaria Cermics Limited etc. The matter is currently pending before DRT, New Delhi.
- iii) HDFC Bank has filed an Original Application (“**OA**”) against National Packing Industries before the Debt Recovery Tribunal, New Delhi (“**DRT**”) seeking recovering of an amount of ₹ 111.95 million, pursuant to which NPI Packing Private Limited filed a counter claim on July 8, 2014 claiming an amount of ₹ 837.10 million, *inter alia*, alleging (i) incurring losses due to denial of ad-hoc working capital, (ii) loss incurred due to denial of loan against property; (iii) loss incurred due to denial of loan against the advance secured by Polyplex Corporation Limited; (iv) loss incurred due to denial of ad-hoc working capital limit for Kajaria Cermics Limited etc. The matter is currently pending before DRT, New Delhi.
- iv) Mangla Capital Services Limited (“**Broker**”) has filed a statement of counter claim against HDFC Bank, claiming ₹ 2.17 billion for loss incurred on business income, loss of goodwill and reputation in counter to the claim filed by HDFC Bank before the Arbitrator. The matter is presently pending for filing of Evidence by HDFC Bank. HDFC Bank has initiated arbitration proceedings pursuant to an arbitration clause under the Memorandum of Understanding dated December 11, 2000 (“**MoU**”) executed with HDFC Bank, claiming ₹3.2 billion @ 26.07% per annum on ₹ 84 million under the MoU which entitled HDFC Bank to be indemnified by the Broker for any losses, damages, expenses that are incurred by HDFC Bank on any breach or non-performance by the Broker of any of the obligations under the MoU.
- v) HDFC Bank has filed an Original Application (“**OA**”) before the Debt Recovery Tribunal at Delhi against Multiwal Pulp and Board Mills Private Limited (“**Multiwal**”) for recovery of a sum of ₹ 437 million. In response thereto, Multiwal has filed a counter claim involving an amount of ₹ 3541.6 million on account of (i) alleged financial losses caused due to alleged illegal classification of the account as non performing asset; (ii) loss of goodwill and reputation and (iii) undue harassment or mental agony. The matter is currently pending before the Debt Recovery Tribunal, Delhi.
- vi) HDFC Bank had recalled the credit facilities provided to BIC Logistics Ventures Limited (“**BIC**”) for non-payment and breach of terms of the sanction letter and facility agreement and accordingly filed an Original Application (“**OA**”) before the Debt Recovery Tribunal at Chennai. In response thereto, BIC filed a counter claim involving damages of ₹510 million for (i) malfeasance/non-feasance as well as misfeasance, (ii) loss in business and (iii) costs. The matter is currently pending before the Debt Recovery Tribunal, Chennai.
- vii) HDFC Bank filed an original application before the Debt Recovery Tribunal at Mumbai for recovery of an amount of ₹ 13.32 million against Esskay Motors Private Limited (“**Esskay**”). In response thereto, Esskay filed a counter claim involving an amount of ₹ 460 million alleging that it has suffered losses due to debit, amortisation, loss on profits, loss of financial standing and damages for mental harassment, amongst other things. The matter is currently pending before the Debt Recovery Tribunal, Mumbai.
- viii) Bank guarantees (“**BGs**”) were issued by erstwhile Centurion Bank of Punjab (“**CBOP**”) (now HDFC Bank, pursuant to the scheme of amalgamation). The BGs were issued on behalf of Punwire Paging Services Limited and Punwire Mobile Communication Limited in favour of “The President of India acting through the Telegraph Authority” (“**the Beneficiary**”). These BGs were allegedly invoked by the Beneficiary. The invocation of these BGs were received through Department of Telecommunications (“**DoT**”). However, as per the CBOP records, the claim in relation to the BGs was raised after the expiry of the BGs, and hence they could not be invoked. Accordingly, the beneficiary approached the Office of the

Banking Ombudsman located at Chandigarh, who passed an award against HDFC Bank for an amount of ₹ 344 million along with damages of ₹ 1 million. Aggrieved with the award, HDFC Bank has filed a suit for declaration that the award passed by the Banking Ombudsman is devoid of merit and as such the same is liable to be declared as void and unenforceable before the High Court of Delhi. Now the matter stands transferred and pending before Civil court at Patiala.

- ix) Bottle Samrat Private Limited (“**Customer**”) had deposited the fund transfer cheques (total 21 cheques amounting to ₹262.5 million) in their account on January 6, 2016 in Indira Nagar Branch for clearing. The said cheques were issued by Suyojit Infrastructure Private Limited. The cheques were initially put on hold as the funds were not available in the drawer’s account and also due to global issue of flexcube on January 6, 2016. On January 7, 2017, the funds were still not available in the drawer's account to pass these 21 cheques amounting to ₹262.5 million. Hence, the cheques were returned with the reason "funds insufficient". The charges were recovered from the drawer's account number on January 7, 2016 for the cheque return. The cheques were then returned through courier and same was informed to beneficiary on the same day. On January 13, 2016, beneficiary (i.e. Bottle Samrat Private Limited) visited the Indira Nagar branch to enquire about the non-receipt of courier for the returned cheques. While checking the details branch staff came to know that teller (HDFC Bank’s personnel) had erroneously sent the 21 cheques amounting to ₹262.5 million to the drawer's address instead of beneficiary's address. Customer then filed a complaint before National Consumer Redressal Commission claiming an amount of ₹ 276,25,00,000/- i.e. ₹26,25,00,000/- towards value of dishonoured cheques, damages of ₹ 1,000 million for loss of business and compensation of ₹ 1,500 million on account of mental agony and harassment. The said complaint was dismissed by the National Consumer Redressal Commission at the admission stage. Now, the Customer has preferred an appeal before Supreme Court challenging the order of National Consumer Redressal Commission. HDFC Bank was served with the compilation of the proceedings in and around August 24, 2017. Bank has already filed its reply with Registry, now the matter will be listed in due course as per Supreme Court’s listing.

**C. Actions by statutory or regulatory authorities against our Group Companies (pending actions or any actions taken in the past five years)**

**1) HDFC Bank**

***Details of penalty levied by RBI on HDFC Bank in last 5 years***

• FY 2013-14

During the year ended March 31, 2014, the RBI imposed a penalty of ₹ 450 million on HDFC Bank for certain irregularities and violations discovered by the RBI, viz., non-observance of certain safeguards in respect of arrangement of “at par” payment of cheques drawn by cooperative banks, exceptions in periodic review of risk profiling of account holders, non-adherence to KYC rules for walk-in customers (non-customers) including for sale of third party products, sale of gold coins for cash in excess of ₹ 50,000 in certain cases and non-submission of proper information required by the RBI.

• FY 2014-15

During fiscal 2015, the RBI levied on the Bank a penalty of ₹ 0.5 million on the grounds that HDFC Bank failed to exchange information about the conduct of a corporate borrower’s account with other banks at intervals as prescribed in the RBI guidelines on ‘Lending under Consortium Arrangement / Multiple Banking Arrangements’ and the same was paid by HDFC Bank.

• FY 2016-17

During the financial year 2016-17, further to the media reports in October 2015 about irregularities in advance import remittances in various banks, the RBI had conducted a scrutiny of the transactions carried out by HDFC Bank under Section 35(1A) of the Banking Regulation Act, 1949. The RBI issued a show cause notice to which HDFC Bank had submitted its detailed response. After considering HDFC Bank’s

submission, the RBI imposed a penalty of ₹20 million on HDFC Bank vide its letter dated July 19, 2016 on account of pendency in receipt of bill of entry relating to advance import remittances made and lapses in adhering to KYC / AML guidelines in this respect. The penalty has since been paid. HDFC Bank has implemented a comprehensive corrective action plan, to strengthen its internal control mechanisms so as to ensure that such incidents do not recur.

***Disciplinary action taken by the SEBI***

*As a Depository Participant:*

- Deficiency letter was issued by SEBI on June 21, 2017 pursuant to inspection of depository operations. SEBI had observed certain discrepancies with respect to inward stamp date vis-à-vis complaint entered in the CRM system.

*As a Designated Depository Participant:*

- Administrative warning was issued by SEBI on April 27, 2017 regarding non-compliance with provisions of SEBI (Foreign Portfolio Investors) Regulations, 2014 and advising Bank to be cautious in future and to ensure strict compliance with the provisions of SEBI (Foreign Portfolio Investors) Regulations, 2014 and circulars issued thereunder.

**2) GRUH Finance Limited**

NHB had vide letter dated March 7, 2016 imposed penalty of ₹ 3.66 million for non-compliance with the provisions u/s 29B (1) & (2) of NHB Act, 1987 regarding non-maintenance of requisite percentage of liquid assets on “interest accrued but not due on deposits”, which penalty was paid by GRUH on March 9, 2016.

**3) HDFC Asset Management Company Limited**

- i) SEBI carried out an investigation into the alleged front running of the trade orders of HDFC Mutual Fund by certain set of persons on the basis of information provided by Mr. Nilesh Kapadia, formerly a Dealer (Equities) at HDFC Asset Management Company Limited (‘the AMC’), and had issued the following orders and notices in the matter:

- SEBI interim order no. WTM/KMA/IVD/267/06/ 2010 dated June 17, 2010
- SEBI order no. WTM/PS/ 26/IVD/ID-6/ JULY/2014 dated July 24, 2014
- SEBI Show Cause Notice no. EAD-2/KM/8485/2014 dated March 20, 2014
- SEBI interim order no. WTM/PS/135/IVD/ JAN/2016 dated January 15, 2016

HDFC Trustee Company Limited (‘the Trustee Company’), the AMC and its Managing Director had filed consent applications seeking settlement of the issues arising out of and any proceedings that may be initiated by SEBI in this regard, including under the SEBI (Mutual Funds) Regulations, 1996, SEBI (Portfolio Managers) Regulations, 1993, Clause IV (Operation Risks) in Operating Manual for Risk Management for Indian Mutual Funds - Annexure to Circular No. MFD / CIR / 15 / 19133 /2002 dated September 30, 2002. The Trustee Company, the AMC and Mr. Milind Barve, Managing Director of the AMC remitted sums of ₹ 20,00,000/-, ₹ 20,00,000/- and ₹ 15,00,000/- respectively without admission or denial of guilt, and the AMC also undertook to compensate investors for any losses suffered by them on account of the alleged front-running activities, as determined by SEBI. SEBI issued a Consent Order no. CO/ID-6/AO/BM/ 130-132/2011 dated September 30, 2011 in this regard. The AMC also terminated the services of Mr. Nilesh Kapadia.

SEBI by its order dated July 24, 2014, *inter alia*, prohibited Mr. Nilesh Kapadia and certain other accused persons from accessing the securities market, or buying, selling or otherwise dealing in securities, for a period of 10 (ten) years for violation of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003. SEBI further directed that Mr. Nilesh Kapadia shall not

associate himself with any intermediary or any other entity registered with SEBI for a period of 10 years from the date of the interim order dated June 17, 2010. SEBI by its interim order dated January 15, 2016 ordered impounding of unlawful gains allegedly made by Mr. Nilesh Kapadia and certain front runners, together with interest. No directions were issued against the Trustee Company, the AMC or its Managing Director in SEBI's orders dated July 24, 2014 and January 15, 2016.

In accordance with the directions issued by SEBI in the matter vide interim order dated June 17, 2010, letter no. EFD-DRA-3/PVS/21350/2011 dated July 5, 2011, letter no. DRA3/MC/OW/ 458/2016 dated January 18, 2016, and letter no. EFD/OW/MC/7367/1/2016 dated March 10, 2016, the AMC deposited the total amount of losses suffered by the investors during the period November 2001 to September 2007 aggregating to ₹ 6,96,93,914/-, as determined by SEBI, in a segregated bank account maintained with the Trustee Company. The AMC has thereafter compensated the concerned investors in accordance with the aforementioned directions issued by SEBI. SEBI has also vide its letter No. EAD/PJ/JAK/OW/ 29035/2016 dated October 20, 2016 communicated that the adjudication proceedings with respect to SEBI Show Cause Notice no. EAD-2/KM/8485/2014 dated March 20, 2014 have been dropped.

#### 4) **HDFC Developers Limited**

- i) During the financial year 2016-17, the Metropolitan Magistrate, Mumbai had issued summons to HDFC Developers Limited and had directed HDFC Developers Limited to pay a penalty of ₹ 36,000 for non-maintenance of registers required under Rule 20(1), 20(4) and 20(5) of the Mumbai Shops and Establishment Act of 1948. HDFC Developers has paid the penalty and have settled the issue.

#### 5) **HDFC ERGO General Insurance Company Limited (“HDFC Ergo”)**

- i) HDFC Ergo (along with HDFC General Insurance Company Limited with whom HDFC Ergo has subsequently merged) received two demand notices from IRDAI in the year 2013-14 for non-compliance for not meeting obligatory target in respect of Indian motor third party declined risk insurance pool for payment of an amount of ₹1 million. HDFC Ergo has subsequently made the requisite payment.
- ii) HDFC Ergo (along with HDFC General Insurance Company Limited with whom HDFC Ergo has subsequently merged) received demand notices from IRDAI in the year 2015-16 and 2016-17 in relation to an order of on-site inspection during 2012 and 2013 for payment of an amount of ₹5,000,000 and ₹1,500,000. HDFC Ergo has subsequently made the requisite payment.

#### 6) **HDFC Sales Private Limited (“HDFC Sales”)**

- i) HDFC Sales Private Limited received a letter dated July 21, 2011 from Employee State Insurance Corporation requiring HDFC Sales to pay an amount of ₹16,030 in relation to certain contributions payable by HDFC Sales in terms of Regulations 29, 31 and 33 of the Employee State Insurance (General) Regulations, 1950. HDFC Sales have accordingly paid the requisite amount on August 3, 2011.

#### 7) **HDFC Trustee Company Limited**

- i) Please refer to the litigation disclosed for HDFC Asset Management Company Limited above, wherein HDFC Trustee Company Limited is also a party.

### VIII. **Tax proceedings against our Promoters and Group Companies**

Set out herein below are claims relating to direct and indirect taxes involving our Promoters and Group Companies (excluding HDFC Pension Management Company Limited and HDFC International Life and Re Company Limited):

Nature of case	Number of cases	Amount involved (in ₹ million except as stated otherwise)
<b>Promoters</b>		
1. HDFC Limited		

<b>Nature of case</b>	<b>Number of cases</b>	<b>Amount involved (in ₹ million except as stated otherwise)</b>
Direct Tax	19	12,420
Indirect Tax	1	2
<b>2. Standard Life Aberdeen</b>		
Direct Tax	Nil	Nil
Indirect Tax	2	£ 15 million*
<b>3. Standard Life Mauritius</b>		
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Group Companies</b>		
<b>1. Grandeur Properties Private Limited</b>		
Direct Tax	2	1.66
Indirect Tax	Nil	Nil
<b>2. GRUH Finance Limited</b>		
Direct Tax	19	107.49
Indirect Tax	Nil	Nil
<b>3. HDFC Asset Management Company Limited</b>		
Direct Tax	8	77.1
Indirect Tax	1	0.37
<b>4. HDFC Bank Limited</b>		
Direct Tax	36	39,284
Indirect Tax	57	19,616
<b>5. HDFC Credila Financial Services Private Limited</b>		
Direct Tax	1	204.55
Indirect Tax	Nil	Nil
<b>6. HDFC ERGO General Insurance Company Limited</b>		
Direct Tax	6	310.2
Indirect Tax	13	2,049.8
<b>7. HDFC Holdings Limited</b>		
Direct Tax	3	59.46
Indirect Tax	Nil	Nil
<b>8. HDFC Investments Limited</b>		
Direct Tax	1	0.44
Indirect Tax	Nil	Nil
<b>9. HDFC Property Ventures Limited</b>		
Direct Tax	3	2.42
Indirect Tax	Nil	Nil
<b>10. HDFC Sales Private Limited</b>		
Direct Tax	3	53.41
Indirect Tax	5	6.89
<b>11. HDFC Venture Capital Limited</b>		
Direct Tax	5	25.06
Indirect Tax	2	4.08
<b>12. HDFC Ventures Trustee Company Limited</b>		
Direct Tax	2	0.12
Indirect Tax	Nil	Nil
<b>13. HDFC Trustee Company Limited</b>		
Direct Tax	6	41.51
Indirect Tax	Nil	Nil

\* There is no claim against/no financial implication upon Standard Life Aberdeen in these proceedings

## IX. Dues owed to small scale undertakings or any other creditors

*Our Board has approved by way of their resolution dated October 21, 2017 that dues owed by our Company to the small scale undertakings and other creditors (excluding banks and financial institutions from whom the Company has availed of financing facilities) to whom the amount due by the Company exceeds five per cent of our total dues owed to the small scale undertakings and other creditors as at September 30, 2017 would be considered as material dues for our Company and accordingly, we have disclosed consolidated information of outstanding dues owed to small scale undertakings and other creditors, separately giving details of number of cases and amount for all dues where the amount due by the Company exceeds ₹ 12.98 million.*

As of September 30, 2017, our Company, in its ordinary course of business, has an aggregate amount of ₹ 259.52 million which is due towards sundry and other creditors. As of September 30, 2017, outstanding dues to its creditors are as follows:

Particulars	Number of creditors	Amount involved (in ₹ million)
Small scale undertakings	3	0.1
Material creditors	1	172.1
Other dues to creditors	610	87.3

The details pertaining to amounts due towards such other creditors are available on the website of our Company at the following link: <https://www.hdfclife.com/documents/apps/draft-sundry-creditor-list-for-website-upload20171017-134307.pdf>. The details in relation to other creditors and amount payable to each such creditor available on the website of our Company do not form a part of this Red Herring Prospectus. Anyone placing reliance on any source of information including our Company's website would be doing so at their own risk.

## X. Material developments

There have been no material developments, since the date of the last balance sheet, except as disclosed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" on page 551 of this Red Herring Prospectus.

## GOVERNMENT AND OTHER APPROVALS

In the normal course of our business we are required to obtain various approvals from governmental and other authorities, from time to time. We have set out below an indicative list of material approvals obtained by our Company and our Subsidiaries for the purposes of undertaking their respective businesses. In view of these approvals, our Company can undertake this Offer, and our Company and our Subsidiaries can undertake their respective business activities.

We have also set out below details of material approvals (i) for which we have applied and are pending as of the date of this Red Herring Prospectus; and (ii) which are required to be obtained by our Company and have not been applied for, or have expired as of the date of this Red Herring Prospectus. For details in connection with the regulatory and legal framework in India within which our Company and our Subsidiaries operate, please see “*Regulations and Policies*” on page 244 of this Red Herring Prospectus.

### I. Incorporation details of our Company

1. Certificate of incorporation dated August 14, 2000 issued by the RoC to our Company.
2. Certificate of commencement of business dated October 12, 2000 issued by the RoC to our Company.

### II. Approvals relating to the Offer

For details in connection with the approvals relating to the Offer, please see “*Other Regulatory and Statutory Disclosures- Authority for the Offer*” on page 667 of this Red Herring Prospectus.

### III. Material Regulatory Approvals in Relation to our Company’s Business

Our Company requires various approvals to carry on its businesses in India. The material approvals include the following:

1. The IRDAI originally granted a certificate of registration dated October 23, 2000, in form IRDAI R3, allotting registration number as 101 under the Insurance Act, 1938, pursuant to which our Company was registered to undertake the business of life insurance in India.
2. Our Company has obtained registrations in its normal course for its 412 branches across various states in India under the relevant state shops and establishment legislations and, except as set out below, no such registration is currently pending. For further details on number of our branches, please see “*Our Business*” on page 201 of this Red Herring Prospectus.
3. Our Company has 414 branches in India and has obtained necessary approvals from the IRDAI with respect to opening and closing of places of business within India and outside India where mandated by the IRDAI. For further details on the approvals in relation to our Company’s branches, please see “*Risk Factors - 38*” on page 47 of this Red Herring Prospectus.
4. 43 products and 8 riders currently being marketed and sold by our Company have been approved by the IRDAI.
5. Registration certificate bearing number B.ALC(C)-I/35(14)/2006-RC, dated October 5, 2006 has been issued by the Office of the Licensing & Registering Officer & Assistant Labour Commissioner (Central), Mumbai, to our Company under the Contract Labour (Regulation and Abolition) Act, 1970 and the Central Rules, 1971.
6. Letter of appointment dated March 27, 2015 issued to our Company by PFRDA, approving it as a sponsor of a pension fund for managing pension assets under the National Pension System for the private sector, which is valid as on date.

7. Our Company currently has a liaison office at Dubai, with respect to which, our Company has obtained necessary approvals from the IRDAI, Dubai International Financial Centre and Dubai Financial Services Authority.

#### **IV. Material Approvals from Taxation Authorities**

1. Our Company has obtained various tax related registrations and approvals including those relating to permanent account number, tax deduction account number and professional tax registrations (obtained state-wise, where applicable).
2. Our Company has obtained registrations for our operations at 28 states and three union territories across India and registration of the principal place of business as an Input Service Distributor (ISD) for the state of Maharashtra under the Central Goods and Service Tax Act, 2017.

#### **V. Intellectual Property**

1. As on the date of this Red Herring Prospectus, our Company has registered and holds 117 trademarks under various classes, including classes 16, 36, 41 and 42, granted by the Registrar of Trademarks under the Trademarks Act. Our Company has also filed 24 applications for registration of its trademarks in various classes, which are currently pending before the Registrar of Trademarks.
2. As on the date of this Red Herring Prospectus, our Company has registered two copyrights and has also filed eight applications for registration of copyright under the Indian Copyright Act, 1957, which are currently pending before the Copyright Office.

#### **VI. Material Approvals in relation to our Subsidiaries**

##### **1. HDFC Pension**

##### **(i) Material Regulatory Approvals in Relation to HDFC Pension's Business**

- (a) Approval dated January 6, 2011 issued by the IRDAI to our Company for setting-up a wholly owned subsidiary to undertake pension fund management activity.
- (b) Certificate of incorporation issued by the RoC in the name of HDFC Life Pension Fund Management Company Limited dated June 20, 2011.
- (c) Certificate of commencement of business dated May 3, 2012 issued by the RoC.
- (d) Certificate of incorporation issued by RoC pursuant to change of name from 'HDFC Life Pension Fund Management Company Limited' to 'HDFC Pension Management Company Limited' dated March 26, 2013.
- (e) Certificate of registration from the PFRDA dated April 23, 2013 bearing a registration code PFRDA/007/2013/PFM.

##### **(ii) Material Approvals from Taxation Authorities**

- (a) HDFC Pension has obtained various tax related registrations and approvals including those relating to permanent account number, tax deduction account number and registration for the state of Maharashtra under the Central Goods and Service Tax Act, 2017.

##### **(iii) Intellectual Property**

- (a) As on the date of this Red Herring Prospectus, HDFC Pension has registered and holds five trademarks under class 36, granted by the Registrar of Trademarks under the Trademarks Act. HDFC Pension has also filed 11 applications for registration of its trademarks, which are currently pending before the Registrar of Trademarks.

## **2. HDFC International**

- (i) In-principle approval dated December 3, 2015 issued by IRDAI to our Company for setting up the foreign subsidiary at Dubai International Financial Centre.
- (ii) Certificate of incorporation dated January 10, 2016 issued by the Registrar of Companies of the Dubai International Financial Centre.
- (iii) Licence notice dated January 31, 2016 issued by the Dubai Financial Services Authority, authorising HDFC International to carry on financial services.
- (iv) Commercial License dated January 10, 2017, as renewed, issued by the Registrar of Companies of the Dubai International Financial Centre.
- (v) Application dated September 5, 2017 filed for registration and addition of HDFC International to the Reinsurers' List with Egyptian Financial Supervisory Authority, in order to offer life reinsurance cover/solutions to insurance companies based in Egypt for their individual life and group life businesses.

### **VII. Material Approvals required for which no application has been made**

- 1. Shops and Establishment License for branch no. 802 located at Goa.

### **VIII. Material Approvals for which applications have been made but are currently pending grant**

<b>Sr. No.</b>	<b>Particulars</b>	<b>Date of application</b>	<b>Authority</b>
1.	Shops and Establishment License for branch no. 845 located at West Bengal	July 21, 2017	ALC, Diamond Harbour

### **IX. Material Approvals which have expired for which renewal applications have been made**

**NIL**

### **X. Material Approvals which have expired for which renewal applications are yet to be made**

**NIL**

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Offer

1. The Offer has been authorised by our Board pursuant to its resolution dated July 17, 2017 and by the Executive Committee pursuant its resolution dated July 28, 2017.
2. HDFC specifically confirms that its committee of directors has authorised the offer, sale and transfer of 191,246,050 Equity Shares by way of its committee resolution dated July 28, 2017.
3. Standard Life Mauritius specifically confirms that its board of directors has authorised the offer, sale and transfer of up to 108,581,768 Equity Shares by way of a board resolution dated July 28, 2017.
4. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to letters dated September 4, 2017 and August 29, 2017, respectively.
5. The IRDAI has granted its approval for the Offer under the IRDAI Issuance of Capital Regulations, by way of its in-principle approval (conveyed by way of letter no. 102.7/1/F&A-Life/HDFC-IPO/119/2017 dated August 14, 2017) and final approval (conveyed by way of letter no. 102.7/1/F&A-Life/HDFC-IPO/2017-18/148 dated October 11, 2017.) This approval is subject to, amongst other things, the following conditions:
  - (a) our Company to provide prescribed confirmations from the concurrent auditor, Appointed Actuary and the custodian – Complied with;
  - (b) maximum subscription that may be allotted to any class of foreign investors shall be in accordance with the Foreign Investment Rules, IRDAI O&C Guidelines, and any other statutory/ regulatory stipulations, as may be applicable and prescribed by any other regulators in this regard – Noted for compliance;
  - (c) the Equity Shares subject to any lock-in period shall not be divested without the prior approval of the IRDAI – Noted for compliance;
  - (d) The disclosures in the Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus shall be in compliance with the requirements indicated in Schedule 1 to the IRDAI Issuance of Capital Regulations, in addition to the disclosures as may be prescribed under the ICDR Regulations – Complied with and noted for compliance;
  - (e) As required by the IRDAI O&C Guidelines, Article 77.2 of the Articles of Association of our Company shall be modified to specify that presence of a majority of Indian Directors is required to constitute quorum for a Board meeting or adjourned Board meeting – Complied with;
  - (f) As required by the IRDAI CG Guidelines, Article 102.1 of the Articles of Association of our Company to be modified to specify that appointment of MD & CEO of our Company shall be by the Board, on the recommendation of the Nomination and Remuneration Committee – Complied with;
  - (g) The Articles of Association of our Company to be amended so as to comply with the IRDAI O&C Guidelines - Complied with;
  - (h) Our Company shall ensure compliance with the Insurance Act, 1938 and various Regulations/Directions/Circulars issued thereunder – Complied with;
  - (i) Our Company shall ensure compliance with all statutory and regulatory requirements in the matter including any guidelines/directions as may be issued by IRDAI, in this regard – Complied with and noted for compliance; and
  - (j) The Company shall furnish the RHP with all changes/modifications as assured vide letter dated October 3, 2017 – Noted for compliance.

### Prohibition by the SEBI or governmental authorities

Our Company, our Promoters, our Directors, the Promoter Group, the Group Companies, or the person(s) in control of the Promoters have not been prohibited or debarred from accessing the capital markets for any reason by or under any order or direction made SEBI or any other regulatory or governmental authority.

The companies, with which our Promoters or Directors or persons in control of our Company, are or were associated as promoter, directors or persons in control are not debarred from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Except Mr. Deepak Parekh who is associated with HDFC and HDFC Asset Management Company Limited, Mr. Keki Mistry who is associated with HDFC, HDFC Asset Management Company Limited, HDFC Bank Limited, Ms. Renu Karnad who is associated with HDFC, HDFC Asset Management Company Limited, HDFC Bank Limited and Mr. Jamshed J. Irani who is associated with HDFC, none of our Directors are associated with the securities market and no action has been initiated by SEBI against our Directors or any entity in which any of our Directors are involved as promoters or directors.

### Prohibition by RBI

Neither our Company or Subsidiaries, nor our Promoters, Directors or Group Companies have been identified as Wilful Defaulters.

### Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the ICDR Regulations as explained below:

- Our Company has had net tangible assets of at least ₹ 30 million in each of the preceding three full years (of 12 months each). As the Offer is being made entirely through an offer for sale, the limit of not more than 50% of net tangible assets being monetary assets, is not applicable;
- Our Company has a minimum average pre-tax operating profit of ₹ 150 million, calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years;
- Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate size of the Offer and all previous issues made in the same Fiscal is not expected to exceed five times the pre-Offer net worth as per the audited balance sheet of our Company for the preceding Fiscal; and
- Our Company has not changed its name within the last one year.

Our Company's pre-tax operating profit, net worth and net tangible assets derived from the Restated Financial Information included in this Red Herring Prospectus as of, and for the last five years ended, March 31, 2017 are set forth below:

*(₹ in million)*

Particulars	Fiscal									
	2017		2016		2015		2014		2013	
	Standalone	Consolidated								
Net tangible assets, as restated	912,431.1	912,314.7	739,664.2	739,610.9	672,311.2	672,301.4	507,925.0	507,913.3	403,793.0	403,787.1

Pre-tax operating profit, as restated	9,141.4	9,089.3	8,349.9	8,333.8	8,045.8	8,045.8	6,425.2	6,425.4	4,519.7	4,514.7
Net worth, as restated	38,386.9	38,263.1	31,086.0	31,034.9	25,418.5	25,412.8	19,286.4	19,280.7	13,070.3	13,064.4

- (i) *'Net tangible assets' means the sum of all net assets (including capital work in progress) of our Company excluding intangible assets (as defined in Accounting Standard 26) and deferred tax assets.*
- (ii) *'Pre-tax operating profit/(loss)' has been defined as restated profit/(loss) before tax excluding restated other income.*
- (iii) *"Net Worth" has been defined as the aggregate of the paid up share capital, share premium account, reserves and surplus (excluding revaluation reserve) and fair value change account with respect to equities as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account. The net worth here exclude revaluation reserves of ₹307.4 millions in March 2013 and hence to that extent it does not match with the net worth in financial information.*

In accordance with Regulation 26(4) of the ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be allotted shall not be less than 1,000, failing which, the entire application money will be refunded.

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable.

#### **DISCLAIMER CLAUSE OF IRDAI**

**THE IRDAI DOES NOT UNDERTAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE COMPANY OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS CONNECTION.**

**ANY APPROVAL BY IRDAI UNDER THE IRDAI ISSUANCE OF CAPITAL REGULATIONS SHALL NOT IN ANY MANNER BE DEEMED TO BE OR SERVE AS A VALIDATION OF THE REPRESENTATIONS BY THE COMPANY IN THE DRAFT RED HERRING PROSPECTUS.**

#### **DISCLAIMER CLAUSE OF SEBI**

**AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE MANAGERS, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, HDFC BANK LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, CLSA INDIA PRIVATE LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, HAITONG SECURITIES INDIA PRIVATE LIMITED, IDFC BANK LIMITED, IIFL HOLDINGS LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT**

INFORMATION IN THE DRAFT RED HERRING PROSPECTUS AND THE PROMOTER SELLING SHAREHOLDERS WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY THEM IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO THEMSELVES AND THEIR RESPECTIVE PROPORTION OF THE EQUITY SHARES OFFERED IN THE OFFER, THE MANAGERS, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, HDFC BANK LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, CLSA INDIA PRIVATE LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, HAITONG SECURITIES INDIA PRIVATE LIMITED, IDFC BANK LIMITED, IIFL HOLDINGS LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGERS, MORGAN STANLEY INDIA COMPANY PRIVATE LIMITED, HDFC BANK LIMITED, CREDIT SUISSE SECURITIES (INDIA) PRIVATE LIMITED, CLSA INDIA PRIVATE LIMITED, NOMURA FINANCIAL ADVISORY AND SECURITIES (INDIA) PRIVATE LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, HAITONG SECURITIES INDIA PRIVATE LIMITED, IDFC BANK LIMITED, IIFL HOLDINGS LIMITED AND UBS SECURITIES INDIA PRIVATE LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 18, 2017, WHICH READS AS FOLLOWS:

WE, THE MANAGERS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE OFFER;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE PROMOTER SELLING SHAREHOLDERS WE CONFIRM THAT:
  - A. THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;
  - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
  - C. THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT

TO LOCK-IN, AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE ICDR REGULATIONS, WHICH RELATES TO THE EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. – COMPLIED WITH AND NOTED FOR COMPLIANCE.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE OFFER. – NOT APPLICABLE.
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY. - NOT APPLICABLE.
9. WE CERTIFY THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED WITH.
10. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE PROMOTER SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE.
11. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE OFFER HAVE TO BE ISSUED ONLY IN DEMATERIALIZED FORM.
12. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
13. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

- A. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
- B. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME.
14. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE ICDR REGULATIONS WHILE MAKING THE OFFER. – NOTED FOR COMPLIANCE.
15. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
16. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE ICDR REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
17. WE ENCLOSE A STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR.
18. WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, IN ACCORDANCE WITH AS-18 IN THE RESTATED FINANCIAL INFORMATION INCLUDED IN THE DRAFT RED HERRING PROSPECTUS.
19. WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). – NOT APPLICABLE.

The filing of this Red Herring Prospectus does not, however, absolve our Company from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up, at any point of time, with the Managers any irregularities or lapses in the Draft Red Herring Prospectus, this Red Herring Prospectus, and the Prospectus.

The filing of this Red Herring Prospectus does not absolve the Promoter Selling Shareholders from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 to the extent of the statements made by each of them in respect of itself and the Equity Shares offered by the Promoter Selling Shareholders, as part of the Offer.

All legal requirements pertaining to the Offer will be complied with at the time of filing of this Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30 and 32 of the Companies Act, 2013.

**Price Information of past issues (during current financial year and two financial years preceding the current financial year) handled by the Managers are as follows:**

Table 1: Morgan Stanley India Company Private Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar day from listing
1.	Coffee Day Enterprises Limited	11,500	328.00	November 2, 2015	317.00	-21.4% (-1.4%)	-20.8% (-6.3%)	-21.0% (-2.7%)
2.	InterGlobe Aviation Limited <sup>(6)</sup>	30,090	765.00	November 10, 2015	855.80	32.4% (-3.8%)	7.8% (-6.7%)	40.8% (-0.6%)
3.	RBL Bank Limited	12,130	225.00	August 31, 2016	274.20	27.1% (-1.8%)	57.0% (-7.1%)	107.9% (1.7%)
4.	PNB Housing Finance Limited <sup>(7)</sup>	30,000	775.00	November 07, 2016	897.00	11.7%(-3.4%)	26.9% (4.4%)	70.5% (10.1%)

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details.

**Notes:**

1. Benchmark index considered is NIFTY50
2. Issue Size is as per the prospectus filed with SEBI with the figures rounded off to the nearest decimal point
3. If the 30th/90th/180th day falls on a trading holiday then pricing information on the immediate next trading day has been considered
4. Pricing Performance for the company is calculated as per the final offer price
5. Pricing Performance for the benchmark index is calculated as per the close on the day prior to the listing date
6. A discount of ₹76.5 was offered to employee investors
7. A discount of ₹75.0 was offered to employee investors

Table 2: Summary statement of price information of past issues handled by Morgan Stanley India Company Private Limited

Financial Year	Total No. of IPOs	Total funds raised (₹ in Millions)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2016-2017	2	42,130	-	-	-	-	1	1	-	-	-	2	-	-
2015-2016	2	41,590	-	-	1	-	1	-	-	-	1	-	1	-

Source: www.nseindia.com

Table 1: HDFC Bank

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar day from listing
1.	AU Small Finance Bank Limited	19,125.14	358	July 10, 2017	525.00	+58.76% [+2.12%]	+65.20% [+2.23%]	-
2.	Shankara Building Products Limited	3,450.01	460	April 5, 2017	555.05	+51.04% [+1.02%]	+80.91% [3.78%]	+214.86% [+6.41%]
3.	Avenue Supermarts Limited	18,700.00	299	March 21, 2017	600.00	+145.08% [-0.20%]	+166.35% [5.88%]	+264.38% [+11.31%]
4.	RBL Bank Limited	12,129.67	225	August 31, 2016	274.20	+27.07% [-2.22%]	+56.98% [-7.50%]	+107.91% [+1.26%]
5.	Precision Camshafts Limited	4,101.90	186	February 8, 2016	165.00	-14.57% [+1.33%]	-20.32% [+6.48%]	-20.11% [+17.54%]

Source: www.nseindia.com for price information and prospectus for issue details

1. Opening price information as disclosed on the website of NSE

2. Change in closing price over the issue/offer price as disclosed on NSE

3. Change in closing price over the closing price as on the listing date for benchmark index i.e. NIFTY 50

4. In case of reporting dates falling on a trading holiday, values for the trading day immediately after the trading holiday have been considered

5. 30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days

Table 2: Summary statement of price information of past issues handled by HDFC Bank

Financial Year	Total No. of IPOs	Total funds raised (₹ in Millions)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	2	22,575.15	-	-	-	2	-	-	-	-	-	1	-	-
2016-2017	2	30,829.67	-	-	-	1	1	-	-	-	-	2	-	-
2015-2016	1	4,101.90	-	-	1	-	-	-	-	-	1	-	-	-

\*The information is as on the date of this Red Herring Prospectus

Table 1: Credit Suisse Securities (India) Private Limited

Sr. No.	Issue name	Issue size (in ₹ million)	Issue price (in ₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Syngene International Limited	5,500.00	250.00	August 11, 2015	295.00	36.00%, [-7.61%]	44.90%, [-6.47%]	57.20%, [-12.70%]
2	TeamLease Services Limited	4,236.77	850.00	February 12, 2016	860.00	15.34%, [7.99%]	5.38%, [12.43%]	35.35%, [24.31%]
3	S Chand and Company Limited	7,285.57	670.00	May 09, 2017	700.00	-18.10%, [3.72%]	-26.91%, [7.95%]	NA
4	IRB InvIT Fund	50,328.84	102.00	May 18, 2017	102.00	-2.61%, [1.68%]	-5.49%, [4.96%]	NA
5	Eris Lifesciences Limited	17,411.63	603.00	June 29, 2017	611.00	1.12%, [5.37%]	-5.45%, [3.87%]	NA
6	Godrej Agrovet Limited	11,573.12	460.00	October 16, 2017	615.60	NA	NA	NA

Source: [www.nseindia.com](http://www.nseindia.com) for the price information and prospectus for issue details

Notes:

- 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar days from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30<sup>th</sup>, 90<sup>th</sup>, 180<sup>th</sup> calendar day is a holiday, in which case we have considered the closing data of the next trading date
- Price information and benchmark index values have been shown only for the designated stock exchange in the above table
- NSE is the designated stock exchange for the issue listed in the above table. NIFTY has been used as the benchmark index
- Since the listing date of S Chand and Company Limited. was May09, 2017, information relating to closing prices and benchmark index as on 180<sup>th</sup> calendar day from listing date is not available
- Since the listing date of IRB InvIT Fund Limited. was May18, 2017, information relating to closing prices and benchmark index as on 180<sup>th</sup> calendar day from listing date is not available
- Since the listing date of Eris Lifesciences Limited was June 29, 2017, information relating to closing prices and benchmark index as on 90<sup>th</sup>/180<sup>th</sup> calendar day from listing date is not available
- Since the listing date of Godrej Agrovet Limited was October 16, 2017, information relating to closing prices and benchmark index as on 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> calendar day from listing date is not available

Table 2: Summary statement of price information of past issues handled by Credit Suisse Securities (India) Private Limited

Financial Year	Total no. of IPOs	Total funds Raised (in ₹ million)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018	4	86,599.16	-	-	2	-	-	1	-	-	-	-	-	-
2016-2017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2015-2016	2	9,736.80	-	-	-	-	1	1	-	-	-	1	1	-

- Since the listing date of S Chand and Company Limited. was May09, 2017, information relating to closing prices and benchmark index as on 180<sup>th</sup> calendar day from listing date is not available
- Since the listing date of IRB InvIT Fund Limited. was May18, 2017, information relating to closing prices and benchmark index as on 180<sup>th</sup> calendar day from listing date is not available
- Since the listing date of Eris Lifesciences Limited. was June29, 2017, information relating to closing prices and benchmark index as on 180<sup>th</sup> calendar day from listing date is not available
- Since the listing date of Godrej Agrovet Limited was October 16, 2017, information relating to closing prices and benchmark index as on 30<sup>th</sup>/180<sup>th</sup> calendar day from listing date is not available

Table 1: CLSA India Private Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar day from listing
1.	ICICI Lombard General Insurance Company Limited <sup>2</sup>	57,009.39	661.00	September 27, 2017	651.10	Not Applicable	Not Applicable	Not Applicable
2.	Varun Beverages Limited <sup>2</sup>	11,125.00	445.00	November 8, 2016	430.00	-7.72%, [-5.17%]	-9.36%, [3.01%]	10.60%, [9.02%]
3.	ICICI Prudential Life Insurance Company Limited <sup>2</sup>	60,567.91	334.00	September 29, 2016	330.00	-7.60%, [+0.54%]	-11.54%, [-6.50%]	12.31%, [5.28%]

Source: [www.nseindia.com](http://www.nseindia.com)

Notes:

1. The CNX NIFTY is considered as the Benchmark Index.
2. Price on NSE is considered for all of the above calculations.
3. In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.

Table 2: Summary statement of price information of past issues handled by CLSA India Private Limited

Financial Year	Total No. of IPOs	Total funds raised (₹ in Millions)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018	1	57,009.39	-	-	-	-	-	-	-	-	-	-	-	-
2016-2017	2	71,692.91	-	-	2	-	-	-	-	-	-	-	-	2
2015-2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: For 2017-18, the information is as on the date of this Red Herring Prospectus

Table 1: Nomura Financial Advisory and Securities (India) Private Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar day from listing
1.	Central Depository Services (India) Limited	5,239.91	149	June 30, 2017	250	+127.92% [+5.84%]	+128.86, [+2.26%]	Not applicable
2.	Tejas Networks Limited	7,766.88	257	June 27, 2017	257	+28.04%, [+5.35%]	+17.82%, [+3.80%]	Not applicable
3.	Housing and Urban Development Corporation Limited <sup>1</sup>	12,097.77	60	May 19, 2017	73	+13.17%, [+2.44%]	+34.67%, [+4.98%]	Not applicable
4.	BSE Limited	12,434.32	806	February 3, 2017	1,085	+17.52%, [+2.55%]	+24.41%, [+6.53%]	+34.43% [+15.72%]
5.	Alkem Laboratories Limited <sup>2</sup>	13,477.64	1,050	December 23, 2015	1,380	+30.34%, [-7.49%]	+28.60%, [-2.06%]	+31.91%, [+4.74%]

Source: [www.nseindia.com](http://www.nseindia.com)

- Price for retail individual bidders bidding in the retail portion and to eligible employees was ₹58.00 per equity share
- Price for eligible employees was ₹950.00 per equity share

Notes:

- The CNX NIFTY has been considered as the Benchmark Index.
- Price on NSE is considered for all of the above calculations.
- In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.
- Not applicable – Period not completed

Table 2: Summary statement of price information of past issues handled by Nomura Financial Advisory and Securities (India) Private Limited

Financial Year	Total No. of IPOs	Total funds raised (₹ in Millions)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	3	25,104.56	-	-	-	1	1	1	-	-	-	-	-	-
2016-2017	1	12,434.32	-	-	-	-	-	1	-	-	-	-	1	-
2015-2016	1	13,477.64	-	-	-	-	1	-	-	-	-	-	1	-

\* The information is as on the date of this Red Herring Prospectus

The information for each of the financial years is based on issues listed during such financial year.

3 issues were completed in the financial year 2017-2018. However, all 3 issues have not completed 180 days.

Table 1: Edelweiss Financial Services Limited

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 <sup>th</sup> calendar days from listing
1	Prataap Snacks Limited	4,815.98	938.00 <sup>^</sup>	October 5, 2017	1,270.00	Not applicable	Not applicable	Not applicable
2	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.10	Not applicable	Not applicable	Not applicable
3	Cochin Shipyard Limited	14,429.30	432.00 <sup>@</sup>	August 11, 2017	440.15	30.14% [3.04%]	Not applicable	Not applicable
4	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	127.92%; [5.84%]	128.86% [2.26%]	Not applicable
5	Tejas Networks Limited	7,766.88	257.00	June 27, 2017	257.00	28.04%; [5.35%]	17.82% [3.80%]	Not applicable
6	Avenue Supermarts Limited	18,700.00	299.00	March 21, 2017	600.00	145.08%; [-0.20%]	166.35% [5.88%]	264.38% [11.31%]
7	BSE Limited	12,434.32	806.00	February 3, 2017	1,085.00	17.52%; [2.55%]	24.41%; [6.53%]	34.43% [15.72%]
8	Sheela Foam Limited	5,100.00	730.00	December 9, 2016	860.00	30.23%; [-0.31%]	48.39% [8.02%]	86.65% [16.65%]
9	ICICI Prudential Life Insurance Company Limited	60,567.91	334.00	September 29, 2016	330.00	-7.60%; [0.54%]	-11.54%; [-6.50%]	12.31%; [5.28%]
10	Thyrocare Technologies Limited	4,792.14	446.00	May 9, 2016	665.00	36.85%; [5.09%]	22.57%; [10.75%]	39.09%; [7.22%]

Source: www.nseindia.com

<sup>^</sup>Prataap Snacks Limited - Employee Discount of ₹ 90 per Equity Share to the Issue Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion.. All calculations are based on the issue price of Rs. 938 per equity share

<sup>@</sup>Cochin Shipyard Limited - Discount of Rs.21 per equity share was offered to retail bidders & eligible employees. All calculations are based on the offer price of Rs. 432 per equity share

**Notes**

1. Based on date of listing.
2. % of change in closing price on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30<sup>th</sup>/ 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day.
3. Wherever 30<sup>th</sup>/ 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
4. The Nifty 50 index is considered as the Benchmark Index
5. Not Applicable. – Period not completed
6. Disclosure in Table-1 restricted to 10 issues.

Table 2: Summary statement of price information of past issues handled by Edelweiss Financial Services Limited

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 30 <sup>th</sup> calendar days from listing			No. of IPOs trading at discount - 180 <sup>th</sup> calendar days from listing			No. of IPOs trading at premium - 180 <sup>th</sup> calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18 <sup>^</sup>	5	89,261.46	-	-	-	1	2	-	-	-	-	-	-	-
2016-17	6	123,361.22	-	-	1	1	3	1	-	-	-	3	2	1
2015-16	7	56,157.83	-	-	3	-	2	2	-	-	4	-	1	2

<sup>^</sup>The information is as on the date of this Red Herring Prospectus

1. Based on date of listing.
2. Wherever 30<sup>th</sup> and 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
3. The Nifty 50 index is considered as the Benchmark Index.

For the financial year 2017-18 – 5 issues have been completed. However, 3 issues have completed 30 days and only 2 issues have completed 90 days yet.

For the financial year 2016-17 – total 6 issues were completed.

For the financial year 2015-16 total 7 issues were completed. However, disclosure under Table-1 is restricted to latest 10 issues.

Table 1: Haitong Securities India Private Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar day from listing
1	Central Depository Services (India) Limited	5,239.91	149	June 30, 2017	250	+127.92% [5.84%]	+128.86% [2.26%]	Not applicable

Source: www.nseindia.com

**Notes**

1. Based on date of listing.
2. % of change in closing price on 30<sup>th</sup> / 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30<sup>th</sup>/ 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day.
3. Wherever 30<sup>th</sup>/ 90<sup>th</sup> / 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
4. The Nifty 50 index is considered as the Benchmark Index
5. Not Applicable. – Period not completed.

Table 2: Summary statement of price information of past issues handled by Haitong Securities India Private Limited

Financial Year	Total No. of IPOs	Total funds raised (₹ in Millions)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018 <sup>^</sup>	1	5,239.91	-	-	-	1	-	-	-	-	-	-	-	-
2016-2017														
2015-2016														

<sup>^</sup>The information is as on the date of this Red Herring Prospectus.

1. Based on date of listing.
2. Wherever 30<sup>th</sup> and 180<sup>th</sup> calendar day from listing day is a holiday, the closing data of the next trading day has been considered.
3. The Nifty 50 index is considered as the Benchmark Index.

For the financial year 2017-18 – 1 issue have been completed.

Table 1: IDFC Bank Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]-30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180th calendar day from listing
1.	HPL Electric & Power Limited	3,610.00	202.00	October 4, 2016	190.00	-14.75% [-2.91%]	-51.19% [-6.72%]	-37.77% [5.34%]
2.	Shankara Building Products Limited	3,450.01	460.00	April 5, 2017	545.00	51.25% [0.51%]	81.25% [4.16%]	214.30% [5.08]
3.	Dixon Technologies (India) Limited	5,992.79	1,766.00	September 18, 2017	2,725.00	50.07% [0.57%]	Not available	Not available

Notes:

- i. Source: [www.nseindia.com](http://www.nseindia.com) and [www.bseindia.com](http://www.bseindia.com) for the price information and prospectus/finalised basis of allotment for issue details.
- ii. NSE was the designated stock exchange for the issue listed as item 1 and BSE was the designated stock exchange for the issue listed as item 2 and 3. Therefore price information and benchmark index values have been/will be shown only for designated stock exchange. NIFTY and SENSEX have been used as the benchmark indices.
- iii. In case of reporting dates falling on a trading holiday, values for the trading day, immediately following the trading holiday have been considered.
- iv. Since 90 and 180 calendar days from listing date has not elapsed for Dixon Technologies (India) Limited, data for the same is not available.

Table 2: Summary statement of price information of past issues handled by IDFC Bank Limited

Financial Year	Total No. of IPOs	Total funds raised (₹ in Millions)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	2	9,442.80	-	-	-	2	-	-	-	-	-	1	-	-
2016-2017	1	3,610.00	-	-	1	-	-	-	-	1	-	-	-	-
2015-2016**	-	-	-	-	-	-	-	-	-	-	-	-	-	-

\*As on the date of this Red Herring Prospectus

\*\* From October 21, 2015, the date of registration under SEBI (Merchant Banker) Regulations 1992,

Notes:

- Date of listing of equity shares has been considered for calculating total no. of IPOs in a particular financial year.
- The discount/premium has been/will be calculated based on the closing stock price.
- Since 180 calendar days from listing date has not elapsed for Dixon Technologies (India) Limited, data for the same is not available. Hence the same has not been considered while calculating no. of IPOs trading at discount/premium on 180th calendar day from listing for Dixon Technologies (India) Limited.

Table 1: IIFL Holdings Limited

Sr No	Issue Name	Issue Size (in ₹Mn)	Issue Price (₹.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]-30th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]-90th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]-180th calendar days from listing
1	Manpasand Beverages Limited	4,000.00	320.00	July 9, 2015	300.00	+23.2%, [+2.4%]	+31.5%, [-2.2%]	+58.6%, [-6.9%]
2	Power Mech Projects Limited	2,732.16	640.00	August 26, 2015	600.00	-9.4%, [-0.2%]	-2.8%, [-0.6%]	-10.6%, [-8.2%]
3	Precision Camshafts Limited	4,101.90	186.00	February 8, 2016	165.00	-15.0%, [+0.6%]	-20.8%, [+3.3%]	-20.1%, [+15.9%]
4	Healthcare Global Enterprises Limited	6,496.40	218.00	March 30, 2016	210.20	-15.9%, [+3.3%]	-17.4%, [+7.0%]	-1.3%, [+14.8%]
5	Ujjivan Financial Services Limited	8,824.96	210.00	May 10, 2016	231.90	+74.1%, [+4.3%]	+115.4%, [+10.7%]	+98.3%, [+7.2%]
6	Qess Corp Limited	4,000.00	317.00	July 12, 2016	500.00	+67.9%, [+1.5%]	+94.6%, [+2.8%]	+110.8%, [-2.6%]
7	Dilip Buildcon Limited	6,539.77	219.00	August 11, 2016	240.00	+5.1%, [3.4%]	-3.9%, [-1.7%]	+20.3%, [+2.3%]

8	RBL Bank Limited	12,129.67	225.00	August 31, 2016	274.20	+29.4%, [-1.5%]	59.8%, [-6.9%]	+107.9%, [+1.7%]
9	ICICI Prudential Life Insurance Company Limited	60,567.91	334.00	September 29, 2016	330.00	-7.6%, [-1.2%]	-11.6%, [-8.1%]	+11.3%, [+4.1%]
10	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-3.3%, [+0.3%]	NA	NA
11	Dixon Technologies (India) Limited	5,992.79	1,766.00	September 18, 2017	2725.00	+50.8%, [+1.2%]	NA	NA
12	Capacit'e Infraprojects Limited	4,000.00	250.00	September 25, 2017	399.00	NA	NA	NA
13	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.00	NA	NA	NA
14	India Energy Exchange	10,007.26	1,650.00	October 23, 2017	1,500.00	NA	NA	NA

Source: www.nseindia.com

Notes: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days, except wherever 30th /90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index a day prior to the listing date. NA means Not Applicable.

Table 2: Summary statement of price information of past issues handled by IIFL Holdings Limited

Financial Year	Total No. of IPOs	Total funds raised (₹ in Millions)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018	5	84,805.24	-	-	1	1	-	-	-	-	-	-	-	-
2016-2017	5	92,062.31	-	-	1	2	1	1	-	-	-	3	1	1
2015-2016	4	17,330.46	-	-	3	-	-	1	-	-	3	1	-	-

Source: www.nseindia.com

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

Table 1: UBS Securities India Private Limited

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar day from listing
1.	InterGlobe Aviation Limited	30,085.00	765	November 10, 2015	855.8	+32.4 [(-)3.8%]	+7.8% [(-)6.7%]	+40.8% [(-)0.6%]
2.	ICICI Prudential Life Insurance Company Limited	60,567.91	334	September 29, 2016	330.0	(-)7.6% [(-)1.2%]	(-)11.5% [(-)8.1%]	+12.3% [+3.4%]

Source: [www.nseindia.com](http://www.nseindia.com)

**Notes:**

1. Nifty 50 is considered as the benchmark index.
2. 90<sup>th</sup> day for InterGlobe Aviation Limited is not a trading day, closing price of 91<sup>st</sup> day considered for calculations.
3. 180<sup>th</sup> day for InterGlobe Aviation and ICICI Prudential Life Insurance Company Limited is not a trading day, closing price of 182<sup>nd</sup> day considered for calculations.

Table 2: Summary statement of price information of past issues handled by UBS Securities India Private Limited

Financial Year	Total No. of IPOs	Total funds raised (₹ in Millions)	No. of IPOs trading at discount as on 30th calendar day from listing date			No. of IPOs trading at premium as on 30th calendar day from listing date			No. of IPOs trading at discount as on 180th calendar day from listing date			No. of IPOs trading at premium as on 180th calendar day from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018	0	-	-	-	-	-	-	-	-	-	-	-	-	-
2016-2017	1	60567.91	-	-	1	-	-	-	-	-	-	-	-	1
2015-2016	1	30,085.00	-	-	-	-	1	-	-	-	-	-	1	-

**Track record of past issues handled by the Managers**

For details regarding the track record of the Managers, as specified in circular (CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please refer to the websites of the Managers, as set forth in the table below:

Sr. No.	Name of the Manager	Website
1.	Morgan Stanley	<a href="https://www.morganstanley.com/about-us/global-offices/india">https://www.morganstanley.com/about-us/global-offices/india</a>
2.	HDFC Bank	<a href="http://www.hdfcbank.com">www.hdfcbank.com</a>
3.	CS	<a href="https://www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html">https://www.credit-suisse.com/in/en/investment-banking/regional-presence/asia-pacific/india/ipo.html</a>
4.	CLSA	<a href="http://www.india.clsa.com">www.india.clsa.com</a>
5.	Nomura	<a href="https://www.nomuranow.com/portal/site/nnextranet/en/investment-banking/india/">https://www.nomuranow.com/portal/site/nnextranet/en/investment-banking/india/</a>
6.	Edelweiss	<a href="http://www.edelweissfin.com">www.edelweissfin.com</a>

Sr. No.	Name of the Manager	Website
7.	Haitong	<a href="http://www.htisec.com/en-us/haitong-india">http://www.htisec.com/en-us/haitong-india</a>
8.	IDFC	<a href="http://www.idfcbank.com/wholesale-banking/investment-banking/track-record-disclaimer.html">http://www.idfcbank.com/wholesale-banking/investment-banking/track-record-disclaimer.html</a>
9.	IIFL	<a href="http://www.iiflcap.com">www.iiflcap.com</a>
10.	UBS	<a href="http://www.ubs.com/indianoffers">www.ubs.com/indianoffers</a>

**Caution– Disclaimer from our Company, the Promoter Selling Shareholders, our Directors, and the Managers**

Our Company, our Directors, and the Managers accept no responsibility for statements made otherwise than those contained in this Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance. It is clarified that each Promoter Selling Shareholder is providing information in this Red Herring Prospectus only about and in relation to itself and the Equity Shares offered by it in the Offer and is not responsible or liable for any other statement or information contained in this Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, [www.hdfclife.com](http://www.hdfclife.com), or the website of any of our Promoters, Promoter Group, Group Companies or of any affiliate or associate of our Company, would be doing so at his or her own risk.

The Managers accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, our Company and the Promoter Selling Shareholders.

All information, required in relation to the Offer shall be made available by our Company, each of the Promoter Selling Shareholders (to the extent that such information pertains to such Promoter Selling Shareholder and the Equity Shares offered by it by way of the Offer), and the Managers to the public and investors at large, and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

None amongst our Company, the Promoter Selling Shareholders or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Promoter Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Promoter Selling Shareholders, the Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Our existing customers and corporate agents include certain Managers or affiliates of certain Managers. Further, HDFC Bank, one of the Managers, is appointed as a merchant banker, only for undertaking marketing activities for the Offer. Each of the Managers and their respective associates and affiliates, in their capacity as principal or agent, is and may in the future be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, research, securities issuance, trading (customer and proprietary) and brokerage). Certain of the Managers and/or their respective associates and affiliates has engaged, and may in the future engage, in transactions with, and has performed, and may in the future perform, services for, our Company, the Promoter Selling Shareholders and their respective group companies, affiliates or associates or any third parties in the ordinary course of their commercial banking and investment banking activities, for which they have received, and may in the future receive, compensation. In addition, in the ordinary course of their commercial banking and investment banking activities, the Managers, and their respective associates and affiliates may at any time hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of their customers, in debt or equity securities (or related derivative instruments) or senior loans of our Company, the Promoter Selling Shareholders and/or any of their respective group companies, affiliates or associates

or any third parties. As used herein, the term ‘affiliate’ means any person or entity that controls or is controlled by or is under common control with another person or entity.

### **Disclaimer in Respect of Jurisdiction**

The Offer is being made in India to persons resident in India, including Indian national residents in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of ₹ 250 million and pension funds with minimum corpus of ₹ 250 million, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, SI NBFCs, GoI and permitted Non-Residents including FPIs and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

### **Jurisdiction**

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Maharashtra, India.

### **Distribution and solicitation restrictions**

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as “QIBs”) in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

This Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company and the Promoter Selling Shareholders and their respective affiliates from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

## **Important Information For Investors – Eligibility And Transfer Restrictions**

Until the expiry of 40 days after the commencement of this Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in this Issue) may violate the registration requirements of the Securities Act.

### ***Equity Shares Offered and Sold within the United States***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our Company, the Promoter Selling Shareholders and the Managers that it has received a copy of the Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorised to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from or not subject to the registration requirements of the Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of a qualified institutional buyer with respect to which it exercises sole investment discretion;
- (4) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;
- (6) the Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 for resales of any such Equity Shares;
- (7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depository receipt facility established or maintained by a depository bank other than a Rule 144A restricted depository receipt facility, so long as such Equity Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;
- (8) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;
- (9) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company and the Promoter Selling Shareholders determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

**THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.**

- (10) the Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (11) the purchaser acknowledges that the Company, the Promoter Selling Shareholders, the Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company and the Promoter Selling Shareholders, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

***All Other Equity Shares Offered and Sold in this Offer***

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer outside the United States, by its acceptance of the Red Herring Prospectus and of the Equity Shares offered pursuant to this Offer, will be deemed to have acknowledged, represented to and agreed with the Company, the Promoter Selling Shareholders and the Managers that it has received a copy of the Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorised to consummate the purchase of the Equity Shares offered pursuant to this Offer in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the Equity Shares offered pursuant to this Offer have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (3) the purchaser is purchasing the Equity Shares offered pursuant to this Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares offered pursuant to this Offer, was located outside the United States at the time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;
- (5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an

offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;

- (7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the Equity Shares;
- (8) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company and the Promoter Selling Shareholders determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

**THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.**

- (9) the Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and
- (10) the purchaser acknowledges that the Company, the Promoter Selling Shareholders the Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, the Promoter Selling Shareholders, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) an offer to the public of any Equity Shares which are the subject of the offering contemplated by this Red Herring Prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are qualified investors as defined under the Prospectus Directive;
- (b) by the Managers to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Manager nominated by the Issuer for any such offer;
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for the Company, the Promoter Selling Shareholders or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Red Herring Prospectus will be deemed to have represented, warranted and agreed to with the Managers and the Company that it is a qualified

investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. For the purposes of this clause, the expression an “offer to the public” in relation to any Equity Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Equity Shares to be offered so as to enable an investor to decide to purchase any Equity Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU. In the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the Offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public in a Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the Managers has been obtained to each such proposed offer or resale. The Company, the Promoter Selling Shareholders the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

#### **Disclaimer Clause of NSE**

*“As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/17401 dated August 29, 2017 permission to the Issuer to use the Exchange’s name in this Offer Document as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer’s securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.*

*Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.”*

#### **Disclaimer Clause of BSE**

*“BSE Limited (“the Exchange”) has given vide its letter dated September 4, 2017 permission to this Company to use the Exchange’s name in this offer document as one of the stock exchanges on which the company’s securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:-*

- a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or*
- b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or*
- c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;*

*and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange*

*whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”*

### **Filing**

A copy of the Draft Red Herring Prospectus has been filed with SEBI at the Corporate Finance Department, SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, India.

A copy of this Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC, and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013, would be delivered for registration with the RoC.

The office of the RoC is located at:

### **Registrar of Companies, Maharashtra**

Everest 5<sup>th</sup>Floor  
100, Marine Drive  
Mumbai 400 002

### **Listing**

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on BSE and NSE. Initial listing applications will be made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. The NSE will be the Designated Stock Exchange with which the ‘Basis of Allotment’ will be finalised.

If permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, our Company and the Promoter Selling Shareholders will forthwith repay, all moneys received from the applicants in pursuance of this Red Herring Prospectus, required by applicable law. If such money is not repaid within the prescribed time, then our Company, the Promoter Selling Shareholders and every officer in default shall be liable to repay the money, with interest as prescribed under applicable laws.

Our Company and the Promoter Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Offer Closing Date. If our Company does not Allot Equity Shares pursuant to the Offer within six Working Days from the Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

### **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:**

*“Any person who:*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

*shall be liable for action under section 447.”*

## **Consents**

Consents in writing of the Promoter Selling Shareholders, the Directors, the Company Secretary and Compliance Officer, Chief Financial Officer, the Bankers to the Company, the Appointed Actuary, the Independent Actuary, the Managers and Syndicate Members, Escrow Collection Bank, Public Offer Account Bank, Refund Bank, Registrar to the Offer, Legal Counsel to the Company as to Indian law, Legal Counsel to each of the Promoter Selling Shareholders, Legal Counsel to the Managers as to Indian Law, Legal Counsel to the Managers as to international law and CRISIL, to act in their respective capacities, have been obtained or will be obtained and shall be filed along with a copy of this Red Herring Prospectus with the RoC, as required under the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

## **Expert Opinion**

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from each of its Joint Statutory Auditors, namely, M/s Price Waterhouse Chartered Accountants LLP, Chartered Accountants and GM Kapadia & Co. Chartered Accountants, to include their respective names as required under Section 26 of the Companies Act, 2013 in this Red Herring Prospectus and as “Expert” as defined under the Companies Act, 2013 in respect of the reports of the Auditors on the Restated Standalone Financial Information and on the Restated Consolidated Financial Information, both dated October 21, 2017, respectively, and the Statement of Tax Benefits dated October 21, 2017, included in this Red Herring Prospectus and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

Our Company has obtained the Embedded Value Report and the Supplementary Embedded Value Report, both dated October 18, 2017, from an Independent Actuary, Richard Holloway who is a partner at Milliman Advisors LLP, in accordance with the IRDAI Issuance of Capital Regulations. Our Company has received a written consent from Richard Holloway, partner, Milliman Advisors LLP to include his name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Red Herring Prospectus and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the Embedded Value Report and the Supplementary Embedded Value Report, both dated October 18, 2017 and such consent has not been withdrawn as on the date of this Red Herring Prospectus.

However, the term “expert” shall not be construed to mean an “expert” as defined under the U.S. Securities Act.

A written consent under the provisions of the Companies Act, 2013 is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act which is applicable only to transactions involving securities registered under the U.S. Securities Act. As the Equity Shares are proposed to be offered as a part of an initial public offering in India and the Equity Shares have not been and will not be registered under the U.S. Securities Act, the Joint Statutory Auditors have not given consent under Section 7 of the U.S. Securities Act. In this regard, the Joint Statutory Auditors have given consent to be referred to as “experts” in this Red Herring Prospectus in accordance with the requirements of the Companies Act, 2013. The term “experts” as used in this Red Herring Prospectus is different from those defined under the U.S. Securities Act which is applicable only to transactions involving securities registered under the Securities Act. The reference to Joint Statutory Auditors as experts in this Red Herring Prospectus is not made in the context of the U.S. Securities Act but solely in the context of this initial public offering in India.

## **Offer Expenses**

The expenses of this Offer include, amongst others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. For further details of Offer expenses, see “Objects of the Offer” on page 151.

The Offer related expenses will be paid by the Promoter Selling Shareholders in proportion to the Equity Shares offered by each of them in the Offer.

#### **Fees, Brokerage and Selling Commission Payable to the Managers and the Syndicate Members**

The total fees payable to the Managers and the Syndicate Members (including underwriting commission, brokerage and selling commission and reimbursement of their out-of-pocket expense) will be as stated in the engagement letters among our Company, the Promoter Selling Shareholders and the Managers and the Syndicate Agreement. For further details, please see “*Objects of the Offer*” on page 151 of the Red Herring Prospectus.

#### **Fees Payable to the Registrar to the Offer**

The fees payable to the Registrar to the Offer for processing of application, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated August 18, 2017 entered into, among our Company, the Promoter Selling Shareholders and the Registrar to the Offer, a copy of which is available for inspection at the Registered Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send such refund in any of the modes described in this Red Herring Prospectus or Allotment Advice by registered post/speed post/ordinary post.

#### **Previous public or rights issues during the last five years**

Our Company has not made any previous public issue or any rights issues during the five years preceding the date of this Red Herring Prospectus.

#### **Previous issues of securities otherwise than for cash**

Our Company has not issued any securities for consideration other than cash.

#### **Underwriting commission, brokerage and selling commission on previous issues**

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of our Company since its inception.

#### **Capital issuances in the preceding three years**

Except as disclosed in “*Capital Structure*” on page 112 of this Red Herring Prospectus, our Company has not made any capital issues during the three years preceding the date of this Red Herring Prospectus.

#### **Details of public/ rights issues by listed Group Companies and/ or Subsidiaries in the last three years**

None of our listed Group Companies and/ or Subsidiaries have undertaken any public / rights issues in the last three years.

#### **Performance vis-à-vis objects – Public/rights issue by our Company and listed Group Companies of our Company**

Our Company has not undertaken any public or rights issue in the past. None of our listed Group Companies and associates has undertaken any public/ rights issue in the last ten years preceding the date of the Draft Red Herring Prospectus.

### **Outstanding debentures or bond issues or preference shares or other instruments**

Other than employee stock options issued to eligible employees under the ICDR Regulations under the ESOS Schemes, there are no outstanding debentures or bonds or preference shares (including redeemable preference shares) or other instruments as of the date of this Red Herring Prospectus.

### **Partly Paid-up Shares**

Our Company does not have any partly paid-up equity shares as on the date of this Red Herring Prospectus.

### **Stock Market Data of the Equity Shares**

This being an initial public offering of our Company, the Equity Shares are not listed on any stock exchange.

### **Other Disclosures**

Except as disclosed in “Capital Structure” on page 148 of this Red Herring Prospectus, none of our Directors, Promoters and/or the members of our Promoter Group, nor directors of our Promoters and their immediate relatives have purchased or sold any securities of our Company or its Subsidiaries, during a period of six months preceding the date of filing this Red Herring Prospectus and the Draft Red Herring Prospectus.

### **Mechanism for Redressal of Investor Grievances**

For all Offer related queries and for redressal of complaints, investors may also write to the Managers. All complaints, queries or comments received by SEBI shall be forwarded to the Managers, who shall respond to such complaints.

All grievances relating to the Bidding process must be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted, quoting the full details such as the name and address of the sole or First Bidder, date and number of the Bid cum Application Form, Bidders’ DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application, name and address of the relevant Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and cheque or draft number and issuing bank thereof.

Further, the Bidders shall also enclose a copy of the Acknowledgement Slip duly received from the Designated Intermediaries in addition to the documents/ information mentioned hereinabove.

The agreement between the Registrar to the Offer, our Company, and the Promoter Selling Shareholders dated August 18, 2017, provides for retention of records, including refund orders despatched to the Bidders, with the Registrar to the Offer for a period of at least three years from the date of commencement of trading of the Equity Shares, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the Promoter Selling Shareholders, the Managers and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable ICDR Regulations.

### **Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer for the redressal of routine investor grievances shall not exceed 30 Working Days from the date of receipt of the complaint.

In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company received 12 investor grievances in the three years preceding the date of filing this Red Herring Prospectus, all of which been disposed off.

As on the date of this Red Herring Prospectus, there are no investor complaints pending.

Our Company has constituted a Stakeholders' Relationship Committee, comprising Mr. Keki Mistry, and Mr. AKT Chari as members. For further details, please see "*Our Management*" on page 282 of this Red Herring Prospectus.

Our Company has appointed Mr. Narendra Gangan as the Company Secretary and Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems. He can be contacted at the following address:

**Company Secretary and Compliance Officer**

***Narendra Gangan***

13<sup>th</sup> Floor, Lodha Excelus, Apollo Mills Compound  
N M Joshi Marg, Mahalaxmi  
Mumbai 400 011  
Maharashtra, India  
Telephone: +91 (22) 6751 6666  
Facsimile: +91 (22) 6751 6861  
Email: narendra.gangan@hdfclife.com

**Investor grievance mechanism and investor complaints for the listed companies (whose equity shares are listed on stock exchanges) under the same management within the meaning of section 370 (1B) of the Companies Act 1956**

**HDFC:**

The board of directors of HDFC has constituted a stakeholders relationship committee in accordance with Regulation 20 of the Listing Regulations and Section 178 of the Companies Act, 2013 to look into the redressal of shareholder/investor complaints.

HDFC normally takes three working days to dispose investor complaints. A status report on the number of correspondence including complaints received from investors is reviewed by the company secretary on a monthly basis, besides reviewing the resolution of the complaints received. A quarterly certificate is circulated to the members of stakeholders relationship committee, for their review. HDFC received 25 investor complaints in the last three financial years and all were disposed off. As at September 30, 2017, there was one investor complaint pending with respect to HDFC.

**GRUH:**

The board of directors of GRUH have constituted a stakeholders' relationship committee in accordance with the Listing Regulations to look into the redressal of shareholder/investor complaints. It normally takes seven to nine days to dispose various types of investor grievances. In the past three years, GRUH has received 23 investor complaints, all of which have been disposed off. As of September 30, 2017, there was one investor complaint pending against GRUH.

**HDFC Bank:**

The board of directors of HDFC Bank Limited have constituted a stakeholders' relationship committee in accordance with the Listing Regulations to look into the redressal of shareholder/investor complaints. It normally takes eight Working Days to resolve various types of investor grievances. It received 8,641 investor complaints in

the last three Fiscal years of which 8,633 complaints have been disposed off, and all investor complaints were attended to in that period. As at September 30, 2017, 17 investor complaints were pending with respect to HDFC Bank.

#### **Change in Statutory Auditors**

Except for the appointment of M/s. G.M. Kapadia & Co., Chartered Accountants, on July 14, 2016 in place of M/s. Haribhakti and Co., Chartered Accountants on account of completion of their term of five continuous years as the Auditors of our Company, there has been no change in the Auditors of our Company during the three years preceding the date of this Red Herring Prospectus.

#### **Capitalisation of Reserves or Profits**

Our Company has not capitalised its reserves or profits at any time since its incorporation.

#### **Revaluation of Assets**

The company had investment property in the past and was revalued time to time basis the IRDAI accounting regulations. Subsequently, the company had transferred the investment property to fixed assets at cost and hence unwound the revaluation reserve created at the time of transfer.

## SECTION VIII: OFFER INFORMATION

### TERMS OF THE OFFER

The Equity Shares being offered pursuant to the Offer shall be subject to the provisions of the Companies Act, the Insurance Act, the IRDAI Act and the rules and regulations made thereunder, including the IRDAI Issuance of Capital Regulations, the ICDR Regulations, the SCRA read with the SCRR, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the abridged prospectus, the Bid cum Application Form, the Revision Form, the CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to applicable laws, rules, guidelines, rules, notifications and regulations relating to the issue and transfer of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the IRDAI, the Stock Exchanges, RBI, RoC, and/or other authorities, as in force on the date of the Offer and to the extent applicable, or such other conditions as may be prescribed by SEBI, RBI and/or any other regulatory authority while granting its approval for the Offer.

#### Offer for sale

All expenses with respect to the Offer shall be borne by the Promoter Selling Shareholders in proportion to the Equity Shares offered by each of them in the Offer and in accordance with applicable law. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Promoter Selling Shareholders and such payments will be reimbursed by the Promoter Selling Shareholders to our Company in proportion to the Equity Shares offered by each of them in the Offer.

#### Ranking of Equity Shares

The Equity Shares being offered and transferred pursuant to the Offer shall be subject to the provisions of our Memorandum and Articles of Association, the Companies Act and the IRDAI Act and shall rank *pari passu* in all respects with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees, upon Allotment of Equity Shares pursuant to the Offer, will be entitled to dividends and / or any other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, please see “*Dividend Policy*” and “*Main Provisions of our Articles of Association*” on pages 331 and 762, respectively of this Red Herring Prospectus.

#### Mode of Payment of Dividend

Our Company shall pay dividend, if declared, to the shareholders of our Company as per the provisions of the Companies Act, 2013, the IRDAI Act, our Memorandum and Articles of Association and provisions of the Listing Regulations. For further details, please see “*Dividend Policy*” and “*Main Provisions of our Articles of Association*” on pages 331 and 762, respectively, of this Red Herring Prospectus.

#### Face value and Offer Price

The face value of each Equity Share is ₹ 10 and the Offer Price is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares of our Company, subject to applicable laws.

The Floor Price of the Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Price Band and the minimum Bid Lot will be decided by our Company and the Promoter Selling Shareholders, in consultation with the Managers and advertised in all editions of Business Standard (which is a widely circulated English and Hindi newspaper and Mumbai edition of Navshakti (which is a widely circulated Marathi newspaper, Marathi being the regional language of Maharashtra, where our Registered Office is located), at least five Working Days prior to the Offer Opening Date in accordance with the ICDR Regulations. Such information shall also be disclosed to the Stock Exchanges for dissemination through, and shall be pre-filled in the Bid cum Application Forms available on, the Stock Exchanges’ websites.

## **Compliance with disclosure and accounting norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI and the IRDAI from time to time.

## **Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles of Association, the equity shareholders of our Company shall have the following rights:

- right to receive dividend, if declared;
- right to attend general meetings and exercise voting powers, unless prohibited by law;
- right to vote on a poll either in person or by proxy or ‘e-voting’;
- right to receive offers for rights shares and be allotted bonus shares, if announced;
- right to receive surplus on liquidation, subject to any statutory and preferential claims being satisfied;
- right of free transferability, subject to applicable law including any rules and regulations prescribed by the IRDAI or the RBI; and
- such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Regulations, and our Memorandum and Articles of Association.

In accordance with Section 11(2) of the Insurance Act, every insurer shall keep separate accounts relating to funds of shareholders and policy-holders and hence the funds attributed to policy-holders cannot be utilised by shareholders. Further, in accordance with the Insurance Regulatory and Development Authority of India (Other Forms of Capital) Regulations, 2015, as amended, the claims of preference shareholders and equity shareholders shall be subordinate to the interests of the policyholders, subordinated debt holders and all other creditors.

For further details on the main provisions of our Company’s Articles of Association including those dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please see “*Main Provisions of our Articles of Association*” on page 762 of this Red Herring Prospectus.

## **Market lot and trading lot**

Since trading of our Equity Shares will be in dematerialised form, the tradable lot is one Equity Share. Allotment in the Offer will be done only in electronic form in multiples of [●] Equity Share subject to a minimum Allotment of [●] Equity Shares to successful Bidders.

## **Nomination facility to the Bidder**

In accordance with Section 72 of the Companies Act, 2013, read with the Companies (Share Capital and Debentures) Rules, 2014, the sole or first Bidder, with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, will vest. A nominee entitled to the Equity Shares by reason of the death of the original holder(s), will, in accordance with Section 72 of the Companies Act, 2013, be entitled to the same benefits to which he or she will be entitled if he or she were the registered holder of the Equity Shares. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of the holder’s death during minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or Corporate Office or to the Registrar and Share Transfer Agent of our Company.

Further, any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialised mode, there is no need to make a separate nomination with our Company. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require a change the nomination, they are requested to inform their respective depository participant.

### **Withdrawal of the Offer**

Our Company and the Promoter Selling Shareholders, severally and not jointly, in consultation with the Managers, reserve the right not to proceed with the Offer, in whole or any part thereof, after the Offer Opening Date but before the Allotment. In the event that the Company and the Promoter Selling Shareholders in consultation with the Managers, decide not to proceed with the Offer at all, our Company shall issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for such a decision. In such event the Managers, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed.

If our Company and /or the Promoter Selling Shareholders withdraw the Offer after the Offer Closing Date and thereafter determine that they will proceed with a fresh issue or offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

### **Offer Programme**

<b>OFFER OPENS ON</b>	<b>November 7, 2017<sup>(1)</sup></b>
<b>OFFER CLOSES ON</b>	<b>November 9, 2017</b>

<sup>(1)</sup>Our Company and the Promoter Selling Shareholders, may, in consultation with the Managers, consider participation by Anchor Investors. The Anchor Investor Offer Period shall be one Working Day prior to the Offer Opening Date in accordance with the ICDR Regulations, i.e. November 6, 2017.

An indicative timetable in respect of the Offer is set out below:

<b>Event</b>	<b>Indicative Date</b>
Offer Closing Date	November 9, 2017
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about November 14, 2017
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Accounts	On or about November 15, 2017
Credit of Equity Shares to demat accounts of	On or about November 16, 2017

Event	Indicative Date
Allottees	
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about November 17, 2017

The above timetable, other than the Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Promoter Selling Shareholders or the Managers. While our Company and the Promoter Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days from the Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Offer Period by our Company and the Promoter Selling Shareholders, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Promoter Selling Shareholders confirm that they shall extend reasonable co-operation required by our Company and the Managers for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by each Selling Shareholder in the Offer) at all Stock Exchanges within six Working Days from the Offer Closing Date.

**Bids (other than Bids from Anchor Investors):**

Offer Period (except the Offer Closing Date)	
Submission and revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time (“IST”))
Offer Closing Date	
Submission and revision in Bids	Only between 10.00 a.m. and 3.00 p.m. (IST)

**On the Offer Closing Date, the Bids shall be uploaded until:**

- (i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Investors, and
- (ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Investors, Eligible HDFC Employees Bidding in the HDFC Employee Reservation Portion, Eligible HDFC Life Employees Bidding in the HDFC Life Employee Reservation Portion and Eligible HDFC Shareholders Bidding in the HDFC Shareholders Reservation Portion.

On the Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Investors, Eligible HDFC Employees Bidding in the HDFC Employee Reservation Portion, Eligible HDFC Life Employees Bidding in the HDFC Life Employee Reservation Portion and Eligible HDFC Shareholders Bidding in the HDFC Shareholders Reservation Portion, after taking into account the total number of Bids received and as reported by the Managers to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.**

Due to limitation of the time available for uploading the Bids on the Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Offer Closing Date and, in any case, no later than 3.00 p.m. IST on the Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only on business days i.e. Monday to Friday (excluding any public/ bank holiday). Our Company, or any of the Promoter Selling Shareholders or the members of the Syndicate are not liable for any failure in uploading Bids due to faults in any software/hardware system or otherwise. Any time mentioned in this Red Herring Prospectus is Indian Standard Time.

In case of any discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular Bidder, the details of the Bid file received from Stock Exchanges may be taken as final data for the purposes of Allotment.

Our Company and the Promoter Selling Shareholders, in consultation with the Managers, reserve the right to revise the Price Band during the Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision in the Price Band, the Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the other members of the Syndicate.**

#### **Minimum subscription**

**The requirements for minimum subscription are not applicable in case of the Offer. However, if our Company does not comply with the minimum Allotment requirements as specified under Rule 19(2)(b)(iii) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Offer Closing Date, our Company and the Promoter Selling Shareholders shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company and the Promoter Selling Shareholders shall pay the requisite interest as prescribed under applicable law.**

**Further, our Company and the Promoter Selling Shareholders shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI Regulations and subject to the provisions of the Depositories Regulations.**

#### **Arrangements for disposal of odd lots**

Since our Equity Shares will be traded in dematerialised form only, the market lot for our Equity Shares will be one and therefore no arrangements for disposal of odd lots are required.

#### **Restriction on transfer and transmission of shares**

Except for (i) the lock-in of the pre-Offer Equity Shares, to the extent applicable, (ii) the minimum Promoters' Contribution, (iii) Anchor Investor lock-in, pursuant to the Offer, (iv) the five-year lock-in, up to March 29, 2021, applicable to 179,539,209 Equity Shares held by Standard Life Mauritius, as imposed by the IRDAI in terms of its letter dated March 30, 2016 as detailed in "*Capital Structure*" on page 118 of this Red Herring Prospectus; (v) any restrictions on transfers of Equity Shares under the Insurance Act, and the rules and regulations framed thereunder, and (vi) as provided in "*Main Provisions of our Articles of Association*" on page 762 of this Red Herring Prospectus, there are no restrictions on transfers of Equity Shares. Further, there are no restrictions on transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles of Association. For details, please see "*Main Provisions of our Articles of Association*" on page 762 of this Red Herring Prospectus.

The Insurance Act requires prior approval from the IRDAI where the nominal value of the shares intended to be transferred by any individual, firm, group, constituents of the group, or body corporate under the same management, jointly or severally exceeds 1% of the paid-up share capital of our Company. The Insurance Act also prohibits any transfer of equity shares of an insurer in the event the total paid-up capital held by the transferee is likely to exceed 5% of the paid up share capital of the insurer after the transfer, unless a prior approval has been granted to the acquirer by the IRDAI in this regard. Accordingly, our Company shall not Allot Equity Shares pursuant to the Offer to any Bidder in the event the total post-Offer paid up share capital of our Company held by such Bidder is likely to exceed 5% of the paid up share capital of our Company after Allotment, unless prior approval of the IRDAI has been obtained by the acquirer.

Additionally, IRDAI on August 5, 2016 has issued the Listed Indian Insurance Companies Guidelines, which are applicable to all insurance companies whose equity shares are listed on stock exchanges, and to the allotment/transfer process pursuant to a public issue. The Listed Insurance Company Guidelines contemplate, amongst other things, filing of self-certification of fit and proper criteria with the insurer by a person intending to acquire equity shares of an insurer amounting to 1% or more, but less than 5%, of the paid up equity share capital of the insurer, which shall be considered as deemed approval of the IRDAI for purposes of Section 6A(4)(b)(iii) of the Insurance Act. However, if the person proposing to acquire equity shares is likely to result in (i) the aggregate holding of such person, his relatives, associate enterprises and persons acting in concert, increasing to 5% or more of the paid up equity share capital of the insurer or entitling such person to exercise 5% or more of the total voting rights of the insurer, or (ii) the aggregate holding of such person along with the persons acting in concert, increasing to in excess of 10%, each such acquisition would require prior approval of the IRDAI.

Accordingly, Bidders intending to acquire Equity Shares amounting to 1% or more, but less than 5%, of the paid-up equity share capital of our Company pursuant to the Offer would be required to comply with the requirement of self-certification of 'fit and proper' criteria set out on page 711 of this Red Herring Prospectus. However, in case of Bidders intending to acquire Equity Shares in the Offer such that (i) the aggregate holding of such Bidder, his relatives, associate enterprises and persons acting in concert, would increase to 5% or more of the paid up Equity Share capital of our Company or entitling such Bidder to exercise 5% or more of the total voting rights of our Company, or (ii) the aggregate holding of the investor along with the persons acting in concert, increasing to in excess of 10% of the paid up Equity Share capital of our Company or the total voting rights of our Company, then each such acquisition would require prior approval of the IRDAI. For further details, see "*Regulations and Policies*" on page 244 of this Red Herring Prospectus.

#### **Option to receive Equity Shares in Dematerialised Form**

In terms of Section 29 of the Companies Act, 2013, the Allotment of Equity Shares to successful Bidders will only be in the dematerialised form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialised segment of the Stock Exchanges. In this context, the following agreements have been signed by our Company:

- Agreement dated October 7, 2017 entered into between NSDL, our Company and the Registrar to the Offer; and
- Agreement dated October 6, 2017 entered into between CDSL, our Company and the Registrar to the Offer.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India, the FDI Policy, FEMA and circulars and notifications issued thereunder. FEMA regulates the manner in which foreign investment may be made. Specifically, the Insurance Act, read with the Foreign Investment Rules, permit foreign investment in Indian insurance companies, up to 49% of the paid up equity share capital of the company, under the automatic route while ensuring that its ownership and control remains at all times in the hands of resident Indian entities as determined by Department of Financial Services, Government of India and the IRDAI. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB and accordingly, the process for FDI and its approval from the Government of India will now be handled by the relevant ministries or departments, in consultation with the DIPP.

The above restrictions on foreign investment in securities of an insurance company are also prescribed under FEMA and notifications issued thereunder. Foreign investments in a life insurance company, up to 49% of the paid up equity share capital of the underlying company, is permitted under the automatic route, subject to verification by the IRDAI. Further, the IRDAI Registration Regulations, provides for calculation of shareholding of foreign investors in an insurer to be the aggregate of the quantum of paid up equity share capital held by the foreign investors (including foreign venture capital investors) in the insurer and the proportion of the paid up equity share capital held or controlled by such foreign investor(s) either by itself or through its subsidiary companies in the Indian promoter(s) or Indian investor(s) of the insurer, unless the Indian promoter or investor is a banking company other than foreign bank (or a branch of a foreign bank functioning in India) or a public financial institution. For further details and particulars in this regard, please see “*Regulations and Policies*” on page 245 of this Red Herring Prospectus.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the relevant Ministry/ Department of the Government or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and the transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits prescribed under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI and the RBI.

As per existing regulations, OCBs cannot participate in the Offer.

**The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold (i) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the Securities Act and referred to in this Red Herring Prospectus as “U.S. QIBs”, for the avoidance of doubt, the term U.S. QIBs does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Red Herring Prospectus as “QIBs”) in transactions exempt from, or not subject to, the registration requirements of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

The above information is given for the benefit of the Bidders. The Company, the Promoter Selling Shareholders and the Managers are not liable for any amendments, modification, or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for which do not exceed the applicable limits under laws and regulations.

## OFFER STRUCTURE

Initial public offering of up to 299,827,818 Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share), aggregating up to ₹ [●] million consisting of an offer for sale of 191,246,050 Equity Shares by HDFC and up to 108,581,768 Equity Shares by Standard Life Mauritius. The Offer includes a reservation of up to 2,144,520 Equity Shares in favour of Eligible HDFC Life Employees under the HDFC Life Employee Reservation Portion, 805,000 Equity Shares in favour of Eligible HDFC Employees under the HDFC Employee Reservation Portion and a reservation of up to 29,982,781 Equity Shares in favour of Eligible HDFC Shareholders under the HDFC Shareholders Reservation Portion for cash at a price of ₹ [●] per Equity Share aggregating to ₹ [●] million. The Offer constitutes 14.92% of the fully diluted post-Offer paid up Equity Share capital of our Company, i.e., assuming exercise of all vested employee stock options and the Net Offer constitutes 13.28% of the post Offer paid up Equity Share capital of our Company i.e., assuming exercise of all vested employee stock options.

The Offer is being made through the Book Building Process.

Particulars	QIBs <sup>#</sup>	Non-Institutional Investors	Retail Individual Investors	HDFC Life Employee Reservation Portion	HDFC Employee Reservation Portion	HDFC Shareholders Reservation Portion
Number of Equity Shares available for Allotment/allocation <sup>(1)#</sup>	133,447,758 Equity Shares	Not less than 40,034,328 Equity Shares or Net Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation	Not less than 93,413,431 Equity Shares or Net Offer less allocation to QIB Bidders and Non Institutional Investors shall be available for allocation	Up to 2,144,520 Equity Shares	Up to 805,000 Equity Shares	Up to 29,982,781 Equity Shares
Percentage of Offer size available for Allotment/ allocation	50% of the Net Offer. However, up to 5% of the QIB Portion (other than Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion (other than Anchor Investor Portion).	Not less than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation	Not less than 35% of the Net Offer or Net Offer less allocation to QIB Bidders and Non Institutional Investors shall be available for allocation	Up to 0.11% of our post-Offer paid up Equity Share Capital shall be available for allocation	Up to 0.04% of our post-Offer paid up Equity Share Capital shall be available for allocation	Up to 1.49% of our post-Offer paid up Equity Share Capital shall be available for allocation

Particulars	QIBs <sup>#</sup>	Non-Institutional Investors	Retail Individual Investors	HDFC Life Employee Reservation Portion	HDFC Employee Reservation Portion	HDFC Shareholders Reservation Portion
	Unsubscribed portion in the Mutual Fund reservation will be added to the QIB Portion (other than Anchor Investor Portion)					
Basis of allocation if respective category is oversubscribed	<p>Proportionate as follows (excluding the Anchor Investor Portion):</p> <p>(a) 2,668,956 Equity Shares shall be allocated on a proportionate basis to Mutual Funds only; and</p> <p>(b) 50,710,148 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above.</p> <p>80,068,654 Equity Shares may be allocated on a discretionary basis to Anchor Investors</p>	Proportionate.	The allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, “Offer Procedure – Part B – Section 7.1: Allotment Procedure and Basis of Allotment – Allotment to RIBs” on page 749 of this Red Herring Prospectus.	The allotment to each Eligible HDFC Life Employee shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the HDFC Life Employee Reservation Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, “Offer Procedure – Part B – Section 7.5: Allotment under the HDFC Life Employee Reservation Portion” on page 750 of this Red Herring Prospectus.	The allotment to each Eligible HDFC Employee shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the HDFC Employee Reservation Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, “Offer Procedure – Part B – Section 7.6: Allotment under the HDFC Employee Reservation Portion” on page 751 of this Red Herring Prospectus.	The allotment to each Eligible HDFC Shareholder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the HDFC Shareholders Reservation Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, “Offer Procedure – Part B – Section 7.7: Allotment under the HDFC Shareholders Reservation Portion” on page 751 of this Red Herring Prospectus.
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.

Particulars	QIBs <sup>#</sup>	Non-Institutional Investors	Retail Individual Investors	HDFC Life Employee Reservation Portion	HDFC Employee Reservation Portion	HDFC Shareholders Reservation Portion
	thereafter.	Shares thereafter.				
Maximum Bid	Such number of Equity Shares not exceeding the Offer subject to applicable limits to the Bidder.	Such number of Equity Shares not exceeding the Offer subject to applicable limits to the Bidder.	Such number of Equity Shares such that the Bid Amount does not exceed ₹ 200,000.	Such number of Equity Shares and in multiples of [●] Equity Shares, so that the Bid Amount does not exceed ₹ 500,000. However, Allotment to Eligible HDFC Life Employees in the HDFC Life Employee Reservation Portion may exceed ₹ 200,000 only in the event of an under subscription in the HDFC Life Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible HDFC Life Employees Bidding in the HDFC Life Employee Reservation Portion for a value in excess of ₹ 200,000, subject to the total Allotment to such Eligible HDFC Life Employee not exceeding	Such number of Equity Shares and in multiples of [●] Equity Shares, so that the Bid Amount does not exceed ₹ 500,000. However, Allotment to Eligible HDFC Employees in the HDFC Employee Reservation Portion may exceed ₹ 200,000 only in the event of an under subscription in the HDFC Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible HDFC Employees Bidding in the HDFC Employee Reservation Portion for a value in excess of ₹ 200,000, subject to the total Allotment to such Eligible HDFC Employee not exceeding ₹ 500,000.	Such number of Equity Shares and in multiples of [●] Equity Shares, such that the Bid Amount does not exceed ₹ 200,000

Particulars	QIBs <sup>#</sup>	Non-Institutional Investors	Retail Individual Investors	HDFC Life Employee Reservation Portion	HDFC Employee Reservation Portion	HDFC Shareholders Reservation Portion
				₹ 500,000.		
Mode of Bidding	Through ASBA process, except for Anchor Investors	Through ASBA process only	Through ASBA process only	Through ASBA process only	Through ASBA process only	Through ASBA process only
Mode of Allotment	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of [●] Equity Share.
Trading lot	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.	One Equity Share.
Who can apply++	Public financial institutions specified in Section 2(72) of the Companies Act, 2013, FPIs (other than Category III Foreign Portfolio Investors), scheduled commercial banks, mutual funds registered with the SEBI, venture capital funds registered with SEBI, FVCIs, Alternative Investment Funds, multilateral and bilateral development financial institutions, state industrial development	Resident Indian individuals, Eligible NRIs, HUF (in the name of <i>Karta</i> ), companies, corporate bodies, scientific institutions societies and trusts, Category III Foreign Portfolio Investors, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian Individuals, Eligible NRIs and HUF (in the name of <i>Karta</i> ).	Eligible HDFC Life Employees.	Eligible HDFC Employees.	Eligible HDFC Shareholders.

Particulars	QIBs <sup>#</sup>	Non-Institutional Investors	Retail Individual Investors	HDFC Life Employee Reservation Portion	HDFC Employee Reservation Portion	HDFC Shareholders Reservation Portion
	<p>corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of ₹ 250 million, pension funds with a minimum corpus of ₹ 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and SIBFCs.</p>					
Terms of Payment <sup>@</sup>	<p>The entire Bid Amount shall be blocked in the ASBA Account by the SCSBs at the time of submission of Bid cum Application Form (excluding for Anchor Investors)*.</p>	<p>The entire Bid Amount shall be blocked in the ASBA Account by the SCSBs at the time of submission of Bid cum Application Form.</p>	<p>The entire Bid Amount shall be blocked in the ASBA Account by the SCSBs at the time of submission of Bid cum Application Form.</p>	<p>The entire Bid Amount shall be blocked in the ASBA Account by the SCSBs at the time of submission of Bid cum Application Form.</p>	<p>The entire Bid Amount shall be blocked in the ASBA Account by the SCSBs at the time of submission of Bid cum Application Form.</p>	<p>The entire Bid Amount shall be blocked in the ASBA Account by the SCSBs at the time of submission of Bid cum Application Form.</p>

Particulars	QIBs <sup>#</sup>	Non-Institutional Investors	Retail Individual Investors	HDFC Life Employee Reservation Portion	HDFC Employee Reservation Portion	HDFC Shareholders Reservation Portion
	For Anchor Investors, the entire Bid Amount shall be payable at the time of submission of Bid cum Application Form*.					

<sup>(1)</sup> Assuming full subscription in the Offer

<sup>#</sup> Our Company and the Promoter Selling Shareholders may, in consultation with the Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. For further details, please see “Offer Procedure” on page 709 of this Red Herring Prospectus.

<sup>##</sup> Subject to valid Bids being received at or above the Offer Price.

<sup>@</sup> In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the ASBA Bidder that are specified in the Bid cum Application Form.

\* Any balance amount payable by the Anchor Investors, due to a difference between the Anchor Investor Offer Price and the Bid Amount paid by the Anchor Investors, shall be payable by the Anchor Investors within two Working Days of the Offer Closing Date.

<sup>++</sup> In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms.

The Offer is being made through the Book Building Process, pursuant to Regulation 26(1) of the ICDR Regulations, wherein not more than 50% of the Net Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIB”). 5% of the QIB Portion (other than Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (other than Anchor Investor Portion) will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Investors, in accordance with the ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

The unsubscribed portion if any, in the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion shall be added back to the Net Offer. Under-subscription, if any, in any category, including the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion, except in the QIB Portion, would be allowed to be met with spill-over from any other categories or contribution of categories at the discretion of our Company and the Promoter Selling Shareholders, in consultation with the Managers and the Designated Stock Exchange.

Allocation for all categories, will be subject to restrictions on shareholding as prescribed under the Listed Insurance Company Guidelines. For further details, please see “Regulations and Policies” on page 244 of this Red Herring Prospectus and “Terms of the Offer – Restriction on transfer and transmission of shares” on page 700 of this Red Herring Prospectus.

## OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 and CIR/CFD/POLICYCELL/11/2015 notified by SEBI (the "General Information Document") read with SEBI circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 included below under the section "**Part B – General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general and in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the ICDR Regulations. The General Information Document has been updated to reflect amendments to the ICDR Regulations and provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the Managers. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

*Our Company, the Promoter Selling Shareholders and the Managers do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus.*

### PART A

#### ***Book Building Procedure***

The Offer is being made through the Book Building Process, in reliance on Regulation 26(1) of the ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs. Provided that our Company and the Promoter Selling Shareholders in consultation with the Managers, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion (other than Anchor Investor Portion). 5% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion (other than Anchor Investor Portion) will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Investors, in accordance with the ICDR Regulations, subject to valid Bids being received at or above the Offer Price. The Insurance Act prohibits any transfer of Equity Shares in the event the total paid up capital held by the transferee is likely to exceed 5% of the paid up capital after the transfer, unless a prior approval has been obtained by the insurer from the IRDAI in this regard. Accordingly, our Company shall not Allot Equity Shares pursuant to the Offer to any Bidder, in the event the total paid up share capital held by such Bidder is likely to exceed 5% of the paid up share capital of our Company after the Allotment without such approval.

The unsubscribed portion if any, in HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion shall be added back to the Net Offer. Under-subscription, if any, in any category, including the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Promoter Selling Shareholders in consultation with the Managers and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

**Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, will be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

### **Bid cum Application Form**

**Please note that all the Bidders (other than Anchor Investors) shall mandatorily apply in the Offer through ASBA process only.**

Copies of the ASBA Forms and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres and the Registered Office. An electronic copy of the ASBA Form will also be available for download on the websites of the NSE ([www.nseindia.com](http://www.nseindia.com)) and the BSE ([www.bseindia.com](http://www.bseindia.com)) at least one day prior to the Offer Opening Date. Copies of the Anchor Investor Form and abridged prospectus shall be made available at the offices of the Managers. Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected. Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

**Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the concerned Designated Intermediary, submitted at the Bidding centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

<b>Category</b>	<b>Colour of Bid cum Application Form<sup>1</sup></b>
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non residents including Eligible NRIs, FIIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals under the QIB category), FVCIs or FPIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors <sup>2</sup>	White
Eligible HDFC Life Employees	Pink
Eligible HDFC Employees	Pink
Eligible HDFC Shareholders	Green

<sup>(1)</sup> Excluding electronic Bid cum Application Form

<sup>(2)</sup> Anchor Investor Forms will be made available at the office of the Managers

Designated Intermediaries (other than SCSBs), shall submit/deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

### **Who can Bid?**

In addition to the category of Bidders set forth under the section “**General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue**” on page 727 of this Red Herring Prospectus, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- Scientific research organisations authorised in India to invest in the Equity Shares; and

- Any other persons eligible to Bid in this Offer under the laws, rules, regulations, guidelines and policies applicable to them.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be issued or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being issued and sold (i) in the United States only to persons reasonably believed to be “qualified institutional buyers” (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Bids by Bidders for 1% or more, and less than 5% of the post-Offer paid up Equity Share capital of our Company**

If any Bidder makes a Bid for Equity Shares representing 1% or more but less than 5% of the post-Offer paid up Equity Share capital of our Company, such Bidder will be required to attach a self-certification with the Bid cum Application Form, confirming and certifying that such Bidder is a ‘fit and proper person’. To be a ‘fit and proper person’ the Bidder must be:

- A. Either:
  1. an intermediary registered (or deemed to be registered) with SEBI in terms of the Securities and Exchange Board of India (Intermediaries) Regulations, 2008, as amended; or
  2. an entity carrying out business which is regulated in India by RBI, SEBI, IRDAI, PFRDA or outside India by any financial services, capital markets or banking regulatory authorities including the U.S. Securities and Exchange Commission, the (U.K.) Prudential Regulation Authority, the Monetary Authority of Singapore and the Hong Kong Monetary Authority; or
  3. a subsidiary of an entity falling under 1 or 2 above; or
  4. a sovereign wealth fund or an investment company which is controlled by a sovereign wealth fund, either directly or indirectly; or
  5. a person who or whose affiliates (including the investment companies of such Bidder) is the promoter of a company in the top 100 listed companies in India. The top 100 listed companies will be on the basis of their respective market capitalisation. The market capitalisation shall be the product of the “weighted average number of total shares” of such company and the “volume weighted average market price” of such shares for the preceding quarter. (The terms “weighted average number of total shares” and “volume weighted average market price” have the meaning assigned to them in the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. Additionally, the “volume weighted average market price” will be adjusted for corporate actions such as issuances pursuant to rights issue, bonus issue, stock consolidations, stock splits, payment of extraordinary dividend (50% higher than the dividend per share paid during the preceding three Fiscals), de-mergers and reduction of capital, where the record date for effecting such corporate actions falls within the preceding quarter.).
- B. Is eligible to hold, subscribe and deal with the Equity Shares of the Company under the applicable laws; and
- C. The aggregate of the existing shareholding in the Company of the Bidder, if any, and the Equity Shares for which the Bid has been made do not exceed 5% of the post-Offer paid up Equity Share capital of our Company.

For details relating to the paid up Equity Share capital of our Company, please see “*Capital Structure*” on page 112 of this Red Herring Prospectus.

Any Bidder submitting Bids for 1% or more and less than 5% of the post-Offer paid up Equity Share capital of our Company should satisfy the ‘fit and proper person’ criteria as set out hereinabove.

Bidders which do not satisfy the aforementioned criteria may submit a self-certification specifying non-conformation of the ‘fit and proper person’ criteria for our consideration. Based on such self-certification submitted by the Bidder, our Company shall determine whether the Bidder is ‘fit and proper’ to acquire 1% or more and less than 5% of the post-Offer paid up Equity Share capital of our Company. Failing this, our Company reserves the right to reject any Bid in whole or in part, in either case, without assigning any reason thereof. The aforementioned ‘fit and proper person’ criteria has been noted by the Board.

### **Bids by Bidders for 5% or more of the post-Offer paid up Equity Share capital of our Company**

In the event that a Bid is likely to result in (i) the aggregate holding of such Bidder, his relatives, associate enterprises and persons acting in concert, increasing to 5% or more of the post-Offer paid up Equity Share capital of our Company or entitling such Bidder to exercise 5% or more of the total voting rights of our Company, or (ii) the aggregate holding of the Bidder along with the persons acting in concert, increasing to in excess of 10% of the post-Offer paid up Equity Share capital of our Company or the total voting rights of our Company, such Bid would require prior approval of the IRDAI.

Any Bid cum Application Form by such a Bidder, which is not accompanied by such prior approval of the IRDAI will be rejected.

### **Participation by associates and affiliates of the Managers and the Syndicate Members**

The Managers and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Managers and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of Bidders, including associates or affiliates of the Managers and Syndicate Members, will be treated equally for the purpose of allocation to be made on a proportionate basis.

The Managers and any persons related to the Managers (other than Mutual Funds sponsored by entities related to the Managers) and our Promoter, Promoter Group and any persons related to our Promoter and Promoter Group cannot apply in the Offer under the Anchor Investor Portion.

### **Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds (including the asset management companies or custodians of Mutual Funds forming part of the Promoter Group (“**PG Mutual Funds**”)) shall be subject to (i) specifically stating the names of the concerned schemes for which such Bids are made, and (ii) the investment in the Equity Shares, if Allotted, being in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. Apart from the above, the Bids by asset management companies or custodians of PG Mutual Funds shall be subject to (i) the Bid Amount being sourced from the money collected under the relevant scheme of the PG Mutual Funds, and (ii) the investment decision being made at the discretion of the asset management companies or custodians of the PG Mutual Funds, in accordance with the terms and conditions of the relevant scheme of such PG Mutual Funds. The Equity Shares Allotted, if any, to the PG Mutual Funds, shall form part of the ‘public’ shareholding of our Company in accordance with Rule 19(2)(b) of the SCRR.

**In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.**

**No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of our Company's paid-up share capital carrying voting rights.**

#### **Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis should authorise their SCSBs to block their Non-Resident External (“NRE”) accounts, or Foreign Currency Non-Resident (“FCNR”) accounts, and eligible NRI Bidders bidding on a non-repatriation basis should authorise their SCSBs to block their Non-Resident Ordinary (“NRO”) accounts the full Bid amount, at the time of submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

#### **Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or to an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to the RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio investors and unregulated broad based funds, which are classified as Category II foreign portfolio investors by virtue of their investment manager being appropriately regulated, may issue or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India or unlisted debt securities or securitised debt instruments, as its underlying assets) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it subject to the following conditions: (i) such offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations; and (ii) prior consent of the foreign portfolio investor is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the foreign portfolio investor.

#### **Bids by SEBI registered VCFs, AIFs and FVCIs**

The FVCI Regulations and the SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs,

FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3<sup>rd</sup> of its corpus by way of subscription to an initial public offer of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

#### **Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

#### **Bids by banking companies**

In case of Bids made by banking companies registered with the RBI, certified copies of (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Promoter Selling Shareholders reserve the right to reject any Bid by a banking company without assigning any reason thereof.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended (the "**Banking Regulation Act**"), and the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt or to protect the bank's interest on loans/investments made to a company. Further, except where investment up to 30% of the paid-up share capital of the investee company by a bank is permitted as above, the bank along with its subsidiaries, associates, joint ventures or entities directly or indirectly controlled by the bank and asset management companies controlled by the bank is not permitted to hold more than 20% of the paid-up share capital of an investee company that is engaged in non-financial services. The bank is required to submit a time-bound action plan for disposal of such shares within a specified period to the RBI. A banking company would require a prior approval of the RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and (ii) investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

#### **Bids by insurance companies**

In case of Bids by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholders reserve the right to reject any Bid without assigning any reason for the same.

The exposure norms for insurers, prescribed under IRDAI Investment Regulations are broadly set forth below:

Pursuant to the IRDAI Investment Regulations, the maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer, and the amount calculated under (a), (b) and (c) below, as the case may be.

- (a) **Limit for the investee company:** The lower of: (i) 10%\* of the outstanding equity shares (face value); and (ii) 10% of such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer and a general insurer;
- (b) **Limit for the entire group of the investee company:** Not more than 15% of such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer and a general insurer; and
- (c) **Limit for the industry sector to which the investee company belongs:** Not more than 15% of such funds and reserves as specified under the IRDAI Investment Regulations, in case of a life insurer and a general insurer.

*\* The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 500,000 million or more but less than ₹ 2,500,000 million.*

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time.

#### **Bids by SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013 respectively. Such SCSBs are required to ensure that for making applications on their own account, using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such application.

#### **Bids by provident funds/ pension funds**

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholders reserve the right to reject any Bid, without assigning any reason thereof.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, Government of India, SI NBFCs or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/ or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Promoter Selling Shareholders reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Promoter Selling Shareholders, in consultation with the Managers in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application form.

## Bids by Eligible HDFC Life Employees

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible HDFC Life Employee does not exceed ₹ 500,000. Allotment in the HDFC Life Employee Reservation Portion will be as detailed in the section “Offer Structure” on page 703 of this Red Herring Prospectus. For further details see, “Offer Procedure - Part B - Section 7.5: Allotment under the HDFC Life Employee Reservation Portion” on page 750 of this Red Herring Prospectus. However, Allotments to Eligible HDFC Life Employees in excess of ₹ 200,000 up to ₹ 500,000 shall be considered on a proportionate basis, in the event of under subscription in the HDFC Life Employee Reservation Portion. Subsequent under subscription, if any, in the HDFC Life Employee Reservation Portion shall be added back to the Net Offer. Eligible HDFC Life Employees Bidding under the HDFC Life Employee Reservation Portion may Bid at Cut-off Price.

Bids under the HDFC Life Employee Reservation Portion by Eligible HDFC Life Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form.
- Only Eligible HDFC Life Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Offer under the HDFC Life Employee Reservation Portion.
- In case of joint bids, the sole/ First Bidder shall be the Eligible HDFC Life Employee.
- Bids by Eligible HDFC Life Employees may be made at Cut-off Price.
- Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this portion.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
- Bids by Eligible HDFC Life Employees in the HDFC Life Employee Reservation Portion, in the HDFC Shareholders Reservation Portion and in the Retail Portion shall not be treated as multiple Bids. However, Bids by Eligible HDFC Life Employees in the HDFC Life Employee Reservation Portion, in the HDFC Shareholders Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids. Persons who are Eligible HDFC Life Employees may Bid in the HDFC Life Employee Reservation and/or the HDFC Shareholders Reservation Portion and such Bids shall not be treated as multiple Bids. Our Company and the Promoter Selling Shareholders reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all portions. For further details, see “Offer Procedure – Multiple Bids” on page 735 of this Red Herring Prospectus.
- If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible HDFC Life Employees to the extent of their demand.
- Under-subscription, if any, in any portion, (including the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion), except in the QIB Portion, would be allowed to be met with spill-over from any other portion or a combination of portions at the discretion of our Company and the Promoter Selling Shareholders, in consultation with the Managers and the Designated Stock Exchange.

If the aggregate demand in this portion is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see “Offer Procedure - Basis of Allotment” on page 749 of this Red Herring Prospectus.

### **Bids by Eligible HDFC Employees**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible HDFC Employee does not exceed ₹ 500,000. Allotment in the HDFC Employee Reservation Portion will be as detailed in the section “Offer Structure” on page 703 of this Red Herring Prospectus. For further details see, “Offer Procedure - Part B - Section 7.6: Allotment under the HDFC Employee Reservation Portion” on page 751 of this Red Herring Prospectus. However, Allotments to Eligible HDFC Employees in excess of ₹ 200,000 up to ₹ 500,000 shall be considered on a proportionate basis, in the event of under subscription in the HDFC Employee Reservation Portion. Subsequent under subscription, if any, in the HDFC Employee Reservation Portion shall be added back to the Net Offer. Eligible HDFC Employees Bidding under the HDFC Employee Reservation Portion may Bid at Cut-off Price.

Bids under the HDFC Employee Reservation Portion by Eligible HDFC Employees shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form.
- Only Eligible HDFC Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Offer under the HDFC Employee Reservation Portion.
- In case of joint bids, the sole/ First Bidder shall be the Eligible HDFC Employee.
- Bids by Eligible HDFC Employees may be made at Cut-off Price.
- Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this portion.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter.
- Bids by Eligible HDFC Employees in the HDFC Employee Reservation Portion, in the HDFC Shareholders Reservation Portion and in the Retail Portion shall not be treated as multiple Bids. However, Bids by Eligible HDFC Employees in the HDFC Employee Reservation Portion, in the HDFC Shareholders Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids. Persons who are Eligible HDFC Employees may Bid in the HDFC Employee Reservation Portion and/or the HDFC Shareholders Reservation Portion and such Bids shall not be treated as multiple Bids. Our Company and the Promoter Selling Shareholders reserve the right to reject, in its absolute discretion, all or any multiple Bids in any or all portions. For further details, see “Offer Procedure – Multiple Bids” on page 735 of this Red Herring Prospectus.
- If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible HDFC Employees to the extent of their demand.
- Under-subscription, if any, in any portion, (including the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion), except in the QIB Portion, would be allowed to be met with spill-over from any other portion or a combination of portions at the discretion of our Company and the Promoter Selling Shareholders, in consultation with the Managers and the Designated Stock Exchange.

If the aggregate demand in this portion is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see “Offer Procedure - Basis of Allotment” on page 749 of this Red Herring Prospectus.

### **Bids by Eligible HDFC Shareholders**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible HDFC Shareholders does not exceed ₹ 200,000. Allotment in

the HDFC Shareholders Reservation Portion will be as detailed in the section “Offer Structure” on page 703 of this Red Herring Prospectus. For further details see, “Offer Procedure - Part B - Section 7.7: Allotment under the HDFC Shareholders Reservation Portion” on page 751 of this Red Herring Prospectus. Under subscription, if any, in the HDFC Shareholders Reservation Portion shall be added back to the Net Offer. Eligible HDFC Shareholders Bidding under the HDFC Shareholders Reservation Portion may Bid at Cut-off Price.

Bids under the HDFC Shareholders Reservation Portion shall be subject to the following:

- Only Eligible HDFC Shareholders (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Offer under the HDFC Shareholders Reservation Portion.
- The sole/First Bidder shall be an Eligible HDFC Shareholder.
- Only those Bids, which are received at or above the Offer Price, would be considered for allocation under this category.
- The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by such Eligible HDFC Shareholder does not exceed ₹ 200,000.
- Bids by Eligible HDFC Shareholders in the HDFC Shareholders Reservation Portion, in the HDFC Life Employee Reservation Portion or in the HDFC Employee Reservation Portion and in the Retail Portion shall not be treated as multiple Bids. However, Bids by Eligible HDFC Shareholders in the HDFC Shareholders Reservation Portion, in the HDFC Life Employee Reservation Portion or in the HDFC Employee Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids. Persons who are Eligible HDFC Shareholders may Bid in the HDFC Life Employee Reservation Portion or the HDFC Employee Reservation Portion, as may be applicable, and/or the HDFC Shareholders Reservation Portion and such Bids shall not be treated as multiple Bids. Our Company and the Promoter Selling Shareholders reserve the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. For further details, see “*Offer Procedure – Multiple Bids*” on page 735 of this Red Herring Prospectus.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible HDFC Shareholders to the extent of their demand not exceeding a maximum of ₹ 200,000.
- Under-subscription, if any, in any category, (including the HDFC Life Employee Reservation Portion, the HDFC Employee Reservation Portion and the HDFC Shareholders Reservation Portion), except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and the Promoter Selling Shareholders, in consultation with the Managers and the Designated Stock Exchange.

If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see “*Offer Procedure – Basis of Allotment*” on page 749 of this Red Herring Prospectus.

**The above information is given for the benefit of the Bidders. Our Company, the Promoter Selling Shareholders and the Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Red Herring Prospectus.**

#### **General Instructions:**

##### ***Do's:***

1. Check if you are eligible to apply as per the terms of this Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the applicable Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that the Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centres, within the prescribed time;
6. Ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
8. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
9. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary.
10. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediary. Instruct your respective banks not to release the funds blocked in the ASBA Account under the ASBA process until six Working Days from the date of closing the Bids;
11. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
12. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market and persons exempt from holding PAN under applicable law, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the demographic details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; (b) in the case of residents of Sikkim, the address as per the demographic details evidencing the same; and (c) all other applications in which PAN is not mentioned, will be considered rejected.;
13. Ensure that the demographic details are updated, true and correct in all respects;
14. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

15. Ensure that the category and the investor status is indicated;
16. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents are submitted;
17. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;
18. Ensure that the depository account is active, the correct DP ID, the Client ID and the PAN are mentioned in the Bid cum Application Form and that the name of the Bidder, the DP ID, the Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the Designated Intermediary, as applicable, match with the name, DP ID, Client ID and PAN available in the Depository database;
19. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
20. In terms of the Listed Insurance Company Guidelines, Bidders submitting Bid for Equity Shares representing 1% or more and less than 5% of the post-Offer paid up Equity Share capital of our Company should satisfy the 'fit and proper' criteria set out by our Company, through a self-certification process. For details of the 'fit and proper' criteria set out by our Company, see "*Offer Procedure - Bids by Bidders for 1% or more, and less than 5% of the post-Offer Paid-up Share Capital of our Company*" on page 711 of this Red Herring Prospectus;
21. In the event that a Bid is likely to result in (i) the aggregate holding of such Bidder, his relatives, associate enterprises and persons acting in concert, increasing increase to 5% or more of the post-Offer paid up Equity Share capital of our Company or entitling such Bidder to exercise 5% or more of the total voting rights of our Company, or (ii) the aggregate holding of the Bidder along with the persons acting in concert, increasing to in excess of 10% of the post-Offer paid up Equity Share capital of our Company or the total voting rights of our Company, such Bid cum Application Form should be accompanied by the requisite prior approval of the IRDAI;
22. Ensure that you tick the correct investor category, as applicable, in the Bid cum Application Form to ensure proper upload of your Bid in the online IPO system of the Stock Exchanges;
23. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
24. Ensure while bidding through a Designated Intermediary that the Bid cum Application Form is submitted to a Designated Intermediary only in the Specified Locations and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>);
25. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;
26. Ensure that you have correctly signed the authorization/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form; and
27. Bids are on proportionate basis and have been in the names of the individuals, or in the names of Eligible NRIs, FIIs, FPIs, QFIs, but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees. Bids by Eligible NRIs and QFIs for a Bid Amount of up to ₹ 200,000

would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not submit revised Bid at a price less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Designated Intermediary;
4. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
5. For ASBA, payment of the Bid Amount in any mode other than blocked amounts in the bank account maintained with an SCSB shall not be accepted under the ASBA process;
6. Do not send Bid cum Application Forms by post; instead submit the same to a Designated Intermediary only;
7. Do not submit the Bid cum Application Forms to the Escrow Collection Bank(s) (assuming that such bank is not a SCSB), our Company, the Promoter Selling Shareholders or the Registrar to the Offer (assuming that the Registrar to the Offer is not one of the RTAs);
8. Anchor Investors should not Bid through the ASBA process;
9. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);
10. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Investors and Eligible HDFC Shareholders Bidding in the HDFC Shareholders Reservation Portion);
11. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of this Red Herring Prospectus;
12. Do not instruct your respective banks to release the funds blocked in your ASBA Account;
13. Do not submit the General Index Register number instead of the PAN;
14. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
15. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
17. Do not submit your Bid after 3.00 pm on the Offer Closing Date;
18. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per demographic details provided by the Depository);

19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
20. Do not submit Bids to a Designated Intermediary at a location other than specified locations; and
21. Do not submit Bids to a Designated Intermediary unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Designated Intermediary to deposit the Bid cum Application Forms.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

### **Payment instructions**

#### **Instructions for Anchor Investors:**

- (a) Anchor Investors may submit their Bids with the Managers.
- (b) Payments should be made either by direct credit, NACH, RTGS, NEFT, or cheque/demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Anchor Investor Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (c) If the cheque or demand draft accompanying the Anchor Investor Form is not made favouring the Escrow Account, the Bid is liable to be rejected.
- (d) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.
- (e) Anchor Investors are advised to provide the number of the Anchor Investor Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

#### **Payment into Escrow Account for Anchor Investors:**

Our Company and the Promoter Selling Shareholders in consultation with the Managers, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors.

For Anchor Investors, the payment instruments for payment into the Anchor Investor Escrow Account should be drawn in favour of:

1. In case of resident Anchor Investors: **HDFC Life IPO- Escrow Anchor-R.**
2. In case of Non-Resident Anchor Investors: **HDFC Life IPO- Escrow Anchor-NR.**

#### **Signing of the Underwriting Agreement and the RoC Filing**

1. Our Company, the Promoter Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.
2. After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then is termed as the 'Prospectus'. The Prospectus contains details of the Offer Price, the Anchor Investor Offer Price, Offer Size, and underwriting arrangements and is complete in all material respects.

## **Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:**

*“Any person who:*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

## **Undertakings by our Company**

Our Company undertakes that:

- if our Company and the Promoter Selling Shareholders do not proceed with the Offer after the Offer Closing Date, the reason thereof shall be given as a public notice in the newspapers to be issued by our Company within two days of the Offer Closing Date. The public notice shall be issued in the same newspapers in which the pre-Offer advertisement was published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- it shall not have recourse to the proceeds of the Offer until final listing and trading approvals have been received from the Stock Exchanges;
- if our Company and the Promoter Selling Shareholders withdraw the Offer after the Offer Closing Date, our Company shall be required to file a fresh offer document with the RoC / SEBI, in the event our Company and / or any Promoter Selling Shareholders subsequently decides to proceed with the Offer;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading of the Equity Shares at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of Offer Closing Date;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/ unblocked within the time period prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six Working Days from the Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- except as disclosed in this Red Herring Prospectus, no further issue of the Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in ASBA Account on account of non-listing, under-subscription, etc.; and
- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.

### **Undertakings by the Promoter Selling Shareholders**

Each Promoter Selling Shareholder, severally and not jointly, undertakes and/or certifies the following:

- The Equity Shares offered by it in the Offer have been held by it for a period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with the SEBI, and the Equity Shares proposed to be offered and sold by it are free from any lien, charge, encumbrance or contractual transfer restrictions.
- it is the legal and beneficial owner of the Equity Shares being offered by it by way of the Offer.
- it shall deposit its Equity Shares offered in the Offer in an escrow account opened with the Registrar to the Offer at least two Working Days prior to the Offer Opening Date;
- it shall not have any recourse to the proceeds of the Offer until final listing and trading approvals have been received from the Stock Exchanges;
- it shall take all steps to provide all reasonable assistance to our Company and the Managers, as may be required for the completion of the necessary formalities for listing and commencement of trading at the stock exchanges within six Working Days from the Offer Closing Date of the Offer, failing which it shall forthwith repay without interest all monies received from Bidders to the extent of its Offered Shares. In case of delay, interest as per applicable law shall be paid by it in proportion to the Equity Shares offered by it in the Offer;
- it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell or dispose off any of the Equity Shares held by it except the Equity Shares being offered in the Offer until such time that the lock-in remains effective save and except as may be permitted under the ICDR Regulations;
- it shall provide all reasonable assistance to our Company and the Managers to ensure that the Equity Shares being offered by it in the Offer, shall be transferred to the successful Bidders within the time specified under applicable law; and
- it shall give appropriate instructions for dispatch of the refund orders or Allotment Advice to successful Bidders within the time specified under applicable law.

### **Utilisation of Offer Proceeds**

The Promoter Selling Shareholders along with our Company declare that all monies received out of the Offer shall be credited/ transferred to a separate bank account being the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

## Part B

### General Information Document for Investing in Public Issues

*This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the issuer and the issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the issue.*

#### SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/ Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations**”).

Bidders/ Applicants should note that investment in equity and equity related securities involves risk and Bidder/ Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/ or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue are set out in the Red Herring Prospectus (“**RHP**”)/ Prospectus filed by the Issuer with the Registrar of Companies (“**RoC**”). Bidders/ Applicants should carefully read the entire RHP/ Prospectus and the Bid cum Application Form/ and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/ or overlap between the disclosure included in this document and the RHP/ Prospectus, the disclosures in the RHP/ Prospectus shall prevail. The RHP/ Prospectus of the Issuer are available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Issue and on the website of Securities and Exchange Board of India (“**SEBI**”) at [www.sebi.gov.in](http://www.sebi.gov.in).

For the definitions of capitalized terms and abbreviations used herein Bidders/ Applicants please see “*Glossary and Abbreviations*”.

#### SECTION 2: BRIEF INTRODUCTION TO IPOs/ FPOs

##### 2.1 Initial public issue (IPO)

An IPO means an issue of specified securities by an unlisted Issuer to the public for subscription and may include an Issue for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is, *inter alia*, required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/ Applicants may refer to the RHP/ Prospectus.

##### 2.2 Further public issue (FPO)

An FPO means an issue of specified securities by a listed Issuer to the public for subscription and may include Issue for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is, *inter alia*, required to comply with the eligibility requirements in terms of Regulation 26/Regulation 27 of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/ Applicants may refer to the RHP/ Prospectus.

### 2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, the Securities Contracts (Regulation) Rules, 1957 (the “**SCRR**”), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/ Applicants may refer to the RHP/ Prospectus.

### 2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an Issuer can either determine the Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**Fixed Price Issue**”). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/ Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue Price cannot be lesser than the face value of the securities.

Bidders/ Applicants should refer to the RHP/ Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

### 2.5 ISSUE PERIOD

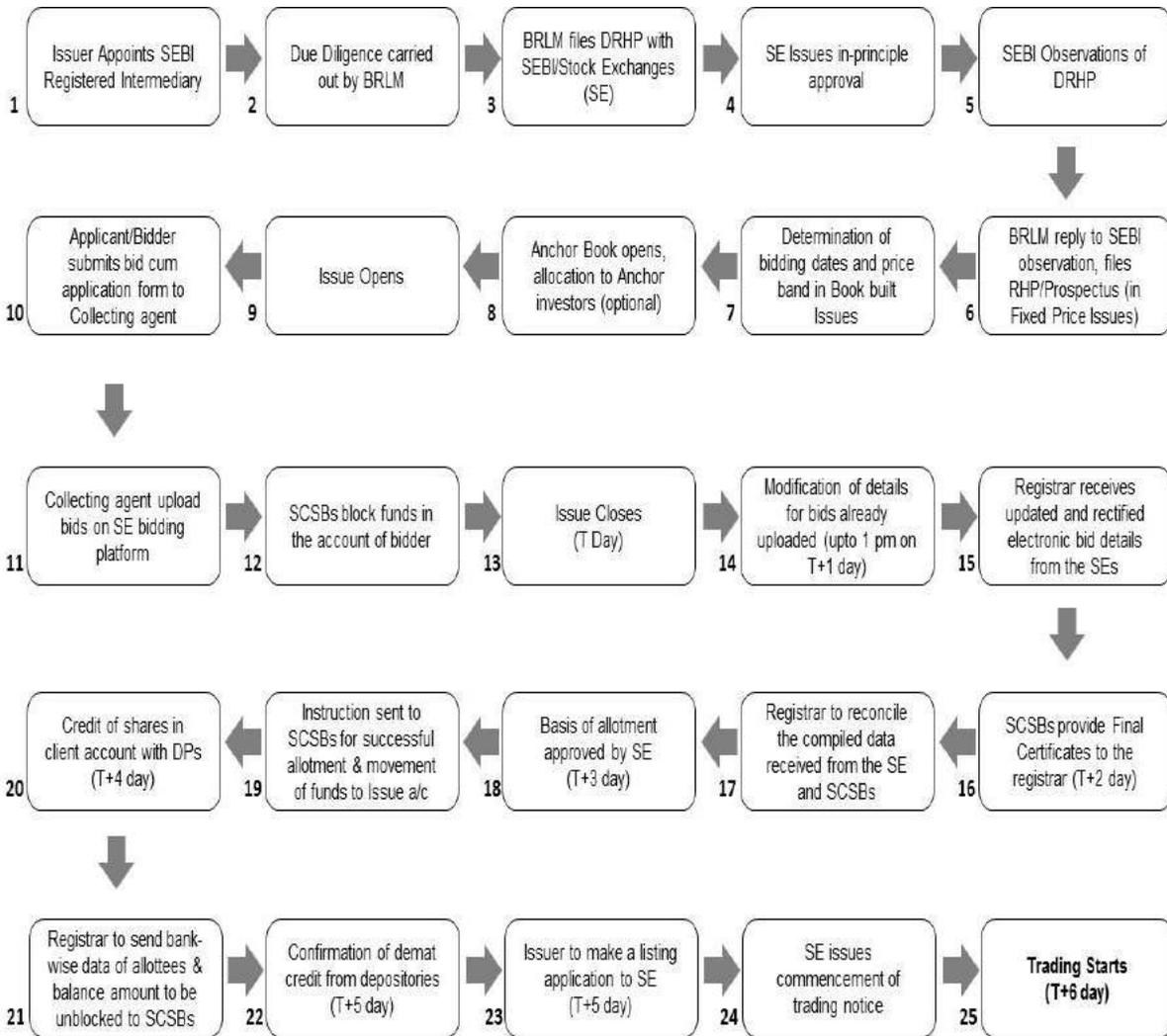
The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/ Applicants) and not more than ten Working Days. Bidders/ Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/ Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Issue Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/ Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, Managers, and the advertisement in the newspaper(s) issued in this regard.

### 2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/ Applicants may note that this is not applicable for Fast Track FPOs.

- In case of Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
  - (i) Step 7 : Determination of Issue Date and Price
  - (ii) Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries



### SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

**Each Bidder should check whether it is eligible to apply under applicable law.** Furthermore, certain categories of Bidders, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the RHP/ Prospectus for more details.

Subject to the above, an illustrative list of Bidders is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/ Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: “Name of sole or first Bidder/ Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*”. Bids/ Applications by HUFs may be considered at par with Bids/ Applications from individuals;

- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- Scientific organisations authorised in India to invest in the Equity Shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations and other laws, as applicable);
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIB category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals Bidding only under the Non Institutional Bidders (“NIBs”) category;
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIBs category;
- Trusts/ societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/ societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

#### **SECTION 4: APPLYING IN THE ISSUE**

**Book Built Issue:** Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of any of the Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the Lead Managers, the Designated Intermediaries at the Bidding Centres and at the Registered Office. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/ Prospectus.

**Fixed Price Issue:** Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the Designated SCSB Branches of the SCSBs and at the registered office and corporate office of the Issuer. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the Prospectus.

Bidders/ Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/ Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White

Category	Colour of the Bid cum Application Form
NRIs, FVCIs, FPIs on a repatriation basis, FIIs, their sub-accounts (other than sub-accounts which are foreign corporates or foreign individuals bidding under the QIB category)	Blue
Anchor Investors (where applicable) & Bidders /Applicants Bidding/ applying in the Reserved Category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialised form in accordance with Section 29 of the Companies Act, 2013. Bidders/ Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities re-materialised subsequent to Allotment.

#### 4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM

Bidders/ Applicants may note that forms not filled completely or correctly as per instructions provided in this GUID, the RHP and the Bid cum Application Form/ Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

## Application Form-for residents

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">TEAR HERE</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">PLEASE FILL IN BLOCK LETTERS</p>	<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b> Address : ..... Contact Details: ..... CIN No .....	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>																																																													
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**Application Form–for non-residents\***

\* The format of Bid cum Application Form applicable for non-residents has not been notified by SEBI

<b>COMMON BID CUM APPLICATION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b> Address : ..... Contact Details: ..... CIN No .....	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS</b>																																																															
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**4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER**

(a) Bidders/ Applicants should ensure that the name provided in this field is exactly the same as the name in

which the Depository Account is held.

- (b) **Mandatory Fields:** Bidders/ Applicants should note that the name and address fields are compulsory and E-mail and/ or telephone number/ mobile number fields are optional. Bidders/ Applicants should note that the contact details mentioned in the Bid-cum Application Form/ Application Form may be used to dispatch communications(including refund intimations and letters notifying the unblocking of the bank accounts of ASBA Bidders) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, Designated Intermediaries and the registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- (c) **Joint Bids/ Applications:** In the case of Joint Bids/ Applications, the Bids/ Applications should be made in the name of the Bidder/ Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/ Applicant would be required in the Bid cum Application Form/ Application Form and such first Bidder/ Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/ Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (d) **Impersonation:** Attention of the Bidders/ Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who:*

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

- (e) **Nomination Facility to Bidder/ Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialised form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/ Applicants should inform their respective DP.

#### 4.1.2 **FIELD NUMBER 2: PAN OF SOLE/ FIRST BIDDER/ APPLICANT**

- (a) PAN (of the sole/ first Bidder/ Applicant) provided in the Bid cum Application Form/ Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories’ records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/ Applications on behalf of the Central or State Government, Bids/ Applications by officials appointed by the courts and Bids/ Applications by Bidders/ Applicants residing in Sikkim (“PAN Exempted Bidders/ Applicants”). Consequently, all Bidders/ Applicants, other than the PAN Exempted Bidders/ Applicants, are required to disclose their PAN in the Bid cum Application Form/ Application Form, irrespective of the Bid/ Application Amount. Bids/Applications by the Bidders/ Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- (c) The exemption for the PAN Exempted Bidders/ Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.
- (e) Bids by Bidders whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/ MRD/ DP/ 22/ 2010. Such accounts are classified as “Inactive demat accounts” and Demographic Details are not provided by depositories.

#### 4.1.3 **FIELD NUMBER 3: BIDDERS DEPOSITORY ACCOUNT DETAILS**

- (a) Bidders should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**
- (b) Bidders should ensure that the beneficiary account provided in the Bid cum Application Form is active.
- (c) Bidders should note that on the basis of the PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidder may be deemed to have authorised the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidder/ Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for unblocking of ASBA Accounts or for any other correspondence(s) related to an Issue.
- (d) Bidders are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/ Applicants’ sole risk.

#### 4.1.4 **FIELD NUMBER 4: BID OPTIONS**

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/ RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Issue Opening Date in case of an FPO.
- (b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/ FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details Bidders may refer to (Section 5.6 (e))
- (c) **Cut-Off Price:** Retail Individual Bidders or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIBs and such Bids from QIBs and NIBs may be rejected.
- (d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.
- (e) **Allotment:** The Allotment of specified securities to each RIB shall not be less than the minimum Bid Lot, subject to availability of shares in the RIB category, and the remaining available shares, if any, shall be

Allotted on a proportionate basis. For details of the Bid Lot, Bidders may refer to the RHP/ Prospectus or the advertisement regarding the Price Band published by the Issuer.

#### 4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders and Retail Individual Shareholders must be for such number of shares, so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000. Bids by Eligible Employees must be for such number of Equity Shares, so as to ensure that the Bid Amount less Discount (as applicable) does not exceed ₹ 500,000. However, Allotment to Eligible Employees in the Employee Reservation Portion may exceed ₹ 200,000 only in the event of an under subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion for a value in excess of ₹ 200,000, subject to the total Allotment to Eligible Employee not exceeding ₹ 500,000.

In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount, if any) then such Bid may be rejected if it is at the Cut-off Price.

For NRIs, a Bid Amount of up to ₹ 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹ 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

- (b) Bids by QIBs and NIBs must be for such minimum number of shares, such that the Bid Amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/ Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at 'Cut-off Price'.
- (c) RIB may revise or withdraw their Bids until Bid/Issue Closing Date. QIBs and NIB's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.
- (d) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (e) For Anchor Investors, if applicable, the Bid Amount shall be at least ₹ 100 million. One-third of the Anchor Investor Category shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Issue Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Issue Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Issue Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- (f) A Bid cannot be submitted for more than the Issue size.
- (g) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (h) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the highest number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for Allotment

and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. If there is/are one or more bids at prices at or above the Issue Price, the Bid for the highest number of equity Shares shall be considered for Allotment This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))

#### 4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.
- (b) Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.
- (c) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple Bids:
  - (i) All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - (ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (d) The following Bids may not be treated as multiple Bids:
  - (i) Bids by Reserved Categories Bidding in their respective Reservation Category as well as Bids made by them in the Retail Category in public category.
  - (ii) Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - (iii) Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - (iv) Bids by Anchor Investors under the Anchor Investor Category and the QIB Category.

#### 4.1.5 FIELD NUMBER 5 : CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, NIBs and QIBs.
- (b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with the SEBI ICDR Regulations, with one-third of the Anchor Investor Category reserved for domestic Mutual Funds subject to valid Bids being received at or above the Issue Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/ Prospectus.
- (c) An Issuer can make reservation for certain categories of Bidders as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, Bidders/ Applicants may refer to the RHP/ Prospectus.
- (d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of

Bidders in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder may refer to the RHP/ Prospectus.

#### 4.1.6 **FIELD NUMBER 6: INVESTOR STATUS**

- (a) Each Bidder should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Bidders, such as NRIs, FIIs, FPIs and FVCIs may not be allowed to Bid in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders are requested to refer to the RHP/ Prospectus for more details.
- (c) Bidders/ Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- (d) Bidders should ensure that their investor status is updated in the Depository records.

#### 4.1.7 **FIELD NUMBER 7: PAYMENT DETAILS**

- (a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provide in the ASBA Form. If the Discount is applicable in the Issue, the RIBs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for Bid Amount net of Discount. Only in cases where the RHP/ Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount issued, if any.
- (b) Bidders who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.
- (c) All Bidders (except Anchor Investors) have to participate in the Issue only through the ASBA mechanism.
- (d) Bid Amount cannot be paid in cash, cheques, or demand drafts, through money order or through postal order.

##### 4.1.7.1 **Additional Payment Instructions for NRIs**

4.1.7.2 The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

##### 4.1.7.3 **Instructions for Anchor Investors**

- (a) Anchor Investors may submit their Bids through a Book Running Lead Manager.
- (b) Payments should be made either by RTGS, direct credit or NEFT.
- (c) The Escrow Collection Banks shall maintain the monies in the Escrow Accounts for and on behalf of the Anchor Investors until the Designated Date.

##### 4.1.7.4 **Payment Instructions for ASBA Bidders**

- (a) Bidders may submit the ASBA Form either:
  - i. in electronic mode through the internet banking facility issued by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or

- ii. in physical mode to any Designated Intermediary.
- (b) Bidders must specify the Bank Account number in the ASBA Form. The ASBA Form submitted by a Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Bidders should ensure that the ASBA Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.
- (d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.
- (f) Bidders should submit the Bid cum Application Form only at the Bidding Centres, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- (g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted there may not be accepted, if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that location for the Designated Intermediaries to deposit ASBA Forms.
- (h) Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated SCSB Branch where the ASBA Account is maintained.
- (i) Upon receipt of the ASBA Form, the Designated SCSB Branch may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- (k) If sufficient funds are not available in the ASBA Account, the Designated SCSB Branch may not accept such Bids and such bids are liable to be rejected.
- (l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated SCSB Branch to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.
- (m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Accounts, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **4.1.7.2.1 Unblocking of ASBA Account**

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Accounts designated for this purpose, within the specified

timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (iv) above may be transferred to the Public Issue Accounts, and (v) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder other than Anchor Investors to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Issue Closing Date.

#### 4.1.7.5 **Discount** (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RIB Category, Retail Individual Shareholder and are only eligible for discount. For Discounts issued in the Issue, Bidders may refer to the RHP/ Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may block the Bid Amount less Discount.
- (d) Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

#### 4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder is required to sign the Bid cum Application Form. Bidders should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder, then the signature of the ASBA Account holder(s) is also required.
- (c) The signature has to be correctly affixed in the authorization/ undertaking box in the ASBA Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form.
- (d) Bidders/ Applicants must note that Bid cum Application Form without signature of Bidder/ Applicant and/ or ASBA Account holder is liable to be rejected.

#### 4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.
- (b) All communications in connection with Bids/Applications made in the Issue may be addressed as under:
  - (i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, refund intimations, the Bidders should contact the Registrar to the Issue.

- (ii) In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated SCSB Branch.
  - (iii) In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders should contact the relevant Syndicate Member.
  - (iv) In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker.
  - (v) In case of Bids submitted to the RTA, the Bidders should contact the relevant RTA.
  - (vi) In case of Bids submitted to the CDP, the Bidders should contact the relevant DP.
  - (vii) Bidder may contact the Company Secretary and Compliance Officer or the Manager(s) in case of any other complaints in relation to the Issue.
- (c) The following details (as applicable) should be quoted while making any queries –
- (i) full name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
  - (ii) name and address of the Designated Intermediary, where the Bid was submitted;
  - (iii) in case of Bids other than from Anchor Investors, ASBA Account number in which the amount equivalent to the Bid Amount was blocked; or
  - (iv) in case of Bids by Anchor Investor, details of direct credit and name of the issuing bank thereof.

For further details, Bidder may refer to the RHP/Prospectus and the Bid cum Application Form.

#### **4.2 INSTRUCTIONS FOR FILING THE REVISION FORM**

- (a) During the Bid/Issue Period, any Bidder (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.
- (b) RIB may revise their bids or withdraw their Bids on or before the Bid/Issue Closing Date.
- (c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.
- (d) The Bidder can make this revision any number of times during the Issue Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same Designated Intermediary through which such Bidder/ Applicant had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

<b>COMMON BID REVISION FORM</b>	<b>XYZ LIMITED - INITIAL PUBLIC ISSUE - R</b> Address : ..... Contact Details : ..... CIN No .....	<b>FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRI, APPLYING ON A NON-REPATRIATION BASIS</b>
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LOGO TO, THE BOARD OF DIRECTORS XYZ LIMITED

BOOK BUILT ISSUE
ISIN : .....

Bid cum Application Form No.	
------------------------------	--

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE	1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER
		Mr./Ms. _____
		Address _____
		Email _____
		Tel. No (with STD code) / Mobile _____
		2. PAN OF SOLE / FIRST BIDDER _____
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.	3. BIDDER'S DEPOSITORY ACCOUNT DETAILS
		<input type="checkbox"/> NSDL <input type="checkbox"/> CDSL
For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID		

**PLEASE CHANGE MY BID**

4. FROM (AS PER LAST BID OR REVISION)												
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)			
	(In Figures)								(In Figures)			
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓/tick)
Option 1											<input type="checkbox"/>	
(OR) Option 2											<input type="checkbox"/>	
(OR) Option 3											<input type="checkbox"/>	

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")												
Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised)								Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only)			
	(In Figures)								(In Figures)			
	8	7	6	5	4	3	2	1	Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓/tick)
Option 1											<input type="checkbox"/>	
(OR) Option 2											<input type="checkbox"/>	
(OR) Option 3											<input type="checkbox"/>	

6. PAYMENT DETAILS												
Additional Amount Paid (₹ in figures)											PAYMENT OPTION : FULL PAYMENT <input type="checkbox"/> PART PAYMENT <input type="checkbox"/>	
ASBA Bank A/c No. _____												
Bank Name & Branch _____												

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE / FIRST BIDDER	7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
Date : _____	I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue	
	1) _____	
	2) _____	
	3) _____	

TEAR HERE

LOGO	<b>XYZ LIMITED</b> BID REVISION FORM - INITIAL PUBLIC ISSUE - R	<b>Acknowledgement Slip for Broker/SCSB/DP/RTA</b>	Bid cum Application Form No. _____
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DPID / CLID	PAN of Sole / First Bidder	Stamp & Signature of SCSB Branch
Additional Amount Paid (₹)	Bank & Branch	
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

<b>XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R</b>	<table border="1"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Bid Price</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Additional Amount Paid (₹)</td> <td></td> <td></td> <td></td> </tr> </table>		Option 1	Option 2	Option 3	No. of Equity Shares				Bid Price				Additional Amount Paid (₹)				Stamp & Signature of Broker / SCSB / DP / RTA	Name of Sole / First Bidder
	Option 1	Option 2	Option 3																
No. of Equity Shares																			
Bid Price																			
Additional Amount Paid (₹)																			
ASBA Bank A/c No.																			
Bank & Branch																			
<b>Acknowledgement Slip for Bidder</b>																			
Bid cum Application Form No. _____																			

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

**4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER, PAN OF SOLE/ FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER**

Bidders should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

**4.2.2 FIELD 4 & 5: BID OPTIONS REVISION ‘FROM’ AND ‘TO’**

- (a) Apart from mentioning the revised options in the Revision Form, the Bidder must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.
- (b) In case of revision, Bid options should be provided by Bidders in the same order as provided in the Bid cum Application Form.
- (c) In case of revision of Bids by RIBs and Retail Individual Shareholders, such Bidders should ensure that the Bid Amount, subsequent to revision, does not exceed ₹ 200,000. In case the Bid Amount exceeds ₹ 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.
- (d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/ Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIBs and Bids by under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the Allotment is finalised.

**4.2.3 FIELD 6: PAYMENT DETAILS**

- (a) All Bidders are required to authorise blocking of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form . In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount issued, if any.
- (b) Bidder may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional

payment) exceeds ₹ 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/ Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required to be blocked and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

- (d) In case of a downward revision in the Price Band, RIBs and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the finalisation of the Basis of Allotment.

#### 4.2.4 **FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

### 4.3 **INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)**

#### 4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/ FIRST BIDDER, PAN OF SOLE/ FIRST BIDDER& DEPOSITORY ACCOUNT DETAILS OF THE BIDDER**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

#### 4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

- (a) The Issuer may mention the Issue Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).
- (b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Managers may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 10,000 to ₹ 15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.
- (c) Applications by RIBs and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹ 200,000.
- (d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹ 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.
- (e) An application cannot be submitted for more than the Issue size.
- (f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.
- (g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
  - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Bids bearing the same

PAN may be treated as multiple applications by a Bidder and may be rejected.

- ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (i) The following applications may not be treated as multiple Bids:
    - i. Applications by Reserved Categories in their respective reservation portions as well as that made by them in the Net Issue portion in public category.
    - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.
    - iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

#### 4.3.3 **FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

- (a) The categories of applicants identified as per the SEBI ICDR Regulations for the purpose of Bidding, allocation and Allotment in the Issue are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- (b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- (c) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation applicant may refer to the Prospectus.

#### 4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

#### 4.3.5 **FIELD 7: PAYMENT DETAILS**

- (a) All Bidders (other than Anchor Investors) are required to only make use of ASBA for applying in the Issue.
- (b) Bid Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

##### 4.3.5.5 **Payment instructions for Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

##### 4.3.5.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

#### 4.3.5.3 Discount (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

#### 4.3.6 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

#### 4.4.1 SUBMISSION OF BID CUM APPLICATION FORM/ REVISION FORM

**Bidders may submit completed Bid-cum-application form/ Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investor s Application Form	To the Book Running Lead Managers of the Syndicate at the locations mentioned in the Anchor Investor Application Form
ASBA Form	(a) To the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Location or the CDP at the designated CDP Location . (b) To the Designated SCSB Branches

- (a) Bidders should submit the Revision Form to the same Designated Intermediary through which such Bidder had placed the original Bid.
- (b) Upon submission of the Bid-cum-Application Form, the Bidder will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/ Applicant.
- (c) Upon determination of the Issue Price and filing of the Prospectus with the ROC the Bid-cum-Application Form will be considered as the application form.

### SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of the SEBI ICDR Regulations. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

#### 5.1 SUBMISSION OF BIDS

- (a) During the Bid/Issue Period, Bidders may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Lead Managers to register their Bid.
- (b) In case of Bidders (excluding NIBs and QIBs) Bidding at Cut-off Price the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).
- (c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders are requested to refer to the RHP.

## **5.2 ELECTRONIC REGISTRATION OF BIDS**

- (a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Issue Closing Date, Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries (i) are given till 1:00 pm on the next Working Day following the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the after which the Stock Exchange(s) send the bid information to the Registrar further processing. Bid/Issue Period with respect to the Bidders other than the Bids received from the Retail Individual Bidders and (ii) shall submit the Bid cum Application Form and modification (at periodic intervals) on a day to day basis during the Bid/Issue Period with respect to Bids received from Retail Individual Bidders after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

## **5.3 BUILD UP OF THE BOOK**

- (a) Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the Lead Managers at the end of the Bid/Issue Period.
- (b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/Issue Period.

## **5.4 WITHDRAWAL OF BIDS**

- (a) RIBs can withdraw their Bids until Bid/Issue Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

## **5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS**

- (a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:
  - (i) the Bids accepted by the Designated Intermediaries,
  - (ii) the Bids uploaded by the Designated Intermediaries, and
  - (iii) the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.
- (b) The Managers and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

- (c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.
- (d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the Managers and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.
- (e) All bids by QIBs, NIBs & RIBs Bids can be rejected on technical grounds listed herein.

#### 5.5.1 **GROUND FOR TECHNICAL REJECTIONS**

Bid cum Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Lead Managers Designated Intermediaries or at the time of finalisation of the Basis of Allotment. Bidders/ Applicants are advised to note that the Bids/ Applications are liable to be rejected, *inter alia*, on the following grounds, which have been detailed at various places in this GID:-

- (a) Bid by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);
- (b) Bids by OCBs;
- (c) In case of partnership firms, Bid for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;
- (d) In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/ Application Form;
- (e) Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- (f) Bids by any person outside India if not in compliance with applicable foreign and Indian laws;
- (g) PAN not mentioned in the Bid cum Application Form except for Bids by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;
- (h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (i) Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- (j) Bids at a price less than the Floor Price & Bids/ Applications at a price more than the Cap Price;
- (k) Bids at Cut-off Price by NIBs and QIBs;
- (l) The amounts mentioned in the Bid cum Application Form do not tally with the amount payable for the value of the Equity Shares Bid for;
- (m) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (n) Submission of more than five Bid cum Application Forms through a single ASBA Account;
- (o) Bids for number of Equity Shares which are not in multiples of Equity Shares which are not in multiples as specified in the RHP;

- (p) Multiple Bids as defined in this GID and the RHP/ Prospectus;
- (q) Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form at the time of blocking such Bid Amount in the bank account;
- (r) In case of Anchor Investors, Bids where sufficient funds are not available in Anchor Investor Escrow Accounts as per final certificate from the Escrow Collection Banks;
- (s) Where no confirmation is received from SCSB for blocking of funds;
- (t) Bids by Bidders (other than Anchor Investors) not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non-Institutional Investors accompanied with cheque(s) or demand draft(s);
- (u) Bids submitted to a Manager at locations other than the Specified Cities and Bid cum Application Forms, under the ASBA process, submitted to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the issuer or the Registrar to the Issue;
- (v) Bids not uploaded on the Stock Exchanges bidding system;
- (w) Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form; and
- (x) Bids uploaded without affixing the approval of the IRDAI to the Bid cum Application Form, in the event the Allotment of Equity Shares by the Bidder results in the Bidder holding 5% or more of the post-Offer paid up Equity Share capital of our Company

## 5.6 BASIS OF ALLOCATION

- (a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/ Prospectus. For details in relation to allocation, the Bidder may refer to the RHP/ Prospectus
- (b) Under-subscription in any category (except QIB Category) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and the Promoter Selling Shareholders in consultation with the Lead Managers and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed Category in QIB Category is not available for subscription to other categories.
- (c) In case of under-subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Category to the Net Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/ Applicants may refer to the RHP.
- (d) **Illustration of the Book Building and Price Discovery Process**

*Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.*

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹ 20 to ₹ 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various

investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., 22.00 in the above example. The Issuer, in consultation with the Lead Managers, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below 22.00. All Bids at or above the Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding (“Alternate Book Building Process”).

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Issue Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/ or quantity and also decide whether a Bidder be allowed single or multiple bids.

## SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

**Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue.** As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated SCSB Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only (“**ASBA Account**”). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Issue Opening Date.

In a fixed price Issue, allocation in the net issue to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders may refer to the relevant section of the GID.

## SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders may refer to RHP/ Prospectus. No Retail Individual Bidder is will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Issue (excluding any Issue for Sale of specified securities). However, in case the Issue is in the nature of Issue for Sale only, then minimum subscription may not be applicable.

### 7.1 ALLOTMENT TO RIBs

Bids received from the RIBs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Issue Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot (“**Maximum RIB Allottees**”). The Allotment to the RIBs will then be made in the following manner:

- (a) In the event the number of RIBs who have submitted valid Bids in the Issue is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIBs who have submitted valid Bids in the Issue is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

### 7.2 ALLOTMENT TO NIBs

Bids received from NIBs at or above the Issue Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Portion.

### 7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Portion, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Portion; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;

- (b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

#### 7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

- (a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Issuer and the Promoter Selling Shareholders in consultation with the Lead Managers, subject to compliance with the following requirements:
- i. not more than 60% of the QIB Category will be allocated to Anchor Investors;
  - ii. one-third of the Anchor Investor Category shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and
  - iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:
    - a maximum number of two Anchor Investors for allocation up to ₹ 100 million;
    - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 100 million and up to ₹ 2,500 million subject to minimum Allotment of ₹ 50 million per such Anchor Investor; and
    - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 2,500 million and an additional 10 Anchor Investors for every additional ₹ 2,500 million or part thereof, subject to minimum Allotment of ₹ 50 million per such Anchor Investor.
- (b) An Anchor Investor shall make an application of a value of at least ₹ 100 million in the Issue.
- (c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the Managers, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- (d) **In the event that the Issue Price is higher than the Anchor Investor Issue Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- (e) **In the event the Issue Price is lower than the Anchor Investor Issue Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

#### 7.5 ALLOTMENT UNDER THE HDFC LIFE EMPLOYEE RESERVATION PORTION

Bids received from Eligible HDFC Life Employees under the HDFC Life Employee Reservation Portion at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful Eligible HDFC Life Employees shall be made at the Offer Price. If the aggregate demand in this category is less than or equal to the HDFC Life Employee Reservation Portion at

or above the Offer Price, full Allotment may be made to Eligible HDFC Life Employees to the extent of their demand. In case the aggregate demand in this category is greater than the HDFC Life Employee Reservation Portion at or above the Offer Price, then the maximum number of Eligible HDFC Life Employees who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to Eligible HDFC Life Employees by the minimum Bid Lot (“**Maximum Eligible HDFC Life Employees Allottees**”). The Allotment to the Eligible HDFC Life Employees will then be made in the following manner:

- (a) In the event the number of Eligible HDFC Life Employees who have submitted valid Bids in the Offer is equal to or less than the Maximum Eligible HDFC Life Employees Allottees, (i) all such Eligible HDFC Life Employees shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the HDFC Life Employee Reservation Portion shall be Allotted on a proportionate basis to the Eligible HDFC Life Employees who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of Eligible HDFC Life Employees who have submitted valid Bids in the Offer is more than Maximum Eligible HDFC Life Employees Allottees, the Eligible HDFC Life Employees (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

#### **7.6 ALLOTMENT UNDER THE HDFC EMPLOYEE RESERVATION PORTION**

Bids received from Eligible HDFC Employees under the HDFC Employee Reservation Portion at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful Eligible HDFC Employees shall be made at the Offer Price. If the aggregate demand in this category is less than or equal to the HDFC Employee Reservation Portion at or above the Offer Price, full Allotment may be made to Eligible HDFC Employees to the extent of their demand. In case the aggregate demand in this category is greater than the HDFC Employee Reservation Portion at or above the Offer Price, then the maximum number of Eligible HDFC Employees who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to Eligible HDFC Employees by the minimum Bid Lot (“**Maximum Eligible HDFC Employees Allottees**”). The Allotment to the Eligible HDFC Employees will then be made in the following manner:

- (a) In the event the number of Eligible HDFC Employees who have submitted valid Bids in the Offer is equal to or less than the Maximum Eligible HDFC Employees Allottees, (i) all such Eligible HDFC Employees shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the HDFC Employee Reservation Portion shall be Allotted on a proportionate basis to the Eligible HDFC Employees who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of Eligible HDFC Employees who have submitted valid Bids in the Offer is more than Maximum Eligible HDFC Employees Allottees, the Eligible HDFC Employees (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

#### **7.7 ALLOTMENT UNDER THE HDFC SHAREHOLDERS RESERVATION PORTION**

Bids received from Eligible HDFC Shareholders under the HDFC Shareholders Reservation Portion at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful Eligible HDFC Shareholders shall be made at the Offer Price. If the aggregate demand in this category is less than or equal to the HDFC Shareholders Reservation Portion at or above the Offer Price, full Allotment may be made to the HDFC Shareholders to the extent of their demand. In case the aggregate demand in this category is greater than the HDFC Shareholders Reservation Portion at or above the Offer Price, then the maximum number of Eligible HDFC Shareholders who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to Eligible HDFC Shareholders by the minimum Bid Lot (“**Maximum Eligible HDFC Shareholders**”).

**Allottees**”). The Allotment to the Eligible HDFC Shareholders will then be made in the following manner:

- (a) In the event the number of Eligible HDFC Shareholders who have submitted valid Bids in the Offer is equal to or less than the Maximum Eligible HDFC Shareholders Allottees, (i) all such Eligible HDFC Shareholders shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the HDFC Shareholders Reservation Portion shall be Allotted on a proportionate basis to the Eligible HDFC Shareholders who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of Eligible HDFC Shareholders who have submitted valid Bids in the Offer is more than Maximum Eligible HDFC Shareholders Allottees, the Eligible HDFC Shareholders (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

## **7.8 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE**

In the event of the Issue being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

- (a) Bidders may be categorized according to the number of Equity Shares applied for;
- (b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;
- (c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;
- (d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;
- (e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and
- (f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

## **7.9 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES**

- (a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Accounts, as per

the terms of the Escrow Agreement, into the Public Issue Accounts with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Category shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

- (b) **Issuance of Allotment Advice:** In terms of the Listed Indian Insurance Companies Guidelines, Bidders submitting Bids for Equity Shares representing 1% or and less than 5% of the post-Offer paid up Equity Share capital of our Company should satisfy the ‘fit and proper’ criteria set out by our Company, through a self certification process. For details of the ‘fit and proper’ criteria set out by our Company, see “Offer Procedure-Bids by Bidders for 1% or more and less than 5% of the post-Offer paid up Equity Share capital of our Company” on page 711. Bidders should note that in the event the acquisition of the Equity Shares results in the Bidder holding 5% or more of the post-Offer paid up equity capital of our Company, the approval of the IRDAI in this regard will have to be affixed along with the Bid cum Application Form; Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/ Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of Equity Shares to the successful Bidders Depository Account will be completed within six Working Days of the Bid/Issue Closing Date.

## **SECTION 8: INTEREST AND REFUNDS**

### **8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING**

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with Depositories, and within six Working Days of the Bid/Issue Closing Date.

### **8.2 GROUNDS FOR REFUND**

#### **8.2.1 NON RECEIPT OF LISTING PERMISSION**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/ list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/ Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/ Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹ 5 lakhs but which may extend to ₹ 50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders.

If such money is not refunded to the Bidders within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/ Prospectus.

### **8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION**

If the Issuer does not receive a minimum subscription of 90% of the Net Issue (excluding any issue for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Issue Closing Date and repay without interest, all moneys received from Anchor Investors. In case the Issue is in the nature of Issue for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Issue involving a fresh Issue and the Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Issue for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 days from the Bid/Issue Closing Date, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

### **8.2.3 MINIMUM NUMBER OF ALLOTTEES**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

### **8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING**

In case an Issuer not eligible under Regulation 26(1) of the SEBI Regulations comes for an Issue under Regulation 26(2) of SEBI Regulations but fails to Allot at least 75% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

## **8.3 MODE OF REFUND**

- (a) In case of ASBA Bids: Within six Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Accounts on for unsuccessful Bid and also or for any excess amount blocked on Bidding.
- (b) **In case of Anchor Investors:** Within six Working Days of the Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.
- (c) In case of Anchor Investors, the Registrar to the Issue may obtain from the depositories the bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

### **8.3.1 Electronic mode of making refunds for Anchor Investors**

The payment of refund, if any, may be done through various electronic modes as mentioned below:

- (a) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code (“IFSC”), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- (b) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- (c) **RTGS**— Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI whose refund amount exceeds ₹ 0.2 million, shall be eligible to receive refund from through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Anchor Investor’s bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code (“IFSC”). Charges, if any, levied by the Escrow Collection Bank for the same would be borne by our Company. Charges, if any, levied by the Anchor Investor’s bank receiving the credit would be borne by the Anchor Investor.

Please note that refunds through the modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

#### 8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if the refund instructions have not been given to the clearing system in the prescribed manner. Instructions for unblocking of funds in the ASBA Account are not dispatched within 15 days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Issue Closing Date, if Allotment is not made within the timelines prescribed under applicable law.

### SECTION 9: GLOSSARY AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.*

<b>Term</b>	<b>Description</b>
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Issue to successful Bidders/ Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/ Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/ Applicant to whom the Equity Shares are Allotted

<b>Term</b>	<b>Description</b>
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Category in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Anchor Investor Escrow Accounts	Account opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Anchor Investor Category	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the Lead Managers to Anchor Investors on a discretionary basis  One-third of the Anchor Investor Category is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount/ / ASBA	An application, whether physical or electronic, used by Bidders, other than Anchor investors, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
ASBA Account	An account maintained with an SCSB which may be blocked by such SCSBs to the extent of the Bid Amount of the Bidder
ASBA Bidder	All Bidders except Anchor Investors.
ASBA Form	Application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Issue	The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Anchor Investors Escrow Accounts for the Anchor Investors may be opened, and as disclosed in the RHP/ Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	Basis on which the Equity Shares may be Allotted to successful Bidders under the Issue
Bid	An indication to make an issue during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue Period by the Anchor Investors pursuant to submission of the Anchor Investor Application Forms, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid/Issue Closing Date	The date after which the Syndicate, Registered Brokers, the SCSBs, RTAs , DP as the case may be, may not accept any Bids for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/ bidders may refer to the RHP/ Prospectus for the Issue Closing Date

<b>Term</b>	<b>Description</b>
Bid/Issue Opening Date	The date on which the Syndicate, the SCSBs, RTAs, DP as the case may be, may start accepting Bids for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/ bidders may refer to the RHP/ Prospectus for the Issue Opening Date
Bid/Issue Period	Except in the case of Anchor Investors (if applicable), the period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Bidders/ Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations. Applicants/ bidders may refer to the RHP/ Prospectus for the Issue Period
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the RHP/ Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder should be construed to mean an Bidder
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under the SEBI ICDR Regulations, in terms of which the Issue is being made
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker  The details of such Broker Centres, along with the names and contact details of the Registered Broker are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
GCBRLM(s)/ Global Coordinating Book Running Lead Manager(s)/ Lead Manager/ LM	The Book Running Lead Manager to the Issue as disclosed in the RHP/ Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
CAN/ Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Issue Period
Cap Price	The higher end of the Price Band, above which the Issue Price and the Anchor Investor Issue Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI as per the list available on the websites of BSE and NSE
Cut-off Price	Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/ Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/ husband, investor status, occupation and bank account details

<b>Term</b>	<b>Description</b>
Designated SCSB Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders (excluding Anchor Investors) and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries</a>
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Date	Date on which funds are transferred by the Escrow Collection Banks from the Anchor Investor Escrow Accounts and instructions are given to the SCSBs to unblock the ASBA Accounts and transfer the amounts blocked by the SCSBs from the ASBA Accounts, as the case may be, to the Public Issue Accounts or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and the aforesaid transfer and instructions shall be issued only after the finalisation of Basis of Allotment in consultation with the Designated Stock Exchange
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorised to collect ASBA Forms from the Bidders, in relation to the Issue
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges ( <a href="http://www.bseindia.com">www.bseindia.com</a> and <a href="http://www.nseindia.com">www.nseindia.com</a> )
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/ Prospectus of the Issuer
Discount	Discount to the Issue Price that may be provided to Bidders/ Applicants in accordance with the SEBI ICDR Regulations.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Equity Shares	Equity Shares of the Issuer
Escrow Agreement	Agreement entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Issue
FCNR Account	Foreign Currency Non-Resident Account
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/ Fixed Price Process/ Fixed Price Method	The Fixed Price process as provided under the SEBI ICDR Regulations, in terms of which the Issue is being made
Floor Price	The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Issue Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering

<b>Term</b>	<b>Description</b>
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issue	Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Issuer/ Company	The Issuer proposing the initial public offer/ further public offer as applicable
Issue Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
Maximum RIB Allottees	The maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/ Prospectus and Bid cum Application Form
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom the RHP/ Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Issue	The Issue less reservation portion
Non-Institutional Investors or NIBs	All Bidders, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The Category of the Issue being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/ Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs and FVCIs registered with SEBI
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer for Sale	Public issue of such number of Equity Shares as disclosed in the RHP/ Prospectus through an issue for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than retail individual bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961

<b>Term</b>	<b>Description</b>
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Issue Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Issue Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Issue Price ,the size of the Issue and certain other information
Public Issue Accounts	Bank accounts opened under Section 40(3) of the Companies Act, 2013, to receive monies from the Anchor Investor Escrow Accounts and the ASBA Accounts on the Designated Date
QIB Category	The Category of the Issue being such number of Equity Shares to be allocated to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under the SEBI ICDR Regulations
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are issued and the size of the Issue. The RHP may be filed with the RoC at least three days before the Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account(s)	The account opened with Refund Bank(s), from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank(s)	Refund bank(s) as disclosed in the RHP/ Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the Syndicate and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar to the Issue/ RTI	The Registrar to the Issue as disclosed in the RHP/ Prospectus and Bid cum Application Form
Reserved Portion/ Categories	Categories of persons eligible for making application/ Bidding under reservation Category
Reservation Portion	The Category of the Issue reserved for such category of eligible Bidders as provided under the SEBI ICDR Regulations
Retail Individual Bidders/ RIBs	Bidders who apply or bid for a value of not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta), which shall not be less than the minimum Bid Lot subject to availability in the Retail Portion, and the remaining Equity Shares to be Allotted on a proportionate basis than ₹ 200,000
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹ 200,000.

<b>Term</b>	<b>Description</b>
Retail Category	The portion of the Issue being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders, including ASBA Bidders, in an issue through Book Building Process to modify the quantity of Equity Shares and/ or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Banks() or SCSB(s)	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries">http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised- Intermediaries</a> and updated from time-to-time
Specified Locations	Refer to definition of Broker Centres
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/ Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of Bid cum Application Forms by Syndicate Members
Syndicate Member(s)/ SM	The Syndicate Member(s) as disclosed in the RHP/ Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	Working Day” means all days, other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, “Working Days” shall mean all days, excluding Saturdays, Sundays and public holidays, on which the commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016

## **SECTION IX: MAIN PROVISIONS OF OUR ARTICLES OF ASSOCIATION**

The Articles of Association of the Company comprise of two parts, Part A and Part B, which parts shall, unless the context otherwise requires, co-exist with each other. In case of inconsistency or contradiction, conflict or overlap between Part A and Part B, the provisions of Part B shall, subject to Applicable Law, prevail and be applicable. However, Part B shall automatically terminate and cease to have any force and effect from the date of listing and trading of Equity Shares on a recognized stock exchange in India pursuant to an initial public offering of the Equity Shares of the Company, without any further corporate action by the Company or by the shareholders.

### **PART A**

#### **SHARE CAPITAL**

##### **Capital**

3. The authorised share capital of the Company shall be as stated in Clause V of the Memorandum of Association of the Company. The Company has power from time to time to increase or reduce its capital and to divide the shares in the capital for the time being into other classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with these Articles and to vary, modify or abrogate any such right, privileges or conditions or restrictions in such manner as may for the time being permitted by these Articles or the legislative provisions for the time being in force in that behalf.
4. Subject to the provisions of Section 55 of the Act, the provisions of the Insurance Act, 1938, provisions of other laws in force and of these Articles, any preference shares (redeemable or convertible) may be issued on such terms and in such manner as the Company before the issue of the shares may, by special resolution, determine.

##### **Alteration of capital**

- 5 Subject to these Articles the Company may, from time to time, by ordinary resolution increase the authorised share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.
- 6 Subject to these Articles the Company may, by ordinary resolution:-
  - 6.1 consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
  - 6.2 sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum, subject, nevertheless, to the provisions of Clause (d) of sub-section (1) of Section 61 of the Act;
  - 6.3 cancel any shares, which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.
- 7 Subject to these Articles the Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law,:-
  - 7.1 its share capital;
  - 7.2 any capital redemption reserve account; or

7.3 any share premium account.

## **7A Further Issue of Shares**

7A.1 Where at any time, the Company proposes to increase its subscribed capital by the issue of further Shares, such Shares shall be offered:

- (i) to persons who, at the date of the offer, are holders of Shares of the Company in proportion, as nearly as circumstances admit, to the paid-up share capital on those shares by sending a letter of offer subject to the following conditions, namely:
  - a. the offer shall be made by notice specifying the number of Shares offered and limiting a time not being less than fifteen days and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;
  - b. the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person; and the notice referred to in clause (a) shall contain a statement of this right;
  - c. after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not dis-advantageous to the shareholders and the Company;
- (ii) to employees under a scheme of employees' stock option, subject to special resolution passed by the Company and subject to such conditions as may be prescribed under the relevant Rules or other statutory provisions as applicable; or
- (iii) to any persons, when authorised by a special resolution, whether or not those persons include the persons referred to in clause (i) or clause (ii), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed in the Rules or any other applicable statutory provisions.

The notice referred to in sub-clause (a) of clause (i) above shall be dispatched through registered post or speed post or through electronic mode to all the existing Shareholders at least 3 (three) days before the opening of the issue

After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loan raised by the Company to convert such debentures or loans into shares in the Company.

Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debentures or the raising of loan by a Special Resolution passed by the Company in a general meeting.

7A.2 Nothing in sub-clause (i) of (1) hereof shall be deemed:

- (i) To extend the time within which the offer should be accepted; or
- (ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the Shares comprised in the renunciation.

7A.3 A person subscribing to Shares offered by the Company shall have the option either to receive certificates for such Shares or hold the Shares in a dematerialized state with a Depository in electronic form. Where a person opts to hold any Share with the Depository, the Company shall intimate such Depository to details

of allotment of the Share to enable the Depository to enter in its records the name of such person as the beneficial owner of that Share.

### **Shares at the disposal of the Directors**

- 8 Subject to the provisions of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such person, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of the Act) at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares. Provided that the Board shall not give the option or right to call on Shares to any person or persons without the sanction of the Company in the general meeting.
- 9.9.1 If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of Section 106 and 107 of the Companies Act, 1956 or Section 48 of the Act, whichever is applicable, and whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.
- 9.2 To every such separate meeting, the provisions of these regulations relating to general meetings shall *mutatis mutandis* apply.
- 9.3 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.
- 10 10.1 The Company may exercise the powers of paying commissions conferred by Section 40 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that Section.
- 10.2 The rate of the commission shall not exceed the rate as prescribed in the rules issued under Section 40(6) of the Act.
- 10.3 The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.
- 10.4 The Company may also, on any issue of shares, pay such brokerage as may be lawful.
- 10.5 Except to the extent permitted by Section 67, 68 and 70 and other applicable provisions of the Act, no part of the funds of the Company shall be employed in the purchase or lending on the security of the shares of the Company.
- 11 Shares shall be numbered progressively according to their several denominations and except as otherwise provided in these Articles, no Share shall be sub-divided, provided however that the provision relating to progressive numbering shall not apply to the shares of the Company which have been dematerialised and are being held in a Depository. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

## Calls on shares

- 18 18.1 The Board may, from time to time, make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

PROVIDED THAT no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

- 18.2 Each Member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.
- 18.3 The Board may, from time to time, at its discretion extend the time fixed for the payment of any call or change the place where such call is to be paid and may extend such time for payment as to all or any of the Members who by reason of residence being at a distance or other cause the Directors may deem entitled to such extension, but no Member shall be entitled to such extension save as a matter of grace and favour.

- 19 A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

- 20 20.1 If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at five per cent per annum or at such lower rate, if any, as the Board may determine.

20.2 The Board shall be at liberty to waive payment of any such interest wholly or in part.

- 21 21.1 Any sums which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

21.2 In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

22. The Board may, if it thinks fit, subject to the provisions of the Act, agree to and receive from any Member willing to advance the same whole or any part of the moneys due upon the Shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the Shares in respect of which such advance has been made, the Company may pay interest at such rate, as the Member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The Members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable:-

The provisions of these Articles shall, to the extent relevant and applicable, apply mutatis mutandis to the calls on debentures of the Company.

### **Deposit and calls etc. to be a debt payable immediately**

- 23      23.1      The money (if any) which the Board shall on the allotment of any shares being made by it, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.
- 23.2      Every Member or his heirs, executors or administrators shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times and in such manner as the Board shall, from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

### **Lien**

24.      The Company shall have a first and paramount lien upon all the Shares/debentures (other than fully paid-up Shares/debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/debentures. Unless otherwise agreed the registration of a transfer of Shares/debentures shall operate as a waiver of the company's lien if any, on such Shares/debentures. The Directors may at any time declare any Shares/debentures wholly or in part to be exempt from the provisions of this Article. It is clarified that the fully paid-up Shares shall be free from all lien and in case of partly paid-up Shares, Company's lien will be restricted to moneys called or payable at a fixed time in respect of such Shares.
25.      The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

PROVIDED THAT no sale shall be made:-

- 25.1      unless a sum in respect of which the lien exists is presently payable, or
- 25.2      until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

### **Forfeiture of shares**

- 26      26.1      If a Member fails to pay any call, or instalment of a call, on or before the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued by reason of such non-payment.
- 26.2      The notice aforesaid shall:-
- 26.2.1      name a further day (not being less than fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made and a place or places at which such payment is to be made; and
- 26.2.2      state that, in any event of non-payment on or before the day so named, the Shares in respect of which the call was made will be liable to be forfeited.

- 26.3 If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.
- 27 27.1 A forfeited share shall be deemed to be the property of the Company and, subject to the provision of these Articles in respect of the disposal of shares by the Board, may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before forfeiture. Provided that any forfeiture of unclaimed dividend shall only be undertaken at the earlier of (i) the claim becoming barred by law; or (ii) such other time period as may be prescribed under these Articles.
- 27.2 At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.
- 28 28.1 A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares.
- 28.2 The liability of such person shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.
- 28.3 The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.
- 29 29.1 A duly verified declaration in writing that the declarant is a Director, or the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.
- 29.2 The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
- 29.3 The transferee shall thereupon be registered as the holder of the share.
- 30 The provisions of these Articles as to forfeiture shall apply in the case of non- payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
- 31 Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative share shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto distinguishing it or them in such manner as they may think fit from the old certificate or certificates.

#### **Validity of sale upon forfeiture**

32. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money and after his name has been entered into the register in respect of such share the validity of the sale shall not be

impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

- 33 33.1 The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.
- 33.2 The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

#### **Buy-back of Shares**

- 34 Notwithstanding anything contained in these Articles but subject to the provisions of the Act, and all other applicable provisions of law, as may be in force at any time and from time to time, the Company may acquire, purchase or buy-back any of its own fully paid shares or other specified securities, and make payment out of funds at its disposal for and in respect of such acquisition/purchase on such terms and conditions and at such times as the Board may in its discretion decide and deem fit.

#### **Evidence in action by Company against shareholders**

- 36 On the trial or hearing of any action or suit brought by the Company against any shareholder or its representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was when the claim arose on the Register of Members of the Company as a holder or one of the holders of the number of shares in respect of which such claim is made and the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the Board at which any call was made nor that such Board was duly convened or constituted, nor any other matter whatsoever but the proof of matters aforesaid shall be conclusive evidence of the debt.

#### **TRANSFER AND TRANSMISSION OF SHARES**

##### **Transfer of shares**

- 39.2 A common form of transfer shall be used in case of transfer of shares, the instrument of transfer of any Share in the Company shall be in writing, and all provisions of the Act shall be duly complied with, in respect of all transfer of shares and registration thereof. The instrument of transfer shall be executed by or on behalf of both the transferor and transferee.
- 39.3 The transferor shall be deemed to remain a holder of the share until the name of the transfer is entered in the Register of Members in respect thereof.
- 40 In respect of shares of the Company held in a dematerialised form, the provisions of the Depositories Act shall apply.
- 41 No transfer of Shares shall be registered by the Company beyond the limits prescribed under the Insurance Act, 1938, including as specified under Section 6A of the Insurance Act, 1938, and the rules and regulations framed thereunder, without the approval of IRDA.

##### **Lock-In Period**

- 41A. Pursuant to the IRDA's direction as set out in its letter dated March 30, 2016, 179,539,209 of the Shares held by Standard Life shall be locked-in up to March 29, 2021, notwithstanding the expiry of the lock-in period prior to March 29, 2021.

##### **Transmission of shares**

- 46 Notwithstanding the provisions of the preceding Article, the following provisions shall apply in the event of death of a Member.
- 46.1 On the death of a Member, in case no nominations have been received by the Company, the survivor or survivors where the Member was a joint holder, and his legal representatives where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares.
- 46.2 Nothing in Article 46.1 shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
- 47 47.1 Any person becoming entitled to a share in consequence of the death, lunacy, bankruptcy, incapacity or insolvency of a Member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either:-
- 47.1.1 to be registered himself as holder of the share; or
- 47.1.2 to make such transfer of the share as the deceased, lunatic, bankrupt, incapacitated or insolvent Member could have made.
- 47.2 The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent Member had transferred the share before his death, lunacy, bankruptcy, incapacity or insolvency.
- 48 48.1 If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- 48.2 If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.
- 48.3 All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the Member had not occurred and the notice or transfer were a transfer signed by that Member.
- 49 A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.
- PROVIDED THAT the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share, until the requirements of the notice have been complied with.

## **MEETINGS**

### **General meetings**

- 54 All general meetings other than annual general meetings shall be called extraordinary general meetings.

### **When extraordinary meeting to be called**

- 54 54.1 The Directors may, whenever they think fit and they shall, on the requisition of the holders of not less than one-tenth of the paid up capital of the Company as at the date carries right of voting in

regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the Company and in the case of such requisition the provisions of Section 100 of the Act shall apply.

### **Notice of meeting**

54.2 Twenty-one days clear notice at least for every General Meeting, Annual or Extraordinary specifying the day, place and hour of meeting and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided to such persons as are under these Articles or the Act entitled to receive notice from the Company provided that, in the case of an annual general meeting with the consent in writing of all the Members entitled to vote thereat and in the case of any other meeting, with the consent of not less than ninety-five per cent (95%) of the Members entitled to vote at the meeting, a meeting may be convened by a shorter period.

### **Proceedings at general meetings**

- 58 The Chairman, if any, of the Board shall preside as Chairman at every general meeting of the Company.
- 59 If there is no such Chairman, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as Chairman of the meeting, the directors present shall elect one of their number to be Chairman of the meeting.
- 60 If at any meeting no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be Chairman of the meeting.
- 61 61.1 The Chairman may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.
- 61.2 No business shall be transacted at any meeting adjourned under Article 61.1 other than the business left unfinished at the meeting from which the adjournment took place.
- 61.3 When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.
- 61.4 Save as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
- 62 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall not be entitled to a second or casting vote.

### **Votes of Members**

- 66 Subject to any rights or restrictions for the time being attached to any class or classes of shares:-
- 66.1 on a show of hands, every Member present in person shall have one vote; and
- 66.2 on a poll, the voting rights of Members shall be in accordance with the provisions of Section 47 of the Act.
- 66.3 on a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
- 66.4 Where the resolutions to be passed pertain to such business as the Central Government may from time to time, notify, to be conducted only by way of a postal ballot in accordance with Section 110

of the Act, the same shall not be transacted in a general meeting and the rights of members of the Company shall be determined in accordance with the provisions of that Section.

67 In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

For this purpose, seniority shall be determined by the order in which the names stand in the register of Members.

68 A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

69 No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

70 70.1 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

70.2 Any such objection made in due time shall be referred to the Chairman of the meeting, whose decision shall be final and conclusive.

#### **Voting in person or by proxy**

71 71.1 Subject to the provisions of these Articles votes may be given either personally or by proxy. A corporation being a Member may vote by a representative duly authorised in accordance with Section 113 of the Act, and such representative shall be entitled to speak, demand a poll, vote, appoint a proxy and in all other respects exercise the rights of a Member and shall be reckoned as a Member for all purposes.

71.2 Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the common seal of such corporation, or the hand of its officer or an attorney, duly authorised by it and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meetings.

72 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

73 An instrument appointing a proxy shall be in Form MGT-11 or such other form as may be prescribed under Section 105 of the Act or a form as near thereto as circumstances admit.

74 A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

PROVIDED THAT no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

## DIRECTORS

### Board of Directors

- 76 76.1 The number of Directors and the names of the First Directors shall be determined in writing by the subscribers to the memorandum or a majority of them. Until otherwise determined by a General Meeting the number of Directors shall not be less than 3 or more than 15, subject to compliance of Act.
- 76.2 The First Directors of the Company are:
1. MR. D S PAREKH
  2. MR. D M SATWALEKAR
  3. MR. SATISH G MEHTA
- 76.3 The provisions of this Article 76.3 shall be subject to and effective from the date of approval of the Shareholders, by passing a Special Resolution to this effect in a general meeting, following the listing and trading of Shares on any recognized stock exchange pursuant to an initial public offering of Shares of the Company. Subject to applicable law, necessary approvals and these Articles, HDFC and/ or Standard Life, as the case may be, shall have the right to nominate Directors on the Board subject to maintaining shareholding in the Company as indicated below-
- (a) right to nominate 1 (one) Director on the Board if the shareholding of HDFC or Standard Life, as the case may be, in the Company is 10% or more (but less than 20%) of the paid up equity share capital of the Company.
  - (b) right to nominate up to 2 (two) Directors on the Board if the shareholding of HDFC or Standard Life, as the case may be, in the Company is 20% or more of the paid up equity share capital of the Company.
- Provided that, without prejudice to rights available to Standard Life under sub-clauses (a) or (b), till such time that the above mentioned nomination right is available to HDFC and Standard Life, in addition to the rights available to HDFC under sub-clauses (a) or (b), HDFC shall nominate to the Board 1 (one) more Director than the total number of Directors nominated by Standard Life to the Board.
- For the avoidance of doubt, neither HDFC nor Standard Life shall, upon their shareholding reducing to less than 10% of the paid up equity share capital of the Company, have any right to nominate a Director on the Board, irrespective of whether such a right was previously exercisable.
- 77 77.1 The Company may, at the Annual General Meeting at which a Director retires, fill up the vacated office by appointing the retiring Director or some other person thereto. If the place of the retiring Director is not so filled up and the Meeting has not expressly resolved not to fill the vacancy, the Meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place, and if at the adjourned Meeting also, the place of the retiring Director is not filled up and that Meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned Meeting, unless:-
- (i) at that Meeting or at the previous Meeting a resolution for the re- appointment of such Director has been put to the meeting and lost;
  - (ii) the retiring Director has, by a notice in writing addressed to the Company or the Board of Directors, expressed his unwillingness to be so re-appointed;
  - (iii) he is not qualified or is disqualified for appointment;

- (iv) a resolution, whether Special or Ordinary, is required for his appointment by virtue of any provisions of the Act;
- (v) the proviso to sub-article (ii) or sub-article (iii) of Article 77.1A is applicable to the case.

77.1A Appointment of Directors to be voted on individually.

- (i) At every Annual General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it.
- (ii) A resolution moved in contravention of sub-article (i) above shall be void whether or not objection was taken at the time to its being so moved;

Provided that where a resolution so moved is passed, no provision for the automatic re-appointment of retiring Directors in default of another appointment shall apply.

- (iii) For the purposes of this Article, a motion for approving a person's appointment or for nominating a person for appointment shall be treated as a motion for his appointment.

77.1B Company may increase the number of Directors.

Subject to Section 149 (1) and other applicable provisions of the Act and these Articles, the Company may, by special resolution, from time to time, increase the number of directors beyond 15 (fifteen), and may alter their qualification requirements. The Company may, (subject to the provisions of Section 169 of the Act), remove any director before the expiration of his period of office and appoint another qualified, in his stead. The person so appointed shall hold office during such time as the director in whose place he is appointed would have held the same if he had not been removed.

77.1C Right of persons other than retiring Directors to stand for Directorship.

- (i) Subject to the provisions of the Act, Article 76.3 and these Articles, no person, not being a retiring Director, shall be eligible for election to the office of Director at any General Meeting, unless he or some other Member intending to propose him has, at least fourteen days before the meeting, left at the Office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such Member to propose him along with a deposit of rupees one lakh only or such other amount as may be prescribed which shall be refunded to such person or, as the case may be, to the member, if the person proposed gets elected as a director or gets more than twenty five percent of total valid votes cast either on show of hands or on poll on such resolution.
- (ii) The Company shall inform its Members not less than seven days before the Meeting of the candidature of a person for the office of Director or the intention of a Member to propose such person as a candidate for that office by serving individual notices on the Members on the members through electronic mode to such members who have provided their email addresses to the Company for communication purposes, and in writing to all other members, and by placing notices of such candidature or intention on the website of the Company if any;

Provided that it shall not be necessary for the Company to serve individual notices upon the Members as aforesaid if the Company advertises such candidature or intention not less than seven days before the Meeting in at least two newspapers circulating in the place where the registered office of the Company is located, of which one is published in the English language and the other in the regional language of that place.

- (iii) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under Section 160 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company his consent in writing to act as a Director, if appointed.
- (iv) The Company shall ensure that the appointment of Directors of the Company in General Meeting and their retirement shall be in accordance with the provisions of the Act.
- (v) A person, other than :-
  - (a) a Director re-appointed after retirement by rotation or immediately on the expiry of his term of office, or
  - (b) an Additional or Alternate Director or a person filling a casual vacancy in the office of a Director under Section 161 of the Act, appointed as a Director or re-appointed as an Additional or Alternate Director immediately on the expiry of his term of office, or
  - (c) a person named as Director of the Company under the Articles as first registered shall not act as a Director of the Company unless he has within 30 days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.

#### 77.1D **Removal of Directors**

- (i) The Company, may subject to the provisions of Section 169 of the Act, by Ordinary Resolution remove a Director before the expiry of his period of office.
- (ii) Special Notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed.
- (iii) On receipt of notice of a resolution to remove a Director under this Article, the Company shall forthwith send a copy thereof to the Director concerned, and the Director (whether or not he is a Member of the Company) shall be entitled to be heard on the resolution at the meeting.
- (iv) Where notice is given of a resolution to remove a Director under this Article and the Director concerned makes with respect thereto representations in writing to the Company (not exceeding a reasonable length) and requests their notification to Members of the Company, the Company shall, unless the representations are received by it too late for it to do so :-
  - (a) in any notice of the resolution given to Members of the Company, state the fact of the representations having been made; and
  - (b) send a copy of the representations to every Member of the Company to whom notice of the meeting is sent (whether before or after receipt of the representations by the Company) and if a copy of the representations is not sent as aforesaid because they were received too late.
  - (c) If the Company make a default in sending the representation as above Director shall have the right to ask the Company to read out the said representation at the meeting. This will not prejudice the right of the Director to be heard orally at the meeting.

Provided that, copies of the representations need not be sent out and the representations need not be read out at the meeting, if on the application either

of the Company or of any other person who claims to be aggrieved, the National Company Law Tribunal or appropriate judicial authority has passed an appropriate order directing not to read out the representation at the meeting as it is satisfied that the rights conferred under Section 169 of the Act are being abused to secure needless publicity for defamatory matter.

- (v) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board, be filled by the appointment of another Director in his stead, by the meeting at which he is removed, provided Special Notice of the intended appointment has been given under sub-article (b) above. A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.
- (vi) If the vacancy is not filled under sub-article (v) of this Article, the Board of Directors is at liberty to fill in the office of the Director as a casual vacancy in accordance with the provisions, so far as they may be applicable, of these Articles; Provided that the Director who was removed from office shall not be re-appointed as a Director by the Board of Directors.

## 77.2 Notice and Quorum

- 77.2.1 No meeting of the Board of Directors of the Company or any committee thereof shall be held unless adequate notice of such meeting has been circulated to all Directors or members of the committee in accordance with the provisions of applicable law.
- 77.2.2 Subject to Section 174 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength excluding Directors, if any, whose places may be vacant at the time and any fraction contained in that one-third being rounded off as one, or two Directors, whichever is higher.

PROVIDED that where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength of the number of remaining Directors, that is to say, the number of Directors who are not interested, present at the meeting being not less than two, shall be the quorum during such time and the participation of the directors by video conferencing or by other audio visual means shall be also be counted for the purpose of quorum.

The quorum for the meetings of any committee of the Board shall be presence of one-third of Directors or 2 (two) Directors, whichever is higher.

- 77.2.3 Notwithstanding the provisions of Articles 77.2.1 and 77.2.2, till such time that the provisions of applicable law impose such a requirement, in order for quorum of a meeting of the Board (or a meeting of a committee of the Board) to be validly constituted, the number of directors nominated by HDFC present at the commencement of and throughout such meeting, shall be at least one more than the number of directors nominated by Standard Life on the Board.

- 77.2.4 For the purposes of this Article 77.2:

**"total strength"** means the total strength of the Directors of the Company as determined in pursuance of the Act, after deducting therefrom the number of the Directors, if any, whose places may be vacant at the time;

**"interested Director"** means any Director whose presence cannot by reason of these Articles, count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

- 77.3 The Company shall comply with any request from a director (or his alternate) for further information on any matter proposed to be discussed at a meeting of the Board or any Committee of the Board of which such director is a member of which notice has been given.
- 77.4 The key managerial personnel of the Company shall be appointed by the Board of Directors of the Company subject to the terms and conditions of appointment deemed appropriate and approved by the Board of Directors.
- 77.6 The Board of Directors may appoint an Alternate Director, not being a person holding any alternate directorship for any other director in the Company, to act for a Director (hereinafter in this Article called "**the original Director**"), at his suggestion or otherwise, during his absence for a period of not less than three months from India. Provided no person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act. An alternate Director shall automatically cease to be an alternate Director if the Director for whom he is an alternate shall for any reason cease to be a Director. An Alternate Director shall not hold office as such for a period longer than permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original director returns to India. If the term of office of the original Director is determined before he so returns to India any provision for the automatic reappointment of retiring Directors in default of another appointment shall apply to the original, and not to the Alternate Director.
- 77.7 In the event of any Director (other than an alternate Director) being or likely to be absent for a period of not less than three months from India, the Board shall, if such Director has not already appointed an alternate Director, at a meeting or by a circular resolution appoint an alternate Director for such Director.
- 77.8 An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director.
- 77.9 The Directors shall not be required to hold any qualification shares. No person may become or may remain a Director if he is unable to hold such office by reason of any law or any requirement of any Authority.
- 77.10 The Directors of the Company or members of any Committee may pass any resolution by circulation. No resolution by circular shall be deemed to have been duly passed by the Board or by a Committee by circulation, unless such resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee at the respective addresses registered with the Company and has been approved in writing by the majority of the Directors or Members of the Committee or by such a majority of them as are entitled to vote on the resolution, PROVIDED THAT (for the avoidance of doubt) an alternate Director may give such approval on behalf of his appointor.

77.11 **Additional Director**

The Board shall have the power at any time and from time to time to appoint, subject to the provisions of these presents, any person as an additional Director to the Board but so that the total number shall not at any time exceed the maximum number fixed for the Board but any Director so appointed shall hold office only up to the date of the next Annual General Meeting of the Company or the last date on which the annual general meeting should have been held, whichever is earlier and shall then be entitled for re-election.

Provided that the election of the Director can also be approved by the Members through postal ballot prior to the date of the Annual General Meeting (till which date the appointment of the additional director is valid) in accordance with the provisions of the Act.

- 77.12 If the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy, may be filled by the Board of Directors at a meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if it had not been vacated.
- 77.13 Subject to the provisions of the Act, the continuing Directors may act notwithstanding any vacancy in their body; so that if the number falls below the minimum number fixed by the Articles the continuing Directors shall not, except in emergencies or for the purpose of filling up vacancies or for summoning a General Meeting of the Company, act so long as the number is below the minimum and they may so act notwithstanding the absence of a necessary quorum.

### **Proceedings of the Board**

- 78 78.1 Subject to these Articles and the provisions of Section 173 of the Act the Board may meet for the dispatch of business, adjourn and otherwise regulate its meetings, as it thinks fit. For this purpose the Board may employ such form of electronic and communication media as may be required to ensure a continuous and constant interaction in the form of conferencing, between its members and such form of conferencing, if permitted by law, shall be a valid meeting of the Board or its Committee as the case may be.
- 78.2 A Director may, and the secretaries, on the requisition of a Director shall, at any time, summon a meeting of the Board by giving notice thereof to every Director in accordance with these Articles.
- 78.3 The Company shall comply with any request from a Director (or his alternate) for further information on any matter proposed to be discussed at a meeting of the Board or any Committee of the Board of which such Director is a member of which notice has been given.
- 79 Save as otherwise expressly provided in the Act or in these Articles, questions arising at any meeting of the Board shall be decided by a majority of votes.
- 80 A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

### **102 APPOINTMENT OF MANAGING /WHOLETIME DIRECTOR(S) AND THEIR REMUNERATION**

- 102.1 Subject to the provision of the Act and of these Articles, the Board may from time to time, based on candidates recommended to it by the Nomination and Remuneration Committee, appoint any one or more of their body to be Managing/Whole-time Director(s) of the Company for such period not exceeding five years at a time and upon such terms and conditions as they may deem fit to manage the affairs and business of the Company and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and, based on candidates recommended to it by the Nomination and Remuneration Committee, appoint another or others in his or their place or places\*.
- 102.2 Subject to terms of any contract between a Managing Director/Whole-time Director and the Company, such Managing Director/Whole-time Director shall be subject to the same provisions as to qualifications, resignation and removal as the other Directors of the Company and he shall ipso facto and immediately cease to be a Managing/Whole-time Director as the case may be, if he ceases to hold the office of Director for any cause or reason whatsoever.
- 102.3 The remuneration of the Managing/Whole-time Director shall from time to time be fixed in accordance with the provisions of the Act and subject to the approval of the Members in the general meeting and these Articles and may be by way of fixed salary or commission or participation in profits or by any or all of these modes or

in any other form and may provide for minimum remuneration in case of loss, inadequacy or absence of profits.

102.4 Subject always to these Articles the Board may from time to time entrust and confer upon the Managing/Whole-time Director for the time being the day to day management of the Company and such of the powers exercisable under these Articles by the Directors as they think fit and may confer such powers for such time and to be exercisable for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of or in the substitution for all or any of the powers of Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. Unless and until otherwise determined by the Board a Managing/Whole-time Director may exercise all powers exercisable by the Directors save such powers as by the Act or by these Articles shall be exercisable by the Directors themselves.

### **Dividend and call together**

119 Any general meeting declaring a dividend may make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall be together exceed the dividend payable to him and so that the call can be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the Members, be set off against the call.

### **No Member to receive dividend whilst indebted to the Company and right of reimbursement thereof**

120 No Member shall be entitled to receive payment of any interest or dividend in respect of his shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any Member all sums or money so due from him to the Company.

#### **120.1 Dividend and distribution policy**

120.1.1 All of the Company's profits available for distribution in respect of each financial year during the term of these Articles shall be distributed by the Company to the Shareholders by way of final dividend, except insofar as (a) such profits are required to maintain or achieve the Desired Capital at Risk or Solvency Ratio, or otherwise agreed by unanimous resolution of the Board or (b) such profits are required to be retained by the Company as reserves or otherwise under the Insurance Act or any other applicable law or regulation or (c) such profits are required to be maintained for the provision of working capital and/or making such transfers to reserves and provisions as in the unanimous opinion of the Board ought reasonably to be made or (d) such profits which in the opinion of the Appointed Actuary of the Company ought to be retained as a matter of prudent financial management, such opinion of the Appointed Actuary of the Company being final and binding on the Shareholders.

120.1.2 For the purposes of this Article 120 the "Desired Capital at Risk or Solvency Ratio" will be the capital at risk or solvency ratio or, where there is a range, the maximum capital at risk specified in the Business Plan or otherwise agreed by unanimous resolution of the Board and in any event will meet or exceed the maximum capital at risk or solvency ratio or margin required of the Company under the laws and regulations of India.

120.1.3 The Board may retain dividends payable upon Shares in respect of which any person is entitled to become a member, until such person shall become a member in respect of such Shares.

120.1.4 Where the Company has declared a dividend but which has not been paid or claimed within 30 days from the date of declaration, the Company shall, within seven days from the date of expiry of the 30 day period, transfer the total amount of dividend which remains so unpaid or unclaimed, to a special account to be opened by the company in that behalf in any scheduled bank, to be called “**Unpaid Dividend Account**”.

120.1.5 The Company shall transfer any money transferred to the unpaid dividend account of the Company that remains unpaid or unclaimed for a period of seven years from the date of such transfer, to the Investor Education and Protection Fund established under the Act.

## **CAPITALISATION OF PROFITS**

125 125.1 The Company in general meeting may, upon the recommendation of the Board, resolve:-

125.1.1 that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

125.1.2 that such sums be accordingly set free for distribution in the manner set out in Article 125.2 amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

125.2 The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in Article 125.3, either in or towards:-

125.2.1 paying up any amounts for the time being unpaid on any shares held by such Members respectively;

125.2.2 paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid; or

125.2.3 partly in the way specified in Article 125.2.1 and partly in that specified in Article 125.2.2.

125.3 A share premium account and a capital redemption reserve account may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.

125.4 The Board shall give effect to the resolution passed by the Company in pursuance of this Article.

126 126.1 Whenever such a resolution as aforesaid shall have been passed, the Board shall:-

126.1.1 make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares, if any; and

126.1.2 generally do all acts and things required to give effect thereto.

126.2 The Board shall have full power:-

126.2.1 to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares or debentures becoming distributable in fractions; and also

126.2.2 to authorise any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation, or (as the case may require) for the payment up by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares.

126.3 Any agreements made under such authority shall be effective and binding on all such Members.

## **WINDING UP**

151 151.1 In the event of the Company being wound up, policyholders shall be admitted as creditors of the Company and their rights in respect of their policies shall rank equally with the other unsecured debts of the Company in such winding up.

151.2 The provisions of Article 151.1 shall be subject to any requirement of the Authorities and in particular to any provision made by or under any enactment:

- (a) requiring the assets of the Company which are available for meeting the liabilities of the Company attributable to business of different classes to be applied in discharge of those liabilities as though those assets and those liabilities were the assets and liabilities of a separate company; or
- (b) regarding the priority of ranking of preferential debts in a winding up; and shall be subject to the express terms of any policy.

151.3 Nothing in Article 151.1 shall preclude any debts of the Company from time to time being subordinated or postponed in right of payment in claims of unsecured and unsubordinated creditors.

151.4 If the Company shall be wound up any surplus assets as determined by the Actuary or an independent actuary appointed by the liquidator shall be distributed among the Members and policyholders (or other persons in right of) entitled to participate in the profits of the Company in the same manner and proportions as if the surplus had been declared to be a distributable surplus in accordance with Article 108 relating to the distribution of profits immediately before the commencement of the winding up:

Provided that if the whole or any part of such surplus is attributable to any separate fund established in accordance with these Articles, this Article shall apply as if the surplus or part thereof had been declared to be distributable in relation to the separate fund in question.

## **Indemnity**

154 Every officer of the Company as defined by Section 2(59) of the Act or any person whether an officer of the Company or not employed by the Company as auditor shall be indemnified out of the funds of the Company against all liability incurred by him in defending any proceedings whether civil or criminal, in which judgement is given in favour or in which he is acquitted or discharged, or in connection with any application under Section 463 of the said Act in which relief is granted to him by the Court.

## **Indemnity to Directors and other officers**

155 Subject to the provisions of Section 197 and other applicable provisions of the Act, every Director of the Company or Manager, Secretary, Trustee, Auditors and other officer or servant of the Company shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company, to pay all losses, costs and expenses (including travelling expenses) which any such person, officer or servant may incur or become liable to by reason of any contract entered into or any act or thing done by him as such officer or servant or in any way in or about the discharge of his duties.

156 Notwithstanding anything contained in these Articles and in terms of the provision of the Guidelines for Corporate Governance for Insurers in India dated May 18, 2016 and subject to other Applicable laws, the ownership and control of the Company shall not lie with foreign entities but ultimately rests with resident Indian citizens, at all times.

We, the several persons, whose names, addresses, descriptions and occupations are hereunto subscribed are desirous of being formed into a Company in pursuance of this Articles of Association.

## **PART B**

### **Deadlock**

40A.1 A deadlock between HDFC and Standard Life will occur if a resolution is proposed at a duly convened meeting of the Board or at a duly convened meeting of the Company and either:

40A.1.1 a quorum is not achieved at the meeting because of the other party's non-attendance and a quorum is also not achieved at any adjourned meeting; or

40A.1.2 a director of the party other than the representative of the proposing party votes against the resolution or abstains from voting.

40A.2 Either HDFC or Standard Life may, within 28 days of the event that has given rise to the deadlock, serve notice (a "**Deadlock Notice**") on the other party stating that in its opinion a deadlock has occurred and identifying the matter over which HDFC and Standard Life are deadlocked.

40A.3 HDFC and Standard Life, in case of service of the Deadlock Notice, shall forthwith attempt to resolve the matter which has given rise to the deadlock as envisaged by these Articles and shall each use all reasonable endeavours in good faith to resolve the dispute.

### **Lock-In Period**

40B.1 Unless otherwise agreed in writing by HDFC and Standard Life, no Shares may (save as may be required by any Authority) be encumbered, sold or transferred (except by the operation of law and then only subject to the provisions of these Articles and the Shareholders Agreement) for a period of 10 years from the date of incorporation of the Company (the "**Lock-In Period**") to any member outside the concerned Group. Further, pursuant to the IRDA's direction as set out in its letter dated March 30, 2016, 9% of the Shares held by Standard Life shall be locked-in up to March 29, 2021, notwithstanding the expiry of the Lock-in Period prior to March 29, 2021.

40B.2 Neither HDFC nor Standard Life shall be permitted to transfer the Shares within its own Group during the Lock in Period, except as provided for in clause 40B.3 below.

40B.3 HDFC or Standard Life may transfer Shares during the Lock-in Period to a Group Company, in the event that the Government, IRDA or other Governmental regulatory body requires that no person may (a) hold shares in excess of a specified percentage in an Indian registered company conducting Insurance Business, or (b) in respect of any shares held by such a person, exercise voting rights in excess of a specified percentage of the total voting rights of all the shareholders of such company, and (in aggregate):

40B.3.1 despite such restriction, any Shares HDFC or Standard Life holds above such limit which the Government may set, may be transferred to a Group Company or Group Companies and such holding or the voting rights (as the case may be) with reference to the transferred shares, will still apply; and

40B.3.2 such stated percentage is less than either of HDFC's or Standard Life's shareholding or voting rights with reference to such shareholding at the time of the Governmental ruling; and

- 40B.3.3 the Group Company or the Group Companies to which HDFC or Standard Life wishes to transfer its Shares has entered into a Deed of Adherence, as set out in Part I of the Schedule; and
- 40B.3.4 either HDFC or Standard Life, as the transferor (as the case may be) shall guarantee in writing, the obligations of the subsidiary company, entering into the Deed of Adherence, under and in terms of the Shareholder Agreement and these Articles, without reservation.

Notwithstanding anything contained in sub-clause 40B.2 or 40B.3 above, HDFC or Standard Life may transfer shares to any of its Group companies with each other's prior approval.

The Employees of HDFC to whom the shares will be transferred by the HDFC Employees Welfare Trust shall not be required to enter into the said Deed of Adherence.

The Employees of HDFC Standard Life Insurance Company Limited to whom the shares will be transferred by the HDFC Standard Life Employees Stock Option Trust shall not be required to enter into the said Deed of Adherence.

### **Divestment of excess shareholding**

- 40C.1 Subject to Article 40D, HDFC and Standard Life shall ensure that any divestment of excess shareholding that they are required to make shall be carried out in the manner and in accordance with the procedure that may be specified by the regulations made by the Authority and in accordance with these Articles.
- 40C.2 HDFC and Standard Life agree that the provisions of these Articles (and in particular Articles 40D and 40F) will apply to such divestment, except where the specifications made by the regulations and the Authority are inconsistent with the provisions of these Articles.
- 40C.4 HDFC and Standard Life will continue to be bound by the provisions of these Articles in relation to any Shares, which they continue to hold in the Company after their divestment of excess shareholding, is completed.

### **Alterations in share capital**

- 40D.1 Subject to Article 40D.2, if the Company issues further share capital at any time for any reason including for reasons indicated in Article 40D.4, subject to the necessary approval of the Authority as may be necessary, the same shall be offered and allotted to the then existing Shareholders in the same proportion as existed prior to such further issue so that the shareholdings of Standard Life Group and of HDFC Group in the capital of the Company shall remain in the ratio between the two Groups existing prior to such issue PROVIDED HOWEVER if for any reason any HDFC Group member which is a Shareholder or any Standard Life Group member which is a Shareholder is unable or unwilling to take up all or part of its pro-rata entitlement then unless Standard Life and HDFC and the Company otherwise agree or the Authority otherwise directs them in each such case to the extent permitted by the Authority:-
- 40D.1.1 such entitlement to the extent is not taken up may be taken up by any other member of the same Group as was unable or unwilling to such take entitlement;
- 40D.1.2 HDFC or the Standard Life Group Shareholder as the case may be may nominate subscribers for such of its Group's entitlement not previously taken up, such nominees to be approved (in the case of shares not being taken by any HDFC Group Company) by Standard Life and (in the case of shares not being taken up by any Standard Life Group Company), by HDFC, any such approval not to be unreasonably withheld or unreasonably delayed;
- 40D.1.3 any entitlement not taken up pursuant to preceding provisions of this Article 40D.1.3 may be taken up by the members of the same Group as the party, which was entitled to give or withhold its approval pursuant to Article 40D.1.2;

- 40D.1.4 any shares not so subscribed for within 90 days of the date of their being first offered as aforesaid shall be offered by the Company first to other holders of shares in the capital of the Company (if any) pro-rata to their holdings of Shares, any surplus to be allocated between them in the case of competition pro-rata as aforesaid; and
- 40D.1.5 any shares not so subscribed for within 60 days of the date of the offer to other Shareholders as described in Article 40D.1.4 shall be offered to such third parties as the Company, HDFC and Standard Life may agree in writing.
- 40D.2 If any Authority at any time requires HDFC Group and Standard Life Group or either of them to reduce their aggregate percentage shareholding in the Company, this shall be achieved by a transfer of Shares and the transfer provisions of these Articles will apply, insofar as they are consistent with the requirements of the Authority. To the extent that the Authority requires reduction of any Shareholders' aggregate percentage shareholding in the Company to be achieved by an increase in the Share capital of the Company, subject to the provisions of Article 40D.1, then (unless otherwise agreed by HDFC and Standard Life) if and to the extent so permitted by the Authorities this shall be achieved by an increase in the issued share capital of the Company and this be offered by the Company by private placement (and to the extent this is not possible by a general offer of shares to the public) for subscription at par (or at such greater price as the Authorities may permit and as may be agreed between HDFC, Standard Life and the Company) to a third party as may be agreed by the parties in writing, such price to be payable in full at the time of application of such number of Shares as is necessary to achieve such reduction, PROVIDED THAT
- 40D.2.1 to the extent permitted by the Authorities any such Group Company Shareholder as is so required to reduce its percentage holding shall be entitled to nominate subscribers (such person(s) if not members of its own Group to be approved by HDFC and Standard Life, such approval not to be unreasonably withheld or delayed) for such percentage of shares on offer as its then holding constitutes of the shares in issue immediately prior to such offer (and so that for example if Standard Life held 40 per cent of the shares in issue immediately prior to such offer and 200 shares were offered then Standard Life could so nominate subscribers for 80 shares);
- 40D.2.2 if and to the extent the Authorities require such reduction to be achieved by the sale of Shares each shall make available (pro-rata to its Group's then holding of Shares) for sale to such person or persons as each may nominate in respect of its Group's own holding (such person(s) if not members of its own Group to be approved by HDFC, if pertaining to Standard Life Group, or Standard Life, if pertaining to HDFC Group, such approval not to be unreasonably withheld or delayed) such number of Shares as may be necessary to achieve such reduction at such price and on such other terms as the Authorities may permit;
- 40D.2.3 if and to the extent the Authorities so permit any entitlement to Shares or unissued Shares not taken up pursuant to Articles 40D.2.1 or 40D.2.2 may be taken up by (A) members of the HDFC Group where the said Shares are not taken up by members of the Standard Life Group for any reason and (B) members of the Standard Life Group where the said shares are not taken up by members of the HDFC Group for any reason;
- 40D.2.4 to the extent Shares are not purchased within 100 days of the date of their being made available pursuant Article 40D.2.1 or 40D.2.2 then subject to any requirement imposed by the Authorities in their respect such unsold Shares shall be deemed to be the subject of a Sale Notice given on the last day of such 100 day period at the best price that the Authorities permit; such unsold Shares shall constitute "Offer Shares" for the purposes of Article 40F (such best price being the Vendor Price for the purposes of Articles 40F.4 and 40H), and the remaining provisions of Article 40F relating to Voluntary Transfers applying to such Shares (and for the avoidance of doubt neither any HDFC Group members nor any Standard Life Group members may be offered or may accept any Shares made available pursuant to the provisions of this Article 40D.2.4 without the prior agreement of both HDFC and Standard Life).

40D.3 Where at any time and from time to time Article 40D.2 applies and any HDFC Group member or any Standard Life Group member is required by any Authority to divest or otherwise reduce its percentage shareholding in the Company (and whether the same shall be effected by the selling of Shares or the failure to take up shares available for subscription or Shares available for purchase) HDFC and Standard Life shall (unless they and the Company otherwise agree) at the earliest opportunity after such divestment or other reduction and subject to the Authorities permitting the same, a member of the Group (which Group had to so divest or reduce) which hold Shares shall be entitled to be offered for subscription and/or purchase (and/or shall not be required to reduce its holding of Shares) and if appropriate to acquire such number of Shares as would following such acquisition or other event result in its Group's holding such percentage of the issued share capital of the Company as such Group held before such requirement was imposed by the Authorities. For the avoidance of doubt any entitlement hereunder shall be cumulative.

#### **40D.4 Financing**

If and to the extent that share subscription money and the Company's revenues prove or are considered likely to prove insufficient for meeting any solvency requirements imposed or to be imposed by any Authority to any working capital requirements then subject to the provisos to this Article 40D.4, HDFC and Standard Life shall endeavour to agree whether additional finance should be provided by way of further subscription for shares in the capital of the Company and/or (if then permitted by law) share capital not conferring voting rights at general meetings of the Company (where by way of themselves subscribing, public subscription or otherwise) and/or loans from the parties and/or by way of bank or other borrowing PROVIDED THAT notwithstanding the above:

40D.4.1 no party shall be under an obligation to provide or produce such additional finance;

40D.4.2 if and to the extent either Standard Life or HDFC wishes such additional finance to be provided by way of further subscription for shares as aforesaid then all the parties shall vote in favour of all necessary resolutions of the Company as the case may require to approve any increase in authorised share capital and any issue of shares in the capital of the Company (such shares being issued on such terms and with such rights as Standard Life / HDFC and the Company may agree) and any other resolution necessary to enable the same to be issued, and if and to the extent HDFC Group does not take up any HDFC Group member's entitlement to such new shares the Standard Life Group member or members holding Shares may do so on the same terms and vice versa.

#### **HDFC indemnity and guarantee to transfers**

40E.1 For so long as HDFC has a greater percentage of shares than Standard Life; and HDFC wishes to transfer Shares in the Company after the Lock-In Period or there is a requirement to transfer shares, as a consequence of an Event of Default or requirements of the Authority for divestment, and Standard Life does not exercise:

(a) its Bring-along Rights, as set out in Article 40G,

(b) the pre-emption rights under the "**Transfer of Shares**" Article, Article 40F,

and subject always to the requirements for divestment and alterations in share capital as set out in Articles 40C and 40D, HDFC shall procure that such third party transferee to which HDFC (or any member of HDFC Group), transfers Shares ("**Guaranteed Transferee**") will be bound by the terms of these Articles as a Shareholder to the same extent and with the same rights and obligations of HDFC (or the HDFC Group as the case may be) and will, prior to any transfer of shares, procure that such transferee enter into a Deed of Adherence as set out in the Schedule to comply with all of HDFC's (or the HDFC Group as the case may be) obligations under these Articles and that a copy of such Deed of Adherence be delivered to the Company and the other Shareholders.

## **TRANSFER OF SHARES**

### **40F.1 No Transfer**

40F.1.1 It is recognised that the Company being a public limited company is not by law a company with restrictions on transfers of shares. Nevertheless, HDFC, Standard Life and the Company have reached a common agreement and understanding that in good faith they will adhere to and comply with these Articles to restrict transfers of shares held in the Company.

40F.1.2 Subject to requirements of divestment, the Lock-in Period and Article 40F.2 below, and subject to the permission or license of the Authority, no sale, transfer, pledge, charge or other disposition of any Share shall be effected without the prior written consent of the HDFC Group and the Standard Life Group.

40F.1.3 No Shareholder will, and the Company will not approve to sell, transfer, mortgage, charge or encumber or otherwise dispose of any Share or other share, or any interest therein, except in accordance with the provisions of these Articles.

Nothing contained herein or under any other clause to the contrary contained in these Articles shall be deemed to restrict the HDFC Employees Welfare Trust from transferring such number of shares to such employees of HDFC and at such times as the Trust may determine, provided however that such transfer of shares shall not be registered in the records of the Company without the prior approval of the Board of Directors or its Committee formed for this purpose.

Nothing contained herein or under any other clause to the contrary contained in these Articles shall be deemed to restrict the HDFC Standard Life Employees Stock Option Trust from transferring such number of shares to such employees of HDFC Standard Life Insurance Company Limited and at such times as the Trust may determine, provided however that such transfer of shares shall not be registered in the records of the Company without the prior approval of the Board of Directors or its Committee formed for this purpose.

### **40F.2 Inter-Group Transfer**

40F.2.1 Subject to the provisions of Articles 40A and B, any member of a Group may at any time after the Lock-In Period and from time to time (i.e. after the Lock-In Period), transfer any of the Shares registered in its name (the “**Transferring Group Company**”) to another member of the same Group (“**Group Transferee**”), provided that such Transferring Group Company will ensure that any Group Transferee who acquires the Shares in the Company pursuant to the provisions of this clause after the Lock-In Period, shall not do so without first executing a Deed of Adherence whereby such person agrees to become bound by the terms of these Articles, and each reference in these Articles to the Group Transferee were a reference also to it.

40F.2.2 The Transferring Group Company shall not be in any way relieved from any of its obligations and liabilities under these Articles and shall procure that such Transferring Group Company observes and performs all the provisions of these Articles and will indemnify and hold harmless the other parties from and against any breach, non-observance or non performance by the Transferring Group Company of any of such provisions.

40F.2.3 If the Group Transferee shall cease to be a Subsidiary of the Transferring Group Company at any time, then the Transferring Group Company will procure that the Group Transferee forthwith transfers back to the Transferring Group Company or other Subsidiary within the relevant Group, all of its Shares (or other shares in the share capital of the Company at the relevant time) free and clear of all Security Interests.

40F.2.4 Notwithstanding any other provision in these Articles if at any time HDFC itself holds Shares or another HDFC Group member holds Shares HDFC shall hold at least five per cent of the Shares then in issue, subject always to the requirement of the Authority, and at no time may Shares be

held by more than four HDFC Group members (or such higher number as may be agreed between HDFC and Standard Life) at any one time in addition to HDFC.

40F.2.5 Notwithstanding any other provision in these Articles if at any time Standard Life itself holds Shares or other Standard Life Group member holds Shares, Standard Life shall hold at least five per cent of the Shares then in issue at any time subject always to the requirement of the Authority and at no time may Shares be held by more than four Standard Life Group Members or such higher number as may be agreed between HDFC and Standard Life) at any one time in addition to Standard Life.

40F.2.6 Where a right or obligation under these Articles is exercisable by a Standard Life Group member and more than one such member holds Shares, (or other shares in the Company at the relevant time) the relevant right will be exercisable by such Standard Life Group member as Standard Life may at any time and from time to time notify the Board of the Company in writing.

40F.2.7 Where a right or obligation under these Articles is exercisable by an HDFC Group member and more than one such member holds Shares, (or other shares in the Company at the relevant time) the relevant right will be exercisable by such HDFC Group member as HDFC may at any time and from time to time notify the Board of the Company in writing.

#### 40F.3 **Transfer Procedure**

40F.3.1 At the end of the Lock-in Period, if at any time a Shareholder wishes to transfer Shares (other than to another member of the same Group) or a Default Notice is served by a Shareholder, such Shareholder (the “**Vendor**”) may cause to be issued and given to the Board a notice in writing (a “**Sale Notice**”) offering for sale any of the Shares (or all of the Shares in the case of a Default Notice) for sale held by its Group (the “**Offer Shares**”). Once given, a Sale Notice may not be withdrawn without the consent of HDFC and Standard Life. A Sale Notice will constitute the Board as the agent of the Vendor for the sale of the Offer Shares either at the price per Share which is the “**Vendor Price**” or (as the case may require) at the price per share which is the Sale Price determined in accordance with Article 40F.4 and 40H.

40F.3.2 Within 21 days of receiving the Sale Notice the Board as agent of the Vendor shall give a notice (the “**Offer Notice**”) to all the other Shareholders who are not members of the same Group as the Vendor (provided such Shareholders have not served a still current Sale Notice in respect of their own shareholding). The Offer Notice shall specify the Vendor Price or the Sale Price (as the case may require) and shall offer to its recipients the right to acquire the Offer Shares as nearly as may be in proportion to the numbers of Shares (or other shares in the share capital of the Company at the relevant time) already held by them respectively and shall further invite each recipient to state in its reply the number of additional shares (if any) in excess of its proportion which it desires to purchase (“**Claims for Additional Shares**”).

40F.3.3 The Offer Notice shall limit the time within which the offer if not accepted shall be deemed to be declined PROVIDED THAT the time fixed in the said notice shall not be less than 28 days nor more than 35 days (the “**Prescribed Period**”). Within the time stated in the Offer Notice the recipient shall be entitled to accept the said offer at the price therein stated being the Sale Price or the Vendor Price (as the case may be) and an offer to such recipient shall be deemed to be accepted by its offeree on the day notice of acceptance is received by the Board.

40F.3.4 If and to the extent the Offer Shares have not been accepted in full by any eligible Shareholder in respect of its respective proportions, the Offer Shares not so accepted shall be used to satisfy the Claims for Additional Shares by the remaining Shareholders as nearly as may be in proportion to the number of shares already held by them. In the event of competition for the Offer Shares, such Offer Shares shall not be capable of being offered without fractions thereof being offered to the members in proportion to their existing holdings. The Share or Shares which constitute such fractions (“**Fractional Entitlement**”) shall be offered by the Board in turn to each Shareholder

who applied for such additional Offer Shares in the order such person was registered (in terms of chronology) as a Shareholder until all such Shares are accepted for purchase PROVIDED THAT on each subsequent occasion a Fractional Entitlement arises it shall be first offered to the Shareholder who was next in time registered as a Shareholder after the Shareholder who was first offered the last Fractional Entitlement to arise.

40F.3.5 Subject to Article 40D, where a Shareholder cannot take up an entitlement to Shares offered pursuant to this Article by reason of any Authority he can allocate his entitlement to any other person subject to the consent of HDFC and Standard Life, (such consent not to be unreasonably withheld or delayed) and the provisions of this Article shall be construed accordingly. For the avoidance of doubt, allocation to any other person as envisaged by this Article creates an absolute right for the third party and does not create a benami trust.

40F.3.6 Within five days of the notice of any valid acceptance of Offer Shares being received by the Board the Board shall so notify the Vendor and a purchase of the relevant Offer Shares must be completed within 21 days of such notification. The Board can appoint, if it in its absolute discretion shall think fit, a person as an attorney to act as attorney for any defaulting Vendor or for any defaulting proposed purchaser to complete such transaction if any sale agreed to be made pursuant to this Article would not otherwise be so completed.

40F.3.7 Subject to Articles 40C and 40D, any Offer Shares shall be offered by the Board at the Vendor Price or the Sale Price (as the case may be) to third parties within 14 days of non-acceptance or deemed non- acceptance under Article 40F.3. If and to the extent such Shares are not purchased within 28 days of the expiry of such 14 day period or, if Article 40F.3.4 applies, within 100 days of such election, the Vendor shall be free to offer the same to any third party at the Vendor Price or the Sale Price (as the case may be). Any such remaining Shares as are so offered must be sold and purchased within three months of the expiry of such 28 day or 100 day period (as the case may be). For the avoidance of doubt, in the event that the Shareholders do not exercise their rights to take up the Shares offered in the Offer Notice any Offer Shares offered to the third parties, must be so offered at the same Vendor Price or Sale Price, as the case may be. If not so sold the right to sell such remaining Shares pursuant to the relevant Sale Notice shall lapse. The Directors shall be obliged to register any such transfer to third parties subject to the transfer being of fully paid Shares and to the satisfaction of the other preconditions for the registration of share transfers as set out in the Articles which are expressly stated to apply notwithstanding the provisions of this Article 40F.

#### **40F.4 Sale and Vendor Price**

40F.4.1 Where a transfer does not result from the service of a Default Notice (and is thus a “**Voluntary Transfer**”) the Vendor may specify a price for each of the Offer Shares (the “**Vendor Price**”) which price shall be the relevant price per Share for the purposes of the relevant Offer Notice.

40F.4.2 Where a Sale Notice and Offer Notice are served or deemed served in a Voluntary Transfer specifying the Vendor Price, and if any of the Shareholders on whom the Offer Notice is served do not accept the Vendor Price, these Shareholders may, within the Prescribed Period and at their cost (the “**Disputing Shareholder**”) appoint an actuary independent of the Disputing Shareholder and the Vendor to prepare an Appraisal Value in respect of the Company at the cost of the Disputing Shareholder. Subject as follows the price per Share will be an amount equal to such Appraisal Value determined as at the date on which the relevant Offer Notice was given such amount being pro rated equally between all the Shares then in issue so as to give the price per Offer Share.

40F.4.3 If such actuary is not so agreed or does not accept such appointment within 14 days of the date of service of the relevant Offer Notice then such actuary (“**the First Actuary**”) shall be such person as may be nominated at the request of the Board but at the cost of the Disputing Shareholder by the President for the time being of the Faculty of Actuaries or Institute of Actuaries in the UK or the Society of Actuaries of the United States of America, or any successor body thereof.

40F.4.4 The First Actuary shall then report in writing to his appointers and the Board as to the price per Share. If either the Disputing Shareholder or the Vendor advise the Board within 15 days of the receipt of such valuation from the First Actuary that he objects or that they object to such price then a second independent actuary must be agreed or appointed and the provisions set out above in respect of the appointment of the first independent actuary shall apply mutatis mutandis in respect of such second actuary (“**the Second Actuary**”) SAVE THAT the price per Share will then be the average between the valuation of the First Actuary and the valuation of the Second Actuary.

40F.4.5 Where a Sale Notice is subject of this Article 16.4 the Directors shall delay the giving of the relevant Offer Notice until such actuarial valuation is received or any period of time stated during which such actuarial valuation can be objected to shall have expired.

40F.4.6 Any actuary appointed for the purposes of this Article 40F.4 shall be given full access to the books, records, accounts, actuarial computations, internal actuarial investigations and calculations and internal records of the Company and shall be entitled (to the extent he wishes) to receive representations from the Disputing Shareholder, any Vendor and the Board.

40F.4.7 Where a Transfer arises from the service of a Default Notice, the Sale Price will apply as calculated under the terms of Article 40H.

#### **40F.5 Miscellaneous Transfer Provisions**

40F.5.1 Where Shares may be offered to third parties pursuant to this Article 40F and Article 40H and 40I then, if at least one HDFC Director and at least one Standard Life Director so agree, any prospective bona fide third party purchaser and/or his agents and advisers will be entitled to examine (purely for the purposes of determining whether or not to acquire all or some of such Shares), books, records, accounts, actuarial computations, internal actuarial investigations and calculations of the Company subject to giving appropriate confidentiality undertakings to the Company.

40F.5.2 The Board shall register the transfer of any Shares made pursuant to the above provisions (and consistent with Article 40H and 40I) and shall ensure that all transfers be of fully paid Shares (or other shares as relevant), that any other requirements referred to in these Articles are satisfied and that the other formalities relating to the registration of transfers as set out in the Articles in relation to transfer of shares in the share capital of the Company are satisfied.

40F.5.3 Any Shares sold and transferred pursuant to these Articles shall be sold free of all Security Interests.

40F.5.4 No further Shares will be issued to HDFC Trust or HSLIC Trust unless a further class of non-voting shares is created and any further shares to be issued to HDFC Trust or HSLIC Trust will be from this new class of non-voting shares.

#### **40G. Bring-Along and Restrictions By The Authority**

40G.1 After the Lock-in Period, in the event that HDFC or any member of the HDFC Group wishes to, or is required by the Authority to transfer any of its Shares and Standard Life cannot exercise its rights to acquire any Shares under the transfer provisions of these Articles because of restrictions placed on Standard Life by the Authority or any other regulatory or governmental authority, HDFC Group may transfer and the Company will, notwithstanding any other provisions contained in these Articles but subject to any rights of any other Shareholders to acquire any pro-rated Shares, procure that the Board will approve the transfer of Shares in the Company for sale in terms of this Article 40G, in accordance with the following provisions:

40G.1.1 the relevant HDFC Group member may accept a bona fide offer (the “**Bring-along Offer**”) from a third party (the “**Proposed Bring-along Purchaser**”) for the purchase of any of the legal and beneficial interest in all Shares (or shares) owned by it in the Company for a consideration payable in cash without any deferred consideration terms and otherwise on arm’s length terms so long as

the acceptance is conditional upon the terms of this Article being complied with in all respects and that condition is not waived by Standard Life.

40G.1.2 the HDFC Group member may complete a purchase pursuant to the Offer if:

40G.1.2.1 it dispatches a notice within 30 days of accepting the Bring-along Offer notifying Standard Life of the main terms of the Bring-along Offer and that it has contracted to accept the Bring-along Offer as permitted by this Article 40G, such notice to constitute a warranty and representation by the HDFC Group member to Standard Life that the Bring-along Offer and the HDFC Group member's acceptance of it is bona fide in all respects to the best of the HDFC Group member's knowledge, information and belief;

40G.1.2.2 the Proposed Bring-along Purchaser has made a binding written offer to Standard Life to purchase all its Shares at the same price per share and on terms that in the reasonable opinion of Standard Life are not worse than those in the Bring-along Offer that is kept open for at least 30 days from delivery of the notice sent by the HDFC Group member to Standard Life, and payment of the purchase consideration on completion is guaranteed by a reputable bank if this is requested by Standard Life; and

40G.1.2.3 the period mentioned in Article 40G.1.2.2 has elapsed or Standard Life has accepted or completed the offer made to it.

and HDFC and Standard Life shall procure that the Board approves such transfers as agreed in the Bring-Along Offer.

40G.2 In the event that a Default Notice is served on the HDFC Group and Standard Life cannot acquire all of the relevant HDFC Shares subject to a Default Notice, because of restrictions placed by the Authority or otherwise, Standard Life may, at its opinion elect that the HDFC Group member will (a) find a Proposed Bring- along Purchaser to sell the Shares held by the HDFC Group member and Standard Life at the Sale Price within 48 days of the Default Notice and at such price as is determined under Article 40H.2, (all as determined by Article 40H) or (b) agree to transfer its Shares to a third party nominated by Standard Life for such of Standard Life Group's entitlement which it is unable to take up (in terms of Article 40F.3.4).

#### 40H. **TRANSFER OF SHARES ON DEFAULT**

40H.1 Where a Sale Notice is served or deemed served pursuant to a Default Notice then, to the extent the Offer Shares are not taken up in accordance with the procedure in Articles 40F.3.1 to 40F.5 (inclusive), the Shareholder which served the Default Notice ("**the Giver**") must no later than the expiry of 28 days itself purchase (or find third parties which shall purchase) within such period all the remaining Sale Shares at the Sale Price and if it shall fail to do so the Sale Notice shall lapse and be of no further effect and the Shareholder who gave or who was deemed to have given such Sale Notice shall not be required to sell any of the remaining Shares registered in its name pursuant to such Default Notice.

40H.2 Subject as follows the price per Share subject of any Offer Notice, which is issued or deemed to be issued as a result of any Default Notice shall be calculated as follows (such price being the Sale Price).

40H.2.1 On each occasion that a Default Notice is served the Shareholder serving the Default Notice ("**the Giver**") and the person on whom such Default Notice is served ("**the Defaulter**") shall appoint an actuary independent of the Giver and the Defaulted to prepare an Appraisal Value in respect of the Company at the cost of the Defaulter.

Subject as follows the price per Share shall be an amount equal to such Appraisal Value determined as at the date on which the relevant Default Notice was given such amount being pro rated equally between all the Shares then in issue as to give the price per Offer Share.

- 40H.2.2 If such actuary is not agreed or does not accept such appointment within 14 days of the date of service of the relevant Default Notice then such actuary (“**the First Actuary**”) shall be such person as may be nominated at the request of the Board but at the cost of the Defaulter by the President for the time being of the Faculty of Actuaries or Institute of Actuaries in the United Kingdom or the Society of Actuaries of the United States of America or any successor body thereof.
- 40H.2.3 The First Actuary shall then report in writing to his appointers and the Board as to the price per Share. If either the Defaulter or the Giver advise the Board within 15 days of the receipt of such valuation from the First Actuary that he objects or that they object to such price then a second independent actuary must be agreed or appointed and the provisions set out above in respect of the appointment of the first independent actuary shall apply mutatis mutandis in respect of such second actuary (“**the Second Actuary**”) SAVE THAT the price per Share will then be the average between the valuation of the First Actuary and the valuation of the Second Actuary.
- 40H.2.4 Where a Sale Notice is subject of this Article 40H the Directors shall delay the giving of the relevant Offer Notice until such actuarial valuation is received or any period of time stated during which such actuarial valuation can be objected to shall have expired.
- 40H.3 Any actuary appointed for the purposes of Article 40H shall be given full access to the books, records, accounts, actuarial computations, internal actuarial investigations and calculations and internal records of the Company shall be entitled (to the extent he wishes) to receive representations from the Defaulter, any Giver and the Board.
- 40H.4 A copy of any Default Notice shall be sent to the Board at the registered office of the Company at the same time as it is sent to the party to whom it is addressed. Such Default Notice if not invalid, shall be deemed to be a notice to transfer Shares given by the Shareholders to whom it is addressed on the date immediately prior to the date or occurrence of the relevant event prompting the Default Notice by the holder of the Shares which is a member of the Group to which the party or parties to whom it is addressed belong. The provisions of Article 40F shall then apply as if the transfer was not a voluntary transfer and Provided Always That for the purposes of the remaining applicable provisions of Article 40F, time shall run in respect of such deemed notice to transfer Shares as from and excluding the date the said copy of the relevant Default Notice is so received by the Board.
- 40H.5 In the event of restrictions by the Authority existing so that Standard Life may not be able to acquire any Shares divested by HDFC or any Shares created for allotment as part of and as a consequence of the divestment process to reduce any Shareholder’s percentage of Shares in the Company, the provisions of Article 40H.2 will apply.

#### **Events of default and transfer of shares after Lock-in period**

- 40I.1 Either HDFC or Standard Life may:
- 40I.1.1 give a notice (“**Default Notice**”) as specified in these Articles which may be served as set out in this Article 40I which stipulates the Defaulter and the event to which default is being applied. The giving of a Default Notice is without prejudice to any other provisions of these Articles relating to termination of share ownership and (as the case may be) any other rights, which any person may have in respect of the circumstances giving rise to such notice being given;
- 40I.1.2 give three months notice after the lock-in period, of its desire to transfer its shares, in which case if the transferring party is HDFC, the parties will comply with the transfer provisions of Article 40F, and the Bring-along Rights as set out in Article 40G, if applicable, to transfer the Shares at the Vendor Price.
- 40I.2 A Default Notice may be served by HDFC on Standard Life if:

40I.2.1 either Standard Life or any other Standard Life Group Shareholder shall commit any material breach or persistent breach of any term of the Shareholder Agreement and these Articles and fails to remedy such material breach within 30 days after the receipt of a request in writing from HDFC to so do;

40I.2.2 either Standard Life or any other Standard Life Group members which is then a Shareholder:

40I.2.2.1 has (as the case may be) a receiver, judicial factor, administrator or administrative receiver (if relevant) or person with equivalent powers appointed over the whole or any material part of its undertaking or assets; or

40I.2.2.2 (if relevant) passes an effective resolution for its own or has a winding up order made in respect of it by a court of competent jurisdiction and such order has become final; or

40I.2.2.3 enters into a composition or other voluntary arrangement or scheme of arrangement with its creditors generally.

40I.2.2.4 subject to the following as regards the UKICA (as hereinafter defined) transfers its life business under Section 49 and Schedule 2C of the ICA or reduces its contracts under Section 58 of the ICA. In the event of any conflict between the ICA and the UKICA, the provisions of this Article 40I as regards the UKICA will prevail;

Provided that no share transfers will be approved by the Company or the Shareholders and the Shareholders Agreement will not be capable of being terminated by HDFC pursuant to provisions contained in the Shareholders Agreement, which are set out on the same basis as this Article 40I solely as a consequence of any application being made, petition being presented, or an order being made, or an effective resolution being passed, for the winding up and/or dissolution of Standard Life pursuant to the provisions of the United Kingdom's Insurance Companies Act 1982 ("**the UKICA**"), or any amendment legislation, and/or any relevant regulations made thereunder, during the course of any application by Standard Life, to a court of competent jurisdiction, for an order sanctioning any transfer which is part of the process of transferring the whole of its long term business and its general business to any other single body which for the avoidance of doubt includes any conversion of Standard Life's status as a mutual assurance company with the objects, powers and privileges set forth in The Standard Life Assurance Company Act of 1925 as amended, and as currently laid out in The Standard Life Assurance Company Act 1991 (and whether pursuant to Section 49 and Schedule 2C of the UKICA (as regards its long term business) or whether pursuant to any combination whatsoever of any scheme or schemes or instrument or instruments in terms of those sections, any compromise or arrangement or compromises or arrangements sanctioned under any of the applicable provisions of the United Kingdom's Companies Act 1985 or any private Act or Acts of the United Kingdom's Parliament), unless as a result of any such transfer Standard Life (if it is not dissolved as a consequence of such transfer) or the body which is the recipient of any such transfer will become under the Control of any other corporate entity; or

40I.2.3 subject to the provisions of Article 40I.2.2 regarding conversion of Standard Life's mutual status, there is a change of control of Standard Life or any of Standard Life's Subsidiaries which hold any Shares.

40I.3 A Default Notice may be served by Standard Life on HDFC if:

40I.3.1 either HDFC or any other HDFC Group Shareholder shall commit any material breach or persistent breach of any term of the Shareholders Agreement and these Articles and fails to remedy such material breach within 30 days after the receipt of a request in writing from Standard Life to so do;

40I.3.2 either HDFC or any other HDFC Group members which is then a Shareholder:

40I.3.2.1 has (as the case may be) a receiver, judicial factor, administrator or administrative receiver (if relevant) or person with equivalent powers appointed over the whole or any material part of its undertaking or assets; or

40I.3.2.2 (if relevant) has a winding up order made in respect of it by a court of competent jurisdiction and such order has become final; or

40I.3.2.3 enters into a composition or other voluntary arrangement or scheme of arrangement with its creditors generally;

40I.3.3 there is a change of Control of HDFC or any of HDFC's Subsidiaries which hold any Shares;

40I.3.4 the Authority directs that the Company be nationalised.

in the event that any third party has signed Deed of Adherence, the provisions of Article 40I.3 will apply to such third party in the same way as it applies to HDFC.

40I.4 The events as set out in Articles 40I.2 and 40I.3 are together described as “**Events of Default**” and each event pertaining to the relevant party shall be construed as appropriate.

40I.5 Any transfer of either HDFC or Standard Life's entire shareholding will not preclude either of them, whether in Default or not, from recovering any repayment of loans or other financing as may have been agreed between the them at the time of advancement of financing to the Company.

77 77.1 Out of the total strength of the Board of Directors of the Company, 3 (three) Directors at any one time shall be of the choice of HDFC and 2 (two) Directors at any one time shall be of the choice of Standard Life. The remaining Directors on the Board of the Company, (excluding the HDFC Directors, the Standard Life Directors, the managing director and the executive director) shall be Independent Directors. The Nomination and Remuneration Committee of the Board of Directors shall recommend to the Board, nominees for appointment as Independent Directors. The Board, after due consideration of the recommendations of the Nomination and Remuneration Committee, shall nominate persons for appointment as Independent Directors and their appointment or removal shall be made by the Company at a general meeting in accordance with applicable law.

77.2 Both HDFC and Standard Life shall have the right to withdraw any of the Directors nominated by each of them and substitute them with other nominee Director(s) and for this purpose, HDFC and / or Standard Life, as the case may be, shall give a notice in writing to the other and also to the Company, subject to the requirements of this Article 77.1.

77.3 No Director nominated by either shareholder shall be removed by the shareholders of the Company without the consent of the shareholder nominating such Director.

77.4 Such number of Independent Directors (subject to the maximum number of Directors permitted) shall be appointed by a resolution passed by the shareholders and who may be removed only by a resolution passed by the shareholders. The Board, however, shall be empowered to appoint Additional Directors, Alternate Directors and Directors for filling up casual vacancies on accordance with the provisions of the Act; provided, however that if any such alternate director or additional director is appointed in the absence of, or to meet the vacancy of, a HDFC Director or a Standard Life Director, the alternate director or additional director shall be appointed at the choice of HDFC or Standard Life, as the case may be, in accordance with Article 77.1 and, in relation to alternate directors, any person appointed to act as an alternate director for: (a) a Standard Life

Director, shall act as a Standard Life Director; and (b) an HDFC Director, shall act as an HDFC Director.

**77.5 Notice and Quorum**

77.5.1 No meeting of the Board of Directors of the Company or any committee thereof shall be held unless adequate notice of such meeting has been circulated to all Directors or members of the committee in accordance with the provisions of applicable law.

77.5.2 The quorum for the meetings of the Board, including any committee thereof, shall be presence of one-third of Directors or 2 (two) Directors, whichever is higher, provided, however, that: (i) such quorum shall include at least one HDFC Director and one Standard Life Director; and (ii) the total number of HDFC Directors present at the beginning of, and through out such meeting, shall be more than the number of Standard Life Directors present at such meeting.

77.6 The Company shall comply with any request from a director (or his alternate) for further information on any matter proposed to be discussed at a meeting of the Board or any Committee of the Board of which such director is a member of which notice has been given.

77.7 HDFC and Standard Life agree to consult with one another prior to nominating or proposing or voting in favour of the appointment of any person as a director on the Board of the Company.

77.8 The key managerial personnel and personnel at senior executive level of the Company shall be appointed by the Board of Directors of the Company subject to the terms and conditions of appointment deemed appropriate and approved by the Board of Directors.

77.9 The Chairman of the Board of Directors shall at all times, be a nominee of HDFC, and such Chairman shall not have a casting vote. In the event the Chairman is not present at a meeting, then the chairman for such meeting shall be chosen from amongst the HDFC Directors present at the meeting. The Chairman shall also be the chairman of, and shall preside over, all meetings of the shareholders.

77.10 An alternate Director shall automatically cease to be an alternate Director if the Director for whom he is an alternate shall for any reason cease to be a Director.

77.11 In the event of any Director (other than an alternate Director) being or likely to be absent for a period of not less than three months from India, the Board shall, if such Director has not already appointed an alternate Director, at a meeting or by a circular resolution appoint an alternate Director for such Director.

77.12 An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director.

77.13 The Directors shall not be required to hold any qualification shares. No person may become or may remain a Director if he is unable to hold such office by reason of any law or any requirement of any Authority.

77.14 The Directors of the Company or members of any Committee may pass any resolution by circulation. No resolution by circular shall be deemed to have been duly passed by the Board or by a Committee by circulation, unless such resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee at the respective addresses registered with the Company and has been approved in writing by the majority of the Directors or Members of the Committee or by such a majority of them as are entitled to vote on the resolution, PROVIDED THAT (for the avoidance of doubt) an alternate

Director may give such approval on behalf of his appointor and PROVIDED FURTHER THAT no such circular resolution in respect of matters mentioned in Article 91 requiring the consent of Directors shall be deemed to have been passed unless it includes the positive votes of Directors as therein mentioned.

### **Committees**

- 82      82.1      Subject to the other provisions in these Articles, the Board of Directors shall have the power to constitute committees and delegate powers to such committees; provided, however, that (i) any committee constituted by the Board of Directors shall, unless otherwise agreed between HDFC and Standard Life include at least one Standard Life Director and one HDFC Director; and (ii) the number of HDFC Directors on a committee constituted by the Board of Directors shall be 1 (one) more than the number of Standard Life Directors on such committee.
- 82.2      The quorum for meetings of such Committees constituted by the Board shall be in accordance with the requirements of Article 77.5.

### **Directors' remuneration**

- 84.2      Each non-whole-time Director shall be paid remuneration by way of a fee for attending each Meeting of the Board of Directors or its Committee, of such sum as may be determined by the Board from time to time within the limits prescribed by the Act, or the Central Government from time to time.
- 84.3      The Directors may subject to the sanction of the Central Government (if any required) be paid such further remuneration as the Company in General Meeting shall, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine.

### **Remuneration of Directors performing extra services**

- 84.4      Subject to the provisions of the Act, if any Director being willing, shall be called upon to perform extra services (which expression shall include work done by the Directors as a Member of any Committee formed by the Directors or in relation to signing share certificates) or to make special exertions in going or residing out of his usual place of residence or otherwise for any of the purposes of the Company, the Company shall remunerate the Director so doing either by a fixed sum or otherwise as may be, determined by the Directors, and such remuneration may be, either in addition to or in substitution for his share in the remuneration above provided.

## **POWERS OF THE BOARD**

### **Powers of the Board**

- 89      Subject to the provisions of the Act and of these Articles the control of the Company shall be vested in the Board which shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do, provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or in any other statute or by the Memorandum of the Company or by these Articles or otherwise to be exercised or done by the Company in general meeting or without (where required) the prior consent of HDFC and Standard Life PROVIDED FURTHER THAT in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or in any other Act or in the Memorandum of the Company or these Articles or any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in general meeting and PROVIDED FURTHER THAT any changes to the Act or Acts or the Memorandum of the Company or any regulations or any new Act, Articles or regulations shall not invalidate any prior act of the Board which would have been valid if those regulations had not been made.

- 89A Notwithstanding anything contained in these Articles, the following actions or decisions in relation to the Company shall only be taken with the approval of the Board of Directors of the Company:
- (a) delegation of powers in respect of policyholder money (including the investment thereof) and of the Company's funds (including the investment thereof);
  - (b) remuneration of Whole-time Directors or managers (including any Chief Executive Officer);
  - (c) without certification from the Appointed Actuary, approval or amendment of the pricing of any life insurance products of the Company from time to time (including without limitation the declaration of bonuses in respect of any "with profits" policies) and any approval of the allocation of any surplus between the shareholders and participating policyholders;
  - (d) entering into any material contract or commitment not provided for in the Business Plan;
  - (e) approval or amendment of the basis or method of valuing for statutory or regulatory purposes the insurance liabilities and the assets of the Company unless such basis and methods are specified by the Appointed Actuary;
  - (f) establishment or amendment of any (i) pension scheme or grant of any pension rights to any Director, employee, former Director or employee or any member of any such person's family; and (ii) profit-sharing, share option, bonus or other incentive schemes of any nature for Directors or employees; and
  - (g) approval, adoption and amendment of any Business Plan.

#### **Resolutions of the Board and Resolutions of Shareholders**

- 91 91.1 Notwithstanding Article 77 (but without prejudice to Article 77.4 the Members mutually agree and shall procure by exercise of their votes at general meetings of the Company and by the votes of the Directors who are appointed by them that neither they nor any Directors nor any other executive officer (including any Manager) nor any other employee of the Company shall, except where the matter relates to something as a matter of law within
- (A) the competence of the Directors, by way of a valid resolution including any valid circular resolution of the Board (or any resolution of any Committee) with one Director (or his alternate) nominated for such purpose by HDFC and one Director (or his alternate) nominated for such purpose by Standard Life voting in favour of such a resolution
  - (B) the competence of the Members by reason of the Board being unable to act or by reason of one or more of the Members having validly requisitioned a meeting of Members, in any such case no resolution of Members proposed at any resulting meeting of Members being carried without both HDFC and Standard Life Group member which is other than a Member nominated for such purpose by HDFC and Standard Life voting in favour of such resolution take any of the following decisions or actions in relation to the Company:
    - (a) make any change in (including varying the rights attaching to any of the Shares) the Memorandum or Articles of Association of the Company;
    - (b) make any change in the name of or trading name of the Company
    - (c) issue, allot, grant options over unissued shares, or any increase of, consolidation, conversion or reduction in the authorised or issued share capital or make calls on shares or (as and when permitted by law) any redemption or purchase by the Company of its own shares or effect any other reorganisation of its share capital;

- (d) in any financial year of the Company entering into any borrowings, loans, guarantees, bond or debenture issuances or other extensions of credit (whether actual or contingent) in aggregate being in excess of the limit specified by the Board of Directors from time to time, which the Board is hereby authorised to do, at any one time;
- (e) give or permit any mortgage, charge, encumbrance or other security interest whatsoever over any of the assets of the Company (other than in the normal course of business) including creating a charge as required for securing borrowing within the limits specified in (d) above;
- (f) make any change to the auditors in the accounting year of the Company or any change in the accounting methods, practices or policies in relation to the Company that will have a very significant effect either on the valuation of the Company or on its accounts;
- (g) make any declaration of interim dividend or recommendation of final dividend or any decision to make any election for any taxation purposes that will have a very significant effect either on the valuation of the Company or on its accounts;
- (h) acquire or dispose of capital assets exceeding in aggregate the limit specified by the Board of Directors from time to time, which the Board is hereby authorised to do;
- (m) create any investment on its own account in any other company or participation on its own account in any form of partnership or joint venture or enter into any merger or amalgamation with any other Company or business undertaking;
- (n) close down any business or dispose of or dilute its interest in any of its subsidiaries for the time being;
- (o) form any subsidiary or acquire shares in any other Company or participate in any partnership or joint venture (incorporated or not);
- (p) any decision to liquidate or dissolve the Company;
- (q) dealing with or disposing of any patents or trade marks or brand names belonging to the Company or grant any rights (by license or otherwise) in or over any intellectual property owned by or used by the Company;
- (s) entering into, amending, waiving or varying or terminating, other than in accordance with its terms, any contract or other form of agreement between the Company and any member of the HDFC Group or between the Company and any member of the Standard Life Group which agreement would significantly or materially effect the Company;
- (u) any appointment or removal of the Auditors and any appointment or termination of appointment of the Appointed Actuary;
- (v) any appointment or removal of agents, excluding insurance agents and those appointed in the normal course and for the purpose of smooth and efficient conduct of business, person to act under a Power of Attorney and any appointment of Registrars;
- (y) any transfer of or allotment of or provisional allotment of or grant of option over shares other than as expressly permitted by these Articles;

- (z) permit the registration (upon subscription or transfer) of any person as a member of the Company;
- (aa) any instigation, compromise or settlement of any form of proceedings (including any regulatory proceedings or investigation of the Company's affairs by any Authority) with any Authority or where the sum involved (be it an amount claimed or amount for which the Company is potentially liable) (including any costs) exceeds or is reasonably likely to exceed fifty million rupees; provided however that compromise or settlement made without the express consent of the Board of Directors or the Shareholders, but carried out for the purpose of ensuring compliance with the directions, orders or decrees of any judicial or quasi-judicial authority shall not be held as a violation of this clause;
- (cc) apply for the listing of any shares or debt securities on any recognized stock exchange or the trading of any of its shares or debt securities on a regulated market;
- (dd) make any loan (otherwise than by way of loans against insurance policies granted to the policyholders, loans & advances granted to employees & agents, deposit with a bank or other institution, the normal business of which includes the acceptance of deposits) or grant any credit (other than in the normal course of trading) or give any guarantee (other than in the normal course of trading including offering guaranteed returns to the policyholder) or indemnity;

91.2 Each of the Shareholders and the Company shall procure that no Subsidiary of the Company takes any action which would constitute a breach of any provision in this Article 91 as if any reference therein (express or implied) to the Company were construed as a reference to each Subsidiary for the time being.

## BOOKS AND DOCUMENTS

- 134 134.1 No Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or by these Articles or authorised by the Board or by the Company in general meeting.
- 134.2 Any Director (and any alternate Director) may disclose to his nominator within the meaning of Article 77 any information made available to him by the Company.

## Name of the company

- 155.1 The Company shall not be permitted to use the words “**Standard Life**” I and/or “**HDFC**” in any form or manner other than part of its corporate or trading name, and the Company will have no other rights in respect of these words.
- 155.2 In the event of:
- 155.2.1 the Company ceasing to carry on the whole or ceasing to carry on substantially the whole of its business;
  - 155.2.2 the Company or HDFC committing an Event of Default which is either incapable or remedy, or which if capable of remedy, is not remedied within 30 business days; or
  - 155.2.3 Standard Life or any member of the Standard Life Group ceasing to be a Shareholder, whichever is the later; or

155.2.4 upon transfer of Standard Life of its last Share;

Standard Life will be entitled at any time thereafter by written notice to the Company, to call upon the Company to immediately discontinue to use the words “**Standard Life**” in any form or manner as a part of its corporate or trade name or trading or operating style and on any publicity material of the Company, and to change its name in such manner as to delete such words appearing in the name of the Company and the Shareholders and HDFC shall procure that the Company shall immediately, from the date of receipt of such notice:-

155.2.5 discontinue the use of the same as a part of its corporate and/or trade name and/or trading or operating style; or

155.2.6 take all such steps as may be necessary for changing its name and/or style as aforesaid.

155.3 In the event of:

155.3.1 the Company ceasing to carry on the whole or ceasing to carry on substantially the whole of its business; or

155.3.2 the Company or Standard Life committing an Event of Default which is either incapable of remedy or which if capable by remedy is not remedied within 30 days.

155.3.3 HDFC or any member of the HDFC Group ceasing to be a Shareholder, whichever is the later; or

155.3.4 upon transfer by HDFC of its last Share;

HDFC will be entitled at any time thereafter by written notice to the Company to call upon the Company to discontinue to use the words “**HDFC**” and or “**Housing Development Finance Corporation**” in any form or manner as a part of its corporate or trade name or trading or operating style and on any publicity material of the Company and to change its name in such manner as to delete such words appearing in the name of the Company and the Shareholders and Standard Life shall procure that the Company shall immediately from the date of receipt of such notice:-

155.3.5 discontinue the use of the same as part of its corporate and/or trade name and/or trading or operating style.

155.3.6 take all such steps that may be necessary for changing its name and/or style as aforesaid.

The remaining Shareholders shall thereafter procure that any new corporate or trade name or trading or operating style which the Company may adopt thereafter shall not consist of any name, letter, word, mark, logo, get up or expression similar to or substantially or deceptively similar to any of the same.

155.4 For the avoidance of doubt for the purpose of this Article 155 without limitation “ceasing to carry on the whole” shall include going into run-off (i.e. ceasing to write new business but continuing to run any existing business) and/or disposing of the whole of this business, and “ceasing to carry on substantially” shall include going into run-off and/or disposing of at least 35% of the Company’s business, such percentage being calculated by reference to total assets over the previous 12 months at the time of the relevant account.

155.5 The Shareholders shall exercise their voting rights as shareholders in such manner as would enable the Company to comply with or implement the provisions of this Article 155.

## SECTION X: OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

*The copies of the following contracts which have been entered into or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material will be attached to the copy of this Red Herring Prospectus to be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of this Red Herring Prospectus until the Offer Closing Date.*

#### **A. Material contracts for the Offer**

1. Offer agreement dated August 18, 2017 amongst our Company, the Promoter Selling Shareholders and the Managers.
2. Agreement dated August 18, 2017 amongst our Company, the Promoter Selling Shareholders and the Registrar to the Offer.
3. Cash escrow agreement dated October 24, 2017 amongst our Company, the Promoter Selling Shareholders, the Syndicate, the Escrow Collection Bank, the Refund Bank, Public Offer Account Banks and the Registrar to the Offer.
4. Share escrow agreement dated October 24, 2017 entered into amongst our Company, the Promoter Selling Shareholders, and the Share Escrow Agent.
5. Syndicate agreement dated October 24, 2017 amongst our Company, the Promoter Selling Shareholders and the Syndicate.
6. Underwriting agreement dated [●] amongst our Company, the Promoter Selling Shareholders and the Underwriters.

#### **B. Other material contracts in relation to our Company**

1. Shareholders' agreement dated January 15, 2002 entered into between HDFC and Standard Life Assurance Company.
2. Amendment Agreement dated November 16, 2015 between HDFC, Standard Life Mauritius and our Company.
3. Termination agreement dated August 18, 2017 entered into between HDFC, Standard Life Mauritius and Company.
4. Name Usage Agreement entered into between our Company and HDFC dated October 20, 2015.
5. Trademark Agreement entered into between our Company and Standard Life (Mauritius Holdings) 2006 Limited and Standard Life Employee Services Limited dated October 18, 2017.
6. Agreement dated February 23, 2010 entered into between Mr. Amitabh Chaudhry and our Company, as amended by way of an agreement dated June 24, 2014.
7. Agreement dated August 14, 2012 entered into between Ms. Vibha Padalkar and our Company, as amended by way of an agreement dated August 14, 2017.

### **C. Material documents**

1. Certified copies of the Memorandum and Articles of Association, as amended till date and the certificate of incorporation of our Company dated August 14, 2000.
2. Certificate of commencement of business dated October 12, 2000.
3. Certificate of registration from the IRDAI to undertake life insurance business on October 23, 2000.
4. Resolution of the Board dated July 17, 2017 and resolution of the Executive Committee dated July 28, 2017 approving the Offer.
5. In-principle approval of the IRDAI dated August 14, 2017, to undertake the offer.
6. Final approval of the IRDAI dated October 11, 2017, granting its approval for the Offer.
7. Resolution of the Executive Committee dated August 16, 2017 approving the Draft Red Herring Prospectus.
8. Resolution of the Executive Committee dated October 25, 2017 approving this Red Herring Prospectus.
9. Resolution of the committee of directors of HDFC dated July 28, 2017 authorising the offer of 191,246,050 Equity Shares in the Offer.
10. Consent letter dated July 28, 2017 from HDFC consenting to the inclusion of up to 191,246,050 Equity Shares in the Offer.
11. Resolution of the board of directors of Standard Life Mauritius dated July 28, 2017 authorising the offer of up to 108,581,768 Equity Shares in the Offer.
12. Statement showing allotment of Equity Shares pursuant to exercise of options under the ESOS Schemes, as applicable, aggregated on a quarterly basis.
13. Financial guarantees provided by HDFC on behalf of various third parties pursuant to agreements dated January 29, 2014, August 4, 2015, August 4, 2015, August 4, 2015, November 23, 2015, November 23, 2015, January 12, 2016, January 12, 2016, March 28, 2016, May 11, 2016, May 11, 2016, September 20, 2016, October 6, 2016, October 25, 2016, November 24, 2016, January 13, 2017, March 7, 2017, March 23, 2017, May 9, 2017, May 19, 2017, July 31, 2017 and October 9, 2017.
14. The examination reports of the Auditors, M/s. Price Waterhouse Chartered Accountants LLP, Chartered Accountants and M/s. G.M. Kapadia & Co., Chartered Accountants, dated October 21, 2017 on our Restated Financial Information included in this Red Herring Prospectus.
15. The statement of tax benefits dated October 21, 2017 included in this Red Herring Prospectus.
16. Copies of the annual reports of our Company for Fiscal 2017, Fiscal 2016, Fiscal 2015, Fiscal 2014 and Fiscal 2013, which includes disclosures relating to unit linked segment.
17. Consents of our Directors, the Managers, Syndicate Members, Legal Counsel to the Company as to Indian law, Legal Counsel to the Managers as to Indian law, Legal Counsel to the Managers as to international law, Legal Counsel to Promoter Selling Shareholders as to Indian Law, Registrars to the Offer, Escrow Collection Bank, Public Offer Bank, Refund Bank, Bankers to our Company, Appointed Actuary, Company Secretary and Compliance Officer and the Chief Financial Officer as referred to in their specific capacities.

18. Consents from the Joint Statutory Auditors for inclusion of their names as the joint statutory auditors and of their reports on accounts in the form and context in which they appear in this Red Herring Prospectus and to being named as “Experts” under Companies Act, 2013.

A written consent under the provisions of the Companies Act, 2013 is different from a consent filed with the U.S. Securities and Exchange Commission under Section 7 of the U.S. Securities Act which is applicable only to transactions involving securities registered under the U.S. Securities Act. As the Equity Shares are proposed to be offered as a part of an initial public offering in India and the Equity Shares have not been and will not be registered under the U.S. Securities Act. The Joint Statutory Auditors have not given consent under Section 7 of the U.S. Securities Act. In this regard, the Joint Statutory Auditors have given consent to be referred to as “experts” in this Red Herring Prospectus in accordance with the requirements of the Companies Act, 2013. The term “experts” as used in this Red Herring Prospectus is different from those defined under the U.S. Securities Act which is applicable only to transactions involving securities registered under the Securities Act. The reference to Joint Statutory Auditors as experts in this Red Herring Prospectus is not made in the context of the U.S. Securities Act but solely in the context of this initial public offering in India.

19. Consent letter dated October 23, 2017 from Richard Holloway, partner, Milliman Advisors LLP, Independent Actuary for inclusion of (i) his name as Independent Actuary, (ii) his name as an “Expert” under the Companies Act, 2013, and (iii) the Embedded Value Report and the Supplementary Embedded Value Report both dated October 18, 2017, in this Red Herring Prospectus.
20. Consent from CRISIL Limited dated October 23, 2017 for inclusion of its name and the Industry Report in this Red Herring Prospectus.
21. Report issued by CRISIL titled ‘*CRISIL Research - Analysis of Life Insurance Industry in India, August 2017*’.
22. Certificate dated October 25, 2017 from Mr. Srinivasan Parthasarathy, the Appointed Actuary as required under the IRDAI Issuance of Capital Regulations.
23. In-principle listing approvals dated August 29, 2017 and September 4, 2017 from NSE and BSE, respectively.
24. Tripartite Agreement amongst NSDL, our Company and Registrar to the Offer, dated October 7, 2017.
25. Tripartite Agreement amongst CDSL, our Company and Registrar to the Offer, dated October 6, 2017.
26. Due diligence certificate dated August 18, 2017 to SEBI from the Managers.
27. SEBI observation letter (SEBI/HO/CFD/DIL1/OW/22133/2017) dated September 13, 2017.
28. SEBI observation letter (CFD/DIL-1/OW/NS/25209/2017) dated October 13, 2017.
29. IRDA observations pursuant to meetings dated September 8, 2017, September 11, September 13, September 15 and September 29, 2017.

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance with applicable laws.

## **DECLARATION**

We hereby certify and declare that all relevant provisions of the Companies Act and the guidelines issued by the Government or the regulations or guidelines issued by SEBI (established under the SEBI Act) and the IRDAI (established under the IRDAI Act), as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or the Insurance Act or rules or regulations made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and correct.

**Signed by the Directors and the Chief Financial Officer of our Company**

**Mr. Deepak Parekh**

**Sir Gerald Grimstone**

**Mr. Keki Mistry**

**Mr. Norman Keith Skeoch**

**Ms. Renu Karnad**

**Dr. Jamshed J Irani**

**Mr. AKT Chari**

**Mr. Vegulaparanan Kasi Viswanathan**

**Mr. Prasad Chandran**

**Mr. Sumit Bose**

**Mr. Ranjan Mathai**

**Mr. Ketan Dalal**

**Mr. Amitabh Chaudhry**

**Ms. Vibha Padalkar**

Place: Mumbai  
Date: October 25, 2017

**DECLARATION BY HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED**

Housing Development Finance Corporation Limited confirms that all statements and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself and the Equity Shares being offered by it by way of the Offer are true and correct.

**Signed by Housing Development Finance Corporation Limited**

Sd/-

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Authorised Signatory

Name: V. Srinivasa Rangan

Date: October 25, 2017

Place: Mumbai

**DECLARATION BY STANDARD LIFE (MAURITIUS HOLDINGS) 2006 LIMITED**

Standard Life (Mauritius Holdings) 2006 Limited confirms that all statements and undertakings made or confirmed by it in this Red Herring Prospectus about or in relation to itself and the Equity Shares being offered by it by way of the Offer are true and correct.

**Signed by Standard Life (Mauritius Holdings) 2006 Limited**

Sd/-

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Authorised Signatory

Name: James Aird

Date: October 25, 2017

Place: Mumbai